



# Habitat for Humanity West Hawaii, Inc.

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## HABITAT INFORMATION PACKET – GENERAL APPLICANT

Aloha Applicant!

This form will be utilized to inform you about Habitat for Humanity and our selection criteria and to collect introductory information about you. Please read this carefully. The information you provide will be used to preliminarily determine if you are eligible to buy a home or are eligible for a home renovation through Habitat for Humanity West Hawaii (HFHWH). Our family selection committee will review this form to determine your eligibility. Upon completion of the initial review, you will either receive a denial letter or a preliminary approval letter requesting documentation supporting your income and expenses as noted in the application. In addition, you will be requested to provide your social security number which will be used to run your credit report. A second review will be performed in addition to a home visit before final approval can be determined.

**WHAT IS HABITAT FOR HUMANITY?** It is a non-profit, ecumenical Christian organization that builds and rehabilitates simple, decent homes and sells them to approved applicants on a non-profit, no-interest basis. Habitat Partner families are not required to be of a specific faith or religion to be selected for a home. (HFHWH defined as Habitat for Humanity West Hawaii)

**WHERE DOES HABITAT GET ITS MONEY?** Habitat receives its operating income from several sources: payments on houses already sold, funds from our ReStore and donations from individuals, churches, foundations and corporations. Habitat can also accept gifts of land, fee waivers and limited administrative assistance from governmental sources. Habitat also obtains donations of building materials and uses largely volunteer labor to help put an end to substandard housing on our island.

### **HABITAT FOR HUMANITY WEST HAWAII, INC. DEFINES A:**

“HOME/HOUSE” as a Single Family Dwelling. The size of the house will be approved by the Board of Directors upon the recommendation of the Family Selection Committee. Each house shall have a living room, bedroom(s), kitchen/dining area, and one bathroom. Neither garages nor carports are provided unless required by legal Covenants. Vinyl flooring shall be provided for the kitchen, dining, bath and hall. Carpet flooring may be provided for the living room and bedrooms.

“DEPENDANT” as a person that falls into ALL five IRS categories: 1) Person was a member of your household for the entire tax year or related to you; 2) Person is a United States citizen or resident for any part of the tax year; 3) You provided more than half the person’s total support for the year; 4) Person had a gross income of less than \$2,550.00; and 5) Person did not file a joint tax return.

“HOUSEHOLD” as ALL persons occupying a single housing unit. If the person is under the age of 18, then legal guardianship must be established for the minor before they will qualify as a dependant.

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## WHO CAN QUALIFY FOR A HABITAT HOUSE?

Habitat for Humanity West Hawaii applicants are chosen using the four basic selection criteria, **Housing Need, Ability to Pay, Willingness to Partner and Access to Land**. Habitat does not discriminate against any applicant because of race, color, religion, sex, marital status, age, familial status, handicap or national origin. Habitat does require potential homeowners to be free of criminal behavior including but not limited to the use of illegal substances. Please read the following eligibility standards and answer the questions that follow each one:

1. **Housing Need:** Habitat assists people who are living in “substandard” housing. (Substandard means that the current housing is unsafe, unhealthy, too small, or costly for the applicant’s income.) You must have lived in Hawaii County for at least five (5) years to be eligible and must have a definite housing need. For example, overcrowding (three to a bedroom), unsafe or unsanitary conditions. Priority is based on the level of need and lack of adequate shelter as well as those families with small children and seniors.

a) Are you in need of safe and sanitary housing? Explain \_\_\_\_\_

\_\_\_\_\_

b) What are the significant things wrong with where you currently live? \_\_\_\_\_

\_\_\_\_\_

c) Do you think there are things that make it unsafe? \_\_\_\_\_

\_\_\_\_\_

2. **Ability to Pay:** Habitat homebuyers must have a stable income and a reasonable credit history, with no outstanding judgments. They must also have adequate income to cover taxes, utilities, insurance and maintenance expenses as well as the mortgage payment. We partner with families earning between 40% and 70% of median income for the County of Hawaii. A table of this income range is included in this form below. (We will request verification of your financial information in the next phase of the application process).

a) What is the combined total annual income of the members of your household? \_\_\_\_\_

b) How many people are in your household? (list all claimed on annual taxes) \_\_\_\_\_

c) Is your credit free of bankruptcy or judgments? \_\_\_\_\_

d) Are you or have you ever been a party to a legal action? \_\_\_\_\_

e) What are you currently paying in monthly rent/mortgage? \_\_\_\_\_

f) What is your monthly income left after expenses? \_\_\_\_\_

3. **Willingness to Partner:** Partnership includes completing approved sweat equity hours (500 hours for a new house), agreeing to the house that Habitat is able to provide inclusive of design, type, style, number of bedrooms and bathrooms, etc., making timely payments, adequately maintaining the home and cooperating so that the house can be completed in a timely manner from the start date.

