

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (this "**Agreement**") is entered into between [Community Land Trust], a Michigan non-profit corporation, whose address is _____ ("**Seller**"), and _____ [and _____, husband and wife], whose address is _____ ([individually and collectively,] "**Buyer**").

1. **Sale of Improvements.**

(a) Seller owns certain land and related rights (the "**Land**") commonly known as [street address], located in [county] County, Michigan more specifically described as follows:

[Insert the legal description and tax parcel identification number]

(b) For the purchase price of \$[dollar amount] (the "**Purchase Price**"), Buyer agrees to purchase and Seller agrees to sell the "**Improvements**" located on the Land, which consists of any of the following items that exist on or under the Land on the day of closing: (1) house and any attached or separate garage or other structure on the Land and everything in them, (2) all landscaping and plant materials (trees, shrubs, grass), (3) driveway, (4) sidewalks, (5) patio, (6) porch, (7) exterior lighting, (8) mailbox, (9) fencing (if any), and (10) all utility equipment whether underground or overground (including water laterals, sanitary sewer laterals, and electric/phone/cable lines, unless they are specifically owned by the utility provider). The Land and the Improvements are referred to as the "**Property**."

(c) Seller shall convey title to the Improvements to Buyer by delivery of a [warranty deed / bill of sale?] ("**Deed**") on tender of the Purchase Price.

(d) Seller and Buyer agree that any personal property identified above (including any personal property located in the house) is being sold together with the Improvements and that the consideration for the personal property is contained in the Purchase Price for the Improvements.

(e) Seller is selling only the Improvements and not the Land. Therefore title will be conveyed only as to the Improvements.

2. **Earnest Money Deposit.** On the Effective Date of this Agreement, Buyer shall make an earnest money deposit of \$[_____] (the "**Deposit**") which shall be held by the [name of title insurance company or agent] (the "**Title Company**"), and which shall be applied toward the Purchase Price at closing of the sale.

3. **Lease of the Land.** The Land will be leased to Buyer under a long-term ground lease (the "**Ground Lease**") to be signed at closing. See Exhibit A - Outline of Ground Lease. Some of the key provisions of the Ground Lease include the following: Buyer is responsible for: upkeep on the entire property, including the Land; paying all property taxes and special assessments covering both the Land and the Improvements; and paying rent for the Land to Seller. In addition, there are restrictions on Buyer's right to resell the house and other Improvements that are designed to maintain the affordability of the house. [Some of these restrictions and obligations will also be documented in a "**Restrictive Covenants Agreement**" that will be recorded in the land record.]

4. **Title.**

(a) As evidence of title, Seller, at Seller's expense, agrees to furnish Buyer within ten (10) days of the Effective Date, a commitment for title insurance issued by the Title Company in an amount not less than the Purchase Price, with the policy to be issued pursuant to the commitment insuring Buyer's interests in the Improvements and leasehold interest in the Land.

(b) Buyer shall have fifteen (15) days following receipt of the commitment to notify Seller in writing of all objections (the "***Title Objections***") which Buyer may have to any exception reported in the commitment. Seller shall have thirty (30) days from the date Seller receives all Title Objections (a) to remedy the title defects identified in the Title Objection or (b) to refund the Deposit in full termination of this Agreement. If Seller is able to comply with the requirements in the commitment and to remedy any such defects within the time specified, as evidenced by written notification, revised commitment, or endorsement to commitment, Buyer agrees to complete the sale within fourteen (14) days of receipt of a revised commitment or endorsement to commitment, subject to any other contingency contained in this Agreement. If Seller is unable or elects not to furnish satisfactory title within the time specified, the Deposit shall be immediately refunded in full termination of this Agreement, unless Buyer elects in writing within forty (40) days from the date Seller receives all Title Objections to proceed with the sale accepting such title as Seller is able to convey.

