

CHAPTER 7

LAUNCHING OPERATIONS

This chapter provides a review of the subjects that a new CLT must address, following incorporation, as it “sets up housekeeping” and begins developing its program. We assume that some important “initial choices” (as discussed in Chapter 2, “Initial Choices”) have already been made by an “organizing committee” prior to incorporation. In particular, choices should have been made relating to basic goals, service area, formal relationships with other institutions, and governance structure (whether a classic CLT structure or an alternative structure). We further assume that the committee has reached agreement on draft bylaws designed to implement the intended governance structure, though formal adoption of these bylaws cannot take place until the organization is incorporated (see Chapter 4, “CLT Bylaws Considerations,” and Chapters 5-A and 5-B regarding classic CLT bylaws).

Setting Up Housekeeping

Initial directors and initial meetings. Upon incorporation, the CLT’s initial board will consist of those people named as initial directors in the articles of incorporation – who will normally be people who have participated in the work of the organizing committee and are committed to the goals and structure approved by the committee. The initial board is responsible for the corporation until a “permanent” board is elected, but its specific duties are limited to the process by which the corporate membership and permanent board are to be established. In the case of classic CLT corporations, these duties are (1) to formally approve the previously drafted bylaws, (2) to schedule the first annual meeting of the membership, (3) to select and present a slate of candidates for the “permanent” board, to be elected by the members at the first annual meeting, and (4) to present the bylaws for final approval by the membership (see Chapter 5-A, “Model Classic CLT Bylaws,” Article XI). In the case of non-membership corporations, the duties of the initial directors will be to schedule and carry out a meeting of themselves to formally adopt bylaws and nominate and elect the members of a “permanent” board. In any case, the initial board should be seen as a bridge to the intended permanent governance structure and should be expected to accomplish this function as quickly as is practical.

First elected board of directors. In order to assure continuity of planning from the “organizing committee” to the first duly elected board it is generally wise to see that a substantial portion of the nominees for board seats are drawn from among the participants in the “organizing committee.” It is also wise, however, to take the opportunity at this time to “round out” this board by recruiting others who can represent significant groups or institutions not otherwise represented, or who can provide types expertise not otherwise included.

Once elected, the “permanent” board must hold an “organizing meeting” to elect officers in accordance with its bylaws, to take steps to establish committees, and to agree on an ongoing schedule of meetings. The number of committees and the scope of work assigned to each can vary from one organization to another, but the start-up concerns that you are likely to want one committee or another to address include:

- staffing, budgeting, accounting
- design of resale formula and other aspects of ground lease
- program planning
- outreach and resource development

If, as is likely, some of the members of the new board have not participated in the work of the organizing committee and are new to the CLT initiative, you should plan to schedule an orientation session for the full board, to introduce the newly elected directors to each other and to brief new participants on the planning done by the organizing committee.

Necessary groundwork for financial management. Before the new organization can receive funds, employ staff, or disburse money to cover other basic start-up expenses, certain tasks must be completed as soon as possible.

Application for EIN. The corporation will need to have an Employee Identification Number (EIN) assigned to it before it can complete a number of necessary tasks, including the simple task of opening a bank account. The application process can be completed quickly. You can file IRS form SS-4 by mail, or you can apply on line.

Opening bank accounts. The organization will obviously need at least a checking account before it can begin doing business of any sort. If it already has a commitment of funding from some source and expects to receive a significant lump sum from that source in the near future, the organization will probably want to open an interest-bearing holding account as well as a checking account. Before accounts can be opened, the CLT board will need to authorize certain people (perhaps initially just President and Treasurer) to sign checks or withdraw funds. The choice of a depository institution in which to open accounts may be influenced by immediate practical considerations, but it may also have long-term strategic significance for the CLT, which has a necessary interest in building a positive relationship with financial institutions from which it may eventually seek project financing or mortgage financing for CLT homebuyers.

