



Tenants to Homeowners, Inc. Lawrence Community Housing Trust Program  
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## **Refinance/Home Equity Line of Credit Policy (March 2022)**

As a housing trust homeowner, you can refinance and borrow on the equity of your home. However, the equity that you own, and therefore your ability to finance from a lending institution is limited by the terms outlined in your ground lease or affordability agreement.

The LCHT Program was established to develop and preserve affordable housing for the Douglas County workforce and to preserve low- and moderate-income families' ability to earn equity and maintain their housing. We are obligated to protect the long-term affordability of your home and prevent it from being lost in foreclosure. We want to ensure that you do not get a predatory loan for an amount greater than the equity you have in your property based on your resale formula.

Article 8 of your Ground Lease contains criteria your mortgage must meet to be accepted as a Permitted Mortgage. Before refinancing, review your Ground Lease and familiarize yourself with these required conditions. If you have a condo unit and do not have a Ground Lease, TTH still requires that these conditions are met.

Tenants to Homeowners Board of Directors has adopted the following policy to review LCHT homeowner requests for refinancing and home equity line of credit approval:

(1) Required Equity Position under the LCHT Program is as follows:

- For term/rate refinance an existing owner may refinance their home for value + closing costs up to 95% of the current resale price at time of refinance.
- For cash-out refinance an existing owner may refinance their home and take out cash for value + closing costs up to 85% of the current resale price at time of refinance.

(2) Only Permitted Mortgages as defined in the Ground Lease will be allowed to refinance or offer an equity line of credit.

(3) Homeowner must be in good standing on Ground Lease Fees and Maintenance Account.

(4) TTH will only consent to a refinance or equity line of credit if reasonable loan terms are met:

- ✓ Interest Rate must be fixed and cannot be more than 2 points above the prime rate
- ✓ Lender must meet "permitted mortgage" standards as defined by LCHT Program
- ✓ No prepayment penalties
- ✓ No requirement for purchase of other products or services
- ✓ All terms and conditions must be provided to the borrower and TTH in writing at least 15 days before closing. No change in terms will be accepted at closing.
- ✓ Line of credit terms cannot be open for more than 5 years.

### **Steps to initiate the refinance or home equity line of credit:**

- 1) Contact TTH to ensure you are in good standing on Lease Fees & Maintenance Account.
- 2) Contact your lender and determine what you owe on your mortgage
- 3) Contact TTH, provide us with the amount you owe on your mortgage and request a Resale & Refinance Calculation Report
- 4) Review the Report and file a "Request to Refinance with a Permitted Mortgage"
- 5) Provide TTH a copy of mortgage loan application and good faith estimate or draft settlement statement

***Please contact us as soon as you begin refinancing to ensure approval.***