(c) Buyer agrees to accept title to the Improvements and to lease the Land subject to: (1) all existing building and use restrictions, utility easements, and zoning ordinances, (2) all exceptions reported in the commitment that are not subject to a continuing Title Objection, and (3) the conditions in this Agreement, [the Restrictive Covenants Agreement] and the Ground Lease.

5. **New Mortgage.** Buyer agrees that Buyer will apply for mortgage financing within five (5) days of the Effective Date (as defined below) of this Agreement, and Buyer shall use Buyer's best efforts, in good faith, to obtain financing and will promptly comply with the lender's request for necessary information required to process the loan application. Failure to obtain mortgage approval within forty-five (45) days of the Effective Date shall cause this Agreement to be null and void at the option of Seller or Buyer by written notice to the other within fifteen (15) days after such party determines that Buyer has not received the required mortgage approval and the Deposit will be returned.

6. **Inspection Contingency:**

(a) This offer is contingent on the Buyer, at the Buyer's option, having the Improvements and the Land examined for physical condition including, but not limited to, satisfactory plumbing, sewage, heating and electrical systems; foundations; drainage; grading; and construction; by a contractor/professional inspector of Buyer's own choice and at Buyer's own expense within fifteen (15) days of the Effective Date.

(b) Buyer acknowledges and agrees that if Buyer obtains a professional inspection of the Property, the report of the contractor/professional inspector, be it oral or written, shall be deemed an amendment to the Seller's Disclosure Statement, which Buyer acknowledges receiving on or before the Effective Date, and which amendment Buyer acknowledges receiving prior to this Agreement becoming a "binding purchase agreement" as meant under the Michigan Seller Disclosure Act (MCL 565.951 et seq.).

(c) Unless Buyer notifies Seller, in writing, within twenty (20) days of the Effective Date that Buyer has substantial cause to be dissatisfied with the results of such examinations, and which writing shall specifically recite the causes of such dissatisfaction ("**Dissatisfaction Notice**"), Buyer will be conclusively presumed to accept the condition of the premises "AS IS." If Buyer duly notifies Seller of Buyer's dissatisfaction, Seller shall have the option of providing for the making of the required repair or declaring this Agreement null and void and returning the Deposit to Buyer. If Seller does not notify Buyer of its election within five (5) days after receipt from Buyer of the Dissatisfaction Notice, then it will be deemed that Seller is declaring this Agreement null and void.

(d) For the purpose of this Property Inspection Contingency, no individual cause for dissatisfaction costing less than [five hundred dollars (\$500.00)] to repair (unless there are other individual causes for dissatisfaction which together exceed One Thousand Dollars (\$1000.00)), as determined by the reasonable estimate of Seller's contractor, shall constitute "substantial cause to be dissatisfied."

7. **Lead-Based Paint Inspection Contingency:**

(a) Buyer acknowledges that, prior to signing this Agreement, Buyer has received and reviewed a copy of the Lead-Based Paint Seller's Disclosure Form completed by Seller, the terms of which are incorporated here by this reference, and a copy of the pamphlet entitled, "Protect Your Family From Lead In Your Home."

(b) If Buyer has elected to conduct a lead-based paint risk assessment or inspection, this Agreement shall be contingent on Buyer signifying within [number] days after the Effective Date that Buyer is satisfied with the result of the risk assessment or inspection. ***Federal regulations require a ten (10) day period or other mutually agreed on period of time.***

(c) The risk assessment or inspection is to be made at Buyer's expense. Buyer shall be responsible for the repair and restoration of the Property as a result of any damage caused by any inspections ordered by Buyer. Buyer shall indemnify and hold Seller harmless from any claims or damage arising from any such risk assessments or inspections.

(d) Unless Buyer timely notifies Seller in writing of Buyer's dissatisfaction with the condition of the Improvements based on such lead-based paint risk assessment or inspection, this contingency shall be deemed waived and Buyer will be conclusively presumed to accept the condition of the premises "AS IS."

(e) Buyer acknowledges and agrees that if Buyer obtains such a risk assessment or inspection, the report of the contractor/inspector, be it oral or written, shall be deemed an amendment to the Seller's Disclosure Statement.]

