

# Decision Flowchart for Habitat Homeowners

This guide is designed to help Habitat homeowners understand the steps to sell their home or include it in estate planning. Follow the steps below to navigate the process clearly and efficiently.

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## Ready to Sell Your Home? Thinking of Estate Planning?

Are you planning to sell your home?

- **Yes:** Proceed to **Section 1: Selling Your Habitat Home.**
  - **No:** Proceed to **Section 2: Willing Your Habitat Home Through Estate Planning.**
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## Section 1: Selling Your Habitat Home

Has it been less than 30 years since your purchase, or is your property on a land lease?

- **Yes:** Proceed to **Section A: Habitat Involvement.**
  - **No:** Proceed to **Section B: No Involvement of Habitat.**
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### Section A: Habitat Involvement

#### Step 1: Habitat's Right of First Offer

Contact Habitat using one of the following methods (and ensure these details are up-to-date):

- **Phone:** 541-385-5387
- **Email:** [finance@brhabitat.org](mailto:finance@brhabitat.org)
- **Mail:** 224 NE Thurston Ave., Bend, OR 97701

*Note: These contact methods may change. Confirm receipt of your message.*

Inform Habitat of your interest in selling. This does not obligate you to sell but allows Habitat to consider its options. Once you are certain you wish to sell, proceed to Step 2.

#### Step 2: Habitat Determines Whether to Purchase

Submit a written notice including:

- Your intent to sell.
- Your desired timeline.
- A request for Habitat to decide if they will purchase your home.
- Sign and return to Habitat the Home Walk Through Consent and Disclosure Form (email staff to receive)

The Board of Directors will determine Habitat's ability to purchase your home, typically within 60 days. Staff will likely visit your home to assess its condition before making a recommendation.

### **Board's Decision:**

- **Yes:** Proceed to **Step 3: Selling Your Home**.
- **No:** Proceed to **Section B: No Involvement of Habitat**. *Note: For land lease homes, Habitat must still enter into a new lease with your buyer.*

### **Step 3: Selling Your Home to Habitat**

- **Purchase and Sale Agreement:** Habitat uses the pre-determined formula in your Right of First Offer. Habitat will also work with you to determine repairs required beyond "normal wear and tear" and who will be responsible for these repairs.
- **Escrow Opened:** Habitat works with a title company to finalize the purchase.
- **Closing:** Typically completed within 46-60 days. You will sign over the title, receive proceeds, and turn over the keys.

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## **Section B: No Involvement of Habitat**

**Are there restrictions on your home (e.g., liens, resale restrictions)?**

- **Yes:** Proceed to **Step 1: Working with Restrictions**.
- **No:** Proceed to **Step 2: No Restrictions**.

### **Step 1: Working with Restrictions**

Review your closing documents to identify:

- **Remaining money owed:** Contact your mortgage lender for payoff details.
- **Downpayment liens:** Determine if they are forgiven or assumable by an eligible buyer.
- **Resale restrictions:** Ensure compliance with buyer eligibility requirements if applicable. For example, resale restrictions might limit buyers to those earning below a certain percentage of the area median income (AMI) or require the property to be sold at an affordable price based on a pre-determined formula.

Work with a real estate agent to determine how to proceed. Proceeds from the sale will cover outstanding debts, with the net amount paid to you after closing.

## **Step 2: No Restrictions**

Sell your home directly or through a real estate agent.

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## **Section 2: Willing Your Habitat Home Through Estate Planning**

### **Is your home on a land lease?**

- **Yes:** Proceed to **Section A: Land Lease Process**.
  - **No:** Proceed to **Section B: Non-Land Lease Process**.
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### **Section A: Land Lease Process**

#### **Step 1: Determine Who Will Inherit**

Complete and sign a legal will or other estate planning document to ensure a smooth transition.

- **Adult Child of the Homeowner:**
  - Habitat enters into a new 99-year lease.
  - Resale restrictions and owner-occupancy requirements remain.
  - Refinancing is allowed, but restrictions remain.
  - Shared equity agreement clarification may be required. For example, this type of agreement often specifies how equity is divided between the homeowner and Habitat during a resale to ensure the home remains affordable for future buyers.
- **Not an Adult Child:**
  - Habitat retains the right to purchase the home during the first 30 years.
  - Habitat must approve the buyer or verify the heir's eligibility:
    - **Below 80% AMI:** Eligible to enter into a new lease.
    - **Above 80% AMI:** Must sell to Habitat or an eligible buyer. Proceeds are limited to the Formula Resale Price or appraised value.

#### **Step 2: Title Transfers Upon Death**

Follow the criteria above to ensure a smooth transition.

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## **Section B: Non-Land Lease Process**

### **Step 1: Determine Who Will Inherit**

Complete and sign a legal will or other estate planning document to ensure a smooth transition.

### **Step 2: Determine the Heir's Intention**

**Does the heir want to keep the home?**

- **Yes:** Proceed to **Step 3: Keep the Home.**
- **No:** Return to **Section 1: Selling Your Habitat Home.**

### **Step 3: Keep the Home**

- **Right of First Offer:**
  - Habitat retains the Right of First Offer for 30 years unless loans are paid off. This means Habitat has the option to purchase the home before it is sold to anyone else, ensuring the property remains within their affordable housing program.
- **If Habitat Waives the Right of First Offer:** Heirs must refinance and pay off all remaining loans, such as:
  - Primary mortgage.
  - Habitat liens.
  - City of Bend/Redmond CDBG loans (if applicable).
  - System Development Loans (if applicable).
  - Other liens (if applicable).

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## **Additional Notes**

- Habitat's Right of First Offer ensures affordability for current and future buyers for at least 30 years.
  - A Land Lease structure is designed to ensure permanent affordability for current and future buyers.
  - Clarify shared equity agreements before sale or transfer.
  - Consider life insurance to:
    - Cover remaining loans.
    - Reduce refinancing challenges due to interest rates or credit scores.
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