



**every
one**

deserves a decent
place to live.

Homeownership Process and Application Information

Updated April 2021

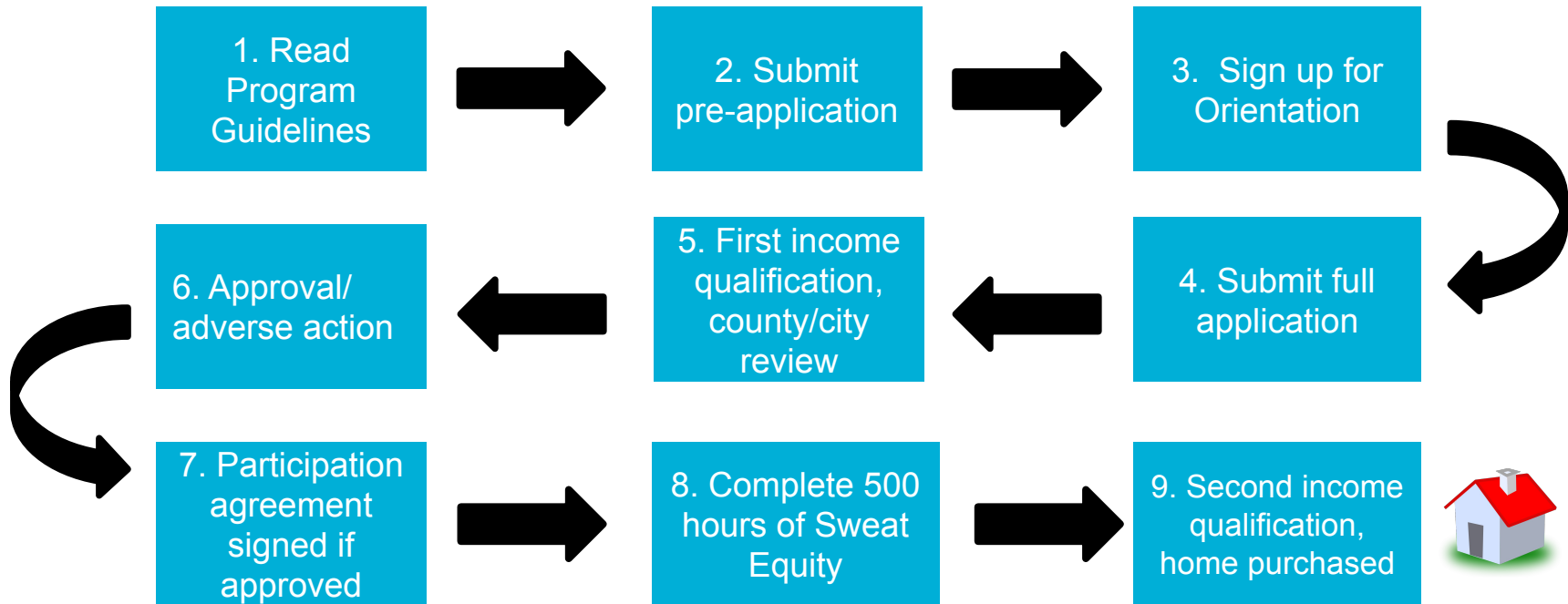




Our mission is to build decent, affordable homes and provide home ownership opportunities to qualified families who live and work in Santa Cruz and Monterey Counties.

The Process, Start to Finish

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



Homeownership Program Requirements

- **Need for Housing**
 - Overcrowded, inadequate, insufficient, housing cost exceeds 30% of gross monthly income
 - 50% to 80% Area Median Income
- **Ability to pay an affordable mortgage**
 - History of steady, regular income, good credit, and ability to pay \$1,500 down payment + closing costs
 - Ability to make monthly payments
- **Willingness to partner with Habitat**
 - Must fulfill “Sweat Equity” (500 volunteer hours)
 - Must comply with affordability restrictions
 - Commitment to being a good neighbor



Income Limits (2021)