8. **Ground Lease [and Restrictive Covenants Agreement] Contingency:** The Land will be leased to Buyer under the Ground Lease to be executed between Seller and Buyer in the form provided to Buyer by Seller within five (5) days after the Effective Date (subject to any changes that may be agreed to by both Buyer and Seller). Before Seller will convey title to the Improvements and enter into the Ground Lease with Buyer and before Buyer is obligated to purchase the Improvements and enter into the Ground Lease, Buyer must review and agree to the terms of the Ground Lease [and the Restrictive Covenants Agreement] and return a signed copy of the "Letter of Acknowledgment" (see Exhibit B of the Ground Lease) to Seller no later than the time of closing.

Moreover, Buyer's attorney must review the terms of purchase under this Agreement and the Ground Lease [and the Restrictive Covenants Agreement] to ensure that Buyer clearly understands the terms of the transaction and the "Attorney's Declaration" (see Exhibit C of the Ground Lease) to Seller no later than the time of closing.

9. **Buyer Eligibility Contingency:** In order for purchaser to qualify to purchase the Improvements under this Agreement, Buyer must be a "Low or Moderate Income Family" (as defined below). [Additionally, Buyer must be a "First Time Homeowner" (as defined below).] [Both of these / This] condition[s] must be true and accurate up to and including the closing under this Agreement. In the event that [either of these / this] condition[s] is not met, then this Agreement will become null and void, and the Deposit will be returned to Buyer.

["**First Time Homeowner**" shall mean: (a) either the husband or wife has had no ownership in a principal residence during the three (3) year period preceding the closing under this Agreement; or (b) a single parent who has only owned with a former spouse while married; or (c) an individual who is a displaced homemaker and has only owned with a spouse; or (d) an individual who has only owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations; or (e) an individual who has only owned a property that was not in compliance with State, local or model building codes and which cannot be brought into compliance for less than the cost of constructing a permanent structure.]

"**Low or Moderate Income Family**" shall mean a family whose income does not exceed fifty per cent (50%) of the area median gross income, adjusted for family size. Family income shall be determined in a manner consistent with determinations of lower income families and area median gross income under Section 8 of the U.S. Housing Act of 1937, as amended (the "**Section 8 Program**"). If the Section 8 Program is terminated, determinations under a comparable Federal or State of Michigan program identified by the CLT shall be used; and if the CLT does not designate a comparable program, then determinations shall continue to be made under the Section 8 Program regulations as in effect immediately before termination. [CONFORM TO GROUND LEASE DEFINITION]

10. **Condition of Property:** Seller agrees to maintain the Property in substantially the same condition in which it existed as of the date of this Agreement until the closing. Seller and Buyer agree that Buyer shall be permitted to conduct a walk-through inspection of the Property within 48 hours of the date of closing to enable Buyer to confirm that the Property is in the same condition as existed on the date of Buyer's physical inspection. If Buyer is not then satisfied that the Property has been maintained by Seller as required under this Agreement, Buyer shall have the right to delay the closing until the Property is returned to the required condition. If Seller fails or refuses to return the Property to the required condition within fourteen (14) days of Buyer's demand for same, Buyer shall have the right (but not the obligation) to declare this Agreement null and void and the Deposit paid by Buyer shall be immediately returned to Buyer.

11. **Closing.**

(a) Closing shall take place at the office of the Title Company or such other place as the parties may mutually agree. If title can be conveyed in the condition required under this Agreement and all contingencies have been satisfied or waived, closing shall take place on a date and time as is mutually agreeable to the parties and as dictated by the ability and availability of Buyer's lender, if any, to close, provided, however, that closing shall occur not later than [date].

(b) **Documents.** The parties agree that Seller shall prepare the [Deed], [the Restrictive Covenants Agreement], [a memorandum of the Ground Lease for recording] and the Ground Lease. The [Deed], [the Restrictive Covenants Agreement,] [the memorandum of Ground Lease] and the Ground Lease shall be executed and delivered at closing.

