



Application and Homeownership Process Information

Updated January 2020



Our mission is to build decent, affordable homes and provide home ownership opportunities to qualified families who live and work in Santa Cruz and Monterey Counties.

About Us

- We are an **affordable housing nonprofit organization** that is an affiliate of Habitat for Humanity International.
- More than 40 years ago, Millard and Linda Fuller founded Habitat for Humanity International. Today, Habitat for Humanity is **the global leader in building affordable housing with affiliates in the United States and around the world.**
- Since 1989, **our affiliate has built 54 homes** in Santa Cruz and Monterey Counties.



Homeownership Program Requirements

Applicants are evaluated on the following:

- Ability to pay mortgage
 - History of regular income and good credit
 - Ability to make monthly payments
- Need for housing
 - 50% to 80% Area Median Income (depending on project)
 - Very low- to low-income households
- Willingness to partner with Habitat
 - Must fulfill “Sweat Equity” (500 volunteer hours)
 - Must comply with affordability restrictions
 - Responsible for home maintenance
 - Commitment to being a good neighbor



Home Pricing

- Sales Price: Homes are priced to be affordable to very low to low income households, calculated to ensure residents spend no more than 30% of their income on housing costs.
- Down Payment: Homebuyers are required to make a \$1,500 down payment.
- Mortgage Interest: Homebuyers pay a reduced interest rate.
- Closing costs: Homebuyers pay closing costs of about 2% at the time of sale.



Providing Affordable Homes

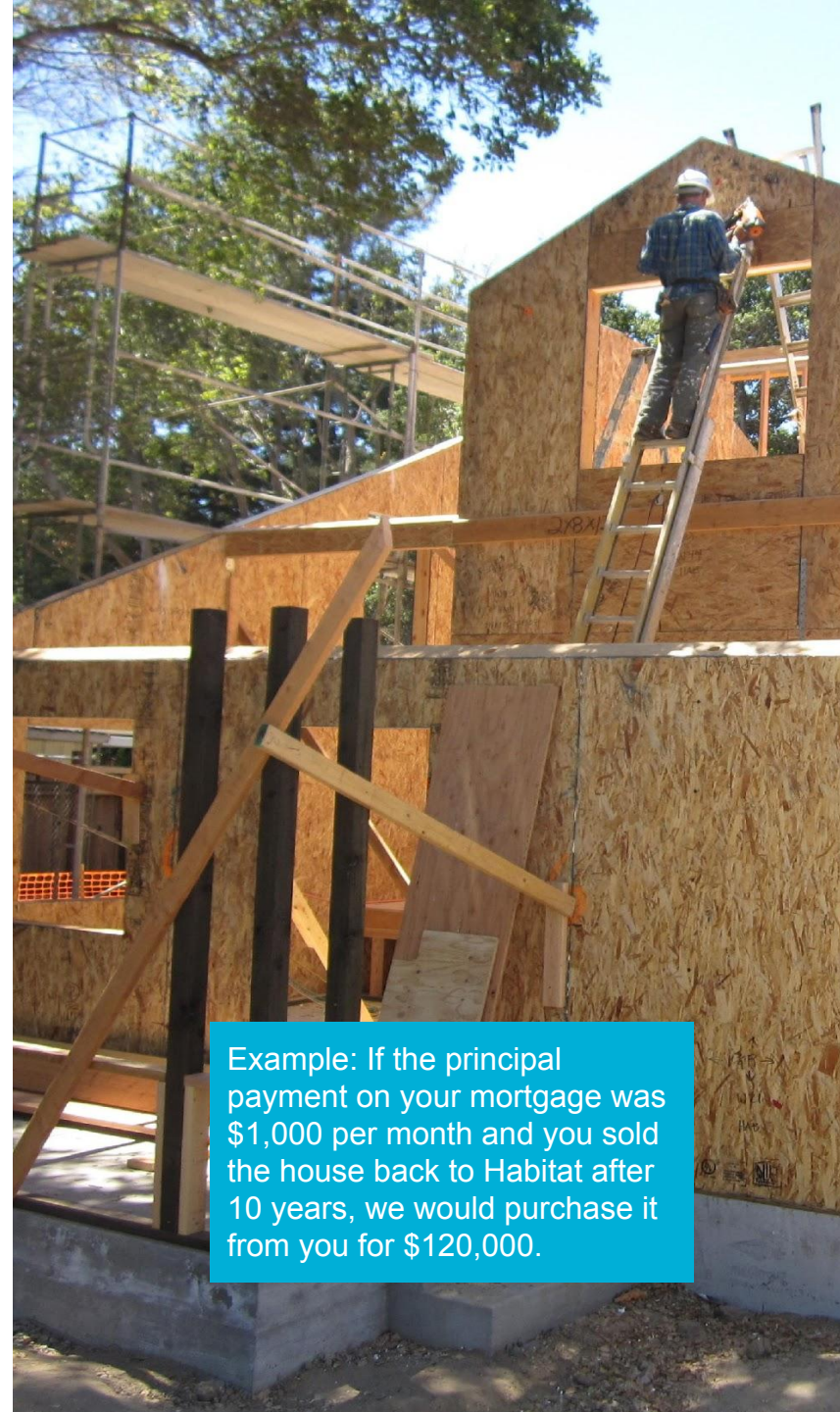
A monthly housing payment that equals 30% of gross income:

