



WILLAMETTE
NEIGHBORHOOD
HOUSING SERVICES

If you think you can't own a home, think again.



Community Land Trust homes in Corvallis: Homeownership may be closer than you think.

What does owning your own home mean to you?

Stability? Independence? Safety? A place of belonging? The idea of owning your own home brings up many different feelings. Whether it's knowing that your kids can stay in the same school district all their childhood, not fearing eviction because the property was sold out from under you, or even the chance to choose your own paint colors or have a puppy for the first time, homeownership offers many advantages. And it's more affordable than you might think.

Community land trust (CLT) homes are designed for first-time homebuyers with limited financial resources, and help bridge the gap between what families can afford to pay and what homes actually cost. This is especially important in a high-cost town like Corvallis.



Seavey Meadows—Willamette Neighborhood Housing Services' second community land trust project



How it works

Community land trusts make first-time homeownership affordable, stable, and safe for families with low to moderate income. The homes are purchased by individuals or families with a regular fixed-rate mortgage (and often with down payment assistance); the land is kept by Willamette Neighborhood Housing Services (WNHS) and leased to the individuals or families for a small monthly fee. That lease lasts for 99 years, and is renewable (so if you pass your home down to your children's children's children, they can still continue to live there!). This is what is called a ground lease.

Why does WNHS keep the land? That's how we make it affordable for current homebuyers, as well as future generations. By not having to pay for the land, a family can move into a

home at a price far cheaper than market rate, and the home can remain affordable for future generations.

Fixed-rate mortgage—a mortgage with a set interest rate for the entire life of the loan; it can never be raised.

You still have all the rights of a regular homeowner, though, with a few exceptions. The house is yours, with all the regular rights of homeownership—to paint, recarpet, have pets, and anything else you choose. Through the lease, you also have rights to use of the land—you can landscape, garden, put up a fence, or install a pool. All we ask is that any major structural changes to either home or property—such as building an addition—be approved by WNHS, and, as with any home, adhere to city code.

What's the catch? There are only a few conditions—the biggest one being that you, in exchange for receiving this low price, agree that, if you ever sell the home, you will sell it for an affordable price to another homebuyer who meets the same income requirements.

Resale formula—the math we use to determine what the resale price of your home can be, should you choose to sell it; it balances a return on investment for you and the need for affordability for the next buyer.

This is how it stays affordable for generations. While it does mean less equity for you, as the homeowner, it's also a chance for you to "pay forward" the benefit you received in paying that lower price, and become an active community partner in keeping housing affordable!

Details: the ground lease

The ground lease:

- Lasts for 99 years, is inheritable, and is renewable (meaning your children, grandchildren, and great-grandchildren can live here as well!);
- Lays out the resale formula that must be used if and when the house is resold, and states that the next homeowner must meet the same eligibility requirements;
- States that WNHS can never sell the land out from under you or make changes to the lease;
- Requires a \$60 monthly fee, payable to WNHS, for use of the land and for the home's depreciation fund, which is later used for major unexpected repairs undertaken by you or future owners.



Why become a CLT homeowner?

