

# FREQUENTLY ASKED QUESTIONS

## **HOW IS HABITAT DIFFERENT FROM A TRADITIONAL BANK/HOMEBUILDER?**

Habitat is a local nonprofit that provides three distinct services in the homeownership process: home construction, mortgage financing and mortgage servicing. Habitat staff & volunteers serve as mentors to support our homeowners in preparing for homeownership, managing challenges and celebrating successes. Habitat opens the door to homeownership for those who would not be able to buy a home of their own.

## **DOES HABITAT GIVE HOMES AWAY?**

NO! Habitat homes are sold at fair market appraised value at a low-interest rate with payments within the buyers' affordability. The actual dollar amount varies depending on the specific project and the various down payment assistance programs that may be available.

## **WHAT DOCUMENTS ARE REQUIRED TO APPLY?**

To get started, complete the interest form. If you meet the basic qualifications, a full application including a list of additional documents will be sent to you. Required documents with the FULL application will consist of bank statements, proof of ALL income currently coming into the home, 12-month rental or landlord reference/letter of explanation, tax returns, copy of drivers' license or green card if applicable.

## **DO APPLICANTS HAVE TO HAVE CHILDREN OR BE MARRIED TO PURCHASE A HOME THROUGH HABITAT?**

NO! Habitat is an Equal Opportunity Lender. Habitat for Humanity of Goldsboro-Wayne does not discriminate against race, color, religion, sex, sexual orientation, familial status or national origin.

## **WHAT IS "A HOUSING NEED"**

"Need for housing" generally means that an applicant's current housing is inadequate due to:

- **Substandard Housing:** current housing may have maintenance and/or structural issues that create health and safety problems (such as mold, poor heating or plumbing, or unsafe construction),
- **Overcrowded:** too many people per bedroom
- **Unsuitability:** the home is not appropriate for children or handicapped/disabled family members,
- **Excessive Cost:** Your total housing costs (rent and necessary utilities) are more than 30% of your income,
- **Unsafe:** Your neighborhood is unsuitable or unsafe for family members.

## **WHAT IS GOOD CREDIT?**

Good credit means that you pay all your bills on time each month and you don't have 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. Your 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.

## **WHAT IF I HAVE COLLECTIONS/CHARGE-OFFS/BANKRUPTCY ON MY CREDIT REPORT**

Collections and charge-offs are looked at on a case by case basis. Habitat considers the whole picture of an applicant and looks for applicants who are ready to accept the responsibility of homeownership and can afford it. We do not expect perfect or even great credit, but we don't want to sell an applicant a home that she or he cannot afford. For those who are approved, there are requirements to clean up any active negative accounts prior to purchasing their home. Bankruptcies should have been discharged at least three years prior to application.

### **DOES HABITAT LOOK AT BEACON SCORES?**

Yes, but Habitat Goldsboro does not base the final decision on the applicant's Beacon score. We all have some debt such as an auto loan, credit cards, or a student loan. All of these may negatively affect your credit score. HFHW will pull a credit history in order to review any accumulated debt and how you have handled payments in the past. Long-term debt along with an estimated mortgage payment is used to determine the applicants overall Debt-to-Income or DTI. Your DTI will determine your ability to take on more debt.

### **WHAT HAPPENS AFTER I APPLY?**

Once a preliminary application is received, the Family Services Director determines if you meet the 4 main qualifications:

- 1) Be a resident of Wayne County for at least a year,
- 2) Have a housing need
- 3) Have the ability to pay
- 4) Be willing to partner with Habitat

If it is determined that you meet these, a full application packet will be sent along with a list of required documents. Upon receipt of the completed application packet, a report is given to our Family Selection Committee who discusses the applicant and determines if there is a need to complete a home-visit to determine the housing need. The Committee then makes its recommendation to the Habitat Board of Directors who make the final determination of approval.

### **DOES HABITAT HAVE HOUSES READY TO MOVE INTO?**

No. We do not have homes ready to move into. Each home is built with each family as we come to them. Typically, it takes between 6-9 months to complete a home. Since Habitat builds from the ground up for each family approved, it can easily take 12-18 months from an applicants' final approval until closing.

### **HOW DOES HABITAT BUILD HOMES?**

Habitat holds an NC General Contractors license to build residential housing. We work with volunteers and homeowners but have an experienced staff who lead the build. We also employ experienced sub-contractors for the foundation, masonry, HVAC, electrical and plumbing.

### **WHAT SIZE ARE HABITAT HOMES?**

We build 3, 4 and 5 bedroom homes averaging between 1000 and 1250 sq. ft. Homes are built to fit the dynamic of the family – based on the age, sex and relationship of the occupants.

### **WHERE ARE THEY BUILT?**

Homes are built in Wayne County on property that we have acquired that meet our site selection criteria regarding location/size/ER review and value.

