



# Homeownership Program Description

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# Who We Are



Twin Pines Housing (TPH) is the leading developer and provider of affordable housing in the Upper Valley Connecticut River Valley region for individuals and families with low to moderate incomes. TPH offers housing in Vermont and New Hampshire located primarily in Lebanon, Hanover, Enfield, Hartford, White River Junction, and Woodstock. TPH’s mission is to increase access to quality housing and supportive services to meet the pressing and long-term needs of the Upper Valley community.

Woodstock Community Trust (WCT) is a non profit organization founded in 1997. The Trust provides community-centered solutions for community housing, commercial spaces and the preservation of agricultural land and natural areas, while working toward a sustainable economic and environmental future for Woodstock and its citizens. The program is designed to help moderate-income people, such as teachers, local police, and local business owners who live in or work in the Woodstock area sustainably stay in our community.

WCT funds the downpayment so that a qualified buyer can afford the home. Our initiative makes the monthly mortgage payment reasonable without the need to accumulate sufficient funds for the down payment, legal and closing costs, and frequently for necessary repairs. To qualify an applicant must generally have an annual income that does not exceed 175% of the area median income at time of application. Asset limits also apply.

TPH will be administering the buyer selection process for Woodstock Community Trust’s Homeownership Program. TPH will stay on as the long-term steward of program homes to ensure that homes remain perpetually affordable and to help homeowners succeed. TPH has a long and successful history of stewarding the approximately 50 shared equity homeownership units in its portfolio.

## **Woodstock Community Trust’s Homeownership Program Key Features:**

- Shared Equity Homeownership Program aimed at moderate-income households, earning up to 175% of the Area Median Income for Windsor County.
- Buyer agrees to resale and occupancy restrictions.
- Affordability is preserved through a Housing Subsidy Covenant that is signed by the buyer.

### **Benefits of Purchasing a Woodstock Community Trust Home**

- Provides housing security.
- Maintains or increases affordability over time.
- Preserves community wealth.
- Usually no Private Mortgage Insurance payments.
- Offers tax benefits of owning.
- In Vermont, property will be taxed at no more than 70% of Fair Market Value.

### **Tradeoffs of Purchasing a Woodstock Community Trust Home**

- Must sell to a qualified buyer or TPH.
- Retains only 25% of appreciation in property, in order to keep home perpetually affordable.
- Must be owner-occupied.



# Increased Purchasing Power



EXAMPLE: a household of four with an income of \$74,500

Buying without TPH:		Buying with TPH:
\$74,500	Annual Household Income	\$74,500
2,069 (33%)	Monthly Housing Expense (Max)	2,069 (33%)
	<u>Housing Costs</u>	
541	Property Taxes	541
125	Homeowner's Insurance	125
0	TPH Stewardship fee	25
<u>250</u>	Private Mortgage Insurance*	<u>0</u>
1,153	Amount Available for Mortgage Payment	1,378
4.5%	Mortgage Interest Rate**	4.5%
\$227,558	Amount of Mortgage	\$271,964
0	Plus Woodstock Community Trust's Community Preservation Homes grant***	140,000
<b>\$227,558</b>	<b>Can afford a house worth</b>	<b>\$411,964</b>

**\$184,406 increase in purchasing power**

\* Due to the fact that many grants are 20% of the purchase price or higher, most TPH buyers pay no PMI; however this is not guaranteed.

\*\* This is an example rate for purposes of this exercise. The actual interest rate could be higher or lower.

\*\*\* This is an example only. Actual grant amounts can vary depending on the property and other factors.



# For what price can I sell my shared equity home?



At Purchase	
\$400,000	Original Purchase Price (usually equals the appraised value)
<u>-\$140,000</u>	<u>Down Payment Grant</u>
\$260,000	Equals Net Purchase Price

At Resale	
\$440,000	New Appraised Value
<u>-400,000</u>	<u>Original Appraised Value</u> (purchase price)
\$40,000	Total Market Appreciation
<u>x 25%</u>	<u>Your Share</u>
\$10,000	Equals Your Share of Appreciation

Your Sale Price	
\$400,000	Original Purchase Price
<u>-\$140,000</u>	<u>Down Payment Grant</u>
\$260,000	Net Purchase Price
<u>\$10,000</u>	<u>Your Share of Appreciation</u>
<b>\$270,000</b>	<b>Equals The Price You Receive At Resale</b>

What You Make on the Sale	
\$270,000	Your Sale Price for the Home
<u>-\$226,260</u>	<u>What you owe the Bank, after seven years*</u>
<b>\$30,760</b>	<b>Equals Your Proceeds</b> (appreciation plus mortgage principal reduction)

\*This example is based on 7 years of repayment on a 4.5% 30-year loan for an original mortgage loan of \$260,000. This assumes no extra principal payments.

