



Welcome to the Columbia County Habitat for Humanity Homeowner program! CCHFH hopes to provide potential applicants with sufficient and detailed information to make an informed decision about participation in the program. Please review our informational video available at: habitatcolumbiacounty.org/own-a-home

Habitat's vision is of a world where everyone has a decent place to live. It is a nonprofit, ecumenical Christian organization working to build strength, stability and self-reliance in partnership with families in need of decent and affordable housing. Our mission statement is:

[Seeking to put God's love into action, Habitat for Humanity brings people together to build homes, communities and hope.](#)

Habitat will help you obtain an affordable mortgage and offer financial and home ownership training along the way. Partner families are expected to gather documentation for the loan application, actively participate in home construction, maintain credit worthiness throughout the process and work with the provided mentor.

How are homes affordable?

Habitat can utilize several different strategies to sell homes at an affordable cost. Most importantly, new homes frequently are sold through [USDA Rural Development 502 Direct Single Family](#) loans. These loans have a low fixed rate interest and in some cases have subsidized interest based on household income which is adjusted annually.

Additionally, although homes are sold for their appraised value, Habitat has the option of carrying a portion of the cost with a second mortgage that decreases over time but does not require payments. For example, if a home is sold for \$200,000 and your USDA home loan qualifies for \$150,000 then Habitat may offer a "silent second mortgage" of \$50,000. You would make no payments on this loan, but every year that you live in the home, a portion of this second mortgage is forgiven. The loan is generally forgiven completely by the time you pay off the first mortgage. In our example, if the original loan was for 30 years and you sold your home after 15 years, you would need to pay \$25,000 back to Habitat from the proceeds of the sale. If you sold the home after 30 years, however, there would be no fee to pay on the sale of the home.

At times Habitat has access to funding sources that may help with down payment or closing costs. One of the options includes the [Oregon IDA matched saving program](#). With this program you generate a goal and a plan to save money monthly towards meeting that goal. In the meantime you are required to take educational classes regarding finances and home buying and at the end, your savings goal is matched by the state of Oregon, typically \$3 for every dollar you've saved which can make a big impact when it comes time to close on your home!

Your total household payment (including insurance, interest and taxes) will not exceed 30% of your gross income.

Typical timeline

Usually CCHFH has land secured with home plans designed before our applications open for that specific project site. When our new round begins you may submit an application before the deadline posted. This Habitat application is to establish whether or not the qualifications are met for the Habitat program and the likelihood of success with a USDA Rural Development home loan application. There is no cost to apply to Habitat. Within 30 days of the posted deadline, you will be notified whether your application will proceed to that process or if the qualifications were not sufficient to continue.

Applicants who move to the USDA application will complete all the documentation at our local Habitat office in St. Helens and include a check or money order of \$25 for the credit check. After the applications are submitted (as a batch) we wait for the USDA to review the file. This process is the longest part and can take 5-10 months before it is reviewed. Once the file is picked up, they will require speedy responses to keep your application active. You will be asked to submit the two most recent bank statements and two months of recent, consecutive paystubs. They generally also request other documentation specific to your application. If they discover any debts that you did not declare up front, this can put the entire application in jeopardy, so honesty up front is best!

It is important to notify Habitat once you receive your Certificate of Eligibility (COE) from the USDA. Once all the applicants have received a COE, our Family Selection committee will meet to prepare for Home Visits to all remaining candidates. Generally two members of the committee will meet you and the members of your household in the home you are currently residing. After meeting all the families, the committee members will bring their notes together to discuss which candidate they feel has the most need and the selected "Partner Family" will be decided by a vote of the Board of Directors.



After you have been chosen as the “Partner Family” you will be assigned a mentor to work as a liaison between you and the Board. You may begin working towards your “Sweat Equity” hours at this time! After the home is finished and the loan closing process has completed, you may move in and begin building equity in your new home.

If you are NOT the selected Partner family but were still qualified for the USDA loan, you may take that paperwork to a realtor of your choice and pursue a home purchase outside of the Habitat program.

Sweat equity? What’s that?

“**Sweat Equity**” refers to the actual hands-on physical involvement of prospective homeowners in the construction of their homes, as well as in other Habitat and community activities.

Sweat Equity meets three important goals:

1. **Builds Partnership.** The goal of sweat equity is to provide opportunities for meaningful interaction between Homeowner Families, affiliate representatives and Habitat volunteers. Habitat for Humanity is not only about building houses; our mission extends to uplifting families and building community. The best way for Homeowner Families and volunteers to be acquainted is to work alongside each other.
2. **Builds Ownership.** Habitat for Humanity is not a giveaway program. We offer a “hand up” rather than a handout. Habitat for Humanity works with, rather than for, families in need to build their own homes and a brighter future.
3. **Builds Skills and Knowledge.** The sweat equity program is designed to offer new homeowners a wide variety of opportunities to gain skills and knowledge that will help them successfully adapt to their new home. On the building site, Homeowner Family members will gain a real understanding of the construction of their home and maintenance issues they will face after occupancy. The Homeowner Education series offers valuable information to Families.

The Partner Family can also receive volunteer hours from family, friends and previous Habitat homeowners. These hours will go toward the requirement of 400 hours, but will be limited to 50% of the total hours. You may not solicit sweat equity hours from on-site volunteers.

The Partner Family and their Advocate will work together on a plan for completing the sweat equity requirement. Each Partner Family will be issued a set of tracking forms for logging sweat equity hours, and periodically meet with their assigned advocate. It is important to keep these logs up to date and on hand. These forms must be submitted to the office for recording at the end of each month.

Sweat Equity hours are in not intended to serve as a down payment and have no monetary value. If the family becomes ineligible or is deselected for any reason, there will be no payment for this labor. The home will not actually be yours until the closing paperwork is signed.

How are families chosen?

Partner families are chosen based on three main criteria:

Ability to pay:

- Annual gross income should fall within 35%-60% of the HUD Guidelines for Columbia county based on your family size. Not all incomes are treated equally, however so even if you are close but not quite within this range we encourage you to apply!
- Debt to income ratio: if your debt is too high at this time as a ratio of your income, we will encourage you to pay down your debt first before applying again. Some families have been selected after multiple applications!
- Be aware of any liens or judgements in your credit history. Bankruptcy within the past three years is a reason for denial at this time.
- Credit scores at or above 640 do not need further proof of consistent payment history. If your credit is below that, we can use alternative means of credit instead. In this case, the USDA will require three sets of documentation showing 12 months of on-time payment. Histories can be rent, utilities, or any consistent monthly payments for past 12 months in EACH applicant's name

Need: Living in substandard conditions (disrepair, maintenance deferred, etc.) *or* unaffordable (defined as 30% or more of gross income).

Willingness to partner

Active participation with:

- Returning communication and documentation with Habitat
- Home Visits from members of Family Selection committee
- Home construction and sweat equity hours
- Saving for closing costs
- Completing educational components required