### **CAN I CUSTOMIZE MY HABITAT HOME?**

Habitat will choose the design of the house in accordance with the dynamic of the family, size and layout of the lot, neighborhood requirements and available funding. No change in design will be considered unless a partner family requires structural modification for a handicapped family member. Homeowners may choose the siding and shutter color, the flooring, as well as the cabinets and kitchen counter colors.

### **WHAT IS INCLUDED/NOT INCLUDED?**

The homes include an eat-in kitchen, 2 bathrooms, a stove, a refrigerator, the water heater, a washer/dryer hook-up, blinds in the bedrooms, all lights with led bulbs, ceiling fan in living room, smoke and CO2 detectors, fire extinguisher, concrete driveway and sidewalks, a 10x12 deck with rails, covered front porch, steel entry doors, insulated windows with screens, and a storage building. Habitat homes DO NOT include fencing, a concrete patio, furniture, or a dishwasher unless you provide one prior to certificate of occupancy being issued. Our homes DO NOT include a garage or carport unless required by the neighborhood where the home is built.

### **CAN I EVER SELL MY HABITAT HOME?**

Yes. It is your home and you can sell it on the open market. However, Habitat must be notified and given the opportunity to purchase first. At the time of sale, you will pay off any mortgage still owed to Habitat and any other loan associated with the home.

### **ARE THERE ANY RESTRICTIONS TO LIVING IN MY HABITAT HOME?**

Yes. Habitat homes must be occupied by the owner as a primary residence. This means that you cannot use it for business purposes, as a second home, a rental home or to move out and allow others live there instead. After a homeowner has fully paid off the mortgage, these restrictions are removed. Homeowner's insurance is required. We ask that all homeowners represent themselves and Habitat in a positive manner and properly maintain the house and yard.

### **DOES HABITAT MAKE MONEY ON THE HOMES BUILT?**

Homeowner payments and proceeds from home sales are reinvested into future Habitat homes.

### **CAN YOU BUILD ON MY LAND?**

Yes – with a few caveats. The property must be free and clear of any encumbrances and pass a County Environmental Review as well as one completed by a private company to determine if the property is “buildable.” We also try to avoid flood plains whenever possible. During construction, the property associated with the home will be deeded to Habitat, and then that property including house will be sold for the value of the home since the land it sits on is already yours.

### **HOW DOES HABITAT PAY FOR CONSTRUCTION COSTS?**

Habitat relies on the ReStore, grants, donations from the public and volunteer labor, as well as the proceeds from home sales and homeowner payments.

### **HOW DO YOU CALCULATE MORTGAGE PAYMENTS?**

Homeowners' payments consist of the mortgage loan amount (principal), interest rate (if applicable), and escrow (local real estate taxes and homeowner's insurance). The principal & interest portion of your monthly payment will remain the same for the 30-year loan, but the escrow portion is evaluated each year and may increase or decrease as property taxes and insurance premiums fluctuate.

### **WHAT IS SWEAT EQUITY?**

Sweat Equity is your investment in Habitat's work and mission; it is also an expression of your partnership with Habitat for Humanity of Goldsboro-Wayne. It is more than a program requirement in that it is designed to meet 3 important goals:

- **Partnership** – Sweat equity provides meaningful interaction between partner families, affiliate representatives and Habitat volunteers.
- **Pride in homeownership** – Investing sweat-equity hours in their own homes helps families in the construction phase begin the transition to homeownership.
- **Development of skills and knowledge** – On the building site, homeowner family members – defined as whoever will be living in the house – should gain a real understanding of the construction of their home and of maintenance issues they will face after occupancy.

Your sweat equity is as important to the process of becoming a Habitat homeowner as is your down payment.

### **I HAVE TO BUILD MY OWN HOUSE? WHAT IF I DON'T KNOW HOW?**

Homeowners are required to complete at least 100 hours in construction, the bulk of your hours will be completed on your own home. But no worries, we teach you everything you need to know for the task at hand when you are on our construction sites. We provide the tools and knowledge needed and will never push you to do something you may be uncomfortable doing!

### **HOW MANY HOURS OF SWEAT EQUITY MUST I COMPLETE TO OWN A HABITAT HOME?**

Once approved as a partner family, you must complete a minimum of 300 total sweat equity hours with Habitat with 50 hours to be completed before ground is broken on your home. The minimum of 300 total hours is required before you can move into your home.

### **CAN FRIENDS AND FAMILY MEMBERS HELP WITH SWEAT EQUITY?**

Friends and outside family members can help you with your required sweat equity once you have completed your first 50 hours as an immediate family unit. Single applicants can utilize 100 friends/family hours while couples can utilize 50 friends/family hours.

### **WHAT IF I AM NOT APPROVED?**

If you are not approved, you will receive a letter explaining why you were not approved as well as tips or suggestions how to improve your credit or income situation if the denial is based on credit or income. We like to say that if you receive a denial to remember that it is not a "NO, NOT EVER" but a "NOT NOW, HERE IS WHY!" Many of our current homeowners had to apply more than once.