



Homeownership Program

Why a Habitat for Humanity Home?

- Habitat will build a house in partnership with you.
- Habitat will sell you the house with a 0% interest loan.
- Monthly mortgage payments based on 30% of your monthly gross take home pay at time of application.
- Over time, as the home grows in value, you will share in that increased home value should you eventually sell the home.
- On the build site, you will learn skills to help you own and maintain a home.
- You will meet and build relationships with Habitat volunteers, who include community leaders and business members.

The Palouse Habitat Home

A Palouse Habitat home is typically a one level 1200 sqft ranch style home, with 3 bedrooms, 2 bathrooms, but it may vary based on the size and composition of the family and their accessibility or use needs, the characteristics of the lot, etc. Palouse Habitat does not build garages unless required by local covenants. When a garage is not built, a shed will be included. Palouse Habitat offers homeowners a choice in some paint colors, flooring and cabinet selections, within a limited budget and using recommended materials.

The Palouse Habitat for Humanity Mortgage

Once the home is finished and the future homeowner has completed their obligations (including sweat equity hours, training, and \$1000 saved towards closing costs), Habitat will prepare to sell the home to the future homeowner.

The home will be appraised by a certified professional to determine its value. The homeowner will receive a copy of the appraisal. The homeowner will secure homeowner's insurance. Before the final closing date Habitat staff will meet with the future homeowner to ensure all

elements are in place, to verify the mortgage amount, and to walk the homeowner through the paperwork associated with sale of the home.

At closing (purchase of the home), the homeowner and Habitat staff will meet at a local escrow company. The escrow company will set up an account to manage the mortgage, property tax and homeowner insurance payments in one monthly payment. The first year of insurance and taxes will be included in the escrow account.

Habitat has a two-tier mortgage. The 1st mortgage is set so that the monthly escrow payment equals 30% of the household's monthly gross income over a 30-year mortgage. Interest is 0% so long as the note is current.

For example, if the household earns \$30,000, their monthly income is \$2,500, and 30% of that amount is \$750. This number would be the monthly escrow payment, including property taxes and homeowner's insurance. Utilities would be a separate cost.

To set the first note, we estimate taxes and insurance. For the purpose of this example, let's assume taxes and insurance total \$250/month. That leaves \$500/month for the mortgage. \$500 times 12 (months per year) and by 30 (years in the note) gives us \$180,000 for a first note. Note, if the appraised value is less, that amount will be selected instead.

A 2nd mortgage will cover the difference between the appraised value of the home and the 1st mortgage. For example, if the home's appraised value is \$350,000 and the 1st mortgage is \$180,000 the 2nd mortgage would be \$170,000. This is called the "Silent Second" meaning the homeowner does not make monthly payments on this mortgage.

If the Habitat homeowner sells the home or if title is transferred in some other way (for example if the homeowner passes away and the home is transferred to heirs) the balance of the 1st and the entire 2nd mortgage must be paid to Habitat.

When that happens, Palouse Habitat and the homeowner share 50/50 in any appreciated value (appreciated value is any increase over the initial total value of the home). If the home decreases in value, the homeowner is responsible for any amount due to Habitat.

Criteria for eligibility

Need:

Examples: overcrowding; unsafe or unsanitary conditions; faulty plumbing or electrical; structural issues (for example a leaky roof); excessive utility bills or rent that is more than 30% of gross monthly income. The Homeowner Selection Committee may schedule a site visit to verify need.

Ability to pay:

- Gross annual (pre-tax) income must fall within the Habitat annual income range for Whitman/Latah County based on family size (see table below).
- Income must be reasonably expected to continue for at least three years.
- Be able to save \$1000 to pay a share of the closing costs.
- Total monthly debt payments must not be over 43% of monthly gross income.
- No more than \$2000 in charge-offs or collection debt; exceptions will be considered for education and medical debt.
- No bankruptcies within the past three years.
- No active judgements or liens that could attach to the home.
- Must be a U.S. citizen or permanent legal resident of the U.S.
- Show consistent payment history with debts and other obligations (rent, etc), unless there are extenuating circumstances (provide explanation on the application).

For a Habitat homeowner application, income includes: wages, salary, federal assistance or disability payments, child support, food stamps, rental assistance, etc. If you have questions, please contact the Habitat office.

Be willing and able to partner with Habitat for Humanity:

- Provide application information truthfully and in a timely manner
- Attend homeowner education classes
- Complete sweat-equity hours helping build the home: 300 hours for a single adult household; 400 for a two-adult household. Friends and family can assist with hours, and hours volunteering in other Habitat or community activities may count as well, although the majority of the hours must be completed on the build site.
- Allow a site visit to verify need (can be done remotely to accommodate COVID restrictions).
- Provide permission for Habitat to complete the application review process, including permission to visit with employers, landlords, etc See enclosed permission form.
- Expect to start sweat equity hours on selection; plan on working most Saturdays until your home is completed. Friends and family can donate a portion of your required sweat equity hours.

Additional criteria:

- Aged 18 or older.
- Currently live or work in Latah or Whitman County.
- Be willing to accept a house where Habitat finds affordable land.
- Applicants must agree to a home visit as part of the application process.
- Assets must not exceed an amount that would qualify you for another mortgage.

- Any other criteria outlined in the Palouse Habitat Homeowner Selection Policy (copy available on request).

Among a pool of equally qualified applicants, the Homeowner Selection Committee will choose the applicant with the greatest need and lowest income.

Application Process: Fill out application completely. Attach copies of required documents. DO NOT SEND ORIGINALS! Make copies for your records.

**Mail application and documentation to PHFH, PO Box 3054, Moscow, ID 83843
Or deliver application and documentation to 306 N. Main St., Moscow, ID 83843
DO NOT EMAIL YOUR APPLICATION**

You will receive notice from Palouse Habitat within 3 business days after your application is received, and every 30 days after that to update you on the status of your application. The application process takes up to 3 months. During that time, the Palouse Habitat Homeowner Selection Committee will review the application, verify income and job information, check landlord and employer references, run a credit report, and conduct background and sex offender checks. You may receive requests for documents or additional information to complete your report. Please respond to these requests by the deadline stated in the request letter. You are welcome to call the Habitat office at any time if you have questions.

If approved, you can expect it to take 1 -2 years to complete the home, although normally Palouse HFH completes one home a year.

No late applications accepted.

Information on the program and the application process is available online at <https://palousehabitat.org/apply> or by contacting the Executive Director at

Phone: 208.883.8502

Email: director@palousehabitat.org

Office Address: 306 N. Main Street, Moscow, ID 83843