Establishing an accounting system and bookkeeping process. Before the organization can receive or disburse funds, systems must be put in place to record and account for every transaction. Initially these will be simple transactions (receiving grants and/or donations, purchasing office equipment, paying staff). A relatively simple accounting system would suffice if it were not for the fact that in the future the CLT will need a much more sophisticated system. Over the longer term, the organization will be acquiring multiple parcels of real estate. In many, if not most cases, it will be improving (adding value to) this real estate, then selling part of each parcel (the home) while retaining ownership of the land. It is also likely to receive multiple loans on various terms and to repay them over various periods of time. And it is likely to receive various grants or deferred loans that are restricted to specific projects and cannot be used otherwise.

Accounting for this interwoven inflow and outflow of monetary value is not simple, and the consequences of failing to account for it fully are serious. A CLT that begins with an unsophisticated accounting system and does not deal with the question of how to adapt that system to future complications until it finds itself already in the midst of those complications is asking for trouble. It is therefore essential, before setting up any accounting system at all, to consult with a qualified accountant – one who is at least

familiar with nonprofit accounting, and preferably one who is familiar with the accounting needs of nonprofit housing organizations. You will want expert advice not only regarding the kind of accounting system that will suite your long-term needs, but regarding the computer software that will best accommodate that system. And you will want to begin using that system and that software as soon as possible.

Budgeting. Before the new organization hires staff and makes other start-up financial commitments, a first-year operating budget – or perhaps several alternative versions of a first-year budget – should be developed. The process will require making an objective projection of income – or multiple projections contingent on different assumptions. Multiple expense projections based on differing assumptions (e.g. part-time staff vs. full-time staff) may also be useful. In any case, the budget – or each contingent budget – should be one in which expenses do not exceed income. The budget can be modified during the year, as the level of income for the year becomes more certain, but it is important to work through the budgeting process as objectively as possible at the outset so as to have a clear idea of how much can be spent under different circumstances.

Application for tax exemption. To gain access to needed resources, the CLT should, as soon as is feasible, complete an application to the IRS (Form 1023) for federal tax-exemption under section 501(c)(3) of the tax code. However, the application cannot be submitted immediately following incorporation, since it must contain operating budgets and, most importantly, a program description based on a planning process of the sort described below (see Chapter 6, “Tax-Exemption”). Once the IRS has recognized the organization as exempt under section 501(c)(3), the CLT can normally also seek exemption from state and local sales taxes. CLTs normally do *not* seek exemption from property taxes for CLT homes, but may need to see that these resale-restricted homes are not assessed for what their market value would be *without* resale restrictions (see Chapter 17, “Property Tax Assessments”).

Personnel policy and employer responsibilities. Before advertising an initial job opening – and as the budgeting process progresses – the organization should develop a basic set of personnel policies. Candidates for the initial staff position will want to know not only what salary will be paid but also what benefits will be provided, what vacation, holiday, and sick-leave privileges will be offered, what evaluation procedures will be followed, and so on.

Also before hiring staff, the organization must inform itself regarding its responsibilities as an employer and be prepared to comply with all applicable federal and state law – including responsibility for withholding and depositing payroll taxes and making payments for unemployment insurance.

Initial staffing. Some CLTs operate initially on an all-volunteer basis, without staff. Sooner or later, however, staffing will be required to develop and sustain an effective CLT program on even a very modest scale. *Sooner* is generally preferable to *later*, but, at the same time, nothing is more important than the quality of initial staffing. Organizations whose first employee “doesn’t work out” inevitably suffer a loss of spirit, credibility and momentum. It is therefore important to approach the hiring process with all due deliberation.

