Community
HOME TRUST

Homeownership Policies & Procedures Manual

How our shared equity homeownership program works, from buying to selling

December 2026

Community Home Trust

919-967-1545 · CommunityHomeTrust.org

WELCOME

About This Manual

Community Home Trust strengthens our communities through the development and stewardship of permanently affordable homes. This manual brings together, in one place, the policies and procedures that guide CHT's shared equity homeownership program, from applying to buy a home through owning, caring for and eventually selling it.

We share it publicly so that buyers, homeowners, partners and the community can see how our program works and what to expect from us.

How to use this manual

- **Your Ground Lease controls.** This manual follows the Community Home Trust Ground Lease, Revised November 1, 2026. If anything here conflicts with your own ground lease, your lease controls. Homeowners with older leases should check their lease for the rules that apply to them.
- **Section numbers.** Whole numbers (such as Section 7) refer to sections of this manual. Numbers with a decimal (such as Section 10.6) and references to exhibits refer to the Ground Lease.
- **Updates.** CHT updates individual sections as policies change. The current version is posted at CommunityHomeTrust.org.

> **Questions?** Contact Community Home Trust at 919-967-1545 or info@communityhometrust.org, or visit CommunityHomeTrust.org.

This manual is adapted from the Stewardship Policies and Procedures Template Manual developed by Grounded Solutions Network. We are grateful for their work supporting community land trusts and shared equity homeownership programs.

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SECTION 1

Program Overview

The Importance of Stewardship

Affordable homeownership stewardship is a set of practices designed to help households build wealth while protecting the program and its community investment. Stewarded homeownership programs work with buyers before and after they purchase their homes to ensure that they are well-prepared for homeownership, financially responsible, and able to maintain the property. They also protect the community investment by monitoring the homes and enforcing program requirements over the long term.

The following policies and procedures balance the interests of homeowners with CHT's need to protect the quality of the homes and the public assets that create their affordability. Stewardship begins well before a buyer purchases a home and continues through the resale of the home to another qualified buyer.

Introduction

Community Home Trust (CHT) is committed to expanding access to affordable homeownership and ensuring that homes remain affordable for generations to come. As both a community land trust and a mission-driven real estate organization, with licensed realtors on staff, CHT provides a full spectrum of services, from home development and sales to long-term stewardship of shared equity homes.

This manual introduces the policies, partnerships, and practices that guide CHT's shared equity homeownership program. It is designed to support staff, partners, and stakeholders in delivering a consistent, transparent, and sustainable program.

At the core of this work is a simple principle: good stewardship begins with a well-thought-out plan. Building and maintaining the organizational capacity to implement the program, and sustain it over time, is essential to preserving affordability, supporting homeowners, and protecting public investment.

The Challenge We Address

The Triangle area continues to experience rising home prices, limited housing supply, and strong demand driven by population growth and a thriving regional economy. These conditions have made homeownership increasingly out of reach for many households, particularly first-time buyers, essential workers, and those with limited generational wealth.

CHT created its shared equity program to address this gap. By using a community land trust model, CHT reduces the cost of homeownership by retaining ownership of the land and selling the homes at below-market prices. This approach allows families to build equity while ensuring that the home remains affordable for future buyers.

This program is a central part of CHT's mission: to create inclusive communities and expand access to opportunity through permanently affordable homes.

Our Market and Community Context

CHT operates in a high-cost and rapidly appreciating housing market. Home prices in Chapel Hill and surrounding areas often exceed what households earning below the area median income (AMI) can afford. At the same time, the region's growth, fueled by major employers, educational institutions, and healthcare systems, continues to intensify housing demand.

The program is designed to serve households who are not well served by the traditional housing market, including renters with limited savings, first-generation homebuyers, and households earning below established income limits. Income targets and pricing are guided by AMI data, local housing trends, and funder requirements to ensure homes are both affordable and financially sustainable.

Service Area

CHT serves Chapel Hill, Carrboro, Hillsborough and the rest of Orange County, and is expanding into Durham and Chatham Counties. Within this area, the shared equity program may focus on specific neighborhoods or developments based on funding, local government partnerships, and the goal of expanding access to high-opportunity areas.

Partnerships That Make the Program Possible

CHT's shared equity program is built on strong collaboration. Key partners include:

- Local governments, especially the Town of Chapel Hill, which provide funding, land, and policy support
- Developers and builders who construct and rehabilitate homes
- Lenders who offer mortgage products compatible with shared equity homeownership
- Housing counselors who prepare buyers for long-term success
- Community organizations that support outreach and equitable access

In addition, CHT's in-house real estate team plays a critical role in marketing homes, guiding buyers through the purchase process, and ensuring that sales align with program requirements.

Staffing and Organizational Capacity

Delivering and sustaining a shared equity program requires dedicated staff and clear roles. CHT's team includes:

- **Executive Leadership**, which sets strategic direction and ensures alignment with mission and funder expectations
- **Homeownership and Real Estate Staff**, including licensed realtors, who manage marketing, buyer selection, and closings
- **Homeowner Services Staff**, who support homeowners over time, monitor compliance, and manage resales
- **Administrative and Compliance Staff**, who maintain records, track affordability restrictions, and meet reporting requirements

This structure reflects CHT's commitment to long-term stewardship: not just helping families buy homes, but supporting them throughout their ownership and beyond.

Funding and Stewardship Requirements

CHT's program is supported by a mix of public and private funding sources, each with its own requirements. These may include local housing funds, state and federal programs, and philanthropic investments. Funder guidelines shape many aspects of the program, including:

- Income eligibility and homebuyer selection
- Requirements that homes be used as a primary residence
- Restrictions on resale to preserve long-term affordability
- Policies governing refinancing and home improvements
- Compliance periods and monitoring responsibilities
- Approval processes for key homeowner actions
- Ongoing reporting and documentation requirements

Because CHT often layers multiple funding sources, program administrators must carefully manage and comply with varying rules. In some cases, the most restrictive requirements apply; in others, separate procedures may be needed for homes funded through different sources.

CHT's funding sources

- **Local governments:** the Town of Chapel Hill, the Town of Carrboro, the Town of Hillsborough and Orange County. Local funds may serve households earning up to 115% of AMI.
- **Federal funds passed through local governments:** Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME), generally limited to households at or below 80% of AMI.
- **State and other public sources:** the North Carolina Housing Finance Agency (NCHFA), the Federal Home Loan Bank's Affordable Housing Program and bond funds.
- **Private support:** foundations, financial institutions, businesses and individual donors.

Section 5 lists the extra buyer requirements that some funding sources add, and Section 16 lists their record-keeping rules.

SECTION 2

Affordable Pricing

Policy: Affordable Pricing Methodology

CHT sells most of its homes to buyers earning less than 80% of Area Median Income (AMI), as published by HUD each year. CHT can sell certain properties to buyers earning up to 115% of AMI. CHT prices its homes for initial sale so they are affordable to buyers earning between 65% and 80% of AMI, using a series of assumptions based on our target homebuyers and the regional housing market.

The pricing methodology assumes:

- the number of bedrooms equals the household size;
- monthly housing costs of no more than 30% of gross monthly income, with a target of 28%. CHT may approve up to 35% on a case-by-case basis, but stays at 30% whenever possible;
- estimates for taxes, insurance, HOA dues, the Home Care Fund Fee and the Use Fee;
- current market interest rates; and
- a 30-year loan term.

Procedure: Affordable Pricing Methodology

Follow these steps to calculate the affordable price for any resale-restricted home. The example uses 2026 income limits and typical costs for a two-bedroom townhome; actual taxes, HOA dues and interest rates vary by home and over time.

Criteria	Assumption or calculation	Example: two-bedroom townhome
Household size	Number of bedrooms	Two-person household
Maximum income	80% of AMI for household size	$81,400 (2026)
Target buyer income	Target AMI for household size (65% to 80%)	70% of AMI = $71,225
Target buyer monthly income	Target buyer income ÷ 12	$71,225 ÷ 12 = $5,935
Maximum monthly housing payment	Monthly income × 0.28	$5,935 × 0.28 = $1,662
Monthly non-mortgage costs	Property taxes, insurance, Use Fee, Home Care Fund Fee and HOA dues	$142 + $30 + $15 + $85 + $185 = $457
Amount available for principal and interest (A)	Maximum payment minus non-mortgage costs	$1,662 − $457 = $1,205
Interest rate (B)	Current market rate for a 30-year fixed loan	7%
Closing costs financed (C)	CHT doesn't require a down payment; buyers usually pay closing costs out of pocket	$0

Criteria	Assumption or calculation	Example: two-bedroom townhome
Affordable price	Excel: =-PV(B/12, 360, A) + C	=-PV(0.07/12, 360, 1205) = $181,108
Final affordable price	Round to the nearest hundred	**$181,100**

SECTION 3

Mortgages and Refinancing

Policy: Permitted Mortgages and Refinancing

General Mortgage Requirements

Homebuyers purchasing a home through CHT normally use mortgage financing. For calculating debt ratios, "income" is the applicant's gross annual income as calculated by CHT. All mortgage financing must meet the following standards.

Acquisition Loan Requirements

- Loans may be fixed-rate or adjustable-rate, with a maximum term of 30 years and no minimum term. Adjustable-rate loans are allowed only through a CHT-approved lender's loan product for community land trust homes.
- Loans must come from a CHT-approved lender: a bank, credit union, savings and loan, housing finance agency or similar institutional lender, or a certified community development financial institution (CDFI) or similar nonprofit lender (Ground Lease Exhibit G). CHT keeps a list of lenders that have agreed to its requirements; other lenders may contact CHT to be added.
- Monthly housing costs (principal, interest, taxes, insurance, HOA dues and CHT fees) should not exceed 30% of gross monthly income. CHT may approve up to 35% on a case-by-case basis.
- The interest rate may not exceed the Fannie Mae/Freddie Mac 30-year rate by more than 2%.
- Co-signers are not allowed (see Section 5).

