



Homebuyer Manual

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Habitat Homeownership

A Lifetime Partnership

CONGRATULATIONS!

Welcome to your journey toward Habitat Homeownership. We will become partners as you join local communities and hundreds of other Habitat homeowners in the Twin Cities metro area. We invite you to view us as a trusted resource for gaining information, training, and tips on topics related to homeowner success.

The following pages contain a review of important information about the Habitat Homebuying Program, next steps, and what to expect. We hope that you find the summaries useful reminders of what makes the Twin Cities Habitat homeowner journey special and unique.

In this manual you will find:

- Homebuyer Program Acknowledgement of Responsibilities
- Next Steps
- Land Trusts
- Associations
- Sweat Equity Requirements

Habitat Homebuyer Program

Acknowledgement of Responsibilities

By submitting this agreement, I am agreeing to complete the Habitat Homebuyer Program. I understand and acknowledge that I must complete the Homebuyer Program before final closing on the home, and that this agreement is subject to an addendum that requires completion of the program by the closing date.

I understand and acknowledge that if I do not complete the Habitat Homebuyer program I will not qualify to purchase this home and this agreement will be cancelled.

I agree to maintain an approved income and credit rating, maintain a minimum savings balance of \$6,300, maintain a DTI less than 13% of my monthly income, and resolve all collections, judgments, and delinquent accounts that arise on my credit report. I also agree to inform Habitat about any changes to my marital status before closing for legal purposes.

I understand that all applicants (adult family members whose incomes are used to qualify for the loan) will be on the mortgage and own the home together. Applicants on a Habitat mortgage must live in the home as their primary residence and not rent out the home.

I understand that Habitat becomes our mortgage company, not our landlord. All future repairs and improvements on my house will be my/our responsibility. If a maintenance concern is not under warranty, I will be responsible for hiring a contractor to do the work, not Habitat. I will also be responsible for responding to and paying for tax assessments. (Example: City puts in a new sidewalk and assesses each homeowner a portion of the cost).

I understand that if I purchase with a Habitat Home Loan and move before the mortgage is paid off, that I must offer to sell the home to Habitat, and Habitat has the right not to buy the home. Habitat retains a right of re-purchase of the home from households who no longer desire to live in their current home so that affordable homeownership is possible for other homebuyers. Homes are re-purchased at Fair Market Value and are supported by a market appraisal. Details on the buy-back program will be disclosed as part of the Habitat Homebuyer program.

I understand that Habitat relies on volunteers to complete the construction of Habitat homes. I understand the timeline may be different from other home construction processes and can take up to 18 months.

I understand that if the house I purchase is part of an association, I am required to follow the rules and regulations of that association. I understand that I will be responsible for paying monthly association fees. I understand that my association may have the right to foreclose on the home if I fall behind on association fees.

I agree to attend all required trainings in addition to a Home Celebration regardless of if I buy a home on the open market, or, if I am selected to buy a Habitat-developed home. I understand that if I am selected to buy a Habitat-developed home, I agree to complete at least 250 hours of sweat equity.

I understand a Habitat staff member may have provided estimates about monthly payments and loan amounts based on my current income information. I understand that I will have to complete a loan application. Actual interest rates, monthly payments, and total loan amounts will be based on my income at the time of loan application. The final interest rate, monthly payment, and total loan amount could be different from what I have discussed with staff.

I understand and acknowledge that I am entering into a formal agreement with Habitat to purchase the home I selected. I understand that Habitat has the right to request income verification at any time to ensure I remain qualified to purchase the home. If changes to my financial status make me ineligible to purchase the home, Habitat holds the right to offer the home to another homebuyer. I understand that if I break this formal agreement to purchase the home, I will not be allowed to continue participation in the Habitat Homebuying Program.

