



Homeowner Handbook

Physical Address:

**272 Main Street
Vergennes, Vermont 05491
802-877-2626**

Mailing Address:

**P.O. Box 311
Vergennes, VT 05491**

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Review of the Housing Subsidy Covenant for Single Family Homeowners

The Housing Subsidy Covenant (HSC) describes the long-term agreement between the Addison County Community Trust (ACCT) and the homeowner. This is a legally binding document which spells out the rights, responsibilities and requirements of homeowners. A plain-language summary of the key points contained in this document is below.

-  **Shared Appreciation:** In exchange for the down payment assistance you received at purchase, you agree to share any appreciation on your home when you sell. Generally, you will receive 25% of the increase in value during the time you live in the home, plus any capital improvement credit that you receive.
-  **ACCT's option to purchase:** If you decide to sell your home, you agree to follow the resale process. ACCT has the first option to buy your home; however, typically we work with you to identify a qualified buyer to purchase your home directly.
-  **Owner-Occupancy:** You have agreed to use the property as your primary residence. You may not build any commercial structures or additional living space to rent out.
-  **Responsible use:** You agree to use the property responsibly, in an ecologically sound manner, and to be responsible for the actions of others who you allow to use the property.
-  **Stewardship Fee:** You agree to pay a stewardship fee to ACCT. The amount of the fee can be adjusted only every 5 years.
-  **Insurance:** You agree to keep the home properly insured and to name ACCT as an additionally insured party so we receive notification of any changes in insurance status.
-  **Mediation and Arbitration:** You agree to use mediation and arbitration to resolve any disputes that may arise between you and ACCT.

Stewardship Fees

ACCT charges a \$25/month stewardship fee to owners of *condominiums and single-family homes*.

ACCT's single-family housing coordinator bills owners every month for this fee. ACCT keeps this lease fee as low as possible in an effort to not burden homeowners.

**Note: Nonpayment of stewardship fees is considered a default on your mortgage.*

Taxes – Single Family Homes

Taxes for single family homeowners are handled in one of two ways, depending on whether you have a covenant or a ground lease. If you have a covenant, the town will bill the homeowner directly for both the home and the land in one tax bill. If this is the case all taxes are paid directly to either the town in which you live or your mortgage lender (if you

are escrowing). If you have a ground lease (and ACCT owns the land), then a bill gets sent to our office and it is then forwarded on to the homeowner. Property tax years run from July 1 to June 30, so we normally receive these bills towards the end of July or early August.

It may be to your advantage to seek help from a tax professional in preparing your taxes once you are a homeowner.

In Vermont, homeowners are required to file a form every year by April 15th to declare their residence as a Homestead. Each tax bill has a SPAN number that identifies an individual property. Use the SPAN number on the bill provided to you by either your town clerk's office or your mortgage lender.

Taxes - Condos

Taxes for *condominium* owners are billed to the homeowner directly and condominium owners only have one SPAN number to use when filing the Homestead Declaration form. Because there is no ownership of land involved in owning a condominium, filing the Homestead Declaration form is fairly straightforward.

If you have questions about your taxes that relate to ACCT, you can contact Mary Jackman at 802-877-2626.

Capital Improvement Credit

Remember that if you are making significant improvements to your home, you should keep a record of the work you are doing. As it states in the documents you signed at purchase, ACCT has a capital improvement credit policy. If you add market value to your home by upgrading and improving it, you can get 100% credit for the market value that you have added. If you do a major project, (like build an addition to or remodel your home), you should order a fair market "fee simple" appraisal of the value before you start the project. Then, immediately after the project is complete, you should have the appraiser return to determine the new value with the improvements. You will submit the two appraisals to ACCT for our review, and we will determine your capital improvement credit. The increase in value will be credited to you when you sell or refinance, in addition to your share of the remaining appreciation as laid out in the formula in your agreement with ACCT. We have a list of qualified local appraisers that we can share with you.