Job descriptions and qualifications. For some new organizations the first and most difficult staffing question may be whether to define the initial position as that of

executive director and to try to fill that position with someone who has long-term executive director potential, or whether to describe the initial position in terms of the more limited administrative skills that should be sufficient for the short-term. The latter approach is probably safer, as well as entailing less immediate expense for a new organization. If the person hired into the more limited position proves especially effective, he or she can eventually be designated as executive director, but the organization will also be free to consider other candidates for that position. Nonetheless, the most successful organizations are often those that, at the outset, were smart and/or fortunate enough to hire a strong executive director who invested him-or-herself fully in building the organization from the start. In any case, a new organization should give careful thought to the question of which approach it will take, and then develop a job description for one or the other type of position – or, better yet for both positions, even though only one will be filled initially.

Suggested below are some basic qualities that most CLTs would look for in filling the respective positions – though you will not necessarily find all of them in any one candidate.

For the administrative position:

- Competence with basic office equipment, information technology, and, in particular, common computer applications.
- Ability to communicate clearly, both orally and in writing.
- Basic understanding of the CLT model and ability to communicate it to others.
- Basic understanding of bookkeeping procedures.
- Familiarity with the local community and its institutions.
- Efficient work habits and reliability.

For the executive director position:

- A clear understanding of, and strong commitment to, the CLT model and shared equity homeownership.
- The ability to write and speak persuasively.
- The ability to interact effectively with a variety of people.
- Experience in nonprofit management, including supervision of other staff.
- Understanding of basic accounting concepts and financial management practices.
- Experience with affordable housing programs (and, in particular, affordable homeownership programs) and familiarity with the government programs through which affordable housing is subsidized.
- Familiarity with existing housing and community development programs in the local area, and local government programs that interact with them.
- Basic competence with common computer applications.
- Willingness to work the extra hour (or more) when it is needed.

Program Development

A greater or lesser amount of program planning – including resale formula design in some cases – may have been done by the organizing committee prior to incorporation. Even if a substantial amount of planning has already been done, however, the new corporation’s board of directors will now need to review the earlier plans, confirm them, work out remaining details, and develop plans for implementation.

Resale formula design and lease development. The CLT ground lease and the resale formula embedded in it represent a relatively complex body of requirements and restrictions that will affect both the CLT and its lessee-homeowners in major ways far into the future. The development of the resale formula and ground lease should therefore be done with great care and due deliberation. This does not mean, however, that the process should be put off until later. As soon as a new CLT begins to describe its approach to “resale-restricted homeownership” to others in the community, there will be questions about exactly how and to what extent resale prices will be restricted and in what other ways the benefits and responsibilities of homeownership will be affected by the lease. These questions cannot be fully answered until the CLT has decided what formula it will adopt to limit resale prices and how its lease will deal with certain other sensitive issues. Consideration of these issues should therefore not be deferred.

The basic aspects of the CLT ground lease are discussed in Chapter 10, “Legal Issues re. CLT Ownership.” The Model CLT Lease is presented in Chapter 11-A. Section-by-section commentary on the Model (including discussion of alternative approaches taken by some CLTs in some sections) is presented in Chapter 11-B. The subject of resale formulas – including the advantages and disadvantages of the various types of formulas used by CLTs – is discussed in some detail in Chapter 12, “Resale Formula Design.”

Some new CLTs may be tempted to avoid spending the time needed to think through the various tradeoffs involved in designing a resale formula and other lease provisions. Some may believe that simply adopting the formula and other lease provisions used by an established CLT with a successful track record will be a practical way to bypass a complex subject. But there are two serious problems with this approach. First, there is no one-size-fits-all resale formula design: different formulas are used by different CLTs for significant local reasons (e.g., differing market conditions, differing types of housing). To adopt another CLT’s formula without knowing why it was adopted by that CLT and without considering exactly how it would work in your own situation would be foolish. Secondly, the detailed consideration of different formulas and alternative approaches to certain other lease provisions is a necessary foundation for the long-term application and (when necessary) *defense* of whatever approach is finally adopted. A CLT’s redefinition of the rights of homeowners is likely to be challenged by some in the community. In responding to such challenges, the CLT should be prepared to explain exactly *why* its homeowners’ rights are defined in the way that they are. Simply to say that your approach was borrowed from a different organization in a different community will not be a persuasive response for some.

