

**AMENDMENT TO AFFORDABLE
HOUSING COVENANT/AGREEMENT**

Unit Address and Owner Name

This Amendment amends certain terms in the Affordable Housing Covenant/Agreement from (*Owner Name(s)*) to the City of Cambridge dated recorded with South Middlesex Registry of Deeds, Book , Page (“Amended Covenant”)

THE OWNER – *Owner Name(s)*

The Owner includes any person or legal entity owning the Affordable Unit or any interest therein at any time while this Covenant is in effect.

THE OWNER'S

ADDRESS - , Cambridge, Massachusetts

THE CITY - The City of Cambridge, Massachusetts, a municipal government, acting by and through its Housing Department (the “Housing Department”)

THE CITY'S

ADDRESS - City Manager
City Hall
795 Massachusetts Avenue
Cambridge MA 02139
and
Director of Housing
City Hall Annex 344 Broadway
Cambridge MA 02139

AFFORDABLE UNIT - Unit in the Condominium created by Master Deed dated recorded with Middlesex Southern District Registry of Deeds, Book , Page including a % percentage interest in the common areas and facilities of the Condominium, together with all rights and easements now or hereafter appurtenant thereto and all fixtures now or hereafter thereon insofar as the same are a part of the realty, as set forth in the unit deed to the Owner or otherwise.

AFFORDABLE PRICE - \$

TERM – This Covenant shall be in effect through that period which the restrictions imposed by this Covenant are legally enforceable against the Affordable Unit. It is the parties' intention that the Term shall be the longest period permitted by law, and in no event less than 99 years from the date hereof.

Pursuant to Section 11 of the Covenant, this Amendment is intended to modify and supplement the above-referenced Covenant, and all terms and definitions in the Amended Covenant shall remain in full force and effect unless specifically amended herein.

Capitalized words or phrases are defined terms having the meaning assigned in this Amendment or the Covenant.

The City, acting by and through its Housing Department, pursuant to the federal, state and municipal goals of creating and preserving Affordable Housing in Cambridge, Massachusetts, has provided financial and related assistance for the purpose of reducing the price of the Affordable Unit from fair market value to the Affordable Value in a manner that makes the Affordable Unit available for purchase by Eligible Households, together with technical support, in the creation of the Affordable Unit for long term use as homeownership Affordable Housing, each to be owned by members of, and used as the only residence for, a Household which is an Eligible Household at the time of purchase of the Affordable Unit, as previously set forth in that certain Affordable Housing Covenant/Agreement between and the City dated _____ recorded with Middlesex Southern District Registry of Deeds, Book _____, Page _____ (the "Original Affordable Housing Covenant, sometimes referred to as the "Original Covenant"). That assistance and support has reduced significantly the Owners' purchase price of the Affordable Unit. That assistance and support, and this Covenant, continue to be made in furtherance of the purposes set forth in Section 11.201 of the Cambridge Zoning Ordinance.

On January 25, 2024, the City of Cambridge Affordable Housing Trust ("Trust") promulgated new guidelines regarding the calculation of the Owner's Return on Equity and Purchase Price. Therefore, the Owner and the City wish to amend the Covenant with respect to the Affordable Unit as follows. Any definitions, sections, paragraphs, or language not included in this Amendment are unchanged and shall continue to remain in full force and effect.

Section 1 of the Covenant entitled "Definitions" shall be amended to delete the following definitions and amend them as follows:

"Affordable Value" means the Affordable Price plus the Owner's Return (defined below), but in no event exceeding the Affordable Unit's Maximum Allowable Value as Affordable Housing (defined below).