Loan Types Not Allowed

- Stated-income loans
- Interest-only loans
- Negative-amortization loans
- Balloon-payment loans

Down Payment and Closing Cost Requirements

- Loans may be made up to 100% loan-to-value (restricted value).
- The buyer is not required to make a down payment and may borrow to cover closing costs, up to an amount that does not jeopardize affordability. CHT approves this case by case.
- The buyer must invest at least $1,000 through their earnest money deposit or cash at closing.

Refinancing

Homeowners need CHT's written consent before refinancing or taking out any new loan secured by the home (Ground Lease Section 8.1). CHT consents when:

- the homeowner is current on the Ground Lease Fee (including the Home Care Fund fee), property taxes and HOA dues, and isn't in default under the Ground Lease. If the homeowner is behind, the refinance must bring these payments current at closing;
- the loan is from a CHT-approved lender and meets the requirements above; and
- for a cash-out refinance, all loans on the home together total no more than the Resale Formula Price on the date of the new loan, minus $1,000, so at least $1,000 of equity remains (Ground Lease Exhibit G).

A rate-and-term refinance of the existing balance, plus up to 1% for accrued interest and closing costs, is allowed regardless of loan-to-value.

CHT gives the lender the home's current Resale Formula Price so the lender can calculate equity. For a home with an appraisal-based resale formula, the homeowner pays for any appraisal needed. CHT doesn't charge a fee to review a refinance or other loan.

Second Mortgages and Home Equity Lines of Credit (HELOCs)

CHT may, but doesn't have to, approve a second loan, including a down payment assistance loan or a home equity line of credit (Ground Lease Exhibit G). CHT decides each request case by case. Any second loan counts toward the $1,000 equity limit above.

Solar Panels and Other Energy Systems

Homeowners need CHT's written consent before installing solar panels, battery storage or similar systems (see Section 10). Any loan, lease, power purchase agreement or fixture filing for the system must be approved by CHT in advance and may attach only to the homeowner's interest in the home, not to CHT's land (Ground Lease Section 7.2).

Lender Acceptance of CHT Restrictions

Before closing, the lender must agree to CHT's requirements. A loan from an approved lender that uses CHT's standard ground lease rider without material changes is a **Standard Mortgage**. A lender may use other rider language, such as Fannie Mae's or Freddie Mac's Community Land Trust Ground Lease Rider, if CHT approves it. Every permitted mortgage must give CHT notice of a default and the right to cure it, and the option to buy the loan or the home before or after foreclosure (Ground Lease Exhibit G; see Section 15).

Procedure: Permitted Mortgages and Refinancing

Required Procedures

- Before closing, the homebuyer or homeowner works with the lender and CHT staff to confirm the loan terms are approved. For a Standard Mortgage, the homeowner gives CHT written notice of the lender, loan amount and closing date at least 5 business days before closing. For any other loan, all loan documents go to CHT at least 10 days before closing (Ground Lease Section 8.1).

- For a refinance, the homeowner also:
  - submits a Refinance Request form, and
  - receives a written response from CHT within one business week of submitting all required documents, stating the home's current value and whether the loan terms are approved.
- After closing, the homebuyer or homeowner gives CHT a copy of:
  - the signed promissory note and deed of trust
  - the Closing Disclosure
  - the Homeowner Consent to Third-Party Notice form
  - the signed Permitted Mortgage Agreement
  - other documents as required

Lender Education and Program Acceptance

CHT staff meet with lenders as needed to explain the resale-restricted program and enroll them as approved lenders.

SECTION 4

Fair Housing and Affirmative Marketing

Policy: Fair Housing and Affirmative Marketing

CHT will strive to ensure fair and equal housing opportunities for all and to affirmatively further fair housing. The tenets of this policy are:

- Equal consideration is a fundamental principle at CHT. Access to housing is based on qualification, without discrimination because of race, color, sex, religion, national origin, physical or mental disability, familial status, age, ethnic background, political affiliation, sexual orientation, gender identity, veteran status, receipt of public assistance, or any other characteristic protected by law.
- CHT will advertise its housing opportunities through a wide range of means, with the goal of reaching the broadest possible range of potential homebuyers.
- The Fair Housing logo will be displayed prominently on CHT's website, housing applications, flyers, and advertisements for homes for sale.
- CHT will strive for its homebuyers to reflect, at a minimum, the demographic characteristics of its service area.

This policy complements CHT's other policies, including the Program Eligibility Policy.

Procedure: Fair Housing and Affirmative Marketing

CHT markets its homes through website listings, newsletter emails, print advertising, social media, the MLS, and other media as circumstances require. Marketing may be for a specific home or a general invitation to apply.

Because CHT maintains a candidate pool, an eligible buyer is often ready when a home comes up for sale. CHT may therefore advertise the program itself rather than a specific home.

CHT staff, board members, and partners take part regularly in community service networks and civic group meetings to promote CHT's housing opportunities.

SECTION 5

Program Eligibility Policy

This is the Program Eligibility Policy referred to in Ground Lease Section 10.2: a Qualified Buyer must meet this policy, any funder requirements, and the income limit stated in Exhibit H of the lease.

Policy: Program Eligibility

Community Home Trust's goal is to provide high-quality, safe and affordable homeownership to households that are prepared for success. An applicant household must meet all of the following to be considered for a home. Funding sources for a particular home may add requirements (see Funder rules below).

Income

- Household income of **at least $45,000** a year.
- Household income of **no more than 115% of area median income (AMI)** for the household size, using HUD's limits for the Durham-Chapel Hill HUD Metro Area.
- Households earning above 80% of AMI can't receive **new subsidy**, but may buy homes that already carry subsidy.
- Income is calculated using HUD rules even when a home has no HUD funding (see the procedure below). CHT may exclude some income where allowed, to help affordability.

Household size	80% of AMI	115% of AMI
1	$71,200	$102,350
2	$81,400	$117,013
3	$91,550	$131,604
4	$101,700	$146,194
5	$109,850	$157,910
6	$118,000	$169,625
7	$126,150	$181,341

HUD 2026 limits, effective May 1, 2026 (median family income $129,900). CHT updates this table each year when HUD publishes new limits.

Affordability

Total monthly housing costs (principal, interest, taxes, insurance, HOA dues and the Ground Lease Fee) should be no more than 30% of gross monthly income. CHT targets 28%, reduced by 1% for each child or dependent. CHT may approve up to 35% case by case.

Assets

Assets are counted as described in the procedure below. Retirement accounts are not counted.

- **Under $20,000:** fully eligible.
- **$20,000 to $100,000:** may buy a home but can't receive new subsidy, so may buy only homes that already carry subsidy.
- **Over $100,000:** not eligible, unless a household member is 65 or older or permanently disabled.

Work

At least one household member must work 32 or more hours a week. Exceptions:

- a household member with a disability, if the household meets the affordability rules;
- a household member 65 or older;
- self-employed or seasonal workers who meet the affordability rules; and
- the main caretaker of a child under 12 or of someone who needs all-day care.

Students

A person is a student if they work fewer than 32 hours a week and are enrolled in college, graduate school or community college. Someone who returned to school after 10 or more years out is not counted as a student.

- **New homes:** students may buy units still unsold after construction is complete.
- **Resales:** students may buy after the home has been listed for 30 days.

Homeownership

- The home must be the buyer's primary residence. Investors are not eligible.
- Applicants may not own another home or carry another mortgage, except partial ownership of inherited property they don't live in, or property in another country. Any other property counts as an asset, and its income counts as income.
- A first-time homebuyer requirement applies only where a funder requires it (see Funder rules).

Current and former CHT homeowners

Current CHT homeowners can't buy another CHT home. To become eligible, they must sell their home back to CHT and wait at least three years before reapplying. Reapplying doesn't guarantee eligibility or selection.

Household size

CHT matches household size to home size when possible. Households whose size is equal to or greater than the number of bedrooms have preference. For example, a two-person household may buy a one- or two-bedroom home.

Preparation

Before buying, applicants must:

- complete the Readiness Questionnaire;

- complete CHT's Information Session (video and quiz);
- complete homebuyer education from a HUD-approved provider;
- attend financial counseling with a community partner, unless completed in the last 6 months;
- get pre-qualified by a CHT-approved lender; and
- meet with a licensed attorney to review the Ground Lease (see Section 6).

Financing, down payment and closing costs

- Buyers must use a CHT-approved lender and qualify for a mortgage that meets Section 3. CHT has no minimum credit score; the lender's requirements apply.
- There is no minimum down payment. Down payment assistance is often available as a no-interest, no-payment loan. A down payment may be needed if costs exceed 30% of income after subsidy.
- Buyers pay closing costs, typically $6,000 to $9,000, including $1,000 earnest money at contract and $500 to $800 for the appraisal. Borrowing toward closing costs is approved case by case (Section 3).
- Gift funds of up to $10,000 are allowed, with rare exceptions approved in writing. Gifts must also meet the lender's rules.
- Co-signers are not allowed.