Household Size	Annual Income Range			
	Santa Cruz County		Monterey County	
	50% AMI - Minimum	80% AMI - Maximum	50% AMI - Minimum	80% AMI - Maximum
1	\$48,650	\$78,050	\$35,600	\$56,950
2	\$55,600	\$89,200	\$40,700	\$65,100
3	\$62,550	\$100,350	\$45,800	\$73,250
4	\$69,500	\$111,500	\$50,850	\$81,350
5	\$75,100	\$120,450	\$54,950	\$87,900
6+	\$80,650	\$129,350	\$59,000	\$94,400

Sources of Income

- Employment
- Self-employment
- Unemployment (seasonal work)
- 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
- Other cash and/or non-cash support



Applicant Requirements

Applicant is the holder of the title. If co-applicant is present on application, both applicant and co-applicant will appear on the title of the home.

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 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)
- No judgements on credit report(s)
- No open credit collections or charge-offs on credit reports
- No Chapter 7 bankruptcy discharged or dismissed within last 4 years or Chapter 13 bankruptcy discharged or dismissed within last 2 years
- Debt-to-income ratio below 43%

Calculating Debt-to-income ratio (DTI)

- How much you owe each month compared to how much you earn

$$\begin{array}{rcl} \frac{\$2,000}{\text{Housing payment}} & + & \frac{\$350}{\text{Current monthly payments}^*} = \frac{\$2,350}{\text{Total monthly debt}} \\ \\ \frac{\$2,350}{\text{Total Monthly Debt}} & / & \frac{\$6,000}{\text{Gross Monthly Income}} = \frac{39\%}{\text{Debt-to-income ratio (back end ratio)}} \end{array}$$

*Current monthly payment include current (credit cards, loans, etc.)

In projecting “*housing payment*” for applicants, Habitat will use 30% of applicants gross monthly income as shown in the application.

Home Pricing

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.



Home Pricing

- Sales Price: Homes are priced to be affordable eligible households, calculated to ensure residents spend no more than 30% of their income on housing costs.
 - First mortgage calculated to ensure residents spend no more than 30% of income on housing costs
 - CalHome loan deferred for 30 years at 0% interest
 - Non-performing loans from Habitat for Humanity Bay and/or partnering City or County programs