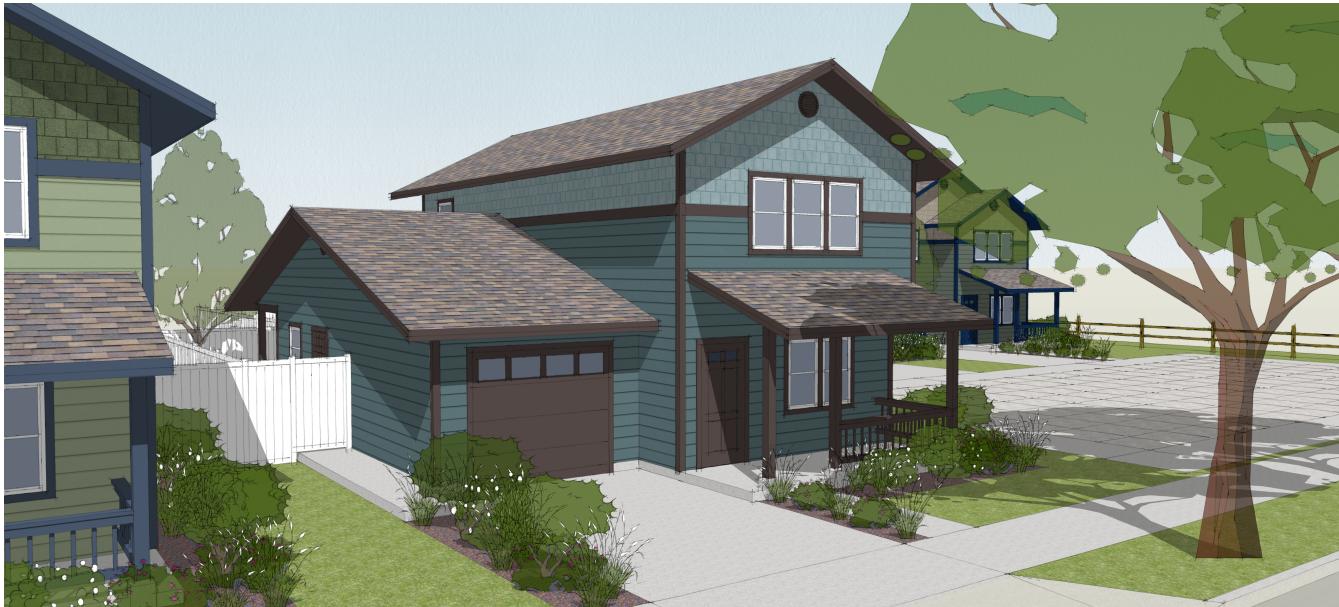
The best part of being a community land trust homeowner is the opportunities it gives you. Owning a home brings feelings of safety, stability, and pride, and helps make our community stronger. It offers a chance to:

Grow. Even while homes stay the same, they witness a lot of change and growth—from your children to the trees you proudly planted the day you moved in. And there's something else you can grow, too—the potential for a secure financial future for you and a legacy for your children. And while you agree to share some of that financial benefit with future generations, homeownership has the possibility of building equity, unlike renting—your home has

value that belongs to *you*, not to a landlord.

Pay it forward. We want to help families get into homeownership. And now, by agreeing to resell the home for an affordable price to another income-qualified buyer, you're part of that vision, too.

Plan for the future. Knowing what your housing costs are going to be for the long haul, and that you can stay in the same home, frees up your time and resources to focus on other things—like saving for your kids' college education, planning a small business, or other personal goals.



Stories

Not sure if you can afford your own home?

It might be closer than you think.

Jack and Maria have two kids. Between Jack's job in construction and Maria's position as a teaching assistant, they bring in about \$45,000 per year. They've dreamed of owning their own home, and have even saved a little bit over the years, but the down payment and high home prices in Corvallis have always been an obstacle.

That's when they discovered WNHS. Thanks to the City of Corvallis no-interest loan program and the Valley Individual Development Account program (VIDA), their little nest egg grew from \$5,000 to \$15,000—enough for a down payment. Working with WNHS, they were approved for financing through a local financial institution, and after getting locked in at a 4.4% APR, discovered their monthly payments would only be \$922—\$250 less than their rent!

They were able to purchase their \$190,000 home for only \$150,000, after WNHS' subsidies, with a nice down payment up front and a little left to put aside for emergencies and repairs. The home is completely theirs—and when it comes time for them, or for their children, to sell someday, they love the fact that they can pass that savings on to the next family, too.¹



1. This story is a fictional example of how the process can work for a typical family. Every household's financial situation is different. Please give us a call to find out more on what your own story may look like!

Ready?



Am I ready to own a home?

There are no minimum income requirements to purchase a CLT home, but you must have enough income and/or assets to qualify for a home loan and be prepared for the responsibilities homeownership brings. There are several things lenders look at when approving a mortgage—including income, debt, employment history, credit, and savings. Your lender will generally want to see that you aren't paying more than 42% of your monthly income on housing expenses and debt obligations (such as minimum credit card or student loan payments), and that you have at least \$1,500 in savings—homeowners are expected to contribute at least 1% of the purchase price as down payment.

