

# *Habitat for Humanity Selection Process*

## *Myths:*

### *No Free Lunch*

*Partner Families have to earn their home*

*Have a mortgage and taxes to pay*

*Required Road to Home and Financial Classes*

## *Construction:*

*Houses are built by volunteers and partner families*

# *Habitat for Humanity Selection Process*

## *Application Process:*

*Rolling vs Set times*

*Income Levels - 25 to 45% of AMI*

*No Prior Home ownership*

*Live within service area - min of 1 yr.*

# *Habitat for Humanity Selection Process*

## *Application Process:*

*Need for sustainable living environment  
Health and safety issues*

*Willingness to complete requirements  
500 hours of sweat equity  
Road to Home Class  
Financial Planning Class*

# *Habitat for Humanity Selection Process*

## *Application Process:*

*Verify stable income*

*Credit score - dig deeper into Credit Report  
What's in it?*

*Verification of debt and what family is  
doing about it*

# *Habitat for Humanity Selection Process*

## *Application Process:*

*Matrix of projected construction cost*

*What mortgage might be*

*Capacity to handle mortgage - taxes  
and insurance*

*What's left over to pay on*

*Living expenses*

*Pay down debt - improve credit*

# *Habitat for Humanity Selection Process*

## *Application Process:*

### *Current Rent Payment vs Mortgage*

*Rent \$900 to \$1100*

*Mortgage from \$500 to \$550*



# *Habitat for Humanity Selection Process*

## *Application Process:*

*Income Range for Family size  
matched against the AMI for service area*

*Based on AMI for Gallatin Valley \$74,100 for  
2014*

*30% to just over 50% of AMI*



# *Habitat for Humanity Selection Process*

## *Application Process:*

*Family 3 \$1604-2666 a month (\$19248 - \$31992)*

*Family 4 \$1779-2962 a month (\$21348- \$35544)*

*Family 5 \$ 1925-3200 a month (\$23100-\$38400)*

# *Habitat for Humanity Selection Process*

## *Acceptance into Program:*

*Complete 500 hours of sweat equity*

*250 per family*

*250 from family and friends*

*Participate in construction*

*Learn what and how*

# *Habitat for Humanity Selection Process*

*Acceptance into Program:*

*Complete Road to Home Class  
Financial Planning Class*

*Continue to pay down debt  
No additional loans/failed payments*

*Retain right to re-visit income to debt ratio*

# *Habitat for Humanity Selection Process*

*House sold at Construction Costs*

*First mortgage = construction cost @ 0%*

*2<sup>nd</sup> Mortgage = difference between  
MOBH and construction costs*

*3<sup>rd</sup> Mortgage = difference between  
Appraised Value and Construction Costs*

# *Habitat for Humanity Selection Process*

## *Mortgage:*

*60 days prior to closing*  
*review financial picture*  
*review ability to pay*  
*mortgage*  
*taxes*  
*insurance*  
*HOA*

# *Habitat for Humanity Selection Process*

*After Sale:*

*Habitat holds % of mortgages*

*MBOH accepts 1<sup>st</sup> mortgage*

*Habitat holds 2<sup>nd</sup> and 3<sup>rd</sup> mortgages*

# *Habitat for Humanity Selection Process After Sale:*

*MBOH holds 1<sup>st</sup> mortgage*

*Habitat 2<sup>nd</sup> mortgage - difference  
between construction cost and payment  
to Habitat*

*3<sup>rd</sup> mortgage is difference between  
construction costs and appraised value*

# *Habitat for Humanity Selection Process*

*Impact of MBOH Support:*

*Provides Capital to continue building*

*Enables Habitat to rely on clear  
funding for continuing our mission*

*Helps stabilize an affiliate financially*



# *Habitat for Humanity Selection Process*

*Invite questions!*

