

HABITAT FOR HUMANITY - CLEARFIELD COUNTY
HOMEBUYER PROGRAM HANDBOOK

EDITION: NOVEMBER 1, 2016

HABITAT FOR HUMANITY OF CLEARFIELD COUNTY, PA
PO Box 463
DUBOIS, PA 15801

Table of Contents:

1. Application Document
2. Application Document List
3. 2015 Adjusted Median Income for Clearfield County
4. Home Visit Report, including Current Housing Evaluation For
5. Additional Community Resources
6. Student Loan Information
7. Homeowners Insurance

Welcome !!

About Habitat for Humanity of Clearfield County

Habitat for Humanity (HFHCC) of Clearfield County is a non-denominational Christian housing ministry dedicated to eliminating substandard and poverty housing in and around Clearfield County, PA. Therefore, all who believe that everyone needs a decent, affordable place to live, and a healthy community where they can thrive, are welcome to help with the work and apply for housing, regardless of race, religion, age, gender, political views, family unit or any of the other distinctions that too often divide people.

We do this through a “hand up not a hand out” approach. HFHCC ‘Partner Families’ work sweat equity hours, and pay a no-profit mortgage or loan, back to the organization. This in turn helps fund additional programs with new partner families.

*Habitat for Humanity of Clearfield County, as an affiliate of Habitat for Humanity International, has built 15 homes across the county since 1992. This effort depends on volunteers who rehabilitate homes or construct new homes and raise the funds necessary to do so. Partnerships with local businesses also provide critical support as do members of the faith-based communities we serve. *This collaboration between manpower, expertise, and capital funds, has permitted HFHCC to build about one (1) home per year.**

The goal of HFHCC is to serve families in our community, helping them to make a difference for their families. HFHCC believes that when people act in response to a need, giving without seeking profit or reward, the effects are multiplied for all.

Program Requirements - What you can expect from Habitat Clearfield County

- We will begin by evaluating your family finances – your ability to repay a mortgage and your willingness to partner with us - to make sure that you meet the criteria of the HFH Clearfield ‘Homebuyer Program’. *You will give us permission to perform the necessary background checks and obtain a credit report.* We will then schedule a home visit – face to face, to discuss your application. Although not all families qualify, we will let you know about the status of your application before we move forward in the selection process. Final family selection can typically take 3 months to complete and Board approval is the final step !
- We will use a ‘Standardized’ “Ability to Pay” worksheet, to further evaluate your financial situation.
- We will answer your questions truthfully, and we ask that your family does the same.
- We will provide you with the educational and financial tools to become a knowledgeable homebuyer and neighborhood member. This has typically included a 10 week program, equal to the “Dave Ramsey Financial Peace Program”, as is a part of your sweat equity requirement.
- *We will build or renovate, then sell to you, a simple, decent, affordable home, which is contingent on your successfully completing the ‘Partnership Agreement’ requirements.*
A new home build will typically take about 14 months to complete, and a renovation, about 6 months to complete
- *Partnership Agreement - We will mentor you as your family completes sweat equity, homebuyer education, the family budgeting process, and the down-payment savings programs, as you continue to actively partner with us in support of our Habitat mission.*
- *Once you are approved for a mortgage, WE will be the lender that will provide to you, a no-profit, no interest mortgage, with terms of up to 30 years, and a monthly payment your budget has proven to be affordable. We are presently offering NO interest loans of \$64,000, payable over 20 years. Monthly mortgage, escrow and utility costs can be budgeted at \$637/month, excluding phone. Closing on your home can typically take 1 month to complete.*

We will complete this process to the latest Federal, State, and Local Regulations

What it would take for the Applicant to be Successful in Qualifying for the Habitat Program.

Homebuyer Financial Evaluation

Habitat for Humanity International has policies regarding income and credit, and payment histories for debts that you have incurred. *As your mortgage provider, it is important that we closely adhere to these policies, with regards to your ability to pay for your mortgage.*

As a Habitat for Humanity affiliate, we typically serve households in our community with incomes ranging from 30% to 70% of the Adjusted Median Income in Clearfield County, and adjusted for family size. For 2016, the Adjusted Median Income for Clearfield County is \$51,900. See the attached "2016 Adjusted Median Income for Clearfield County" document. We will calculate your family's **income** from all sources, and verify that number with you.