Much of the necessary deliberation will be focused on resale formula design, but other ground lease issues must also be addressed in the process of adapting the Model Lease to a particular CLT’s goals and circumstances. The following list identifies some of the more significant questions that should be addressed in certain sections of the model. Discussion of the questions can be found in the commentary on those sections.

- *Use restrictions* (Section 4.1): Exactly how should your lease define permitted uses of the CLT home and leased land?
- *Occupancy requirement* (Section 4.4): All CLTs require owner-occupancy, but how should occupancy be defined in stating this requirement?
- *Inspections* (Section 4.6): When and how and in what ways should the CLT have a right to inspect the home and leased land?

- *Lease fee and replacement reserve* (Section 5.1): What should be the amount of the monthly fee and should it include a “replacement reserve fee”?
- *Homeowner’s right to select a buyer* (Section 10.6 version 2): Should the homeowner have a right to sell to an income-qualified buyer of her choice, or only to *recommend* a potential buyer to the CLT?
- *Transfer fee* (Section 10.12 or 10.13): It is recommended that the Lease permit the CLT to charge a “transfer fee,” but what should be the maximum amount permitted?

Program design. Some fundamental program design questions are discussed in Chapter 2, “Initial Choices,” and these may have been addressed in greater or lesser detail by the organizing committee prior to incorporation. The CLT’s duly elected board of directors should now confirm whatever “initial choices” have already been made and should translate these choices into a work plan for the initial year, with longer-term program goals also clearly defined. It is important that this planning be done *before* specific projects are launched and specific properties acquired. The CLT should be prepared to resist the temptation to undertake initial projects simply because certain properties happen to be available on what seem to be favorable terms. To be sure, there is a place for opportunism in a CLT’s selection of projects over the long term, but *initial* projects will define the nature and future direction of the CLT’s work in the eyes of the community and should therefore represent the CLT’s longer-term intentions, not just present opportunity.

The program plan adopted by the board at this time will be an important part of the proposals that will be submitted to funding sources (and the plan’s implementation will in turn be dependent on the persuasiveness of those proposals). The plan will also be the necessary basis for the program description that is a critical component of the application for recognition of federal tax-exemption. The application cannot be submitted before the board has adopted a plan. (See Chapter 6, “Tax-Exemption.”)

Specific points that will normally be covered in an initial program plan include the following.

- *Geographical target area* Chapter 2 discusses considerations involved in defining the overall geographical area that a CLT will be organized to serve. This service area may be more extensive, however, than the specific area targeted, for strategic reasons, in the CLT’s initial work plan.
- *Intended income level.* The CLT’s earlier, more general planning may have defined the organization’s purposes in terms of service to low and moderate income people, but this does not mean that the initial work plan will necessarily address the needs of this wide range of household incomes. You may have reasons, for instance, to focus first on housing for low-income households (see Chapter 18, “Project Planning and Pricing”). It should also be noted that the particular mix of low and moderate income households served can have a major effect on the CLT’s eligibility for 501(c)(3) tax exempt status (again see Chapter 6, “Tax-Exemption”). In any case, you will want to determine what “low-income” (usually defined as below 80% of area median income) and “moderate income” (usually defined as between 80% and 115% or 120% of area median income) actually mean in terms of annual household income, as adjusted for household size by HUD, for the area in question.

