



The HRB Community Land Trust

Housing Resources Bainbridge (HRB) is a community land trust (CLT). We own and manage land for the purpose of providing permanently affordable housing to low- and moderate-income households.

We are one of 13 such land trusts in Washington and the fifth largest.

How do community land trusts work?

One way that CLTs keep home prices affordable is by separating the value of the home from the value of the land. HRB sells the home and retains ownership of the land, which it leases to the homeowner for a 99-year term with the option to renew. HRB also leverages its expertise, resources, and partnerships to connect buyers to down payment assistance and specialized loan programs and to secure subsidies and grants.

We oversee each original sale and every resale thereafter to ensure that homes are sold to other income-qualified households at a price that is affordable. Regulations in the ground lease—not market forces—dictate the sale price, balancing affordability for the buyer with equity for the seller.

Stewardship is a key component of the community land trust model. HRB supports prospective homeowners during the process of qualifying for and buying a home and keeping up with mortgage payments and home maintenance. When the time comes to sell, we find a buyer who meets our income qualifications and facilitate the sale without charging a commission.



CLT Homebuyer Eligibility Requirements (2022-23)

You are eligible for an HRB community land trust home if you meet the following five criteria:

1. Income requirement:

HRB works with buyers at or below 120% of the area median income (AMI) for Kitsap County; however, a buyer must earn enough to pay the monthly mortgage, taxes, insurance, and other housing costs. Wintergreen is designated for households at or below 80% AMI.

Household Size	80% AMI	120% AMI
1	\$57,650	\$86,100
2	\$65,850	\$98,400
3	\$74,100	\$110,700
4	\$82,300	\$123,000
5	\$88,900	\$132,840

AMI shown here is as of June 15, 2022. AMI changes annually.

2. Credit rating:

- You must have a credit rating with a **FICO score of 640 or higher** and show no significant delinquencies in the past year and no bankruptcy in the past four years.
- Your CLT mortgage broker will obtain a credit report for you including a FICO score. You can look at your credit for free (no score included) at www.annualcreditreport.com.

3. Debt:

- HRB requires that your **total housing costs are no more than 35% of your monthly gross income**. Housing costs include principal, interest, taxes, insurance, ground lease fee, repair reserve fee, and homeowner's association fees.
- **Your total debt (which includes your housing costs) should be no more than 40% of your monthly gross income**. (Debt includes things such as automobile payments, child support, student loans, and credit card debt).

4. Employment or other income:

- You must have proof of steady income for at least *two years*, or an employment contract if newly hired.
- Sources of income include all wages, overtime, tips, self-employment income, interest, dividends, social security, annuities, pensions, disability, alimony, and child support, and most forms of public assistance.
- You must provide tax returns for the most recent two years and most recent 90 days of income statements.

5. Assets:

- **Total assets at time of closing limited to \$300,000.** Down payment assistance programs may have smaller asset limits.
- Assets include savings, savings in retirement plans, investments (stocks, bonds, gold, etc.), land, mobile homes, recreational vehicles, boats, art collections, or similar items.
- Not included as assets: household possessions, cars, or assets from an active business.
- Exceptions to the asset policy may be granted in unusual circumstances at the discretion of HRB.
- Income will be calculated on assets using actual returns or the HUD Passbook rate and will be added to the income calculation.

For more information, please contact Jackie Brasefield, homeownership program manager, at (206) 842-1909, ext. 10, or jackie@housingresourcesbi.org.

Ground Lease Basics

The Ground Lease is a very important document. It is vital that you have read and understand its implications before you commit to purchasing a community land trust home.

This sheet summarizes some of the larger points of the Ground Lease, but it is not a substitute for reading the full document. Please read the full Ground Lease.

Article 1:

- Homeowner has the right to review the Ground Lease with an attorney prior to purchase. The 1) Homeowner's Letter of Agreement, 2) Attorney's Letter of Acknowledgment, and 3) Stipulation Letter are referenced here as Exhibit A and will be provided or signed at closing to indicate that an attorney was retained by the Homeowner and that this attorney reviewed the Ground Lease or that the Homeowner declined to consult an attorney.

Article 2:

- HRB will be leasing the land to the Homeowner and the Homeowner has the right to use, possess, and occupy that leased land. Exhibit B provides the legal description of the leased land.
- The Homeowner has no mineral rights to the leased land and no right to remove minerals from the leased land.

Article 3:

- This section states the term of the lease, the possibility of renewing the lease for an additional 99 years, and what would happen if HRB were to sell the leased land. It includes Exhibit E: First Refusal.

Article 4:

- This section talks about how the Homeowner can use the leased land.
- Among other things, it states that the Homeowner must occupy the home for at least nine months of the year and cannot use it as a rental property.