The above is just an example. Some formulas may vary. You cannot assume a property will always appreciate. The amount of principal left on your mortgage depends on how long you have owned the property, your interest rate and whether or not you make any extra principal payments.

The home, in the above example, would be offered for resale to an eligible buyer for \$270,000 plus up to 3% of the market value of the home (to cover TPH's transaction fees and time qualifying buyers) and additional 3% for needed upgrades or repairs, as long as the home remains affordable to future buyers.



# Capital Improvement



## What are capital improvements and how are they calculated?

At the resale of a Woodstock Community Trust Home, the homeowner retains 100% of any market value that is added by capital improvements. Capital Improvements are NOT granted for routine maintenance or repairs. A Capital Improvement goes above and beyond normal replacement of items. To be considered a Capital Improvement, expenditures should exceed \$2,500 by the homeowner for improvements to or on the property which materially adds to the value of the property, considerably prolongs its useful life, or adapts it to new uses.

## Do I need to check with TPH first?

For small improvements in your home, it is not necessary to check with TPH before doing the work. However, to protect the future marketability of the home TPH will need to approve any large improvements (example: one that requires a permit). If you have questions about whether a project would be considered a capital improvement before you begin the work, please contact the Homeownership Coordinator at TPH.

### Examples:

IS a Capital Improvement	Is NOT a Capital Improvement
<ul style="list-style-type: none"> <li>- Replacing wall to wall carpet with hardwood floors</li> <li>- Adding a new garage to a home</li> <li>- Finishing the basement</li> <li>- Completely remodeling a kitchen</li> <li>- Adding a fireplace</li> <li>- Putting on a deck</li> <li>- Adding a bedroom or bathroom</li> <li>- Installing a new roof</li> <li>- Installing a new heating system</li> </ul>	<ul style="list-style-type: none"> <li>- Replacing wall to wall carpet with new carpet</li> <li>- Replacing an existing garage door</li> <li>- A fresh coat of paint</li> <li>- Replacing appliances</li> <li>- Repairing an existing heating system</li> <li>- Replacing windows, unless all the windows are being replaced</li> <li>- Replacing wiring or plumbing, unless it is an upgrade to the whole house's wiring or plumbing</li> </ul>

When a homeowner is ready to sell, the homeowner would provide TPH with a list of improvements that have been done to the home. TPH would review and finalize the list of approved improvements. An appraiser would then isolate the value that the improvement(s) adds to the home. This is NOT necessarily equal to the cost of the improvement, but rather it is the difference in the market value of the home with the improvement and without the improvement. So, for example, while it might cost \$15,000 to add the new garage onto the home, having a garage may only add \$10,000 to the market value of the home. Capital Improvement Credits are given based on the increase in Market Value to the property due to the work regardless of the cost of the project.



# Frequently Asked



## **What happens if my Woodstock Community Trust Home depreciates?**

There are no guarantees that the home you purchase will go up in value. While homeowners receive 25% of any increase in the value of their home, they are responsible for 100% of any decrease. The reason for this is that it is only in this manner that TPH can maintain the affordability of the home for future homeowners. In general, the longer a homeowner owns their home, the greater the chance that the home will go up in value. In the event a home depreciates, TPH will work with the homeowner to mitigate the loss (for instance, in the past, TPH has waived the occupancy requirement for one-year periods at a time to postpone the sale of a unit during market down-turns).

## **What is the ownership relationship when I purchase a Woodstock Community Trust Home?**

TPH permits buyers to own both the land and house and the buyer signs a housing subsidy covenant. The housing subsidy covenant is a legal document used to preserve the continued affordability of the property.

## **What happens if I would like to refinance my mortgage?**

Talk to TPH first! TPH will need to ensure that the loan is with an approved lender, at reasonable terms that are affordable to you, and that the amount of the new loan is less than the price at which TPH or an eligible buyer would buy your home. In addition we will need to draft certain legal documents and possibly get the approval of our funders. This process generally takes 2-4 weeks. TPH does not charge a processing fee, however, the homeowner is responsible for paying the attorney fee that TPH incurs (typically between \$150 and \$400) and for recording costs.



# Disclosure of Fees



## **Stewardship Fee (\$25/month)**

A buyer will be subject to a monthly Stewardship Fee of \$25 to TPH. This fee helps to sustain TPH's stewardship responsibilities by supporting salaries and overhead. As a TPH homeowner, a buyer will have access to TPH staff for any help during his or her time in a TPH home, including budgeting, refinancing, access to rehab loan resources, etc.

