

A close-up portrait of a young girl with dark hair and freckles, smiling gently. She is wearing a pink patterned sweater over a white t-shirt. The background is a blurred outdoor setting with green foliage.

Homeownership Process and Application Information

Updated November 2021

**every
one**

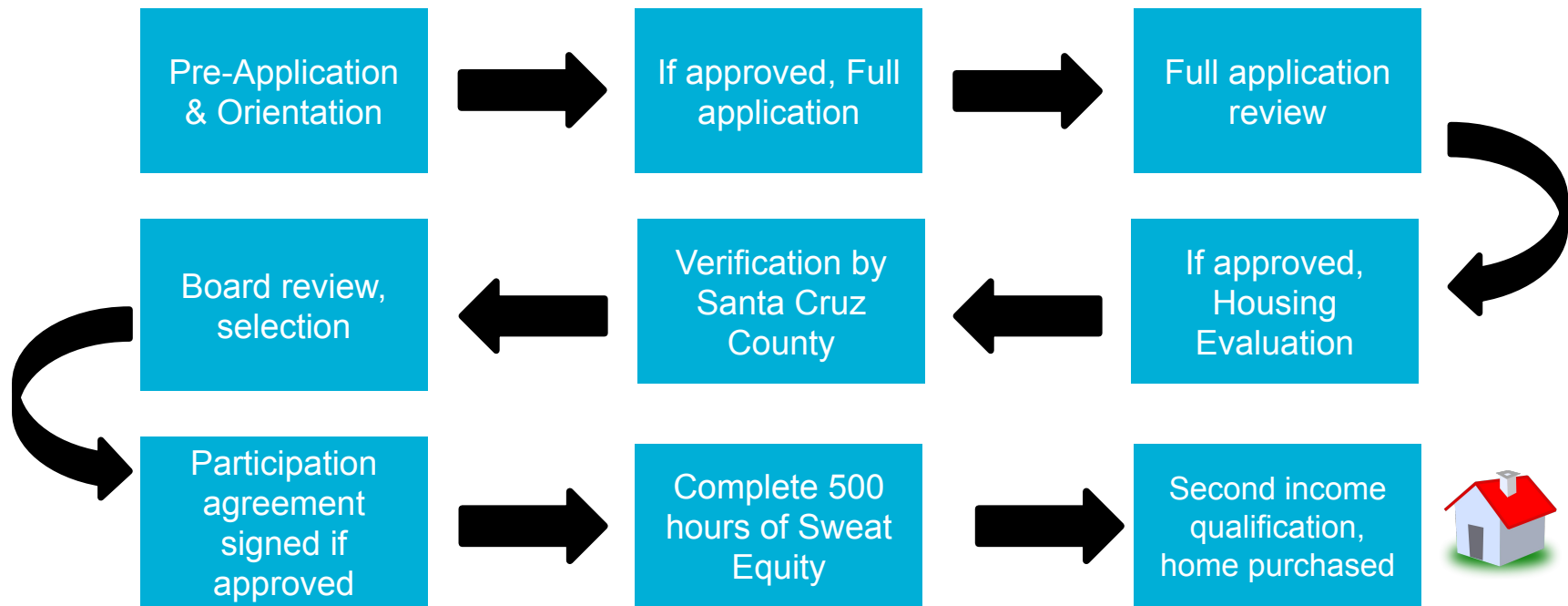
deserves a decent
place to live.



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 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 timeliness of documentation
 - Agreeing to home visit



Income Limits (Santa Cruz County 2021)

Household Size	50% AMI (Minimum)	80% AMI (Maximum)
1	\$48,650	\$78,050
2	\$55,600	\$89,200
3	\$62,550	\$100,350
4	\$69,500	\$111,500
5	\$75,100	\$120,450
6	\$80,650	\$129,350

Income Limits (Monterey County 2021)

Household Size	50% AMI (Minimum)	80% AMI (Maximum)
1	\$35,600	\$56,950
2	\$40,700	\$65,100
3	\$45,800	\$73,250
4	\$50,850	\$81,350
5	\$54,950	\$87,900
6	\$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



Occupancy

- **Minimum & Maximum Occupancy**
 - Minimum
 - No fewer than one person per bedroom
 - Couples of any kind are required to share a bedroom
 - Maximum
 - Two people per bedroom
- **Children & adults**
 - Persons of different generations are not required to share the same bedroom
 - Adults are not required to share the same bedroom
 - Children of the same sex *can* share a bedroom, however children of the opposite sex cannot

Occupancy

Unit Size	Minimum Household Size	Maximum Household Size*
Studio	1	2
1-Bedroom	1	2
2-Bedroom	2	4
3-Bedroom	3	6
4-Bedroom	4	8

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 & co-applicant 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.
- 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
- Debt-to-income ratio below 43%
 - How much you owe each month compared to how much you earn
 - Total monthly debt (housing, credit card payment, car payment, etc.) ÷ Gross Monthly Income = Debt-to-income ratio
 - ex. $\$2,350 \div \$6,000 = 39\%$
 - ex. $\$2,700 \div \$6,000 = 45\%$
- 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

Home Pricing

Homes are priced to be affordable and calculated to ensure residents spend no more than 30% of their income on housing costs. 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.



