

KulshanCLT Resale process

What to expect when selling your KulshanCLT home

1. If you're considering selling your home, please first contact the KulshanCLT Homeownership Coordinator to let us know. There are many things to consider before selling your home and we need to make sure that you've thought of everything. In some cases, the type of gap financing or down-payment assistance you used to purchase your home may significantly impact your ability to sell your home. Also, please be aware that if you have not owned your home for at least **three years** or if you borrowed money to cover your closing costs to buy, you might not recoup your original investment or realize any equity.
2. If the amount of equity accrued is a factor in your considerations, you can request an **Estimated Equity Worksheet** and KulshanCLT staff will provide you with an estimated financial analysis of your home value and equity position. We will calculate the resale pricing a few months into the future. Even if it takes longer than this to sell your home, the resale formula price will "freeze" so that our marketing materials remain consistent. If your home does not sell right away, you may have to consider lowering your price to make a sale more attractive to a buyer. If you decide to take a break from selling your home and resell in the future, we will be happy to recalculate the resale price for you.
3. Although KulshanCLT staff will make great effort to identify a buyer and facilitate a transaction to meet your timeline and deadlines, there are many factors outside of our control. First, you need to make your house ready for sale (see item #6). The biggest unknown in the selling timeline is finding a buyer. We have had properties that have been for sale for over one year and others that were under contract in a week. Once you find a buyer and sign a contract with them, the selling process takes at least two months. To lessen the potential stress of selling for you and us, we ask that you keep your timeline flexible.
4. If you opt to sell your home, please notify KulshanCLT in writing of your intention to do so using form *Notice of Intent to Sell*. If you have already identified a buyer, please state so in *Notice of Intent to Sell* and have them contact us right away.
5. You must meet with the Homeownership Coordinator for a ½ hour orientation to go over details of reselling your home. Please call 360-671-5600 for an appointment.
6. As soon as we receive your *Notice of Intent to Sell*, we will call for an inspection of your home and discuss with you any items that need repair or issues that need to be addressed. Staff will determine which recommended inspection items will be your responsibility and which repairs will be completed during the transition and paid for by the buyer, in the form of increased sales price. Many of our funding sources have specific requirements about property condition that we must comply with.
7. If you have not already identified a buyer, KulshanCLT will attempt to assist you to find an eligible and qualified buyer for your home. It is your responsibility to find a buyer, but we will help facilitate the transaction from start to finish. We will send out notification to our applicant pool announcing the resale opportunity, use our email lists to notify members, and post the resale flyer prominently on our website, at our office and at events to promote the sale. In order to be eligible for a KulshanCLT home, a household must abide by all of the requirements defined in the KulshanCLT Information Packet.
8. As the homeowner, it is your responsibility to sell your home. Any outreach or marketing that you do will serve to fulfill your objective of selling your home in a timely way. You can hire a real estate agent or list your home as *For Sale By Owner*, with ads in local papers, advertise online, etc. At the Resale Orientation, we'll discuss these options.
9. Please be advised that we will need your cooperation to assist you to find a buyer for your home. You'll need to make your home available to prospective buyers, a home inspector, any contractors from whom we'll need to get bids, and the appraiser, among others. KulshanCLT staff may be able to coordinate the timing of such visits or direct these people to contact you so that you can coordinate these visits yourself.
10. KulshanCLT will add a Ground Lease reissuance fee to the sales price to the buyer to pay for the costs of facilitating the transaction and our program. This means that the price to the buyer will be higher than your Formula Resale Price. KulshanCLT will pay the increase in Real Estate Excise Tax caused by our additional fee.

11. If you are planning on purchasing another home pursuant to the sale of your KulshanCLT home, let staff know your intentions as early as possible. It is best to have a buyer identified and have a contract contingent on you finding another home to buy rather than finding a home to buy and having a contract contingent on you selling your KulshanCLT home. KulshanCLT buyers will tend to be more flexible than open market sellers. **If you decide to move forward with the purchase of a new home, you will still have to occupy your KulshanCLT home until it is sold due to our gap financing.**

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Getting your home in shape

1. **Getting Your House in Shape:** There are many things you can do to make your house more attractive to potential homebuyers and therefore sell your house more quickly. Please see *Tips To Prepare Your House For Sale* at the end of this document for detailed information on preparing your house to be marketed and sold. In addition, KulshanCLT and your buyers' lender want to make certain that the house is in good condition before it is sold to a new buyer.

Below is a list of common required repairs. It is in your interest to make sure these are completed before you begin actively marketing your home in order to make it more attractive to would-be buyers. In any case, since they must be completed prior to closing they should be addressed prior to your buyer's inspection date.