Funder rules

Some homes carry funder requirements in addition to this policy:

Funding source	First-time buyer required?	Local residence or work
No special funding	No	Local residents and workers have priority but it isn't required
Town of Chapel Hill CDBG	Yes, unless the home has been listed 30+ days	Must have lived in Orange County 6 months (waived after 30 days listed)
Orange County HOME	Yes, unless listed 90+ days	Must live or work in Orange County for 1 year (waived after 90 days listed)
Bond funds	Yes, unless listed 90+ days	Per the funding agreement

Procedure: Determining Eligibility

Income Limits

Households must have gross annual income of at least $45,000. Most homes are sold to buyers earning less than 80% of AMI, as published by HUD each year; some may be sold to buyers earning up to 115% of AMI. Current income tables are on CHT's website.

What Counts as Income

Gross annual household income is projected for the next 12 months using the HUD Part 5 method, based on past income. It includes:

- **All employment earnings** for household members 18 or older who will live in the home, including full-time, part-time, seasonal and self-employment.
- **Periodic payments** for all household members from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and similar sources, whether or not reported on last year's tax return.
- **Payments in place of earnings**, such as unemployment, disability, workers' compensation and severance pay.
- **Child or spousal support.**
- **Public assistance** of any type.
- **Investment income, interest and dividends.**

Income Documentation

All household members who filed tax returns must provide signed or IRS-verified federal tax returns, with W-2s, for the previous two years.

Household members 18 or older who aren't full-time students and report no taxable income, or who can't provide tax returns or other proof of income, must provide an IRS Summary Income Statement covering the last three years. Applicants can request it free from the IRS (ask for Accounts Information) and should have ID ready.

Applicants must also provide documents for each income source:

Income source	Documents required
Wages and salaries (gross income is used)	W-2s for the previous two years; pay stubs covering the most recent three months. Third-party verification may be used if income is seasonal or irregular.
Self-employment (net business income is used)	Signed or IRS-verified tax returns, including Schedule C, for the previous three years; year-to-date income and expense reports
Periodic payments, payments in place of earnings, public assistance	The most recent statement from the agency showing monthly or yearly income
Child or spousal support (not counted if awarded but not received)	Parenting plan or divorce decree showing the amount; proof of monthly receipt for the past 12 months
Investments	All assets declared as below, with statements covering the most recent three months for each account

Income documents are valid for six months from acceptance. If the home hasn't closed within six months, the applicant must submit updated documents for all household members.

Assets

Assets include checking and savings accounts, stocks, bonds, cryptocurrency, equity in real property other than the household's full-time residence, jewelry, antiques, art, collections, boats, planes and similar items. Don't include necessary items such as cars or furniture, or retirement accounts such as 401(k)s, IRAs and company retirement plans.

Applicants must list every asset they own, use, control, share or hold jointly, with its type, current value, amount owed, lender name and address, and account number. For real property, give the address, sale date if sold, and current market value. For investment accounts, the most recent quarterly statement may be used.

Income from assets used for the down payment or closing costs may be excluded from the income calculation. Income from all other assets is calculated under HUD Part 5 as updated by HOTMA: actual income from assets is counted, and imputed income at HUD's passbook rate is added only when net family assets exceed HUD's annual threshold, and only for assets whose actual income can't be determined. Assets given away or sold for less than fair market value in the past two years are counted. Lump sums such as an inheritance or insurance settlement are not counted as income but are counted as assets. Households with net family assets at or below the threshold may self-certify their assets.

Asset documents are valid for six months from acceptance and must be updated if the sale hasn't closed by then.

Homebuyer Education

Every adult in the household must complete homebuyer education and receive a certificate, so the household is mortgage-ready and understands the risks, responsibilities and rewards of homeownership. Lenders usually accept a certificate for one to two years. All applicants must also attend CHT's Information Session.

Mortgage Readiness, Down Payment and Closing Costs

Applicants must provide:

- a preapproval letter;
- bank statements showing the cash for the deposit; and
- a gift letter, if gift funds are used, meeting program requirements.

SECTION 6

Buyer Selection, Appeals and Legal Review

Policy: Candidate Pool and Candidate Selection

Because demand for CHT homes is high, CHT keeps an interest pool of prospective homebuyers. To enter the pool, a household completes CHT's Readiness Questionnaire, including contact information, self-reported income and household size, and home and work addresses.

Households whose self-reported information doesn't qualify are contacted with an explanation and aren't entered into the pool. A household whose information changes may submit a new questionnaire at any time.

When a home becomes available, all households in the pool who match that home are notified so they can say whether they're interested.

Procedure: Candidate Pool and Candidate Selection

1. **Readiness Questionnaire.** The household reviews the program qualifications and completes the Readiness Questionnaire. Households that meet the requirements are asked to confirm or provide more information. Households are ranked by the date their questionnaire was submitted.
2. **Information Session.** The household watches CHT's information session video and completes the quiz.
3. **Listings.** When a home becomes available, CHT emails it to every household in the pool that fits the home's household size and subsidy criteria. Interested households reply within seven days (the interest period) and receive an invitation to CHT's homebuyer portal.
4. **Match request and documents.** In the portal, the household requests a match to the home and uploads the required documents (see Section 5).
5. **Selection.** Among eligible households who request a match, the oldest questionnaire has priority, subject to the household-size preference in Section 5 and any funder requirements.
6. **Readiness call.** The selected household schedules a readiness call with CHT staff.
7. **Purchase steps.** The household completes homebuyer education, gets pre-qualified by a CHT-approved lender, attends financial counseling (unless completed in the last 6 months), tours the home with CHT staff, and signs a purchase contract.

Policy: Applicant Appeals

CHT tells applicants in writing if their application is unclear or incomplete and gives them time to respond. If an applicant is found ineligible, CHT tells them in writing, gives the reasons, and explains how to appeal.

Appeals cover eligibility decisions only. They do not cover which eligible buyer is selected for a home.

Procedure: Managing Applicant Appeals

1. **Request.** An applicant found ineligible may ask in writing for a review within 10 business days of receiving the decision, and may include new or updated documents.
2. **Review.** A senior staff member who wasn't involved in the original decision reviews the file.
3. **Decision.** CHT sends a written decision with its reasons within 10 business days of receiving the request. The decision is final.
4. **Reasonable accommodations.** Requests for a reasonable accommodation under fair housing law are handled separately and promptly, and are not limited by this process.

Policy: Legal Document Review

So that every homebuyer understands the terms of a resale-restricted home, before closing each homebuyer must:

- **meet with CHT staff** to review the legal documents and resale formula; and
- **meet with a licensed attorney** to review the Ground Lease and any other restrictions on the home. The homebuyer pays for this meeting. CHT will try to keep a list of attorneys willing to review the documents at a reduced fee.

The buyer and their attorney sign the Letter of Stipulation and the Attorney's Letter of Acknowledgment (Ground Lease Article 1, Exhibits A and B).

SECTION 7

Resales

This section follows the Community Home Trust Ground Lease, Revised November 1, 2026. Homeowners with older leases follow the resale formula in their own lease; all three formulas CHT has used are described below.

Policy: Resale Price

When a homeowner sells, they sell to Community Home Trust or, through CHT, to a Qualified Buyer. The home can't be sold on the open market. This keeps it affordable for the next buyer.

The most a homeowner can receive is the **Purchase Option Price**: the lower of the Resale Formula Price, or the home's appraised value if CHT orders an appraisal (2026 Ground Lease Section 10.11). Any approved Capital Improvement Incentive Program credit is added on top (see below).

Which formula applies

CHT has used three appreciation models. The homeowner's own ground lease controls.

Model	Used for purchases	How appreciation works
AMI (Median Family Income) Appreciation	2012 to present, including the 2026 lease	Investment Basis grows with HUD's Median Family Income, up to 1% a year
1.5% Fixed Appreciation	March 2007 to 2012	Investment Basis grows 1.5% a year, compounded
Appraisal-Based Appreciation	2001 to early 2007	Homeowner earns a share of the increase in appraised value

AMI Appreciation (current lease)

The Resale Formula Price is the Purchase Price plus appreciation on the Investment Basis (Section 10.12).

- **Purchase Price:** the price the homeowner paid, shown in Exhibit H of the lease.
- **Investment Basis:** the Purchase Price minus any NCHFA loan, FHLB loan, CHT funding or other subsidy (Exhibit H, Part 2).
- **Appreciation rate:** the lower of (a) the total percentage change in HUD's Median Family Income (MFI) for the Durham-Chapel Hill HUD Metro Area between the MFI in effect on the purchase date and the MFI in effect on the resale date, or (b) 1% for each year owned, counted to the day (days owned ÷ 365). If MFI has gone down overall, the homeowner earns no appreciation; the price never falls below the Purchase Price. Appreciation is simple, not compounded.
- **NCHFA loans after 30 years:** if the homeowner has owned the home more than 30 years, the NCHFA loan amount is added back to the Investment Basis before appreciation is calculated.

Example:

	Amount
Purchase Price (August 2012)	$135,000
Investment Basis	$100,000
Years owned (August 17, 2012 to May 19, 2026)	13.76
MFI at purchase / at resale	$68,700 / $129,900, an increase of 89.08%
Maximum appreciation (1% × 13.76 years)	13.76%
Appreciation rate (lower of 89.08% and 13.76%)	13.76%
Appreciation: $100,000 × 13.76%	$13,761.64
Resale Formula Price: $135,000 + $13,761.64	**$148,761.64**

Because MFI has risen faster than 1% a year since 2012, most homeowners on this model earn the full 1% a year. If MFI had risen only 3% over those years, appreciation would have been 3%, or $3,000. If an appraisal comes in below the formula price, the appraised value is used.

1.5% Fixed Appreciation (2007 to 2012 leases)

The Investment Basis grows 1.5% a year, compounded once a year. For a final partial year, the homeowner earns that year's 1.5% prorated by full months. Total appreciation is added to the original Purchase Price.

