



UPPER VALLEY MEND

MEETING EACH NEED WITH DIGNITY

Welcome

This document is intended to provide you with more information about the affordable homeownership program of Upper Valley MEND.

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About Upper Valley MEND

Upper Valley MEND (Meeting Each Need with Dignity) is a 501(c)(3) non-profit based in Leavenworth, WA. As a social services organization, it seeks to serve a wide variety of clients through a comprehensive, multi-pronged approach. Its programs include:

- The Community Cupboard – thrift store, food bank, and emergency assistance program.
- The Upper Valley Free Clinic – non-emergency health-care weekly at the Cascade Medical Center.
- Jubilee Global Gifts – fair-trade gifts from around the world.
- Cornerstone Community – a home for adults with developmental disabilities.
- Upper Valley MEND's Affordable housing– affordable homeownership program.

Upper Valley MEND is headquartered in the historic River Haus at 347 Division Street in Leavenworth, Washington.

Contact:

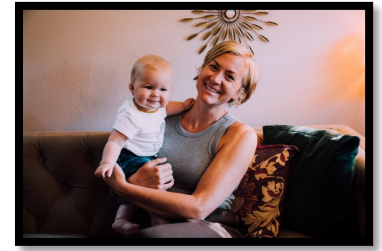
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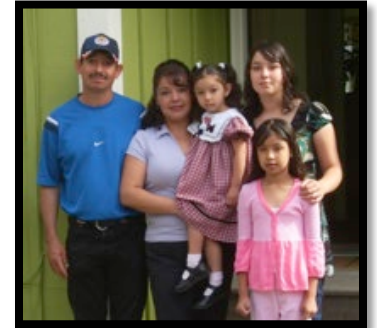
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I. Upper Valley MEND's Mission and Vision

Since 1998 Upper Valley MEND has dedicated extensive resources and relied on the support of countless donors and volunteers in an effort to provide quality, affordable housing in Leavenworth, Washington. The homeownership Program was formed with a three-part mission in mind. Its goal is to hold in trust and develop land in a manner that:



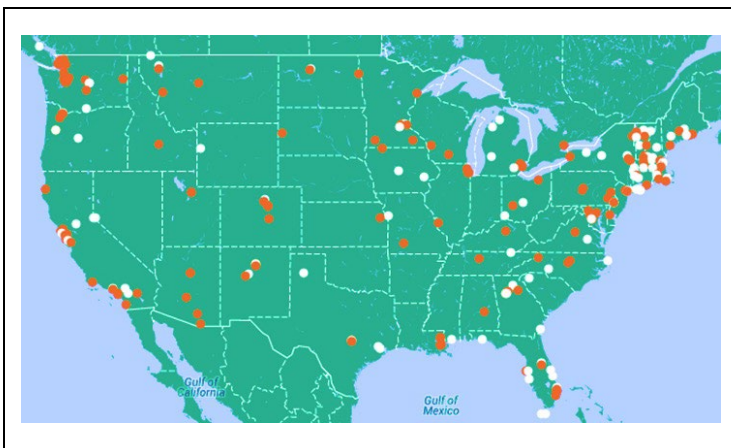
- Provides quality, permanently affordable homeownership for current and former, low to moderate-income residents of the Cascade School District.
- Supports and educates residents so that they can be successful homeowners, good neighbors, and active citizens in their community.
- Creates spaces and structures that support and strengthen a sense of community.



II. A Short History of the CLT Movement

The Community Land Trust (CLT) model was developed in the South in the 1960's. Members of the civil rights movement believed that access to and ownership of land would provide a means to rising out of generational poverty. They established a lease structure that allows the formation of a Community Land Trust to hold the land in trust for the benefit of the community, restricting its value so that ownership remains open to the most disadvantaged socioeconomic groups.

CLTs are not-for-profit and they are used to preserve access to land and homeownership for people who have been marginalized due to race, social status, or income. Today, there are over 260 CLTs across the country, many of them located in regions with severe housing shortages.



