

Homeownership Program FAQs

1. How do I apply for the Homeownership Program?

Please note that every Habitat has different steps to their program. At Habitat for Humanity of Kenosha we require the following steps:

- Obtain an application when the application period is open
 - From Habitat office: 6203 28th Avenue
 - or website: www.habitatkenosha.org/apply-for-homeownership
- Submit the application
 - In-person; call to make an appointment 262-925-0360
 - or by mail: 6203 28th Avenue Kenosha, WI 53143
 - Applications must be postmarked no later than the last day of open period
- Include a \$25 non-refundable application fee made payable to "Habitat for Humanity of Kenosha"
 - personal check, money order or cashier's check
 - cash (only accepted in person at the Habitat office)
- Applications submitted electronically or physically *without an application fee* will be considered incomplete and will not be processed.
- Applications are available during open application periods only:
 - March 1st - March 15th
 - September 1st - September 15th

2. Is there an income requirement for the homeownership program?

You must meet HUD/Habitat's income eligibility guidelines and maintain annual gross household income within HUD income guidelines from initial intake to loan application. The HUD income guidelines are updated yearly and can be found on their website: <https://www.huduser.gov/portal/datasets/il/il2021/2021summary.odn>. All Habitat Homeowners are between 30-80% AMI of Kenosha County. Habitat for Humanity of Kenosha receives annual updates of the HUD income guidelines. Our Homeownership Program income requirements are based on area market conditions. We reserve the right to revise these guidelines at any time.

3. What sources of income can be used toward qualification?

We consider all sources of steady income (including minors) including: alimony, child support (if you have at least three additional years to receive it, and it is consistent), pension,

retirement, SSDI, SSI, Survivor's benefits, and wages. Temporary jobs are generally not considered permanent or steady sources of income.

4. What sources of income cannot be used toward qualification?

Unemployment, financial aid, TANF, food stamps and W-2 are not considered income for qualification purposes. Steady income is a minimum of 3 months to be considered. Any income from minors must be listed on the application as part of the household income.

5. Do I need to be employed? & if so, how long do I need to be employed at my job in order to be eligible to apply for the program?

If employment is your steady source of income, you must have a minimum of three months at your current job or one year if self-employed. This requirement is for *minors* in the household as well if they receive income, which is included in the total household income.

6. Do I need good credit?

A credit score of 600+ is *preferred, but not required*.

Many applicants have some debt. It is important for applicants to know how much is owed and for the total amount of debt to be manageable.

If an applicant does not have credit, they can use secure credit cards or bank secured loans to gain credit. Please see your local area bank for more information.

7. Where can I get a free copy of my credit report?

Annually you may request a free copy of your credit report from AnnualCreditReport.com or you can mail a letter to requesting a copy of your credit report to:

Annual Credit Report Request Service
PO Box 105283
Atlanta, GA 30348-5283

8. What is debt-to-income ratio?

Habitat uses debt-to-income ratios to calculate whether or not the potential applicant is in a financial position that would allow them to afford a mortgage payment.

HFHK guidelines require that applicants qualify according to set ratios. An applicant's Debt-to-income ratio isn't greater than 43% and the housing ratio is not greater than 30% of gross monthly income.

- A) **Front-End Ratio:** The initial periodic payment (monthly payment) under the first mortgage may not exceed 30 percent of the applicants gross income. Included in the

monthly payment are principal, escrow payments for property taxes, insurance and other obligations and any other regular recurring payments, such as monthly HomeOwner Associations (HOA) or condominium association dues. Mortgage insurance premiums, if any, and mortgage servicing charges if passed through by the affiliate under the mortgage, are also included.

- B) **Back-End or “Debt to Income” Ratio (DTI):** The DTI upon the affiliate’s origination of each mortgage loan may not exceed 43 percent. DTI is the ratio that compares the total of monthly debt payments that are expected to take more than 10 months to pay off (that is, the mortgage, real estate taxes and insurance premiums, plus car loans and other consumer loans) to gross monthly income of the applicant. The affiliates’ policies must include any process and standards that the affiliate would follow to approve expectations to the general DTI requirement.

DTI calculators can be found online. Here is one example:

<https://www.wellsfargo.com/goals-credit/smarter-credit/credit-101/debt-to-income-ratio/>

9. What if I have student loans?

Note that 0.5% of student loans in deferment or forbearance will be counted in the monthly debt payments. Ex: If you owe \$40,000 in student loans, \$200 will be counted in monthly debt payments. This must be disclosed on the application.

10. What if I cosigned on a loan?

Any loan that an applicant has cosigned on must be disclosed on the application. This will be used as part of the applicant’s Debt to Income.

11. What if I have collection debt or judgments?

All collection debt must have proof of active payment plans or be paid in full. All non-medical collections need proof of payment plans (or paid in full). All judgements for money must be satisfied and there must be no open pending lawsuits. [Go to CCAP Wisconsin Circuit Court Access at: wcca.wicourts.gov]

12. What if I filed for Chapter 7, 13 or any form of Bankruptcy?

Our program requires a minimum of two years since the bankruptcy was discharged, with two years of re-established credit and no late payments or default since the bankruptcy. Any applicant that has filed any form of Bankruptcy must wait two years after the discharge date to apply for the HFHK Homeownership program. Please verify the date listed on your Bankruptcy discharge letter. Bankruptcy or foreclosure must have been satisfied for at least two years. It is recommended that applicants obtain a free copy of their credit report to ensure all credit is reported accurately [Go to www.annualcreditreport.com]. Our program also requires a minimum of three years since a foreclosure or short sale.