- *Intended subsidy sources.* The guidelines governing the use of specific subsidies – as well as the amounts of subsidy potentially available – must be recognized. The intended income level and other aspects of the plan must fit within these guidelines (e.g., federal HOME funds can be used to subsidize low income but not moderate income housing).
- *Roles of CLT and intended partners.* It may be that at least in its initial program the CLT will not be the developer of housing but will assume the long-term stewardship role for homes developed by others (possibly including homes built or rehabbed by CDCs or Habitat for Humanity chapters, or perhaps “inclusionary” units built by for-profit developers). In such cases it will be important to determine what role, if any, the CLT will have in marketing the homes. In any case it will be important to define the CLT’s role in orienting homebuyers regarding the nature of CLT ownership. If the CLT *is* to be the developer (either rehabbing existing homes or building new ones), the planning process will need to cover a great many issues, including site-selection, design issues, project financing issues, construction oversight, marketing and homebuyer assistance.
- *Housing type and ownership model.* Decisions regarding housing type and ownership model are likely to be influenced by the intended income level and the particular subsidies sought. In some expensive markets, for instance, it may be that the only homes that can be made affordable with the available subsidy will be condominium units (see Chapter 14, “CLTs and Condominiums”). In situations where the CLT plans to acquire and rehab existing homes, its program will of course be shaped by the nature of the existing homes that are available.
- *Initial project feasibility assessment.* As the planning process addresses the variables noted above, it will be important to test the financial feasibility of different combinations of those variables. For instance, if the CLT considers building or rehabbing homes to be sold to low-income households in a particular neighborhood, with available per-unit subsidy limited to a particular amount, it will be necessary to estimate total per-unit acquisition and development costs for the anticipated type of project, then subtract the anticipated subsidy from the total project cost to determine the price for which these homes could be sold, then calculate whether the monthly income of the intended low-income buyers can cover the debt service that will be required if most of the purchase price is financed at current interest rates. Cost estimates may be rough at this stage of planning, but feasibility assessments of this type should allow the CLT to determine (and to demonstrate to funders) what is and is not feasible.

Outreach and Fundraising

Outreach efforts should be carried out at the same time as the planning efforts described above, and should inform those efforts in various ways as the CLT determines what resources and what types of partnerships may be available to it. Outreach is important for several reasons. Because the CLT approach to homeownership is unfamiliar to most people, a new CLT must make a serious effort to educate the general public regarding this approach. Because it is likely that other affordable housing and community development organizations are already working in the area, it will be important for a new CLT to reach out to these organizations and explore ways it can

cooperate with them, rather than compete with them. And because outreach is the necessary first step in the effort to mobilize the financial resources necessary to an affordable housing program (including operating support, homeownership subsidies, and appropriate homebuyer mortgage financing), a new CLT must reach out to foundations, public agencies that allocate subsidies, and mortgage lenders.

Outreach to the general public. Educating the public about the CLT and building public support for the CLT's programs will require an ongoing effort. In later years the effort can focus on what the CLT is accomplishing – successful projects, successful homeowners who could not otherwise have afforded homeownership – but initial outreach to the public will need to present the CLT's basic goals and basic approach to homeownership in terms that will be comprehensible to potential lower income homebuyers and other lay people. Your goals will be, first, to persuade lay people that the CLT will be good for the community and possibly for themselves as individuals, and, secondly, to persuade funders, lenders, and housing professionals that the CLT has the ability to communicate the CLT concept successfully and win acceptance of it.

It is crucially important to develop written materials that describe the CLT and its goals clearly, persuasively and consistently. Keep the basic explanation as simple as possible, and do not try to vary the way it is presented too much from one situation to another. The explanation that appears in your press releases should be essentially the same as what appears in your brochure and your web site and should provide the foundation for oral presentations and interviews with media representatives (who should always receive a copy of your basic written statement so they won't be completely dependent on their notes). Keep your oral statements to assembled groups and the media "on message." Don't try to say too much or to make your basic points in too many different ways. Multiple explanations employing different terminology will invite garbled reports of what has been said.