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- a) Are you willing to work on your house? \_\_\_\_\_
- b) Are you willing to ask your friends and family to volunteer? \_\_\_\_\_

4. **Access to Land:** Currently, Habitat for Humanity West Hawaii places priority on those families who own their own land (have clean title) free and clear of any mortgage or have a long-term lease (minimum of 30 years remaining) on their land.

- a) Do you have clear title to land? (meaning the lease or deed is in your name) \_\_\_\_\_
- b) List TMK numbers and legal name on the title for all property that you own \_\_\_\_\_  
\_\_\_\_\_
- c) List Lot size and addresses \_\_\_\_\_  
\_\_\_\_\_
- d) Does the lot have road access? \_\_\_\_\_
- e) Does the lot have utilities connected? Example: Electricity, water, sewer, septic/cesspool, etc.  
Please answer thoroughly \_\_\_\_\_  
\_\_\_\_\_
- f) Do you lease the land? \_\_\_\_\_ From whom? \_\_\_\_\_  
Years left? \_\_\_\_\_

At the time of the application, the following income ranges may qualify. Based on 40-70% of Median Family Adjusted Income 2009 Limits.

<b>% of Median Income</b>	<b>40%</b>	<b>50%</b>	<b>60%</b>	<b>70%</b>
Family Size: 1				
Income	\$18,920	\$23,650	\$28,380	\$33,110
Family Size: 2				
Income	\$21,600	\$27,000	\$32,400	\$37,800
Family Size: 3				
Income	\$24,320	\$30,400	\$36,480	\$42,560
Family Size: 4				
Income	\$27,000	\$33,750	\$40,500	\$47,250
Family Size: 5				
Income	\$29,160	\$36,450	\$43,740	\$51,030
Family Size: 6				
Income	\$31,320	\$39,150	\$46,980	\$54,810
Family Size: 7				
Income	\$33,480	\$41,850	\$50,220	\$58,590
Family Size: 8				
Income	\$35,640	\$44,550	\$53,460	\$62,370

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Habitat encourages people to apply for Habitat housing even when they feel they would not qualify financially for a home loan from traditional sources.

Applicants must have a history of paying debts and living up to obligations. They must also have the financial resources to pay a down payment and to pay the required insurance one year in advance. Applicants must be able to make monthly loan, property tax and insurance payments by the assigned date on time. In addition to the cash down payment, Habitat currently requires approved applicants to work a minimum of 500 “sweat equity hours” or work until the house is completed, before they can take possession of the home. A credit report and income and expense verifying documentation shall be obtained or submitted during the qualifying process and again prior to the family moving into the home.

Habitat wants its homeowners to be involved partners long after they purchase their home. Most homeowners are encouraged to continue to serve on committees and volunteer to help others to become homeowners in the future.

**WHAT ARE “SWEAT EQUITY HOURS” AND HOW ARE THEY RECORDED?** “Sweat Equity” hours are counted for:

- Work on any Habitat house, in the ReStore and office or at a Habitat event;
- Other work approved in advance by the Director, President of the Board, or the chair of any committee;
- Attendance at Homeowner Education Classes (pay for and participate in Hawaii Home Ownership Center Classes to earn certificate)
- Continued Education (per HFHWH policy);
- Approved Childcare (per HFHWH policy).

The people who will actually occupy the home must earn at least 100 hours each of the total 500 required sweat equity hours. The remaining equity hours may be earned by “Ohana” which are friends or extended family members who are not already working with Habitat and who are specifically recruited by the applicant to work on the applicant’s behalf. Any remaining sweat equity hours must be completed within one year of acceptance. Habitat requires an approved applicant to attend the Hawaii Home Ownership Center (a nonprofit entity which is a Habitat partner) for homeowner financial education classes, which are applied towards the sweat equity hours. **Sweat Equity must continue until the completion of the home even if the required 500 hours have been completed.** Homeowners are expected to keep homes and surrounding property in good repair. Applicants and their “ohana” will not be compensated for sweat equity hours worked, even if they do not receive a Habitat home.

