

Introduction to Habitat Homeownership



Disclaimer: The following information is general in nature and is to be used only as a guide; exceptions may apply as determined by circumstance or changes in policy. The information herein is subject to change without notice. The Homeowner's Manual and applicable SCHH documents contain more specific information.

South County Habitat for Humanity is an equal opportunity, fair housing provider and does not discriminate on any basis protected by state or federal law in its selection process.

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Habitat Homes

Mission Statement of South County Habitat for Humanity

Seeking to put God's love into action, Habitat for Humanity brings people together to build homes, community and hope.

Building Affordable Housing

A goal of South County Habitat for Humanity (SCHH) is to build low cost, energy efficient, easy to maintain housing. A typical newly constructed Habitat home will be a two to four-bedroom, one to two story, wood frame house with a floor plan of 1,000 to 1,200 square feet.

Due to a number of circumstances, not every newly constructed SCHH home meets the typical home previously described. Additionally, circumstances may be different for existing homes that are rehabilitated. The style, layout, size and number of bedrooms of SCHH homes varies depending on a number of factors including, but not limited to, building lot features and size, family composition and location.

SCHH strives to build homes using the most economical materials and techniques that will result in an efficient use of space, structural integrity and safety, energy efficiency, easy and low-cost maintenance and security for the homeowner. All building projects, whether new construction or rehabilitation, will meet or exceed all code requirements.

Energy Efficient & Environmentally Friendly

SCHH homes are built to Energy Star standards which require the use of high quality products and methods ensuring excellent energy efficiency. They will have passed an air leakage test, have a full-time ventilation system, and will have significantly lower energy bills than non-Energy Star homes. When the Energy Star standards cannot be attained due to circumstances beyond SCHH's control, SCHH will insulate and ventilate the house meeting or exceeding all local code requirements.

Handicapped-Accessible

Special accessibility modifications may be applied during construction to meet individual homeowner needs.

Qualification Criteria

SCHH will consider applications during designated application periods.

SCHH considers the following in its review process (includes but not limited to):

Need for Housing

- Structural problems (leaky roof, unsafe flooring, etc.)
- Inadequate electrical system, plumbing or lack of an indoor bathroom
- Lack of functioning entrance and exit points – front and back doors
- Unsafe heating system or no formal heating system
- Unsuitable neighborhood (unsafe or unsanitary)
- Unhealthy conditions, including, but not limited to, mold or pest infestation
- Inoperable kitchen or bathroom
- Little or no insulation
- Broken or missing windows
- Inadequate number of bedrooms, as determined by number, ages and genders of household members
- Homelessness – i.e. living with friends or relatives in temporary housing
- Cost burdened: Cost of rent is more than 30 percent of household gross monthly income
- Applicant has been denied conventional or government-assisted mortgage loan
- Government-subsidized housing (e.g., housing authority or Section 8 housing)

Ability to Pay the Mortgage (must meet all criteria)

- Household income (all income earned by those 18+ who anticipate living in the home for at least the following three years) falls within 80% range of HUD Income Guidelines
- Applicant will pay the down payment and closing costs
- Applicant housing ratio does not exceed 30%
- Applicant debt to income (DTI) does not exceed 43%
- Applicant does not have more than \$2,000 in charge-offs or collection debt

Qualification Criteria (Cont.)

Willingness to Partner (must meet all criteria)

- Applicant agrees to fulfill the sweat equity requirements of SCHH
- Applicant agrees to maintain the home
- Applicant agrees to pay monthly mortgage without default
- Applicant will (or has) completed Pre-Purchase Homebuyer Education
- Applicant agrees to cooperate with all aspects of the program
- Applicant agrees to be respectful of all persons encountered through the program

Other (must meet all criteria)

- Applicant has not declared a bankruptcy within the past three years
- Applicant is not on the sexual offender database

Household income and level of debt may be verified on a quarterly basis prior to closing. SCHH reserves the right to terminate selection of a prospective homeowner if a homebuyer experiences a material adverse change in their financial situation, such as the loss of employment or new debts, and pursuant to its policies, SCHH will determine, in its sole discretion, if the homebuyer can no longer afford a SCHH home.

