

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 Racine & Kenosha Counties we require the following steps:

- ☐ Obtain an application when the application period is open
 - ☐ From Kenosha Habitat office: 6203 28th Avenue - dropbox outside the door
 - ☐ From Racine Habitat office: 1501 Villa Street
 - ☐ or website: <https://www.habitatkenosha.org>
- ☐ Submit the application
 - In-person; call to make an appointment 262-637-9176
 - or by mail: 1501 Villa Street, Racine, WI 53403
 - 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 Racine & Kenosha Counties"
 - personal check, money order or cashier's check
 - cash (only accepted in person at the Habitat offices)
 - 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. What do I have to turn in with my application?

- ☐ Non-refundable \$25 application fee; check, money order, cash (if in person - do not mail cash)
- ☐ 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
- ☐ A completed “[Zero Income Verification](#)” Form for anyone living in the home that does not have income

- ☐ 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.)

3. 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> or here: [HUD 2025 INCOME LIMITS](#). All Habitat Homeowners are between 30-80% CMI of Racine & Kenosha Counties. Habitat for Humanity of Racine & Kenosha Counties 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. All applicants should have an income that will allow them to apply 30% towards housing. (approximately \$900/monthly)

4. 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.

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

Unemployment, financial aid, TANF, food stamps and Section 8 housing assistance payments 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.

6. 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.

7. Do I need good credit?

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

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.

8. 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

9. 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 applicant's 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/>

10. 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.

11. What if I cosigned on a loan?

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

12. 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]

13. 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 our 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.

14. 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.

15. Do I have to have money in savings?

Applicants must have a total of \$2,500.00 minimum in savings at closing.

\$1,000 - Applicants must provide \$1,000 towards closing costs.

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

\$500 - Reserves for home maintenance, unforeseen expenses and potential repairs. Home Shield add on.

16. 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.

17. Do I have to live in Kenosha or Racine?

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

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. This is a first time homeownership program.

20. Can I rent my Habitat Home?

The Habitat Homeownership program is intended for owner-occupants. Habitat for Humanity of Racine & Kenosha Counties 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 the 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 Racine & Kenosha Counties, 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. 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.

25. 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 this website.

<https://www.habitatkenosha.org/apply-for-homeownership>

26. When do I get assigned a home?

Habitat for Humanity of Racine & Kenosha Counties will offer you a home location once you have completed at least 50% of your required sweat equity hours. Please also keep in mind that we may not have a lot immediately available for selection when you complete 50%, but you will be offered a lot as soon as one becomes available. 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>

27. 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 Racine & Kenosha counties. We cannot take requests and we cannot guarantee a specific home area. Keep in mind, if you are from Kenosha, you will be offered a Kenosha lot. If you are from Racine, you will be offered a Racine lot.

28. Can I pick how many bedrooms I want?

Habitat for Humanity of Racine & Kenosha Counties adopted the HUD bedroom guidelines to help determine house size. They are as follows:

- Parents have a separate bedroom from other family members.
- Dependent adults have a separate bedroom.
- Female and male children do not share a bedroom.
- Same-gender children share a bedroom if the age difference is not more than five years.

- A household member with special needs ***might*** need a separate bedroom. Case by case.
- Each family member will be able to sleep in a bedroom.
- The family is not expected to outgrow the house within the first year.

Habitat for Humanity of Racine & Kenosha Counties standard house size is 3 bedrooms, with 1 ½ bathrooms.

30. Do homeowners get to pick the design layout or finishing touches on the homes?

Habitat for Humanity of Racine & Kenosha Counties cannot guarantee a certain home design layout or any finishing touches on homes being built. Selected homeowners will be able to complete a “Homeowner Option” form in which they can select some basic options for their home.

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

Habitat cannot give a timeline as there are several factors that affect the build process; funding, lot transfers, supply chain issues, weather, volunteer involvement, a life change for the homeowner, etc. On average, a Habitat for Humanity of Racine & Kenosha Counties home takes 12 -18 months to build.