



TOWN OF WEST TISBURY
AFFORDABLE HOUSING COMMITTEE
P. O. Box 278
West Tisbury MA 02575-0278
508-696-0102
affordhouse@westtisbury-ma.gov

Dear Affordable Home Owner:

The West Tisbury Affordable Housing Committee has dealt with several refinancing and sale requests of affordable homes in the recent past. The Affordable Housing Committee has decided to clarify the process for both refinancing your affordable home and sale of such. Enclosed with this letter you will find the procedures that need to be followed when refinancing or selling your affordable home in the future.

We hope these forms will clarify how these procedures are to be handled and help you understand the necessity for following them. . Any questions or comments will be appreciated. As always the committee and staff are here to assist you with all affordable housing issues. Rhonda Conley, the Affordable Housing Committee administrative assistant is available at the email above or by phone at 508-693-3925 and has office hours every Thursday 8:30 to 10:30 AM. The committee meets every 2nd and 4th Tues. of the month at 7 PM in the 2nd floor conference room in Town Hall unless otherwise posted.

Sincerely,

Larry Schubert, Chair
West Tisbury Affordable Housing Committee

Drafted 4-20-16

West Tisbury Affordable Housing Refinance Review Procedure

Please note: This procedure is intended as a practical assist to owners and does not replace or contravene any particular term or requirement of a West Tisbury Housing Covenant or Deed Rider.

1. When the Owner of a West Tisbury property ("Homeowner") under a Housing Covenant or Deed Rider preserving long term affordability wishes to refinance their property, the Homeowner shall notify the Town Affordable Housing Committee (WTAHC) and the Dukes County Regional Housing Authority (DCRHA) in writing (addresses at end of procedures) of the Homeowner's intention (the Refinance "Notice"). **WTAHC must review and approve all requests to refinance before you may close on a new loan. The Notice should state the full address of the property, the amount of the refinance or second mortgage requested, a phone number where you can be reached during the day, an email address if available and, the reason for refinancing.**
2. Upon receipt of the Notice, staff of the WTAHC, West Tisbury Board of Assessors and DCRHA shall confer and determine the current Maximum Resale Price of the Property based upon the terms of the existing Covenant or Deed Rider.
3. The Homeowner will be notified of the current Maximum Resale Price by phone followed by mailed confirmation within 21 business days of receipt of the Notice.
4. At this time, the Homeowner shall also be supplied by WTAHC or DCRHA staff with a copy of the current Housing Covenant in use by the Town, Permitted Mortgage Agreement, Town \$1.00 Mortgage and Certificate of Approval for review with their lender regarding permissible terms of mortgage.
5. The Homeowner will need to submit the following:
 - a. **A copy of your complete loan application to the lending institution**
 - b. **A copy of the commitment letter from the lender. The commitment letter, or any written documentation, should provide information on the loan terms, including the interest rate, points, length of loan (15 or 30 years), APR (annual percentage rate), and any other pertinent information.**
 - c. **A copy of the Good Faith Estimate. The Good Faith Estimate is provided by the lender and should provide information on the estimated closing costs.**

WTAHC may also require the following depending on your deed rider (covenant) and will inform you of which documents are required in your particular situation.

- **A copy of the deed rider. The deed rider is the document you signed at closing that describes the resale and refinance provisions for your particular property.**
- **An appraisal report. A complete copy of an appraisal report for the property, completed by a certified residential appraiser within the last 120 days. The home should be appraised as a (market rate or affordable rate property?)**
- **Information on your monthly condominium fees (if any), your town's current tax rate per thousands and monthly homeowner's insurance amount. You can provide this information in your letter requesting approval to refinance.**

Within 21 business days of the Homeowner's submission of the above, WTAHC will conclude its review and submit a written decision to the Homeowner.

6. At this juncture Town Counsel will step in to handle the documents for the mortgage (if so approved by WTAHC) closure. Preparation of closing documents by the Homeowner's attorney shall be the Homeowner's responsibility. Town Counsel shall prepare a current Housing Covenant, Permitted Mortgage Agreement, Town \$1.00 Mortgage and Certificate of Approval (all documents to be included in the closing). Town Counsel shall collect the required signatures of the Board of Selectmen and WTAHC representative and notarization of such documents. This should be completed within 30 business days of the WTAHC review and written decision. These documents shall not be altered by the Lending Institute, Homeowner or Homeowner's Counsel. If changes to any of these documents are contemplated they must be brought before the West Tisbury Affordable Housing Committee and approved by such. This may lead to a delay in the processing or a denial of refinancing.
7. The Homeowner shall direct all contacts with town counsel as to closing date, etc.
8. Town Counsel will inform WTAHC of the closing and provide a copy of the recorded documents along with an invoice of cost for services pertaining to the WTAHC refinance involvement.
9. WTAHC staff will provide a copy of the recorded Housing Covenant to the DCRHA for reference in future affordability monitoring.

West Tisbury Affordable Housing Committee PO Box 278, West Tisbury, MA
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Dukes County Regional Housing Authority, P.O. Box 4538, Vineyard Haven MA 02568

www.vineyardhousing.org

508-693-4419

Adding/Deleting Name to Deed during Refinance

If you will "convey" the home from your spouse/co-owner, WTAHC considers this a transfer of the property. The following describes the procedure for this transfer:

Deletion: The closing attorney will prepare a new deed in your name alone that WTAHC must review prior recording. The new deed must specifically reference the current deed rider (listing the book and page numbers of the original deed rider).