Because you will be responsible for paying your mortgage over many years, we will not only consider your present debts and incomes, in your ability to pay calculations, but we will also consider your families potential for future debts and incomes, over the following three (3) year period. We will call this a '*blended*' number in our calculations.

We then look at your **Debt to Income** ratio - D/I - to determine your ability to repay your mortgage. D/I is expressed as a pair of numbers, the top number is your total debt - including your housing costs (rent or mortgage, tax, and insurance). The bottom number represents your total family income from all sources. HFH policy requires this ratio to be less than 25%. We will calculate your families **Debt to Income ratio**, and verify that number with you.

We also look at the percentage of your monthly income, that you pay for your housing (rent or mortgage, tax, and insurance). This is the **Housing to Income** ratio - H/I ratio, and HFH requires that this ratio be less than 40%. We will calculate your families **Housing to Income ratio**, and verify that number with you.

Finally, your **Credit Report** helps us to understand how you have handled your debt in the past. We will have looked at any *collections, judgments and liens* which may have a negative effect on your ability to repay your mortgage. *Excessive debt from charge-offs or collections may keep you from qualifying for our homebuyer program.*

We want to emphasize the importance of managing student loan debt. Ignoring the debt will NOT make it go away. The government has become very aggressive in 'HELPING' you manage your debt, with seizure of federal tax return dollars and your paychecks. The government has a number of programs that help with management, BUT never allow your debt to fall into default there is always a repayment plan option for you. We have some additional information available to you, as guidance.

We realize that our partner families are making a long term commitment to both their family and the HFH program. Our families should be buying a house that they truly like and which is appropriate for them ... and more importantly, is not a financial burden on our families for years to come.

Additionally, based in whole or in part of the information we have obtained, *we will enroll you in the "Dave Ramsey - Financial Peace University" or equal, program, currently presented by the Treasure Lake Church. HFH Clearfield will cover the cost of this program for a limited number of applicants.*

This will be a long term relationship!! We will be with you throughout the term of Homeownership, providing resources to make you a better homeowner and neighbor in your community.

In return we ask that you openly and honestly communicate with us on a routine basis, and help us continue to work toward our mission, with a new partner families and supporters.

Partnership Agreement

Your willingness to partner with us, includes your family's commitment to provide *consistent, dedicated work* to the Habitat for Humanity Program. You will be assigned a family partner and liaison to the Board, and you can call your partner anytime you have questions or concerns.

This isn't everything that a 'Willingness to Partner' includes, but here are some of the specific points of the Program, that are made a part of your 'Partnership Agreement', with us -

You must complete at least 500 hours of sweat equity. This may include lot clearing, painting, helping with construction, volunteering at Habitat functions, learning how to budget your finances, and learning construction and maintenance techniques in the care of your home. You will be required to contribute at least 500 hours per family and friends, of volunteer work. Sweat Equity hours will be recorded by you, the Habitat homebuyer, and signed by Habitat staff. At least 200 hours of these are construction hours, and at least 30 hours are education hours. 'Friends and Family' hours will make up the remaining hourly requirement. Again, these hours are to be signed off by Habitat staff. If you choose not to use Friends and Family hours, these hours must be completed by you. *In all cases, you must call the Habitat staff before the next weeks activity and before you bring anyone to the job site, to assure that we will have work for you.* A 'Sweat Equity' tracking sheet will be used for this purpose. 8:45AM – 4:00PM, is a scheduled typical work day.

Your children's report cards can be counted toward your Habitat hours, as follows:

A – 1 hour; B – 30 minutes

You are to complete a maximum of 225 hours during the 1st 4 month period, 175 hours during the following 4 months, and the remaining 100 hours and more if necessary, until the home is completed.