Outreach to existing housing organizations. As is emphasized in Chapter 2, "Initial Choices," contacts with other nonprofit organizations that are already working in the field that a new CLT plans to enter should be made early in the process of pre-incorporation planning. Following incorporation, when the CLT's presence in the field has become a fact, outreach to these organizations should obviously continue – with a focus now on developing specific cooperative relationships. If other nonprofit organizations are building homes that are subsidized and sold to low-income people, you will certainly want to explore the possibility of these homes being sold through the CLT program, with the CLT taking title to the land and preserving affordable owner-occupancy for the long term.

An established nonprofit developer may or may not like the idea of seeing these homes sold on terms quite different from what the organization is used to, but there are reasons why it may be in the organization's interest to consider the possibility – especially if the CLT can relieve it of the burden (at least in part) of marketing these homes and the financial risk of perhaps having to hold completed homes while seeking a buyer. And it is certainly in the interest of a new CLT to take advantage of existing housing development experience and expertise, and very much in its interest to avoid competing with an affordable homeownership program that utilizes the same subsidies the CLT would utilize but that sells these subsidized homes *without* long-term resale restrictions. A CLT's relationship with such an organization may be structured in several

ways – perhaps with the other organization in the role of “turn-key” developer, owning the land while building on it, then turning the developed property over to the CLT, or perhaps with the CLT owning the land during development and contracting with the other organization to carry out construction.

The new CLT will also have an interest in utilizing an established nonprofit homebuyer training and counseling program rather than trying to develop its own program to familiarize low-income people with the process of buying a home and to help them qualify for mortgage financing. Particularly if the nonprofit that operates the program will agree to work with the CLT to include a CLT component in its training, the CLT will not only be relieved of the need to develop a comprehensive homebuyer training program of its own, but may also be aided by the existing program in bringing CLT homeownership opportunities to the attention of a larger group of potential low-income home buyers. (Even with the help of such a program, however, the CLT should still expect to provide CLT-specific information and training to its own homebuyers. See Chapter 21, “Marketing, Buyer-Assistance, Buyer-Selection.”)

Approaching government funders. No CLT program can accomplish a great deal without access to funding from government agencies to provide the necessary initial subsidy for CLT homes and to help support CLT operations. Initial contacts with all potential sources of government support in the CLT’s service area should have been made during pre-incorporation planning. Following incorporation, communication with these sources should increase as program planning proceeds. If agency personnel are interested, you can invite them to sit in on planning sessions and offer their perspective on what may or may not be fundable under their program guidelines.

Probably the most common source of funding for CLT programs is the federal HOME program (established by the Housing and Community Development Act of 1990), which provides block grants for affordable housing to state and local governments. Larger municipalities or consortia of local governments qualify for direct grants as local “Participating Jurisdictions,” or “PJs.” Housing organizations within a local participating jurisdiction apply to the PJ for funding. Those not within a local PJ can apply to the state for funding under HOME-funded programs maintained by the state.

An important feature of the HOME program – especially for CLTs – is the requirement that at least fifteen percent of a PJ’s HOME funds be invested in housing “developed, sponsored or owned” by “Community Housing Development Organizations,” or “CHDOs” (pronounced *Chodo*). CHDOs can also receive operating support from a PJ’s HOME funds. In 1992, federal legislation included a formal definition of the community land trust model and specified that such organizations qualify for CHDO status under the HOME program. This status is not automatic, however. The PJ must formally designate the CLT as a CHDO – and it is very much in the interest of a new CLT to seek this designation as soon as possible. (See Chapter 4, “CLT Bylaws Considerations,” regarding details of CHDO status for CLTs.) For CLT-CHDOs that have a positive relationship with a local PJ, the HOME program can be a relatively predictable source of support from year to year.

The other important federal block grant program – the Community Development Block Grant (CDBG) program – can also be used to support housing programs (including operating support) as well as a wide range of other community development activities. Other state and local programs – varying from jurisdiction to jurisdiction – may offer

funding possibilities for the CLT as well. For a new CLT, it is obviously important to identify all possible sources, learn how funds are currently being allocated by each source, and determine what must be done to qualify for funding from each source.

