



Habitat Homeownership Program

Habitat for Humanity of Greater Baton Rouge empowers individuals and families to build and buy their own homes with the help of people in our community. Homes are sold at no profit and no interest to households who otherwise could not afford to own a home. We also offer education and financial literacy classes to prepare Partners to be successful homeowners.

Benefits of Habitat Homeownership

Affordability – There are many financial benefits to buying a Habitat home, including affordable mortgage payments that will not exceed 30% of your family's gross monthly income.

Education – Habitat for Humanity provides a series of homeowner education classes and workshops that prepare partners to become successful homeowners.

Trusted Partner – Habitat for Humanity has been building affordable homes in East Baton Rouge since 1989. By the end of this year, we will have partnered with many businesses, organizations, and community volunteers and will have served more than 400 local families through new homeownership, home renovation, and our critical repair program.

A look at owning a Habitat home

- Pride of homeownership.
- Brand new home that you help to build.
- Affordable mortgage loan with 0% interest (payment is no more than 30% of your monthly income).
- Customize your home with available finishing options (countertops, flooring, and exterior home paint).
- Major appliances are included in your home:
 - Refrigerator
 - Stove Range
 - Range Hood
 - Washer and Dryer
- Additional home features include:
 - Cable ready
 - Beautiful landscaping
 - Custom wood cabinets





Habitat's Homeowner Selection Criteria

You may be eligible to partner with Habitat for Humanity to buy a home through our homeownership program if you have lived or worked in the State of Louisiana for at least 1 year *and* you meet the following three sets of criteria:

1. **Need for Housing** (overcrowded, paying too much for rent, substandard living conditions, etc.).
2. **Willingness to Partner** (work sweat equity to help build home, attend homeowner education classes, save \$4,000 towards closing costs (which includes 1st year's homeowner insurance).
3. **Ability to Pay** (low-income partners will pay affordable mortgage payments at amounts not to exceed 30% of their gross monthly income).

How we calculate affordability

To find what percentage of your monthly income is spent on housing, divide your monthly rent payment by your monthly gross income (before taxes).



Example: Monthly rent is \$1,120 and your monthly gross income is \$2,600.

$\$1,120 / \$2,600 = .43\%$ **Habitat guidelines maximum is 30%.**

As you see, this rent payment is 43% of your monthly income. Because you are spending over 30% of your income on housing, in fact, almost half of your income on housing, you are cost burdened. Being cost burdened shows a need for a Habitat home.

Now let's look at what a Habitat home plus any other credit bills you have would look like.

Your Habitat mortgage payment (including taxes and homeowners' insurance) could be \$600. Your car note is \$375, and you have 2 credit cards of which your minimum monthly payments are \$25 each. Therefore, the total debt that you must pay each month is \$1,025.

Now, let's find your debt-to-income ratio again.

$\$1,025 / \$2,600 = 39\%$ **Habitat guidelines maximum is 41%.**

As you see, your mortgage payment, plus the items you must pay that would show on your credit report is 39%. This is affordable for you and should allow you to manage your other monthly financial commitments, like food, gas, childcare, personal care, etc.



Need - Factors that demonstrate a need for housing:

- Substandard living conditions (faulty electrical, plumbing, or cooling/heating systems, unsecure doors, and windows, etc).
- Overcrowded.
- Transitional housing (homeless shelter).
- Government subsidized housing (Section 8).
- Cost-burdened – rent payment exceeds 30% of gross monthly income.

Ability to pay: Income & credit requirements:

- You must meet the following income guidelines for your household size which cannot exceed 80% of the area median income for:

# IN HOUSEHOLD	MINIMUM YEARLY INCOME (Gross)	MAXIMUM YEARLY INCOME (Gross)
1	\$16,802	\$49,784
2	\$19,202	\$56,896
3	\$21,603	\$64,008
4	\$24,003	\$71,120
5	\$25,923	\$76,810
6	\$27,843	\$82,499
7	\$29,764	\$88,189
8	\$31,684	\$93,878

*HUD Requirements April 18, 2022



Calculating Income

Our calculations are made using gross income and income must be:

- Verifiable
- Reliable
- Likely to last for the next 3 years

Sources of income that are considered include:

- Employment income – must be 1-year continuous employment. If there has been a break in employment, must be on new job for 120 days before applying.
- Self-employment (2-year history – must provide 2-years of Tax Returns and Profit and Loss statements).
- Disability income – must be likely (and documented) to last for the next 3 years.
- Child support or Alimony – must be likely (and documented) to last for the next 3 years.
- Social Security
- SSI - must be likely (and documented) to last for the next 3 years.

