

Frequently Asked Questions- Habitat Homeownership Program

- **What are the qualifications for the Homeownership Program?**

Our criteria are need, willingness to partner, and ability to pay. We utilize the USDA 502 Direct Loan Program as our preferred primary mortgage funder. Need can be determined by financial need, need for disability access, substandard housing, homelessness or housing insecurity. Willingness to Partner is determined by your agreement to perform sweat equity and meet our program criteria. Ability to pay is always based on something that is affordable for your household, and is capped at 30% of your income.

- **Do I qualify for a Habitat Home through West Tuality Habitat?**

You must submit an application in order to find out whether you qualify. If you meet the criteria above, there is a good chance that you can qualify. We will make a good faith effort to serve all qualified applicants, but due to our limited capacity, we might not be able to serve 100% of qualified applicants. In the event that we have more qualified applicants than we are able to serve, the applicants who, in our judgement, are likely to complete the program and qualify on all criteria soonest, may be given priority points on their application.

- **Who can be a part of my household? How is my household size determined?**

Individuals who are currently living in the household are considered when determining household size and the number of bedrooms the applicant qualifies for. A child generally is only considered in regards to household size if the applicant has at least 50% custody of that child. If a person is pregnant during the application process, the unborn child will be counted towards household size. Persons who are household members but not currently living in the home due to active military service, working away from home, attending college, or incarcerated, may be counted as household members if you expect that they will live in the home when they return. Please be sure to explain any household size situations in your application. If you count someone as a household member in one part of your application, then you must include them as household members throughout the entire application (declaring income, assets, debt, etc.)

- **How is the number of bedrooms determined?**

Habitat determines the house size based on the household size and make up. The person applying for a home will receive a bedroom and be expected to share with their spouse/partner. Adult couples who are not the applicants will get their own bedroom. Two children of the same gender may be expected to share one bedroom, depending on their ages. Habitat is able to accommodate accessibility needs for persons with disabilities.

- **Do I have to be a US Citizen or have permanent residency?**

At least one member of the family must be a legal permanent resident of the United States and be able to provide proof of legal residency such as a US Passport, Permanent Resident Card, US Birth Certificate, etc. This person must be listed as the primary applicant.

- **Will a credit check be required?**

Yes. A credit check is a part of the process. In addition, rental history, sex offender check, criminal background check, income verification, paystubs, tax returns and bank statements will be reviewed.

- **What are indicators of unacceptable credit for the USDA program?**

Households with credit scores of 640 or better and who meet all other criteria for our program may be eligible for an expedited application process. For households with credit scores less than 640, we may work with you or refer you to services to assist you in cleaning up your debt and credit reports. Persons with little or no positive credit history, late payments on existing accounts, foreclosure, late rent payments, outstanding collections or judgement amounts, may require additional steps and time in the program in order to qualify for housing. You may be required to resolve outstanding tax liens or other judgements before you can

complete the program and qualify for a home, however these should not prevent you from submitting an application.

- **What about existing debt?**

Having debt does not automatically disqualify you from the homeownership program. The amount of debt, your payment history and current income will be evaluated during the application process to determine whether your debt-to-income ratio is within our limits. In some cases, we may refer you to debt-management classes to help you better-qualify for housing in our program. In order to be able to complete the program and qualify for housing, your total monthly debt service, including your anticipated mortgage principal and interest, property taxes and homeowner's insurance, may not exceed 46% of your monthly income.

- **What if I have a bankruptcy, a foreclosure or major repossessions in my past?**

Habitat is happy to see people improving and cleaning up their credit. Generally, we require three years to have passed before you can complete your program and close on a home. This three-year period is not required to have passed in order for you to apply and begin participating in our program.

- **If I own another home, can I still qualify for Habitat's Homeownership Program?**

Our requirements are that you do not own a home anywhere else. This applies even if you are a partial owner or co-signer, even if you do not live in that other home. If you currently own a home and there are special circumstances that apply (pending divorce, poor condition of the housing, etc) please explain those circumstances in your application.

- **What types of income are counted when I apply?**

All forms of regular, stable income should be included as a part of household income and will be considered. If you are regularly seasonally employed and receive unemployment compensation for part of the year, both your wages and the unemployment compensation will be counted as "income." All income must be documented if we ask for it. Documentation may include items such as paystubs, benefit statements or award letters, copies of court ordered support or alimony, etc. Temporary income, or income that will not continue past 3 years' time is generally not considered.