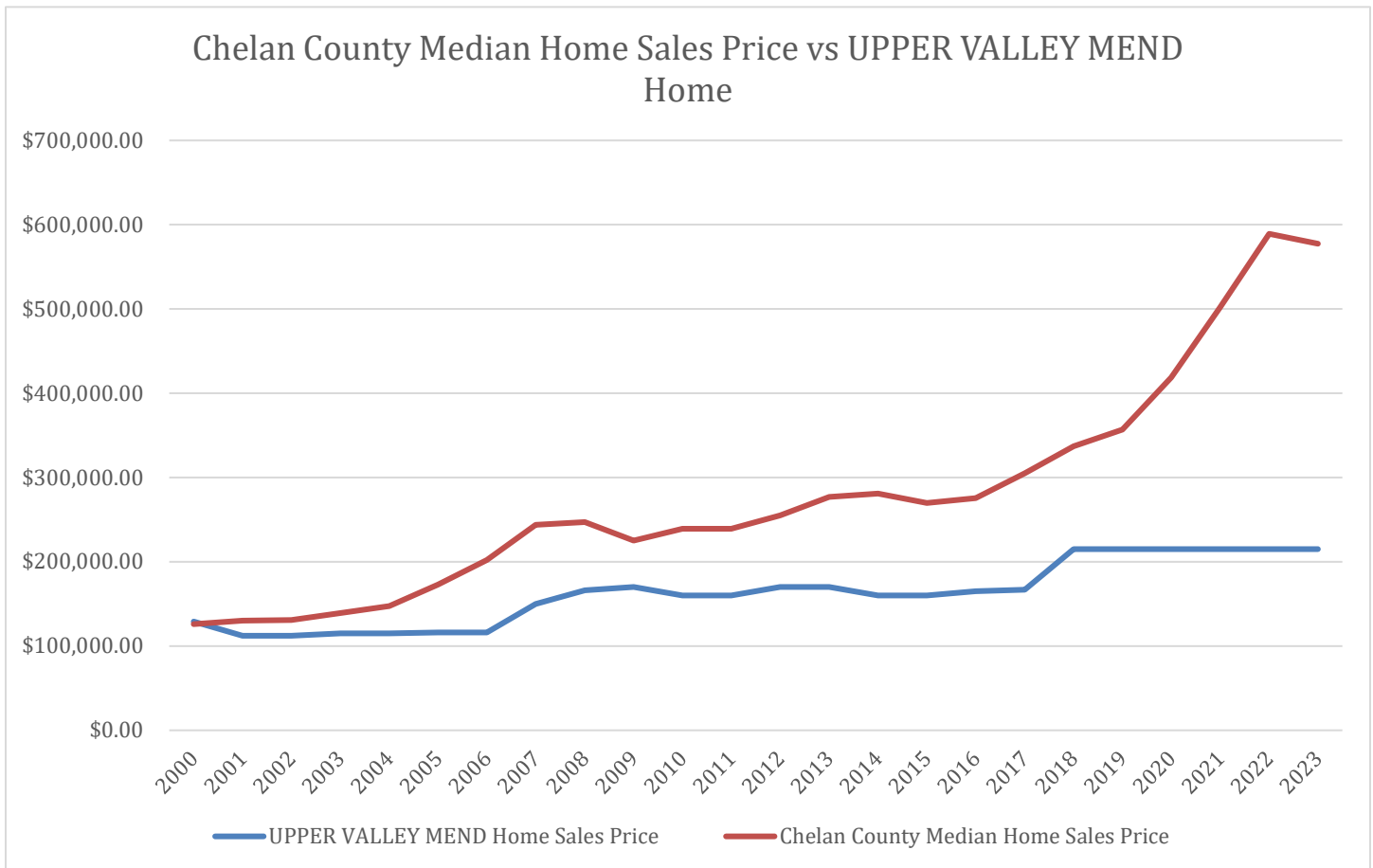
The Grounded Solutions Network

Many community land trusts are associated with the Grounded Solutions Network, an affordable homeownership advocacy organization. Those CLTs are red dots, while non-affiliated CLTs are shown in white.

