

Pathways to Successful Sales: Building Your Team of Experts

April 29, 1:30 – 3pm
Katie Ullrich





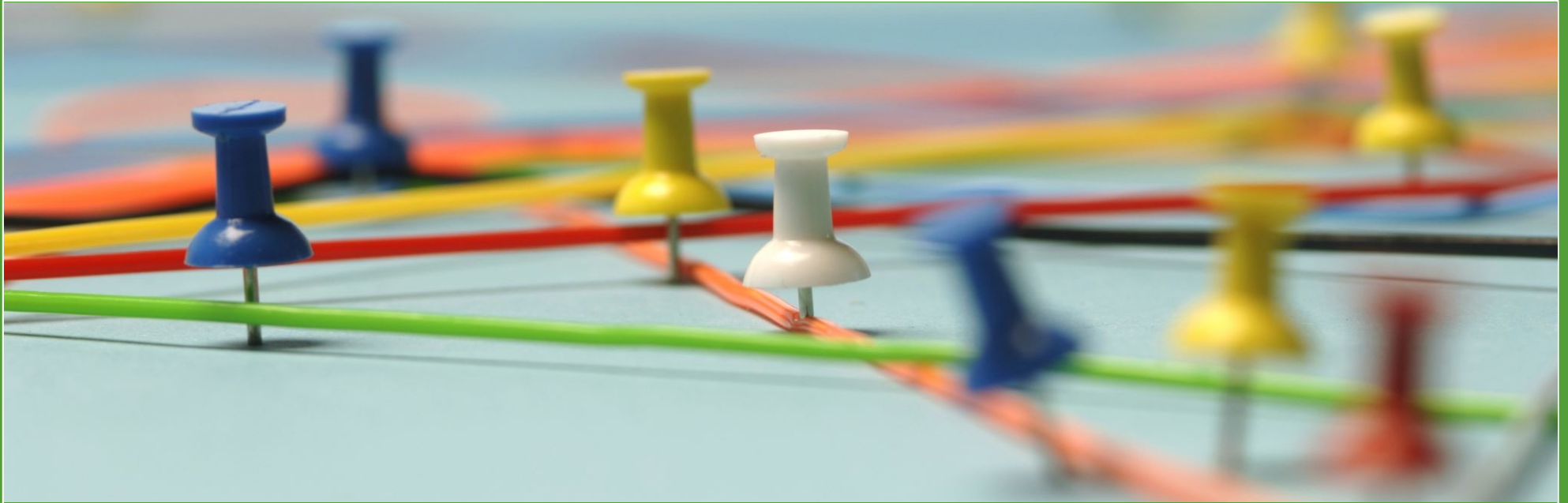
Agenda

- Closing Review
- Core team members
- Challenges/red flags
- Build strong teams

Why These Closings Are Different

- Dual ownership structure
- Long-term restrictions
- Complex compliance
- CLT/Habitat as translator





PARTNER MAPPING

Map your current partners and identify gaps



Attorneys



Role: Legal structure & review



Look for: CLT familiarity



Red flags: Overcomplication,
resistance

Attorney Red Flags



Veering off Grounded Solutions
Network Model documents



Your Attorney represents your org -
the lease is Balanced



Risk: Not getting mortgage lending
for homebuyers





Remember

- Lease terms are non-negotiable
- Lease is longest standing legal document
- Without mortgage financing, you don't have a program
- Consider your homeowner

Lenders

Role: Mortgage underwriting

Look for: Communication

Red flag: LTV valuation

Red flag: Not all programs are created alike





Lender Red Flags



Using contracted sales price for LTV



Appraisal & underwriting issues



Risk: Delayed homebuyer closings

Remember



Fannie Mae selling guide



Certified Share Equity
Programs – Fannie Mae

Appraisers



Role: Determine value for bank collateral (& resale formula)



Look for: Experience with leasehold appraisals



Red flags: So many

Appraisal Red Flags



Using CLT sales as comps



Omitting the leasehold value



Risk: Delayed homebuyer closings,
PMI, resale formula



Remember

Leasehold value is used for lender to determine final LTV (not sales price)

- Sample leasehold value calculation:
- leased fee value = annual ground lease/rent capitalization rate
- Final leasehold value = fee simple property value - leased fee value

Accurate fee simple (unrestricted) value needed for resale formula

The lender orders the appraisal

Title Companies



Role: Title & recording



Look for: Detail-oriented



Red flags: Document errors



Legal Mechanisms

Ground Lease

- Dual Ownership
- Used widely by CLTs
- Enables longer term restrictions

Deed Restrictions/Affordability Covenants

- Restrictions running with the land
- Used widely by local governments
- Term is limited by state law

Both Options Used By

- Community Land Trusts
- Habitat for Humanity Affiliates
- Other nonprofit housing providers



Recording – Leasehold Transaction

1519205 KFP
1519205 KFP
1519205 KFP
1519205 KFP

89-334761

Free Recording Requested by the
State of California pursuant to
Government Code Section 6103

Recorded at the request of
FIRST AMER. TITLE INS. CO.
8:00 JUN 26 1989
A.M. Official Records
Orange County, California
Lee A Branch, Recorder

By: William G. Knight
William G. Knight
Assistant General Counsel
The California State University

When Recorded Mail to:
State of California
California State University
Physical Planning & Development
Office of Real Estate and Design Services
Attention: Mr. Charles Happe
PO Box 3502
Seal Beach, California 90740-7502

EXEMPT
C14

APN 281-073-21, 281-073-13
(Space above this line for Recorder's Use)

The undersigned Grantors declare:

No Documentary Transfer Tax is due pursuant to Revenue and
Taxation Code Section 11922. An agency of the State of
California, an exempt agency, is acquiring title.

