

Policy on Sale to QLCHT & Associated “Transfer Fee” – 3.12

Queenstown Lakes Community Housing Trust
November 2010

Background

There are 4 general scenarios which can occur when a homeowner decides it’s time to move on from their property and initiates the sale process. All scenarios comprise a current market valuation being carried out on the property to determine the new Transfer Price (less Transfer Fee) and QLCHT holding the first right of refusal to purchase at this new price. The table below outlines these scenarios and current fees along with a proposed new fee structure;

Scenario	Current Fee	Proposed Fee
QLCHT finds an approved buyer (or a new buyer who’s eligible and subsequently approved) through our EOI database or other means.	Homeowner charged 2.5% Transfer Fee of their share sold to QLCHT.	<ul style="list-style-type: none"> • If Transfer Price is less than household’s original share <u>after</u> 2.5% Transfer Fee calculated, then a flat fee of \$3,000 is charged. • If Transfer Price is greater than household’s original share <u>after</u> 2.5% Transfer Fee calculated, then the original 2.5% transfer fee applies.
The existing household finds a new buyer themselves (who is eligible and subsequently approved).	Homeowner charged 2.5% Transfer Fee of their share sold to QLCHT.	<ul style="list-style-type: none"> • If Transfer Price is less than household’s original share <u>after</u> 2.5% Transfer Fee calculated, then a flat fee of \$3,000 is charged. • If Transfer Price is greater than household’s original share <u>after</u> 2.5% Transfer Fee calculated, then the original 2.5% transfer fee applies.
QLCHT decides to purchase the property with no new buyer lined up (eg for a rental situation).	Homeowner charged 2.5% Transfer Fee of their share sold to QLCHT.	<ul style="list-style-type: none"> • To be considered on a case by case basis.
The property may be sold to a 3 rd party on the open market.	Homeowner pays all marketing costs associated with the listing and net sale proceeds are shared according to share ratio.	<ul style="list-style-type: none"> • Remain the same.

The proposed new fees take into account the situation where the homeowner is selling at a loss whilst QLCHT stands to benefit a large gain through the 2.5% Transfer Fee. At the time of this policy being written this situation is currently occurring on three different properties with some owners facing fees of up to \$10,000 on a property already valued at less than its original purchase price.

The Trust is entitled to earn a fee where it introduces a new buyer to a property - thus cutting out the need for real estate agent commission - but do we want to be profiteering on homeowners facing significant capital losses?

Policy Adopted Trustee Meeting November 2010

The new transfer fee structure for different scenarios as outlined in the above table has been adopted as an operating policy within the Shared Ownership programme.