III. Leavenworth’s Need for Affordable Homes

Home prices in Leavenworth have steadily risen since 2004, increasing significantly in 2020. For many families, high prices are coupled with low supply. This means that the people who work in positions critical to the local economy such as healthcare, education, orchards, fruit packing, hospitality, retail, public services such as the fire department or the US Forest Service, and many communities focused local nonprofits cannot find a home in the community they serve.

- Between 2004 and 2021, the median home price in Leavenworth has risen more than 400%, from \$170,000 to \$705,000, while the median income has only risen 31% (\$54,100 in 2004 to \$70,900 in 2021).
- Between 2004 and 2016 the buying power of a homebuyer’s dollar has fallen 25% due to inflation. This severely limits the ability of working-class families to save for and purchase a new home because a dollar today is worth ¾ of a dollar in 2004.
- An estimated 35% of all homes in Leavenworth are vacant more than six months out of the year, and can be considered secondary, vacation residences.

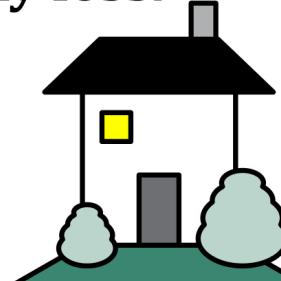


IV. The Methods of a CLT

A. Overview

Upper Valley MEND’s homeownership program is able to sell homes at prices 40% below the area median home price for two reasons. First, it retains ownership of the land underneath each home it sells. This enables it to sell the home alone, removing the price of the plot of land from the sale. Second, Upper Valley MEND’s homeownership program leases the plot to the homeowner with a document called a Ground Lease. This lease establishes a home savings account called a Replacement Reserve Fund, which pays for major improvements and upgrades to the home. This account stays with the home forever, ensuring the homes remain a high-quality option for income-qualified buyers. These reserves also minimize the need for expensive emergency repairs and instead focus on cost-effective long-term management. Homeowners contribute monthly to this account.

You buy the home.
 You lease the land.
You pay less.



B. The Upper Valley MEND’s homeownership program ground Lease

The Ground Lease transfers many of the rights and responsibilities of the land to the homeowner. In general, the lease:

- Lasts for 99 years and can be renewed once.
- Allows the home to be inherited by the owner’s children or heirs
- Requires that the Upper Valley MEND’s affordable home be the only home the buyer owns
- Contains three very important monthly fees:
 - o An administrative lease fee (\$25)
 - o A use fee to cover increases in property taxes (\$5)
 - o A Replacement Reserve Fee specifically for major home repairs (\$75)
- Allows the homeowner to participate in the Upper Valley MEND’s homeownership Program Committee
- Requires a homeowner to insure the home, pay taxes, and keep the home and leased land in good condition.

(Continued on next page)

Ground Lease Quick Facts



Gives the buyer full access and use of the land underneath the house.

Duration



The lease lasts for 99 years.

Ownership



The SHARE CLT home must be your only home.

Successors



The house can be passed down to your children or heirs.

Fees



Monthly fees of: \$105 + HOA Dues (\$60 - \$75)

Resale Price
 $(x/y)*\%$

The resale price is set using a formula, which is explained in the lease.

- Sets the resale price of the home based on the Resale Formula
 - o This formula considers the % change in the area median income (AMI) for Chelan County
 - o It also takes into account improvements and wear-and-tear to the home

Because the ground lease restricts how much a home's price can grow, an Upper Valley MEND's affordable home is an opportunity to secure affordable housing while gaining equity by paying down the principal on a mortgage. It should not be considered an appreciating investment.