## **Property Tax (varies)**

The buyer/homeowner is responsible for property taxes on both the house and land. If taxes are being escrowed by the lender, then the homeowner is responsible for forwarding tax bills to their loan servicer. By state law as of 2015, towns in Vermont are required to assess shared equity homes at no more than 60% to 70% of their fair market value.



# Do I Qualify?



## Do I qualify for Woodstock Community Trust’s Homeownership program?

You must:

- Have a *complete, up-to-date* buyer application on file with TPH that has been reviewed and approved by TPH staff, and
- Have a Pre-Qualification Letter from an approved lender (see resource list) from the past 60 days, and
- Have completed (or be scheduled to complete) an approved homebuyer workshop.

In addition, at time of application, you must:

- Have no more than \$60,000 in non-retirement assets, and
- Have gross (pre-tax) income that does not exceed 175% of the Area Median Income for Windsor County — see the table below for current income limits.

175% of Area Median Income  
For Windsor County

Household Size	Maximum Gross Income
1	\$97,300
2	\$111,125
3	\$124,950
4	\$138,775
5	\$149,975
6	\$161,000

*The above income limits are based on 2020 income figures, as published annually by the US Department of Housing and Urban Development.*





# Buyer Selection



The Woodstock Community Trust and TPH will hold Open House hours for interested buyers. If TPH receives more than one complete buyer application on or before the conclusion of the Open House period, the following buyer selection criteria will apply.

1. **Credit score above 700** -1 point. Households with a median credit score above 700 will score 1 point. For households with two or more loan applicants, we will take the average of each loan applicant's median scores.
2. **Number of bedrooms matches household size** -1 to 3 points. If the number of bedrooms matches the size of the household, score 2 points. If the household size is one under the number of bedrooms, score 1 point. If the household size exceeds the number of bedrooms and not more than two people per bedroom, score 3 points.
3. **Local preference** -1 to 4 points. If at least one member of the household meets one of the following criteria, score 2 points. If at least one member of the household meets two of the following criteria, score 3 points. If at least one member of the household meets three of the following criteria, score 4 points.

- current resident of Woodstock, Reading, Pomfret, Plymouth, Killington or Barnard for more than two years,
- employed by a business or organization located in Woodstock,
- employed by the Woodstock municipality or in the local schools,
- Woodstock business owner who employs one or more people (excluding owner(s)),
- household includes a pupil at Woodstock schools (WES or WUHS).

If at least one member of the household is a current resident of Hartland or Quechee for more than two years, score 1 point.

4. **150% AMI** -1 point. If household income (gross, pre-tax) is at or below 150% of the area median income for Windsor County, score 1 point.

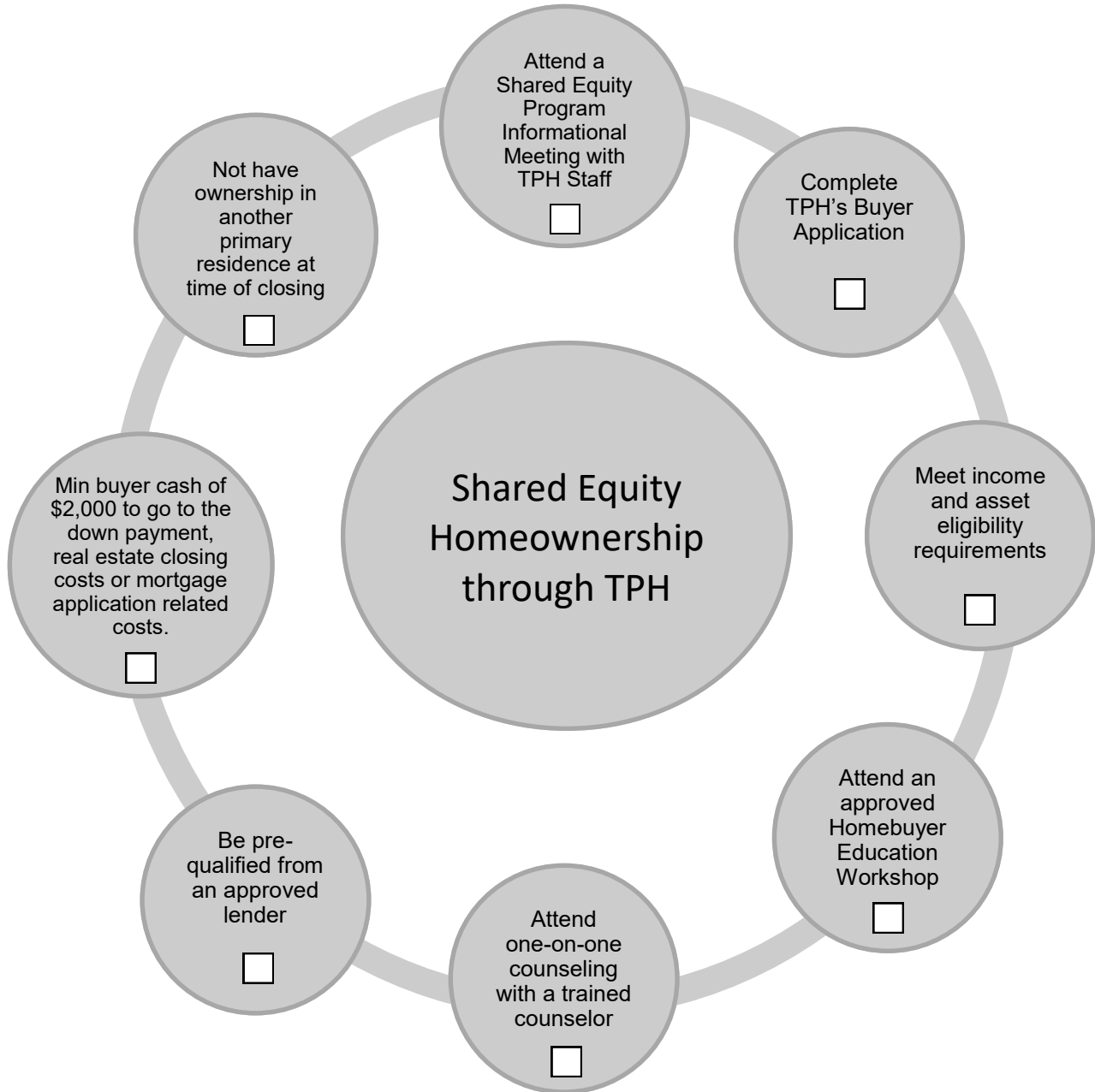
The household with the highest points will be selected as the buyer. In the event of a tie, TPH will administer a lottery.