It is important to remember the distinction between the **value** of your improvement and what you may have spent on the improvement. That is to say; you may have spent \$5,000 on an improvement; however it may only add \$2,000 of **value** your home. It is also important to remember that not every improvement will add market value to your home. Generally, a capital improvement is something that a subsequent buyer would pay extra for (for example, an extra bathroom). If you are doing small projects on your own over time, you should keep a file with "before" and "after" photos of your work, and receipts from materials and costs associated with the work. ACCT does not reimburse for expenses, this is simply for the purpose of documenting the improvements. If you have good documentation of the work done on the home, ACCT can ask the appraiser to review this at time of resale and try to establish a value for the improvements. We will credit you for

capital improvements as established by the appraiser, as long as there is sufficient appreciation on the home to allow for it.

Homeowner's Insurance

You need to maintain homeowners insurance (sometimes called hazard insurance) on your home. If you own a single family home, your insurance policy must list ACCT as an “additional insured party.” **ACCT’s address is P.O. Box 311, Vergennes, VT 05491.** If you received a grant from the Vermont Housing and Conservation Board (VHCB), you need to have VHCB listed as a “loss payee” on your policy. **VHCB’s address is 58 East Street, Montpelier, VT 05602.** If you own a condominium, we ask that you request that ACCT be listed as “additional insured” or “additional interest” on your policy, though not all insurance agents will honor this request. Remember that if you change insurance companies, you need to add us to your new policy as an “additional insured.” These measures assure ACCT that your home is properly insured and that ACCT will be notified if the insurance is cancelled or if there is an insurance claim on the home. This helps us make sure that you and your home are protected.

Refinances or Home Equity Loans

If you own an ACCT single family home or condominium, you must contact ACCT when you are thinking about refinancing or taking out a home equity loan. Not all lenders will refinance an ACCT property and we can provide a referral list of lenders who have refinanced ACCT homes. An ACCT staff member will need to review your proposed loan and prepare documents for your closing. This process generally takes a few weeks and ACCT charges a fee of \$225, plus legal fees. Remember, because you have agreed to share your appreciation with the land trust, you can only borrow against the share of the equity in the home which is yours, not against the full market value of the home. If you are taking “cash out”, ACCT will need to review an appraisal in order to determine your share of the equity in your home. Home equity lines of credit are not allowed. ACCT’s review assures that you don’t take more equity out of your home than is available and end up “upside down”. Please call ACCT (802-877-2626) to start the conversation about refinancing.

Selling your Home

If you decide to sell your home, you must notify us in writing of your intent to sell. **Contact our front desk at 802-877-2626** and you will be sent a letter to read and return. If your marital status has changed since you purchased your home, please notify us of the change at this time.

Once we have received your intent to sell, ACCT will order an independent appraisal to determine the current value of your home. From the current value, we will determine price that ACCT will buy your home (called the “option price” of your home). The cost of the appraisal is split by you and ACCT.

The “option price” is determined by the resale formula contained in the legal documents you signed at purchase. You will get 25% of the increase in the value of your home while you owned it. You will receive 100% of any established capital improvement credit. You will

also receive 100% of any equity built by paying down principal on your mortgage. All other debts on the home (including closing cost loans, second mortgages, and other liens) must be paid upon sale of your home. If you choose not to sell, you'll need to reimburse ACCT for the full cost of the appraisal.

NOTE: It is possible that your home will not appreciate. This is a risk of homeownership. If your home depreciates, you will be responsible for the total amount of the depreciation.

Once we have determined the option price, we will notify you in writing.

ACCT has a set period of time to exercise its option to purchase the home, 90 days.

The buyer is required to have an independent home inspection during the contract period, which they will coordinate with your schedule. *As a seller, you will be expected to take responsibility for having the home in good condition to market, and resolving any health and safety and/or deferred maintenance issues that are raised at the inspection.*

There will be some closing costs associated with selling your home. These will be outlined in the letter of intent to sell.

Keeping in Touch with ACCT

If you are not sure that ACCT has your current work and home phone numbers, please call us. We make an effort to collect this information at time of purchase, but if you didn't have your new number at that point, or you have since changed jobs, we may not be able to contact you!

Homeownership Staff to Remember

Elise Shanbacker – 802-877-2626 ext. 101
Executive Director

Front Desk – 802-877-2626 ext. 100