

**Welcome
to
Habitat for Humanity
Jackson, TN Area,
Inc.**

**Homebuyer
Orientation**



**Habitat
for Humanity®**
Jackson, Tennessee Area, Inc.

MISSION & VISION

- ◆ **Our Mission**: Seeking to put God's love into action, Habitat for Humanity brings people together to build homes, communities and hope.
- ◆ **Our Vision**: A world where everyone has a decent place to live

Habitat for Humanity Jackson, TN Area, Inc.

- People in our community partner with Habitat for Humanity to build or improve a place they can call home.
- Habitat homebuyers help to build their own homes alongside volunteers and pay an affordable mortgage. With our help, Habitat homebuyers achieve the strength, stability and self-reliance they need to build a better life for themselves and their families.

SUCCESS

35

Years

of

Service

We view our work as successful because:

1. It transforms lives and promotes positive and lasting social, economic and spiritual changes within a community.
2. We have built over 104 homes in the Jackson area since 1986. *(Each time you make a mortgage payment, you are paying it forward, allowing us to build another home for another family.)*
3. Our program is an opportunity for you to BUY a NEW home!

THE NEED



- We know there is a need in our community for decent, affordable housing.
- The average or fair-market rent in Jackson is **\$832.00** for a two-bedroom apartment.
- To afford the average rent and not be cost-burdened, an individual would need to make \$17.33/hour or work 95.6 hours/week if he/she is earning TN's minimum wage of \$7.25/hour.

Why Habitat?

Habitat exists to make the dream of homeownership a reality for local individuals and families who cannot qualify for traditional mortgages due to income requirements.

HOW IS THIS POSSIBLE?

- ◆ **We don't charge you what it costs us to build a home.**
- ◆ **Your mortgage payment will include PTI:**
 - ◆ **Principal** (The principal amount of the loan is the amount you borrowed and have to pay over 30 years.)
 - ◆ **Taxes** (City of Jackson and Madison County)
 - ◆ **Insurance** (Homeowners Insurance is required.)

NOTE: Volunteers, faith-based organizations and businesses give their time, money and resources (employees) to help you build your home.

AFFORDABLE MORTGAGE

**Homes are sold to qualified buyers at no profit
and no interest.**

30-YEAR MORTGAGE

**0% INTEREST PAID OVER THE LIFE OF YOUR
LOAN**

EXAMPLE: TRADITIONAL MORTGAGE

*Based on a 30-year traditional mortgage with an annual percentage rate of 4.50%.**

\$100,000	Purchase Price
<u>-3,500</u>	Down Payment (3.5%)
96,500	Amount Financed (Principal Balance)
<u>68,283</u>	Interest Paid Over The Life of the Loan
\$164,783	Total Paid Over the Life of the Mortgage



Approx. Monthly Principal and Interest Payment = \$836.00 (according to Bankrate.com)

When you buy your home through Habitat – you will obtain a basically interest-free mortgage.

**Numbers round to the nearest dollar.*

EXAMPLE: HABITAT MORTGAGE

Based on a 30-year traditional mortgage with an annual percentage rate of 0.00% (Zero, Cero, Nada, Nothing).

\$100,000.00	Purchase Price
<u>0.00</u>	Down Payment
100,000.00	Amount Financed (Principal Balance)
<u>0.00</u>	Interest Paid over the life of the loan
\$100,000.00	Total Paid Over the Life of the Mortgage

Approx. Monthly Principal Payment = \$278.78



Examples of HFHJTA mortgage payments

Bedrooms/Family Size

- 3 Bedrooms (1 – 4 person household)
- 4 Bedrooms (4 – 6 person household)
- 5 Bedroom (6 – 8 person household)

Approx. Mortgage Payment

- 3 Bedroom = \$90,000 total/
\$500.00/month
- 4 Bedroom = \$95,000 total/
\$515.00/month
- 5 Bedroom = \$100,000 total/
\$530.00/month

Sample totals above include Principal, Taxes and Insurance.

