Summary of Deed Restrictions

440 Broadway, 440 Broadway, Chelsea, MA - 80% 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 requires the homebuyer to sign a binding legal documents called a "deed rider" 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 this deed rider. This summary is provided to make the deed rider easier to understand, but it is the language in the deed rider, not here, that is legally binding. We recommend that you read the actual deed rider form before you decide to buy this home or sign any documents. If you have questions about the deed rider, 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 rider. 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 rider, 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 rider. This mortgage is not a loan from MassHousing but helps MassHousing and the Affordability Monitor enforce the deed rider and alerts other lenders and anyone who would buy the home from you about the deed rider.

If you buy this home, the following restrictions will apply to you and this home <u>for thirty 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.

You will only be able to sell this home to another moderate-income first-time homebuyer and only for a limited sale price:

- 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 a middle-income household that is a first-time homebuyer earning up to a certain amount of annual income specified in the deed rider.
- 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 will need to sign a deed rider 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 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 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 30 years, all of the restrictions in the deed rider will expire. If you still own this home, you will then be able to sell, rent and refinance without notifying the Affordability Monitor or receiving their approval.

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 rider and understand the legal obligations that I commit to by signing that document.

Date: _____

Sign here: _____

Print name:

If two homebuyers, second homebuyer signs below:

Sign here: _____

Print name: