



Frequently Asked Questions (FAQs) for Chapter 40B Homeowners

Q: What counts as an improvement (vs. maintenance) that can be added to the resale price?

A: Only approved and qualified Capital Improvements can be added to the resale value. The value is based on the cost and depreciation. See the “Capital Improvements Policy” for more information.

Q: I would like to finish my basement because my family is growing, and I need the extra space. 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. However, the cost of the improvements will be completely absorbed by you and will not be factored into the resale price or the specifications of the home. For example, if your home was purchased as a 2 bedroom unit, it will be marketed and sold as a 2 bedroom unit even if there is a new finished space that can serve as an extra room. As always, all improvements must also comply with state, local, and condo or HOA requirements.

Q: Can I get a home improvement loan to cover the cost of major repairs?

A: It is possible to get a home improvement loan; it will depend on the amount of your unpaid principal balance and the terms of the home improvement loan you are seeking (i.e. interest rate, closing costs, term). You will need to work with you CHAPA to determine what is permitted. See the “Refinance Policy” for more information.

Q: Can I pull equity out of my home to pay for my child’s education or consolidate debt?

A: Taking out equity on your home is a type of refinancing and any refinancing can only occur if the loan meets certain requirements and benefits to you are clear. That said, it is possible to pull out equity; it will depend on the amount of your unpaid principal balance and the terms of the loan you are seeking (i.e. interest rate, closing costs, term). You will need to work with your CHAPA to determine what is permitted. See the “Refinance Policy” for more information.

Q: Can I refinance with an adjustable-rate mortgage? How about a Home Equity Line of Credit (HELOC)?

A: Generally, no. Mortgages for both initial sales and refinancing must be fixed interest rate loans. Most HELOCs do not have fixed interest rates.

Q: I got married after I bought the house. Can I add my spouse to the deed?

A: Yes. As long as the spouse lives in the home as their principal residence, they may be added to the deed. However, you must contact CHAPA to confirm the process and receive approval.

Q: My spouse is moving out although we're not getting divorced. Can I take them off the deed?

A: Yes. They should be removed from the deed if the home is no longer their primary residence. However, the you must contact CHAPA to confirm the process and receive approval. You may also need your mortgage holder's consent to do this.

Q: Can I start a home business from my home?

A: As long as you conform to your local zoning ordinance for home business, you are permitted to start a home business in your home.

Q: Can I rent out a room in my home (roommate situation)?

A: Yes, a roommate situation is permitted as long as you meet HUD or DHCD occupancy requirements for same-sized units as your home and you continue to live in your unit as your primary residence.

Q: Can I do a short-term rental of a room in my home if I am also living there full time?

A: Yes. The same rationale in the above response would apply. However, you would also need to confirm that short-term rentals, including services like Airbnb, would not violate your condo/HOA rules and regulations.

Q: Can I add someone to the deed who doesn't live in the property.

A: No. Non-household members cannot be added to the deed and are also not permitted as cosigners of the mortgage.

Q: Can I sell this home and buy another 40B home?

A: You can sell at any time. You must meet eligibility requirements and go through the buyer selection process for buying a new home.

Q: Do I need a broker to resell my unit?

A: No. CHAPA is in charge of coordinating the sale process to another Eligible Buyer. However, you may decide to engage a third party real estate broker if you feel that it would hasten the sale of your unit and you are eager to exit as soon as possible.

Q: What happens when a homeowner dies? Can my children inherit the home?

A: Please see "Estate Planning & Transfer Policy" for more information.

Q: Can I transfer the home into a trust?

A: No. Transfer of a 40B home into a trust is not permitted.