Article 5:

- This section defines the Ground Lease fee and the Repair Reserve fee. It describes how these fees can be changed and how late payments of these fees are managed.

Article 6:

- The Homeowner is responsible for paying all the taxes and assessments on both the land and the improvement. This section describes what may happen if the Homeowner fails to pay these taxes.

Article 7:

- This section discusses the purchased home and other improvements on the leased land, and references Exhibit C: Deed.
- It defines rules related to construction that may be carried out by the Homeowner.
- It also discusses the Repair Reserve fee and the future repairs and maintenance that this fee can be used to complete.

Article 8:

- This section defines financing and refinancing the home. HRB must approve the original financing and any subsequent refinancing or mortgages. This includes reference to Exhibit D: Permitted Mortgages.
- Should the home ever go into foreclosure, any proceeds received on that sale that are above the Purchase Option Price will go to HRB, not to the Homeowner.

Article 9:

- This section talks about liability and insurance.
- The Homeowner must maintain insurance on their home as described and must name HRB as additionally insured.

Article 10:

- This section discusses the transfer of the home and states that the Homeowner must sell the home to another income-qualified buyer and defines what this means.
- It also discusses the process for resale of the home and the resale formula for determining the price you can sell it for.
- It describes the transfer fee that may be charged to the purchaser by HRB.
- This section states that the Homeowner must make all necessary repairs to the home prior to closing.
- This section references Exhibit F: Initial Appraisal

Article 11:

- Reserved.

Article 12:

- This section describes what will happen if the Homeowner defaults on the loan, fails to make lease payments or violates other terms of the lease.
- HRB does have the right (under certain conditions, as defined) to terminate the lease and force the sale of the home.
- This section also makes reference to Exhibit D: Permitted Mortgages.

Article 13:

- States that Mediation and Arbitration between the homeowner and HRB may be used.

Article 14:

- Regards general provisions including that the Homeowner is a member of HRB and any Homeowner's Association in which the home is located.
- It also refers to the Community Land Trust Ground Lease Rider:
 - Fannie Mae requires this rider for any mortgage that will be sold to Fannie Mae after closing.
 - The rider states what would happen to the land and the home in the event of foreclosure:
 - The bank can foreclose only on the home (not the land, since HRB owns the land).
 - But the bank can resell the home to anyone—that person doesn't have to be income qualified.



Sample Fee Schedule for Prospective Homeowners (2022-23)

1. Application, initial eligibility, and commitment with HRB

Application and commitment fees:

- \$50 application fee per household (paid to HRB upon initial screening and determination of waitlist eligibility; non-refundable).
- \$200 commitment fee (due upon signing a commitment agreement; refundable only if applicant cannot qualify for a mortgage).

2. Pre-approval status with CLT mortgage lender and completed homebuyer education

Credit report:

- \$25-\$75 residential mortgage credit report (charged by lender at time of mortgage application; non-refundable).

First-time homebuyer class:

- Online course, typically \$50 per person. Options include Community Frameworks at <https://communityframeworks.org/homebuyer-education-counseling/>.

3. Purchase & sale: earnest money, closing costs, down payment

Earnest money:

- \$1,000 deposit, due upon mutual acceptance of purchase & sale agreement.
- Paid to escrow company (Pacific Northwest Title).
- Applied to down payment/closing costs of home.

Closing costs:

- Estimated to be 3%-5% of your home price.
- May include recording fees, title insurance, appraisal costs, loan fees, real estate tax, and insurance escrow fees, etc.
- Closing costs are due at closing and can be wrapped in with your mortgage loan (if you are taking out a mortgage).
- Pays for all the transactions and costs associated with your loan and lease.

Down payment:

- A down payment in excess of \$1,000 *may* be required in order to keep your total housing cost below 35% of your gross monthly income.
- Due when you close on your home.
- Total housing costs include principal, interest, taxes, insurance, ground lease fee, repair reserve fee, and HOA dues.
- 20% down payment assistance may be available to buyers below 80% of the area median income. We will work with each applicant to determine which programs might be of assistance.
- The down payment applies to the purchase price of your home.

4. Ongoing monthly homeowner fees

Ground lease fee:

- \$50 per month (depending on the community where the home is located).
- Paid to HRB for the use of the land under your home.

Repair reserve fee:

- \$0-\$75 per month (depending upon the community where the home is located).
- Held by HRB in a fund to help offset costs for large maintenance items such as roof replacement, exterior painting, windows, and exterior doors.

Homeowner association (HOA) fees:

- Varies \$20 - \$150 per month (depending on your HOA).
- Paid to your homeowner association of the community where you live.
- Goes towards maintaining common areas, landscaping, storm water system maintenance, common area insurance, etc.