Example:

	Amount
Purchase Price (February 2011) / Investment Basis	$140,000 / $95,000
Years owned	12.19 (12 full years plus 2 months)
12 full years: $95,000 compounded at 1.5%	$18,583.73
Final partial year: $113,583.73 × 1.5% ÷ 12 × 2 months	$323.71
Total appreciation	$18,907.44
Resale Formula Price: $140,000 + $18,907.44	**$158,907.44**

Appraisal-Based Appreciation (2001 to 2007 leases)

> **Check the homeowner's ground lease.** Few homes remain on this model, and CHT revised these leases several times between 2001 and 2007. Percentages, minimums and resale steps vary by lease version. The homeowner's own lease always controls; the description below is a general guide.

The homeowner earns a share of the actual increase in the home's appraised value. If the appraised value goes down, the homeowner shares in the loss.

1. **Investment ratio** = (sales price + closing costs) ÷ appraised value at purchase.

2. **Total appreciation** = appraised value at resale − appraised value at purchase.
3. **Homeowner's portion** = total appreciation × investment ratio.
4. **Percentage by years owned**, as stated in the homeowner's lease (Section 10.8 of these leases):

Years owned	April 9, 2003 lease form	Leases signed July 28, 2006 or later
0 through 4	30%	Check the lease
More than 4 to 6	35%	25%
More than 6 to 8	35%	30%
More than 8 to 10	40%	35%
More than 10	40%	40%

1. **Earned equity** = homeowner's portion × percentage.
2. **Resale Formula Price** = original sales price + earned equity.

Minimum share of a gain or loss (2003 lease form, Section 10.8): if the home has gained value, the homeowner receives the greater of the calculation above or 20% of the market appreciation. If the home has lost value, the homeowner bears the lesser of the calculated share or 20% of the loss, so they always take at least 20% of it. Leases signed before April 9, 2003 don't include the 20% minimum.

Process differences: under these leases, CHT must order an appraisal within 10 days of the Intent-to-Sell Notice and pays for it (Section 10.5). CHT's 45-day purchase option runs from receipt of the appraisal (Section 10.6), and the seller may recommend a Qualified Buyer, whom CHT will try to accommodate unless its mission is better served otherwise.

Example: a home bought in 2004

Step	Calculation	Result
Investment ratio	($80,000 + $3,144 closing costs) ÷ $140,000	59.39%
Total appreciation	$268,000 − $140,000	$128,000
Homeowner's portion	$128,000 × 59.39%	$76,018
Earned equity (22 years owned)	$76,018 × 40%	$30,407
Floor check	$128,000 × 20% = $25,600, less than $30,407	Formula applies
Resale Formula Price	$80,000 + $30,407	**$110,407**

Capital improvement credit at resale

The 2026 lease says homeowners don't recover added value from improvements (Section 7.2), except as provided by CHT policy. Homeowners approved under the Capital Improvement Incentive Program receive a credit added to their resale price, calculated as of the date they sign the Resale Agreement. See Section 10 for eligibility and the formula.

Procedure: Selling a CHT Home

A resale typically takes 4 to 6 months, depending mostly on how quickly repairs are finished. The seller stays responsible for the mortgage, HOA dues, Ground Lease Fee and utilities until closing, even after moving out.

1. **Notice of intent to sell.** The seller submits CHT's resale request form and a $400 fee (Intent-to-Sell Notice, Section 10.4).
2. **Inspection.** CHT orders an inspection by a licensed home inspector (Section 10.5). The $400 fee covers its cost. CHT treats an inspection as current for 6 months and credits the $400 back to the seller at closing if the resale closes within 6 months of the inspection. Lenders often want an inspection no more than 120 days old, so a buyer's lender may require an update.
3. **Improvements Checklist.** CHT staff also walk through the home. CHT gives the seller a list of required repairs (the Improvements Checklist), including any cosmetic items CHT requires case by case, based on the inspection and the Repair Standards in Section 8 (Section 10.6). The seller pays for the repairs. Items covered by the Home Care Fund may be paid from the fund.
4. **Repairs.** Repairs are normally completed before the home is listed. At the seller's written request, CHT may instead hold 150% of the estimated cost of unfinished repairs, or 100% of the cost of finished but unpaid repairs, from the sale proceeds in escrow. If repairs aren't finished within a reasonable time set by CHT, CHT may complete them and deduct the cost from the seller's proceeds.
5. **Appraisal.** CHT may order an appraisal by a licensed appraiser acceptable to both parties, at CHT's cost (Section 10.7). Appraisal-Based leases always require one.
6. **Resale Agreement.** Once repairs are confirmed or escrowed, the seller signs CHT's Resale Agreement. Any capital improvement credit is calculated as of this date.
7. **CHT's purchase option.** CHT has 45 days after receiving the signed Resale Agreement to buy the home or assign that right to a Qualified Buyer, and 60 days after that to close (Section 10.9). CHT usually assigns it to a buyer from its candidate pool.
8. **If CHT doesn't use its option.** If CHT does not exercise its option or close in time, the seller may sell through CHT to any Qualified Buyer for no more than the Resale Formula Price (Section 10.10).
9. **Marketing and buyer selection.** CHT photographs and lists the home and selects the buyer under the Buyer Selection policy in Section 6. The seller can't choose or refer the buyer. CHT's in-house real estate agents handle the sale at no cost to the seller.
10. **Closing.** The buyer and CHT staff walk through the home, CHT does a final inspection, and the seller signs the seller contract, resale documents and closing statement. The seller doesn't need to attend the buyer's closing.

Policy: Home Inspections for New Construction

CHT buys a home inspection by a licensed inspector for every newly built home it sells and gives a copy to the buyer. The buyer may hire a licensed inspector for a follow-up inspection after the builder finishes the punch list.

Policy: Transfer After a Homeowner's Death

Under Section 10.3 of the lease:

- The executor or personal representative must notify CHT within 90 days of the homeowner's death.
- The home may pass to the homeowner's spouse, children, or household members (including a domestic partner) who lived in the home for at least one year before the death. CHT will consent to the transfer if the heir accepts the lease and signs the Letter of Stipulation and the Attorney's Letter of Acknowledgment.
- Any other heir must show they are a Qualified Buyer. If they aren't, they must sell the home under this section.

Related sections

- Buyer selection: Section 6
- Repair Standards: Section 8
- Home Care Fund: Section 9
- CHT's right to buy the home after an uncured default: Section 14

SECTION 8

Repair Standards and Home Maintenance

Ground Lease Section 10.6 requires sellers to meet "the repair standards in CHT's policies," so these are the standards CHT enforces at resale.

Policy: Home Maintenance and Repair Standards

Condition

The homeowner must keep the home in good, safe and habitable condition, except for normal wear and tear, and in full compliance with all applicable laws, codes and regulations. The home must meet these minimum standards:

- No pest report findings (termites or ants)
- No obvious signs of dry rot or mildew
- Functioning roof without obvious signs of deterioration *
- Gutters direct water away from the house
- Siding and trim in good condition
- Exterior paint in acceptable condition
- Foundation walls in good condition
- Crawl space or basement dry, with no water penetration and an appropriate vapor barrier
- Decks and stoops have safety rails if required by code
- All windows and doors in working condition
- Operable windows have screens
- Functioning water heater *
- Functioning HVAC system *
- Functioning and properly grounded electrical system and fixtures
- Plumbing system and fixtures in working order without obvious damage
- Floor coverings without holes, tears or missing sections *

* These systems may be eligible for the Home Care Fund (Section 9).

Cost of Maintenance

The homeowner is responsible for the cost of meeting these standards. The homeowner may not allow any mechanic's lien to remain against the home (Ground Lease Section 7.3 requires liens to be discharged within 60 days).

Repairs at Resale

When a homeowner gives notice of intent to sell, CHT orders a professional home inspection (Ground Lease Section 10.5) and CHT staff walk through the home. CHT then gives the seller an **Improvements Checklist** listing the repairs and replacements needed to bring the home up to these standards and to Ground Lease Sections 4.2 and 7.4 (the "Repair Requirements," Section 10.6).

The checklist may also include cosmetic items, such as paint, flooring, wall repairs or cleaning, that CHT requires case by case so the home is ready for the next buyer.

- The seller pays for the repairs. Items covered by the Home Care Fund may be paid from the fund (Section 9).
- The home isn't listed until the repairs are complete, or escrowed from the sale proceeds at the seller's written request.
- If repairs aren't finished within a reasonable time set by CHT, CHT may complete them and deduct the cost from the seller's proceeds.

See Section 7 for the full resale process, including escrow amounts, timing and the final inspection before closing.

SECTION 9

Home Care Fund

Policy: Home Care Fund (formerly Stewardship)

Owning a home means taking care of it. Some home systems, however, can be very expensive to repair or replace. The Community Home Trust Home Care Fund helps CHT homeowners manage the cost of certain major home system repairs, replacements and preventive maintenance. It is part of CHT's commitment to helping homeowners keep their homes safe, healthy and affordable over the long term.

The Home Care Fund is not a home warranty, insurance policy, or general home improvement fund. Most routine maintenance and repairs remain the homeowner's responsibility.

Who Is Eligible?

All Community Home Trust homeowners participate in the Home Care Fund. Homeowners begin paying a monthly Home Care Fund Fee when they buy their home and can use the fund right away. There is no waiting period.

The Home Care Fund is a pooled fund. It is not an individual savings account for each homeowner.

What Is Covered?

The Home Care Fund commonly covers:

- Roof and gutter system
- Central heating, ventilation and air conditioning (HVAC)
- Water heater
- Floor coverings
- Exterior paint and siding
- Termite treatment, including annual termite warranty inspections

Because every CHT home is different, covered items may vary by property, and CHT may approve coverage of additional items. CHT staff can confirm which systems are covered at a particular home.