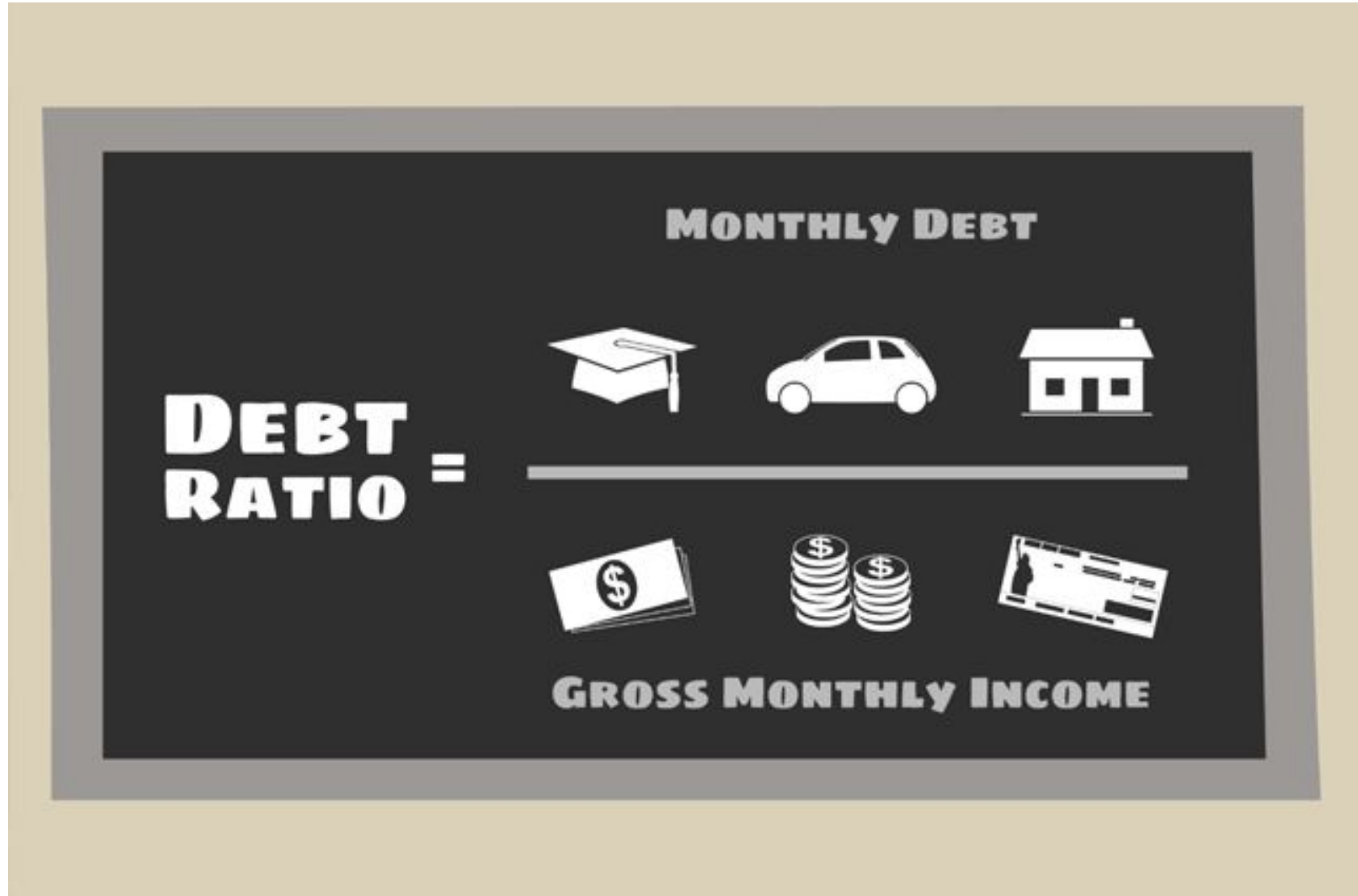
Homes can/may appraise for less or more than above examples.



This is a
HOME*BUYING* PROGRAM
How to manage the balancing act
of
income vs. debt

CAN I AFFORD TO BUY A HOME?

THE NEXT SLIDES
DEMONSTRATE
HOW
DEBT
AFFECTS
YOUR
ABILITY TO
OBTAIN
A HOME LOAN.



Applicants Must Have Income to Support Their Current Debt and the New Mortgage Payment

HOW TO QUALIFY

Debt To Income Ratio (43% DTI)

- Simply put, this means your income has to support your current outstanding fixed expenses/bills + your new mortgage payment.

