Summary of Deed Restrictions

440 Broadway, 440 Broadway, Chelsea, MA - 100% of AMI Units

This document summarizes important restrictions on your right to sell, rent out, or refinance this home if you buy it. Please read this document carefully before buying this home.

Please acknowledge that you have read this summary by signing on the last page.

The home you are interested in buying was built in part with funding from the Massachusetts Housing Finance Agency (known as "MassHousing") under its CommonWealth Builder Program and from the City of Chelsea and Malden Redevelopment Authority, as agent for and representative member of the North Suburban Consortium. This funding allows the home to be sold for a discounted price, ensuring it is affordable to first-time homebuyers with moderate incomes. In return, the programs require the homebuyer to sign binding legal documents called "deed riders" that will be attached to your deed and will restrict some of your rights as a homeowner.

This document summarizes some of the important restrictions in these deed riders. This summary is provided to make the deed riders easier to understand, but it is the language in the deed riders, not here, that is legally binding. We recommend that you read the actual deed rider forms before you decide to buy this home or sign any documents. If you have questions about the deed riders, you may need to discuss them with a lawyer.

MassHousing has hired an "Affordability Monitor" to help make sure buyers comply with the restrictions in the deed riders. The Affordability Monitor is Citizens' Housing and Planning Association (known as "CHAPA") and if you buy this home you will be given their contact information.

In addition to the deed riders, if you buy this home, you will be required to sign a mortgage granting MassHousing certain rights if you violate the requirements of the deed riders. This mortgage is not a loan from MassHousing but helps MassHousing and the Affordability Monitor enforce the deed riders and alerts other lenders and anyone who would buy the home from you about the deed riders.

There will be two deed riders for this home:

Deed Rider #1: if you buy this home, the following restrictions will apply to you and this home <u>for fifteen years</u>:

This home will need to be your primary residence and you will not be able to rent out this home:

- In general, you will need to occupy this home as your principal residence (where you spend most of your time) for as long as you own it. You will not be allowed to rent the home out to anyone while you own it but if you have any special circumstances, you may contact the Monitoring Agent to request an exception.

You will only be able to sell this home to another moderate-income first-time homebuyer and only for a limited sale price, but you may transfer it to certain close family members:

- Before you sell this home or add anyone to the deed, you will need to contact the Affordability Monitor. You will be allowed to sell this home only to (i) a middle-income household that is a first-time homebuyer earning up to a certain amount of annual income specified in Deed Rider #1 or (ii) a close family member (a parent, child, sibling, grandparent, grandchild, current spouse, or child-in-law of one of the owners listed on your deed). If you sell or transfer part of the ownership interest of the home to a close family member, they do not need to be a first-time homebuyer or meet the income limits that apply to other buyers, but the Affordability Monitor will need to confirm they are a parent, child, sibling, grandparent, grandchild, current spouse, or child-in-law of one of the owners listed on your deed.
- You will not be allowed to sell this home for more than a maximum sale price calculated by the Affordability Monitor after you contact them and tell them you want to sell. This maximum sale price will be equal to the amount you paid for the home, increased by 5% each full year you own the home, plus (i) the broker fee and "resale fee" (described below), and (ii) a "capital improvements credit" calculated by the Affordability Monitor based on part of the cost of certain major home repairs or appliance replacements they approve. However, the maximum sale price you can sell this home for cannot be more than the amount a buyer meeting the income limit requirement would be able to afford to pay, taking into account mortgage rates at the time you decide to sell the home.
- If you want to sell this home, the Affordability Monitor will help you find someone who is eligible to buy it, or they may tell you that MassHousing or another public agency or the city will buy it. If MassHousing or another public agency or the city decides to buy the home, they will pay you the maximum sale price described above.
- If you sell this home, you will need to pay to the Affordability Monitor a "resale fee" equal to about 2.5% of the sale price. If you agree to use the Affordability Monitor as your broker, you will also be required to pay them a brokerage fee, which is generally

lower than what a different broker would charge you. If you choose to hire your own broker, you will need to pay their fees in addition to the "resale fee".

- Anyone who buys this home from you and any close family member who becomes an owner or co-owner will need to sign deed riders just like yours, which the Affordability Monitor will prepare.

You may get credit for home improvements when you sell:

- You will not be required to get the Affordability Monitor's permission to make any improvements to this home, but asking for the Affordability Monitor's approval may allow you to sell this home for a higher price. Some of the cost of major repairs and appliance replacements that are approved by the Affordability Monitor can be added to the maximum resale price you will be allowed to receive. In general, this does not apply to small, routine maintenance or unnecessary expansions or upgrades to the home, only to major repair or replacement projects, like, for example, exterior painting, a new roof, replacing major appliances, repairs to or replacement of the heating or cooling system, installation of solar panels, or foundation repairs.

