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: $150,000

### Resale
- Market Value of Home: $240,000
- Less Market Value at Purchase: ($200,000)
- Net Change in Market Value: $40,000
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: $160,000
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: $150,000

**Resale**
- Market Value of Home: $160,000
- Less Market Value at Purchase: ($200,000)
- Net Change in Market Value: ($40,000)
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  $140,000
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)
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)
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

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