
SHARE Community Land Trust
Securing **H**omes on **A**ffordable **R**eal **E**state

HOMEOWNER
PRE-APPLICATION PACKAGE

2009



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SHARE Community Land Trust

INTRODUCTION

What is SHARE Community Land Trust and how does it provide affordable housing?

SHARE (Securing Homes on Affordable Real Estate) Community Land Trust is a non-profit organization dedicated to land ownership that is cooperative, stable and sustainable. SHARE combines community ownership of land with private ownership of homes – blending long-term neighborhood control with individual security and equity. SHARE is a program of Upper Valley MEND that was created by the local ministerial association in 1988 and is best known for its operation of the Community Cupboard thrift store and food bank.

SHARE was begun in 1998 by Upper Valley MEND because of its concern with the impacts of spiraling land values in Leavenworth. Leavenworth, a town of fewer than 2,500 residents, is one of Washington State's biggest tourist attractions with 1.2 million visitors in 2000. The emphasis on tourism in such a small town has resulted in much of the housing in the area being used for recreational purposes and/or for households whose primary residence is outside the area. This factor combined with the limited availability of land for development has resulted in driving housing costs beyond what many of our community's wage earners can afford. A family of four whose household income is \$45,600 would qualify for a mortgage approximately in the range of \$145,000 - \$152,000, while homes sold through realtors in the Leavenworth area during 2007 averaged \$317,469.

The community land trust model provides one solution for providing permanently affordable housing for those working in Leavenworth. SHARE Community Land Trust purchases land and legally divides a portion of the land into individual leasehold lots. The residents own houses constructed on these leasehold lots. Residents lease the land from SHARE for ninety-nine years, with an option to renew for another nine-nine years. To insure long term affordability, SHARE restricts the resale price of the home. The home and leasehold rights must be sold to a household earning at or below the same percentage of the area median income as the original purchaser. The resale price is determined by increasing the original value by some objective index established by the SHARE board. Residents gain some equity, but the home remains affordable for all succeeding buyers.

SHARE's first neighborhood, Alpine Heights, is located at the corner of Mountain View Drive and Park Avenue in Leavenworth and consists of 10 homes ranging in size from two bedrooms to four bedrooms. These homes were completely occupied by January 2002. The next neighborhood was completed 2006 called Aldea Village. It is located on Titus Road north of Club West. It consist of 10 homes of various sizes. These homes are completely occupied.

Future Housing Opportunities

SHARE is committed to increasing the number of affordable housing options, including options for "moderate", "low", and "very low" income households. We encourage any household that is interested in staying in the Leavenworth area to submit an application. Our future work will, in part, be guided by the needs expressed in applications we receive. All completed applications which meet our qualifications will be placed on our waiting list for the sale or resale of our community land trust homes.

APPLICATION PROCESS

The application process is outlined below.