GRANT DEED

AS A GIFT AND DONATION, C.S. CHAPMAN, JR., a married
man as his sole and separate property, as to an undivided 18.75%
interest; MARY ANNE BLAINE, a married woman as her sole and
separate property, as to an undivided 18.75% interest; ELIZABETH
E. BOWMAN, an unmarried woman as her sole and separate property,
as to an undivided 18.75% interest; and C.S. CHAPMAN, JR., MARY
ANNE BLAINE, and ELIZABETH E. BOWMAN, TRUSTEES OF THE EL DORADO
FOUNDATION UNDER DECLARATION OF TRUST DATED DECEMBER 30, 1983, a
tax exempt private foundation, as to an undivided 43.75%
interest; as tenants in common,

HEREBY GRANT TO:

TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY, AN AGENCY
OF THE STATE OF CALIFORNIA, ON BEHALF OF CALIFORNIA
STATE UNIVERSITY, FULLERTON

The real property located in the City of Fullerton, County of
Orange, State of California, described in Exhibit "A" attached
hereto and incorporated by this reference.

1. Fee Simple Deed
2. Lease for Land
3. Deed for Home
4. Lender's Deed of Trust



**Legal Mechanism –
No Land = No Lease**

Recording Condo Docs + Affordability Covenant

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1. Fee Simple Deed
2. Lease for the Land
3. Condo Declaration
4. Deed for Unit
5. Affordability Covenant
6. Lender's Deed of Trust

Title Company Red Flags



Requiring two closings



Errors in the deed, legal description
& recording order



Risk: Delayed homebuyer closings



Remember

Start

Start early

Send

Send sample escrow instructions and documents

Request

Request draft statutory warranty deed & settlement statements



Role: Property valuation



Look for: Openness

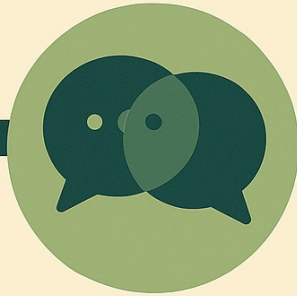


Red flags: Market-rate
assessments

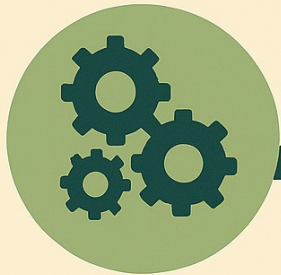
Tax Assessors



**Constant
education**



Miscommunication



**System
misalignnment**



Delays

COMMON CHALLENGES



WHAT COULD GO WRONG?

Analyze a problematic closing scenario

Building Your Team



**Relationship
Building**

**Training
Partners**

**Systems &
Checklists**

**Ongoing
Evaluation**



I LOVE a checklist



DOCUMENTS NEEDED
TO APPROVE
PURCHASE



FUNDER DOCUMENTS
REQUIRED



POST PURCHASE
DOCUMENTS

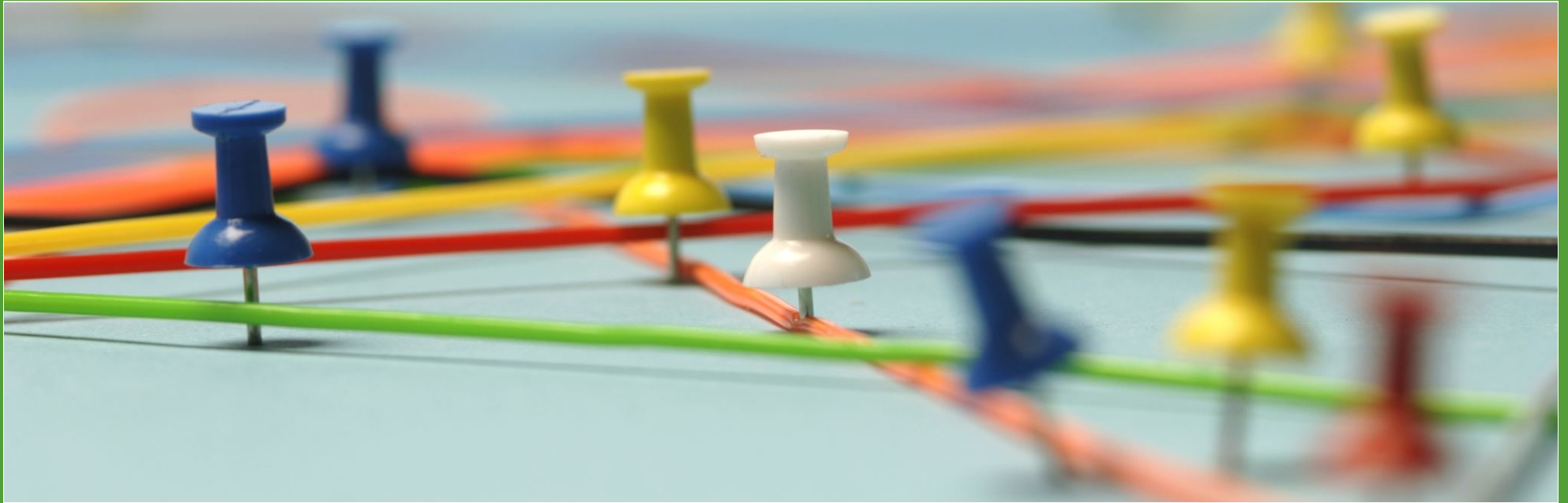


**WHO DID
WE
FORGET?**



The partners we didn't know we needed

- Underwriters
- Realtors
- Housing Counseling Organizations
- Homebuyer's Great Aunt Ethel



PARTNER MAPPING

Map your current partners and identify gaps



Key Takeaways

- Coordination is critical

- Choose flexible partners

- You are the educator

- Strong teams improve outcomes