"Owner's Return on Equity" is hereby deleted in its entirety and replaced with the following:

“Owner’s Return” means (a) 2.5% of the Affordable Price at the time of purchase for each full year of ownership, without compounding, and, for any partial year of ownership, 2.5% of the Affordable Price at the time of purchase pro-rated to the month the City receives the Owner’s Notification of Intent to Sell, without compounding; plus (b) the Owner’s cost of any improvements made to the common areas and facilities of the Condominium and the Owner’s cost of any improvements made to the Affordable Unit by the Owner, in each case depreciated as determined by the City, which improvements the City determines were in furtherance of the purposes of this Covenant and do not in the aggregate exceed \$5,000 (Five Thousand dollars) for each full year of ownership. “Improvements” shall be limited to new elements added to the common areas and facilities or the Affordable Unit, or replacement of existing elements as long as the existing element is a permanent part of the common areas and facilities or the Affordable Unit and has reached the end of its useful life. All Improvements are subject to depreciation based on the remaining useful life of the element, as determined by the Covenant Holder in its judgment, at the time of Owner’s Notice of Intent to Sell, or in other circumstances requiring that Affordable Value be established as determined by the Covenant Holder. Maintenance activities shall not be considered Improvements. In each case, Improvements shall be reimbursed only to the extent the same are of function and quality consistent in the Covenant Holder’s judgment with use of the Affordable Unit as Affordable Housing.

Section 1 of the Amended Covenant is hereby amended to add the following definition:

“Maximum Allowable Value as Affordable Housing” means the value of the unit that where purchase at that price results in housing costs of not more than 30% of homebuyer’s gross monthly income based on the following:

- a. Mortgage principal and interest payments at prevailing mortgage rates at time of price calculation;
- b. Property taxes at current rate and assessment assuming the City’s Residential Exemption;
- c. Standard rate for homeowner’s insurance as determined by CDD;
- d. Condominium fee at time of price calculation
- e. Income for a new homebuyer shall be based on the following:
 - i. Income at the maximum eligibility limit (as a percentage of Area Median Income (AMI)) in the applicable affordability restriction;
 - ii. Household size based on two persons per bedroom.

Section 2 of the Amended Covenant shall be amended to add the following after the Paragraph entitled “Changes in Household Circumstances”:

“Certain Transfers Upon Owner’s Death It is not a violation of this Covenant if, upon the death of the Owner and the adjudication of the estate, or the death or end of occupancy by the deceased Owner’s spouse/Domestic Partner, the Affordable Unit transfers by sale or other legal conveyance to an Eligible Beneficiary. An Eligible Beneficiary must:

- a) Be a member of an Eligible Household with a Certificate of Eligible Beneficiary

(described below) issued no more than 120 days prior to the time of the transfer of the Affordable Unit, and

- b) Live in the Affordable Unit as a primary residence at the time of the Owner's death **or** be the Owner's child or other dependent or previous dependent, who have at any time lived in the Affordable Unit as their only residence, even if living elsewhere at the time of the Owner's death, and
- c) Enter into an Affordable Housing Covenant to be recorded prior to or at the time of transfer.

The City will issue a Certificate of Eligible Beneficiary prior to the transfer of any interest in the Affordable Unit. Transfer of any interest in the Affordable Unit without a Certificate of Eligible Beneficiary and an Affordable Housing Covenant signed by the Eligible Beneficiary is a violation of this Covenant. Eligibility of beneficiaries shall be determined by the City in its sole judgement based on information known or made available to it.

The City shall determine only if the proposed beneficiary is an Eligible Beneficiary under the Covenant. The City has no rights, powers, or obligations regarding compliance with any other restrictions or liens on the Affordable Unit from other lenders or subsidizing agencies.

Section 3 of the Covenant shall be amended to delete the first paragraph and Section (a), (b), and (c) and replace with the following:

3. The City's Right to Purchase the Affordable Unit

Grant of Purchase Rights To maintain the Affordable Unit as Affordable Housing throughout the Term of this Covenant, the Repurchaser shall have, and each Owner hereby grants the Repurchaser, the right (but without obligation) to purchase the Affordable Unit in any of the following circumstances (the "Purchase Rights"):