- Step 1** Attend an orientation session at which SHARE Community Land Trust will explain the land trust concept and the application process.
- Step 2** Join SHARE Community Land Trust if you are not currently a member. Membership costs \$15 per year. A membership application can be found on the brochures available at the meeting. The land trust is a community organization open to all people interested in providing affordable housing to Leavenworth. Residents with homes on the land trust will be required to be members.
- Step 3** Determine your eligibility and willingness for commitment: You are eligible if you meet the six criteria listed on the pages 5 and 6 of this packet. SHARE also advises you to read through the entire Homeowner Application Package to determine your willingness to complete all steps, including participating in meetings and paying all fees. If you are eligible, or believe you could become eligible, and are willing, proceed to step #4. If you believe you may not be eligible but are serious about becoming a homeowner we encourage you to proceed with the application process; SHARE staff can provide Homebuyer Education and Counseling which may assist you in becoming eligible in the near future.
- Step 4** Arrange to meet with a SHARE staff person to submit a completed Homebuyer Application with a \$25.00 application fee (the application fee will apply towards the purchase price of the home): **NOTE: This must be done in person – applications cannot be simply mailed or dropped off.** SHARE staff will review your application to ensure that you meet all the eligibility criteria. A copy of the application is included with this package. Applications are reviewed on a first-come, first served basis. Once an application is complete, the prospective homeowner is placed on a waiting list. When your application is approved you may proceed to the next steps. You will be sent a letter indicating that your application has been approved. In some cases, if your application does not receive immediate approval, SHARE staff can provide Homebuyer Education and Counseling which may assist you in becoming eligible in the near future.
- Step 5** Attend SHARE Homebuyer Applicants Meetings: SHARE Community Land Trust will announce and hold meetings for SHARE homebuyer applicants to get input from potential SHARE homeowners on site and house design, common areas, programs, and some details of the covenants and restrictions which will become part of the ground lease. The meetings will also be an opportunity to keep potential SHARE homeowners up to date on the development progress.
- Step 6** Attend a certified 8-hour Homebuyer Education course sponsored by SHARE. There are six sections which will each need to be completed. It is recommended that this be done as early as possible in the process as many of the questions you may have concerning the rest of the application process will be answered at the Homebuyer Education meetings. These will be offered at various times.

- Step 7** Complete Community Service/Sweat Equity Hours. Applicants will be expected to complete fifty (50) hours of service for each family member over the age of eighteen, and forty (40) hours of service for family members aged 14-18 years. In the case of new construction, the fifty hours for each family member over the age of eighteen must be work on the applicant's home doing such things as cleaning, clearing, preparing common areas, and painting. Ten of those service hours may be done in any volunteer project in the community. All hours will need to be cleared with SHARE staff in advance, and recorded. Disabled persons can arrange alternative sweat equity assignments, or for the hours to be performed by substitute volunteers.
- Step 8** Submit Mortgage Application: If you remain on the waiting list and are high enough on the list to be within the number of homes available for purchase, SHARE staff will work with you to help you determine a lending source which would be appropriate for your circumstances. You will then need to go through their loan application process. **Only upon this final mortgage approval will you be offered a home for purchase.**
- Step 9** Sign a purchase and sale agreement: Once you qualify and have all the necessary approvals in place, SHARE will offer you a contract for the purchase of a home at a fixed price. When you sign this agreement you are fully committed to the purchase and SHARE is fully committed to building the home and selling it to you at the agreed to price.
- Step 10** Close Transaction: This will be done when the home is complete or nearly complete. You will need to finish the necessary paper work and pay the necessary fees to purchase the home from SHARE and receive the loan from your lender. Closing costs with a bank or mortgage company are estimated to be between \$1,500 - \$2,000 (depending on the sales price of your home and the lending program you use). A down payment of up to 5% of the sale price of the home may be required, depending upon the particular lending program selected and upon income levels. It is possible for many applicants to qualify for some assistance with this.
- Step 11** Move to your new home and work with neighbors to maintain common areas.

Eligibility Checklist

You are eligible for a SHARE Community Land Trust home if you meet the following six criteria:

- 1. Minimum residency requirement: You must currently be living or working in boundaries of Cascade school district for at least 6 months or have accumulated 2 years of former residency. You must also have proof of legal residency in the USA.

- 2. Income requirement: You must earn enough to pay the monthly mortgage, taxes and insurance. The majority of homes will go to people who earn less than 80% of the median income for Chelan County for your family size. However, SHARE is committed to serving some households between 80%-100% of median or even somewhat higher. Therefore the tables below are guidelines. While it is true that if you are at 80% of median or below you have a better chance of getting a home, we encourage everyone who cannot currently afford to buy in Leavenworth to apply and we will make every effort to help you. The following chart shows the 2009 figures for 80% and 50% of median incomes for Chelan County. (These figures are gross income, before taxes are withheld, and can be adjusted slightly for some allowances such as child care costs.)

