



Building houses in partnership with Gods people in need

## Most Frequently Asked Questions from Prospective Habitat Partners

*Revised 03/27/2019*

### **How long does it take to apply?**

Once the applicant has provided a complete application to the Family Selection Committee it usually takes a minimum of two months to process the application. Reasons for delay may vary due to each applicant's unique situation or a delay on the part of the applicant in completing the 20 hours of sweat equity. **After the Family Selection Committee has made a favorable recommendation, the Kearney Area Habitat for Humanity (KAHFH) Board makes the final decision of selection of each partner family in September of each year.** In the event that there are more qualified applicants than homes in a given year, the Family Selection Committee makes recommendations based on the families with the greatest need for adequate housing. **Applicants who are not selected as partner families in a given year may be considered for a subsequent year if they continue to maintain their eligibility.**

### **Are the houses free?**

No, KAHFH partner families pay for the costs of the building site and the materials needed to construct their new home. This cost will change from year to year as building materials and site costs change over time. Home costs for the 2019 build season are approximately \$85,000 for a 3-bedroom home and \$101,500 for a 4-bedroom home. At loan closing, the Habitat partner family signs a promissory note agreeing to repay an interest free loan over a 15-30-year period (as determined by the Finance Committee). Monthly housing costs will not exceed 25% of the applicants' household income.

### **What are the average costs of homeownership through KAHFH?**

The most important "cost" is becoming a "partner" through the 400 hours of **sweat equity**, which must be completed before the homeowner moves into the home.

The projected **cost** to the owner of a 3-bedroom home in 2019 is approximately \$85,000. The 1% down payment of \$850 is due prior to the closing on the house. With a 20-year mortgage and no interest, the monthly house payments are approximately \$650. That covers real estate taxes, homeowner's insurance, and a small amount, which is held in an escrow fund for future maintenance expenses. Average utility costs are approximately \$120 / month for electricity. Water and trash collection would be approximately \$45 / month more. The length of the first mortgage (15-30 years) and therefore, the amount of the house payments will vary depending on a family's financial situation. The Finance Committee determines the length of the mortgage.



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Note: A **Second Mortgage** reflecting the difference between the loan amount of the first mortgage (approximately \$84,150 on a three-bedroom home) and the appraised market value (approximately \$133,500 for this year's homes) is held by the KAHFH. This amount is forgiven at a rate of 10% per year as long as the owner occupies the home and is current with their first mortgage payments. Therefore, a partner family who chooses to live in their home for ten years or more would never pay anything on this second mortgage since it would be forgiven.

### **What are the minimum requirements to get a house?**

1. Housing need
2. Willingness and ability to partner with KAHFH
3. Stable income adequate to repay housing costs and other debts
4. Acceptable credit history
5. Resident of Kearney

### **Can families be bilingual?**

Yes, KAHFH has volunteers that will act as interpreters for bilingual families. Legal immigration status is required for all applicants.

### **Do you have to be a United States citizen?**

Non-citizens may be eligible if they have legal immigration status and work authorization. State and federal income tax returns, social security numbers, and INS information will be obtained as part of the application process.

### **Is there a credit check or a background check?**

Yes, KAHFH obtains credit reports and conducts background checks utilizing public records and sex offender registries on all applicants as part of the pre-application process. This allows us to verify an applicant's ability to pay creditors as agreed and their ability to partner with Habitat volunteers and families. This helps us to identify possible barriers to home ownership early on during the application process and to work with the applicants towards their goal of home ownership.

### **Is there a minimum credit score?**

No, KAHFH does not require a minimum credit score. We do look for credit histories that demonstrate the applicant's ability to pay creditors as agreed. Unpaid collection accounts, profit / loss write offs, and judgments may be indicators of unacceptable credit unless they are paid in full. Late rent or utility payments, recent bankruptcy, or recent foreclosure may also be indicators of unacceptable credit unless there are extenuating circumstances and sufficient time has passed for the applicant to re-establish their credit worthiness.



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**What if I have filed bankruptcy or had a foreclosure during the past three years?**

Your credit history will require further analysis to determine if you are eligible for assistance. We will need to collect additional information from you regarding the circumstances that caused the adverse credit. A period of time to re-establish your credit history may be required to demonstrate your ability to pay creditors as agreed.

**Do you have to have children to get selected for a home?**

No, however in the event that there are more qualified applicants than homes available in a given year, the Family Selection Committee makes a family partner recommendation to the KAHFH Board based on the families with the greatest need for adequate housing. **Applicants who are not selected as partner families in a given year may be considered for a subsequent year if they continue to maintain their eligibility.**

**What sources of income can be considered?**

All sources of income (earned and unearned) can be considered for loan repayment. All sources of income must be verified and evaluated to determine their stability and continuity. The amount and source of income must be stable and expected to continue based on verifications such as your income tax records, paystubs, award letters, or court ordered child support / alimony payment history.

**How much income do I need to qualify?**

Your household income must be sufficient to repay the home loan using a term of not greater than 30 years along with any other debts that you have. Currently the minimum annual income needed to qualify for a three-bedroom home is \$25,620. Applicants needing a four-bedroom home must have a minimum annual income of \$27,670. This assumes a one percent down payment and monthly escrows for real estate taxes, property insurance and maintenance of \$300 per month. The minimum income amount needed to qualify will change as building costs, real estate taxes, and insurance costs change. Priority will be given to very low income (50% of Area Median Income) households.

**Does KAHFH build outside of the Kearney area?**

No, KAHFH builds homes within the city limits of Kearney. If you are seeking to reside outside of the Kearney area, the Family Selection Committee may be able to recommend other home ownership programs to you, depending upon your qualifications.



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### **How long do I have to live in Kearney to qualify?**

Applicants must have lived, worked, or worshipped in Kearney for at least one year prior to applying for assistance through KAHFH.

### **How many homes will be available in 2019?**

The building committee in consultation with the KAHFH Board determines the location and number of homes to be built. Currently, the plan is to build three homes annually based on the availability of volunteer labor and affordable building sites. The goal of the Family Selection Committee is to select partner families a year ahead of the actual closing on their home.

### **How is location and size of a home determined?**

Site locations are based on the availability of affordable lots that KAHFH is able to acquire throughout Kearney. Homes are currently being built in the Marlatt Addition located in southeast Kearney. The size and floor plan are determined by the building committee. They take into consideration the individual needs of the partner family including the ages and genders of the children. Typically, a 3- or 4-bedroom home is built based on the family size. Homes are built without basements on a slab foundation. A modest storage building is included instead of a garage to keep construction costs low.

*Note: It is the goal of Habitat for Humanity to provide well-built homes as inexpensively as possible. This keeps home ownership within the reach of families who otherwise could not afford the house payments.*

### **Do you repair houses?**

No, currently KAHFH constructs only new homes with their partner families. Some Habitat for Humanity affiliates participate in the Brush with Kindness program which includes repairing existing homes.

### **Who can I talk with when I have question?**

A member of the Family Selection Committee will contact you to do a personal interview as part of the application process. This will acquaint you with some of the requirements and procedures in becoming a homeowner. It will also allow us to get to know your family. Families who are selected as “**partner families**” will have a “**support partner**” who acts as a liaison with them and the building committee. From this point on most communication is done with the support partner and the building committee.

If you have any questions please visit our website at: <http://habitat.kearney.net> or call 308-234-6030 or send an e-mail to: [kahfh@yahoo.com](mailto:kahfh@yahoo.com) with questions in the subject line.