Typical costs of homeownership:

Be aware of the following costs that are usually associated with moving to your own home:

- Appliances not provided with the home—typically a washer and dryer.
- Landscaping and maintenance equipment for your yard.
- Furniture and home decorations (curtains, etc.).
- Utilities including electricity, water, and garbage/recycle/yard waste.
- Phone, internet, and cable set-up and/or deposit.

For more information, contact Jackie Brasfield, homeownership program manager, at jackie@housingresourcesbi.org or call (206) 842-1909, ext. 10.



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Community Land Trust (CLT) Homeownership Application

Date: _____

Name of Applicant: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Email: _____

DOB: ___/___/___ Best time and method to reach you? _____

Name of Co-Applicant: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Email: _____

DOB: ___/___/___ Best time and method to reach you? _____

List names and ages of **all** additional household members:

Name: _____ Age: _____

Income and Employment Information

Please report income information for all persons *applying for ownership*. Use another sheet of paper if you need additional space.

Include total **gross annual income (before taxes)** for each source and include all wages, tips, social security, alimony, child support, disability, unemployment, etc. Self-employment income should reflect net profit from Schedule C of your most recent tax return.

Self-Reported Household Gross Annual Income			
<u>Applicant Name</u>	<u>Income Source:</u> Name of business, agency, fund, etc.	<u>Type of Income:</u> Wages, social security, pension, etc.	<u>Annual Gross Income:</u> Before taxes
Jane Doe	Oregon Public Employees S A M	Pension P L E	\$30,000
	Total Household Gross Annual Income:		

Assets

List each asset and its current value, including checking, savings, money markets, CDs, IRA, equities, bonds, etc. If you are a collector, please include the type of collection and retail value. If you need more space, please attach a separate page.

Exceptions:

1. Personal property (clothing, furniture, automobiles, and jewelry that is not held as an investment).
2. Interest in Indian trust land.
3. Term life insurance policies.
4. Assets of an active business. "Business" does not include investment rental properties.
5. Assets that are not effectively owned by the applicant. Examples include assets held in an individual's name, but (a) the assets and any income accrue to the benefit of someone else who is not the applicant, and (b) another person is responsible for taxes incurred on income generated by the assets.
6. Other assets deemed to be of insignificant quantity or value.

Self-Reported Household Assets				
<u>Applicant Name</u>	<u>Type of Asset</u>	<u>Name of Financial Institution</u> (otherwise how asset is held)	<u>Can you draw on this</u> now without penalty?	<u>Current Value</u>
Jane Doe	Brokerage Equities S	Charles Schwab A M P L	Yes E	\$69,435.00
		Total Household Assets		

Debt

List all household current total debt and monthly debt service. This includes any payments such as automobile loans, student loans, child support, personal debts, and credit cards. Please include either the monthly payment or the minimum due as applicable.

Self-Reported Household Debt				
Applicant Name	Type of Debt	Name of Financial Institution - Debt Servicer	Current Balance	Min Monthly Payment
Jane Doe	Car Loan	Kia Financial Services	\$12,444	\$350
Total Household Debt and Monthly Payments:				

Credit Score

What do you believe your current credit score to be? Applicant: _____ Co-Applicant: _____

Background Information

Please answer the following questions. Do not leave answers blank. If questions are not applicable to your situation, write "N/A" in the answer space.

How did you hear about Housing Resources Bainbridge (HRB) and our CLT homes? _____

Do you currently rent or own? _____ How many bedrooms? _____ How many bathrooms? _____

Are you currently receiving any housing subsidy? (Section 8 or other) _____

How much is your rent/mortgage? _____ How much are your utilities (rough estimate)? _____

Have you sold a home within the past three years? _____ If so, how was it disposed of? (circle one)

Sold Foreclosed Short-Sale Other: _____

Have you filed for bankruptcy within the past three years? _____

How much money do you have for a down payment? (minimum \$1,000) \$ _____

Would you consider (check all that apply)? _____ 1-bedroom _____ 2-bedroom _____ 3-bedroom

Would you consider (*check all that apply*)? Detached Single-Family Home Townhome Condominium

Do you require a 1 story home? _____ Do you require ADA accessibility? _____

If you require ADA accessibility, please describe what features you require: _____

Demographics (*Optional: requested for Equal Housing Opportunity*)

Ethnicity:

Applicant

- Hispanic or Latino
- Not Hispanic or Latino
- Choose not to disclose

Co-Applicant

- Hispanic or Latino
- Not Hispanic or Latino
- Choose not to disclose

Race:

Applicant

- American Indian or Alaska Native
- Black or African American
- Asian
- Native Hawaiian or other Pacific Islander
- White
- Two or more races
- Other _____
- Choose not to disclose

Co-Applicant

- American Indian or Alaska Native
- Black or African American
- Asian
- Native Hawaiian or other Pacific Islander
- White
- Two or more races
- Other _____
- Choose not to disclose

Are you active-duty military? Applicant Yes No Co-Applicant Yes No

Are you a Veteran? Applicant Yes No Co-Applicant Yes No

Eligibility/Priority Criteria

1) Work History

Have you had consistent employment for a minimum of the last two years? Yes No

If you checked no, please explain. _____

2) Credit

I understand that I must be able to demonstrate at the time of purchase that I have established a good credit rating. I authorize Housing Resources Bainbridge to obtain a credit report on my behalf.

