

# Guidelines for Buying a House and Obtaining a Mortgage in Bryn Gweled Homesteads

---

Buying a house in BG has both similarities and differences with buying a house or condominium elsewhere under a land lease arrangement.

Current bylaws and regulations permit applicants to enter into a purchase and sale agreement at any time, contingent upon receipt of their membership application (See the Bryn Gweled website and contact our Membership Committee to learn about the Membership Process).

The following Guidelines contain information and suggestions to help applicants navigate the process and the paperwork required for a purchase.

## Finding a House

We strongly encourage potential Buyers and Sellers to notify the Chairperson of the Housing Committee of their interests. The Housing Committee attempts to maintain a list of houses for Sale or for Rent and we try to have an updated list of available house on the Bryn Gweled website.

We also encourage interested Buyers and Sellers to keep in touch with BG community members via monthly meetings, work parties and covered dish suppers, as sometimes the Housing Committee does not have the latest news about potential buyers and sellers.

The Housing Committee members are available to advise and help if they are asked, however they do not mediate, arbitrate or handle the legal aspects of housing transactions.

## Negotiations

If buyers and sellers want to negotiate directly with each other they may do so. They may also retain real estate agents to handle such negotiations. *We recommend that both buyer and seller retain separate real estate attorneys who are familiar with Bryn Gweled.*

The general sense of trust and good will in BG may lull buyers and seller into being less careful about house transactions. To avoid misunderstandings we recommend that all parties put everything in writing in a carefully prepared purchase and sales agreement.

We recommend that buyers obtain a home buying inspection by a reputable professional. We recommend this inspection should include, but may not be limited to septic system, termites, well, water quality, radon and any other required conditions. Some inspections are required by law, others are at the discretion of the buyers.

Financial lenders usually require an appraisal before offering a mortgage. If the buyer wishes to have an appraisal before entering into negotiations or before signing any written agreements, we recommend retaining an appraiser who is familiar with BG.

### **Procedures and Documents for obtaining a Mortgage**

All applicants to Bryn Gweled submit a Financial Form and credit report which the President, Treasurer and Chairperson of the Membership Committee review before applicants begin the membership process. The Financial Form and credit report are then destroyed by the Membership Committee. However, we advise applicants to keep a copy of their Financial Form and credit report until after the settlement because even though this information was submitted, a second review and credit report may be required.

Applicants can contact the Housing Committee or President to obtain names of banks or other financial institutions that currently give mortgages and loans for BG homes. *Of special concern to most lenders is the "Bryn Gweled Homesteads Rider," an attachment to the mortgage and note which provides for full protection of the lender's equity in the event of a default.* Please see the Financial Section of the BG Handbook for more details about the Rider.

After finding a lender, negotiating the terms, and securing a notice of approval from the lender, the applicant must provide the BG President and Treasurer with the following information:

1. Type of loan (variable, fixed, equity, and conditions)
2. Amount of loan
3. Interest rate(s)
4. Period of the loan
5. Appraised value of the home
6. Sale price of the home
7. Lender's Notice of Approval

The BG President and Treasurer make their recommendation to the BG Board regarding approval of the mortgage. Subsequently, BG members must approve the terms of the mortgage and a default contingency resolution. In this resolution a contingency is

established whereby BG can take over mortgage payments in the event of a default, and can take control over any foreclosure process. Included in this agreement is a statement of indebtedness (the buyer is indebted to BG for the balance of the mortgage, which BG can enforce, to recover any amount BG pays toward the mortgage.)

The President of BG asks the BG Board of Directors for approval of the mortgage and all its conditions. After Board approval the President will submit the Mortgage information (#1-7 above) to the Bryn Gweled Community for approval at the next regular business meeting of the Corporation. At that meeting the President asks for a motion as follows:

**“...that the President and Secretary are authorized to co-sign a mortgage (or equity loan) of \$.... for (full names)....with (name of lender)...for a period of ....at ..... percent....(including any conditions) with the usual attachments. The appraised value is \$.... and the sale price is \$.... [for a loan to value ratio of....]**

The passed motion should be prepared as a resolution of BG by the recording secretary and a copy of the resolution should be transmitted to the BG attorney who shall prepare the judgment note and affidavit in accord with the terms and conditions set forth in the resolution, and the full details of the loan should be included.

## **Settlement Documents and Costs at Settlement**

The applicant(s) shall appear in advance of the date of settlement at the office of BG’s attorney, to sign the judgment note and affidavit. The mortgage, note, riders, and any other documents that require signatures of BG officers and the lender are reviewed by BG’s attorney. The BG attorney reviews these documents only on behalf of Bryn Gweled Homesteads and not on behalf of or as attorney for the applicant. If approved, three copies of the BG Lease Agreement and the mortgage are prepared for the signatures of the BG President and Secretary and notarized.

The BG attorney must draw up the appropriate papers prior to settlement. They must be signed by the President and sealed with the BG seal by the Recording Secretary. The note is not filed in Doylestown; it is stored in BG’s vault and will only be acted upon in the event of a default.

The bank or other lender should itemize settlement costs including a transfer tax now required by the township (2% of the purchase price). The Seller and Buyer each pay half of that amount (i.e., **1% of the purchase price**).

Bryn Gweled requires that the BG lease be signed and witnessed and notarized at settlement.

## **Prior to or at settlement the buyer must pay Bryn Gweled for the following:**

### **C-Certificate: Approx. \$3,850, based on the lot size & location**

Calculated as \$385 per point value of the Lot (average lot points = 10) which will be approximately \$3,850.

### **S-Certificate: \$1,000.**

For more information about these certificates, please see the BG Handbook.

### **Payment due after Settlement:**

*Payment for all costs related to the review of the mortgage and note by the BG attorney and the preparation of the judgement note and affidavit by the BG attorney is due to Bryn Gweled after settlement.*

### **The Sellers' Documents**

The Sellers must provide letters of extinguishment from Bryn Gweled Homestead (referred to as "resignation" in the by-laws). These should be available at or before the time of Settlement.

### **After Settlement:**

After Settlement the documents are distributed as follows:

- A. A copy of the BG Lease Agreement is filed in the BG Archives
- B. A copy of the mortgage is filed in the BG Archives
- C. The lease is recorded in Doylestown in lieu of a deed
- D. The judgment note and affidavit are stored in the BG vault by the Treasurer
- E. Letters of extinguishment are filed in the Archives