

# 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.

*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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# Introduction

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Our homeownership program provides a unique opportunity for those who are in need of an affordable place to call home to take an active role in the construction of, and eventual purchase of their own home. When South County Habitat for Humanity (SCHH) accepts an applicant into the homeownership program they become partners with SCHH and this partnership will remain for the duration of homeownership. While timelines vary based on many factors, accepted applicants can anticipate the program will take approximately 12 months from acceptance to purchasing their home.

## **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.

## **About Habitat for Humanity**

South County Habitat for Humanity (SCHH) is part of the global, nonprofit housing organization known as Habitat for Humanity.

SCHH is dedicated to eliminating substandard housing locally and worldwide through constructing, rehabilitating and preserving homes; by advocating for fair and just housing policies; and by providing training and access to resources to help families improve their shelter conditions.

Habitat for Humanity and its affiliate organizations will not proselytize. This means that Habitat will not offer assistance on the expressed or implied condition that people must adhere to or convert to a particular faith or listen and respond to messaging designed to induce conversion to a particular faith.

## **Building Affordable Housing**

South County Habitat for Humanity (SCHH) builds affordable, energy efficient, easy to maintain housing using the most economical materials and techniques, resulting in an efficient use of space, structural integrity and safety, easy and low-cost maintenance and security for the homeowner.

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. In the event a home is sold back to SCHH, the unit is fully rehabilitated and then re-sold to a new SCHH homebuyer.

The style, layout, size and number of bedrooms of SCHH homes varies depending on factors including, but not limited to, lot restrictions and size, lot layout, if the property is a newly built or rehabilitated unit, and more. All homes will meet or exceed all code requirements.

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



*everyone deserves a place to call home*

# Qualification Criteria

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Here are the three main requirements of the program (*please know that meeting these requirements does not guarantee housing*):

## Need for Housing

Prospective applicants must have a demonstrated need for safe, affordable housing. Examples include but are not limited to, living in temporary housing or with friends or relatives, housing costs that exceed 30% of the household's total monthly income, unhealthy or overcrowded living conditions, or an unsafe neighborhood.

## Ability to Pay the Mortgage

Determining financial eligibility is complicated; we are here to help applicants understand the process.

*Factors we consider include but are not limited to:*

- SCHH considers all sources of legitimate and verifiable income (employment, child support, Social Security, etc.) in determining your ability to pay the mortgage.
- We use Federal income guidelines to determine financial eligibility, total household income must be at or below 80% of HUD's (U.S. Department of Housing and Urban Development) median income for the town where the home is located. This amount varies based on the number of people in your household.
- The monthly mortgage payment cannot exceed 30% of the household's monthly income.\*
- Applicants must also be able to demonstrate an ability to save funds for the required costs associated with the sale of the home. The exact amount will vary for each homeowner.
- The credit scores of each applicant must be 640 or above.

*\*Household total monthly income is defined as all income earned by those 18+ who anticipate living in the home for at least the three following years*

## Willingness to Partner

Applicants must agree to being a good partner with SCHH. Being a good partner means being an active participant in building a better home and future for themselves and their families as well as agreeing to:

- Fulfill the Sweat Equity\* requirements of SCHH
- Complete all required workshops
- Cooperate with all aspects of the program
- Open and responsive communication with SCHH
- Representing SCHH in a positive manner

*\*Sweat Equity refers to the non-monetary investment future homeowners contribute to the construction of their home or other SCHH projects. The full Sweat Equity procedure is available upon request.*

"I was nervous about the Sweat Equity. It was intimidating at first to show up not knowing anything about construction, and I was worried I wouldn't be able to do it! Everyone on the jobsite was so welcoming and friendly. They made me feel like I was part of the team, and were eager to teach me everything I needed to know to help me feel comfortable and safe."

- SCHH Homeowner

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# Application Process

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1. **Add your information to our mailing list** - We maintain an email list to share program updates and announce upcoming application rounds. Please keep your contact information current so you don't miss our emails. Application rounds are advertised for about a month before they open and include basic details about the location and expected home size.
2. **Submit complete application** - Application rounds are typically open for a 30-day period, in that time applicants must submit a completed application with required documentation. In general, SCHH opens application rounds based on housing availability. Applications are only accepted during open application rounds, incomplete applications will not be considered.
3. **Financial Review** - Completed applications are reviewed for financial eligibility by qualified financial professionals. Applicants will receive written notification of the status of applications within 30-days of submission. Denied applicants are welcome to reapply in the future, however they may only apply once per round.
4. **Board Presentation** - Applications that are financially qualified are presented to the SCHH Board of Directors for approval. This is an anonymous process, the Board is not provided with any identifying information, only necessary information relating to income and need for housing.
5. **Orientation** - Applicants that are approved for homeownership meet with their newly assigned Homeowner Advocate\* and SCHH staff for an in-depth review of the Homeownership program. At this time homebuyer(s) sign a Partnership Agreement outlining the program requirements.
6. **Sweat Equity Begins** - After orientation, future homeowners will begin completing program requirements such as Sweat Equity and required homebuyer education courses.

