Qualified Capital Improvements

Proud Ground hopes to recognize improvements that homeowners make to their homes, which either add market value or long-term value. Thus, our resale formula provides credits for two tracks for Qualified Capital Improvements (QCIs): appraisal-based for additional bathroom(s) and/or bedroom(s) (Track A) and cost-based for significant systems replacement or upgrades (Track B). The reason we decided to have Track B is that many improvements do not typically increase market value in an appraisal, but do increase a home's useful life.

QCIs must have minimum expenditures of $1,000, be permitted (if required) and pass a housing inspection. A Proud Ground homeowner must submit an application for their QCIs to be acknowledged by Proud Ground immediately after they complete the capital improvements, prior to reselling their home or when they are applying for a cash-out refinance. The QCIs will be credited at resale or cash-out refinance.

If a QCI involves work that includes a combination of both Track A & Track B, the default will be the Track A process (e.g.: in adding insulation to a new bedroom, it will fall under increasing square footage, not increasing energy efficiency). If a homeowner is not satisfied with the valuation of their improvement, they may petition the board of directors to address their concern.

Grant funds used for home improvements (either Track A or B) are not eligible for inclusion in the credit.

TRACK A: Additional bathroom(s) and/or bedroom(s) or Accessory Dwelling Unit

At the time of the sale, our resale formula recognizes 100% of the increase in appraised value directly attributable to the addition of permitted bedroom(s), bathroom(s) and/or accessory dwelling unit.

To receive this credit, you must complete the QCI Application and approval process either post-construction or prior to resale. This includes getting homeowners association's approval if required and documenting that the work was properly permitted. You and Proud Ground will sign the QCI Acknowledgement which documents Proud Grounds approval of the QCI credit.

Proud Ground also encourages, but does not require, consultation with Proud Ground prior to construction. Such consultation can include a walk-through, review of plans and/or contractor bids, or referral to resources.

At resale or refinance, the usual fee simple appraisal is performed as specified in the Land Lease, Affordable Housing Covenant, or Proud Ground's refinance policies. In this appraisal, the QCI is called out as a separate line item to determine the value of the QCI. 100% of the value of this approved improvement will be added to the Purchase Option Price outlined in the land lease or affordability covenant.

TRACK B: Significant systems upgrades

Our resale formula recognizes 50% of the cost of major systems replacements done within five years prior to resale. The major systems upgrades include replacements/ significant upgrades (not repair) of items such as roofs, furnaces, plumbing, electrical, foundation and energy efficiency. (See list attached.)

To receive this credit, you must complete the QCI Application and approval process either post-construction or prior to resale. This includes getting homeowners association's approval if required, documenting that the work was properly permitted with the final permit issued, providing at least two licensed contractor bids (unless the labor was performed for free) and proof of payment. You and Proud Ground will sign the QCI Acknowledgement which documents Proud Grounds approval of the QCI credit.

Proud Ground also encourages, but does not require, consultation with Proud Ground prior to construction. Such consultation can include a walk-through, review of plans and/or contractor bids, help with permits, or referral to resources.

If you sell within five years after the work is performed, you will receive 50% of the actual costs (after any rebates i.e. Energy Trust) as a credit to be added to the Purchase Option Price.
Track A: Steps to receive the QCI Credit

1. Contact Proud Ground staff for an optional consultation prior to construction.
2. Complete the work, obtaining final permit approvals where permits are required.
3. After construction, at resale or at cash-out refinance, contact Proud Ground staff for the most up-to-date version of the Proud Ground QCI Application.
4. Complete QCI Application and submit to Proud Ground with all supporting documentation.
5. Proud Ground and homeowner sign QCI Acknowledgement, to ensure improvement is credited at cash-out refinance or resale.
6. When a homeowner wants to refinance/resell, the appraiser does a fee simple appraisal (market value of home and land), with the QCI as a separate line item.
7. Proud Ground reviews the appraisal and upon refinance or sale, adds the improvement's appraised value to the homeowner's Purchase Option Price.

Track B: Steps to receive the QCI Credit

1. Contact Proud Ground staff for an optional consultation prior to construction.
2. Complete the work, obtaining final permit approvals where permits are required.
3. After construction or at resale, contact Proud Ground staff for the most up-to-date version of the Proud Ground QCI Application.
4. Complete QCI Application and submit to Proud Ground with all supporting documentation.
5. Proud Ground and homeowner sign QCI Acknowledgement, to ensure improvement is credited at resale.
6. Upon resale, Proud Ground adds this value to the homeowner's Purchase Option Price.