- Mortgage – does not change over time.
- Property taxes, which are subject to change annually.
- Insurance, which is subject to change annually.
- HOA dues, which does not include assessments and is subject to change annually.



Affordability Restrictions

- Must be sold back to Habitat if still within the restriction period
 - The restriction period can be a set number of years or in perpetuity
 - Affordability restrictions from other funding partners may apply
- Habitat pays back your equity when you sell (sum of all past principal payments and down payment)
 - Does not include mortgage interest, property tax, insurance, HOA dues, and special assessments
- Cannot borrow against your home
- Principal residence
 - Cannot rent out house or rooms within the home
 - Must live in the home for at least 10 months per year



Example: If the principal payment on your mortgage was \$1,000 per month and you sold the house back to Habitat after 10 years, we would purchase it from you for \$120,000.

Income Limits (2019)

Household Size	Annual Income Range			
	Santa Cruz County		Monterey County	
	50% AMI - Minimum	80% AMI - Maximum	50% AMI - Minimum	80% AMI - Maximum
1	\$42,950	\$68,900	\$31,450	\$50,300
2	\$49,100	\$78,750	\$35,950	\$57,500
3	\$55,250	\$88,600	\$40,450	\$64,700
4	\$61,350	\$98,400	\$44,900	\$71,850
5	\$66,300	\$106,300	\$48,500	\$77,600
6+	\$71,200	\$114,150	\$52,100	\$83,350

Sources of Income

- Employment
- Self-employment
- Public assistance & TANF
- Social Security, SSI, SSDI
- Survivor/Death benefits
- Veterans benefits
- Disability
- Annuities
- Retirements and pensions
- Child support and alimony
- Workers' Compensation
- Insurance policies
- Unemployment (seasonal work)
- Other cash and/or non-cash support



Repurchase of Habitat Homes

When a Habitat Monterey Bay homeowner decides to sell back their home, we have the right to repurchase the home to sell to another qualified homebuyer.

As previously stated, the sale price is the total of the principal payments made by the homeowner over the course of their time in the home (equity).



Homeownership Benefits and Challenges

Benefits

- Privacy
- Usually a good investment
- Stable yearly housing costs
- Stable long-term housing
- Pride in ownership
- Building family wealth

Challenges

- Long-term commitment
- Less flexibility
- Maintenance and repair costs
- High up-front costs
- Down payment and closing costs
- Property taxes
- Homeowners insurance

