

**OPAL Community Land Trust**

**HOMEOWNER RESALE PROCESS**  
**A Guide for Selling Your OPAL Home**

**Notify OPAL**

**Getting Your House in Shape**

**Identify Purchaser**

**Purchase and Sale Agreement**

**Costs to Sell and Expected Gain on Sale**

**Timeline**

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## OPAL Community Land Trust HOMEOWNER RESALE PROCESS

### INTRODUCTION

If you have decided to sell your OPAL home you probably have a lot of questions. This packet is designed to answer most of your questions and to outline the steps involved. From our experience to date it will likely take from three to six months to close the sale *after* you have identified a qualified purchaser.

1. **Notify OPAL / Right of First Refusal:** The ground lease states that your first responsibility is to notify OPAL in writing of your intent to sell. You may use the “Intent to Sell Notice” in the Exhibit Section of your Ground Lease for this purpose, or simply write out a statement or send an e-mail of your intention to sell. OPAL has the right of first refusal to purchase your house. OPAL must exercise its right to purchase the property or decline that right within sixty (60) days after receiving written notification from you. In most cases OPAL will inform you immediately that it does not wish to purchase the house and will work with you to identify an eligible purchaser.
2. **Determine the Purchase Price:** The ground lease restricts the resale value of your home to the “Index Option Price” or the Appraised Value, whichever is less. The Index Option Price is outlined in your Lease. OPAL staff can determine for you the new sale price for your home. If your lease allows added value for certain types of improvements, you must provide OPAL with an itemized list of the improvements you would like included and OPAL staff will convene the Residents Committee to consider your request (see Added Value Process for more details).
3. **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, OPAL 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.

1. Pump the septic tank and have the septic system inspected to ensure compliance with county code (for details to go <http://www.sanjuanco.com/health/chswaste.aspx>. Does not apply to homes hooked up to Eastsound Sewer);
2. Clean the chimney/wood stove and show proof they are fully operational (if applicable);
3. Clean gutters;
4. Remove any moss from the roof;
5. Ensure there are not plants touching the siding around the base of the house;
6. Demonstrate no active pests;

7. Ensure that the home is clean and all personal items/debris are removed prior to closing;
8. Ensure that the walls are smooth and clean (may require patching and painting);
9. Ensure that the carpets are clean and in good condition (no stains, tears or burns);
10. Ensure that there are no leaks, rot or damage to any part of the house;
11. Ensure that no smoke odors remain;
12. Ensure all smoke detectors are working;
13. Ensure all electrical and plumbing is in good working order.

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 (its hard to see that the septic tank has been pumped). All items identified for repair in the inspection will need to be remedied by the seller prior to closing. The lender will require a second inspection (at the buyers expense) to ensure the improvements have been completed. If a third inspection is required because items were not adequately addressed between the first and second inspection, it is the responsibility of the seller to pay for the third inspection.

In addition to the lenders' requirements, the buyer and seller will walk through the home prior to closing to ensure that all items have been satisfactorily addressed.

4. **Identify the Purchaser:** OPAL maintains a waiting list of eligible and pre-qualified applicants. Once OPAL receives 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 the home, OPAL will work with you to begin to market your home more broadly. It remains your responsibility to find a qualified buyer, but OPAL will help by creating flyers and getting the word out. All costs incurred in OPALs marketing efforts will be paid by you at closing.

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

Text for a classified ad might read:

2BD HOME FOR SALE at Opal Commons (or Bonnie Brae), Eastsound. No  
down, limited fees. Income & residency restrictions apply. Mo. pymt. from  
\$ \_\_\_\_\_ to \$ \_\_\_\_\_ incl taxes & insur 360-376-xxxx (your number).

Once you have a purchaser who is interested, refer them to OPAL for a preliminary interview. OPAL 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.

5. **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. There is a blank purchase and sale agreement included in this packet. 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 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 in your original value when you purchased your OPAL home must be transferred to the new purchaser. However, additional items, such as appliances you purchased, may be sold outside the sale price. This additional transaction should be articulated in the purchase and sale agreement.

6. **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.
7. **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, or about \$650, the seller's Real Estate Excise Tax of 1.78%, a transaction fee to OPAL equal to 1% of the selling price and any past due Lease Fees or water/sewer utility bills. You also pay back some of the assistance you have received from reduced interest rates on the mortgage loan. USDA Rural Development determines the amount of assistance you repay according to a formula based on the percentage equity you hold in the house, the length of time you've owned the house and the amount of assistance you've received. The amount is different for every household.
8. **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. OPAL will also ask you to sign a Lease Termination Agreement that cancels your ground lease and enables the purchaser to enter into a new lease with OPAL.

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

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## Timeline for Purchase and Sale

This chart outlines OPAL’s experience for the amount of time it takes USDA Rural Development to process each step. It has taken from 3 to 6 months from the time that a potential purchaser submitted an application to Rural Development to the time of closing. When borrowers get financing from a conventional lender, the process can be a little faster. It is important to understand that the timeline will depend you, the buyer, and the lender. The following outline is just to give you an idea for a timeline, if your buyer is securing mortgage financing through USDA.

Recently, lenders and appraisers have been very busy with the low-interest rates. As a result, each step takes more time, and the timeline as a whole grows.

<u>Action</u>	<u>Number of weeks_</u> <u>each step</u>	<u>Total number of</u> <u>weeks</u>
1. Execute Purchase and Sale Agreement	Beginning of timeline	
2. Mortgage Application to RD/Lender	4	4
3. Purchaser qualifies with RD/Lender	6-12	8-16
4. Inspection and Appraisal		
a) RD staff inspect property condition and generate a repair list	4 - 8	12-22
b) Purchaser and Seller sign agreement for who shall pay for repairs		
c) RD orders appraisal on property		
5. Closing	2 - 3	16-27

## 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 artifacts, 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 throw it away?

- 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. Think of the message it sends if items fall out! Now imagine what a buyer believes about you if she sees everything organized. It says you probably take good care of the rest of the house as well. This means:

- Clean and organize spice jars.
- Neatly stack dishes.
- Turn coffee cup handles facing the same way.
- Hang shirts together, buttoned and facing the same direction.
- Line up shoes.

### 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 yellow 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.