Housing Expense Ratio (30% DTI)

- To calculate, divide your new monthly mortgage payment by your monthly gross income. (Should not exceed 30%)

Note: Depending on our funding source, a 620 credit score may be required as well as a lower DTI and Housing Expense Ratio.



STUDENT LOANS are calculated into the DTI even if they are in DEFERMENT.

If you have student loans in deferment, the new rule allows lenders to assume that you're paying 1% of the balance each month for the purposes of calculating DTI.

So to clarify, regardless of the payment status of your student loans, we are required to calculate a monthly payment by using either:

- **The greater of:**
 - **1% of the outstanding balance on the loan; or**
 - **Half of a percent (.50%) of the outstanding balance on the loan if your payment letter says zero is due each month. (remember we have to count a payment!)**
 - **The monthly payment reported on your credit report; or**
- **The actual documented payment, if that payment will fully pay the loan off over its term.**

EXAMPLE:

A borrower paying down \$40,000 in student loan debt in a 25-year extended repayment program would have a monthly payment of about \$218 a month. But under the new rule, We will have to assume their monthly obligation is \$400 a month (1% rule).

CHILD SUPPORT

- ◆ If you have a court order to pay or receive child support, we have to include it as household income/debt regardless of payment history.
- ◆ With your permission and case number, we can retrieve child support payment history from the State of TN website.

HO
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BUILD

- We build decent, affordable homes.
- We are an energy efficient and renewable builder (certified by the Dept. of Energy)
- This type of construction is efficient in its use of local and renewable materials, in the energy required to build it, and the energy generated while living in it.

HO
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E
BUILD

- ◆ We build ADA-compliant, 3-, 4- and 5-bedroom, 2-bathroom homes that are approx. 1,200 to 1,800 sq. feet and can be one- or two-story.
- ◆ Homes come with a 1-year limited builder's warranty.

CONSTRUCTION: ROOF

The roof is constructed with dimensional shingles.

- Dimensional shingles are a beautiful product, and some neighborhoods and gated communities require them instead of the basic flat shingles. Clearly, they're a valued asset to any home.

CONSTRUCTION: WINDOWS

Jackson Habitat uses double-paned windows.

These windows:

- Insulate your home far better than single-paned windows.
- Are more energy-efficient than single-paned windows
- Provide some noise control
- Help with condensation

SAVING ENERGY & MONEY

- ENERGY STAR[®]-rated Whirlpool appliances
 - Refrigerator
 - Stove
 - Dishwasher
 - Washer and Dryer
 - Garbage Disposal
- We install new, high-efficiency air conditioning and heating units.
- Ceiling fans
- Smoke detectors

THE YARD

- The front and backyards are sodded.
- The front yard is landscaped with shrubs and flowers.

**MAKE
IT
YOUR
STYLE**

As a partner family, you get to select:

- Colors (paint) for the exterior of your home
- Countertops
- Flooring (carpet and vinyl)

Habitat provides samples of all available choices for each house building season.

2022 House Building

Lots will include those located in the Jackson area.

We will inform you of the exact lot location when those the details are available.

**WE ARE
WORKING TO
BUILD
and/or
REBUILD
COMMUNITIES**

- When you partner with Jackson Habitat, you are helping improve your community. Habitat focuses on building on vacant lots in communities that need new investment.
- Habitat provides a basically 0% interest loan. You select a lot from our available inventory.

**Are you ready to
partner with
Jackson Habitat to
buy your new
home?**

How to become a Jackson Habitat Homebuyer

Need, Willingness to Partner, and Ability to Pay



Habitat
for Humanity®

Jackson, Tennessee Area, Inc.