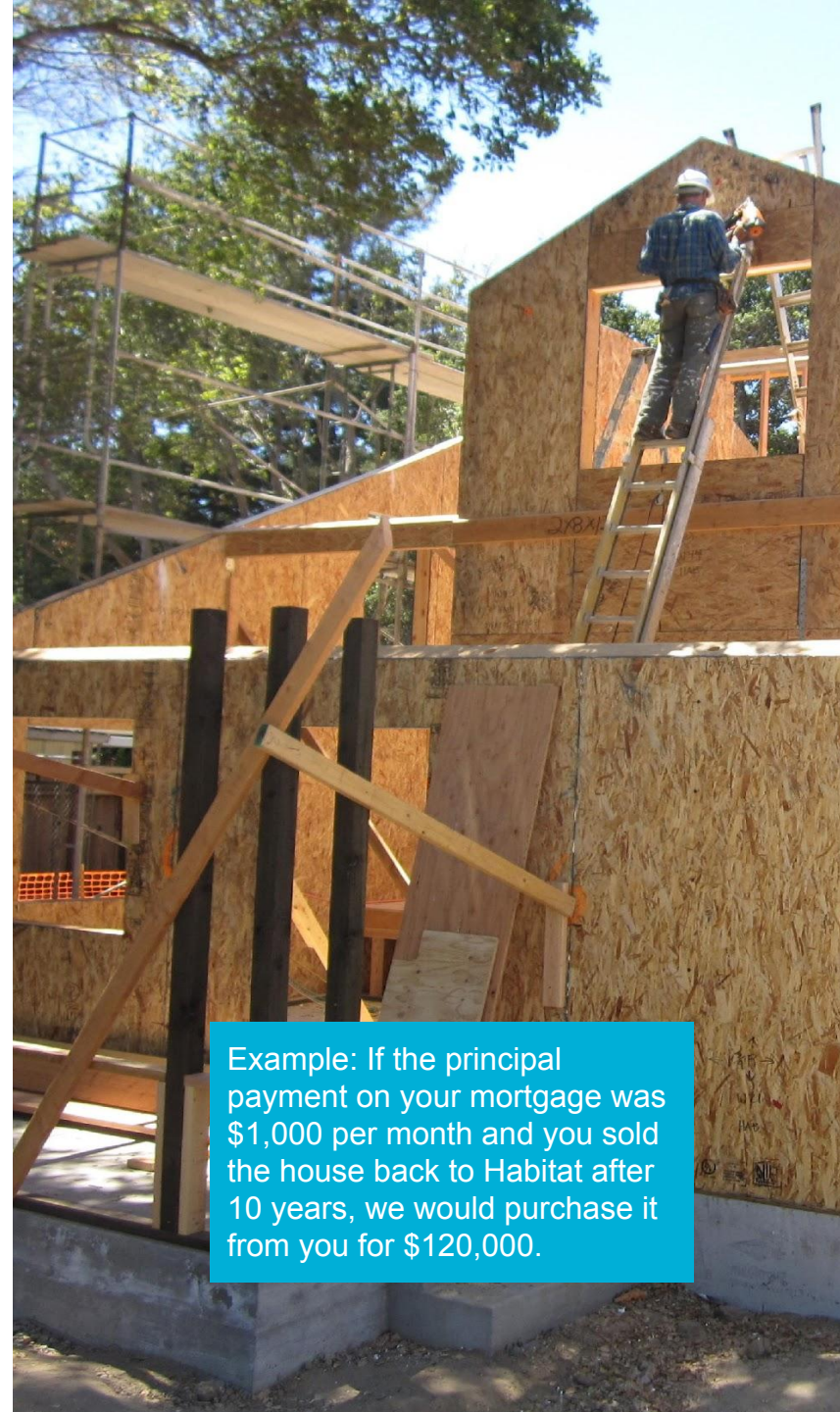
Home Pricing

- 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
- 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

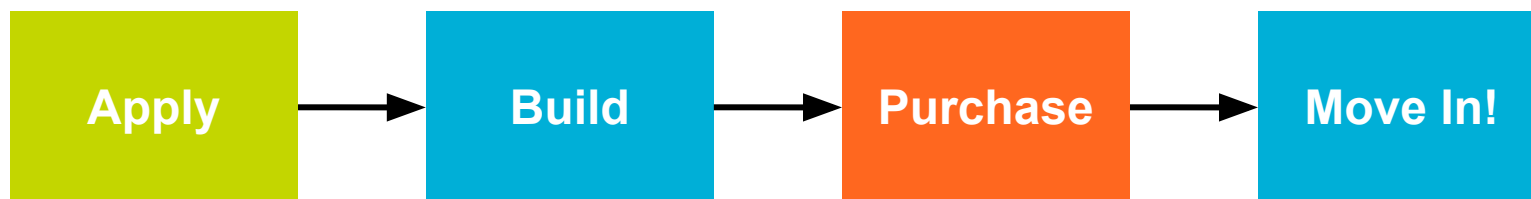
If a homeowner decides to sell their home, Habitat Monterey Bay will have the right of first refusal to repurchase the home and sell it to another qualified homebuyer.

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 person wearing a white hard hat and a plaid shirt is kneeling on a green lawn. They are working on a patch of dark brown soil that has been dug up. A small green plant is growing in the soil. The person is looking down at the soil.

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