- (a) The Owner has given the City Notice of Intent to Sell or a Second Notice of Intent to Sell as required in Section 4; or
- (b)
 - (i) The Affordable Unit is no longer the only residence of the Owner whose occupancy fulfills the requirements of Section 2 (or that deceased Owner's spouse / Domestic Partner as permitted in Changes in Household's Circumstances above), or
 - (ii) The Affordable Unit is being used in any other manner which does not comply with this Covenant, the Owner (or that deceased Owner's spouse / Domestic Partner) has been given written notice identifying the violation(s) and has failed to cure each violation within the time stated in the notice; or
- (c) Any legal or beneficial interest in the Affordable Unit is conveyed or otherwise transferred (for example, by inheritance) without both Notice of Intent to Sell and

Second Notice of Intent to Sell as required in Section 4 having been given, unless the City has waived the Purchase Rights in writing or the transfer is to an Eligible Beneficiary and the City has issued a valid, current Certificate of Eligible Beneficiary as described herein, and a new Affordable Housing Covenant is signed as described in Section 2 above; or

Section 3, “Purchase Price” is hereby deleted and replaced with the following:

Purchase Price The purchase price of the Affordable Unit under the Purchase Rights shall be one of the following:

- (i) if the Owner proposes to sell or otherwise voluntarily transfer the Affordable Unit,
 - (a) the amount for which the Owner proposes to sell or transfer the Affordable Unit, or
 - (b) the Affordable Value, if less; or
- (ii) in all other cases, the Affordable Value (but in no event exceeding Maximum Allowable Value as Affordable Housing)

Section 3, “How Owner’s Return on Equity Determined” is hereby deleted and replaced with the following:

How Owner’s Return Determined The Owner’s Return shall be calculated by the City within a reasonable time after receipt of any Notice of Intent to Sell. The City shall base such calculations on verifiable information regarding the Affordable Purchase Price, duration of ownership, and cost, utility and depreciation of Improvements (as more completely stated in Owner’s Return, and in the absence thereof, on reasonable estimates made by the City. The Owner agrees promptly to provide the City with all information relevant to determining the Owner’s Return. The City shall have no obligation to determine the amount of the Owner’s Return at any time other than prior to a sale or proposed sale of the Affordable Unit, but on request will make good faith estimates based on information it then has as stated in Section 4, Good Faith Estimates of Return, as described below.

Section 4, “Good Faith Estimates of Return on Equity” is hereby deleted and replaced with the following:

Good Faith Estimates of Owner’s Return While the City is not required to calculate accurately the Owner’s Return except on sale of the Affordable Unit, to assist the Owner in financial planning, on request at any time, even when Owner has not given a Notice of Intent to Sell, the City agrees to make a good faith estimate, based on the information then held by the City, of the Owner’s Return. This Amendment shall be legally binding on, as the obligations of, the parties and their respective successors and assigns, including without limitation successors in title or interest to the Affordable Unit, who by their acceptance of any ownership interest in the Affordable Unit shall be deemed to have agreed to perform and

observe all the Owner's obligations under, and to be bound by all the terms and condition of, this Covenant. For that reason, this Amendment shall take effect as a sealed instrument as of this _____, 20__.

Current Owner(s)

COMMONWEALTH OF MASSACHUSETTS

Middlesex, ss.

On this _____, before me, the undersigned notary public, personally appeared _____, proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that she signed it voluntarily for its stated purpose.

_____, Notary Public
My commission expires: _____

CITY OF CAMBRIDGE

By: _____
Yi-An Huang, City Manager

Christopher Cotter, Housing Director

Approved as to Form: _____
Megan Bayer, City Solicitor

COMMONWEALTH OF MASSACHUSETTS

Middlesex, ss.

On this _____, before me, the undersigned notary public, personally appeared Yi-An Huang, proved to me through satisfactory evidence of identification, which was personal knowledge, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that he signed it voluntarily for its stated purpose as City Manager for the City of Cambridge, a municipal government.

_____, Notary Public
My commission expires: _____

COMMONWEALTH OF MASSACHUSETTS

Middlesex, ss.

On this _____, before me, the undersigned notary public, personally appeared Christopher Cotter, proved to me through satisfactory evidence of identification, which was personal knowledge, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that he signed it voluntarily for its stated purpose as Director of Housing for the City of Cambridge, a municipal government.

_____, Notary Public
My commission expires: _____