Qualified Capital Improvements
Track B Eligible Improvements

Item	Details
Roof	Total roof replacement with minimum lifespan of 30 years through composite asphalt, metal. Tear-down roofs or re-shingles included. Patching is not included.
Siding	Total siding replacement
Exterior Painting	Exterior painting
Plumbing	Replacement of plumbing systems.
Electrical	Re-wiring of electricity deemed unsafe.
Furnaces	Replacement of furnace with one of at least 95% AFUE.
Heat pumps	Energy Star Compliant.
Gas Boilers	Minimum 88 percent AFUE.
Insulation	The addition of insulation to walls, floors and ceilings that meet Energy Trust minimums.
Duct sealing & duct insulation	Following Energy Trust minimums for incentives at time of insulation.
Floors	Replace carpet with wood or laminate.
Doors & Windows	Energy Star Compliant.
Seismic Retrofit	Attach house to foundation. Secure posts, beams, and water heater.
Cooling System	Energy Star Compliant (portable and window units do not qualify).

Items not on the list above can absolutely be considered if they meet the intent of a major system replacement, but will require prior consultation and approval from Proud Ground.

Qualified Capital Improvements Application

Name: ______________________________ Date: ____________

Address: ____

Contact Phone: ______________ Email: ___________________

Please briefly describe your improvement(s):

____

____

Estimated Work Start Date: __________ Estimated Work Completion Date: __________

These improvement(s) are:

____ Track A: Additional bedroom(s) or bathroom(s) OR

____ Track B: Significant systems upgrades

Items needed for credit (please attach):

____ Copy of Homeowners Association's Letter of Approval (if applicable)

____ Copy of Building Permit with final approval (if required)

For Track B only:

____ Contractor's Bids (at least two bids required unless the labor was provided free)

____ Proof of payment and work (receipts, invoices, etc) and any rebates received (Energy Trust, etc)

Proud Ground staff will review your QCI application once all of the below items are received.

If your project meets the definition of a QCI and all of the above items are complete, Proud Ground will send you a QCI acknowledgement to document your credit. If/when you are reselling your home (Track A or B) or refinancing your home (Track A only), your credit will be added to your Purchase Option Price

Homeowner signature: ____________________ Date:__________

Qualified Capital Improvements Acknowledgement

This acknowledgement, dated _______ between _______________ (HOMEOWNER) and PROUD GROUND acknowledges the following:

HOMEOWNER currently owns and resides at ________________________________ which is subject to Proud Ground's Affordable Housing Covenant or Land Lease.

Track A Improvements

You added the following bedroom(s) and/or bathroom(s) in accordance with Proud Ground's Qualified Capital Improvements:

IMPROVEMENT	SQ FT	COMPLETION DATE
Bathroom #1	__________	________________
Bedroom #1	__________	________________

Herein referred to as TRACK A IMPROVEMENTS.

THEREFORE, if and when HOMEOWNER elects to refinance or resell their home, 100% of the dollar value identified by a fee simple appraisal and attributed only to the TRACK A IMPROVEMENTS shall be added to the Purchase Option Price as identified in Section 10 of the Land Lease or Affordable Housing Covenant provided that such improvements meet the standards outlined in a home inspection.

Track B Improvements

The home has had the following improvements in accordance with Proud Ground's Qualified Capital Improvements:

IMPROVEMENT	ALLOWABLE COSTS	COMPLETION DATE
Improvement #1	_______________	_______________
Improvement #2	_______________	_______________

Herein referred to as TRACK B IMPROVEMENTS.

THEREFORE, if and when HOMEOWNER elects to resell their home, 50% of the allowable costs above shall be added to the Purchase Option Price as identified in Section 10 of the Land Lease or Affordable Housing Covenant for each TRACK B IMPROVEMENT completed within five years of the date Proud Ground receives HOMEOWNER's Notice of Intent to Sell provided that such improvements meet the standards outlined in a home inspection.

IN WITNESS WHEREOF, this Acknowledgement has been executed and delivered by the parties hereto.

PROUD GROUND:		HOMEOWNER:	
_______________________		_______________________	
Signed	Date	Signed	Date
_______________________		_______________________	
Print name, Title		Print name	