



Guide to Selling Your Homestead CLT Home

Ready to Sell your Home? Here's What to Expect

The whole sale process can take as many as **four to six months** from start to finish. This is longer than a typical home sale, due to funding requirements for Homestead home buyers. You may remember this process from when you first bought your Homestead home.

If you are planning to purchase another home after the sale, please **WAIT** to submit an offer on it until you are well on your way to selling your Homestead home. The timing of the sales process is different from market-rate sales, and will not work for “contingent sales” transactions.

Homestead staff is here to help! If you have questions for us after reading this Guide, please contact us at owners@homesteadclt.org.

Step-by-Step Guide

STEP 1: LEARN & PREPARE

READ this Step-by-Step Guide for information on the selling process. Here you'll learn what's required of you as the seller, and what to expect from Homestead CLT staff and the new buyer.

PREPARE YOUR HOME for sale by making needed repairs, fixing deferred maintenance issues, and finally staging your home for sale. It's the Seller's responsibility to take necessary steps to prepare the home for sale!

PREPARING YOUR HOME FOR SALE

Preparing your home for sale includes both ensuring it will pass inspection, and making it look great to prospective buyers.

1. Make any repairs and replacements required for the home to pass inspection before listing the home for sale.

- Repairs made before a buyer is identified and the buyer's inspection is complete may be eligible for Capital Improvement Credit. Capital Improvement Credits increase the resale price of your home, allowing you to recoup some of your repair costs. Capital Improvements must be approved in advance by Homestead.

[Read more about Capital Improvements Credits](#)

If you do not make needed repairs until after the buyer's inspection, they will not qualify for Capital Improvements Credit, and they will likely delay your closing.

Once you notify Homestead CLT staff of your intent to sell in the next stage, staff will do a walk-through of your home to help you identify any repairs and replacements that you may have missed in this step.

Clean, fix up and stage the home to improve its marketability.

This is a required step to make the home look great – and attract interested buyers.

Once you notify Homestead CLT staff of your intent to sell in the next step, we will do a walk-through of your home to help you identify any prep work that you may have missed in this step.

Remember: It is your responsibility to ensure your home is in marketable condition before sale. If you have any questions about what you need to do to prepare your home, contact Homestead CLT staff at owners@homesteadclt.org. We are here to help.

STEP 2: NOTIFY HOMESTEAD

SUBMIT YOUR RESALE APPLICATION. Submit a completed set of Resale Application Documents to Homestead staff by email, postal mail, or hand delivery (if by hand delivery, let us know when you intend to deliver so someone can be in-office to meet you). This notifies Homestead that you intend to sell your home.

HOMESTEAD WALK-THROUGH. Next, Homestead staff will contact you to set up a time to walk through the property to make sure it has been adequately prepared for sale (see Step 1 for information on repairs and staging before sale).

If we identify anything you may have missed in Step 1, we will work with you to make sure those repairs and preparations are completed before marketing begins.

Once the house looks great, Homestead staff will take photos and/or 3D video of the home for listing.

RESALE PRICE DETERMINATION. Once the home is ready to market, Homestead CLT will send you a letter affirming your Intent to Sell and notifying you of your home's Resale Formula Price and listing price.

The Resale Formula Price is based on the resale formula in your ground lease or affordability covenant. It is the *maximum* price you can accept for your home. This is how Homestead CLT homes remain affordable from owner to owner. Remember, it is not a guarantee that you will find a buyer for this price, depending on the market and your home's condition. It is a maximum price limit.

Homestead will explain its calculation of the Resale Formula Price and the listing price (if different) in the letter.

Homestead now has 60 days to exclusively market your home. From this stage, finding a buyer usually takes at least 30 to 45 days or longer.

STEP 3: FIND A BUYER

SHARE YOUR LISTING. Homestead staff will post your home listing to the Homestead website. While Homestead will send the listing to our waiting list of interested and eligible applicants, you should also take steps to share the listing and attract interested buyers.

PLAN FOR TOURS. Open Houses are almost always going to be necessary to find a buyer! Potential buyers may show great interest in the well-staged pictures or video of your home, but they will not make an offer to buy your home without seeing it in person.

