

Refinancing Your MACLT HOME

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When is it a good time to refinance?

Here are some reasons why people refinance their homes:

- If interest rates have dropped significantly since you last financed your home. [Remember that you need to factor in loan application fees and closing costs.]
 - If you have an adjustable rate mortgage and you want to convert it to a long-term fixed-rate loan.
 - If you want to refinance into a shorter loan term in order to pay off your loan earlier (like going from a 30-year loan to a 20-year loan).
 - If you have consumer debt that you would like to roll into your primary mortgage. Just be very, very cautious about this one, as refinancing to pay off consumer debt has gotten lots of people across the country into mortgages that they simply cannot afford to carry.
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Should I expect my lender to contact me when interest rates go down?

The short answer is no. It is up to each homeowner to keep track of interest rates, and then to contact your lender if you think that it might be a good time to refinance.

How much can I borrow against my home?

The maximum you can borrow against your home is the amount of money you could sell it for. For market-rate homeowners, that is the appraised market value of your home. For income-restricted homeowners, that is the formula resale price (what you paid plus 25% of the increase in market value of your home).

My original mortgage is with WHEDA -- can I refinance with WHEDA?

The short answer is no. WHEDA only offers loans to first-time homebuyers. So when you refinance, you are no longer eligible for their loan products.

Which lenders will refinance a MACLT home?

At present, the only area lender which provides fixed-rate 15 to 30 year mortgages for MACLT homes is AnchorBank. The reason for this is that AnchorBank is the only Fannie Mae lender in the Madison area that is set up to provide fixed-rate CLT mortgages. MACLT has worked with AnchorBank for nearly 15 years, which demonstrated their long-term commitment to serving MACLT homeowners.

Who should I contact at AnchorBank?

You should contact Renae Stafslieen at AnchorBank-Capitol Square. Renae has done a number of MACLT mortgages, and is very familiar with our program. Her phone number is (608)252-8806, and her email address is rstafslieen@anchorbank.com

Is there a difference between refinancing a market-rate home versus an income-restricted home?

Actually, they are going to be pretty similar. AnchorBank will be your option for a fixed-rate mortgage of 15 to 30 years (because they are a Fannie Mae-certified CLT lender). In terms of calculating the value of your home for lending purposes, the lender will look at the allowable resale price of your home.

- For income-restricted homeowners, the resale price is set by deed restriction (what you paid plus 25% of the increase in market value).
 - For market-rate homeowners, the resale price will be appraised market value.
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Will I pay higher interest or loan fees because I can only refinance at AnchorBank?

The short answer is no, you will not. AnchorBank's Fannie Mae loan products are priced the same as any other bank or credit union's mortgage products.

What is Fannie Mae?

Fannie Mae purchases loans from banks and credit unions from around the US and packages them into investments. In combination with Freddie Mac, they dominate what is called the "secondary mortgage market".

Why are Fannie Mae mortgages the only way to refinance into a long-term fixed rate loan on a MACLT home?

There have been extensive negotiations between CLT representatives and Fannie Mae over the past ten years, which resulted in Fannie Mae agreeing to provide mortgage products to CLT homebuyers/homeowners. Fannie Mae includes a "rider" on CLT mortgages that essentially mirror the terms of the standard CLT ground lease, which clearly defines what happens in the event of a foreclosure.

To date, we have not been able to reach a national agreement with

Madison Area Community Land Trust

Freddie Mac, the other very major player in the secondary market. We hope to have an agreement with Freddie Mac negotiated within the next 5 years.