THE THREE TENANTS OF HABITAT FOR HUMANITY HOMEOWNERSHIP PROGRAM

NEED	PARTNER	PAY
<p>Families must currently live in an inadequate housing situation.</p> <p>Habitat defines this type of housing as:</p>	<p>Each family accepted into the program is required to:</p>	<p>Have stable, verifiable income sufficient to support a monthly mortgage payment and other expenses. (HUD guidelines)</p>
<ul style="list-style-type: none"> • Substandard Conditions • Homelessness • Overcrowding • Cost-Burden 	<ul style="list-style-type: none"> • Attend a certified Pre/Post Homebuyer Education class • Complete minimum 200 sweat equity hours • Save \$1,800 closing cost fund. <u>Can be paid monthly.</u> 	<ul style="list-style-type: none"> • Make monthly mortgage payments <u>on time</u>

Income Guidelines

<u>Household Size</u>	<u>Gross Yearly Income</u>	<u>Household Size</u>	<u>Gross Yearly Income</u>
1	\$17,500 - \$35,000	5	\$27,000 - \$54,000
2	\$20,000 - \$40,000	6	\$29,000 - \$58,000
3	\$22,500 - \$45,000	7	\$31,000 - \$62,000
4	\$25,000 - \$50,000	8	\$33,000 - \$66,000

Having income within these guidelines does not guarantee eligibility. Applicants must prove their ability to afford the monthly payments and household expenses.

Qualification Guidelines

Please note that the following circumstances will result in a denial of your application.

Applicant or co-applicant has had an **ownership interest in real property** (including timeshare ownership) within the past three years.

Applicant or co-applicant has had a **foreclosure or given a deed in lieu of foreclosure** within the past four years.

Applicant or co-applicant has unpaid **tax liens, collections accounts, or judgments (including medical bills)** showing on their credit report.

Applicant or co-applicant is **presently in bankruptcy**. (Prior Chapter 7 bankruptcies must have been discharged a minimum of two years prior to application, and acceptable credit must have been re-established. Prior Chapter 13 bankruptcies must have been discharged a minimum of one year prior to application; all payments under the plan must have been made; ***and acceptable credit must have been re-established***).

Inaccurate, materially misleading, or false information is provided on the application or during the application process.

Must have a two (2) year work history. Gaps in employment over 30 days will require a written explanation.

Criminal history is also considered in our evaluation of a family's suitability and eligibility for the Habitat Homeownership Program. Any history of felony, drug, weapons, sexual, or violent offenses (including arrests and/or convictions), may constitute grounds for denial of an application.

Habitat for Humanity Jackson, TN Area, Inc. is pledged to the letter and spirit of the U.S. policy for the achievement of equal housing opportunity throughout the nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion, sex, handicap, familial status, or national origin. Habitat for Humanity Jackson, TN Area, Inc. is an equal opportunity employer.



**EQUAL HOUSING
OPPORTUNITY**

CREDIT & BACKGROUND

- Applicants need to have passable credit with no judgements or liens.
- All collections need to be paid in full (this includes medical bills).
- Applicants must pass a Background and Sex Offender Registry check, as well as any household member 18 or older.

THE APPLICATION

Please complete each line of the application and provide all applicable documentation.

An incomplete application could result in a denial of application/delay the application process.



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OPPORTUNITY**

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THE PROCESS

- Mail or drop off your completed application with all applicable supporting documentation.
- Family Services will inform you if you're approved to move to the next phase, which is a home visit.
- After the home visit, your file will be presented to the Family Selection Committee for approval.
- Approved files are then sent to the Habitat Board for final approval.
- You will receive a Letter of Acceptance or Denial regarding your acceptance into the program.
- Attend homebuyer education classes
- STAY APPROVABLE!

NOTE: Due to COVID-19 concerns, we will not conduct any face-to-face application appointments.

HOW TO APPLY

- Once you have completed the application and gathered all the documents, you can mail or drop it off to us
- Our contact information:
Homebuyer Hotline– 731-736-1767, ext. 6 or
homebuyer@jacksonhabitat.com
- You can mail or drop off your completed application to: Habitat for Humanity Jackson, TN Area, Inc. ATTN: Family Services Dept.
1668 N. Parkway
Jackson, TN 38301

NOTE: We will not process applications face-to-face. Any follow-up meeting will be scheduled in a timely manner after the application and \$25 money order has been submitted / dropped off.

Are you
ready to
partner and
buy a home
through
Jackson
Habitat?



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NEXT STEPS:

1. Click the button below this screen to take the homebuyer orientation quiz.
2. After you complete the quiz and click 'Submit', you'll receive a link to download an application for the program.

Have questions? Please contact either:

Homebuyer Hotline – 731-736-1767, ext. 6

or homebuyer@jacksonhabitat.com

Thank you for your interest in partnering with us!