Area Median Income—the middle income for your geographic area. This means that half of all households make more than this, and half make less. Those making 80% or less of that number are eligible for CLT homes.

Am I qualified?

Community land trust homeownership is open to anyone who is income-qualified and ready to buy a home!

There are two basic qualifications: your household income at the time you purchase the home must be at or under 80% of the area median income (AMI), and you must not have owned a home within the last three years. To find out if you income-qualify, look at the table below and find your family size. Is your income at or below the number listed?

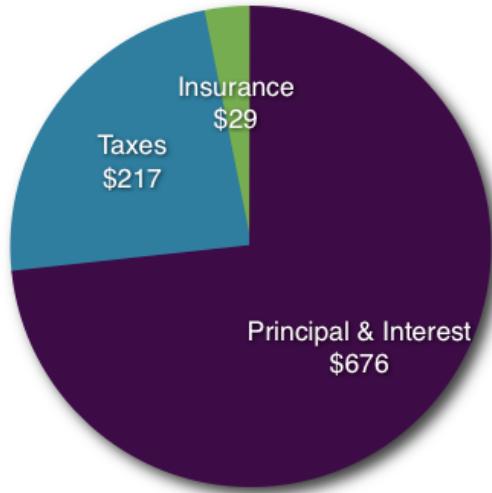
People living in your household	Yearly income (before taxes) at or below:
1	\$43,650
2	\$49,850
3	\$56,100
4	\$62,300
5	\$67,300

80% AMI for Benton County, OR—2013

WNHS' certified housing coaches can help you determine if you're mortgage-ready: go over your credit, help you create a budget and savings plan, evaluate your financial picture, and help you create a plan for the future. We offer free homebuying coaching, as well as first-time homebuyer and budgeting classes. And we're still here to help, even after the papers are signed—we want you to succeed! Even if you don't think a CLT home is right for you, our services are still free to the entire community, and we would love to help you on your homebuying journey.

What does a monthly payment look like?

Monthly payments can vary, depending on your financial situation—but you may be surprised how affordable owning a home can be! For example, if you choose a home that costs approximately \$150,000 and get locked in at 4.4% APR with \$15,000 down¹, your monthly payment could be as low as \$922—far less than many of the family-sized rentals in Corvallis!²



1. Down payment assistance is available for qualified buyers.

2. This is only an example—taxes, insurance, and interest rates can vary, and every household's financial situation is different. Your homebuying coach and your lender can help you figure out your own potential scenario.



What assistance is available?

There are two down payment assistance programs available in Corvallis: the VIDA (Valley Individual Development Account) and the City of Corvallis matching program.

- VIDA helps you and your family purchase a home by matching your savings 3-to-1. Every dollar you save during a one- to two-year period is matched by three dollars, up to a total of \$3,000 in matched funds annually.
- The City of Corvallis' First Time Home Buyer program provides no-interest loans of up to \$15,000 for low-income first-time homebuyers to cover a portion of the down payment or closing costs on purchasing a home within the City of Corvallis.

Talk to your homebuying coach to learn more and find out if you qualify!

What about selling it?

Most people don't stay in the same home forever. How does it work if you want to sell your home? As a CLT homeowner, you agree to 1) sell your home back to another income-qualified buyer or WNHS, and 2) limit the amount of appreciation you receive. What that means is that, even if the home increases in value, you agree to limit the sales price of the home to an amount that still lets you have the potential to earn back equity, but also keeps it affordable for the next buyer.

To figure out that amount, we use our resale formula. This amount is the maximum price you can sell your home for, and is meant to both give you a fair return on your investment and keep prices affordable for future buyers. Just as you didn't have to pay full market value for the home, you cannot sell it for full market value, either—that's part of keeping homes affordable for everyone. But we do want you to have the opportunity to build some equity, if possible—that's a major part of homeownership!