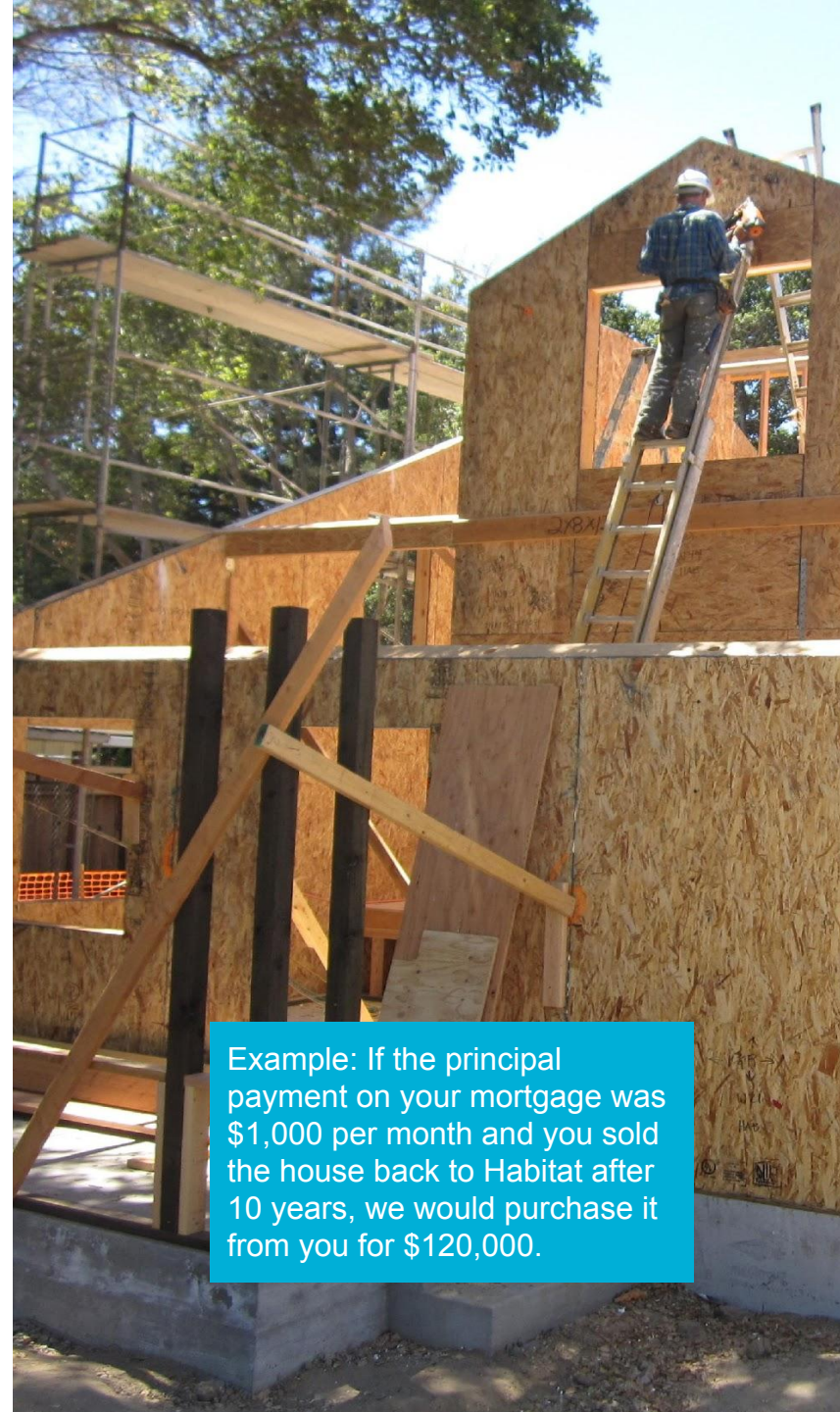
Home Pricing (continued)

- Down Payment: Homebuyers are required to make a \$1,500 down payment.
- Closing costs: Homebuyers pay closing costs of about 2% at the time of sale.



Affordability Restrictions

- Must be sold back to Habitat if still within the restriction period
 - The restriction period is in perpetuity
- 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
- Principal residence
 - Cannot rent out house
 - 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.

Repurchase of Habitat Homes

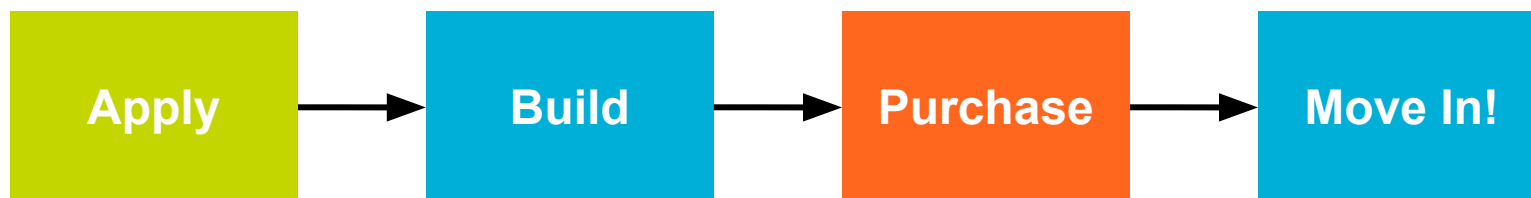
If a homeowner decides to sell their home, Habitat Monterey Bay will have the right of first refusal to repurchase the home and sell it to another qualified homebuyer.

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).

Should Habitat choose to not repurchase the home, City or County affordability restrictions will still apply.



Home Purchase Process



A high-angle photograph of a person wearing a white hard hat and a plaid shirt, kneeling on a green lawn. They are working on a rectangular patch of dark brown soil. A small green plant is growing in the soil patch. The person is facing away from the camera, looking down at the soil.

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