Habitat Homebuyer Program Next Steps	Time Frame (approximate)
Attend Trainings (50 hours credit)	Once matched to a Home- Immediately
All homebuyers must complete homebuyer trainings that cover various home ownership information. Monthly trainings may be offered in person or via webinar. Email Linda Griffin at linda.griffin@tchabitat.org to sign up.	
Complete Sweat Equity Hours (100 hours credit)	Once matched to a Home- Immediately
Each homebuyer family is required to complete 100 hours of required volunteering. Get started by registering to volunteer at https://tchabitat.volunteerhub.com/lp/homebuyers/ . See Appendix A for more information.	
Attend Celebration of your home	1-2 months or varies based on closing
Volunteers, donors, and your friends and family join together to celebrate the completion of your new home. This event is required. Habitat staff will contact you regarding the date and time.	
Submit Mortgage Application	45-60 days prior to closing date
A TCHFH Lending Inc. Community Loan Officer will contact you to submit a mortgage application. You will be given a list of documentation you need to provide to verify income for the applicants on the mortgage.	
Give Notice to your landlord	1-2 months before your assigned closing date
Your Loan Officer will give you an idea when to notify your landlord to move out. Do not give notice until you hear from your Loan Officer.	
Participate in your Home Walk-Through	1- month prior to closing
A Construction staff member will walk you through your home to explain the mechanics of your home. You and the staff member will make a list of the work that still needs to be completed, inside and out. This is an opportunity for you to inspect doors, windows, carpet, etc.	
Schedule Closing	1-2 months prior to closing
A TCHFH Lending Inc. staff person will contact you to schedule your closing.	
Purchase Homeowner's Insurance	During last month before you close
You will purchase 1 year of homeowners hazard insurance.	
Set up Utilities	During last month before you close
Once your closing date is set, you will need to call the utility companies in your area and arrange for service at your new home on your closing date. Phone service, gas and electricity, water and sewer, garbage removal/recycling, and postal service need to be transferred so they are in place when you move into your new home. Note: All bills for utilities used on the property before you own it will be paid for by Habitat. Your starting date for service is the date of your closing.	
Attend Closing	The day you purchase
The closing meeting finalizes the real estate transaction. You will meet with Habitat staff at the Title Company to sign your mortgage documents. The house will officially be yours and you will be given the keys to move in.	

Land Trusts

“In the truest sense, a Community Land Trust (CLT) acquires land and removes it from the speculative, for-profit, real estate market. CLT’s hold the land they own “in trust” forever for the benefit of the community by ensuring that it will always remain affordable for homebuyers.”

(<http://www.clclt.org/what-is-a-land-trust/>)

The land trust model at Twin Cities Habitat for Humanity creates opportunity for Habitat to offer buying opportunities when appropriate to low- and moderate-income households in higher value communities. Habitat offers a mix of land trusted and non-land trusted properties for sale.

Twin Cities Habitat for Humanity utilizes public funding which supports the CLT model, through the HOME program, and allows Habitat to offer an affordable mortgage product to low-income households.

When purchasing a land trusted property, the owner purchases the improvements on the land (house and any other structures, such as a garage) for the fair market value of those improvements with Habitat mortgages, as described in the appraisal. Habitat continues to own the land and leases it to the homeowner. The homeowner agrees to a 99-year land lease with Twin Cities Habitat for Humanity. This lease requires the household to pay a small land lease fee, usually \$1, and notes that the household maintains the rights to the land on which the improvements lie.

As noted in the lease, the owner is responsible for maintaining the property in its entirety (land and improvements). The owner is also responsible for paying the property taxes on the land and improvements and maintaining adequate homeowners’ insurance for the full property. As with traditional fee simple ownership, Land Trust owners have the opportunity to build equity through homeownership.

In exchange for buying a home at an affordable price, owners agree to sell the home to an income qualified buyer, keeping the home permanently affordable. Habitat Land Trust owners also have the option to sell the property back to Habitat.

Community Land Trusts

How does a community land trust work?

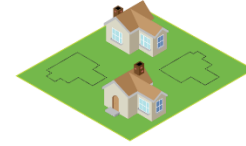
Various sources of public and philanthropic capital...

- Private donors
- Federal housing subsidies
- City-owned property
- Community foundations
- Anchor institutions

...are used by community land trusts...

CLT

...to acquire homes in a geographic focus area.

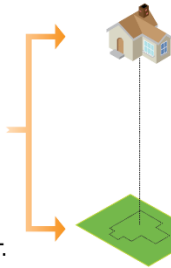


Community land trusts tweak the normal process of homebuying...

A new resident buys their house outright...



...but leases the land underneath from the CLT.



They pay an annual fee to the CLT to support its operations...

CLT

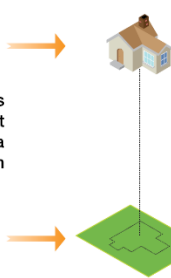
...and the CLT retains permanent ownership of the land.

...to make housing permanently affordable.

Current resident sells their house at a price set by the CLT, earning a portion of the increase in value of their home...



CLT
...while the CLT retains the land.



A new resident buys the house at a price that's been kept affordable...



...and agrees to the same requirements around resale.

Why CLTs Matter

Although the first community land trust in the US was started in rural Georgia in 1970 by civil rights leaders to help poor black farmers, today, the majority of the country's nearly 250 community land trusts are today located in urban areas.