## **HOW DO I APPLY?**

Call or visit the office to request a Habitat Application Packet. You may be asked to attend a Habitat Informational Meeting or meet with a member of the Family Selection Committee and complete the Habitat Information Packet and Application. This step is considered the pre-application. If your pre-application is approved, you will be sent a prequalification letter requesting your social security number and documentation of your income and expenses as noted in the application. Documentation may

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include *proof of income (pay stubs & any other income ex. SSI, Public Assistance) for all family members that have any income at all, letter from your employer stating that you are employed, your hourly pay and weekly hours to be worked, tax returns, ledger of monthly expenses (copy of monthly bills ex. HELCO, cell phone bill, home telephone bill, etc.), number of family members to be housed with Social Security Info. & birthdates. We will also perform a credit check. \* Family members to be housed are one single family unit. We do not provide multi-family housing at this time.* Applicants who are approved during this stage of review will receive a preliminary approval letter. Final approval may be contingent on other factors including lease issues that must be addressed prior to final approval. Those applicants who do not meet these criteria shall be sent a written notice of denial within 60 days from submission of all necessary application documents.

1. Once all required documents and process of the full application are received and reviewed for approval; members of the Family Selection Committee arrange an interview in the applicant's current home to verify the need and to review the details of the application.
2. The Family Selection Committee reviews the results of the In-Home interview. If the applicant is approved, the Family Selection Committee sends a recommendation for approval to the Board of Directors who then votes at their next regularly scheduled meeting. Applicants who do not meet the selection criteria are sent a written notice of denial within 60 days.
3. A down payment equal to one percent (1%) of the purchase price shall submitted by the applicant/home buyer prior to the commencement of any construction. This generally will run in the \$850 to \$950 range. Upon completion of all sweat equity hours and when the house is completed and becomes available, the applicant is notified. Prior to the move in, the applicant must secure and pay for a one year homeowner's insurance policy and prepay one year of property taxes. This amount is estimated to be as low as \$650 to as much as \$3000, depending on the location of the property. This amount will be better estimated when the applicant and the property are identified. Both the down payment and the prepayment of insurance and property tax amounts are estimates only and are meant to be used for disclosure purposes only. The actual amounts may be more or less than noted here. Applicant shall sign loan documents and occupy the house within 45 days of notification.

**WHERE ARE THE HOMES LOCATED?** Habitat for Humanity West Hawaii, Inc., works on the Island of Hawaii from Hawi to South Point with Waikoloa and Waimea included. Specific property locations are dependent on the applicant's land location and in some circumstances upon available land resources.

**HOW LONG DOES THE PROCESS TAKE?** Normally, the process takes 12-24 months, depending on an applicant's individual circumstances. Habitat does not offer a family a Partnership status until 100% of the funds needed have been identified. If you have an immediate need, other arrangements should be made.

**WHAT IF WE ARE TURNED DOWN?** Applicants turned down because of bad credit or too much debt may be given suggestions for clearing up problems and are encouraged to re-apply later. Applicants who earn more income than our guidelines may be referred to a bank or mortgage company for a traditional loan.

**HOW IS THE SALES PRICE AND HOUSE PAYMENT CALCULATED?** Habitat calculates the sales price of the home by adding the cost of construction plus administrative costs and the value of the property (in the case where HFHWH supplies the land).

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**SAMPLE MONTHLY PAYMENTS, DOWN PAYMENT AND PREPAYMENTS:** Your monthly payment will be determined upon your application approval and when a more accurate estimate of the property taxes and insurance amount can be determined. However we provide the following example which is not meant to be representative of your circumstance but rather as a sample only:

\$95,000 average loan amount over 20 years (240 payments) 0% interest, your land	\$ 395.83 Fixed
Monthly Escrow: (property taxes – estimated at \$800 per year)	66.67 Varies
(property insurance – estimated at \$1600 per year)	<u>133.33 Varies</u>
<b>Total Estimated Monthly Payment payable to HFH West Hawaii</b>	<b>\$ 595.83</b>

**Sample Down Payment**

1% Down (due at signing of Partnership Agreement, prior to construction) **\$ 950.00**

The final figure will be calculated on actual construction costs, administrative costs, project manager costs and actual insurance and tax figures. Please remember that your monthly payment may change each year as insurance and/or tax costs change. Once 100% of the funds of a project are raised the family will receive a Partnership Agreement.

**WHAT KIND OF LOAN DOCUMENTS DO I SIGN?**

Promissory Notes – you must agree to sign the two promissory/mortgage notes:

- a) The first, no interest promissory/mortgage note, will equal the actual sales price of the house.
- b) The second, no interest promissory/mortgage note, will equal the difference between the first promissory note and the fair market value of the house. For every year that the homeowner continues to live in the house and has not been in default, five percent (5%) of this second note is forgiven. You will not have to make payments on this note unless you sell the house before you have owned it for twenty (20) years. If you do attempt to sell prior to the 20 year term, you will owe Habitat the balance remaining on the first mortgage as well as the unamortized amount due on the second mortgage. Both promissory notes will be secured by a mortgage lien filed with the State of Hawaii Bureau of Conveyances.