If you or a family member are not contributing on the job or if you are displaying a negative attitude, the construction staff may ask you to leave and NO hours will be given for the day. When partner families or friends are not contributing, neither HFHCC or the partner family, is getting benefit of the sweat equity hours. *If you are not sure how to help or what to do, please ask a staff member.*

*Contributing 500 hours of Sweat Equity does not 'entitle' you to a house, and if you are unable to continue the Homebuyer Program, you will NOT be compensated for the hours you or your friends have contributed. **Sweat Equity is required to complete the Habitat Program.***

You must provide proof of income & savings once a month. Copies of pay sheets and

deposit slips are needed.

You must save at least \$25 each month in a bank account that you manage.

*You must have a minimum down payment of \$500, to apply towards the purchase of a home, should you complete the Habitat Homeownership Program. Once you reach your goal of \$500, you will continue to make deposits which will be a start of your own “\$500 Emergency Fund”. **This savings program is required to complete the Habitat Program.***

*You must attend financial literacy and other required Homebuyer classes, which may include home maintenance, personal finance, and budgeting. In particular, this includes your attendance, at the Dave Ramsey Financial Peace program, presently hosted by the Treasure Lake Church. These workshops are designed to set you up for success in the Habitat Program and instill pride in homeownership. It will be paid by HFH. **Attendance at a ‘Financial literacy program’ is also required, to complete the Habitat Homebuyer Program. You will create and refine your Family ‘Mock’ Budget until home closing and you will automatically be enrolled in budget counseling for the 1st year after closing.***

For 2017, we are currently budgeting as escrow, \$250/month - this includes real estate tax, school tax, and homeowners insurance. And this is in addition to your mortgage principal payment and utility costs plus phone.

.... A word regarding Homeowners Insurance – we require that you cover ONLY the mortgage debt owed to HFHCC, as a minimum. However, we strongly suggest that you cover 100% replacement value of your appraised property value - this will increase your year over year premiums, and depending upon your individual circumstance, to as much as \$250/month. See your HFHCC advocate for help with your budget and obtaining additional information.

Mortgage Repayment and Delinquency Policy:

Most importantly, your mortgage payment is due in our hands, on the first day of each month, using the payment coupon method. Either mail the payment (send it at least 5 business days in advance), or have a routine payment withdrawn from your bank account automatically, or send in a check or hand deliver it to our support representative.

According to your Mortgage Agreement, a late fee will be assessed if payment is not made on time.

*A phone call or a letter is sent to you regarding your late payment and penalty. **Falling behind on your payments will result in a loss of your home.** Foreclosure and/or eviction procedures will take place, according to your mortgage agreement, but usually when there has been three (3) months of missed payments.*

*Late or partial payments are applied to your account in this order - penalties and late fees, escrow balances, then principal balances. **If a financial difficulty arises, such as job loss or other issue, it is important to contact HFH Clearfield, IMMEDIATELY. Payments***

are not forgiven, but arrangement can sometimes be made.

Both good and bad payments will be reported to the credit bureaus. Continued on time payments will improve your credit scores and lower rates for other loans, including your homeowner insurances.

All mortgage payments from one house, help fund and pay for the next house. If you do not make your on-time mortgage payments, other families will be hurt by your actions. These families cannot buy a Habitat house, because the funds from your house are not available to them and their house.

Deselection Policy:

If at any time a partner family fails to comply with the HFHCC Homebuyer Program, the family can be deselected and removed from the Homebuyer Program. Grounds for deselection, are as follows:

1. Fraud or misrepresentation of facts and information, throughout the Homebuyer process.
2. Failure to comply with the requirements of the Partnership Agreement or in this Homebuyer Handbook – ie. Sweat equity, homebuyer classes, continued willingness to partner.
3. Negative change in your economic circumstance which may affect your ability to meet your monthly mortgage payment obligation, beyond a foreseeable remedy.

Finally, you are required to turn in, by the 7th of each month, a 'Proof of Progress' report, including but not limited to employment/income continuation with pay stubs, savings deposits made, log of sweat equity hours worked, proof of attendance for workshops taken, and other 'sweat equity' hours, as directed by the Habitat staff, and any other items that may be contained in the Partnership Agreement. It is important that we have this report, as we will demonstrate your progress to the Board, and as a requirement to Habitat International. Should you turn this in late, 5 hours will be deducted from your family total hours. Your reports will continue until you take home possession.