Homestead staff will coordinate tours of your home.

Be prepared to show the home to individual buyers, as well, if needed.

REFER INTERESTED BUYERS TO HOMESTEAD. Remember to refer interested buyers to Homestead, so that we can explain how the community land trust works, ensure the buyer meets our eligibility criteria and completes an application.

STEP 4: OFFER & INSPECTION

SIGN THE PURCHASE AND SALE CONTRACT. Homestead staff is responsible for processing applications from interested buyers and, ultimately, for selecting an eligible buyer through our tie-breaker scoring process. The selected buyer will have the first opportunity to sign a purchase and sale agreement with you.

Remember, all appliances and fixtures that came with your home when you purchased it must be transferred to the new buyer. They don't have to be the same appliances, but if you purchased your home with a functioning washer and dryer, you must sell your home with a functioning washer and dryer (as an example).

You can normally expect closing to take place within around 60 days from mutual acceptance of the purchase and sale contract.

COORDINATE THE BUYER'S INSPECTION. Typically, within 10 days of mutual acceptance of the contract, the buyer will order an inspection of the home. Homestead staff will coordinate the inspection time with you.

You must provide Homestead CLT staff with a key to the home prior to the inspection so we can give the inspector access.

Homestead staff will be present at the inspection, along with the buyer and the inspector.

Sellers are not allowed to be present at the inspection, so please plan ahead to vacate the home for a few hours on inspection day.

NEGOTIATE REPAIRS. If items come up on the buyer's inspection that require repair, you will negotiate the details of those repairs with the buyer, with the help of Homestead staff. If no repairs are requested, or after you and the buyer have come to an agreement on how repairs will be

addressed, the sale moves forward toward closing. If you have financial difficulty paying for repairs, please consult Homestead staff about alternative resources.

STEP 5: CLOSING & MOVING

BUYER'S LOAN PROCESSING. The process from here is out of our hands and into the hands of the buyer's lender.

The lender will order an appraisal of your home during this period, for which you must be present to let the appraiser into the house.

Finally, the only remaining step is to plan your move before the closing date.

INSURANCE AND UTILITIES. You must keep your insurance current until the home has sold. You must also keep utilities on and the bills current until the home has sold. It is the buyer's responsibility to set up utilities in their own name after closing.

MOVE-OUT. On your moving date, which should be before your closing date, please take all of your belongings with you.

Do not leave any garbage, packing materials, or personal items at the house – this includes the fridge, attic, and yard spaces! It is typical for the buyer to request a walk-through of the property in the week before closing to ensure it is clean, negotiated repairs are complete, and all personal possessions are removed.

SIGNING AND CLOSING. You (or a legally designated appointee) will need to be present at the title company to sign paperwork on the closing date. Once the paperwork is signed and the buyer's loan is "funded", your home will be officially sold.

Congratulations, you've successfully sold your Homestead home and passed along a wonderful, affordable home to the next homeowner!

FREQUENTLY ASKED QUESTIONS FOR SELLERS

How much will it cost to sell my home, and how much should I expect to get for it?

There are a number of expenses that sellers should expect to pay when selling their home. These costs will be deducted from your gains on the sale of the house at closing.

You will pay half the escrow fees for the transaction (estimated \$2,000) and the State Real Estate Excise Tax (or REET) for sales less than \$500,000 is 1.1% of the sale price. More information on REET here <https://dor.wa.gov/taxes-rates/other-taxes/real-estate-excise-tax>

Taxes and property insurance will be pro-rated to the closing date, meaning you will pay taxes and insurance for that year up to the date of closing, while the buyer will take on payments accrued after that date.

If there are any unpaid taxes, ground lease or covenant fees, HOA dues, mortgage debts or other liens on the property, they will also be paid out from your gain on the sale of the home. Liens could include any unpaid debts associated with your ownership of the home, including unpaid utility bills, sewer capacity charges, or mechanics liens from unpaid contractors as well as liens placed by creditors as a result of a lawsuit (such as credit card companies or child support). If you have any concerns about possible liens on your property, contact Homestead staff for help identifying them through a title search.

Separately, Homestead will charge a fee to the buyer of your home, which helps support our work in facilitating sales and operating our stewardship program. This fee does not come out of your sale proceeds.