For you number-crunchers, here's an example of how the formula works (you can also check out the graph on the next page for a visualization of the process):

The resale formula:



Step 1: Calculate appreciation (increase in value) of the home	
Appraised market value of the house/land at time you wish to sell; subtract...	\$220,000
Market value of the house/land when you purchased	\$180,000
Market value increase of entire property	\$40,000

Step 2: Calculate the homeowner's share of the home's value	
The amount you paid for the house (original sales price), divided by...	\$140,000
Appraised value of both house and land at purchase	\$180,000
% ownership	77.78%

Step 3: Find the affordability factor	
WNHS affordability factor	25%

Step 4: Multiply results from steps 1, 2, and 3 for the dollar amount of your share of the appreciation				
\$40,000	x	77.78%	x	25% = \$7,788

Results: Final resale value			
\$140,000	+	\$7,788	= \$147,788

This is meant to serve only as an example. Remember that home values are dependent on the housing market, and may not always increase in value. This is a risk with any type of homeownership—not just CLTs. Equity and returns on investment are never guaranteed.

\$250,000

\$200,000

\$150,000

\$100,000

\$50,000

Full value

Original sales price

Total appreciation

Full value

Original sales price

Total appreciation

Your ownership share

Full value

Original sales price

Total appreciation

Your affordability share

Full value

Original sales price

Your affordability share

Original sales price

Full value

New sales price

2001

2013

2013

In 2001, you bought the house for \$140,000, and it was worth \$180,000 at the time (that higher number includes the land, which WNHS owns).

In 2013, you're looking to sell. It's worth \$220,000 now—it has appreciated (grown in value) by \$40,000. To find out how much you can sell it for, we first have to find out what your share of the appreciation is.

First, we look at your share of the ownership: your purchase price (\$140,000) divided by the value at the time you bought it (\$180,000)—77.78%. This is your share of the ownership of the property. We multiply that by the appreciation to get \$31,112—your ownership share of the appreciation.

There's still one more step—the affordability factor. This is what helps keep the house affordable in the long run for future families. You are allowed to take 25% of your share of any appreciation. Your ownership share times 25% gives you \$7,788 as your potential return on your investment!

So, when we add together your equity (your original purchase price) and your share of the appreciation, we get \$147,778.¹ This is the maximum amount for which you could sell your home, and that money is yours to keep (minus anything you still owe the bank). You get the principal you've been paying off back, plus nearly \$8,000—something that would never happen with renting!²

When the next income-qualified family buys your home, they will pay \$147,778 for a \$220,000 home—keeping it affordable for them as well! They will then do the same for the family after them, and the family after that—affordable homeownership for generations.

1. There are some cases in which you can sell your home for even more than this—for example, you may be able to add the value of

2. As mentioned before, remember that the housing market has ups and downs—first, appreciation can never be guaranteed (houses a buyer at that price. You may have to lower the price to sell it. This is true for all homes. This formula assumes that appreciation specific amount. Keeping your home in good shape and watching the housing market are two ways to maximize the amount of money

any major improvements.

can lose value in a bad market), and second, just because you can list a home for a certain amount does not mean that you will find occurs over time and lets you know the maximum for which you can sell your home, but cannot guarantee that you will receive a you can get back when selling your home.

Becoming a CLT homeowner: your checklist

1. Look at our guidelines. Are you eligible? Your total household income must be at or under 80% of Benton County's 2013 median income and you must not have owned a home within the last 3 years.

2. Attend an orientation session. You did it! That's what today was all about.

3. Set up an appointment with our home-buying coach. After leaving today, call our homebuying coach within the next week and set up an appointment. Fill out the eligibility form in this packet and bring it with you. They will go over it with you and help you figure out if you're ready to move forward. If you are, you will then be added to our waitlist while you go through the next steps.¹



4. Get preapproved. Talk to the financial institution and get preapproved for a mortgage within the next two weeks. (Not all banks lend to CLT homebuyers—make sure you discuss what financial institutions are possibilities at your first appointment.)