Addition: The same process will apply if you are adding your spouse (husband or wife) to the Deed.

Note: The Deed rider (covenant) may have explexsive clauses pertaining to transfer of property that must be followed.

MORTGAGE GUIDLEINES

Your proposed new first or second mortgage should at a minimum meet the following guidelines:

1. **Be a fully –amortizing fixed-rate mortgage with no prepayment penalty or balloon payment.**
2. **Have a current fair market interest rate. (No more than 2 % points above the currently prevailing interest rate).**

3. *For a first mortgage refinance: Have a loan amount no greater than 80% of the maximum resale price.*
4. *For a second mortgage. The combined amount of the first and second mortgages may not exceed 80% of the maximum resale price.*

WTAHC 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, or a higher interest rate than you currently hold.

Draft Revised 2-9-16

West Tisbury Affordable Home Resale and Transfer Procedures

The West Tisbury Affordable Housing Committee (WTAHC) wants to make sure you are aware of the **obligations if or when you** resale or transfer your home. The Affordable Housing Covenant that is included in your deed documents and recorded at the Dukes County Registry of Deeds states that you must receive approval from the WTAHC before you may resale or transfer your home.

1. When the Owner of a West Tisbury property under a Housing Covenant or Deed Rider preserving long term affordability wishes to resale or transfer their property, the Owner shall notify the WTAHC and the Dukes County Regional Housing Authority (DCRHA) in writing **stating** the Owner's intention (the Resale "Notice"). Please make note of your present covenant or deed rider of the restrictions within dealing with the resale and transfer of the property. **This notice should state the full name of the property owner, physical and mailing addresses, and phone number.**
2. Upon receipt of the Notice, staff of the WTAHC and DCRHA shall confer and determine the current Maximum Resale Price of the Property based upon the terms of the existing Covenant or Deed Rider. **This will be presented to the WTAHC for review and confirmation.** The Owner will be notified of the current Maximum Resale Price by phone, if possible, followed by written confirmation within **30 days** of the WTAHC receiving the Resale Notice.
3. At this time as stated in the covenant, the Owner shall seek to find an Eligible Purchaser as described based on the terms of the existing covenant or deed rider. The Owner must use his best efforts to find an Eligible Purchaser to purchase the property. The term "best efforts" as used herein shall mean (A) the placement of an advertisement for sale of the Property stating the Maximum Resale Price (as defined), Owner's telephone number, and the phrase: "Sale of unit subject to certain guidelines and restrictions with respect to the maintenance and retention of affordable housing for households of low and moderate income" and (B) the receipt of satisfactory evidence to the AHC and the Monitoring Agent (DCRHA) that the new purchaser qualifies as an Eligible Purchaser. WTAHC and DCRHA may assist in this effort.
4. Upon location of an Eligible Purchaser the Homeowner shall inform the WTAHC and DCRHA for confirmation of such. The Homeowner shall inform the Eligible Purchaser they must complete an application with the DCRHA for qualification of purchase. This

application shall request financial information including income and assets. If approved by the DCRHA as an Eligible Purchaser the WTAHC shall be informed. WTAHC will contact the present homeowner of approval and will set a meeting date with said Eligible Purchaser. The WTAHC will send before the meeting the documents (Certificate of Approval, Affordable Housing Covenant, Town Mortgage, Permitted Mortgage Agreement) required by the Town to purchase an affordable home. These **current** required documents are for the Eligible Purchaser to review and share with their prospective lender and/or attorney. It should be noted in the documents that a fixed mortgage is required for purchase. At the meeting the WTAHC may answer any questions the prospective Eligible Purchaser may have about the documents, etc. This phase of the process may take up to 30 days.

5. If the Eligible Purchaser does not meet the eligible criteria the present homeowner will be informed by phone and written notice as well as the Eligible Purchaser within 21 days. This will start the Eligible Purchaser search again. DCRHA and WTAHC are available for assistance at any time during this process.
6. The Eligible Purchaser and Present Homeowner shall inform the WTAHC of the lender and/or attorney name, address and phone number so they may inform WTAHC's counsel who shall handle the preparations of the WTAHC's required documents (mentioned above).
7. The Eligible Purchaser will need to present the mortgage documents to the WTAHC for approval before final approval of purchase. Approval may take up to 30 days.
8. After approval of mortgage Town Counsel shall handle the closing process and attend the closing on the Town's behalf. Town Counsel will confer with Eligible Purchaser's attorney and/or lender to complete the signing and recording of such at the loan closing. WTAHC's counsel shall gather the necessary town officials' signatures within **21** days of receiving all necessary information from the Eligible Purchaser's counsel and/or lender and WTAHC. To keep the process in motion all parties should be kept abreast of any developments involving the Town participation in this purchase by homeowner, eligible purchaser, lender and attorneys.

At no time is WTAHC's counsel to be considered the Homeowner or Eligible Purchaser's counselor or used as such. WTAHC's counsel is only involved to facilitate the processing of the WTAHC's required documents.

Please feel free to contact the WTAHC by email or phone to ask any questions or discuss any issues you may want brought to the WTAHC's attention.

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