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Chelan Valley Housing Trust  
*Framing the Future of our Valley*

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**PURCHASING A CVHT HOME  
APPLICATION PACKAGE**

**2020**



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## **Chelan Valley Housing Trust An Intro to the CVHT Homeownership Process**

Chelan Valley Housing Trust is a non-profit organization that provides permanently affordable housing for the residents of Chelan and Manson. CVHT is dedicated to land ownership that is cooperative, stable and sustainable and was incorporated in 2019 by a group of individuals concerned about the impacts of increasing land and home values in the Valley.

In Chelan Valley, roughly 50% of residents make \$50,000 or less and are faced with an average of \$1500.00 monthly rent or a \$466,000 average price tag on a home. With a vacancy rate of near 0% there is little room to move and we're seeing an increase of doubled homes, cost burdened residents, and a migrating workforce which affects our character and economy of the Valley.

CVHT balances the needs of individuals to have secure housing and some equity gain through homeownership with the needs of the community to insure long-term affordability. CVHT does this by purchasing land and then leasing the land to individuals who own the home on that leased land. The lease lasts for ninety-nine years, with an option to renew for another ninety-nine years, insuring the same security as if the home were owned in the standard, fee-simple market. To insure long-term affordability, CVHT restricts the resale price of the home. The home and leasehold rights must be transferred to a person/family earning at or below 120% of the area median income. The resale price is determined by increasing the original purchase price by 1.5% compounded annually in an attempt to match home appreciation and return with wage increases. This way, residents gain some equity while the community retains an affordable home for the next buyer at that income level.

CVHT is working on our first project, a 5 townhome development in the heart of Downtown Chelan, priced for 100% Area Median Income earners in the Valley. We hope to build our portfolio to include homes on scattered sites as well as communities that can serve anywhere from 80%-120% AMI earners.

This packet describes the path in which an applicant becomes a homeowner of a CVHT home.

The road to homeownership is much longer and more complicated than renting, but it's absolutely possible and we're here to help you do it! While there are no guarantees until you close on your home, going through this process will give you the insight into what your path to homeownership is.

**We hope you explore the process fully and join other homeowners in increased equity, freedom, and stability.**

Sincerely,

**The CVHT Team**



## HOMEBUYER PROCESS OVERVIEW

**Please note:** We are a small staff and email and electronic correspondence is strongly preferred but we will also accommodate paper applications and in person meetings, just let us know.

### 1. *STEP 1: Eligibility and Application*

During this step you will take a short quiz to self assess whether you are eligible for a CVHT home. Then, if eligible you will continue to fill out a Homebuyer Application and submit this to CVHT. CVHT will then contact you with next steps, including providing you with a list of supporting documents you must submit.

### 2. *STEP 2: Verifying Eligibility (Meeting #1)*

During this step you will have your first meeting with CVHT staff to verify your eligibility and go over the structure of CLT homeownership, your home cost and financing options, and the next steps to become prequalified. At this meeting the \$30.00 Application Fee is due.

### 3. *STEP 3: Becoming Pre-Qualified (Meeting #2)*

With assistance from CVHT you will seek a pre-qualification from an approved lender, then you will sign an agreement with CVHT indicating that you are serious about purchasing a CVHT home, pay a commitment fee of \$100.00 and be placed into the pre-qualified applicant pool. While in the pool you will complete additional steps to become fully qualified, which are verified at your last meeting with CVHT. These include becoming a CVHT member (\$25.00) attending a First Time Homebuyer Course, and attending a CVHT Board, committee, or neighborhood meeting.

### 4. *STEP 4: Home Selection and Purchase (Meeting #3)*

You are eligible, you've applied, met with staff, became pre-qualified with a lender, have signed an agreement and paid a commitment fee. Now your home is available! At this meeting with staff we will confirm that you are still eligible, completed steps to qualify, and go over the steps to closing on your home. At the end of this meeting you will sign a Purchase and Sale Agreement (or Construction Contract) and open an escrow account with \$500.00 earnest deposit to begin closing on your new home.

