

Policy Sample from Proud Ground

Permanent Affordability using the Land Lease Model: Transaction Fees

6.2. Transaction fees

6.2.1. Acquisition & Resales

Proud Ground shall receive a transaction fee of \$20,000 (in 2026 dollars) or up to 6% of the appraised value on every new unit and every resale to cover costs for education, counseling, marketing, stewardship and soliciting initial investment in the unit. Proud Ground shall charge up to 6% of the appraised value as a transaction fee on resales when the purchase remains affordable to a buyer at 30% below the maximum resale AMI level. Such transaction fees may be paid by raising sales prices beyond Maximum Purchase Option Prices or within the project's development budget. Transaction fees shall not include project management costs related to rehabilitation or renovation of a unit. The Executive Director or other designated staff may approve a transaction fee below these amounts; transaction fees below these amounts may be dictated by a funder and thus must be adhered to. Generally the transaction fees will be distributed, as determined by the Executive Director, as follows:

	Minimum	Maximum
Operations (acq, ed, counseling, marketing)	\$19,500	6% of appraised value less Capital Reserves contribution
Capital reserves (Stewardship fund)	\$500	\$1500
Buyer's Agent	0% of the list price	2% of the list price

Adjustments to and distribution of transaction fees due to market conditions, inflation, programmatic needs, etc. may take place without Board approval.

6.2.2. Buyer's Agents

Every homebuyer purchasing a permanently affordable home, whether from the waiting list or otherwise has the right to be represented by an external buyer's agent. Proud Ground shall pay buyer's agent fees of 2.5% or \$4500, whichever is less, only when a homebuyer has a buyer's broker agreement with an external buyer's agent. If the homebuyer is not represented, then Proud Ground may represent the buyer in a dual representation, or allow the homebuyer to choose their own broker from either Proud Ground's referral list or their own choosing. If a homebuyer chooses to work with a licensed real estate broker from Proud Ground's referral list, Proud Ground shall pay buyer's agents fees of 2% or \$5,500 whichever is less via a credit of closing costs in escrow.

6.2.3. Seller's Agents

Current Proud Ground homeowners may enlist the services of an outside agent to sell their Proud Ground home. Proud Ground will accept a reduced transaction fee of \$15000 and allow the sales price of the home

to be raised above the maximum Purchase Option Price by no more than \$20,000. Proud Ground will not pay buyer's agent commission when Proud Ground does not represent the seller.

6.3. Lease & Service Fees

Proud Ground shall charge each homeowner a monthly Lease Fee or Service Fee. The practice related to these fees shall be detailed in the Lease Agreement or Affordability Housing Covenant, which is incorporated into each home purchase. In summary:

1. All homeowners will be charged a monthly lease for use of the parcel of land on which their house rests. A service fee has been created to be used in such instances where the Land Lease is not applicable (e.g., for condominiums).
2. All Lease/Service Fees are set at the time of home purchase and are re-calculated on an annual basis, in January, where Proud Ground may adjust the fee for all applicable home purchases for inflation but by no more than 3%.
3. Homeowners begin paying lease/service fees the day they close on their home. Escrow will collect pro rated lease/service fees from home buyers at closing.