

**LDS Questions and Answers for Home Owners with Income Restricted Units**  
**6/19/2024**

**Capital Improvement Questions:**

**1. Q: Is adding a generator to my home considered a Capital Improvement?**

*A: Maybe. You would need to be able to demonstrate that your home experiences frequent power loss that is impacting your health and safety.*

**2. Q: Is adding a radon mitigation system to my home considered a Capital Improvement?**

*A: Yes, it can be an approved Capital Improvement if you provide a radon test showing unacceptable levels.*

**3. Q: Can I replace my carpet or vinyl floors with ceramic tile or hardwood floor?**

*A: You may improve your home however you like. However, the cost of this type of upgraded improvement will not be factored into the resale price or the specifications of the home. Carpets may be replaced if they are old and worn with vinyl plank, or if you have a doctors note stating you have a medical condition impacted by carpeting.*

**4. Q: I would like to finish my basement because my family is growing. Can I do this even though it does not qualify as an approved capital improvement, and I understand that it will not be factored into my resale price?**

*A: You may refinish space in your home as long as you are not increasing the footprint of your home. However, the cost of the improvements will not be factored into the resale price or the specifications of the home. In addition, you cannot add bedrooms to your home that will put you out of compliance with zoning. You will need to check with the municipal building inspector and condominium association to ensure that you are in compliance with state building code and the condominium documents.*

**5. Q: Can I use a home improvement loan to cover the cost of major repairs?**

*A: You can only place financing on the home if it meets the program requirements. In general, new financing must be a fixed rate loan at current conventional interest rates. Many home equity lines of credit ("HELOC") have floating interest rates and are therefore not acceptable. You must obtain permission from LDS for any new financing on your home.*

**Resale Questions:**

**1. Q: What happens if my home cannot be sold to a qualified buyer in 90 days?**

*A: In the unlikely event that a qualified buyer can't be located, your home may be sold to a household that does not meet the income or asset requirements. The home will still be sold for the original list price and the deed restriction will remain in place.*

- 2. Q: I own a home in a development that is being built in multiple phases. Does the initial sale price of income-restricted homes in different phases affect the value of my home?**

*A: No, the resale price of your home will not be impacted by the sale prices of other income-restricted homes. Your resale price is tied to your original purchase price and the terms of your deed rider.*

- 3. Q: Does owning an income restricted home affect my chances of utilizing another affordable homeownership program?**

*A: Maybe, you will have to review the specific eligibility requirements of the program. In most cases, if you have created equity in your home, you may not be eligible due to the asset limitations.*

- 4. Q: If I have started the resale process and my situation has changed, when is the latest the sale can be canceled?**

*A: If you need to cancel the sale, please consult your attorney on the process. If the lottery has been completed, LDS may collect a fee for services. If the offer and/or P+S has been signed, you may owe money to the seller.*

- 5. Q: Do I need a broker to resell my unit?**

*A: No. LDS is tasked to sell your unit to an Eligible Buyer for the fee listed in your deed rider and added to the sale price.*

- 6. Q: Do I need an attorney to resell my unit?**

*A: It is strongly recommended that you hire a real estate attorney to represent you for your sale. They typically become involved at the stage when a draft the purchase and sale agreement is needed. You will be responsible for any costs associated with the real estate attorney. LDS has a list of attorneys familiar with resales of affordable homes if a referral is needed.*

- 7. Q: What are the costs associated with selling my unit?**

*A: In addition to the cost of an attorney, you will be responsible for paying for items such as the 6D certificate, smoke/ carbon monoxide certificate, final water reading, move out fee and deed stamps. These costs are deducted from proceeds at closing.*

- 8. Q: What is the timeline for a sale?**

*A: From when the notice of sale is provided, the sale will take approximately 75 days. A qualified buyer must be identified within 90 days of the notice of sale.*

- 9. Q: I want to downsize, can I purchase another income-restricted home?**

*A: If you are age 55 and older or meet any of the other standards of a displaced home maker etc., you may immediately apply to purchase another income-restricted home. However, you must still meet all the eligibility requirements of the next application including asset limits (any proceeds from the home sale are considered an asset). Otherwise, you will have to wait three years from when your home is sold.*

### **Estate Planning Questions:**

**1. Q: What happens to my unit when I pass away?**

*A: Please consider working with an estate attorney to create a will including who you would like to leave your home to and identifying an executor. Typically, LDS is contacted either by your attorney or your executor to sell your home and your heirs will receive any proceeds from the sale.*

**2. Q: Can I add an adult family member such as a spouse or partner, who lives in my home full time to my deed?**

*A: Yes. If your family member currently lives in the home as their primary residence, you can add them as an additional owner to the deed for your home. Please contact LDS if you would like to add someone to your deed.*

### **Other Homeownership Questions:**

**1. Q: Can I remove my Private Mortgage Insurance (PMI)?**

*A: You will have to check with your lender. In most cases, if you have more than 20% equity in your property it is possible to remove your PMI.*

**2. Q: Can I buy a vacation home or an investment property?**

*A: Yes, as long as your income restricted home is still your primary residence.*