Proof of Progress

Proof of Progress allows us to make sure you are on target for Homeownership. To prove progress, by the 7th of each month, you must turn in to us:

- *Your sweat equity hour log, signed by HFHCC staff on site.*
- *All monthly household pay check stubs or proof of direct deposit*
- *Down Payment / savings statement for the month*
- *Proof of attendance at off site classes*

The receipt of your monthly Proof of Progress is up to you. If you have any concerns, contact us immediately. If you miss a Progress update, you will be penalized your sweat equity hours.

Sex Offender Registry Check and Criminal Background Registry Check

In order for your family to be accepted and remain in the Homebuyer Partner program, with Habitat for Humanity of Clearfield County, all resident members of your household over the age of 16, must pass these background checks, as necessary.

Communication

It is your responsibility to notify our office in the event of any life changes. Life changes include, but are not limited to – a change in employment or other income, addition or subtraction of family members, change in housing conditions or location, change in phone number, email or address. *If you are not sure if you have experienced a life change, talk with us anyway ! More communication is always better than less !*

What is a Habitat Home ?

Habitat is NOT a customer builder. A home is offered based upon what Habitat currently has planned and is affordable for you. *Habitat builds a "5 Star Energy Plus" home that should provide very low monthly energy bills, and will also help you throughout the LIFETIME OF YOUR HOMEOWNERSHIP !*

Any upgrade in appliances, fixtures, carpet or vinyl flooring can only be done by the Homeowner, and only AFTER closing on the house, and at the buyer's expense. Habitat will use the same grade and quality materials on all houses. *However, due to the availability of some materials and donations at different times thru out the year, there may be some differences between homes, in the materials used in them.* You are always welcome to visit a Habitat Home under construction to review the quality of the materials used !

Features of a Habitat Home include, *but are not limited to:*

1. Handicap accessibility, if required.
2. One covered porch at the front entrance, whenever possible.
3. A 'zero step entrance', if possible, on a new home.
4. Limited landscaping, based upon availability of shrubs to Habitat.
5. A seeded lawn.
6. A garbage disposal *hookup only* (not a garbage disposal installed).
7. Steel entry doors with deadbolts.
8. Passive security/alarm system, if possible (will not require a monthly fee).
9. Residential carpet and vinyl flooring.
10. Very high efficiency gas water heater and gas furnace.
11. One BASIC full bath, including tub/shower combination, vanity, toilet, mirror, proper lighting and exhaust fan, towel and shower bar.
12. A cable ready connection, if possible.
13. BASIC kitchen cabinets consisting of base and wall cabinets to suit, with formica countertops.
14. *New appliances including a White Westinghouse stand alone refrigerator, range, dryer, washer, and installed dishwasher.*
15. Mailbox
16. Blinds for the bedrooms and bathroom - white satin
17. *Each new home will have the ability to install central air in the future, at the owner's expense. Homes may have central air depending upon family health requirements.*
18. White satin or eggshell colored walls throughout the entire house – other color for discussion
19. Rain gutters – color to suit.
20. Easy care vinyl siding – color for discussion.
21. Asphalt shingle roofing – color to suit.

The BASIC Habitat Home MAY NOT include:

Special doors or trim work, a storage shed (partner/contact your local Boy Scout or similar organization for the potential building of a shed on your property), fences (according to an

allowance), special flooring, special cabinets and countertops, special curtains, and special windows. Most if not all, new Habitat Homes, have *code approved* basements and NOT crawl spaces or are on concrete slabs. Basement walls are suitably insulated, but left for finishing, at the owner's expense.

How HFH Clearfield County Sells Homes

House Selection Opportunity

HFHCC builds or renovates houses where it can find affordable land and successful homes to renovate. Homebuyer families may select the house that they would like to purchase from those homes that are available to us, at the time of their home selection opportunity.

