

TWO RIVERS COMMUNITY LAND TRUST

HOMEBUYER SELECTION POLICY

I. OVERVIEW

This policy intends to guide the development and implementation of both program and project-specific marketing and homebuyer selection procedures administered by Two Rivers Community Land Trust (CLT). Applicants completing Homebuyer Orientation will be given a copy of this policy. This policy will be reviewed from time to time by Two Rivers CLT Board for effectiveness in guiding the organization in pursuit of its mission.

II. GOALS

Two Rivers CLT goal that support this policy include:

1. To develop a significant portfolio of affordable, not-for-profit housing;
2. To ensure that such housing remains affordable in perpetuity to meet the future housing needs of low- and moderate-income households in the communities it serves. For additional information, see Section VII on Eligibility Criteria.
3. To find the best match between households and housing units that are the appropriate price and the appropriate size.

III. DEFINITIONS

Affordable: Monthly Housing Cost that does not exceed 30 percent of gross monthly household income.

AMI: Area Median Income as determined by the U.S. Department of Housing and Urban Development (HUD). The Two Rivers' website has the local current income limits which are updated annually.

First Time Homebuyer: Someone who has not owned a home in the last three years, as of the date of application submission.

Household: A person or group of persons who occupy the same housing unit as their primary residence.

Housing Cost: Used when measuring affordability to a known household and unit size and type of ownership/lease arrangement. For single family homes, this includes principle, interest (prevailing rates and terms), taxes (including assessments), ground lease fee, and any association dues or fees.

HUD: U.S. Department of Housing and Urban Development.

Liquid Assets: Cash on hand, in a bank account, or assets that can be quickly and easily converted into cash (e.g. savings, stocks, bonds, certificates of deposit, shares, etc.)

PITI: Mortgage payment including principal, interest, taxes, and insurance. For purposes of this document, PITI also includes the ground lease fee and association dues, if applicable.

Retirement Accounts: Long-term savings accounts that individuals can use to save for the future.

Examples include, but are not limited to, defined contribution plans such as IRAs, 401(k)s, 403(b)s, 457(b)s, and Thrift Savings Plans; employee stock ownership plans; defined benefit plans such as traditional pensions and guaranteed annuities; deferred compensation plans; profit-sharing plans; cash value life insurance plans, and other IRS recognized accounts.

IV. OUTREACH AND MARKETING

Two Rivers CLT is an Equal Housing Opportunity provider and conducts business in accordance with the Federal Fair Housing Law. When Two Rivers has housing available, it will follow its Affirmative Marketing Plan for each program/development.

V. ANTI-DISCRIMINATION POLICY

Two Rivers CLT in all its practices, in compliance with the Minnesota Department of Human Rights, will not discriminate because of your age, race, color, creed, religion, national origin, sex, marital status, disability, public assistance, sexual orientation, gender identity, familial status, or any other protected class.

VI. SELECTION COMMITTEE DESCRIPTION

Purpose: The Selection Committee exists to review applicant materials and approve a slate of qualified homebuyers for each program in accordance with the Two Rivers CLT Bylaws.

Selection Committee: Four to six members, two of whom are Two Rivers CLT board members, and at least one of whom is a low- or moderate-income representative or lienholder. A quorum is three Committee members, and the Chair of the Committee is a board member. The Committee is staffed by a designated staff person.

Members may include board members, Two Rivers homeowners, low to moderate income people, landlords, leaseholders, property managers, credit or tenant counselors, lenders, residents of Washington County, and individuals who offer other valuable perspectives on issues such as mobility/access, large families (5+), and single parents.

Staff act as support for the Committee by gathering information, including reviewing application forms, taking phone calls, answering questions, reference checks and verification, and conducting information sessions and interviews. Information reported to the Committee is used to make the decision.