CLTs create affordable housing while still allowing low-income residents to build equity as homeowners. Moreover, because the CLT retains ownership of the underlying land, this housing remains permanently affordable, even as the original beneficiaries of an affordable home price sell and move on. This long-term, continuing benefit makes CLTs an especially efficient use of affordable housing subsidies.

By locking in permanent access to affordable housing, CLTs can play an important role in countering the market-driven displacement associated with gentrification. And by stewarding neighborhood land for the public good, not speculative profit, CLTs have played an equally important role in stabilizing communities by preventing unnecessary foreclosures.

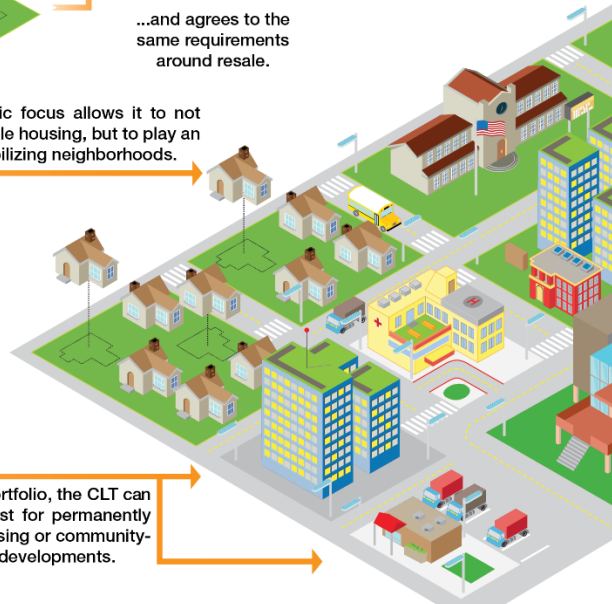
CLTs are typically governed by:



CLT

The CLT's geographic focus allows it to not only provide affordable housing, but to play an important role in stabilizing neighborhoods.

As it diversifies its portfolio, the CLT can also own land in trust for permanently affordable rental housing or community-focused commercial developments.



For more information on Community Land Trusts, see: community-wealth.org/clts
Designed by Benjamin Yi



Homeowner's Associations

A homeowner's association is an organization of people who live near each other and share common property.

In a homeowner's association, you share ownership of common areas with your neighbors, such as a private road/street, lights, driveways, or sidewalks. An association is formed to maintain the common property. Each association has its own governing documents that provide guidelines on how the association should operate.

As a member of an association you will pay a monthly fee to the association. The money is used for maintenance of the common areas, repairs to the exterior of the homes, insurance on the buildings and land, and savings for long term replacements such as roofs and siding. For example, most associations hire companies to plow driveways, cut grass and repair common elements. The association will likely hire a management company to oversee these duties, collect fees, and enforce rules.

As a member, you will have input with the association and will be invited to attend association meetings, which are held at least once per year. Members of the association may volunteer to serve on the board of directors in positions such as President, Vice President, Secretary, and Treasurer.

All these documents pertaining to your homeowner's association will be given to you before closing. State law requires you to have 10 days to review them before you choose or not to purchase your home. When you decide to purchase a home in an association, you agree to follow the governing documents of your association.

Appendix A: Sweat Equity FAQ

What is sweat equity?

The idea behind sweat equity, families working side by side with volunteers to build their homes, goes back to even before Habitat for Humanity began in 1976. Clarence Jordan — the founder of Koinonia Farm, where Habitat for Humanity began — encouraged everyone to build community by working together. At Habitat for Humanity, sweat equity is a new homeowner investing in the success of their homeownership, and/or that of another family's.

Habitat's homebuying program incorporates 4 unique components which contribute to a participant's overall required 250 credits of sweat equity.

Sweat Equity Component	Total Credits
Achieving and maintaining Mortgage Ready status	50
Completion of all required Homebuyer Education Classes	50
Completion of 100 hours required volunteering on build site or ReStore (only if special accommodation is needed). Proxy* hours available	100
Completion of Lending process	50
Total Program Sweat Equity Credits	250
<p><i>**Proxy indicates adults and youth 16 years and up, not listed on the application. Proxies are expected to work ONLY when the homebuyer (as listed on the mortgage) is working.</i></p> <p><i>**Homebuyers receive no further credit or benefit by volunteering more than the required maximum of 100 hours on a build site, or accommodated location at ReStore or in office</i></p>	

Required Volunteering

- Offered in 4- or 8-hour shifts. No construction skills or knowledge is required.
- Proxy (friends, family, or coworkers) hours may account for up to only 50% (50 hours) of total 100 hours. No more than 2 proxies can volunteer with you at any given time. You must always be present with your proxies.
- Please notify a staff member if you have physical limitations that may prevent you from working on our construction sites.