

# Madison Area Community Land Trust

## Selection Criteria for CLT home sales

Approved by board August 24, 2020

Revised September 28, 2020

Revised October 27, 2020

After a home comes up for sale and is appraised, the Madison Area Community Land Trust (MACLT) calculates a purchase option price (POP) and notifies the seller within 45 days of the receipt of the appraisal of MACLT's "Notice of Exercise of Option" which states that MACLT intends to exercise or assign our right of first refusal.

MACLT posts information on their website ([www.affordablehome.org](http://www.affordablehome.org)) immediately after a home becomes available for marketing and sends out email notifications of any open house and to solicit interest to schedule tours of the property (prospective homeowners may subscribe to our interest list on our website).

For each home, there will be an initial 7-day showing period (which may include an open house). During this period, showings will be conducted with any interested homebuyers and MACLT staff will keep a list of all prospective homeowners expressing serious interest. Within one week of the end of the initial showing period, each interested homebuyer must provide MACLT staff with a pre-approval letter from a lender and an MACLT pre-application.

If at this point there is only one eligible applicant interested in the property, that person will automatically have the option to purchase the home. If more than one eligible applicant is interested in the property, the **point preference system** below will be applied to determine the order in which applicants will be given the option to purchase the property.

MACLT staff will ensure that all applicants are contacted within one week to let them know the results. If there are no interested and eligible homebuyers at the end of the initial showing period, the property will become available on a first come, first-serve basis where the applicant with the first pre-application submission will have first right to purchase (as long as the applicant still meets all of the **eligibility criteria** below by the time of closing). If no closing is complete within 60 days of MACLT's Notice of Exercise of Option to the seller, the rules of the groundlease will prevail for allowing the homeowner to find their own buyer.

### POINT PREFERENCE SYSTEM

1. **Lowest percent of median income: 1 point**

The household that has the lowest percent of median income based on household size will receive one point. The household's ratio of housing costs to gross income has to be 35% or lower to qualify for this point.

2. **Number of bedrooms matches or is less than the household size: ½ to 1 point**

If the number of bedrooms matches or is less than the size of the household, the applicants will receive one point and if home size is only one bedroom over the needed number the household will receive ½ point. This assumes 1.5 people per bedroom.

3. **The applicant has accessibility needs that requires the features of the property: 1 point**

If at least one member of the household has accessibility needs that requires the features of the property (for example, 1st floor flat for a person with a mobility impairment), the household will receive one point.

4. **Current MACLT resident: 1 point**

All current MACLT residents in good standing will receive one point.

5. **First-time Homebuyer: 1 point**

Any applicant who is applying to buy their first home through MACLT will receive one point.

6. **First-generation Homebuyer: 1 point**

Any applicant whose parents never owned a home will receive one point.

7. **Risk of displacement: 1 point**

Applicants will receive 1 point if they are at risk of displacement through no fault of their own, through condemnation or sale of property, divorce or domestic abuse, or other unfortunate external circumstance.

8. **Actively seeking MACLT properties for at least six months: ½, 1, or 1 ½ points**

Any household that has been actively seeking to purchase an MACLT property will receive: ½ point for every six months (cap of 1 ½ points) from the time the homeowner application was submitted.

The household with the highest points will be selected as the buyer. In the event of a tie, the property will be offered to the household with the lowest median income based on household size.

## **EQUAL HOUSING OPPORTUNITY**

Madison Area Community Land Trust applies Fair Housing standards to all of our programs and services, and is committed to providing equal access to our housing.

## **ELIGIBILITY CRITERIA FOR MACLT HOMEOWNERSHIP**

- Household income must be below 80% county median income
- Submit a program pre-application to determine eligibility
- Attend an MACLT orientation with staff
- Be pre-approved for a mortgage at the value of the house available, with necessary down-payment or down-payment assistance
- Attend a homeowner education workshop (completion certificate valid for 18 months)
- Submit program application with all information verifying income and asset requirements of our program

**Pre-applications should be submitted as soon as possible. All other eligibility criteria do not need to be met in any order; however, all must be met before a prospective buyer can close on a CLT home.**