

GROUND LEASE – RESALE PROCEDURE October 2022

The Island Housing Trust's (IHT) ground lease describes the process for selling your home in Article 10 – Transfer, Sale, or Disposition of Improvements and Units and Exhibit D – First Refusal. This summary is provided for the homeowners' convenience. The actual ground lease signed by IHT and the homeowner takes precedence if the summary does not address or is inconsistent with the terms of the ground lease.

- 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 IHT a “Notice-to-Sell” in writing that includes a statement as to whether you wish to recommend a prospective buyer.
- Article 10.5 – IHT’s Purchase Option – states that upon receipt of your “Notice-to-Sell” IHT has 45-days or 45-days following an appraisal (if desired by IHT) to send you a “Notice of Exercise of Option” if IHT decides it wants to exercise its Purchase Option either 1) directly by purchasing your home for no more than the “Purchase Option Price,” or 2) by assigning its Purchase Option to an Income-qualified Person.
- Article 10.6 – If Purchase Option Expires – states that if IHT 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 IHT by a licensed appraiser selected by IHT and reasonably acceptable to you, 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 purchaser’s mortgage lender must be corrected prior to sale or paid from your proceeds at closing.
- Article 10.13 – Monitoring Fee – states that a monitoring fee of one percent of the established sales price for your home must be paid to IHT to cover its closing costs and legal fees.
- Exhibit D – First Refusal – states that once you receive a bona fide, third party offer to purchase your property you must give IHT the “Notice of Offer”, and IHT has 45-days to give notice of its intent to exercise its right of first refusal for the same price as the offer. If IHT decides to exercise its right of first refusal, it has 60 days to purchase the property.