CHAPA

Citizens' Housing and Planning Association

One Beacon Street, 5th Floor, Boston MA, 02108
(617) 742-0820 | chapa.org

CommonWealth Builder

Refinancing & Home Equity Loan Policy

As monitoring agent for your affordable home, Citizens' Housing and Planning Association (CHAPA), must review and approve all requests to refinance or obtain a second mortgage or home equity loan **before** you may close on a new loan.

If you have any questions about this process, please contact: Ron McCormick, Program Manager, (781) 285-6081, rmccormick@chapa.org.

Process

Once you have contacted a lender to apply for a loan and you have been approved, you or your lender must submit the following information to CHAPA:

- Refinance Approval Request Form: fill out the form with all requested information; the form is attached to this policy or available at: https://chapa.org/homeowners/cwb/
- Loan Application (1003 Form): completed and signed.
- Loan Estimate: provided by your lender and containing information on the estimated closing costs.
- Commitment Letter: providing information on the loan terms, including the interest rate, points, length of loan terms, APR (annual percentage rate), and any other pertinent information.

CHAPA **may** also request the following from you, depending on your deed rider and particular situation:

- Refinance Fee: first time refinance reviews are free of charge; subsequent requests are a $100 fee per request.
- Information on your monthly condominium/HOA fee (if any), your town's current tax rate per thousands, and monthly homeowner's insurance amount

Please submit documents via secure email to CHAPA Program Manager, Ron McCormick at mailto:mrmccormick@chapa.org. Refinance Fees can be mailed to our office address. Requests will be processed within five business days. If approved, a certificate will be issued to be recorded with the new mortgage.

CHAPA may deny your request to refinance or require that you consult with a non-profit housing counselor if the benefit of the loan is unclear. Examples of this may include loans with high closing costs, a higher interest rate than you currently hold, or loans that roll in unsecured debt, like credit card debt, into your mortgage. **CHAPA strongly suggests that you compare rates and loan costs from several lenders.**

Mortgage Guidelines

Your proposed new first or second mortgage must meet the following requirements:

- First mortgages:
  - Must be a fully amortizing, fixed-rate loan with no prepayment penalty or balloon payment.
  - Must have a current fair market interest rate, no more than 2 percentage points above the currently prevailing interest rate.
  - Must have a loan amount no greater than 97% of your current Maximum Resale Price.
- Second mortgages/Home equity lines of credit:
  - Interest rate, term, and amount shall be reviewed for financial risk to the homeowner
  - The combined amounts of all mortgages may not exceed 97% of the Maximum Resale Price. "Cash-out" and home equity loans are permitted, though subject to this cap. If you or your lender require a current calculation of your Maximum Resale Price, please contact CHAPA.

Refinance requests and questions can be directed to:

Ron McCormick
Program Manager
Phone: 781-285-6081
Email: rmccormick@chapa.org