The Home Care Fund may not cover systems that are the responsibility of a homeowners association (HOA). For example, an HOA may be responsible for the roof, exterior painting, siding or termite treatment, depending on the property.

What Isn't Covered?

The Home Care Fund does not cover most routine repairs and maintenance. Examples include:

- Plumbing repairs
- Electrical repairs
- Appliances
- Routine maintenance

- Cosmetic improvements
- Remodeling or renovation

This list is not complete. The Home Care Fund is not intended to cover every repair a home may need.

When Can the Fund Be Used?

The Home Care Fund is mainly for systems that have failed completely, or when CHT determines the home needs to be protected. When a covered system fails, CHT reviews the contractor's estimate and decides whether repair or replacement is appropriate. Replacement is often preferred when a system has failed completely; in other cases a repair may extend the system's life. CHT decides what work is eligible based on the estimate, the system's condition, program guidelines and CHT's assessment.

The fund can't be used to replace a working system just because the homeowner would prefer a newer system or a different product.

Repairs and Replacement

When a covered system has failed and replacement is approved, CHT sets the amount of Home Care Fund assistance. For an approved replacement, the homeowner generally has no out-of-pocket cost. If the homeowner chooses an upgrade or work beyond the approved scope, the homeowner pays the difference.

Repairs to covered systems may be eligible in circumstances CHT determines. For covered repairs, the homeowner is generally responsible for the first $500. Insurance proceeds must be used first when they apply; the Home Care Fund then covers the remaining eligible balance.

HVAC Preventive Maintenance

CHT encourages homeowners to service their HVAC systems regularly. The Home Care Fund reimburses $75 for qualifying annual HVAC preventive maintenance. The maintenance agreement must include regular visits, normally once in the spring and once in the fall.

- The HVAC contractor must be approved by CHT. See CHT's website for the current list.
- Requests must be submitted within six months of the paid service.
- Individual appointments don't qualify; the service must be part of an annual preventive maintenance agreement.

If a homeowner has an active maintenance agreement and needs an eligible HVAC repair within six months of a maintenance visit, CHT waives the usual $500 homeowner share. However, if the repair is identified during the first maintenance visit, the $500 share still applies.

Flooring

Flooring is handled differently because the cost is often shared between the homeowner and CHT. Flooring funds are paid by reimbursement only, and homeowners don't have to use an approved contractor. Before replacing flooring, complete the Home Care Fund application and wait for CHT to confirm the approved reimbursement.

The estimated life of flooring is 10 years. For eligible replacement with like-kind flooring, CHT reimburses based on a set rate per square foot and the age of the existing flooring. For example:

- Flooring replaced after 4 years may receive up to 4/10 of the set 10-year replacement value.
- Flooring replaced after 10 years or more may receive up to the full set replacement value (10/10), but no more.

Reimbursement can't exceed the program amount or the actual cost of the work.

Homeowners may upgrade carpet to laminate, hardwood or luxury vinyl plank (LVP). For upgrades of flooring less than 10 years old, CHT's share is based on the set rate for standard carpet, not the cost of the upgrade. Only one early upgrade per homeowner is allowed, and the homeowner pays any amount above CHT's share.

Carpet installed under the program must carry at least a 10-year warranty. Home Care Fund assistance may also be used to refinish existing hardwood floors, based on the set per-square-foot rate and prorated by the time since the last refinishing.

Approved Home Care Fund Contractors

Homeowners must use an approved contractor for:

- HVAC work
- Water heater repair or replacement
- Roof replacement
- Exterior painting and siding

CHT keeps a current list of approved contractors for all four categories on its website. For other eligible work, contact CHT before hiring a contractor.

Emergency Repairs

Sometimes a covered system fails when CHT staff aren't available. The homeowner doesn't need to wait for CHT approval before taking reasonable steps to fix an emergency, such as:

- a complete HVAC outage during extreme weather
- a major roof leak
- a failed water heater causing an urgent problem

The homeowner must use an approved contractor for the emergency repair and may need to pay the contractor directly, then request reimbursement. To reimburse, CHT requires:

- the contractor to be on the approved list
- the work to pass CHT inspection
- all requested documents
- proof the contractor has been paid in full
- any other information CHT reasonably requests

CHT doesn't reimburse extra costs due only to after-hours, weekend or emergency pricing. Reimbursement is not guaranteed. Once the emergency is handled, follow the normal application process as soon as possible.

DIY Work

DIY work is not eligible for Home Care Fund assistance.

Warranties

Home Care Fund assistance can't be used to repair or replace a system covered by a warranty. Homeowners should first pursue any manufacturer, contractor, builder or other warranty coverage.

The Homeowner's Role

The Home Care Fund is a resource for homeowners, not a substitute for homeownership responsibilities. Homeowners are responsible for:

- routine home maintenance
- repairs not covered by the fund
- HOA responsibilities
- homeowner's insurance and deductibles
- the cost of upgrades and any amount above the approved Home Care Fund amount
- scheduling and overseeing approved work
- dealing with problems promptly when they arise

Regular maintenance can help prevent more expensive problems later.

How the Monthly Fee Works

Every CHT homeowner contributes to the Home Care Fund through a monthly fee. CHT sets the fee based on the estimated, inflation-adjusted cost of periodically replacing major covered systems over the next 30 years, using systems typical of homes in CHT's portfolio. The fee isn't based on the make, model or expected life of the systems in any one home.

CHT may adjust the fee once a year for changes in material and labor costs. The fee can't increase by more than 5% from one year to the next.

The fee doesn't create an individual account balance. An approved expense for one home doesn't reduce a personal balance or prevent the homeowner from getting help with another eligible expense later. The fund is a shared resource that helps CHT homeowners manage major home-system costs over time.

Home Care Fund fees belong to CHT and are held for the benefit of all CHT homeowners. They are not returned to the homeowner when the home is sold or transferred (Ground Lease Exhibit F).

The process for requesting funds is on CHT's website.

SECTION 10

Improvements and Alterations

Policy: Improvements and Alterations

Homeowners may improve their homes, but some work needs CHT's written consent first, to protect the home's quality and long-term affordability.

Work that needs CHT's written consent

- Any work that requires a building permit
- Changes to the exterior building envelope, or any increase in the home's footprint, square footage or height
- Any new building or structure on the property
- Solar panels, battery storage or similar energy systems

Conditions for all construction

- The homeowner pays all costs.
- Work is done in a professional manner and complies with all laws, codes and regulations.
- Work is consistent with residential use under Article 4 of the Ground Lease.
- The homeowner gives CHT a copy of any plans and all building permits before work begins.

Energy systems

Any loan, lease, power purchase agreement or fixture filing for an energy system must be approved by CHT in advance. It may cover only the homeowner's interest in the home and may not attach to CHT's land.

Improvements and resale price

Under the 2026 Ground Lease, homeowners do not recover any increase in market value from improvements when they sell. Credit is available only as set out in the Capital Improvement Incentive Program.

Procedure: Requesting Consent

1. The homeowner submits a written request that includes:
    - the reasons for the project;
    - drawings, including a floor plan and elevations, showing the dimensions;
    - a list of materials with estimated quantities; and
    - who will do the work.
2. If CHT needs more information, it asks within two weeks of receiving the request.
3. Within two weeks of receiving all needed information, CHT gives written consent or a written explanation of why it does not consent.

4. Before work begins, the homeowner provides copies of all required building permits, if not already provided.

Policy: Capital Improvement Incentive Program (pilot)

The Capital Improvement Incentive Program gives homeowners credit at resale for certain major improvements they pay for, so that investing in their home doesn't leave them worse off when they sell. The credit is based on cost, not on an appraisal, and decreases over time as the improvement ages. These are the 2021 pilot terms, which remain in effect until CHT adopts an updated program.

Who can apply

Homeowners whose home is at least 10 years old, measured from when the home was built (not from when the current owner bought it).

Eligible projects

- Kitchen remodels, bathroom remodels and window replacements, each costing more than $2,000.
- CHT must approve the project in writing **before work starts**. Projects started without approval aren't eligible.
- The project must meet all the conditions for construction above, including permits where required.

How the credit is calculated

1. **Allowed cost:** the lower of the actual cost or $15,000 for a kitchen, $8,000 for all bathrooms combined, or $400 per window. Amounts paid by the Home Care Fund are excluded; insurance proceeds may be included.
2. **Cost basis:** the allowed cost times the percentage for the homeowner's resale formula: 80% (AMI model), 70% (1.5% Fixed) or 75% (Appraisal-Based).
3. **Depreciation:** the cost basis decreases evenly over 120 months for kitchens and bathrooms and 180 months for windows, counted from completion to the date the homeowner signs the Resale Agreement.
4. **Credit** = cost basis minus depreciation. The credit is added to the homeowner's resale price (Section 7).
5. **Affordability cap:** the credit is limited so that the resale price, including the credit, does not exceed the affordable price for the home under Section 2 (Affordable Pricing) at the time of resale. If the full credit would push the price above that level, the credit is reduced to fit.

Example: an $8,000 kitchen remodel on the AMI model has a cost basis of $6,400 (80%). If the homeowner signs the Resale Agreement 12 months after completion, depreciation is $6,400 ÷ 120 × 12 = $640, and the credit is **$5,760**. After 120 months, the credit is $0.

Procedure: Capital Improvement Incentive Program

1. **Apply before starting.** The homeowner submits a request describing the project, with the contractor's estimate and any drawings or permits required under Requesting Consent above.

