

GROUND LEASE – RESALE PROCEDURE

The Island Housing Trust's ground lease describes the process for selling your home in Article 10 – Transfer, Sale, or Disposition of Improvements and Units and Exhibit D – Right of First Refusal:

- Article 10.2 – Transfer to Income Qualified Persons – states that your Improvements (home) can only be sold to an “Income-qualified Person” defined as a household earning ____% or less of the area median income. A prospective buyer would be qualified if their gross household income was no more than \$_____ for a one-person household, \$_____ for a two-person household, or \$_____ for a three-person household in 20__.
- Article 10.4 – Notice of Intent to Sell – states that if you decide to sell you home you must provide the Island Housing Trust a “Notice-to-Sell” in writing that includes a statement as to whether you wish to recommend a prospective buyer.
- Article 10.5 – Lessor's Purchase Option – states that upon receipt of your “Notice-to-Sell” the Island Housing Trust has 45-days or 45-days following an appraisal (if desired by the Island Housing Trust) to send you a “Notice of Exercise of Option” if the Island Housing Trust decides it wants to either exercise its Purchase Option directly by purchasing your home for no more than the “Purchase Option Price,” or assigning its Purchase Option to an Income-qualified Person.
- Article 10.6 – If Purchase Option Expires – states that if the Island Housing Trust does not exercise its Purchase Option and completes the purchase of your home, then you are free to sell your home to any Income-qualified Person for no more than the Purchase Option Price.
- Article 10.8 – Purchase Option Price - states that your home can not be sold for more than the lesser of either: 1) the appraised value of your home, that maybe commissioned and conducted by the Island Housing Trust by a mutually acceptable and licensed appraiser, or 2) the Formula Price.
- Article 10.10 – Calculation of the Formula Price – states that Purchase Option Price determines the maximum your home can be sold for but is NOT a guarantee of expected sale price. The Formula price for your home would be \$_____ as of _____ 20__ and is calculated by adding the Base Price of \$_____ (the original price you paid for you home) plus the Inflation Adjustment of \$_____ (percent change in the area median income for Dukes County since your purchase your home, as published annually by the Dukes County Regional Housing Authority and the federal Department of Housing and Urban Development).
- Article 10.12 – Deferred Maintenance and Condition of Improvement at Time of Sale – states that any Deferred Maintenance as identified by the Buyer's mortgage lender must be corrected prior to sale or paid from your proceeds at closing.
- Article 10.13 – Monitoring Fee – states that one-half of one percent monitoring fee or \$_____ based on the \$_____ maximum sale price for your home must be paid to the Island Housing Trust to cover its closing costs and legal fees.
- Exhibit D – Right of First Refusal – states that once you receive a bona fide, third party offer to purchase your property you must give the Island Housing Trust the “Notice of Offer”, and the Island Housing Trust has 45-days to give notice of its intent to exercise its right of first refusal for the same price as the offer. If the Island Housing Trust decides to exercise its right of first refusal, it has 60 days to purchase the property.