A household will have three business days to sign a purchase contract. If a contract is not signed by that time, the buyer with the next highest point score will be given the opportunity to sign a purchase contract.



*Twin Pines Housing applies Fair Housing standards to all programs and services. For more information about Fair Housing including identifying the protected categories please ask us for the CVOEO Fair Housing Project Booklet.*

# Eligibility Criteria



**These eligibility criteria do not need to be met in any order; however, all must be met before a prospective buyer can close on a home.**

For more information, please contact Twin Pines Housing at 802-291-7000 or visit us online at [www.twinpineshousing.org](http://www.twinpineshousing.org)



## Next Steps



- If you would like to apply for Woodstock Community Trust's Homeownership program, complete the TPH/WCT buyer application and include a pre-approval letter. The TPH/WCT buyer application is available at [www.TPHtrust.org](http://www.TPHtrust.org), or contact TPH at 802-291-7000 or at [Steve.Usle@tphtrust.org](mailto:Steve.Usle@tphtrust.org) to ask for the application.
- Be prepared to put a \$500 deposit down (or two increments of \$250) as earnest money should you be offered the opportunity to sign a Purchase and Sale Contract. A closing is typically scheduled four to six weeks from the date of a Purchase and Sale Contract.
- Once you have a signed Purchase and Sale Contract, apply for a mortgage with your lender. Give your lender a copy of the Purchase and Sale Contract and check with TPH that the lender is TPH-approved.
- Select an attorney to conduct a title search and represent you at the closing. Your attorney will need a copy of the Purchase and Sale Contract. Your attorney will also need to review TPH's closing documents with you, including the Housing Subsidy Covenant which will set forth the resale and occupancy restrictions. Your lender will likely have a list of approved attorneys to select from.
- Schedule a home inspection. A TPH staff member will need to attend all or part of the home inspection, so be sure to contact us regarding our availability.
- Call an insurance agent to get a quote on homeowner's insurance and flood insurance. Set up your insurance and have TPH listed as "additionally insured" on your policy and the Woodstock Community Trust listed as "loss payee."
- Approximately one week prior to closing you will come in for a pre-closing at TPH, to go over the documents you will be signing at the closing.

**TPH's shared equity program does not discriminate on the basis of race, sex, sexual orientation, gender identity, age, marital status, religious creed, color, national origin, or disability. TPH affirms its policy of equal housing opportunity pursuant to state and federal fair housing laws. Further, harassment or intimidation of an applicant, homeowner, staff person, or guest because of that person's race, sex, sexual orientation, gender identity, age, marital status, religious creed, color, national origin, or disability is specifically prohibited. Harassment and intimidation includes abusive, foul, or threatening language or behavior.**