3) Income

I understand that I must be able to demonstrate adequate income to support total housing costs not to exceed 35% of my total household monthly gross income to qualify for a community land trust (CLT) home purchase.

4) Assets

I understand that I must be able to demonstrate that my total household assets will not exceed \$300,000 at end of closing on a CLT home purchase.

5) Debt

I understand that I must be able to demonstrate that my total debt (total housing costs plus all other debt) will not exceed 40% of my gross monthly income to qualify for a CLT home purchase. (If you need to reduce debt in order to become homebuyer ready, HRB can refer you to a nonprofit credit counseling agency).

Other Conditions

I understand the completion of this application is only the first step toward being added to HRB's waiting list for a CLT home and does not guarantee me a place on the waiting list, nor a home.

Upon receipt of this application, HRB will examine your self-reported income, assets, and debt for first glance determination of eligibility and notify you whether or not you appear eligible. If you appear eligible, we will invite you to submit proof of income, assets, and debt by submitting documentation as prescribed along with a \$50 Waitlist Screening Fee by check or money order payable to Housing Resources Bainbridge. We are not able to accept cash. If you believe you do qualify despite our initial assessment, you are encouraged to submit documentation along with the \$50 Waitlist Screening Fee and we will examine your documentation.

Documentation you will be required to submit includes:

Tax Returns:

- Full tax returns for the past two years (including schedule C if self-employed)

Income:

- Copies of pay statements for the last 12 weeks, or year-to-date profit and loss for business if self-employed.
- Current award letters for Social Security, Social Security Disability, or Veteran's Disability.
- Court order showing Spousal Support and/or Child Support award amount.
- 90 Days of mandatory retirement account disbursement, pension benefits, or annuities.
- Documentation of any other income indicating amount and frequency.

Assets:

- Most recent 3 months of statements (all pages) for all checking, savings, and money market accounts.
- CD's statement and maturity date.
- Most recent statement or current balance for all investment and retirement accounts.
- Statement of value for collections (insured amount if available).

Debt:

- Current statements for each debt account (credit cards, car loans, personal loans, student loans, etc.)

Keep good records and save all statements! There may be further documentation required to determine your eligibility, and once on the waitlist you will be required to update your income, assets, and debt with HRB annually and also when a home becomes available. You will also be required to provide income, asset, and debt documentation to your lender on application for a mortgage and again just before closing on a home.

I understand, certify, and grant that:

- If I require a mortgage to purchase a CLT home, I must complete a pre-application with a lender to determine my financial ability to carry a mortgage.
- I must obtain a mortgage and pay all fees associated with obtaining the mortgage. Housing Resources Bainbridge staff will assist in finding the best sources for my situation.
- Owning a community land trust home is different from renting or owning a home purchased on the open market. Abiding by the Ground Lease and continued participation with HRB are important for successful homeownership.
- All the information provided herein is private and confidential and for the use of HRB in helping determine my eligibility and readiness to purchase a home.
- I certify that all of the information in this application is true to the best of my knowledge and belief and that any falsehood included in this application will be cause to disqualify me for an HRB home.
- Permission is hereby given to HRB to contact any source herein for verification.
- I understand that HRB may need to discuss my financial situation, employment, or other related items with other institutions. This information will be treated as totally confidential and no information will be divulged to any party who is not directly involved in my situation.
- I authorize HRB to release credit, financial, employment or other information to agencies or firms as may be essential in the solution of my housing situation. I also authorize these firms or agencies to release information to HRB.
- I accept full responsibility for my own decisions in these matters and acknowledge the role of HRB as merely a provider of objective information.
- I further knowingly and intelligently waive any rights or claims against HRB and hereby fully release and discharge HRB from any liability.

For questions, please contact Jackie Brasefield, homeownership program manager, at jackie@housingresourcesbi.org or (206) 842-1909 x10.

Signed Applicant: _____ Date: _____

Co-applicant: _____ Date: _____



HRB does not discriminate and supports those protected against discrimination because of their race, color, national origin, religion/creed, sex/gender, because of the presence of children, disability, sexual orientation and gender identity, marital status, and military/veteran status in accordance with Washington State and Fair Housing laws.