C. Selling an Upper Valley MEND's Affordable Home

When a homeowner notifies Upper Valley MEND's homeownership program of their intention to sell their home, there are four things they must keep in mind:

1. They must sell their home to an income-qualified Upper Valley MEND's homeownership program applicant. They can choose a particular applicant they prefer. Otherwise, the first applicant on the wait list will be contacted.
2. The price of their home is set by the resale formula in their ground lease. For every percentage point the Area Median Income (AMI) has risen or fallen since they bought the house, the price of the home will rise or fall the same percentage.
3. Discounts will be given to the buyer for wear and tear (DDV), and additional improvements made by the seller will be factored into the price.
4. The Replacement Reserve account and all of the fees paid into it will stay with the house.

NOTE: As mentioned in section III, incomes grow more slowly than home prices. Because of this, we suggest that an interested applicant be ready to live in their home for 5-8 years to realize a positive gain on the sale of their home. Additionally, equity in Upper Valley MEND's affordable homes is primarily built by the owner paying on their mortgage. A homeowner in the Upper Valley MEND's homeownership program should not expect to realize the same amount of appreciation for their home as they would in a market-rate home.

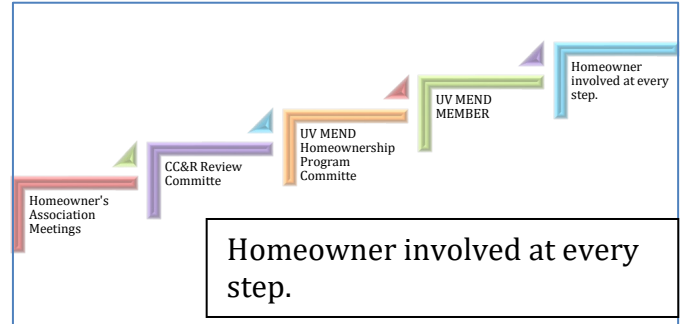


First Community

Alpine Heights was the first Upper Valley MEND's homeownership program neighborhood. Construction of all ten homes was completed in 2001.

V. Upper Valley MEND's homeownership program structure and Governance

Upper Valley MEND's homeownership program helps support two neighborhoods in Leavenworth, Alpine Heights, and Aldea Village. Each neighborhood has a homeowners' association that meets twice a year and a smaller Covenants, Conditions, and Restrictions (CC&R) Committee that meets several times a year.



A. Homeowners' Association Meetings

These meetings are an opportunity for homeowners to discuss changes they would like to see in their neighborhood and make decisions regarding neighborhood matters (landscaping, snow removal, irrigation, improvements, and regular maintenance).

B. Neighborhood CC&R Review Committee

This committee interprets the CC&Rs or neighborhood rules. These are policies regarding parking, homeowner meetings, pets, noise, common areas, and issues neighbors consider important. Each homeowner has the opportunity to serve on their neighborhood's CC&R committee.

C. Upper Valley MEND's Homeownership Program Committee

The committee meets once a month and is made up of UV MEND board members, Upper Valley MEND's homeownership program staff, homeowners, and members of the community. The Upper Valley MEND's homeownership program committee helps set the policies and procedures of Upper Valley MEND's homeownership program and oversees any major changes in each neighborhood.



D. UV MEND Membership

All homeowners are considered voting members of Upper Valley MEND and are eligible to stand for board membership, vote on board candidates and officers, and attend the annual meeting.

VI. Current Upper Valley MEND's homeownership Neighborhoods

Since 2001, Upper Valley MEND has provided 32 local families with affordable homeownership. Upper Valley MEND's homeownership program has built two neighborhoods of ten homes each, within the city limits of Leavenworth, WA.

A. Alpine Heights

Alpine Heights was built in 2001 on Park Ave, near Mountain Meadows Senior Living. It consists of 10 single-family homes in a quaint cul-de-sac overlooking the Upper Valley and the Chumstick Range. Located a short distance from Highway 2 and Osborn Elementary, this neighborhood serves as a quiet oasis nestled against the mountain. The neighborhood offers a community garden, walking trails, and a covered picnic area for residents' use.