Preapproved—when a bank says that you can get a loan for a certain amount through them for a certain time period; for example, that you can take out a \$100,000 loan within the next sixty days. This lets you house-shop while knowing how much you can get in advance, so you know what your price range is!

5. Go over the details. Set up a second appointment with your homebuying coach. They'll go over all the details with you to make sure you're comfortable with the process and your decision.

6. Attend a homebuyer education class. Between your first appointment with your counselor (step #3) and signing the sales agreement (step #7), attend our 8-hour homebuyer education course or sign up to take it online. (If you already have within the last 2 years, you're good to go!)

7. Make a commitment. Sign the sales agreement and deposit "earnest money"—a small amount of money down that shows you're serious.

8. Get your home ready. Complete your sweat equity hours² and make any necessary home décor decisions.³

9. Sign the dotted line. Review the contracts with a lawyer, sign, and move in!

Earnest money—a small amount of money that homebuyers put down when they're committed to buying a home. The earnest money is given when you sign a sales agreement, and shows that you are serious and will buy the home, as long as everything else goes through as planned. The money is later applied to the down payment or closing costs.



1. Being added to the waitlist does not guarantee purchase of a home. Your name will be added to the waitlist after your first appointment if you are eligible and you want to proceed. However, failure to complete the following steps will result in removal from the waitlist.

2. If you have a disability that doesn't allow you to physically contribute to the building of the home, there are other tasks you can do. We'll work with you to come up with solutions that work for you and your family.

3. Some homes may allow customization or certain upgrades, such as selecting paint colors. This varies by home and depends upon what is allowable by the builder. We will provide you with a personalized list of all available options and deadlines.

Sweat equity—hours that you physically put into your home; for example, painting the walls or planting trees. Sweat equity helps us keep the cost of the homes even lower, and allows you to take ownership of your new home, knowing that you helped make it happen.

In summary: what owning a community land trust home means

Like traditional homeownership, you:

- Have a mortgage with a financial institution.
- Build equity by making payments each month and keeping your home in good repair, instead of making rent payments you'll never see again.
- Pay property taxes.
- Are free to remodel¹, redecorate, make improvements on your home, and make any other homeowner-type decisions.
- Can stay permanently *or* choose to sell whenever you want—this is *your home*, for as long as you choose.
- Can leave your home to your partner or children.



How it's different:

- The purchase price is much lower—as much as \$45,000 lower than market price.
- The down payment is much lower than usually required—as low as 1% (with matching funds).
- In exchange for that great price, you agree to resell the house (if you sell) at an affordable price as well, sharing some of that benefit you received with the next homeowner while still getting equity back.
- You agree to a ground lease, where you own the home and WNHS owns the land, with a small monthly fee of \$60 for the lease and depreciation fund.
- The unit must be owner-occupied—it cannot be turned into a rental.
- Access to WNHS' homebuyer support, whenever you have questions or concerns. (Not buying a CLT home? We're still here for you, anyway!)

1. Major changes that would significantly change the structure or value of the home, such as building an addition, must adhere to city code (as with any home!) and be submitted to WNHS for review.

FAQs

How is a ground lease different from renting?

Unlike renting, the building you live in is completely yours. We are not your landlord. We only keep the land so that we can make the home affordable for you and for future buyers. Also, your cost stays the same, month to month, year to year—with a fixed rate mortgage, you will pay the same amount each month for as long as you live there, whereas landlords often increase rent every year.*

*Some costs may still vary, like taxes, insurance, and utilities.

Can I remodel my house? Can I plant a tree? Can I paint any color I want? Can I have a dog?

For the most part, yes! The home is yours—you are the homeowner. You can paint, put in new cabinets, plant a garden, have a pet, install shelves, and any other normal personalization of your home you wish to do. Just as with any home, however, you have to adhere to city code. Also, WNHS does require that any remodeling or construction that fundamentally changes the structure of the home or property (such as building an addition) be submitted to WNHS for review.

How much is a monthly payment?