You must meet the debt-to-income ratios:

- The estimated mortgage payment must not be more than 30% of your gross monthly income.
- The total of your monthly revolving credit debt payments (including the estimated mortgage payment) cannot exceed 41% of your gross monthly income.

You must demonstrate an ability to meet credit obligations:

- You must have less than \$750 of non-medical debt or charge offs on your tri-merge credit report (Experian, Equifax, and TransUnion).
- Have no more than \$3,000 in medical debt.
- If there are no credit accounts on your credit report, documentation of three credit references will be required with no more than thirty days delinquent on at least two of these references.
- Have at least 3 years since bankruptcy has been discharged.
- Have at least a 4-year lapse after a home foreclosure.



Willingness to partner:

- Once approved, you must be willing to complete sweat equity hours.
 - A minimum of 255 hours for a one-adult applicant household.
 - A minimum of 315 hours for a household with more than 1 adult.
- Once approved, you must complete homebuyer education classes
 - All required classes
 - Financial Literacy Series
 - One-on-one Budget Classes
- Be a positive representative of yourself and of Habitat for Humanity on social media.
- Work with volunteers, sponsors, and donors.
- Be responsible for the maintenance of your home from the day you move in.
- Be responsible for repaying the mortgage loan in a timely manner so that other families can benefit from the homeownership program.
- *You must complete at least 20 sweat equity hours per month to remain in the program.*

Where you can complete sweat equity hours:

- Construction site
- Habitat for Humanity ReStores
- Administrative Office
- Speaking engagements (including interviews with media)
- Special events

We are committed to accommodate disabilities; everyone is invited to partner for affordable homeownership!



Selection into the Habitat program and building your home:

Habitat for Humanity will build a limited number of homes each year. Habitat has a Selection Committee that performs the selection process to approve applicants into the homeownership program. To be selected as a Partner, you must be able to demonstrate the need for a home, be able to pay a mortgage as well as meet your existing financial obligations and be willing to partner with Habitat for Humanity. If you are not selected to be a partner, you may reapply after 1 year of the date of your first application.

How lots are matched with eligible homeowner candidates:

Habitat for Humanity acquires land in a variety of ways. Habitat declines to build in flood zones, if at all possible, and land costs must be affordable in order to ensure an affordable home for the Habitat Partner.

Lot selections will be provided by the Family Services team. All Partners who do not accept the lot provided will be put at the bottom of the eligible Partner list and must accept the next lot offered to them. Habitat only builds on property from our own land inventory.

You will be provided with a construction schedule for your build and you must agree to be present at each build day, including your home blessing and your home dedication. You must be in attendance on build days on your home even if you have completed all your required sweat equity hours.

Once you have signed your property offer letter, you will not be able to make changes in the number of bedrooms to the home or make changes in your color selections. You will have plenty of time to be sure of your choices prior to signing your property offer agreement.

Completing the Habitat homeownership application process:

We know that buying a home can be overwhelming! That is why we pledge to be available every step of the way and we will ensure you have the tools you need to be successful in buying and maintaining your Habitat home.

*****IMPORTANT** If you determine that you meet all criteria for approval, please check the website, www.habitatbrla.org for the next scheduled Homeward Bound Orientation meeting. Then you register for a Homeward Bound Orientation meeting by emailing familyservices@habitatbrla.org. Be sure to email us with your name and the day and time of the orientation you wish to attend.

You will be provided with a full application packet at the end of the orientation meeting which you must complete and submit within 30 days. If you need an additional 30-day extension, please make your request to the contact person provided to you.



It is important for you to understand that you will be applying for a **mortgage loan**. We must be able to verify your income and you must remain financially able to purchase a home throughout the program. In addition, your credit situation must remain eligible for a mortgage loan. Habitat for Humanity will ensure you understand income and credit requirements for your unique situation once you are approved as a Partner.

Your full application is considered complete and ready to submit to Habitat when you:

- (1) Answer **all** application questions honestly and to the best of your ability.
- (2) Make copies and submit all required documentation with your completed homeownership application by appointment only.
- (3) Get a **money order** to pay credit report fee. Fee is **\$25.00** for one applicant and **\$50.00** for applicant plus a co-applicant.
- (4) You will make an appointment to submit your application by emailing familyservices@habitatbrla.org. Please be sure to have all your required documentation and money order fee prior to scheduling your appointment.

Habitat for Humanity will send you a "Notice of Incompleteness" letter if all documentation is not provided. After 30 days, if Habitat does not have a complete application along with all required documents, we will close the application. You will be allowed to re-apply after 1 year has passed.

Thank you for your interest in the Habitat for Humanity of Greater Baton Rouge Homeownership program. We are here to support you all the way!

