

IMPORTANT INFORMATION FOR ALL PURCHASERS OF AFFORDABLE HOMES

(*Please provide this information to your lender*)

For Sale Units:

IMPORTANT NOTE ABOUT FINANCING: When purchasing an affordable home, the Regulations now require that, if the estimated monthly housing cost for the unit (including principal, interest, taxes, homeowner and private mortgage insurance and condominium or homeowner association fees as applicable) exceeds 33 percent of the Borrower's eligible monthly income, the Borrower must receive counseling on the advisability of the loan transaction by a non-profit counselor, approved by HUD or the New Jersey Department of Banking and Insurance. A list of HUD approved counselors can be obtained on our website, HousingQuest.com on the [Links](#) page.

An Outline of Affordable Housing Covenants

A. The property may be conveyed only to a household who has been approved in advance and in writing by the administrative agent appointed under the Regulations (hereinafter, the "Administrative Agent").

B. No sale of the Property shall be lawful, unless approved in advance and in writing by the Administrative Agent, and no sale shall be for a consideration greater than maximum permitted price ("Maximum Resale Price", or "MRP") as determined by the Administrative Agent.

C. No refinancing, equity loan, secured letter of credit, or any other mortgage obligation or other debt (collectively, "Debt") secured by the Property, may be incurred except as approved in advance and in writing by the Administrative Agent. At no time shall the Administrative Agent approve any such Debt, if incurring the Debt would make the total of all such Debt exceed Ninety-Five Percent (95%) of the applicable MRP.

D. The owner of the Property shall at all times maintain the Property as his or her principal place of residence.

E. At no time shall the owner of the Property lease or rent the Property to any person or persons, except on a short-term hardship basis as approved in advance and in writing by the Administrative Agent.

F. No improvements may be made to the Property that would affect its bedroom configuration, and in any event, no improvement made to the Property will be taken into consideration to increase the MRP, except for improvements approved in advance and in writing by the Administrative Agent.

G. The Owner may be responsible to pay all costs associated with the services provided by the Administrative Agent at the time of sale, said costs being regulated by the municipality and/or state.

***H. When purchasing a unit, a written pre-approval from a financial organization is required that states the amount they are willing to lend you. The letter MUST say Pre-Approved. Please make sure you tell your lender you are applying for a deed-restricted, affordable housing unit. Make sure they are aware there are liens that go with these affordable properties. In the pre-approval letter, the lender must state their understanding that they would be in 1st position and that there are other legal instruments that would be recorded in 2nd position at closing. In addition, we have not seen purchasers of these types of affordable homes be successful in obtaining an FHA loan. Please discuss these issues with your lender.**

This Outline is provided as a quick reference for your convenience only and does not represent the full terms and conditions or replace the actual documentation and required deed restrictions.