Approaching foundations and other private grantors. No one private grant-making institution is likely to be a regular, ongoing source of support for a CLT homeownership program, but private grantors can be a significant source of start-up support for a CLT (as well as support for various specialized projects in later years). These institutions include grant-making programs established by banks and other for-profit institutions (typically funding activities in the areas where they do business), as well as local and regional foundations, including “community foundations.” Major national foundations are not a likely source of support for local CLT start-ups except in major metropolitan areas and/or areas where an exceptional need is recognized (e.g., the Ford Foundation has funded efforts to launch CLTs in post-Katrina New Orleans). A new CLT should compile a list of all grant-making institutions that have funded, or might fund, programs serving the geographical area served by the CLT, and should assemble available information about the particular interests of each institution, the approximate dollar amounts of grants that each makes, the funding cycle of each (when proposals are accepted and when grant decisions are made) and any available information regarding proposal guidelines. The CLT should then send a formal letter of inquiry to all of the institutions where there appears to be any possibility of funding – and/or contact them by phone, or in person where personal contact is possible.

Unlike the public agencies that deal specifically with housing and community development matters, private grant-makers are likely to fund a wide range of charitable, educational, artistic, and environmental activities, and most of them cannot be expected to know a great deal about the housing issues the CLT addresses. Therefore, in writing letters of inquiry and grant proposals for these funders, the CLT should first develop a persuasive account of the community’s need for affordable homeownership opportunities for lower income people (backed up by relevant local statistics). The CLT’s letters and proposals should then emphasize the ways in which most conventional affordable homeownership programs fail over the long term, and should then explain how the CLT does what other programs fail to do. A basic “generic” proposal should be developed, which can then be adapted to fit the particular proposal guidelines of each funder.

Outreach to lenders, attorneys, realtors, and other professionals. Over time, in its various real estate transactions, a CLT will need the services and cooperation of individuals and firms that deal professionally with various aspects of real estate. In its start-up phase a CLT should make a point of introducing itself to these people. All of them can be expected to be interested in how the CLT model works, what the new CLT plans to do in the local community, and how they might expect to interact with the CLT in their professional roles. Relevant professional groups include the following.

- *Mortgage lenders.* Mortgage lenders will play a crucial role in any CLT homeownership program. The CLT’s homebuyers will need mortgage financing of a type – leasehold mortgage financing – with which most lenders will have had little or no prior experience. It is important that the new CLT begin discussing this subject with them long before the first CLT homebuyer applies for a loan. Chapter 20, “Financing CLT Homes,” provides detailed information on this subject.

- *Attorneys.* The CLT will not only need legal counsel in its own right; it will also need to identify attorneys who are interested in the CLT approach to ownership and are willing to familiarize themselves with the CLT ground lease and provide legal counsel regarding the lease and related documents to CLT homebuyers (see Article 1 of the Model Lease and related commentary re. the “Attorney’s Letter of Acknowledgement”).
- *Realtors.* Some CLTs work directly with real estate brokers in selling CLT homes; others may interact with realtors in connection with “buyer-initiated programs” (see Chapter 21, “Marketing, Buyer-Assistance, Buyer Selection”). And it is in the interest of all CLTs to cultivate a friendly relationship with the local realtor community, which is positioned to help the CLT in a variety of ways. It is important that these professionals understand the CLT’s goals and methods.
- *Appraisers.* Appraising the market value of resale-restricted CLT homes on leased land involves issues with which many (though not all) real estate appraisers are unfamiliar. It is important to explore these issues with at least some local appraisers as soon as possible (again see Chapter 20, “Financing CLT Homes”).
- *Insurance agencies.* The CLT will need various types of insurance for the various types of property interests that the organization and its homeowners will have. Preliminary discussions with agencies that might provide appropriate insurance should not wait until the day the CLT acquires its first property and needs insurance on that property right away.