Building a Partnership

- Homebuyer(s) attends SCHH orientation, and accepts or rejects the terms and conditions of the SCHH program
- Homebuyer(s) begin sweat equity requirements
- Homebuyer(s) must complete (if not completed already) a U.S. Department of Housing & Urban Development (HUD) approved Pre-Purchase Homebuyer Education course* before closing on home
- A home dedication ceremony is held where family, friends, volunteers and supporters welcome the family and see the completed home
- A Certificate of Occupancy must be issued by the municipality, and **all** Sweat Equity hours must be completed before occupancy
- The closing is held, all legal documents are signed, closing costs are paid, and the mortgage terms are finalized
- The Homeowner(s) moves into their home
- The Homeowner(s) are good community neighbors, continuing to encourage the community to supply the resources necessary for SCHH to build more homes for people in need

Sweat Equity

Sweat Equity

Sweat Equity is central to the partnership between SCHH and Homebuyer(s) because:

- Sweat Equity labor provided by Homebuyer(s) helps to reduce the cost of SCHH houses
- Homebuyer(s) make a hands-on, physical investment of themselves in the building of their home and in the community by doing Sweat Equity
- Through Sweat Equity, Homebuyer(s) have the opportunity to work together with other families and volunteers
- In building homes together, friendships develop and form a spirit of fellowship, pride of ownership, and sense of community
- The partnership is of mutual benefit to all involved, homeowners learn valuable skills they will need to maintain their homes in the future, and volunteers appreciate meeting the Homebuyer(s) they are helping
- Sweat Equity is a requirement of some of SCHH's funding sources

One-Adult Households – 200 hours total

On-Site Construction <i>100 Hours</i>	Other <i>50 Hours</i>	Friends/Family <i>50 Hours</i>
Must be completed on a construction site by the adult	Can be completed in the ReStore, construction sites, at events, in the office, etc. as approved by SCHH	Can be contributed by friends or family on-site, at events, in the ReStore, etc. as approved by SCHH (if not completed by friends/family must be completed by the applicant)

Two-Adult Households – 400 hours total

On-Site Construction <i>200 Hours</i>	Other <i>200 Hours</i>	Friends/Family <i>100 Hours</i>
100 hours per adult must be completed on a construction site	Can be completed in the ReStore, construction sites, at events, or from hours contributed by family/friends	Can be contributed by friends or family on-site, at events, in the ReStore, etc. as approved by SCHH (if not completed by friends/family must be completed by the applicant)

Each adult applicant must complete a **minimum of 12 hours per month** of Sweat Equity to remain in good standing. Failure to complete the minimum monthly Sweat Equity requirement may result in dismissal from the Habitat program. Accommodations will be made for persons physically unable to work on site. It should take a family no more than 18 months to complete their sweat equity.

Frequently Asked Questions

How do I find out if I am eligible for a Habitat home?

The criteria for determining eligibility for a Habitat home are: 1) Need for Housing, 2) Ability to Pay the Mortgage, and 3) Willingness to Partner with SCHH.

Can I still apply if I live on my own and do not have a family?

Yes, SCHH is an equal opportunity, fair housing provider with broad definitions for family.

Once I submit my application, how long does it take to process?

You will receive written notification of the status of your application within 30-days of submitting a complete application.

Can I call to check on the status of my application?

SCHH will update you as your application is moving in the selection process. However, you may contact us at any time.

If my application is denied can I reapply?

You may reapply at any time in the future.

Once my family is accepted, what is the next step?

