

Changes to Policy on Deed Restricted Properties

We are streamlining our process of approving your loans on Deed Restricted Properties as follows:

For Deed Riders where the restrictions *DO NOT* survive foreclosure:

We will no longer need to review these Riders. You must follow Fannie, Freddie or FHA underwriting guidelines, depending on which AUS you used to underwrite the loan.

For Deed Riders where the Restrictions *SURVIVE* foreclosure:

1. We are now providing blanket approval for deed restricted properties with Riders that match the standard form Rider, which was most recently updated on September 9, 2019, and is available on emasshousing.com as Form B-10. You no longer need to send us this Rider for approval!
-OR-
2. Where the Deed Rider does **NOT** match the current form, you must send the Rider to us for approval before you close the loan. Please have your loan locked on emasshousing.com and email a copy of a blank deed Rider to: holoanreview@masshousing.com.
 - Please be sure to include the City/Town where the property is located and the condo project name (if Condo) or street address (if SFR) in your request.
 - On a refinance transaction, if the Monitoring Agent confirms that the deed rider has not been modified since the last transaction, then the recorded deed rider may be submitted for review.

Reminder: you still must follow all requirements of Fannie, Freddie and FHA for Deed Restricted properties, depending on the AUS finding you use to underwrite the loan file.

Please also note that with respect to appraisals:

- Properties with affordable deed restrictions, where the restriction **survives** foreclosure, must be appraised at **the deed restricted value** and include comparable sales with similar restrictions.
- Properties with affordable deed restrictions, where the affordable deed restrictions **are extinguished** at foreclosure, must be appraised at the **market value, but** with the deed restricted value reflected in the appraisal.

And, as to LTV/CLTV:

- On a purchase transaction, the LTV/CLTV will be based on the **lesser of** the sales price or restricted value or appraised value.
- On a refinance transaction, the LTV/CLTV will be based on the **lesser of the restricted value** or appraised value.



On a refinance, Lenders are reminded that they **must** obtain a letter from the Monitoring Agent named in the Rider which provides the Monitoring Agent's:

- *One* - approval of the refinance of the first mortgage, and
- *Two* - the re-sale value that will be used in calculation of the Loan to Value "LTV" for the refinance transaction.

MassHousing will treat an approval of an alternative or non-warrantable form of a deed rider, covenant or restriction as an exception. You must include a copy of the exception in its closed loan file submission to Metaworx.

If you have any additional questions, please reach out to your MassHousing Relationship Manager, or email holoanreview@masshousing.com.