- **If my family is selected, how much will I have to pay for each month's mortgage?**

Habitat homeowners generally pay no more than 30% of their gross monthly income for their mortgages. The monthly mortgage payment includes your mortgage principal and interest, property taxes, homeowner's insurance and Homeowner's Association Fee (if any).

- **What mortgage options does Habitat use to provide affordable mortgages?**

Habitat can use a variety of products to help homeowners buy homes. These products can include loans provided by Habitat, the USDA, or potentially other third party affordable housing subsidy providers. Habitat uses the USDA 502 Direct as its principle form of mortgage and all families are required to apply through this program. Other options are considered only if funds are available.

- **Do I get to choose my house, design, or location?**

Habitat builds simple, affordable houses. Families participating in our "new construction" program are assigned to a home once they have completed 50% of their sweat equity requirements. New construction available for selection is dependent upon what and where we happen to be building at the times that you enter the program and complete your responsibilities in our program. Generally, families get little or no choice regarding new home location or design. We are currently building homes in Forest Grove but your house could be anywhere within our service area of western Washington County, Oregon.

- **Are Habitat homeowners allowed to sell their homes?**

Yes, you can sell your Habitat for Humanity home. However, there may be some restrictions. For example, in some cases, you may be required to sell your home to another qualifying low-income family. Most mortgages are structured so that the longer you own your home, the greater the percentage of appreciation in value you can retain when you sell. You will be fully informed about the details of your home mortgage and possible deed restrictions (if any) on your home before you complete the program and close on a home purchase.

- **Can I rent out my Habitat home if I need to move to another place?**

We require that your Habitat for Humanity home be your primary residence as long as you have a Habitat mortgage of any type. If you do not wish to maintain the home as your primary residence, you would be required to pay off any/all Habitat mortgages (i.e. refinance the home) in order to do so. This same requirement regarding primary residency may apply to USDA 502 mortgages.

- **Once an application is completed and turned in, what happens next?**

Your initial application will be reviewed and evaluated based on the information you have supplied. If your application is not rejected for any disqualifying reason, you will be asked to provide additional supporting documentation in evidence of your income, debt and certain expenses. This documentation may include paystubs, benefit statements, tax returns, copies of your birth certificate, passport or residency card, bank statements, and more. We may conduct credit, criminal and sex offender screening at any point during the process. If your application passes this round of evaluation, we will contact you to schedule an interview which may include a home visit. This entire process may take several weeks or months. You will receive a notification at least every 30 days, if not sooner, regarding the status of your application and any actions that you must take. After the interview and home visit, (if any) Habitat will review all information gathered throughout the process and determine who will be selected into the Habitat Homeownership Program. The entire process from turning in your initial paper application to receiving an acceptance or denial letter is considered our "application process". A complete application must be submitted in order to be accepted.

- **How long does the application process take? How long before I can purchase a home?**

The entire application process may take several weeks or months from the time you first submit your application. If you are selected for the "new construction" home program, it may require twelve to twenty-four months to build the home. During that time, you will be busy completing your sweat equity and other program requirements. Habitat's ability to build houses and the speed with which we build depend greatly upon our financial donations, the availability of land, and the availability of volunteer labor. Families in our program typically take between ten and 36 months to complete their sweat equity and program requirements.

- **How much time will I need to commit to the program?**

The minimum amount of time you must commit to the program is 4 hours per month. However, at that rate, it would take five years or more to complete the program. You must complete the program in order to close on the purchase of a home. Consequently, we strongly encourage you to commit at least 8-12 hours per month to the program.

- **Why are the program requirements custom tailored to my family's needs?**

Our program requirements are identical for every partner family. However, the specific steps that your family must take in order to meet those requirements, may vary. For example, we require all partner families to save at least \$25 per month while they are in the program. One family might choose to cook more family meals and thus be less dependent on fast-food-spending in order to save \$25 per month. Another family might opt instead to pursue a GED and get a better job in order to save \$25 per month. Your specific path to success will depend on the circumstances, skills and needs of you and your family.

The Application Process:

you are here

Submit initial application.

Next Steps:

Supply additional supporting documents when requested

Interviews and Home Visits Occur

Applicants are selected for Partnership program participation.

The application and selection period can take several months.

Once Accepted:

Partner completes sweat equity and other program requirements.
Home is assigned.

Partner submits mortgage application and is approved.

Home Sale is completed and Partner moves into Habitat home.

Most Partners take from ten months to three years to complete their program and purchase their home.