You must attend a SCHH orientation to accept or reject the terms and conditions of the SCHH program, and to be introduced to your Homeowner Advocate (a SCHH volunteer who will be your primary source of support and information during your transition to homeownership). Next, you must complete (if not completed already) a U.S. Department of Housing & Urban Development (HUD) approved Pre-Purchase Homebuyer Education course and begin your sweat equity hours.

How much money do I need to earn in order to qualify?

The monthly mortgage payment cannot exceed 30% of your monthly income. Further, SCHH uses Federal income guidelines to determine financial eligibility. Your total household income must be at or below 80% of the HUD median income for the town in which the home is in. This amount varies based on the number of people in your household. In addition to meeting this guideline, a financial review of your application looks for evidence of a steady income for two years. SCHH considers all sources of legitimate and verifiable income (employment, child support, Social Security, etc.) in determining your ability to pay the mortgage. Determining financial eligibility is a complicated issue; SCHH can help you through the process.

Do I have to be a Christian to qualify for a Habitat house?

SCHH is a Christian organization, but, we do not require applicants to have particular, or any, religious' affiliation. SCHH is an equal opportunity, fair housing provider and does not discriminate on the basis of race, gender, family status, disability, ethnicity, religion, or any other basis protected by state or Federal law in its selection process.

Frequently Asked Questions (Continued)

If I am selected, how long will it take before I move in?

Many factors contribute to the construction time required to complete a house so there is no definite timeline.

What is a “rehab” home?

A rehab is an existing home that has been renovated by SCHH to prepare for a new family. Typically, rehab homes only need minor repairs and updating before a family can move in.

How can I help build a house if I don't know anything about construction?

Most Habitat homeowners and volunteers have never built a house before. SCHH's construction staff and skilled volunteers will teach everything you need to know and will closely supervise the work.

Will I get to help build my own house?

If you are purchasing a new construction, you are expected to work on your own house as much as possible. If you are purchasing a rehab home, you are expected to work on the rehab, unless the renovations are complete, then you are expected to work on other sites. Since SCHH is a partnership effort you may be working on other families' houses at least until your sweat equity is completed.

What will be the amount of my monthly mortgage payment?

Traditionally, SCHH sells the house to homeowners and finances the sale with a low or no-interest mortgage loan having a term of approximately 30 years. There may be additional mortgages in favor of SCHH or other third party affordable housing subsidy providers. Your monthly mortgage payment includes a principal payment, tax and insurance escrows, and a ground lease fee, and should not exceed 30% of your monthly income. In addition, as part of your mortgage payment, \$65 per month is collected and set aside for you in a maintenance escrow account for future use for major home repairs and maintenance. Other fees may be collected that are specific to your house or situation.

Where does Habitat get the resources with which to build houses?

As an affiliate of Habitat for Humanity International, SCHH is a private, non-profit organization that relies on donations from individuals, churches and businesses to fund home building projects. Habitat also receives financial support in the form of Federal, state and local grants as well as private and public foundations. The ReStore is also a major fundraising source for SCHH.

What is the ReStore?

This is our retail outlet that sells new and gently used items that can be found in a home or used to make a home (items range from appliances and building materials to furniture and kitchenware). The items are sold the public at discounted prices, and the funds go directly back into funding the mission of SCHH.

Frequently Asked Questions (Continued)

How much land comes with the house?

In order to ensure long term affordability, SCHH retains ownership of the land, through a ground lease agreement. With this agreement, you have most of the typical rights and responsibilities of homeownership – such as mowing the lawn, planting a garden, keeping the yard neat and tidy and paying property taxes. Lot sizes vary greatly depending on availability.

Can I do anything to the house once I have moved in?

Because of the ground lease there are some restrictions in order to maintain affordability, but you can do most anything allowed by applicable ordinances, laws and codes. However, any activity requiring a building permit will require SCHH's written permission.

What if I decide I want to sell my house?

In some cases, under the ground lease agreement, when you wish to sell your house you are required to sell the house back to SCHH, and SCHH will re-sell the home to another eligible family. However, the process for the sale of homes varies from property to property.