### 5. *STEP 5: Close and Move In!*

At this point, CVHT will assist you with completing your mortgage application and getting final bank approval, reviewing Ground Lease and CC&Rs with an attorney, ordering inspections, etc. Then you close on the home and we hand you the keys! We will provide a Move-in Checklist.

#### FEE SCHEDULE FOR HOMEBUYER PROCESS

Name of Fee	Fee Amount	Terms	Due Date
Application Fee	\$30.00	Non-Refundable	Date of Initial Meeting
Intent to Purchase Fee	\$100.00	Non-Refundable	Upon Signing Agreement
Membership Fee	\$25	Non-Refundable	Prior to PSA/Construction Agreem.
Earnest Payment	\$500.00	Applied to Purchase	Upon signing PSA or Cons. Agreement
Closing Costs	5% of Home	Included in Purchase	Paid at closing or wrapped into mortgage payments

## STEP 1. DETERMINE YOU ARE ELIGIBLE AND APPLY

- A. Take the quiz below or on our website at <http://www.chelanvalleyhousing.org/own> to determine if you might be eligible for a CVHT home

### CVHT ELIGIBILITY QUIZ

*For Self Assessment*

**If you answer yes to all of the below questions, you are eligible to own a CVHT home.**

1. Are you a U.S. Citizen or Permanent Resident?    YES    /    NO
2. Do you live or work in the Chelan Valley (includes offers of employment)? YES / NO
3. Do you make equal to or less than the incomes listed below for your household size (includes all working income earners in household):

HH size	Income Amount
1	\$ 57,480.00
2	\$ 65,760.00
3	\$ 73,920.00
4	\$ 82,080.00

**Note:** Assets will also be considered during review of eligibility. This will include savings, land, mobile home, recreational vehicles, boats, art collections, or similar items. Not included in the calculation of asset value are household possessions, cars, and Individual Retirement Accounts (IRA's) or pensions.

- B. If you think you are eligible, APPLY. Finish Step 1 of the Homebuyer Process by Completing a Homebuyer Application online (preferred) at [www.chelanvalleyhousing.org](http://www.chelanvalleyhousing.org). An application is attached to this packet as well.

## STEP 2: VERIFYING ELIGIBILITY (MEETING #1)

### A. SUBMIT ADDITIONAL DOCUMENTATION.

Once application is reviewed, eligible applicants will then be prompted to submit the following documentation **via email** to [info@chelanvalleyhousing.org](mailto:info@chelanvalleyhousing.org) or by mail to P.O. Box 674 Chelan WA 98816:

- Last 4 weeks paystubs or other income documentation, including non-working income (Disability, Social Security, Child Support, etc.) FOR ALL WORKING MEMBERS OF THE HOUSEHOLD. This includes year-to-date profit and loss statement and balance sheet for self-employed applicants.
- List of all assets including all bank accounts, retirement accounts funds/accounts, real estate or land, investment accounts, etc.
- Please provide last 2 statements for all accounts.
- Most recent 2 years' signed tax returns and W2s including schedule C for self-employed business if applicable.

### B. CVHT WILL SCHEDULE A SCREENING MEETING.

BRING THESE ITEMS to your meeting with CVHT Staff:

- Photo Identification (provide in Person for CVHT to copy). This could be Valid Driver's License or Passport
- If you are a Permanent Resident, bring Permanent Resident Card.
- \$30.00 check to Chelan Valley Housing Trust for the Application Fee.
- Any additional documentation that has been requested.

### C. AT THE MEETING WE WILL REVIEW:

\_\_\_\_\_ Application and Documentation to determine eligibility with CVHT. We will ensure that:

- Household Income is eligible for our programs.
- Applicant is likely able to secure financing (we'll review common standards for credit and debt)
- Applicant's housing payment will be under 35% of gross household income
- Applicant agrees that assets are within the CVHT limit
- Applicant is employed, lives, or has an offer of employment within CVHT service area
- Applicant is a U.S. Citizen or Permanent resident.