*\*Homeowner Advocates are Habitat volunteers who volunteer their time partnering with future homeowners on their journey to homeownership, serving as a liaison between the homebuyer and the affiliate.*



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# Interested in applying?

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*Here are some helpful tips to consider in preparation of our next application period.*

## **Start gathering your household's financial documents.**

Applicants will be submitting all income, bank statements and tax documents as well as other personal documents. *It is important to keep all financial and personal documents in a safe place and organized in a way that is easily accessible to you.* A full list of required documents can be found at the end of this document.

## **Check your credit!**

Every individual is entitled to one free credit report per year from each of the three nationwide credit reporting agencies, Equifax, Transunion and Experian. Free credit reports can be requested from [AnnualCreditReport.com](http://AnnualCreditReport.com). This report does not show a numeric credit score, however, it does show a history of credit account information and payments. Viewing this credit report will allow individuals to identify potential discrepancies that can be addressed or disputed with the appropriate creditor or credit bureau.

## **Make a budget!**

Making a budget is the best way to begin taking control of one's finances. Enabling the individual to see how much is available to spend each month will lead to informed financial decision making.

## **Additional Resources**

*SCHH is not a licensed financial or credit counseling agency.* However, we've included resources below that may help:

[My Money.Gov](http://MyMoney.Gov) - Website contains money management resources such as on-line calculators, budget worksheets, planning checklists and other helpful resources from the federal government for making informed financial decisions.

[HUD Counseling Programs](http://HUD Counseling Programs) -The HUD (U.S. Department of Housing and Urban Development) website has many resources available for people who would like advice or further counseling preparing your finances for buying a home.

[Consumer.Gov](http://Consumer.Gov) -A government website that helps with credit, debt, budgeting, and identity theft.

[Play Money Smart](http://Play Money Smart) - is a suite of 14 games and related resources about everyday financial topics. It's based on FDIC's award-winning Money Smart program.

# Sample Checklist

## SAMPLE Application Document Checklist

*Applications are only accepted during open application rounds, incomplete applications will not be considered.*

The following list is an example of the documents currently required for the South County Habitat for Humanity homeownership program. *This list is subject to change.*

<b>Application Document checklist</b>		
Copies of the documents listed below are <b>required</b> , <u><i>we are unable to make copies on your behalf</i></u> . Applications will not be reviewed until all documents are received. To submit electronically, contact the SCHH office for a secure upload link.		
<b>Submitted</b>	<b>Not Applicable</b>	<b>Document name/description</b>
<input type="checkbox"/>	<input type="checkbox"/>	Completed and signed homeownership application
<input type="checkbox"/>	<input type="checkbox"/>	Two month's worth of recent pay stubs for everyone in the household
<input type="checkbox"/>	<input type="checkbox"/>	Award letters from everyone in the household (e.g., Social Security, Pension, Disability)
<input type="checkbox"/>	<input type="checkbox"/>	Most recent W-2's on all employed household members
<input type="checkbox"/>	<input type="checkbox"/>	Most recent 1099 forms for household members
<input type="checkbox"/>	<input type="checkbox"/>	Most recent two years' Federal Tax Returns with all pages
<input type="checkbox"/>	<input type="checkbox"/>	Three most recent full monthly statements for all financial accounts (checking, savings, money market, cryptocurrency, Venmo, etc.). Please note, screenshots, pictures, or transaction reports will not be accepted.
<input type="checkbox"/>	<input type="checkbox"/>	Birth certificates of applicant(s) or permanent residency cards
<input type="checkbox"/>	<input type="checkbox"/>	State or Federal ID cards of applicant(s) - examples include license, real ID, or passport
<input type="checkbox"/>	<input type="checkbox"/>	Child Support and/or Alimony determination letters or recent transaction reports
<input type="checkbox"/>	<input type="checkbox"/>	Lease or proof of 12 months' worth of rental payments