13. Who should I contact if I know I have more than \$500 in collections on my credit report?

You should contact a HUD Approved Counseling agency for FREE credit counseling. A list of HUD Approved Counseling Agencies can be found on the HUD website: <https://apps.hud.gov/offices/hsg/sfh/hcc/hcs.cfm>. Please beware of businesses that will promise to fix your credit score or credit report. Any business that makes promises to fix your credit is a scam.

14. Do I have to have money in savings?

Applicants must have a total of \$3,800 in savings.

\$1,000 - Applicants must provide \$1,000 towards closing costs. (\$500 will be paid at time of the applicant signing the program agreement and the remaining \$500 will be paid at closing).

\$1,000 - One year homeowners' insurance - paid in advance by the homeowner.

\$1,800 - Reserves for home maintenance, unforeseen expenses and potential repairs.

15. Is there a fee to apply for the program?

A \$25 non-refundable application fee must be paid at time of application. If mailing a check, it must be received before the end of the application period.

16. Do I have to live in Kenosha?

You must currently reside in Kenosha County and have resided in Kenosha County for at least six (6) months at time of application. All Habitat for Humanity of Kenosha homes are built within the Kenosha county boundaries.

17. Can I pick where my house is located?

You will be offered a lot based on what Habitat has available. You are allowed to pass up one location. You must choose the second location offered or voluntarily withdraw from the program. Lots are located within Kenosha county. We can not take requests and we can not guarantee a specific home area.

18. What if I am married or separated from my spouse?

If an individual is married and seeking to apply for the Habitat Homeownership program both individuals must apply and meet the qualifications for the program. If an individual is separated from their spouse but not legally divorced, they must wait until they are legally divorced in order to apply for the Homeownership program. Given Wisconsin is a marital property state, married couples must apply jointly or if separated, divorce must be finalized.

19. What if I already own a home?

Our program requires that you haven't owned a home during the past three years.

20. Can I rent my Habitat Home?

The Habitat Homeownership program is intended for owner-occupants. Habitat for Humanity of Kenosha does not allow its homeowners to rent their homes. Any Habitat homeowner that is found to be renting their home will be foreclosed on. Any applicant that applies for a Habitat homeownership program with the intent to rent their home will be deselected and barred from reapplying for the program.

21. Do applicants have to be a US citizen?

All applicants must be a permanent resident or US Citizen.

22. Does Habitat perform background checks?

All household members must clear national sex offender registry check. Applicants must clear a criminal background check. All adult household members must sign a general release for a background check and debt verification.

23. What if I have applied for Habitat before?

Applicants are welcome to apply as many times as they would like to Habitat for Humanity of Kenosha, even if you have been denied previously. Please note that if you have applied to another Habitat location, we can not transfer or share documentation. Each Habitat affiliate has their own process, requirements, and criteria. You must apply with the Habitat affiliate that coincides with the location you are applying to own a home.

24. What do I have to turn in with my application?

- Non-refundable \$25 application fee; check, money order, cash (if in person)
- Proof of residency for all adults in household; could include:
 - Birth certificate
 - Copy of ID or Driver's License
 - Passport
 - Permanent Resident/Green Card
- Proof of income for last 30 days; could include:
 - Benefit letter for Social Security
 - Current SSI/SSDI SS, retirement award letter

- Other income sources (child support, alimony, other income)
- Copies of W2s from the past two years
- Copies of last three months of pay stubs

- Current lease
 - If no lease, letter from landlord stating rent amount and who lives in the home

- Proof of bills/debt
 - Copies of last two months of energy bills
 - Copies of last two water bills
 - Copies of last two months of any other ongoing bills
 - Copies of any past due bills
 - Include proof of payment plan for any collection of debt (Collections without a payment plan will be cause for application denial.)

25. Why do you need all of my personal documents, i.e. bank statements and paycheck stubs?

Habitat is qualifying applicants for a mortgage. We must verify your income, credit and assets. During the application and home building process you may be asked several times to provide updated documents.

26. How long until I hear back whether I am approved or not?

The application review process takes several months, please be patient. We ask that you read through the application steps listed on our “Apply for Homeownership” page on the HFHK website. <https://www.habitatkenosha.org/apply-for-homeownership>

27. When do I get assigned a home?

Habitat for Humanity of Kenosha will offer you a home location once you have completed at least 25% of your required sweat equity hours. It is suggested that you start your sweat equity hours as soon as possible. You can sign up for slots on Volunteer Hub: <https://habitatkenosha.volunteerhub.com>

28. How long does it take to get a house?

Habitat can not give a timeline as there are several factors that affect the build process; funding, lot transfers, supply chain issues, weather, a life change for the homeowner, etc. Typically, a Habitat for Humanity of Kenosha home takes 12 -18 months to build.

By signing here you are confirming that you have read all FAQs listed above and understand the program requirements:

Applicant Signature

Applicant Full Name

Date

Applicant Signature

Applicant Full Name

Date