\_\_\_\_\_ Ground Lease, Resale Projections (Buyer Return), and CCRs for Current Property

\_\_\_\_\_ Next steps to become pre-qualified including a list of documents needed & approved lenders

### STEP 3: PRE-QUALIFICATION (MEETING #2)

#### A. GET PRE-QUALIFIED BY A LENDER.

Reach out to one of our approved lenders and make sure to bring your documentation to your pre-qualification meeting. Once you have been pre-qualified, email your Pre-Qualification letter (provided by the lender) to CVHT at [info@chelanvalleyhousing.org](mailto:info@chelanvalleyhousing.org).

#### B. SIGN AN INTENT TO PURCHASE AGREEMENT AND BE PLACED IN THE PRE-QUALIFIED POOL.

Once the pre-qualification letter is received by CVHT, they will contact you to schedule an appointment to sign an Intent to Purchase Agreement and pay a \$100 non-refundable Commitment Fee. This ensures that you are committed to buying a CVHT home, and places you in the Pre-Qualified Applicant Pool.

##### At this meeting we will:

- Make a copy of the Pre-qualification letter (if not already done)
- Sign the Intent to Purchase Agreement
- Pay the \$100.00 Commitment Fee to secure your spot in the pre-qualified pool
- Note any commitments made (such as commitment to reduce debt)
- Review the Closing Process and \$500.00 PSA requirement
- Sign up for CVHT voting membership (\$25.00)

#### C. COMPLETE THESE STEPS TO BE FULLY QUALIFIED BY TIME OF PURCHASE:

- Take a First Time Homebuyer Course or CVHT Approved Equivalent (these are offered about every month and posted to our website at <https://chelanvalleyhousing.org/meeting-schedule/>)
- Attend 1 CVHT Board, Membership, Orientation, or Neighborhood meeting (can be deferred)
- Become a voting member of CVHT if not already done.
- Update Finances with CVHT annually (if in pool more than 1 year)
- KEEP STEADY INCOME AND EMPLOYMENT

### STEP 4: HOME SELECTION AND PURCHASE (MEETING #3)

You are eligible, you've applied, met with staff, become pre-qualified with a lender, and have signed an agreement and paid a commitment fee. Now your home has become available!

#### **A. CVHT WILL SET UP AN APPOINTMENT TO BEGIN HOME PURCHASE.**

CVHT will contact you letting you know that your home (or a similar home to be approved by you) is available and ready for purchase. You will then schedule meeting #3 with CVHT staff to confirm qualification and begin purchase.

#### At this 3rd meeting with CVHT Staff:

- Review your updated income and confirm qualification and eligibility
- Review Costs of Closing and Home, Mortgage Application requirements, Buyer Return, CCRs and Ground Lease
- Sign a Purchase and Sale Agreement (and/or Construction Contract) and pay escrow company \$500.00 earnest money to be put toward purchase at closing.

#### **B. COMPLETE FINAL STEPS TO CLOSE ON YOUR HOME**

- Attorney review of Ground Lease, CC&Rs (free service)
- Ordering an inspection
- Completing Mortgage Application
- AFTER Appraisal, **acquire liability and Home insurance in accordance** with the Ground Lease.

## STEP 5: CLOSE AND MOVE IN!

### A. CLOSE THE PURCHASE WITH CVHT AND ESCROW COMPANY.

CVHT will accompany you (if needed) to the final closing of the Home or help you with final steps left to close.

### B. YOU'RE NOW A HOMEOWNER, GET YOUR KEYS!

We'll hand you your keys, take a photo, and celebrate that you are now a HOMEOWNER.

