



Realtor Information

Two Rivers Community Land Trust’s Mission Statement and Information:

Two Rivers Community Land Trust’s Mission is to provide permanently affordable homeownership for low and moderate-income households (earning up to 80% of the area median income) in Washington County and parts of Anoka County, MN.

How do I know if I should show this property to my buyer and if they are eligible?

1. Ask your buyer to look at the Household size chart below- do they exceed the income for their household size?
 _____ if yes – they do not qualify so don’t show them the house
 _____ if no, go to the next question

2020 Income Limits

House hold size	1	2	3	4	5	6	7	8
Income amount	57,920	66,240	74480	82720	89360	96000	102640	109200

2. Buyer, will the mortgage payment with the insurance and ground lease of \$35 be more than 30% of your gross monthly income?

If not, you are preliminarily eligible – look at the house and if interested submit the pre-application and start the process

General Information

What is a Land Trust?

A community land trust (CLT) is a nonprofit, community-based organization that works to provide permanently affordable homeownership opportunities. A CLT acquires land and removes it from the speculative, for-profit, real estate market. CLTs hold the land they own “in trust” forever for the benefit of the community.

For more information please check out the Two Rivers website at www.tworiversclt.org

A community land trust provides access to homeownership for people who cannot afford homes for sale on the real estate market. CLTs provide greater housing security than renting. CLT residents benefit from stable monthly payments, security from eviction, and the opportunity to build equity through homeownership.

Like all non-profits, CLTs follow local laws and zoning requirements, and also follow the organizational bylaws put in place when the CLT was established. CLTs are governed by a board of directors that is made up of community members and CLT homeowners. Members of the CLT elect the board of directors.

How does the CLT homeownership work?

Homebuyers with CLT programs purchase only the house – and enter into a long term agreement with the CLT to lease the land. CLT homes are sold to families with limited incomes. These homes cost less than market rate homes because CLT homebuyers purchase only the house and enter into a long-term agreement – a 99-year ground lease – with the CLT for the use of the land. When a family decides to sell a CLT home, they sell only the house to another family with a limited income for the price that is determined by the resale formula in the ground lease. The home stays affordable for future generations.

By taking the cost of the land out of the real estate transaction, land trust homes are more affordable than houses on the open real estate market.

How does CLT ownership compare to conventional ownership?

CLT homeownership is essentially the same as other homeownership except that the land which CLT homes are located on is owned by the community based organization.

Similarities:

The homeowner has a mortgage with a bank

The homeowner accumulates equity

The homeowner pays property taxes (often an asked question)

The homeowner can make alterations and improvements

The homeowner receives federal tax deductions for mortgage interest and property taxes

Differences:

The purchase price is lower, because the land is not purchased by the homeowner

The CLT owns the land, the homeowner leases the land from the CLT for a nominal fee

If a family chooses to sell their home, the selling price will be lower – selling a CLT home helps limited income families the same way as buying a CLT home

CLT homeowners agree to a shared equity and resale models that include receiving 100% of their earned equity, plus 25% of the increased value of the land and improvements.

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Homeowners also receive the value of any qualified capital improvements that have been properly documented during the time of ownership.

How do individuals who want to buy CLT housing obtain financing?

Although homes for sale through a CLT are nearly always more affordable than market-rate housing, very few low-income or moderate-income households will be able to buy a CLT home out of their own savings. They will need mortgage financing. Two Rivers has developed a list of approved lenders, familiar with the CLT process. A buyer is to choose from this list for the mortgage financing.

Homebuyer Application and Approval Process:

Prior to acceptance of an offer to purchase, Two Rivers Community Land Trust will process the pre-application of the buyer. If the buyer, based on the preliminary screening with the pre-application fits the guidelines, they will be asked to complete the full application and provide information to TRCLT similar to the process involved through the bank and the mortgage application process. Two Rivers CLT is required to perform various verifications, which are similar to the lender underwriting process as a condition of the funds received which make the home affordable.

Once we have completed this verification process and determined the buyer is eligible, the offer to purchase can be signed and accepted. Multiple applications can be processed at the same time and the first completed and approved will be the offer that is accepted.

Benefits to CLT Homeownership:

1. Ability to purchase a recently renovated home in good condition for less than market value, Get more for your money.
2. Lower costs to enter homeownership. Two Rivers CLT's land contribution is used **like** a downpayment, which helps the buyer avoid private mortgage insurance.
3. Homeownership at an affordable price with stable monthly payments.
4. Opportunity to build equity and tax advantages.
5. The home and ground lease to the land can be inherited.

Ongoing support and homeownership events from Two Rivers CLT. Including foreclosure prevention, community resources and homeownership workshops.

How does a Realtor get paid with a CLT property?

The realtor's commission is as is advertised on the MLS but is based on the CLT price exclusive of the land.

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