VII. ELIGIBILITY CRITERIA

The Selection Committee and Board of Directors will base their decision on who constitutes as a "qualified CLT homebuyer" based on its eligibility criteria. When funding sources mandate that lower income households be served (e.g. less than 50% AMI) or certain populations be served, those requirements will prevail.

Eligibility Criteria: The following criteria reflect Two Rivers CLT's goal to match household size to unit size and match household income to housing costs.

1. Must be at least 18 years of age to qualify for a mortgage.
2. Citizen of the United States or Permanent Resident.
3. Homeownership Education - Must receive certification before CLT approval. Education is available through the Homeownership Center or an equivalent homebuyer education curriculum.

4. Maximum Income - Must be below 80 percent of the AMI as defined by HUD.
5. Affordability – A household must have sufficient income to support its housing costs. The household must be pre-approved for a mortgage as evidenced by a letter from a lending institution.
 - PITI cannot exceed 30 percent of the household's gross monthly income.
 - PITI + monthly debt cannot exceed 42 percent of the household's gross monthly income.
 - *Washington County*: Monthly PITI cannot be below 25 percent of the household's gross monthly income.
 - *Anoka County*: Monthly PITI cannot be below 26 percent of the household's gross monthly income.
6. Assets - A review of household assets must clearly indicate a limited ability to compete successfully in the conventional housing market. This is indicated by:
 - Liquid assets cannot exceed \$50,000 after closing on the purchase of the home. Liquid Assets do not include Retirement Assets. See Section III for additional information on retirement accounts.
 - Inability to put down more than 20 percent of the purchase price as a down payment
7. Mortgage Approval - Applicants must be pre-approved or able to obtain approval through an eligible mortgage lender familiar with Community Land Trusts. A list of approved lenders will be provided by Two Rivers CLT.
8. Applicants who currently own or who have owned other residential property within the last three years are generally not eligible. (for example, as in the case of a divorce, an exception would be granted and considered on a case by case basis.)

VIII. SELECTION CRITERIA

The following circumstances will be considered when two or more households express an interest in a specific home and meet the program's eligibility criteria. From time to time, program funders may have specific criteria Two Rivers must meet, and they will be outlined in a program parameters sheet.

1. Residency and Employment - Current and previous Washington County residents, employment in the county, or children attending school in the county.
2. First Time Homebuyers.
3. Need - Special consideration will be given to households facing immediate need.
4. Application on File - Applicants on the current waitlist.
5. Appropriate Size - This criterion is used by Two Rivers when Two Rivers sells units. Preference is given to households that match the size of the home:
6. Underserved Populations - Households with disabled individuals, households of color, households headed by a single parent, and households with a veteran.
7. First Come/First Served: If applicants are equal in all other areas, consideration is given to the

applicant whose completed application was received first. In this situation, purchase agreements are treated as an application, but a full application is still required.

IX. APPLICATION PROCESS

Two Rivers CLT values its applicants and recognizes that its programs vary. In an effort to foster adequate communication, Two Rivers CLT will provide an explanation of its program guidelines and application in its Homebuyer Orientation session. Written program guidelines, including an application process outline, will be provided during the application process.

X. NOTIFICATION OF DECISION

An applicant will receive a formal notification letter from the Selection Committee via email. The date of delivery will be used as the date of the decision notice.

XI. APPEALS

Applicants may appeal the decision outlined in their notification letter. Two Rivers CLT is not responsible for a mortgage lender's decision of credit worthiness. Appeals cannot be made to Two Rivers CLT when a mortgage lender has denied credit.

Appeals, of the Selection Committee decision, must be made within two calendar days of the electronic notice of decision. To appeal, applicants must email the Executive Director of Two Rivers.

The Executive Director will notify the Board of Directors in writing that an appeal has been made. The Selection Committee will provide the Board of Directors with all materials it used to make its decision, the notification letter to the applicant, and an explanation for the decision in the notification letter. The Directors will adjourn to Executive Session, in accordance with its bylaws, to discuss the complaint. The Board of Directors will provide its decision in writing in three to five business days.