- Pump the septic tank and have it inspected (if applicable);
- Clean the chimney/wood stove and show proof they are fully operational (if applicable);
- Clean gutters;
- Touch up any chipping, peeling or failing paint, inside and outside;
- Remove any moss from the roof;
- Ensure there are not plants touching the siding around the base of the house;
- Demonstrate no active pests;
- Ensure that the home is clean and all personal items/debris are removed prior to closing;
- Ensure that the walls are smooth and clean (may require patching and painting);
- Ensure that the carpets are clean and in good condition (no stains, tears or burns);
- Ensure that there are no leaks, rot or damage to any part of the house;
- Ensure that no smoke odors remain;
- Ensure all smoke detectors are working;
- Ensure all electrical and plumbing is in good working order.
- Install a carbon monoxide detector. These are required by all home sellers of owner-occupied, single-family residences as of April 1, 2012 in accordance with state building requirement before a buyer or any other person may legally occupy the residence following the sale. Alarms must comply with UL 2034.2 and should be installed outside of each bedroom area; at least one on each level of the dwelling and in accordance with the manufacturer's recommendations.

You can keep the process moving more quickly if you take care of all these things before the inspector visits the property, but even if you do the inspector is likely to find a list of things that must be repaired prior to closing. Keep receipts to prove the work has been done (it's hard to see that the septic tank has been pumped). Most items identified for repair in the inspection will need to be remedied by the seller prior to closing. KulshanCLT will provide you with a comprehensive list of items that will need to be repaired in accordance with our Ground Lease and the City of Bellingham's Local Housing Standards Checklist. The home will need to be re-inspected no later than two weeks prior to closing, at which time all the repairs will need to be complete.

- 2. Identify the Purchaser:** KulshanCLT maintains a waiting list of eligible and pre-qualified applicants. Once we receive the Notice of Intent to Sell, staff will send notice of the house for sale to the applicants on its waiting list.

If, after two weeks no one has responded that they are interested in pursuing your home, KulshanCLT will work with you to begin to market your home more broadly. It remains your responsibility to find a qualified buyer, but KulshanCLT will help by creating flyers and getting the word out.

If it is necessary to advertise, you can hang fliers on bulletin boards around the Bellingham, advertise in the papers, and spread the word. When advertising the property it is important to work with KulshanCLT to ensure that the appropriate information about the restrictions are disclosed.

Text for a classified ad might read:

2BD HOME FOR SALE at 123 A St, Bellingham, \$(approximate price or range of prices). Low downpayment for qualified households. Income & residency restrictions apply. Mo. pymt. from \$___ to \$ ___ incl taxes & insur 360-555-xxxx (your number) and/or www.KulshanCLT.org.

Once you have a purchaser who is interested, refer them to KulshanCLT for information about purchasing a home in the trust. KulshanCLT staff will conduct an initial screening to determine if the applicant appears to be eligible, explain how the land trust works, provide an application package and answer any questions.

- 3. Enter into a Purchase and Sale Agreement:** Once an eligible purchase has been identified, you and the purchaser will sign a purchase and sale agreement and you must also complete a Seller's Disclosure. We can provide you with a purchase and sale agreement if you are not working with a Real Estate Agent. Under any purchase and sale agreement it is your responsibility to bring the house to condition so that it will pass an independent building inspection, and it is KulshanCLT's or the purchaser's responsibility to pay for all inspection fees. You are responsible for the mortgage, taxes, lease fee, insurance and all utilities up to the date of closing.

In addition to the standard language in the purchase and sale agreement, you may wish to sell additional items to the purchaser. All items included when you purchased your KulshanCLT home must be transferred to the new purchaser. However, items such as additional appliances you purchased, may be sold outside the sale price. This additional transaction should be articulated in the purchase and sale agreement.

- 4. Insurance/Utilities:** Don't forget to notify your homeowners insurance of the pending sale, and similarly, work with your buyer to have the utilities converted to their name when the home sells. Buyers will be required to secure insurance in an amount equal to replacement value.
- 5. Costs to Sell and Expected Gain on Sale:** In addition to the expenses required to get your house in shape, you will have a number of costs deducted from the gain on the sale of the house. You pay half the escrow fees for the transaction, the seller's Real Estate Excise Tax of 1.78%, and any past due Lease Fees or water/sewer utility bills. There may be some additional costs connected with the type of mortgage you have or the type of down-payment assistance that you obtained. Please talk to us about your specific situation.
- 6. Complete Exit Survey:** There is some data that we collect to track sellers' situations at the point of sale, which will help us to measure the impact that homeownership had on our clients' lives and to better serve people into the future. Thank you in advance for taking the time to provide us with feedback.

- 7. Appraisal and Closing Process:** After the house is inspected it will need to be appraised. The lender will hire the appraiser and the fee for appraisal will be charged to the purchaser.

