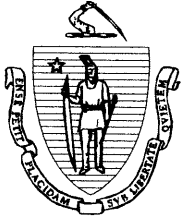


6/07



Commonwealth of Massachusetts DEPARTMENT OF HOUSING & COMMUNITY DEVELOPMENT

Deval L. Patrick, Governor ♦ Timothy P. Murray, Lt. Governor ♦ Tina Brooks, Undersecretary

LIP PROGRAM STANDARDS FOR NEW MORTGAGE LOANS

- The loan must have a fixed interest rate through the full term of the mortgage.
- The loan must have a current fair market interest rate.
(No more than 2 percentage points above the current Masshousing Rate*)
* (617) 854-1000 or www.masshousing.com
- The buyer must provide a down payment of at least 3% - 1.5% of which must come from the buyer's own funds.
- The loan can have no more than 2 points.
- The buyer may not pay more than 38% of their monthly income for housing costs. (The sales price of the unit has been set by DHCD to be affordable to an income-eligible household paying no more than 30% of their monthly income for housing costs).

DHCD will prepare a Discount Rate Certificate or Resale Price Certificate depending on the language in the LIP Deed Rider for the unit. The Certificate must be recorded along with the LIP Deed Rider.

In order to prepare the Certificate, DHCD requires the following documents **no less than 2 weeks** before the loan closing date:

- A Copy of the COMMITMENT LETTER from the buyer's lender, including Interest Rate, Points, Length of Loan (i.e. 15-yr, 30-yr), and APR (Annual Percentage Rate).
- A Copy of the PURCHASE AND SALE AGREEMENT signed by the buyer and the developer
- Contact information for the loan CLOSING ATTORNEY including name, address, phone and fax numbers

Please forward all documents to Lisa Gaskins of the LIP Program staff. She can be reached at 617-573-1313.