Preparing for Success: Resales of Permanently Affordable Homes

May 28th, 2-3:30pm

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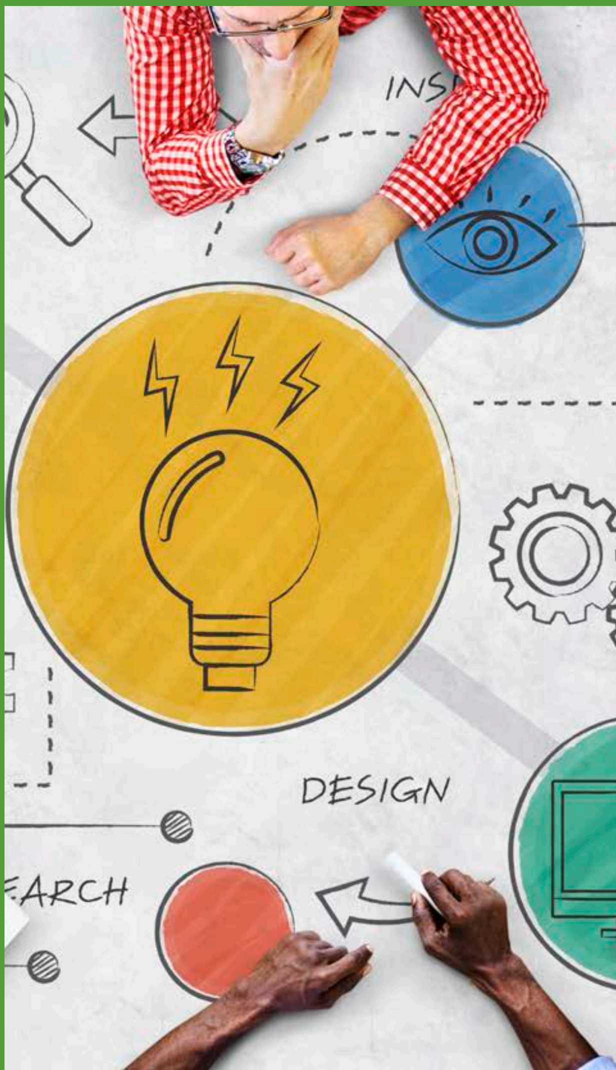


Today’s Focus

- SMOOTH RESALES START BEFORE FIRST SALE!
- EDUCATION AND EXPECTATION-SETTING MATTER!
- CLEAR PROCESSES REDUCE CONFUSION
- PARTNERSHIPS ARE ESSENTIAL
- PLANNING AHEAD PROTECTS AFFORDABILITY

Poll Question- Describe where you/your organization are:

- We actively manage resales
- We've done a few resales
- We're preparing for future resales
- We are a new organization and are just getting ready for our first sales
- We haven't started planning yet

Resales Are More Than Transactions

They Impact:

- Homeowner experience
- Program reputation
- Future buyer confidence
- Community trust
- Long-term affordability stewardship

Common Challenges

- Homeowners needing to move unexpectedly
- Misunderstanding resale formulas
- Limited buyer pools
- Realtor confusion
- Timing pressures
- Staff capacity limitations

THE FOUNDATION

Early Education

Successful Resales Start at Initial Purchase

- Ground lease responsibilities
- Resale formula expectations
- Stewardship relationship over time
- Annual letter – ongoing reminders

Remember, people will sign ANYTHING to buy a home…

WHAT IS THE WORST THING YOU HAVE HEARD FROM A SELLER?

Designing a Clear Process

- Defined timelines
- Homeowner communication steps
- Eligibility review procedures
- Valuation/appraisal guidance
- Buyer selection process
- Realtor/broker coordination
- Internal staff roles

