

## Resale Formula

The resale formula preserves the affordability for the next household who will buy the Cass Clay CLT house. By agreeing to the resale formula, Cass Clay CLT homebuyers help another limited-income household purchase a house in the same way they were helped in purchasing their house. Cass Clay CLT resale formula gives the homeowner their mortgage principal-paid equity PLUS 25% of any market equity (the change in market value for their home).

### Buying and Selling a Cass Clay CLT Home Using the Resale Formula



Property is purchased by an income-qualified household for \$160,000.

Buyer's Loan Amount	\$120,000
CCCLT Affordability Grant	<u>+\$ 40,000</u>
<b>Buyer's Purchase Price</b>	<b>\$160,000</b>



Several years later the homeowner decides to sell the home, and an appraisal is ordered to determine the new value of the home.



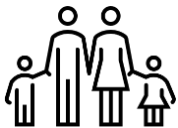
The appraisal shows a new value of \$200,000

New Appraised Value	\$200,000
Original Appraised Value	<u>- \$160,000</u>
<b>Increase in value</b>	<b>\$40,000</b>



The increase in value will be shared; 25% to the homeowner and 75% to remain with the property.

Increase in value	\$40,000
	<u>X 25%</u>
<b>Homeowner's Share</b>	<b>\$10,000</b>



The next income-qualified buyer will purchase the home for what the homeowner originally financed plus the homeowner's 25% share of the value increase.

Original Financed Amount	\$120,000
Homeowner's Share	<u>+\$10,000</u>
<b>New CCCLT Purchase Price</b>	<b>\$130,000</b>

#### **What this means for the homeowner**

- Purchasing a home when they might not have been able to otherwise.
- Receiving all the benefits of homeownership including mortgage interest and property tax deductions on your tax returns; and
- Earning equity (25% of increase in appraised value plus 100% of the

#### **What this means for the CLT**

- Extending long-term affordability for income-qualified households
- Assisting another household in purchasing a home at an affordable price; and
- Continuing the goals of Cass Clay CLT by growing the initial affordability investment from \$40,000