Taxes and property insurance will be pro-rated to the closing date. If there are any outstanding tax payments, lease fee payments or other liens on the property, they will be reduced from your gain on the sale of the home. Liens could include any unpaid debts associated with your tenure of the property, including unpaid utility bills or physical repairs paid for by the purchaser that were required for the transaction to close.

If all repairs and inspections are complete and all other items are in order, the sale will close a month or so after the appraisal. The Escrow agent will prepare all the documents for closing, and you will need to sign those with a Notary present.

Approximately two to five days after closing you will receive a check from the Title Company for the amount owed you.

Tips To Prepare Your House for Sale

Disassociate Yourself With Your Home.

Say to yourself, *"This is not my home; it is a house -- a product to be sold much like a box of cereal on the grocery store shelf.*

- Make the mental decision to "let go" of your emotions and focus on the fact that soon this house will no longer be yours.
- Picture yourself handing over the keys and envelopes containing appliance warranties to the new owners!
- Say goodbye to every room.
- Don't look backwards -- look toward the future.

De-Personalize.

Pack up those personal photographs and family heirlooms. Buyers can't see past personal items, and you don't want them to be distracted. You want buyers to imagine their own photos on the walls, and they can't do that if yours are there! You don't want to make any buyer ask, *"I wonder what kind of people live in this home?"* You want buyers to say, *"I can see myself living here."*

De-Clutter!

People collect an amazing quantity of junk over the years. Consider this: if you haven't used it in over a year, you probably don't need it. If you don't need it, why not donate it or recycle it?

- Use this as an opportunity to get rid of things you no longer need/want/use BEFORE you have to spend the energy packing and moving them.
- Pack up those knickknacks.
- Clean off everything on kitchen counters.
- Put essential items used daily in a small box that can be stored in a closet when not in use.
- Think of this process as a head-start on the packing you will eventually need to do anyway.

Rearrange Bedroom Closets and Kitchen Cabinets.

Buyers love to snoop and will open closet and cabinet doors. If your hidden spaces aren't organized or are crammed full, buyers will think there isn't enough storage space in the home. They also may get the impression that you are hiding things and we don't want them to get the wrong impression. This means:

- Leave open space, even in "hidden" storage spaces. It appears that there is ample storage.
- Use storage spaces logically. Don't store food in the hall closet or bathroom items in the garage. This tells a buyer there isn't storage in necessary places.
- Neatly stack dishes.
- Turn coffee cup handles facing the same way.
- Hang shirts together, buttoned and facing the same direction.
- Line up shoes.
- Keep all storage orderly. It's only for a short time.

Rent a Storage Unit.

Almost every home shows better with less furniture. Remove pieces of furniture that block or hamper paths and walkways and put them in storage. Remove books and book cases. Remove extra leaves from your dining room table to make the room appear larger. Leave just enough furniture in each room to showcase the room's purpose and plenty of room to move around. You don't want buyers scratching their heads and saying, *"What is this room used for?"*

Remove/Replace Favorite Items.

If you want to take window coverings, built-in appliances, fixtures or plants with you, remove them now. If the chandelier in the dining room once belonged to your great grandmother, take it down. If a buyer never sees it, she won't want it. Once you tell a buyer she can't have an item, she will covet it, and it could blow your deal. Pack those items and replace them, if necessary. (Also: Remember to hide valuables.)

Make Minor Repairs

- Replace cracked floor or counter tiles.
- Patch holes in walls.
- Fix leaky faucets.
- Fix doors that don't close properly and kitchen drawers that jam.
- Consider painting your walls neutral colors (Don't give buyers any reason to remember your home as "the house with the orange bathroom.")
- Replace burned-out light bulbs.
- If you've considered replacing a worn bedspread, do so now!

Make the House Sparkle!

- Wash windows inside and out.
- Rent a pressure washer and spray down decks and exterior.
- Clean out cobwebs.
- Re-caulk tubs, showers and sinks.
- Polish chrome faucets and mirrors.
- Clean out the refrigerator.
- Vacuum daily.
- Wax floors.
- Dust furniture, ceiling fan blades and light fixtures.
- Bleach dingy grout.
- Replace worn rugs.
- Hang up fresh towels.
- Clean and air out any musty smelling areas. **Odors are a no-no.**
- Mow the lawn.
- Paint faded window trim.
- Plant flowers or group flower pots together.
- Trim your bushes.

Scrutinize.

Go outside and open your front door. Stand there. Do you want to go inside? Does the house welcome you?

- Linger in the doorway of every single room and imagine how your house will look to a buyer.
- Examine carefully how furniture is arranged and move pieces around until it makes sense.
- Make sure window coverings hang level.
- Tune in to the room's statement and its emotional pull. Does it have impact and pizzazz?

Does it almost look like nobody lives in this house? You're almost finished.