

verifying the buyer's income, assets, and mortgage terms should be mailed or faxed to DHCD.

- (5) DHCD Closing Documents – After the new buyer has been qualified by the Monitoring Agent(s), the buyer's closing attorney then contacts DHCD's paralegal to obtain closing documents.

(g) Eligible Buyer is Not Located

- (1) For units with the LIP "Universal Deed Rider", if an eligible buyer is not located during the 90-day marketing period the Monitoring Agent or municipality may purchase the property. After an additional 30 days if neither the Monitoring Agent nor the municipality purchases the property, the home may be sold without regard to the income level of the buyer. If a LIP unit is conveyed to an ineligible buyer, the price **may not exceed** the Maximum Resale Price, a LIP Deed Rider must be executed and recorded, and if more than one ineligible purchaser is found, first preference must be given to households earning between 80% and 120% of the area median income adjusted for household size.
- (2) For units with older forms of LIP deed rider, if a unit is conveyed to an ineligible buyer, the unit must be sold for its unrestricted fair market value, the sale proceeds in excess of the Maximum Resale Price are paid to the municipality, and the unit is released from the LIP restrictions.

(h) Death of Unit Owner

A transfer by will or by an executor or administrator of the owner's estate to the owner's spouse will not trigger the resale or transfer restrictions in the Deed Rider provided that:

- (1) the executor or administrator within 90 days of his/her appointment has given DHCD notice of the devise or inheritance of the unit; and
- (2) the owner's spouse intends to continue to use the unit as a principal residence. Any other person who is an heir, legatee, or devisee of the unit owner must demonstrate to DHCD's satisfaction within the 90-day period that he/she is an eligible purchaser, as defined in the Deed Rider; otherwise that person must transfer the unit in accordance with the Deed Rider.

3. Refinancing

a. Review by DHCD

- (1) Request - Owners of LIP units must submit a copy of their Deed Rider and a written request to refinance to the municipality **and** to DHCD. The property owner's written request should include:
- (a) their name, property address, a phone number where they can be reached during the day;
- (b) the amount of the refinance or second mortgage requested and the full name of the lending institution; and
- (c) the name and contact number of the closing attorney.

- (2) Appraisal - *Homeowners with Deed Riders other than the universal Deed Rider must also submit a fair market appraisal of their home.* The appraisal must be performed by a licensed residential appraiser and may be no older than 120 days past its completion date.
- (3) Commitment Letter - The property owner must also submit a copy of the commitment letter from the lender, including the amount of the refinance or second mortgage, the interest rate, points, and term of the loan (i.e. 15-yr, 30-yr).
- (4) Consent to Refinance - After approval of the refinance request by the local community **and** DHCD, DHCD will prepare the "Consent to Refinance" form for the closing attorney.

b. Requirements of Mortgage Financing

The proposed new first or second mortgage shall conform to the requirements of E.1 of these LIP Guidelines as well as the following:

- (1) For 1st mortgage refinancing - The loan amount cannot exceed 97% of the Maximum Resale Price, as determined by DHCD
- (2) For 2nd mortgage financing - The combined amount of the first and second mortgages cannot exceed 97% of the Maximum Resale Price, as determined by DHCD