2. **Approval.** CHT reviews the request and, if approved, confirms in writing the eligible project and its maximum allowed cost.
3. **Completion.** When the work is done, the homeowner gives CHT the final invoices, proof of payment and any final permit inspections. CHT may inspect the work.
4. **Record.** CHT records the completion date and approved cost in the homeowner's file.
5. **At resale.** CHT calculates the credit as of the date the homeowner signs the Resale Agreement (Section 7).

SECTION 11

Occupancy and Subleasing

Policy: Occupancy

CHT homes are for owner-occupants. The homeowner must live in the home as their principal residence 12 months a year, unless CHT agrees otherwise in writing (Ground Lease Section 4.5).

- Occupancy by the homeowner's spouse, domestic partner, child, or another person CHT approves counts as occupancy by the homeowner.
- If a homeowner needs to be away for an extended time, such as for work, school, military service, medical care or caring for a family member, they should ask CHT in writing before leaving.
- Permission to be away is not permission to rent the home. Renting is covered below.
- CHT may ask the homeowner to confirm occupancy, for example through the Annual Homeowner Certification (Section 14).

If a homeowner moves out permanently, they must sell the home under Section 7.

Policy: Renting a Room

A homeowner living in the home may rent a bedroom, following all local rules on renting residential property. Rentals of less than 30 consecutive days are not allowed (see below).

Policy: Renting the Whole Home

The homeowner may rent the entire home only with CHT's prior written consent, which CHT may withhold at its discretion to further the purposes of the Ground Lease (Section 11.1). The President and CEO, or a staff member the CEO designates, decides requests.

If CHT consents, the rental must meet these conditions:

- **Term.** No longer than one year. Any extension needs CHT's written approval.
- **Rent.** No more than 100% of the homeowner's monthly housing costs: loan principal and interest, mortgage and property insurance, property taxes, water and sewer, HOA dues, utilities and the Ground Lease Fee. If the homeowner has no mortgage, CHT may approve a different amount.
- **Written lease.** The lease must be in writing. Before it starts, the homeowner gives CHT a copy and any other documents CHT reasonably needs to confirm compliance.
- **Tenant follows the Ground Lease.** The tenant must follow all terms of the Ground Lease except the income eligibility rules.
- **Homeowner stays responsible.** The homeowner remains responsible for the home and the Ground Lease, and must give CHT their own contact information while away and the tenant's contact information.

Short-term rentals are not allowed

The homeowner may not rent all or any part of the home for less than 30 consecutive days, including through Airbnb, VRBO or any other short-term rental platform (Section 11.1).

Unapproved rentals

Renting or subleasing the home without CHT's consent, including any short-term rental, is a default with no cure period: the default takes effect when CHT gives written notice (Section 12.2). CHT may then use the remedies in Section 14, including buying the home. CHT may also:

- require the tenant to leave within 60 days; and
- charge the homeowner a $1,000 fine.

SECTION 12

Insurance, Property Taxes and HOA Dues

This section follows the Ground Lease, Revised November 1, 2026 (Sections 6.1 to 6.4 and 9.1 to 9.4). Homeowners with older leases follow the insurance terms in their own lease.

Policy: Insurance

The homeowner must keep, at their own expense (Section 9.4):

- **Hazard insurance** covering fire and other hazards for the home's **full replacement value**. CHT approves the insured amount before the lease begins.
- **Liability insurance** covering the home, for all liability the homeowner takes on under the lease and by law.
- **Flood insurance** in the maximum amount available, if the home is in a flood hazard zone under the National Flood Insurance Program.

Every policy must:

- name **Community Home Trust as an additional insured and as certificate holder**, so the insurer notifies CHT of each renewal, change or cancellation; and
- require at least **30 days' written notice to CHT** before the policy is cancelled, reduced or changed.

Proof of insurance. The homeowner gives CHT a certificate of insurance or declarations page when the lease begins and whenever CHT asks for it, such as with the Annual Homeowner Certification (Sections 4.8 and 9.4).

Changing coverage. If CHT decides the replacement value should be increased, it tells the homeowner at least 30 days before the next renewal, and the renewal must include the increase. A homeowner who wants to lower coverage must tell CHT at least 30 days before the change, and it doesn't take effect without CHT's approval.

Claims. CHT may take part in settling any insured loss. What happens if the home is damaged or destroyed is set out in Section 9.5 of the lease.

Liability. The homeowner is responsible for the home and agrees to defend and reimburse CHT for claims arising from it, except claims caused by CHT's gross negligence or intentional wrongdoing (Sections 9.1 to 9.3).

Policy: Property Taxes, Utilities and HOA Dues

- The homeowner pays all property taxes, government assessments and utility charges for the home when due, even if a bill is issued in CHT's name (Section 6.1).
- The homeowner pays HOA dues and special assessments when due, by automatic draft if the HOA offers it at no extra cost.
- CHT may ask the homeowner to confirm these are paid, for example through the Annual Homeowner Certification.

- The homeowner may contest a tax bill at their own cost. If needed for a valid objection, CHT will join the appeal at the homeowner's request (Section 6.2).
- Whoever pays a tax or charge under the lease gives the other party a copy of the receipt on request (Section 6.4).

Procedure

- If CHT finds a home without proper insurance, or with taxes or HOA dues past due, CHT contacts the homeowner and, as needed, the insurer, lender, county or HOA, to get it resolved.
- If it isn't resolved, CHT follows Section 14, Monitoring and Enforcement. CHT may pay the premium, tax or dues itself and charge the homeowner the amount plus a reasonable administrative fee (Sections 6.3 and 12.6).

SECTION 13

Ground Lease Fee and Late Charges

This section follows Articles 5 and 12 of the Ground Lease, Revised November 1, 2026. Homeowners with older leases follow the fee and late-charge terms in their own lease. For example, the April 2003 lease form charges a $10 late fee per 30 days and allows 180 days to cure a missed payment.

Policy: Ground Lease Fee

What the fee is

Each month the homeowner pays CHT a Ground Lease Fee made up of two parts (Section 5.1):

- the **Use Fee**, for the use of the land; and
- the **Home Care Fund Fee**, which goes into CHT's shared Home Care Fund (see Section 9).

The amount of each is stated in Exhibit H of the homeowner's lease.

When and how it is paid

- The fee is due on the 1st of each month (Section 5.2).
- It is collected by automatic draft from the homeowner's bank account. The lease allows CHT to add a $20 monthly processing fee when a homeowner isn't on automatic draft (Section 5.2). CHT does not currently charge this fee.
- If the lease starts on a day other than the 1st, a prorated fee for the rest of that month is paid when the lease is signed.

Annual adjustment

CHT recalculates the Ground Lease Fee each year to account for inflation and other reasonable factors. The total increase in any one year may not exceed 5% (Section 5.6). CHT notifies homeowners in writing of the new amount at least 30 days before it takes effect.

Hardship: reducing, delaying or waiving the fee

To keep monthly housing costs affordable, CHT may reduce, delay or waive the Ground Lease Fee (Section 5.4). A homeowner may ask in writing, explaining the hardship. The President and CEO, or a staff member the CEO designates, decides the request. Any reduction, delay or waiver must be in writing and signed by CHT before it takes effect.

Other amounts added to the fee

The lease treats certain costs CHT pays on the homeowner's behalf as additional Ground Lease Fee, due when CHT asks for them:

- CHT's costs, including reasonable attorneys' fees, for reviewing a mortgage (Section 8.1);
- amounts CHT pays or lends to clear a lien on the home (Section 7.3); and

- taxes, insurance, HOA dues or urgent repairs CHT pays when the homeowner doesn't, plus a reasonable administrative fee (Section 12.6).

Unpaid amounts at sale

Any unpaid Ground Lease Fees, Home Care Fund Fees, late fees, loans or other amounts owed to CHT are paid from the seller's proceeds when the home is sold or the lease ends. CHT has a lien on the home for these amounts (Section 5.3).

Policy: Late Charges

Under Section 12.1:

- A payment CHT doesn't receive within 30 days of its due date is charged a late fee of 10% of the past-due amount.
- For each additional 30 days it stays unpaid, CHT charges another 10% of the original past-due amount.
- If a missed payment isn't paid within 30 days after CHT sends written notice to the homeowner and their lender, the homeowner is in default. See Section 14.

Example: a $150 Ground Lease Fee due March 1 and still unpaid on March 31 is charged $15. If it is still unpaid on April 30, another $15 is charged, for $180 owed.

Procedure: Missed Payments

1. **Missed draft.** When a draft fails or a payment is missed, CHT staff contact the homeowner promptly to find out what happened and whether they need help. This is a check-in, not a collection call: staff ask about hardship and whether the mortgage is also at risk.
2. **30 days past due.** CHT applies the 10% late fee and sends a written notice of the missed payment to the homeowner and to any lender holding a Permitted Mortgage. Notice may be given in person, by certified mail, by overnight courier or by email (Section 14.2). The notice gives 30 days to pay.
3. **Options.** Staff discuss a payment plan, a fee reduction, delay or waiver, or, if the home is no longer affordable, starting a resale. Any agreement is put in writing.
4. **Each further 30 days.** CHT applies another 10% of the original past-due amount.
5. **Not paid within 30 days of the notice.** The homeowner is in default. CHT follows Section 14, Monitoring and Enforcement. The lender has its own right to cure the default (Exhibit G).
6. **Repeat late payments.** If the same default happens more than once in 12 months, the lease allows CHT to treat the later one as a default without a new cure period (Section 12.2). CHT will use this only after talking with the homeowner.

SECTION 14

Monitoring and Enforcement

This section follows the Ground Lease, Revised November 1, 2026 (Sections 4.5 to 4.8 and Articles 12 and 13). CHT talks with the homeowner first and uses formal remedies last. Homeowners with older leases follow the cure periods and remedies in their own lease.

