



Habitat for Humanity®

of LaSalle-Bureau-Putnam Counties

Homeownership Program



Eligibility for Habitat for Humanity is based on:

- Need,
- Willingness to Partner, and
- Ability to Qualify for an affordable mortgage

NEED: You can be considered for a Habitat home if your present housing is inadequate and/or substandard, and if you are unable to obtain adequate housing through conventional means.

WILLINGNESS TO PARTNER: When selected, you become a Habitat “Partner”. Each partner contributes 500 hours of “sweat equity” per family on the construction site and in various other capacities. Partners are also required to complete homeownership courses covering topics such as personal finance, home maintenance, etc.

Note: Accommodations to the completion of sweat equity can be made for documented disabilities in accordance with the ADA.

ABILITY TO PAY: To be selected for a Habitat home, the applicant(s) who will be listed on the mortgage note must have documented, adequate, and reliable income to make their monthly mortgage, real estate taxes and insurance payments.

Please note that we request that you list all sources of income on your initial pre-qualification application but that in determining eligibility, we look for steady income that is reliable, verifiable and expected to continue for at least three years or more. These figures include all forms of income such as alimony, child support (if you have at least five additional years to receive it, and it is consistent), pension, retirement, SSDI, SSI, Survivor’s benefits, and wages. We can include non-work related income such as food stamps, TANF, etc. as stable income if you can guarantee you will receive that income for the next three years. Unemployment, vouchers, fuel assistance and other such forms of financial aid would not qualify but should still be disclosed on your application.

RESIDENCY STATUS: FOR THE LADD, IL NEW BUILD - The applicant must have lived and/or worked in our three-county service area (LaSalle, Bureau or Putnam Counties) for a minimum of one year prior to application. Also, any borrower(s) who will be listed on the future mortgage note(s) must be legal U.S. citizens or permanent residents.

PLEASE NOTE: APPLICATIONS WILL BE ACCEPTED DURING OUR OPEN

APPLICATION DATES: November 9, 2020 until December 4, 2020

Applications will not be accepted after 5:00 pm on December 4, 2020.



[Intentionally Left Blank]



of LaSalle-Bureau-Putnam Counties

628 Columbus St., Ste. 405

Ottawa, IL 61350

815 434 2041

www.localhabitat.org; habitat628@att.net**OPEN APPLICATION DATES:****11/9/2020 until 12/4/2020**

FREQUENTLY ASKED QUESTIONS:

What is the first step for Habitat homeownership?

The process of homeownership begins by submitting a pre-qualification application during an open application cycle. During each open application cycle, applications are available - through our website at www.localhabitat.org/, by email request habitat628@att.net, or by calling our office 815-434-2041. Please do NOT include sensitive personal information in your email request. Additionally, our office is located at 628 Columbus St., Ste. 405, Ottawa, IL 61350. Please call the office (815-434-2041) as hours may vary. Habitat staff and/or volunteers may also hold an informational meeting to explain the Homeownership Program and hand out applications; although attendance at the meeting is not required to receive an application packet.



How do you choose homeowners for the Habitat homes?

After an applicant hands in a complete application for housing with required support documentation, our Habitat's Qualified Loan Originator (QLO) begins by evaluating an applicant's financial eligibility. This consists of reviewing income documentation and a credit report. Items that may detract from an applicant's financial eligibility include outstanding collections, excessive debts, recent bankruptcy and any unpaid judgments or liens. The QLO is also looking for sufficient, stable income to ensure the applicant is ready for the financial responsibility of homeownership.

If the applicant meets financial requirements, there may be a home visit. Here the Committee gathers information about the applicant's need for housing and willingness to be an active partner with Habitat, participating fully throughout the program. A follow-up home visit may also be scheduled. After the Homeowner Selection Committee approves an applicant's eligibility it presents recommended applicants to the Board of Directors for approval.

Are Habitat houses free?

No. Habitat is a "hand up", NOT a handout. As an investment in their homes, our partners agree to provide 500 hours of sweat equity per family. This includes working on their own home or other Habitat homes and attending workshops on subjects like home and yard maintenance and budgeting.



Each partner has a mortgage that is repaid monthly. Monthly payments, which include taxes, typically run on average less than a 2-bedroom monthly rental. Each house is independently appraised for Fair Market Value (FMV) prior to closing, and the difference between the first mortgage (priced based on affordability) and the appraised value becomes a silent second note.

