

Understanding and Agreement to Policies Regarding Ownership of Properties with a Repurchase Option to Dartmouth College

This document is provided to purchasers of certain properties with a Repurchase Option (“RPO”) to Dartmouth College to give an overview of certain policies and procedures which the buyer needs to be aware of, understand, and comply with as an owner. This is in no way a comprehensive list but rather highlights of important areas. Additional information can be found in the governing documents of the various developments such as the Covenants, Rules and Regulations, and Declarations of Condominium for Grasse Road Phases I & II, 19 South Park Street Condos, 7 Austin Avenue Condos, and 5 Currier Place Condos.

1. The Dartmouth College For-Sale Housing Program has been developed based on policies adopted by the Administration which have a stated objective of providing affordable housing to College faculty and employees. In order to provide affordable housing to the initial purchaser, as well as subsequent buyers, there are resale price restrictions placed on the housing which limit the amount of appreciation at resale, if any. The resale price limitations preclude RPO for-sale housing from serving as a speculative investment vehicle. For those individuals whose objective in purchasing real estate is capital gain, it is strongly recommended that a purchase in the general marketplace be considered as an alternative.

2. In addition to the resale price restrictions, there are restrictions regarding how much of the qualifying maintenance and improvement expenses the homeowner may have added to the resale value of their home. Homeowners may spend as much as they wish toward maintenance and improvements, however any amounts over the allowances defined in the RPO will not be added to the resale value. A homeowner should never assume something will be included in the resale value. Buyer acknowledges that all receipts must be saved and submitted with formal written notice when a triggering event, also defined in the RPO, occurs. In order to include costs associated with any improvements, the improvement must fulfill the IRS definition, as something that materially adds to the basis of the home, considerably prolongs its useful life, or adapts it to new uses. For the difference between repairs/maintenance versus improvements, please consult IRS publication “Tax Information for Homeowners” or a tax attorney.

3. Buyer purchases the unit in “as-is” condition and ongoing repairs will be the Buyer’s responsibility. Even though the home is part of the Dartmouth College for-sale housing program, the College is not responsible for any repairs. Homeowners own the property, and in the case of single family homes at Grasse Road Phases I & II, the land on which the house is sited, and are responsible for its upkeep and maintenance. It is understood that, as in the open market, homeowners will not recapture all costs of homeownership.

Buyer Initial _____ Co-Buyer Initial _____

4. The resale price is based on whichever is lower, a) the market value of your home as determined by a College approved and licensed appraiser or b) a formula based on your purchase price, plus the change in the Consumer Price Index (CPI), the total of any allowed improvements, less the cost of failure to maintain systems (determined at the time of the home inspection). This is a simplified version of the full wording in the RPO. It is possible that the home's resale price could be less than what was originally paid in certain circumstances.
5. Homeowners are required to pay all property taxes to the Town of Hanover, New Hampshire as required by law. Property taxes are based upon the Town's assessed value of the property.
6. The homeowner must use the property as his/her principal residence. The residence must be used for residential, non-income producing purposes.
7. The RPO has regulations regarding ownership with regards to separation of employment, retirement, death of the employee, divorce settlement in favor of the non-employee, etc. Some of these status changes may force the sale of the residence after a certain length of time. If there are any changes in ownership interest that would result in adding or removing a co-owner such as a divorce, death, marriage, etc., please notify the Real Estate Office and an attorney to ensure proper recording of necessary documents.
8. All homes in Grasse Road Phase II (Camp Brook Drive and Camp Brook Common) are managed by the Grasse Road Homeowners Association ("HOA"). All homeowners in the Grasse Road Phase II are members of the HOA and are required to pay annual HOA dues. The HOA carries insurance on the common areas, but not on individual homes. Most lenders will require that you purchase Homeowner's Insurance coverage. Condominium owners at 19 South Park Street, 7 Austin Avenue, and 5 Currier Place each belong to their individual condo associations and must pay monthly dues set by the condo association.
9. Homeowners are responsible for complying with any legally mandated regulations, including but not limited to Town of Hanover Ordinances in regards to homeownership. This includes things such as getting permits for any work that requires such, and ensuring the home complies with these codes when selling the home, etc.
10. All costs of escrow, including but not limited to the appraisal, document preparation, title work, buyer's portion of NH transfer tax, recording fees, title insurance, etc. will be borne by the Buyers as is normal practice.
11. Continued ownership is conditional upon continuing Dartmouth College employment in an eligible title, disability or College retirement.

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This is a simplified explanation of some of the more important guidelines, but is not meant to replace or change the original documents which you will receive during the purchase process. If there is a contradiction between what is said in this document, and the governing documents, the governing documents are the official policy that will be upheld.

I hereby signify my agreement to purchase a property at _____,
Hanover, NH.

Signature of Buyer

Date

Signature of Co-Buyer

Date

(This Agreement to be signed and included with Offer to Purchase and initial deposit.)

Buyer Initial _____

Co-Buyer Initial _____