Policy: Monitoring and Enforcement

CHT monitors its homes so that:

- homeowners succeed and build wealth;
- homes stay affordable and in good condition over time; and
- public and private investment in CHT homes serves homeowners for generations.

At a minimum, CHT monitors and enforces the Ground Lease. CHT is transparent and fair: it explains the rules before purchase, gives homeowners what they need to stay in compliance, and talks with a homeowner before taking formal action. Formal remedies are a last resort, but CHT will use them when needed to protect the home and the program.

Procedure: Monitoring

Annual Homeowner Certification

CHT may send homeowners an Annual Homeowner Certification form, usually once a year (Section 4.8). When CHT sends the form, the homeowner certifies that:

- they live in the home as required by Section 4.5;
- the required insurance is in effect, attaching a current certificate of insurance or declarations page; and
- property taxes, assessments, utility charges and HOA dues are paid.

CHT may also ask for other information reasonably related to compliance with the lease. The homeowner returns the form within 30 days. It may be sent and signed electronically (Section 14.13).

If the form isn't returned within 30 days, CHT sends a reminder and follows up by phone or email. Continued failure to return it is a default under Section 12.2.

Occupancy

The homeowner must live in the home 12 months a year unless CHT agrees otherwise in writing (Section 4.5). Occupancy by the homeowner's spouse, domestic partner, child or another person CHT approves counts as occupancy by the homeowner. Permission to be away is not permission to rent the home; rentals follow Section 11.

Inspections

CHT may inspect the home to confirm compliance, with at least 72 hours' notice and at reasonable times, or without notice in an emergency (Section 4.6).

Procedure: Enforcement

Step 1: Talk with the homeowner

When monitoring shows a possible problem, such as a missing certification, a lapsed insurance policy, unpaid taxes, an unapproved rental or the home appearing vacant, CHT staff contact the homeowner by phone or email to understand the situation and agree on how to fix it.

Step 2: Written notice of default

If the problem isn't resolved, CHT sends a written notice of default to the homeowner and to any lender holding a Permitted Mortgage (Sections 12.1, 12.2 and Exhibit G). Notice may be delivered in person, by certified mail, by overnight courier or by email, and may also be posted at the home (Section 14.2). The notice states the problem, what must be done, and the deadline.

Step 3: Cure period

Type of default	Time to cure after notice
Missed Ground Lease Fee or other payment (Section 12.1)	30 days
Any other lease violation (Section 12.2)	30 days, extended up to 90 days if the fix can't reasonably be done in 30 days and the homeowner starts within 30 days and keeps working on it
Renting, subleasing or transferring the home without CHT's consent, including any short-term rental; getting the home or subsidy through fraud or material misrepresentation; or abandoning the home	No cure period. The default takes effect when CHT gives written notice.
The same default more than once in 12 months	No cure period for the later default

A lender holding a Permitted Mortgage may cure on the homeowner's behalf (Exhibit G).

Step 4: Remedies after an Event of Default

A default not cured in time, or one with no cure period, is an Event of Default (Section 12.4). Before acting, CHT gives the lender written notice of the default and the action it intends to take.

- **Preferred remedy: CHT buys the home.** CHT may buy the home, or assign that right to a Qualified Buyer, at the Purchase Option Price (see Section 7), less any amounts owed to CHT and CHT's reasonable enforcement costs, including attorneys' fees. CHT gives written notice and closes within 60 days.
- **Alternative: ending the lease.** CHT may end the lease and start court proceedings to regain possession. The homeowner is then responsible for unpaid fees, damages and CHT's reasonable costs. If a Permitted Mortgage is outstanding, a new lease is created with the lender.

The President and CEO, or a staff member the CEO designates, approves sending a notice of default and decides which remedy to pursue, on the advice of CHT's legal counsel.

CHT may cure for the homeowner

If the homeowner doesn't pay taxes, insurance, HOA dues or a lien, or doesn't make repairs needed to protect the home or others' safety, CHT may pay or do it after written notice, or without notice in an emergency (Section 12.6). The homeowner repays CHT plus a reasonable administrative fee, as additional Ground Lease Fee. This doesn't excuse the default.

Specific situations

- **Not living in the home:** CHT asks the homeowner to return within a set time or start a resale.
- **Insurance lapsed:** CHT asks the homeowner to restore coverage within a set time and may buy coverage itself under Section 12.6.
- **Taxes or HOA dues unpaid:** CHT contacts the homeowner and, as needed, the lender, county or HOA, and may pay under Section 12.6.
- **Ground Lease Fee unpaid:** see Section 13.
- **Mortgage delinquent:** see Section 15.
- **Refinanced or borrowed without approval:** CHT asks for the loan documents. Borrowing more than the lease allows (Exhibit G) is a default.
- **Construction without consent:** CHT asks the homeowner to stop work and submit a request under Section 10.

Disputes

If CHT and a homeowner have a disagreement about the lease that normal conversation doesn't resolve, either may request mediation in writing (Article 13). They choose a mediator within 15 days, attend at least one session, and split the cost. If the dispute isn't resolved within 60 days, either may begin binding arbitration under North Carolina law, also with costs split equally.

Mediation and arbitration don't apply to Events of Default, missed payments, or CHT's use of its remedies or purchase option.

SECTION 15

Default and Foreclosure

This section includes the lender notice and purchase rights in the Ground Lease, Revised November 1, 2026 (Sections 8.2, 8.3, 10.9 and Exhibit G). Homeowners with older leases and their lenders follow the terms of those leases.

Policy: Default and Foreclosure

When a home is at risk of foreclosure, CHT has three goals:

- keep the home in the trust and preserve the community's investment;
- protect the condition of the home; and
- protect the homeowner.

Sometimes these goals compete. When it isn't possible to protect both the home and the homeowner, CHT's mission requires it to protect the home as a quality, affordable home for future buyers.

CHT's Rights Under the Ground Lease

Every Permitted Mortgage must give CHT the following rights (Exhibit G):

When	CHT's right	Deadline
The homeowner defaults on the mortgage	The lender must notify CHT. CHT may cure the default, as long as current payments are kept up.	120 days after CHT receives the notice
The lender intends to accelerate the loan or foreclose	The lender must notify CHT first. CHT may pay off or buy the loan.	30 days after CHT receives the notice
Foreclosure proceedings have started	CHT may buy the homeowner's interest for the balance due on the mortgage (Section 10.9).	Any time during the proceedings
The lender acquires the home by foreclosure or deed in lieu	The lender must notify CHT. CHT may buy the home from the lender for the full amount owed.	Notice of intent within 30 days; close within 60 days after that

CHT can't end the lease while a lender is diligently pursuing foreclosure (Exhibit G, Section 6).

If the home is lost to foreclosure: at the lender's election, the resale restrictions no longer apply to that home (Section 8.2). The land stays with CHT under the lease, and the Ground Lease Fee may rise to fair rental value while the restrictions are suspended (Section 5.5). Any foreclosure proceeds above what the homeowner would have received at the Resale Formula Price go to CHT (Section 8.3).

Procedure: Default and Foreclosure

Prevention

- At closing, CHT asks each buyer to sign a Homeowner Consent to Third-Party Notice form, so CHT can talk directly with the lender about the loan.
- When a homeowner is late on the Ground Lease Fee, CHT asks whether they are also behind on their mortgage (Section 13).
- CHT counsels homeowners who are in default or worried about it, and checks back one month later.
- Once a year, CHT checks that property taxes are current on all its homes.

When CHT learns of a mortgage default

1. **Talk with the homeowner.** CHT gathers information and reviews options for getting current or, if that isn't workable, selling the home to avoid foreclosure.
2. **Talk with the lender.** If the homeowner signed the Third-Party Notice form, CHT asks the lender: whether the loan is in foreclosure and a sale date is set; whether the lender has sent CHT the notices Exhibit G requires; whether a loss mitigation specialist is assigned, and their contact information; the amount needed to bring the loan current; and the total balance owed.
3. **Track the deadlines.** CHT records the date it received any lender notice and the 120-day, 30-day and 60-day deadlines in the table above.
4. **Weigh the options** below, with a financial and mission analysis. The President and CEO, or a staff member the CEO designates, decides, using the CEO's Board-delegated authority for property purchases where CHT would buy the home or the loan.

Options, in order

1. **Payment plan.** Help the homeowner make a workable plan to get current. This is always the first step.
2. **Workout with the lender.** Help the homeowner and lender reach a modification or other workout. CHT may consider financial help if the homeowner can stay current and repay CHT.
3. **Resale.** If the homeowner can no longer afford the home and is willing to sell, CHT starts a resale under Section 7. CHT may help delay foreclosure long enough to sell, after analyzing the cost and the likelihood of repayment at closing.
4. **CHT cures or buys the loan.** Within the Exhibit G deadlines, CHT may cure the default or pay off or buy the loan, then recover its costs from the homeowner or at resale.
5. **CHT buys the home.** During foreclosure, CHT may buy the homeowner's interest for the mortgage balance. After foreclosure, CHT may buy the home from the lender for the amount owed. CHT weighs keeping the home affordable against the cost of paying off liens, buying without an inspection, and carrying the home until resale.

If CHT ends up owning the home, it makes repairs and sells it to a Qualified Buyer. If the home leaves CHT's portfolio, CHT contacts its funders about any loss of subsidy.

SECTION 16

Records and Name Changes

Policy: Document Retention

CHT keeps documents needed to manage, report on, monitor and enforce the restrictions on homes assisted with its funds.