The first mortgage is paid down each month by the Habitat partner/borrower along with escrow for taxes and insurance, but, in recognition of the equity already invested in the house, the second mortgage is forgiven yearly in equal amounts throughout the term of the first mortgage, provided the partner remains in good standing on their mortgage. The home is fully owned by the family at the end of the mortgage.

**How is Habitat different from a traditional bank/home builder?**

Habitat is a nonprofit organization that provides three distinct services in the homeownership process: home construction, mortgage financing and mortgage servicing. These services would normally be performed separately by for-profit real estate businesses. Additionally, Habitat staff and volunteers serve as housing mentors, here to support our homeowners in learning the ins and outs of homeownership, getting through challenging times and celebrating successes.

Habitat is able to offer its homeowners a substantial amount of savings by bundling these services and providing them all in-house or through a combination of in-house services plus unique partnerships with other community organizations and businesses. Through the Habitat model, we are able to open the door to homeownership for those who would not be able to buy a home of their own.

Once requirements are complete, and the construction of the home is finished, Habitat for Humanity of LaSalle, Bureau & Putnam Counties then sells the home to the future Homeowner at no profit to the organization, financing the sale with an affordable mortgage loan.

What documents are required to apply for the Habitat program?

All items MUST be submitted [by the specified cycle deadline] + a series of home visits and interviews (generally 2) must be performed by members of the Family Selection Committee for an initial pre-qualification application/ assessment for homeownership inquiry to be considered complete. In applying this standard, Habitat-LBPC follows the Equal Credit Opportunity Act (ECOA).

- ✓ Standard Habitat-LBPC Application, completed in its entirety (includes background check stipulations)
- ✓ Photo ID for every adult in the household (Passport, Driver's License, or State Issue Non-Driver Photo ID)
- ✓ Social Security Card & Birth Certificates
- ✓ Green Card (non-citizens)
- ✓ Medical documentation of special need (for potential house design or sweat equity accommodation)
- ✓ Employment & personal references (4 minimum; letters of reference preferred over just contact info.)
- ✓ Evaluation by bank loan officer regarding [denial of] conventional financing options
- ✓ Current Bank Statements (ALL accounts, last 6 months)
- ✓ Proof of Income
- ✓ W-2 Forms AND 1040 Income Tax Returns for the past 3 years (pg. 2 of Form 1040 must be signed and certified copies may be requested by Habitat)
- ✓ Pay-stubs (6 most recent, consecutive)
- ✓ Verification of support income or public assistance (copy of award letter)
- ✓ Official proof of alimony or child support (if applicable)
- ✓ Verification of income from all other accounts
- ✓ Proof of Payments/Expenses (recent)
- ✓ Utility bills
- ✓ Rent or house payment stub
- ✓ Credit reports and credit references
- ✓ Records of liens and judgments (*Note: It is a requirement of Habitat-LBPC that the applicant has not had a foreclosure or filed for bankruptcy in the past 36 months. Past bankruptcies must have been discharged for at least three years prior to the application for housing.*)
- ✓ A series of home visits and interviews (generally 2), performed by members of the Habitat-LBPC Family Selection Committee

Note: Beyond the above items, Habitat-LBPC adheres to the TILA-RESPA Integrated Disclosure (TRID) definition of a completed mortgage loan application as being one which must include a specific property address, an estimate of the value of the property (in the case of a new Habitat home build, one obtained by an independent FMV appraisal of the home at the end of construction), and the loan amount, among 6 key pieces of information required; therefore this is not a "loan" application but simply an assessment to determine eligibility to partner with the organization.



What is good credit?

Good credit results from paying all your bills on time each month and not carrying excessive debt. Your credit is your responsibility and maintaining good credit is one of the most important things you can do for your financial health. Having good credit means that you have a good credit report. A credit report is a record of the personal financial transactions that make up your credit history, such as credit cards, car loans, personal loans and negative items such as collections from utility or telephone companies.

How does your credit history look? You can check yours by getting your credit report. You are able to get a free credit report once a year from each of the three reporting agencies: Equifax, Experian, and TransUnion. To obtain a copy of your free credit report, visit: www.annualcreditreport.com.

What if my credit report shows incorrect information, outstanding collections, debt, bankruptcies, judgments or liens?

The Homeowner Selection Committee considers the whole picture of an applicant and looks for applicants who are ready to accept the responsibility of homeownership. At the same time, we do not want to sell an applicant a home that she or he cannot afford. We do not expect applicants to have a perfect credit history. We do require applicants with negative credit accounts to have a plan to fix any outstanding collections or past-due items. We are unable to partner with applicants who have active, unpaid judgments or liens. Excessive debts and/or very recent unresolved collections may also disqualify an applicant.

