40B Supplemental Monitoring
Topics to Discuss:

• About CHAPA
• Supplemental Monitoring Roles and Responsibilities
• Resales
• Refinancing
• Capital Improvements
• Foreclosures & Short Sales
• Reporting and Record Keeping
• Partnering with Communities
About CHAPA

Citizens’ Housing and Planning Association’s mission is to encourage the production and preservation of housing that is affordable to low and moderate income families and individuals and to foster diverse and sustainable communities through planning and community development.

Every person in Massachusetts should have a safe, healthy, and affordable place to call home. We achieve this by **advocating for opportunity, expanding access to housing, and developing the field.**
## CHAPA’s 40B Monitoring

<table>
<thead>
<tr>
<th>40B Monitoring</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developments</td>
<td>171</td>
</tr>
<tr>
<td>Affordable Units</td>
<td>2,895</td>
</tr>
<tr>
<td>Homeownership Developments</td>
<td>152</td>
</tr>
<tr>
<td>Rental Developments</td>
<td>19</td>
</tr>
<tr>
<td>Communities</td>
<td>101</td>
</tr>
</tbody>
</table>
**Supplemental Monitoring Roles & Responsibilities:**

ENSURING LONG-TERM REGULATORY COMPLIANCE IN HOUSING DEVELOPMENTS

<table>
<thead>
<tr>
<th>During a Homeowner’s Residency</th>
<th>At time of Sale</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Principal Residence Required</td>
<td>• Notice to Sell Required to Town &amp; CHAPA</td>
</tr>
<tr>
<td>• Capital Improvement Approval</td>
<td>• Diligent marketing efforts required</td>
</tr>
<tr>
<td>• Refinance approval required</td>
<td>• New Buyer Approval Required</td>
</tr>
<tr>
<td>• Renting Approval Required</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Foreclosure Risk</th>
<th>Reporting and Recording Keeping</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Notify Town and Homeowner of notice</td>
<td>• Annual Reporting to Town and Project Administrator (MassHousing)</td>
</tr>
<tr>
<td>• Working with Homeowner to receive counseling or start the resale process.</td>
<td>• Violations tracking and reporting</td>
</tr>
</tbody>
</table>

Foreclosure Risk:

- Notify Town and Homeowner of notice
- Working with Homeowner to receive counseling or start the resale process.
40B Homeowner Guidelines

DEED REQUIREMENTS

- **PRIMARY RESIDENCE**: The property must be your principal residence, where you regularly live, eat, sleep, are registered to vote, etc.

- **LEASING**: You may not rent or lease your home without the prior written consent of CHAPA.

- **REFINANCING**: You must get approval from CHAPA if you wish to refinance your mortgage or obtain a second mortgage.

- **CAPITAL IMPROVEMENTS**: You must contact CHAPA if you would like to make capital improvements to your home.
40B Resales
40B Resales

HOMEOWNERS’ RESPONSIBILITIES:

- Provide a letter of intent to sell to Monitoring agent
- Fill out a property info form
- Fix any damage to the unit
- Show the unit – possibly with agent
- Sell the unit to an approved buyer with Monitoring agent approval
- Provide a (P&S) Agreement
- Pay resale fee
40B Resales

CHAPA RESPONSIBILITIES:

Set the maximum resale price → Notify the town → Advertise Unit

Approve an eligible purchaser → Issue Eligible Purchaser & Resale Price Certificates → Provide the new deed rider
Part of the seller’s resale fee goes toward CHAPA’s assistance in the marketing of the unit. CHAPA does this by contracting with a local real estate professional to act as a “housing consultant” for the seller.
Marketing Ideas

TOWN ASSISTANCE:

There are several ways a Town can be more involved in helping a homeowner sell their affordable unit such as marketing, covering the costs of the MLS listing, paying a percentages of the seller’s broker fee, offering down payment or closing cost assistance and approving the Universal Deed Rider.

Send a blast email to all town employees

List the property in MLS

Include an announcement on the local cable station

Post the property on the Town’s website

Notify Local social service agencies of the housing opportunity

Post flyers at Town Hall, library, schools, local hospital, etc.
40B Refinancing
### Refinancing a 40B Unit

**REQUIRED DOCUMENTS AND MORTGAGE TERMS:**

<table>
<thead>
<tr>
<th>Required Documents for a Refinance Approval</th>
<th>Mortgage Guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Complete loan application</td>
<td>• Fully-amortizing fixed-rate with no prepayment penalty</td>
</tr>
<tr>
<td>• Commitment letter from lender</td>
<td>• Current fair market interest rate</td>
</tr>
<tr>
<td>• Good Faith Estimate</td>
<td>• Loan amount no greater than 95% of Maximum resale price</td>
</tr>
<tr>
<td>• Appraisal Report</td>
<td></td>
</tr>
</tbody>
</table>
40B Capital Improvements
Capital Improvements

**universal deed rider**

- Check the Definitions section of the Deed Rider that outlines the capital improvement policy
  - Written request is required by homeowner with work and cost estimates outlined
  - CHAPA sends approval letter with request for receipts when work is completed.
  - Total for the approved amount of capital improvements is added to resale price at a depreciated value at time of sale so long as it keeps the value affordable.
Examples of Approved & Unapproved Capital Improvements:

**APPROVED CAPITAL IMPROVEMENTS:**

- Replacing a broken appliance – dishwasher, refrigerator, washer/dryer, etc.
- Roof Replacement – this may be forced as part of a condo association
- Carpet replacement

**UNAPPROVED CAPITAL IMPROVEMENTS:**

- Replacing countertops with granite
- Refinishing a basement or attic space
- Upgrading appliances
Foreclosures & Short Sales
Foreclosures & Short sales

• Per Deed Restriction CHAPA and the Town receive foreclosure notice from Lender attorney
• CHAPA notifies Town and Homeowner of notice.
• Town has right of first refusal to purchase unit to avoid foreclosure.
• CHAPA works with Homeowner to receive foreclosure counseling and/or start the resale or short sale process.
Reporting & Record Keeping
Reporting and Recording Keeping

MONITORING AGENT RESPONSIBILITIES:

- Annual Reporting to each City/Town and Project Administrator (MassHousing)
  - Updates on ongoing construction status and lotteries
  - Cost certification compliance updates
  - Outlines number of new unit sales, resales, refinances and foreclosures
- Report to City/Town at the time of resale or foreclosure notification
- Report to City/Town on compliance of the Annual Rental Review of rental developments
Partnering with Communities
Partnering with Communities

• Have a point person available to work with the Monitoring Agents
• Support of the Affordable Housing Trust
• Marketing of affordable units to Town employees
• Enforcement provided through Town Legal Counsel
Questions?
Thank you

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