	# Of people in family							
	1	2	3	4	5	6	7	8
80%	31,900	36,500	41,050	45,600	49,250	52,900	56,550	60,200
50%	19,950	22,800	25,650	28,500	30,800	33,050	35,350	37,600

- 3. Credit rating: You must have a good credit rating showing no significant delinquencies in the past year and no bankruptcy in the past three years. A credit report will be ordered by SHARE as part of your application. In addition, banks will order a report of their own when you ask them to pre-qualify you. If the applicant does not have good credit SHARE staff can provide credit counseling which may assist you in clearing your credit rating. If you are willing to work to qualify for a home, we are willing to support and work with you!

- 4. Debt: At the time you apply for a mortgage your total debt (including the cost of your house) may not exceed approximately 38% of your income (depending upon the lending program you use). Debt includes any long-term obligation (a repayment period of more than 6 months), such as automobile payments, child support, and student loans, plus the minimum monthly payment for all credit card debts. SHARE staff can help you determine this percentage during your application process. Generally, however, monthly debt obligations of more than \$200-\$300 in addition to house payments will make it difficult for you to qualify. If the applicant's debt load is too great to qualify SHARE staff can provide assistance to establish a plan for debt reduction. If it appears that it is possible for you to reduce your debt within the necessary range with a debt reduction plan, you will be allowed to remain on the waiting list for a home as long as you follow through with your debt reduction plan.

- 5. Employment or other income: You must have proof of steady employment or income for at least two years. Sources of income include all wages, overtime and tips; interest and dividends; social security, annuities, pensions; unemployment, disability and severance compensation; alimony and child support; and most forms of public assistance. Self-employed individuals must demonstrate proof of earnings with tax returns for the past two fiscal years.

- 6. Assets: If you qualify as a household earning under 80% of median income you may not have net assets exceeding \$7,500 in value. Assets include savings, land, mobile home, recreational vehicles, boats, art collections, or similar items. Not included in the calculation of asset value are household possessions, cars, and Individual Retirement Accounts (IRA's) or pensions. If you are attempting to qualify as a household above 80% of median you will need to list your assets and discuss your case with the SHARE staff if your assets exceed \$7,500.

If it appears you are not eligible, but need housing, apply anyway. We are committed to making every effort to create homes for those who cannot buy at current market rates.

SHARE Community Land Trust is committed to serving families in need of housing. In order to help, we need to know that you exist and we need to understand what you need. The most frequent cause of ineligibility is too much debt. We can assist you with debt counseling. Applicants are advised to meet with the SHARE staff if they believe they are not currently eligible. SHARE staff can provide Homebuyer Education and Counseling which may assist the applicant in becoming eligible. Call 548-0408 for an appointment.

SAMPLE FEE SCHEDULE FOR PROSPECTIVE HOMEOWNERS

SHARE Community Land Trust Annual Membership Dues: \$15 per household per year.
Dues must be paid before your Homebuyer Application is received
Dues are non-refundable

Dues support SHARE's operations

Application fee: \$25 per household
Due with Homebuyer Application
The Application fee is non-refundable

The Application fee support/ pays for a credit report

Closing costs: Estimated to be \$1,500-\$2,500
(will depend of the sales price of your home and the lending program you use)
May include recording fees, title insurance, appraisal costs, loan fees, real estate tax and insurance escrow fees, tax service fee, etc.

Due when you close on your home.
Pays for all transactions and costs associated with your loan and lease

Down Payment: A down payment may be required. Depending on the lending programs you use it may range from 0 – 5% of the sale price of your home. Programs for down payment assistance are available if you qualify. We will work with each applicant to determine which programs might be of assistance.

Due when you close on your home.
The down payment applies to the purchase of your home.

Also, be aware of the following major costs usually associated with moving to your own home:

- Refrigerator (unless included in the mortgage loan)
- Washer/Dryer
- Landscaping
- Furniture
- Utility Deposit