Applicants who have filed for bankruptcy in the past should show a good credit history since the bankruptcy, and bankruptcies must have been discharged at least three years prior to the application for housing. Certain requirements may be waived in cases of personal or natural disaster.

Homeownership is a huge responsibility. Habitat's goal is to help you become not just a homeowner, but a successful homeowner. If homeownership is your ultimate goal, but you're not quite financially ready to apply, below are some tools that can help.

You may access one free copy of your credit report each year at: www.annualcreditreport.com.

If you are concerned about your credit history, we encourage you to seek help from one of the consumer credit counselors listed on the enclosed. HUD sponsors housing counseling agencies throughout the country providing free or low-cost advice; call (800) 569-4287 or visit <https://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm> for more info. Additional resources may be found through the Consumer Financial Protection Bureau or at www.KnowYourOptions.com.

What can I do to prepare before applying to Habitat?

If you plan to apply for Habitat's Homeownership Program during the next application round, you can prepare by collecting your financial documents. (See list of required documentation above.) Get a recent copy of your credit report and check to make sure the information is correct. You can get one free copy of your credit report each year at www.annualcreditreport.com

How long does it take before I can move into a home?

Habitat for Humanity is not a quick housing solution, but it can be a permanent one. The initial pre-screening application process takes between three to six months. If an applicant is accepted into the Homeownership Program, the process from acceptance through mortgage closing and moving into a home can take up to two years, depending on available funding, construction schedules and the future homeowner's "sweat equity" progress.

A partner's enthusiastic and consistent participation in the program may impact the speed of a home's completion—inspiring more volunteers and donors to become involved not only in the current project but in future projects as well.

**If my application for the Homeownership Program is not approved, can I reapply later?**

Absolutely. We have limited available spots in our Homeownership Program. Sadly, this means we cannot accept every qualified applicant. If an applicant is not approved during the current application process, we encourage the applicant to improve eligibility (if applicable) and reapply during a future application round.

Some of our partners were denied the first time they applied due to outstanding collections and debts, income that was below our limits or other issues. They successfully improved their eligibility, reapplied and were accepted into the program.

What is Sweat Equity?

Sweat Equity is the work a future Habitat homeowner spends helping to build their own home as well as the homes of other future homeowners. It is a central principle in Habitat's mission of building community and partnering with individuals and families to provide "a hand up, NOT a handout." Providing the opportunity for our future homeowners to work alongside volunteers and future neighbors to build their homes is one of the most unique, empowering and rewarding aspects of Habitat for Humanity.

Once you are approved by the Board of Directors to become a part of our Homeownership Program, you must complete the required number of Sweat Equity hours at Habitat's construction sites. It's important for a future homeowner to give consistent, active participation on the construction site. In fact, most partners exceed the minimum required hours (500 hours). Friends and family may help a future homeowner by volunteering with Habitat and donating a portion of their hours to help fulfill your sweat equity requirement.

If a future homeowner has documented conditions that prevent her/him from volunteering on an active construction site, staff will arrange for other opportunities to fulfill the Sweat Equity requirement.

I have to help build my house? What if I don't know how?

Habitat does not require any previous construction skills or knowledge to be a volunteer or a future homeowner. We have trained staff and long-term volunteers who are eager to teach our future homeowners and volunteers the skills they need to be safe and successful on the construction site.

What are Habitat homes like and what do they include?

Because **Habitat builds homes with affordability in mind**, Habitat homeowners have more limited choices about their homes than someone buying from a traditional homebuilder. While Habitat homeowners are generally able to choose certain finishes and colors for the home, the partner will not, for instance, be able to choose their home's location [based on available lot(s) and build schedules] or the number of bedrooms and bathroom(s) [based on occupancy #s].

Our homeowners generally are able to choose:

- ✓ Exterior siding color
- ✓ Wall paint (up to 3 colors)
- ✓ Countertop color
- ✓ Flooring shade (light or dark).

Typical 3-Bedroom, 1-Bath Habitat Home (*actual layout/size will vary based on occupancy #s*). Bedrooms are modest sizes, typically just under 10'x10'. Houses are built on slabs, unless lot constraints dictate or house occupancy #s require more habitable space. Habitat does not build garages or provide basements.



Note: *New construction and rehabilitation projects may provide a set of circumstances combined with local code requirements, lot constraints, or community covenants in which some of the guidelines cannot be met.*