B. Aldea Village

Aldea Village was built in 2005, has ten homes, ranging from two to four bedrooms. It is located on Titus Road, just north of Icicle River Middle School and Cascade High School. The neighborhood is less than a mile away from downtown Leavenworth, is walking distance of the schools, has a community garden, and open common areas for the neighbors to use.



VII. Qualifying for Upper Valley MEND’s homeownership program

To ensure that local low and moderate-income families of the Upper Wenatchee Valley have options for affordable homeownership, Upper Valley MEND has established the following qualification criteria.

Residency

- The applicant must have either lived or worked in the Cascade School District area for at least one year at some point in their lives.

Ownership

- The Upper Valley MEND’s affordable home must be the only home the family owns.

Assets

- Assets at closing meet the requirements of the Department of Housing and Urban Development.

Common Purpose

- Applicant understands Upper Valley MEND’s homeownership program’s mission and efforts to create permanently affordable homes in Leavenworth.

Income

- Gross family income does not exceed 80% of Area Median Income (AMI) for Chelan County adjusted for family size:

- 2023 Chelan County Income Limits Adjusted for Family Size								
Household Size	1	2	3	4	5	6	7	8
80% of AMI Yearly	\$47,250	\$54,000	\$60,750	\$67,450	\$72,850	\$78,250	\$83,650	\$89,050
80% of AMI Monthly	\$3,938	\$4,500	\$5,063	\$5,621	\$6,071	\$6,521	\$6,971	\$7,421

VIII. Securing Mortgage Funding

In order to purchase an Upper Valley MEND affordable home, you must be able to obtain sufficient mortgage financing. This will involve contacting mortgage brokers to see if you qualify for a loan big enough to purchase an Upper Valley MEND affordable home. A list of brokers is shown below. The Upper Valley MEND's homeownership program can offer supplemental low-interest loans of up to \$30,000 to assist you in purchasing the home. Our lending decisions are made on a case-by-case basis.

The Upper Valley MEND's homeownership program does not lend primary mortgages directly, but we do help you prepare your mortgage application and help you through the process. To purchase an Upper Valley MEND affordable home, you must be able to qualify for a sufficient mortgage. Below are some general credit guidelines from some of our lending partners.

- Credit score of 650 or higher
- Total monthly debt payments (credit cards, loans) below 45% of monthly income
- At least three lines of credit in good standing (car loans, credit cards, personal loans).
- No delinquencies or late payments for the last 12 months
- No bankruptcy in the past three years
- No new lines of credit in the last 12 months
- Steady employment for the past two years

IX. Starting the Home-Buying Journey with Upper Valley MEND's Homeownership Program

1. Qualify – Contact us to determine your eligibility for homeownership through the Upper Valley MEND Homeownership program.

kathia@uvmend.org
509-548-0408

2. Information Session – Join an Upper Valley MEND Homeownership program staff member so we can get to know you better and share with you information about our program.

3. Apply – Fill out and submit the application and verify documents.

4. Interview – Have an interview, and we can review your application and documents together.

5. Homebuyer Education – Attend a course offered by a mortgage lender, which will walk you through the homebuyer process. The Upper Valley MEND Homeownership program can refer you to several free course providers.

6. Seek a Mortgage – Use your Upper Valley MEND Homeownership program application to approach a mortgage lender and prequalify for a mortgage. Your application for homeownership will provide the basis for your full mortgage application. The Upper Valley MEND Homeownership program can offer supplemental financing as well.

7. Purchase & Sale – When an Upper Valley MEND affordable home goes up for sale, we contact all prepared applicants. The first person who obtains mortgage financing will be offered the option to purchase the home.

8. Closing – After you have completed the sale, you will sign closing documents, your Ground Lease, and officially own a home in The Upper Valley MEND Homeownership program.