Resale Calculation

Formula Price

- Appraisal Based Formula
- Fixed Rate Formula

Lesser of Formula or Appraised Value

- Fee Simple Appraisal
- Leasehold Appraisal
- "Share" of Appraised Value

Defined Timelines

Ground Lease Article 10

Notice of Intent to Sell = Trigger

10 Day for Appraisal (if appraisal based)

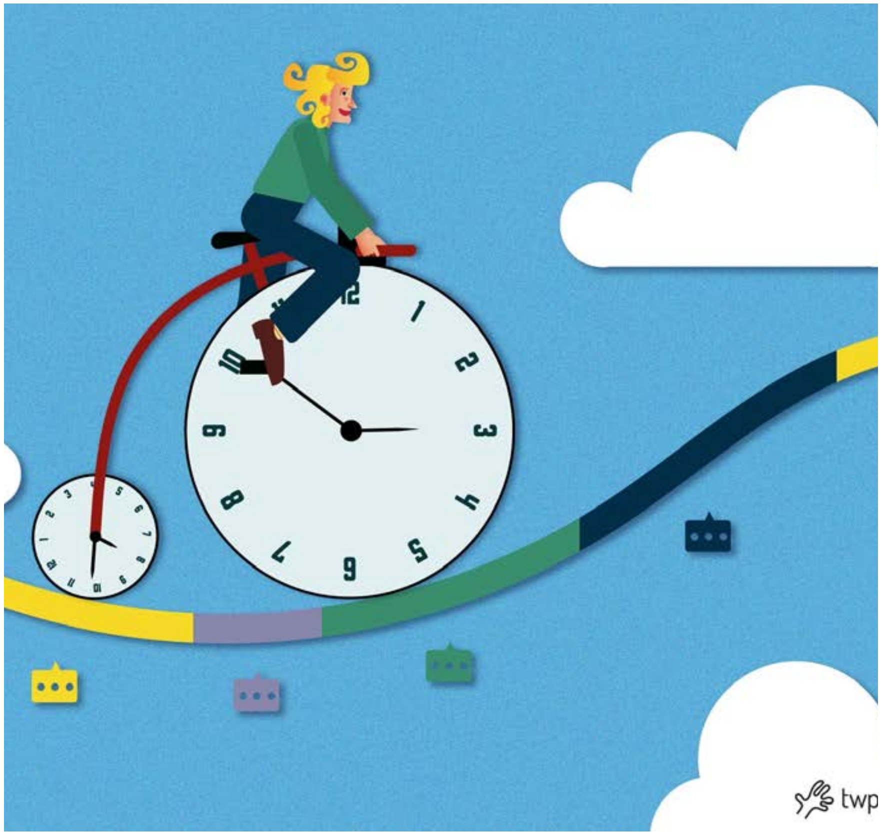
45 Day Purchase Option

60(+) Days to Close (after 45 Days)

AFTER 60 days - any income eligible buyer

AFTER 6 months – ANY buyer

12 Mo Seller MIA - CLT POA



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>6 MO - ANY buyer – **OUT OF COMPLIANCE**

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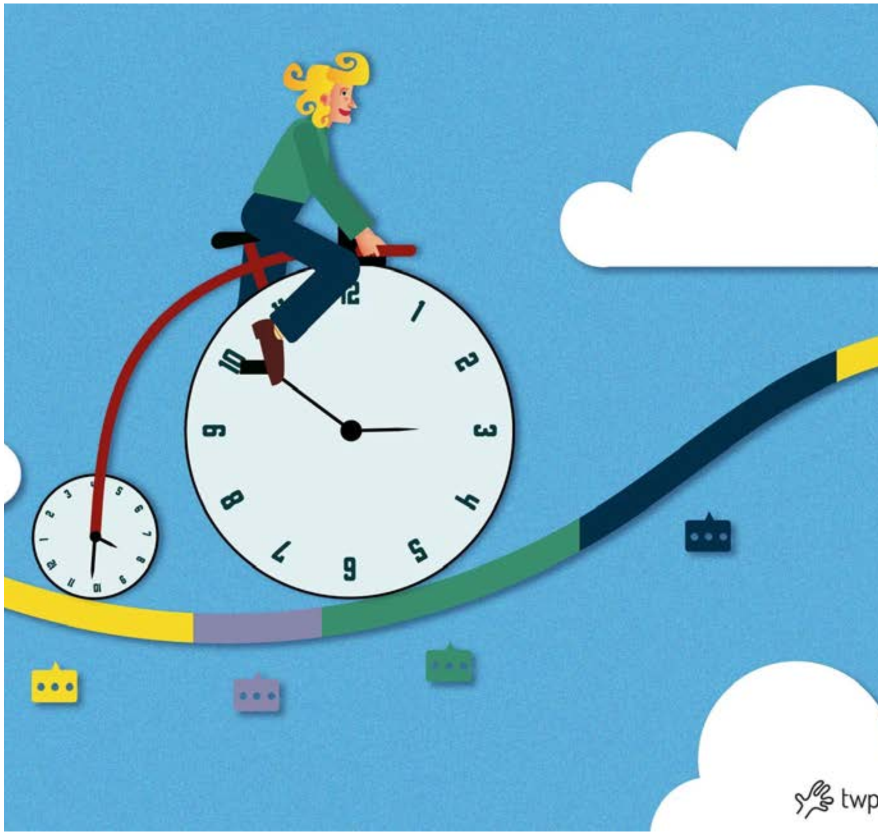


