



RESPONSES TO QUESTIONS

REQUEST FOR QUALIFICATIONS

For homebuilding services for the Atlanta Land Trust
December 17, 2018

All capitalized terms are defined in the Request for Qualifications.

1. Who determines the price of the homes? ALT or Selected Firm?
ALT will work with selected Firms to establish target sales prices for each home based on the income limits for homebuyers.
2. Who determines the buyer from a pool of buyers? ALT or selected Firm?
ALT will be responsible for qualification and selection of homebuyers.
3. If the firm is a full-service real estate company and has a Brokerage arm, can the selected firm utilize the brokerage company to list, market and sell the property?
ALT will work with the selected Firms to develop a marketing strategy for each home. ALT is open to utilizing the selected Firms brokerage company(s) to list, market and sell the property, subject to agreement on material terms and commission rates.
4. Will ALT help with finding the right buyers via it channels of marketing, clients etc?
ALT will work with the selected Firms to establish the target sales price for each home to ensure affordability for families at or below identified income limits. ALT will lead the marketing efforts via established communication channels and will qualify potential applicants. ALT intends to have pre-qualified homebuyers identified prior to completion of each home.
5. Will ALT help with any financing for buyers with any creative financing programs like 100% Financing etc?
ALT does not anticipate providing mortgage financing for homebuyers but will work closely with its approved lenders and downpayment assistance providers to help homebuyers secure all necessary funding for acquisition of the homes.
6. Since lenders would want to take the title for the land when we seek loans, would ALT be open to give title to us for the duration of the rehab and at sale to end buyer we can give it back to the CLT?
No, the title to the land itself should not be at risk. In this scenario, a developer default or bankruptcy (during construction and before sale to the homebuyer) would place the land itself at risk in a foreclosure action. ALT anticipates that lenders will be willing to lend against an interest in a leasehold estate (via a Leasehold Mortgage) or a license that allows them to step in and cure defaults.

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7. How do we decide on a budget for Rehab? What if the Rehab Cost is more than the price point of the sale of the homes?
ALT anticipates issuing either a request for proposals or bids from selected Firms for each home. The final budget will be negotiated between the selected Firms and ALT. If the total development cost exceeds the established affordable sales price, ALT will secure the needed subsidy to fund the project.
8. How will the selected firm be compensated? Is it based on a per fee project or is it based on margins on sale?
Responses should include a proposed fee structure for the Firm for the services contemplated in the development of the Project. ALT will work with the selected Firm to determine an equitable fee structure.
9. What sort of debt financing would ALT (if any) provide?
ALT does not anticipate providing debt financing.
10. What are the reporting needs of the project - during rehab, post rehab etc?
ALT will work with selected Firms to establish a reasonable reporting schedule for each project.
11. Is any of the fees or margins earned by the ALT Tax Exempt?
The income of ALT is not subject to federal taxation to the extent not deemed unrelated business income.
12. How many projects at any given time the selected firm should expect to execute at any given time?
The allocation of projects among the selected Firms will be determined in part by the number of Firms selected, so an estimate cannot be provided at this point.
13. Are there any license requirements for the Rehab/Const GC's we use?
General contractors utilized by selected Firms must hold an applicable license from the State Licensing Board for Residential and General Contractors and any other required licensing. ALT does not provide advice on licensure of its contractors and will rely on its contractors to confirm compliance with all applicable laws, rules and regulations.