Due to our limited resources, requests for house location and customization by partner families cannot always be honored. *House selection opportunities are based on partner families meeting the requirements of the Partnership Agreement, and the selection of homes available. Because some homes found for renovation, may not be suitable in size and payment range for some families, Home selection opportunities may not correlate with seniority in the program. That is, you may not get a home if the Partnership requirements are not met or the home available is not suitable in size and payment range for your family.*

Homes are offered to the partner Family Homebuyer, who has completed or made the most progress toward, the following requirements within the Partnership Agreement:

- a) *A significant portion of your sweat equity hours are completed*
- b) *Complete down payment saved*
- c) *Completion of all required pre-purchase classes, workshops, and mentoring opportunities.*
- d) *Your record of turning in the monthly Proof of Progress documents*
- e) *Proof of solid employment and income continuation.*
- f) *Clearing of debts and other legal issues which would prevent a closing.*

When offered, we will share an approximate timeline for completion on the home, and the approximate monthly housing expense, including mortgage, escrow and utilities. This will guide you toward the completion of the program requirements, and help with your household budgeting process. In this regard, your Family 'Mock' Budget, should be made available to HFHCC, upon request.

In conjunction with your selection of a home, you will then complete a 'Mortgage Application and Agreement' with us. Once approved, we will schedule a move in date and an approximate closing date.

If you do not qualify for the reasons mentioned above, you will not be able to proceed to homeownership, and any issues preventing your mortgage approval will be communicated to you verbally and in writing, so that we may together, help to correct the problem preventing you from purchasing your home.

The home closing will take place at an agreeable date and time for all parties involved – finally, **CONGRATULATIONS !!** *welcome to your new home, this is your first day of homeownership !*

Your *'Home Dedication Ceremony'* will be scheduled shortly after you take possession of your home, and you will be asked to participate and speak at this event. Home dedications are a day for you to celebrate the completion of your Partnership requirements - with you, your family, your friends, the HFHCC staff and supporters, volunteers and donors!

Care of Your Home

Prior to closing, a construction staff member will take you and anyone else you choose, through the home (*called a 'walk through'*) to explain how all appliances work including the furnace, water heater, all energy efficient appliances, and make suggestions on products for cleaning and how to maintain everything in and out of the home, including your lawn.

Well maintained properties play a significant role, in defining an areas quality of life and influences property values. Therefore, home/building conditions require vigilant oversight. HFHCC is compelled to take all available measures to minimize potential negative impacts associated with your home/building. See your mortgage agreement for additional information.

Part of being a good neighbor is taking care of your own yard. Most homeowners want a yard for their children to play in and sit on, during warm summer nights. The yard takes work: mowing, raking, watering, fertilizing, and landscaping are part of this plan and are probably a new experience. Most local cities and towns will write a ticket if the grass is not mowed in a timely manner. *If you can't keep your house in good repair, you are breaking your agreement in your mortgage.*

Although you are responsible for your own home after you sign the mortgage documents, we will always be there to help you with information and support as you maintain and improve your home. It will be up to you as to how much you want to participate in Habitat events, but we welcome you into our Partnership!

Congratulations Again !!

Handbook Acknowledgement Form

This Handbook is intended to outline the Rules and Requirements of the Homebuyer Program you are entering with Habitat for Humanity of Clearfield County, PA.

By signing this Acknowledgement Form, you are indicating that you understand and will comply with the Rules and Requirements as described in this Handbook. *If you are unable to comply with these Rules and Requirements, you will be 'deselected' and be unable to continue the Homebuyer Program with this Affiliate.*

Prospective Homebuyer Date

Prospective Homebuyer Date

Contact information:

Habitat for Humanity of Clearfield County, PA
POB 463
Dubois, PA 15801

John Farr - President
Phone: 814-591-6811
fg6@psu.edu

The Family Selection and Support Committee meets the 2nd Thursday of each month.
2015 Chairman – Bill Marasco
Phone 814- 771- 0810
bmarasco@ducom.tv

The Board of Directors meets the 3rd Monday of each month.
Matt Bash
Ann Dotsey
Melinda Hall
Pat Hillibrand
John Farr
Lynn Gaul
Scott Streator
Jan Strosky
Anthony Caiola

Construction Site Hours:
Wednesday and Saturday 8:45am – 4pm
Sunday – Tuesday closed unless otherwise directed
- be sure to contact the Habitat office prior to coming on site

Construction Site Lead: Howdy Veihdeffer