There will be restrictions on refinancing and second mortgages:

- You will not be allowed to refinance your mortgage or to take out an additional mortgage without telling the Affordability Monitor and getting their approval. In general, the Affordability Monitor will approve new mortgages as long as they have a fixed rate of interest, monthly payments that are affordable to you, and they do not bring the total amount of your mortgage loans above 97% of the maximum resale price you are allowed to receive if you sell the home.

If you die, your spouse or heirs will be subject to the same restrictions:

- If you die, your spouse or heir who is a close family member will be able to occupy this home as their primary residence, subject to the same deed rider restrictions described in this summary.
- Any other heir who is a first-time homebuyer with an eligible income will be able to inherit this home but must occupy it as their primary residence and comply with all of the same deed restrictions.
- Any heir who is a not your spouse, close family member or a first-time homebuyer with an eligible income and any heir who does not occupy this home as their principal residence will be required by the Monitoring Agent to sell this home to an eligible purchaser at the restricted sale price.

If you violate any of these restrictions, you may be forced to pay money to MassHousing or the Affordability Monitor. After 15 years, these restrictions will no longer apply, but the restrictions below in the second deed rider will.

Deed Rider #2: if you buy this home, the following restrictions will apply to you and this home after the first deed rider expires, for the <u>following fifteen years</u> (years 16 to 30 after you buy the home):

This home will still need to be your primary residence and you will still not be able to rent out this home:

- In general, this home will need to be your principal residence (where you spend most of your time) or the principal residence of a close family member lives (a parent, child, sibling, grandparent, grandchild, current spouse, or child-in-law of one of the owners listed on your deed) for as long as you own it. You will not be able to move to another home and continue to own this one unless a close family member occupies it as their principal residence. In general, you will not be allowed to rent this home out to anyone, but if you have any special circumstances, you may contact the Monitoring Agent to request an exception.

There will still be restrictions on refinancing and second mortgages:

- You will not be allowed to refinance your mortgage or to take out an additional mortgage without telling the Affordability Monitor and getting their approval. In general, the Affordability Monitor will approve a new mortgage as long as it has a fixed rate of interest, monthly payments that are affordable to you, and doesn't bring the total amount of mortgage loans above a certain amount the Affordability Monitor will calculate based on the deed rider restrictions.

You will be able to sell this home to anyone after fifteen years, but you may need to pay some of the money you receive to MassHousing:

- Before you sell this home or add anyone to the deed, you will need to contact the Affordability Monitor.
- You will be allowed to sell this home to anyone and for any amount. **HOWEVER**, if you sell this home for more than the maximum resale price calculated by the Affordability Monitor after the first fifteen years you own the home, you will be required to pay **half** of that extra amount to MassHousing at the closing of your sale. MassHousing will use this "shared appreciation payment" to help other low- and moderate-income families buy homes, just as the CommonWealth Builder Program allows this home to be sold to you at an affordable price.
- If you sell or give this home to a close family member (a parent, child, sibling, grandparent, grandchild, current spouse, or child-in-law of one of the owners listed on your deed), you will not be required to make a shared appreciation payment to MassHousing, but the close family member will be required to sign a deed rider just like yours that will require them to make a shared appreciation payment if they sell it before the deed rider expires.

- If you want to sell this home, the Affordability Monitor may tell you that MassHousing or another public agency or the city will buy it at fair market value determined by an appraiser chosen by the Affordability Monitor and paid for by MassHousing. If this happens, you will still be required to make a shared appreciation payment to MassHousing at the closing of the sale.
- If you sell this home and make a shared appreciation payment to MassHousing, this deed rider and these restrictions will not apply to the buyer.

If you die, your spouse or heirs will be subject to the restrictions:

- If you die, your spouse or heir will be able to become the owner of this home and continue to own it subject to the same deed rider restrictions described in this summary.

If you violate any of these restrictions, you may be forced to pay money to MassHousing or the Affordability Monitor.

After 30 years, all of the restrictions in the deed riders will expire. If you or a close family member still own this home, you will then be able to sell, rent and refinance without notifying the Affordability Monitor or receiving their approval or making any shared appreciation payment to MassHousing.

Homebuyer Acknowledgment

By signing below, I certify that I have read this Summary of Deed Restrictions and understand the benefits and restrictions it describes. I further certify that I have read the deed riders and understand the legal obligations that I commit to by signing those documents.

Date: _____

Sign here: _____

Print name:

If two homebuyers, second homebuyer signs below:

Sign here: _____

Print name: