

How to Sell Your Shared Equity Home



Contact us: 802-861-7373 or buyahome@getahome.org

Visit Our Website:

www.getahome.org/shared-equity-current-homeowners

Plan Ahead

The most important part of selling a Shared Equity Program home is planning ahead.

Selling a CHT home takes a minimum of four months. Reach out early so we can work with you to determine the best schedule to work with your timeline.

Stages of Selling Your Home

Part 1 – Determine your home’s current value and pricing information **(4-6 weeks)**

Part 2 – Market your home and find a buyer **(Minimum of 2-3 weeks)**

Part 3 – Sign a contract and work towards closing **(8 weeks)**

Part One: Determining the Value of Your Home

Step 1: Notify CHT by signing and submitting a letter of Intent to Sell form. If there has been

a change in your household since purchase, including a divorce or marriage, we will need this information to determine who should sign the paperwork.

Step 2: Once we receive your signed paperwork back, **we will order a third-party appraisal***. At this time, you should prepare a list of any capital improvements you may have done on the home. Appraisers are familiar with CHT’s definition of capital improvements (found on page 6).

Step 3: When the appraiser sends CHT their report on the current market value, we use the value to calculate the price CHT will pay you for the home. We call this the “Option Price”. **We will send your Option Price letter with the final calculation.**

**The cost of the appraisal is split between you as the homeowner and CHT. You will pay your half when your home sells. If you decide not to sell after the appraisal has been completed, you would be responsible for the full cost.*

Resale Calculation Example

When you purchased the home in 2018, the value was **\$235,000**

(After CHT’s investment, your “buyer’s price” was \$162,000)

Now, the appraiser determines the new Market Value of your home as **\$290,000**

Making the home’s total appreciation **\$55,000**

You will receive 25% of the appreciation

Making your share: **\$13,750**

then we add your original buyer’s price of:
\$162,000

Making your Option Price: \$175,750

This is what CHT will pay you when you sell your home. From this you must pay off your outstanding mortgage balance, any other loans on your property and seller closing costs.

Part Two: Marketing Your Home

We Take Care of Selling Your Home!

Step 1: The marketing process begins when you **sign and return your Option Price letter.**

Step 2: We will **schedule a listing meeting**, where we will discuss your home and gather all the details we need to advertise your home.

Step 3: We hire a photographer to come to your home to **take photos and create a virtual tour.**

This is a very detailed tour that gives buyers a preview of what your home looks like. It is important to make sure your home is tidy when the photographer comes. See page 8 for tips on getting your home ready.

Step 4: After the photos and tour are complete, **we begin marketing to prospective buyers.**

We typically put homes on our website on Wednesdays. An email featuring your home will be sent to prospective buyers on Thursday. Applicants have until the following Wednesday at 5:00PM to get their application information to CHT.

Step 5: If more than one buyer is interested in purchasing your home, CHT staff will use our fair **Buyer Selection process** to choose the buyer for your home. We will arrange a one-on-one **showing of the home** with the selected buyer. The potential buyer will have 24 hours to decide if they want to move forward.

- If the buyer decides they **want** to move forward: we will sign a purchase and sale contract.
- If the buyer decides **not** to move forward, we will show the home to the next prospective buyer. If no buyer is secured, we will continue our next wave of marketing. This includes Zillow, Craigslist and newspaper ads as needed. CHT will actively market your home until a buyer is found.



Part Three: Contract to Closing

Step 1: You will meet with your CHT contact to review the contract. Currently, these meetings are happening virtually and contracts are being circulated for electronic signatures.

Step 2: Sellers need to hire an attorney. You can use the same attorney you used when you purchased, or you can use any licensed real estate attorney in Vermont. See resource list on page 9. The buyer and seller must have different attorneys so there is no conflict of interest.

Step 3: The buyer will have a building inspection completed. They will hire and pay for the inspection. We will require access to the home during this inspection. Someone from CHT attends with the buyer and their inspector. We will receive a full report on the home, and you will be responsible for any health & safety issues mentioned in this report. The expectation is that all appliances and fixtures included in the sale are operational (i.e. light fixtures, refrigerator, dishwasher, etc.)

Check with your city or town to make sure there are no open permits. These need to be closed before you can sell.



If you are selling a condominium, you will also need:

A Fire & Safety Inspection: This is needed if your home shares a wall with another home. We advise getting this scheduled as soon as possible. This is a requirement to sell the home and there can be delays in scheduling because of local demand. These reports are typically good for one year, so it is something you can do prior to having secured a buyer. Speak to your CHT contact about how to schedule this in your town/city. ***You will pay the fee for this inspection.***

A Resale Certificate: Once a contract is signed, you will need to order a resale certificate from your Homeowner's Association. This provides current information for the new buyer. ***You will need to pay any fees charged for this service by your HOA.***

Other Important Items

Keep Utilities On and in your name until closing.

Your CHT contact will remind you two weeks prior to closing to contact the utility companies to notify them of your sale. The buyer will transfer the utilities into their name on the date of closing.

Property Taxes will be adjusted at closing on a per diem basis. Any taxes you paid beyond the date of closing will be credited back to you. You will need to provide a property tax bill to CHT and your attorney.

Homeowner's Insurance should stay active until the date of your sale. You will cancel your homeowner's insurance as of your closing date.

Prepare for Closing!

- Within a few days of closing, you will receive a closing disclosure to review from your attorney. This shows you the amount of money you will receive at closing.
- Within 24 hours of closing, the buyer will do a final walkthrough. This typically happens the morning of closing to try to give the seller as much time as possible to move out. **All your personal belongings must be moved out before the walkthrough and closing.**
- You will attend the closing. Once the paperwork is signed, you will hand your keys to the new homeowner, collect your proceeds and celebrate the next step in your journey!



Capital Improvements

Capital Improvements are significant upgrades to a home that increase the price a buyer is willing to pay for that home.

Maintenance items are not considered capital improvements

Examples of Capital Improvements

- Replacing wall to wall carpet with hardwood floors
- Adding a new garage to a home
- Finishing the basement
- Adding a fireplace
- Adding a deck
- Adding a bedroom or a bathroom

Examples of Maintenance Repairs

- Replacing wall to wall carpet with new carpet
- Replacing an existing garage door
- A fresh coat of paint
- Replacing appliances
- Repairing/replacing a heating system
- Replacing windows or a roof



Capital Improvement Credit is the amount that the improvement increases the home's value

It is not related to the cost of the improvement.

The increase in value is determined by an appraiser when they come out to see your home. You receive 100% of this value plus 25% of any additional market appreciation.

Example:

You spend \$5,000 putting in new hardwood floors, but the appraiser determines they add \$2,500 to the value of the home. You would receive a \$2,500 capital improvement credit.

****If your home has not increased in value since you purchased, you cannot receive capital improvement credit.***

The Importance of Home Maintenance



Do Homes Ever Lose Value or Depreciate?

Over time, homes generally increase in value, but occasionally they can lose value for a variety of reasons. To keep our program running and keep our homes affordable, we cannot share the risk of depreciation with our homeowners.

If your home has gone down in value when you are ready to sell, you are responsible for 100% of that decrease, and we cannot offer any capital improvement credit.

Maintaining your home can reduce the chance of depreciation!

- *Complete small maintenance projects before they become too big to manage.*
- *If you have big projects to tackle, reach out to us for advice on financing the repairs.*
- *Work with your Homeowner's Association to complete exterior repairs on condominiums.*

Buyer's Building Inspections

When you sell your home, a buyer will have a building inspection completed at their cost. We will receive a full report on the home. **You will be responsible for any health, safety and non-operational issues** that are discovered. Ongoing maintenance can help keep this report minimal.

It is important to note that some electrical and fire codes may have changed since your purchase.

Examples of Health & Safety Items

- Electrical issues including GFCIs and smoke detectors
- Active plumbing leaks, unsecured fixtures
- Broken or non-functional windows
- Roof leaks
- Malfunctioning heating systems or water heaters
- Heating systems must be serviced and tagged within the last two years
- Radon levels testing high
- Rotten siding or trim that could allow moisture into a home
- Safety railings must meet current building codes
- Septic tank, if any, must be pumped in the last two years
- Any issues with wells or water systems
- Any issues found in a Fire & Safety inspection done by town or state fire marshal, if required.

Tips For Getting Your Home Market Ready

Declutter and Simplify: The less clutter a home has, the bigger it appears

- Pack away personal photographs
- Donate or sell items that you don't want to move with you
- Clean off all horizontal surfaces especially kitchen counters
- Put essential items used daily in a small box that can be stored in a closet when you expect a showing
- Remove extra leaves from your dining room table to make the room appear larger
- Consider putting some furniture in storage to create more floor space in your rooms

Rearrange Bedroom Closets and Kitchen Cabinets: People will be looking into your closets and cabinets at showings. Here are some ideas to make your home look more organized.

- Neatly stack dishes
- Turn coffee cup handles facing the same way
- Hang shirts together, buttoned and facing the same direction
- Line up shoes
- Use containers for items that can't be neatly organized

Make Minor Repairs:

- Patch holes in walls
- Fix leaky faucets
- Fix doors that don't close properly and kitchen drawers that jam
- Replace burned-out light bulbs
- Re-caulk tubs, showers and sinks that might look dingy

Clean Up for a Good Showing:

- Wash windows inside and out
- Clean up neglected corners of cobwebs and dust, like behind doors and above cabinets
- Polish chrome faucets and mirrors
- Clean out the refrigerator
- Vacuum
- Dust furniture, ceiling fan blades and light fixtures
- Clean bathroom grout
- Air out areas that might hold odor

Check Curb Appeal:

- Mow the lawn
- Weed garden beds
- Plant flowers
- Trim your shrubs
- If winter, make sure to keep snow and ice off all walks and driveways

Resource List-Attorneys

Gale & McAllister

contact@gmlawvt.com
(802) 876-7478

Page Law, PLLC

info@pagelawvt.com
(802) 497-2010

Wiener & Slater Law Offices PLLC

nita@mewlawoffices.com
(802) 863-1836

Timothy G. Hurlbut, PC

tim@vtlaw.us
(802) 527-7200

Law office of Richard Fox

Rfox@foxlawvt.com
(802) 879-7106

Wick & Maddocks

jane@wickandmaddocks.com
(802) 658-3037

Monaghan Safar Ducham PLLC

sducham@msdvt.com
(802) 660-4735

Escott Legal Services, PLC

amyescott@elsvt.com
(802) 495-0731



Words to Know

Here are some words you may not be familiar with and their definitions. If you need any more clarification, please contact us so we can help.

Addendum: a document that is added to a Purchase and Sale Contract to make a change.

Appraisal: a licensed professional's opinion of a home's market value based on research and other recent sales of similar homes in the area.

Appreciation: increase in how much money something is worth.

Attorney: an attorney is also referred to as a lawyer. They help navigate and interpret the law for their clients.

Closing: when the ownership of a home legally transfers from one person to another.

Closing Costs: the expenses paid at closing to finalize a home purchase (i.e. attorney fees, etc.).

Depreciation: decrease in how much money something is worth.

Equity: the amount of money you would receive after paying off all mortgages when you sell a home.

Homeowner's Association (HOA): an organization that makes and enforces rules for a neighborhood (typically condominiums).

Lien: a debt that is owed and is secured by a property.

Mortgage: a loan that is used to purchase a home.

Option Price: The price CHT pays a homeowner when they sell their home. It is calculated based on legal documents signed at purchase.

Permit: a document from the town or city that approves you to remodel or do work on your home within the rules of the town or city.

Purchase and Sale Contract: a legal agreement between a buyer and seller agreeing to certain terms for buying and selling a specific home.

Shared Equity Program-Intent to Sell

Homeowner Name(s): _____

Have you been married or divorced since you purchased the home? _____ (if married, include both names above)

Property Address: _____

Phone # _____ Preferred E-mail _____

Mailing Address (if different then property address): _____

What is your current mortgage balance? _____

Do you have any other liens on the property (tax liens, home equity loans, etc)? Any open permits? ____ If yes, please list them. _____

Have you done any improvements to the home that you are seeking Capital Improvement Credit for? If yes, please describe or attach list here: _____

Are there repairs that your home needs now or in the next 5 years? _____

Please provide some information about why you are selling your home (looking to purchase on the open market, moving out of state, etc.) _____

By signing below, I am:

- Authorizing CHT to officially begin the process of selling my home by ordering an appraisal from an independent appraisal service, to be determined by CHT. I understand that this appraisal service will provide an unbiased market value for my home.
- Agreeing to reimburse CHT half of the appraisal cost when my home sells.
- Agreeing that in the event I do not start the marketing process within six (6) months of receiving a copy of my appraisal, or in the event that I decide not to sell my home, I am responsible for the full cost of the appraisal.

Signature

Date

Signature

Date