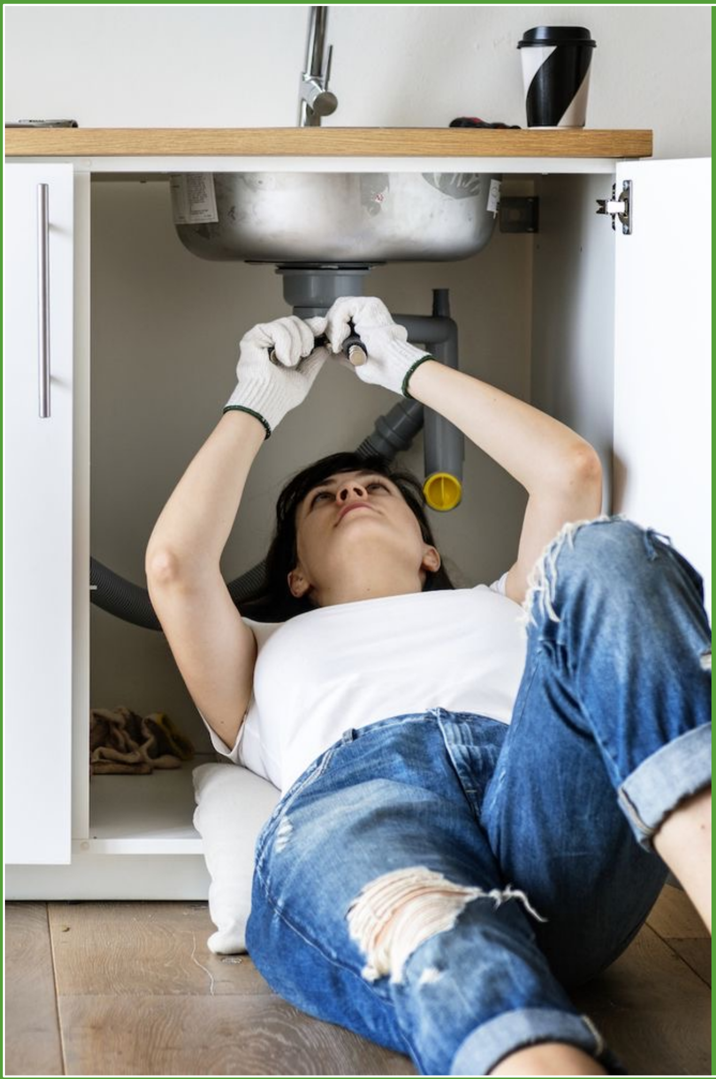
SCENARIO EXERCISE #1

Steps Include

- Written expectations
- Calculating Resale Formula
- Determine the "Lesser of..."
- Review numbers + Process
- ID Buyer OR Market
- Execute PSA
- Buyer Financing + Inspections
- Release Contingencies
- Closing

Purchase Contract

- Seller to Org to Buyer
- Seller to Org Assign to Buyer
- Seller to Buyer



Seller Repairs

- Defined in Lease or Covenant
- Defined in PSA
- List of Inspectors
- Clear expectations and process

BUILDING AN APPLICANT POOL

Pros/Cons of Buy Backs

- ✓ Habitat sweat equity at resale
- ✓ Move fast – get them out!

- Expensive – double closings
- Need cash – pay up front
- You are on the hook for the condition
- Risky…..

Supporting Resales Without Buybacks

- Education
- Compliance review
- Buyer qualification
- Process coordination
- Partner communication
- Stewardship continuity

WHEN MIGHT YOU DO A BUY BACK?

Homebuyer Selection

- **Clear process**
- **Defined timelines**
- **What happens if your applicant pool doesn't produce a buyer?**

Real Estate Professionals Need Education Too

- Ground lease basics
- Financing considerations
- Marketing language
- Buyer eligibility requirements

SCENARIO EXERCISE #2

Tips for Realtor Partnerships

- Create a realtor information packet
- Offer brief trainings
- Develop FAQ sheets
- Clarify roles early
- Maintain a referral list of informed professionals

If you list on the MLS….

- Public & Private comments
- Info sheet
- Negotiate commission
- Provide details on eligibility
- You still do most of the work!


TEAMWORK
EFFICIENCY
COMMUNICATION
TRUST
PARTNERSHIP
BUSINESS
SUPPORT
PLAN
COLLABORATION

Partnerships are Essential

- Sellers + Buyers
- Real Estate Agents?
- Lenders
- Inspectors
- Title and Escrow

Successful Resales are Built Through:

- Early education
- Clear expectations
- Documented processes
- Prepared applicant pools
- Strong partnerships
- Ongoing stewardship


What questions do you have?