

INTEND TO SELL YOUR HOME? CLCLT RESALE OVERVIEW

April 18, 2020

10:30 a.m. to 12:00 p.m.

AGENDA

- CLCLT Resale History
- CLCLT Resale Formula Overview
- Resale Process
- CLCLT and Homeowners Rights and Responsibilities
- Selling in Different Housing Markets
- Working with Realtors
- Considerations Prior to Selling
- What Happens if Home Doesn't Sell

RESALE HISTORY

- 60+ resales to date
 - Employment out of state
 - Transition back to renting
 - Transition to another CLCLT home
 - Due to death
 - Foreclosure
 - Change in partner status

CLCLT RESALE FORMULA OVERVIEW – TRANSACTION PERSPECTIVE

Initial Purchase

Market Value of Home at Purchase	\$200,000
CLCLT Affordability Investment	(\$50,000)
CLCLT Base Price	<u>\$150,000</u>

Resale

Market Value of Home	\$240,000
Less Market Value at Purchase	(\$200,000)
Net Change in Market Value	<u>\$40,000</u>

CLCLT RESALE FORMULA OVERVIEW – TRANSACTION PERSPECTIVE

Distribution of Net Change

Net Change in Market Value	\$40,000
CLCLT Homeowner Share (25%)	\$10,000
Property Share (75%)	\$30,000

CLCLT Base Price to New Buyer

CLCLT Base Price at Purchase	\$150,000
Plus CLCLT Homeowner Share	\$10,000
New CLCLT Base Price	<u>\$160,000</u>

CLCLT RESALE FORMULA OVERVIEW – HOMEOWNER PERSPECTIVE

Market-based Equity Acquired = \$10,000

Plus Principal-Paid Equity

Plus Qualified Capital Improvements

Less Mortgage / Secondary Loans / Seller Fees

CLCLT RESALE FORMULA OVERVIEW – NEGATIVE MARKET

Initial Purchase

Market Value of Home at Purchase	\$200,000
CLCLT Affordability Investment	(\$50,000)
CLCLT Base Price	<u>\$150,000</u>

Resale

Market Value of Home	\$160,000
Less Market Value at Purchase	(\$200,000)
Net Change in Market Value	<u>(\$40,000)</u>

CLCLT RESALE FORMULA OVERVIEW – NEGATIVE MARKET

Distribution of Net Change

Net Change in Market Value	(\$40,000)
CLCLT Homeowner Share (25%)	(\$10,000)
Property Share (75%)	(\$30,000)

CLCLT Base Price to New Buyer

CLCLT Base Price at Purchase	\$150,000
Plus CLCLT Homeowner Share	(\$10,000)
New CLCLT Base Price	<u>\$140,000</u>

CLCLT RESALE PROCESS

1. Decisions

Are you **ONLY** thinking about selling?

- Contact Sheng at CLCLT and we'll order CMA (Comparative Market Analysis), which is an estimate of your current property value (free of charge to CLCLT and homeowner).
- Based on this, CLCLT will provide estimate of CLCLT resale price and estimated return/(loss) to homeowner.
- Homeowner can better evaluate their next steps

ARE you **SURE** you are going to sell?

- Go to step #2 (next slide)

CLCLT RESALE PROCESS

2. Notice of Intent to Sell Letter to CLCLT

- Date; property address; state if buyers are identified (if known), written (email is fine), identify appraiser if known

3. CLCLT sends Homeowner Resale/Repurchase Policy and Acknowledgment – both parties sign

4. CLCLT Orders Appraisal

- 10 Days to Order Appraisal
- CLCLT to verify with Homeowner re: Appraisal Company
- Fee Simple
- Appraiser Contacts Homeowner for Logistics

CLCLT RESALE PROCESS

5. Appraisal Complete

- CLCLT to Pay for First Appraisal
- Sent to CLCLT (and Homeowner)
- Appraisal Concerns Process

6. CLCLT Completes Resale Calculation

- CLCLT Right to Elect to Walk Through Home
- HO Right to Order Home Inspection
- CLCLT Right to Repurchase (within 45 days)

CLCLT RESALE PROCESS

7. Homeowner/CLCLT Meet to Discuss Process

- Homeowner (and Realtor)
- Appliance/Fixture Documentation
- Truth In Sale of Housing (TISH) Report (not for condos)
- Association Documents (if Applicable)
- Property Repairs

IF CLCLT PURCHASES PROPERTY BACK..

- Up to 45 days to exercise right to purchase from time of receipt of appraisal
- Parties execute purchase agreement/offer (PA) – agreed upon timeframe
- Additional 60 days to close following execution of PA
- CLCLT will seek right to begin marketing property immediately upon signed PA
- Homeowner has right to secure realtor/attorney (their cost) to represent them in transaction.
- Standard closing costs are attributed to both parties.

IF CLCLT DOESN'T ELECT TO REPURCHASE...

Typical Scenario

- Realtor lists - includes income and resale restrictions in MLS
- Realtor first point of contact – PA
- CLCLT guides buyer through CLCLT buyer process
 - CLCLT PA Addendum
 - CLCLT Application
 - CLCLT Orientation
 - Home Stretch/Frameworks Workshop
 - Mortgage Pre-approval
- CLCLT also lists unit on website & organizational “For Sale” flyers – discuss unique opportunities related to property

SELLING IN A STRONG HOUSING MARKET

- More likely CLCLT may elect its right to repurchase
- Easier to sell
- CLCLT's preference IF financially feasible
- Likely would close faster
- More potential buyers

SELLING IN A WEAK HOUSING MARKET

- Less likely CLCLT may elect its right to repurchase
- Seller may need to make additional concessions
- More likely to need a Realtor
- Home may not sell in anticipated timeframe
- Homes may be in competition with market-rate priced homes

CONSIDERATIONS BEFORE SELLING

- Take care of ALL RRE's/RRP's (repair/replace) on TISH
- Eliminate the clutter
- Consider toning down some of the colors
- Ensure there is light flowing throughout house
- Talk with your neighbors
- Ask a Realtor to walk through the home and identify potential buyer concerns

WORKING WITH REALTORS

- Know the neighborhood and the market
- Have recently represented sales in the neighborhood
- Responsive, but also flexible
- Fully understand the CLCLT
- Provide a tiered commission schedule – depending on who brings the buyer

CITY OF LAKES COMMUNITY REALTY



- LLC of City of Lakes Community Land Trust
- Osborne Strickland, Broker/Realtor
- Split in real estate commissions, portion supports CLCLT mission
- 5% Listing Fee (2.3% Seller/2.7% Buyer)



WHAT IF YOUR HOME DOESN'T SELL?

Do you have answers to these questions?

- Have there been many showings?
- What alternative strategies have been used?
- Are other homes in the neighborhood selling?
- What have been the comments?
- What is the price difference between market rate homes and CLT home prices?
- Is it a housing market issue or is it a CLT resale restriction or income limit issue?

WHAT IF YOUR HOME DOESN'T SELL?

POSSIBLE OPTIONS

- Re-evaluate opportunity for CLCLT to purchase
- Legal mediation
- Further reduce price (owner or Short Sale)
- Continued marketing, revisit approaches, housing market timing
- Is there possible flexibility in income limit?
- Renting
- Sell to a non-income qualified household
- Request to eliminate income and resale restrictions

WHAT IF YOUR HOME DOESN'T SELL? CONSIDERATIONS

Demonstrating Hardship

- CLCLT
- Association
- Funders
- Mortgage Company

QUESTIONS - COMMENTS

CLCLT

1930 Glenwood Avenue
Minneapolis, MN 55405

(612) 594-7150

clclt.org