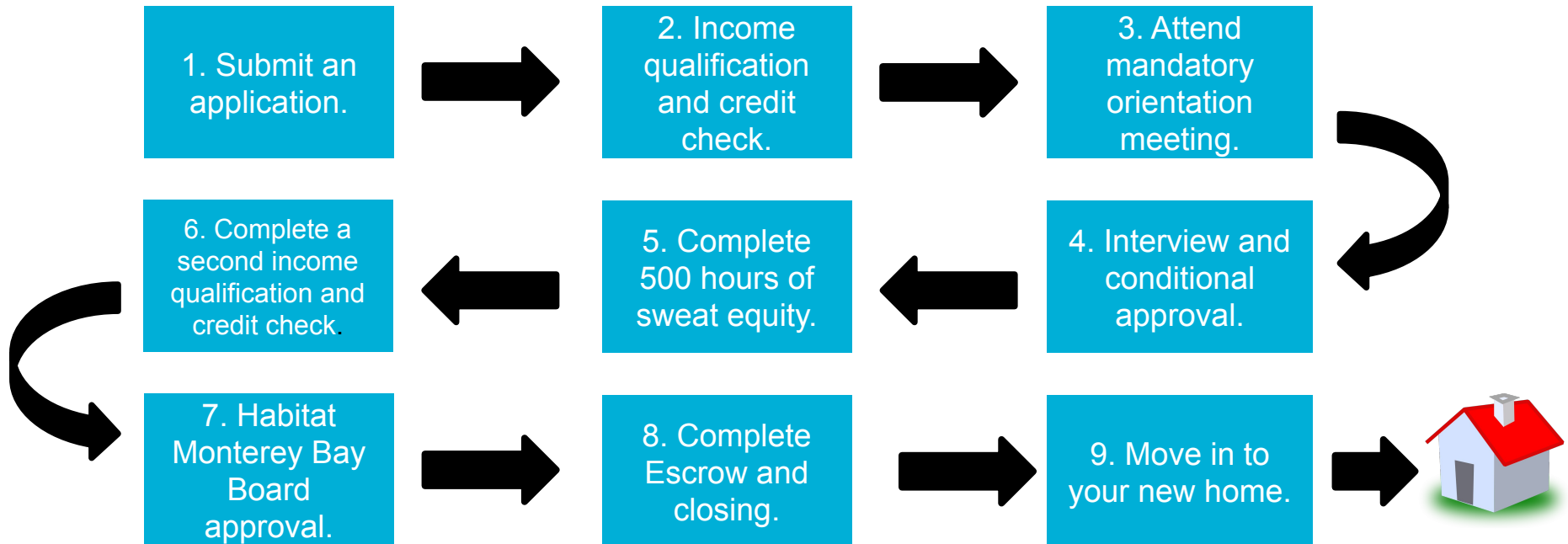
The Long Game

As a homeowner, it will be your responsibility to manage your money more than ever. This includes budgeting and saving for all the costs that come with homeownership such as repairs, painting, and other maintenance.



The Process, Start to Finish

Get started today by completing an application at: www.habitatmontereybay.com/homeownership



Applicant Requirements

An applicant is the holder of the title who is legally responsible for making the monthly housing payment.

Applicants must:

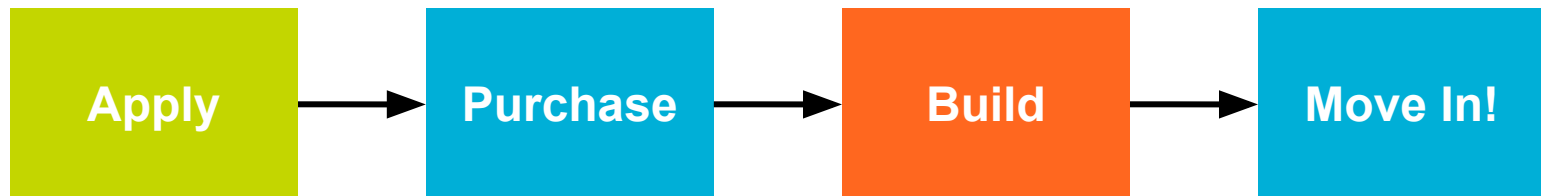
- Be a first-time homebuyer
 - An individual who has had no ownership in a principal residence for the last 3 years at the time of application. This includes your co-applicant.
- Be a legal permanent resident or citizen of the United States
 - Proof of residency is required when submitting an application
- Pass a criminal, sex offender, and money-laundering background screening
 - The applicant, co-applicant, and anyone over the age of 18 must pass this screening

Applicant Requirements, continued

Applicants must have a:

- Credit score of 620 or higher
- History of on-time payments on credit report(s)
- Debt-to-income ratio below 43%
- No judgements on credit report(s)
- No open credit collections or charge-offs on credit reports
- Medical: No more than \$500 per occurrence or \$2,000 total
- No Chapter 7 or Chapter 13 bankruptcy discharged or dismissed within last 2 years

Home Purchase Process





Contact Us

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