### C. FINAL STEPS TO SET UP YOUR NEW HOME

This checklist consists of a general list of home start up tasks, some of these are required by the property CC&Rs to comply.

- Call Chelan County PUD to transfer power bill to your name.
- Call City of Chelan to transfer water and sewer to your name. (Unless CVHT is paying on your behalf)
- Register your appliances to establish ownership.
- Keep a list of any issues that need attention when you move in. If it's an issue that needs immediate attention, don't hesitate to reach out to CVHT right away. If it can wait, keep a running list. CVHT will contact you in 30 days for your list and will arrange for any repairs with the contractor. (Done again in 11 months)
- Submit a completed ACH form with a cancelled check for CVHT to withdraw fees on the 5<sup>th</sup> of each month.
- Set up garbage service with City of Chelan or Zippy or have means to dispose of trash per your CC&Rs.
- Optional: Consider extending warranties on appliances, setting up glass or e-cycle program, setting up internet with Local Tel or other local internet provider.

Please also make sure you review the following rights and obligations as a homeowner:

- As a homeowner in your neighborhood, you are responsible for upholding the CC&Rs and communicating with other homeowners.
- As a CVHT Voting member (free membership as long as you hold a lease with CVHT) you may vote in Annual meetings of CVHT, Nominate Leasehold Board members, and volunteer/promote CVHT programs. We encourage all homeowners to participate in this process and make it better for all!

*See Next Page for a review of CVHT and Homeowner Roles before and After Occupancy.*



## ROLES DURING APPLICATION AND AFTER OCCUPANCY

### Before Occupancy:

Purchaser	CVHT
<ul style="list-style-type: none"> <li><input type="checkbox"/> Submit Application and supporting documents to CVHT.</li> <li><input type="checkbox"/> Complete pre-qualification with a lender and provide CVHT with a copy.</li> <li><input type="checkbox"/> Complete Intent to Purchase Agreement and any pre-qualification commitments made including membership and FTHB courses.</li> <li><input type="checkbox"/> Complete Purchase and Sale Agreement</li> <li><input type="checkbox"/> Sign a Ground Lease with CVHT</li> <li><input type="checkbox"/> Sign closing documents with title company.</li> <li><input type="checkbox"/> Provide CVHT with a copy of the Appraisal and the inspection (if ordered)</li> <li><input type="checkbox"/> Pay all applicable fees.</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Schedule screening meeting</li> <li><input type="checkbox"/> Evaluate and process application</li> <li><input type="checkbox"/> Ensure review of Ground Lease, CC&amp;Rs, and buyer return are completed.</li> <li><input type="checkbox"/> Ensure qualification and eligibility are met at time of purchase.</li> <li><input type="checkbox"/> Review PSA and Intent to Purchase documents for completeness.</li> <li><input type="checkbox"/> Provide title company with necessary closing documents such as Memorandum of Ground Lease.</li> <li><input type="checkbox"/> Provide lender with Title report/copy of Insurance on land.</li> </ul>

### After Occupancy:

Purchaser	CVHT
<ul style="list-style-type: none"> <li><input type="checkbox"/> Pay individual mortgage, taxes, insurance, lease fees, utilities and maintenance fees.</li> <li><input type="checkbox"/> Maintain home and land within leasehold lot.</li> <li><input type="checkbox"/> Abide by stipulations of leasehold agreement and CC&amp;Rs.</li> <li><input type="checkbox"/> Cooperate with neighbors to maintain common areas.</li> <li><input type="checkbox"/> Attend neighborhood meetings.</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Pay real estate taxes and liability insurance on land.</li> <li><input type="checkbox"/> Pay Title Insurance</li> <li><input type="checkbox"/> Mediate differences not resolved within the community structure.</li> <li><input type="checkbox"/> Facilitate resale transactions.</li> </ul>

Homeowner Application (online or PDF) can be found at [chelanvalleyhousing.org/own](http://chelanvalleyhousing.org/own).