

Owner Term Changes -- Frequently Asked Questions

1. How do I know if the new resale formula is better for me?

The new 2.5% resale formula results in a higher current Affordable Value for most owners. Some owners may see a higher current Affordable Value under the old, “Return on Equity” formula if they have **some or all** of the following:

- All mortgages paid off early; and/or
- Unit was purchased before 1993 and has a resale formula with a higher annual percentage return; and/or
- Very large down payment at purchase.

You can request a comparison of the current estimated value of your home under the old and new formula. A link to request a comparison is available online at www.cambridgema.gov/affordablehomeownershipchanges. The form will need to be completed in full, and you will need to provide information on all current and past mortgages. Depending on the volume of requests received, it may take several months to complete your request.

2. If the value under the new formula is higher now, will it always be higher than the old formula?

Under the “Return on Equity” formula that most owners have, it is not possible to know the future value. The Treasury Bill rate is variable, which means it changes every month. In the past 20 years, the 10-year Treasury Bill rate has ranged from a low of .51% to a high of 4.79%. The rate may be higher or lower in future years.

If the rate follows the current pattern, the new formula gives a projected higher return for owners in almost all situations.

3. Can I decide to change later to see what happens?

You do not need to opt in to the new terms now. You may make the change at any point in the future as long as these terms, including the 2.5% annual interest formula, are in use. The Affordable Housing Trust may change the terms in the future. Current owners will be notified in advance of any change. If the Trust votes to change the resale formula to something different than the 2.5% annual return, the 2.5% will no longer be an option.

4. How do I opt-in to the new terms?

If you would like to opt in to the new terms, you may request an amendment by filling out the Amendment Request form. This form is available at:

www.cambridgema.gov/affordablehomeownershipchanges.

5. How much does it cost to do the Amendment?

The City will provide the Amendment document free of charge. The Amendment is a legal document and needs to be filed with the Middlesex South Registry of Deeds, which is called “recording”. There is a fee of \$105 to record the Amendment. The City currently has a limited amount of funds to cover these fees. These funds may not be available in the future.

6. Can any owner of an affordable unit do an Amendment?

To be eligible for an Amendment, owners must be in good standing. This means there are not any active or suspected violations of the current affordable housing restriction, including but not limited to:

- Residency violations, including non-owner occupancy;
- Adding unauthorized persons to a Deed without permission;
- Placing the unit in a Trust.

Owners who are not in good standing may be required to address violations prior to doing an Amendment.

7. How can I make a will and do other estate planning?

For assistance with estate planning, including making a will, talk to an attorney with expertise in this area.

8. Can I add the inheritance terms but not change my resale formula?

The Amendment includes all the updated terms. It is not possible to only update some terms. If you have concerns about your specific situation, please reach out to the Housing Department to discuss options.

9. How long will it take to do the Amendment?

We do not know the exact amount of time to complete an Amendment. We will process requests in the order they are received. Once the Amendment is drafted, it must be:

- Signed by all Owners, with signatures Notarized;
- Returned to the Housing Department;
- Signed by City department
- Recorded with the South Middlesex Registry of Deeds

Depending on the volume of requests received, it may take several months to complete the Amendment process.

10. I want to sell my unit now using the new formula. Should I request an Amendment?

If you are ready to start the sales process and would like to use the new Resale Formula, you do not need to request the Amendment. There is a separate Agreement that can allow you to use the new Resale Formula. This is a faster process than the Amendment.

The first step is to formally start the sales process. Please contact Lara Plaskon at lpaskon@cambridgema.gov for information on how to sell your affordable home.

11. I cannot attend any of the information sessions. How can I get more information or ask questions?

There is a pre-recorded information session presentation available on the website. If you have questions after watching the session, please send your questions to homeownership@cambridgema.gov or call 617/349-4622.

12. I know I want to request an Amendment, but I don't want to go to an information session.

The information sessions are optional. You do not need to attend or watch the recording. You may submit the Amendment Request Form to start the process. The Amendment Request Form is available on the website.

13. I have a question that is not answered here.

Please send any questions to homeownership@cambridgema.gov or call 617/349-4622.