That depends on your personal financial situation and the price of the home. Things like

credit scores and how much you can put into a down payment will help determine that.* You can meet with our homebuying coach to discuss what it may look like for you. You can also look at our homes for sale to see an approximation (based on potential scenarios) of what payments might be.

*There is down payment assistance available, such as VIDA and the City of Corvallis no-interest loan program, which may add up to \$18,000 to your down payment. We can help you figure out what you may be eligible for.



Can I leave my home to my kids? Do they have to make the same amount of money each year, too?

Yes, you can leave your home to your children, and no, they do not have to be income-qualified. The only rule is that they then take on the same agreement you made with us—the ground lease keeps going, with that small monthly payment, and if/when they choose to sell the home, they sell it either to another

income-qualified buyer or back to us.

Do I get any of the money if the house is sold? What about if it increases in value?

Absolutely! The house is yours, to sell if you choose. We have a resale formula that helps determine how much the house can be sold for—a number that's meant to help you get back your equity (what you have paid into it), as well as part of the increased value. However, just like with any house, remember that swings in the market can make it hard to sell a home for as much as you want—there are no guarantees in the housing market.

Do I get a mortgage through you or through a financial institution?

Through a financial institution. You work out a regular mortgage with an approved lender. However, not all banks or credit unions lend to CLT buyers; make sure you talk with us before seeking preapproval for a loan. We will help walk you through the process with our one-on-one homebuyer coaching.

Can I be kicked off the land?

Never. We promise to never sell the land out from under you. The only way you would have to leave would be in the case of foreclosure with the bank—while we will do our best to help you work things out and get back on track if you're having trouble paying the mortgage, making payments on time is your responsibility and is part of being a good homeowner (or even being a good renter).

Next steps

Once you've completed the CLT orientation, fill out the eligibility screening included in your packet and call NeighborWorks HomeOwnership Center Manager, Kym O'Hare, at 541.752.7220, ext. 305 within the next week to set up an appointment. She will review the paperwork with you and discuss the next steps!

About Willamette Neighborhood Housing Services

Willamette Neighborhood Housing Services is a private, nonprofit community development corporation committed to improving lives and strengthening communities through quality affordable housing, homeownership, economic opportunity, and community partnerships. We fulfill our mission by:

- Creating and preserving quality, affordable housing;
- Strengthening communities;
- Providing economic opportunity; and
- Promoting community partnerships.

What Willamette Neighborhood Housing Services offers:

Even if you're not interested or ready to purchase a community land trust home, there are many services available to you from WNHS to help you in your homebuying journey. Following are some of the specific services we offer:

Homeownership preparation

Buying a home is one of the most complex—and expensive—decisions you will make. Demystify the process and take our 8-hour homebuyer education class, and learn how to search for and evaluate homes, evaluate and repair your credit, work with realtors, lenders, and other homebuying professionals, shop for and compare home loans, and close on a purchase that's right for you. View the current schedule of classes at w-nhs.org. No time to take the class? You can also complete it online at HomeSmartOregon.org. (\$45/household for in-person course; \$65 for the online version.) You can also visit our homebuying coach for a free session, who can help you develop an action plan for getting mortgage-ready. (By appointment only.)

Financial preparation

How do I get where I want to be financially? Taking the first step toward a solid financial future takes a lot of courage. Our free 8-hour Dollars & Sense workshop is safe, professional, and confidential, and addresses common questions, concerns, and fears about money. An additional two hours of one-on-one

coaching can help you better understand your specific financial situation, and we can work with you to develop a realistic action plan for your solid financial future.

Down payment and closing cost assistance is also available; WNHS can help match eligible buyers with local programs that can increase your down payment, such as matched savings programs.

Other services

WNHS, independently or with its partners, also offers home repair loans, foreclosure prevention counseling, mortgage payment assistance, and affordable rental units. We can also help connect you to other services outside our organization that may be helpful to you in your current housing or financial situation. For more information, please visit w-nhs.org or call us at 541.752.7220.





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EQUAL HOUSING
OPPORTUNITY



EQUAL HOUSING
LENDER

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