**WHAT KIND OF PUBLICITY IS INVOLVED?** Habitat relies on donations of labor, materials and money and needs to publicize the construction and sale of Habitat homes in order to attract these donations. Homeowner applicants must expect coverage by the Habitat newsletter, grant requests, local newspapers, as well as radio and TV stations.

**WHAT ARE THE EXPECTATIONS REGARDING THE MAINTENANCE AND UPKEEP OF A HABITAT HOME AND SURROUNDING PROPERTY?**

Habitat Homes should be kept in a neat and orderly manner. All trash should be kept in a trash can. No abandoned vehicles or nonworking vehicles shall be stored at the property. Homeowners are responsible for acquiring necessary maintenance services and payment of any maintenance required.

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- Responsibility for upkeep of the home and property is to be an example to the community. Homeowner will keep the lawn mowed (if appropriate), the trash removed from the yard, and the cars parked only in the driveways. No abandoned or inoperable vehicles are allowed. Well-kept property encourages construction volunteers and financial contributors to continue to support Habitat's work.
- The Homeowner may not rent or sublet the Habitat House or any portion thereof.
- All repairs and improvements will be made to the Habitat house according to established rules.
- All guidelines and policies established by Habitat will be followed; these are subject to change by the Habitat Board of Directors.
- All monthly house/escrow payments will be made on time. All payments are to be in the Habitat office on the first day of the month.
- Family Selection/Support person(s) will be informed about changes in family size or income of household immediately.
- Homeowner will provide a one year paid homeowner insurance policy naming Habitat as Mortgagee on or before closing. Subsequent Insurance policy payment/s will be handled from the escrow account established at HFHWH.
- Homeowner will submit the property tax billings received from the County Real Property Tax office to Habitat immediately upon receipt so that payments can be made on time. Once the home is complete, homeowners shall visit the real property tax department to fill out a homeowners exemption which when in effect will serve to decrease the amount of the taxes assessed against the property.

**WHAT KIND OF OTHER APPLICATION DOCUMENTATION DO I NEED TO PROVIDE**

**HABITAT?** Besides completing the application form, Habitat will run a credit check, as well as require you to provide proof of stable income, such as pay stubs, tax returns, copies of recent bank statements, etc. with the application for all individuals who will reside in this house. Also, if you are not a United States citizen, we will require proof of legal immigration status.

**WHAT OTHER CRITERIA ARE USED TO QUALIFY ME FOR A HABITAT HOME?** Habitat performs a sexual offender registry check and does not offer homes to anyone on the list.

~ see next page ~

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I HAVE READ THE ABOVE REQUIREMENTS OF THE HABITAT HOME OWNERSHIP PROCESS. I FULLY UNDERSTAND THEM AND HAVE RECEIVED A COPY FOR MY RECORDS. I ALSO ACKNOWLEDGE THAT THIS INFORMATION SHEET DOES NOT CONSTITUTE A CONTRACT WITH HABITAT FOR HUMANITY WEST HAWAII, INC. HABITAT'S ABILITY TO SELL ME A HOUSE DEPENDS UPON SEVERAL THINGS, INCLUDING: THE AVAILABILITY OF HOUSES, HABITAT'S WORK SCHEDULE AND FUNDING, THE NUMBER OF APPLICATIONS RECEIVED, MY FINANCIAL CONDITION, AND OTHER CIRCUMSTANCES BEYOND HABITAT'S CONTROL. I UNDERSTAND THAT HABITAT FOR HUMANITY ALSO RESERVES THE RIGHT TO MAKE ANY CHANGES TO ANY OF THE INFORMATION ABOVE.

I FURTHER UNDERSTAND THAT I MAY BE ASSIGNED A MULTIFAMILY HOME. BECAUSE FAMILY SIZE AND INCOME ARE IMPORTANT FACTORS IN THE SELECTION PROCESS, I PROMISE TO REPORT ANY CHANGES IN SIZE OR INCOME IMMEDIATELY TO THE HABITAT FOR HUMANITY WEST HAWAII OFFICE. I ALSO UNDERSTAND THAT I WILL TURN IN ALL INCOME ELIGIBILITY INFORMATION ANNUALLY.

Full Name (print): \_\_\_\_\_

Address: \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Email: \_\_\_\_\_

Applicant Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Co-Applicant Signature: \_\_\_\_\_ Date: \_\_\_\_\_

In addition to the above information, we encourage you to learn about the Habitat philosophy by reading Habitat books and materials, by talking to Habitat volunteers and by helping on the work sites and attending partnership meetings.

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