CHT keeps each record only as long as the law, a funder or the Ground Lease requires, then destroys it securely (shredding or permanent deletion), because these files contain personal and financial information.

Electronic records

CHT may keep any record electronically. Under North Carolina's Uniform Electronic Transactions Act, an electronic copy meets a records retention requirement if it accurately shows the information in the original and stays accessible for later reference. Paper originals may be scanned and then destroyed once the scan has been checked for accuracy and legibility. Recorded documents, such as the memorandum of Ground Lease and the deed, are also on file with the county Register of Deeds. Electronic files are backed up and protected from unauthorized access.

Retention schedule

Record	Keep for
Ground Lease, deed, Exhibit H and amendments (including name changes); mortgage and refinance approvals; Capital Improvement Incentive Program approvals	As long as the Ground Lease is in effect, plus 3 years after it ends
Sale and purchase files handled by CHT's real estate brokers: offers (including rejected offers), contracts, agency agreements, closing statements, deposit and trust money records, advertising	3 years after all funds are disbursed or the transaction ends, or after the agency agreement ends, whichever is later (21 NCAC 58A .0108)
Buyer eligibility files: application, income and asset verification	3 years after closing
Applicants not selected or found ineligible, including appeals	3 years after the decision
Resale files: inspection, Improvements Checklist, Resale Agreement, price calculation	3 years after the resale closes
Monitoring and enforcement: annual certifications, insurance records, default notices	3 years, or until any default is resolved, whichever is later
Home Care Fund requests and payments	3 years after payment; accounting records follow CHT's financial records policy

Longer periods required by funders

Where a funding source requires a longer period, CHT follows it for those homes:

- **HOME:** homeownership records are kept 5 years after the project is completed, and the documents that impose the resale restrictions are kept 5 years after the HOME affordability period ends (24 CFR 92.508).
- **Other federal funds, such as CDBG:** 3 years after the grant's final financial report, unless the grant agreement says otherwise (2 CFR 200.334).
- **Other funders:** as stated in the funding agreement.

If any litigation, claim or audit starts before the end of the retention period, the records are kept until it is fully resolved.

Procedure: Adding or Removing a Name on the Ground Lease

If the name on a homeowner's mortgage or deed changes, the homeowner must tell CHT. CHT then works with the homeowner and legal counsel to prepare the needed documents.

The change is made with an addendum to the Ground Lease, signed by everyone affected and recorded. The homeowner pays the recording cost.

SECTION 17

Homeowner Support

Procedure: Post-Purchase Support

CHT offers support to homeowners after purchase, from lighter to more intensive:

- Homeowner resources on CHT's website, including DIY maintenance videos
- A newsletter with resources such as seasonal maintenance reminders
- Referrals to home repair contractors, including CHT's Approved Vendor List
- Home maintenance workshops from time to time
- Interest-free loans for repairs through the Dowling Home Maintenance Fund (below)
- Referrals for budget and financial counseling
- Default and foreclosure prevention counseling

Dowling Home Maintenance Fund

The Dowling Home Maintenance Fund, named for CHT's former executive director Robert Dowling, provides interest-free loans for repairs and replacements that support a home's long-term sustainability. It covers costs not handled by an HOA, insurance or the Home Care Fund, and gives priority to urgent needs.

Eligibility

- Household income below 115% of AMI
- Total assets, not counting retirement accounts, of $5,000 or less
- Current on mortgage payments, HOA dues and Ground Lease Fees

Amount: up to $5,000 over the homeowner's time in the home.

Eligible projects include HVAC, roofing, gutters, exterior paint and trim; water heaters, plumbing leaks and sewer problems; crawlspace repairs, mold and water damage; electrical work, windows and exterior doors; rotted stairs, decks and porches; dryer vents; removing trees or limbs that threaten the house; accessibility needs after an accident; pest control and related damage; and other repairs needed for safe, healthy living or to keep the home affordable.

How it works

1. Apply online. CHT may ask for more information, including income documents.
2. If approved, sign a promissory note with CHT staff and a notary.
3. Get a contractor's diagnosis and estimate. For urgent repairs, you don't need to wait for loan approval.
4. Complete the repairs and submit receipts. The fund reimburses costs, so the homeowner pays first.

Repayment: no payments and no interest while the homeowner owns the home. The loan is repaid when the home is sold, and may be repaid early without penalty.

SECTION 18

Forms

Most forms are on CHT's website or are provided by CHT staff at the right step. For any form not linked below, contact CHT at 919-967-1545 or info@communityhometrust.org.

Form	Used for	Where to get it
Readiness Questionnaire	Applying to buy a CHT home (Section 6)	Apply to Purchase a Home
Authorization to Release Information	Income and asset verification (Section 5)	Provided by CHT staff during verification
Refinance Request form	Refinancing or a new loan (Section 3)	Refinancing Guidelines
Homeowner Consent to Third-Party Notice	Notices to a lender or other party (Sections 3 and 15)	Provided at closing
Resale request form	Selling a CHT home (Section 7)	Selling Your CHT Home
Home Care Fund application	Home Care Fund assistance (Section 9)	Home Care Fund
Request to make improvements	Work that needs CHT's consent (Section 10)	Contact CHT
Capital Improvement Incentive Program application	Credit for eligible improvements (Section 10)	Contact CHT before work starts
Rental request	Renting out the home with CHT's consent (Section 11)	Contact CHT
Annual Homeowner Certification	Occupancy, insurance and tax certification (Section 14)	Sent electronically when CHT requests it
Dowling Home Maintenance Fund application	Repair help (Section 17)	Dowling Home Maintenance Fund

SECTION 19

Glossary

Terms defined in CHT's Ground Lease show the lease section where they're defined. Where the lease and this manual differ, the lease controls.

Term	Meaning
Affordable Price	The price a household at CHT's target income can afford, with monthly housing costs at 28% of gross income (Section 2).
Area Median Income (AMI)	The median income for an area, adjusted for household size, as published by HUD each year. CHT uses HUD's limits for the Durham-Chapel Hill HUD Metro Area.
Capital Improvement Incentive Program	CHT's program that gives homeowners a credit at resale for certain approved improvements, based on cost and reduced as the improvement ages (Section 10).
Front-End Ratio (Housing Ratio)	Monthly housing costs (principal, interest, taxes, insurance, HOA dues and the Ground Lease Fee) as a percentage of gross monthly income. CHT's standard is 30%, up to 35% case by case.
Ground Lease	The 99-year lease of the land from CHT to the homeowner, who owns the house. It can be renewed and inherited, and it keeps the home affordable for future buyers through resale restrictions and CHT's option to buy the home (Ground Lease Article 3).
Ground Lease Fee	The monthly fee paid to CHT, made up of the Use Fee and the Home Care Fund Fee (Ground Lease Section 5.1).
Home Care Fund	CHT's pooled fund for major home system repairs and replacements, paid for by the Home Care Fund Fee. Formerly called the Stewardship program (Section 9; Ground Lease Exhibit F).
HUD Part 5	The federal rules (24 CFR Part 5) CHT uses to calculate household income and assets for every home.
Improvements Checklist	The list of repairs, replacements and any cosmetic items a seller must complete before CHT lists the home for resale (Sections 7 and 8).
Income-Qualified	A household whose income is at or below a set limit, usually a percentage of AMI for its household size.
Intent-to-Sell Notice	The homeowner's written notice to CHT that they want to sell, given with CHT's resale request form (Ground Lease Section 10.4).
Interest Pool	The list of households that have completed the Readiness Questionnaire and are notified of homes that match them (Section 6).
Investment Basis	The homeowner's own investment in the home: the Purchase Price minus subsidies and grants. Appreciation is earned on this amount (Ground Lease Section 10.12, Exhibit H).
Median Family Income (MFI)	HUD's published median family income for the Durham-Chapel Hill HUD Metro Area, used to calculate appreciation (Ground Lease Section 10.12).
Monitoring for Compliance	Checking that program rules are followed, such as confirming owner-occupancy, insurance and payment of taxes and HOA dues (Section 14).

Term	Meaning
Permitted Mortgage	A mortgage CHT has approved in writing (Ground Lease Section 8.1, Exhibit G).
Purchase Option Price	The most a seller can receive: the lower of the Resale Formula Price or the appraised value, if CHT orders an appraisal (Ground Lease Section 10.11).
Purchase Price	The price the homeowner paid for the home, shown in Exhibit H of the Ground Lease.
Qualified Buyer	A buyer who meets CHT's Program Eligibility Policy and any funder requirements, with income no higher than the limit stated in the lease (Ground Lease Section 10.2; Section 5).
Readiness Questionnaire	The form a household completes to join CHT's interest pool (Section 6).
Repair Requirements	The repairs a seller must make before transfer, identified through the professional inspection and CHT's own inspection (Ground Lease Section 10.6).
Resale Agreement	The agreement a seller signs with CHT once repairs are complete or escrowed; any capital improvement credit is calculated as of its date (Section 7).
Resale Formula Price	The Purchase Price plus appreciation on the Investment Basis, based on the change in MFI, from 0% to 1% a year (Ground Lease Section 10.12). Older leases may use a different formula (Section 7).
Standard Mortgage	A Permitted Mortgage from a CHT-approved lender that uses CHT's standard ground lease rider without material changes (Ground Lease Section 8.1).
Stewardship	CHT's long-term work with buyers and homeowners: preparing buyers, supporting homeowners, monitoring the homes and managing resales, so homes stay affordable and in good condition.
Subsidy	A grant or deferred loan that lowers the cost of a home for the buyer and stays with the home for future buyers.
Use Fee	The part of the Ground Lease Fee paid for use of the land (Ground Lease Section 5.1).