



# Refinancing Your 40B Home

As monitoring agent for your affordable home, Citizens' Housing and Planning Association (CHAPA), must review and approve all requests to refinance before you may close on a new loan; this includes all second mortgages and home equity loans.

If you have any questions about this process, please contact: Ron McCormick, Program Manager, (781) 285-6081, [rmccormick@chapa.org](mailto:rmccormick@chapa.org).

## **PROCESS**

Once you have contacted a lender to apply for a loan and you have been approved, you or your lender must submit the following information to CHAPA:

- **Refinance Approval Request Form**: fill out the form with all requested information; the form is attached to this policy or available at <https://www.chapa.org/chapter-40b-monitoring>.
- **Loan Application (1003 Form)**: completed and signed.
- **Loan Estimate**: provided by your lender and containing information on the estimated closing costs.
- **Commitment Letter**: providing information on the loan terms, including the interest rate, points, length of loan terms, APR (annual percentage rate), and any other pertinent information.

CHAPA may also request the following from you, depending on your deed rider and particular situation:

- **Refinance Fee**: first time refinance reviews are free of charge; subsequent requests are a \$100 fee per request.
- **An appraisal report**: an appraisal report for the property, completed by a certified residential appraiser within the last 120 days, valuing the market rate for the property as though it were free of all deed restrictions.
- **Information** on your monthly condominium/HOA fee (if any), your town's current tax rate per thousands, and monthly homeowner's insurance amount

Please submit documents via secure email to CHAPA Program Manager, Ron McCormick at [rmccormick@chapa.org](mailto:rmccormick@chapa.org). Refinance Fees can be mailed to our office address. Requests will be processed within five business days. If approved, a certificate will be issued to be recorded with the new mortgage.

CHAPA may deny your request to refinance or require that you consult with a non-profit credit counselor if the benefit of the loan is unclear. Examples of this may include loans with high closing costs, a higher interest rate than you currently hold, or loans that roll in unsecured debt, like credit card debt, into your mortgage. **CHAPA strongly suggests that you compare rates and loan costs from several lenders.**

## **MORTGAGE GUIDELINES**

Your proposed new first or second mortgage must meet the following guidelines:

- Be a fully amortizing, fixed-rate mortgage with no prepayment penalty or balloon payment.
- Have a current fair market interest rate, no more than 2 percentage points above the currently prevailing interest rate.
- Have a loan amount no greater than 97% of your current Maximum Resale Price. For a second mortgage, the combined amounts of all mortgages may not exceed 97% of the Maximum Resale Price. "Cash-out" and home equity loans are permitted, though subject to this cap. If you or your lender require a current calculation of your Maximum Resale Price, please contact CHAPA.

## **ADDING ANOTHER PARTY TO YOUR DEED**

If you will "convey" the home by adding or removing your spouse/partner/household member, CHAPA considers this a transfer of the property. Your attorney must prepare a new deed and submit it to CHAPA for review prior to recording. The new deed must specifically reference the current recorded deed rider, listing the book and page numbers of the original deed rider.

Refinance requests and questions can be directed to:

Ron McCormick  
Program Manager  
Phone: 781-285-6081  
Email: [rmccormick@chapa.org](mailto:rmccormick@chapa.org)



## Refinance Approval Request Form

### Contact Information

Property Owner \_\_\_\_\_

Property Address: \_\_\_\_\_ City/State/Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Lender \_\_\_\_\_ Lender Contact Name: \_\_\_\_\_

Lender Contact Phone: \_\_\_\_\_ Lender Contact Email: \_\_\_\_\_

### Current Mortgage Information

Current Loan Balance: \_\_\_\_\_ Current Loan Interest Rate: \_\_\_\_\_

Current Loan Term: \_\_\_\_\_ years

### New Mortgage Information

Proposed Loan Amount: \_\_\_\_\_ Proposed Loan Interest Rate: \_\_\_\_\_

Proposed Loan Term: \_\_\_\_\_ years

Is this a cash-out refinance?  Yes  No

Is this a Second Mortgage?  Yes  No

If yes to either question, will you be:  Making home improvements  
 Paying off non-secured debt (credit cards, student loans, etc.)  
 Including closing costs in your loan amount

Where should the signed, notarized Refinance Approval Certificate be sent? This is typically a closing attorney or lender.

Name \_\_\_\_\_

Address \_\_\_\_\_

Phone & Email \_\_\_\_\_

**Please include with this form a copy of the Loan Application (1003 Form), Loan Estimate, and Mortgage Commitment Letter. CHAPA may request additional information or require further counseling if the benefit of the mortgage is not clear.**