(c) **Payment.** Payment of the Purchase Price shall be made in cash, by title company check or by bank cashier's check.

(d) **Closing Costs.** The cost of the closing, including any settlement, document preparation, or disbursement fee of the Title Company, and the fees for recording the [Deed], [the Restrictive Covenants Agreement] and the [memorandum of] Ground Lease shall be borne by Seller and Buyer equally. Seller shall pay the required real estate transfer tax, the cost of an Buyer's leasehold commitment and policy of title insurance, and recording fees relative to the discharge of Seller's mortgage, if any. At closing, the parties shall execute closing statements prepared by the Title Company and all required income or other tax reporting as provided by the Title Company.

(e) **Taxes and Prorated Items.** All taxes and assessments which have become a lien on the Property as of the date of closing shall be paid by Seller, except that: (a) all current property taxes shall be prorated between Seller and Buyer as of the date of closing on a due-date basis assuming payment in advance (e.g., taxes due July 1 will be treated as if paid for the period July 1 through the following June 30, and taxes due December 1 shall be treated as if paid for the period December 1 through the following November 30); and (b) Buyer shall be responsible for the payment of all property taxes and installments of assessments falling due after the date of closing without regard to lien date. Current dues and assessments under the Ground Lease, if any, shall also be prorated between Seller and Buyer as of the date of closing on a due-date basis. Seller shall pay the cost of all utilities and service charges through and including the date of transfer of possession and occupancy to Buyer.

(f) **Possession.** Seller shall deliver possession of the Property to Buyer at closing.

12. **Buyer's Default:** In the event of material default by Buyer under this Agreement, Seller may, as Seller's sole option, declare a forfeiture of this Agreement and retain the Deposit as liquidated damages.

13. **Seller's Default:** In the event of material default by Seller under this Agreement, Buyer may, at Buyer's option, elect to do one of the following: (1) enforce the terms of this Agreement, or (2) demand and be entitled to an immediate refund of the Deposit in full termination of this Agreement, or (3) if and only if specific performance is not available, pursue any other legal or equitable remedy available to Buyer.

14. **Binding Agreement:** This Agreement shall bind and inure to the benefit of the heirs, executors, administrators, successors, and assigns of the respective parties.

15. **Time of the Essence:** Time is of the essence of this Agreement, except that Buyer may waive this provision for the purpose of curing title defects.

16. **Entire Agreement/Written Agreements Only:** This Agreement and the documents to be delivered in connection with the closing, including the Ground Lease [and the Restrictive Covenants Agreement], contain the entire agreement between Seller and Buyer. There are no agreements, representations, statements, or understandings which have been relied on by Seller or



220 Bagley Ave., Ste. 900
Detroit, MI 48226
313-964-4130
(fax) 313-964-1192
www.clronline.org/clt



Buyer which are not stated in this Agreement or the Ground Lease. **IT IS THE PARTIES' INTENT IN THEIR DEALINGS THAT IF IT IS NOT IN WRITING, IT IS NOT ENFORCEABLE.** This Agreement (and written and signed addenda, if any) cannot be modified, altered, or otherwise amended without a writing being duly signed or initialed, as the case may be, by both Seller and Buyer. The parties agree that facsimile signatures and duly initialed changes are legally enforceable provided the applicable writing contains such signature or initials of all parties to this Agreement.

17. **Effective Date:** The effective date of this Agreement, i.e., the date on which the timing provisions and contingencies of this Agreement begin (the "**Effective Date**"), shall be the date on which the last person to sign this document shall have signed the document and delivered a fully executed copy to the other person.

ACCORDINGLY, Seller and Buyer have executed this Purchase Agreement as of the date written below.

SELLER:

BUYER:

[COMMUNITY LAND TRUST]

By: _____

Dated: _____

Its: _____

Dated: _____

BUYER:

Dated: _____

Exhibit A

(Outline of Ground Lease)