What should I do to make my home ready for sale?

Sellers must make their homes “ready” for sale, ideally before the home is listed and a buyer is found. What does this entail for a Homestead home seller?

Repairs and Deferred Maintenance

First, readying the home for sale means arranging needed repairs and addressing deferred maintenance issues that could cause the home to fail an inspection or give buyers cause for concern about going through with the purchase. It is a condition of your ground lease that you maintain the home in good repair. Homestead CLT homes cannot be sold “as is”, meaning that sellers are required to make repairs that are identified in the buyer’s inspection report. However, it is in your best interest to make these repairs before you find a buyer. That way, you may apply for capital improvements credits for those repairs, and you do not risk delaying closing. Homestead staff will perform a walk-through of your home before your home goes on the market to help you identify any needed repairs or maintenance issues you may not have already addressed.

Be sure to keep receipts or service records if the work isn’t obvious (like chimney cleaning or servicing of furnaces) to prove that the work was done.

Staging the Home

Readying your home for sale also means “staging” the home to make it marketable—that is, attractive to potential buyers. This is just as important a step as making repairs, and it is also required of all Homestead sellers. [Click here for Tips for Staging Your Home.](#)

There are many things you can do to make your house more attractive to potential homebuyers and therefore sell your house more quickly. Homestead staff can give you tips and instructions on how to do this for your property.

Why am I responsible for repairs to the home before sale? What happens if I do not make the repairs identified by Homestead CLT/the buyer’s inspection?

Being a homeowner means keeping your home in good repair. Homestead CLT homeowners are required under their ground lease or affordability covenant to maintain their home in good, safe and habitable condition and to make needed repairs as they arise. This obligation extends all the way to the closing of the sale of your home. Both Homestead CLT staff, and an independent home inspector selected by the new buyer, will have an opportunity to walk through your home before the sale to

note any repairs that you must make to the home before closing. For Homestead CLT, these may include cosmetic fixes, such as painting walls or replacing mismatched or worn floor coverings, that improve the marketability of the home and make it ready for a new buyer.

If a seller cannot afford to pay for the required repairs before closing, the estimated or actual cost of those repairs may be deducted from the seller's gains at sale.

What if I need to move out of town before my home is sold?

If you must move away from the King County area before your home is sold, you must immediately notify Homestead staff of your moving plans. Remember that even if you move out of town, you are required to sell your home to Homestead or another income-qualified household.

During the sale process, we will help you arrange a legally authorized representative to sign paperwork on your behalf where necessary. However, you will still be required to arrange home repairs, have the home staged, arrange for access to the home by interested buyers, inspectors, and appraisers, and be available for negotiations and other correspondence throughout the sale process.

Can I hire a realtor to represent me or to market my home?

Yes, you may hire a listing agent to market the home on your behalf. As a reminder, Homestead has an exclusive 60 days to market the home during which time the realtor will not have anything to do.

If you are planning to purchase another home after the sale, **do not submit an offer on it** until you are well on your way to selling your Homestead home. The timing of the sales process is different from market-rate sales, and will not work for "contingent sales" transactions.

It is your responsibility to pay the agent's commission for their service. The commission, which is typically 6% total of the purchase price, is paid at closing and will come out of your gain on the sale. We recommend that you work with someone who is already familiar with Homestead's program. Please contact staff for a list of agents who know our program.

What happens if Homestead cannot find a buyer within its 60-day exclusive marketing window?

Homestead has 60 days, beginning on the date we send the letter giving you notice of your home's Resale Formula Price, to exclusively market the home and select the ultimate buyer from a pool of qualified applicants. That 60-day period may be extended on mutual agreement between you and Homestead.

If Homestead does not find a buyer and facilitate the sale within this exclusive marketing window, then you may hire a real estate agent to list the home on the Multiple Listing Service (MLS) at the Resale Formula Price. You may continue to market the home on Homestead's website for no additional fee. The interested buyer you choose to accept must still apply to Homestead to ensure they meet our program qualifications before they will be able to purchase the home.

Current as of 5/13/23

For assistance with your resale, please contact owners@homesteadclt.org