



# FAQ SHEET

A Hand Up, Not a Hand Out!

"When you give a man a fish, he lives for a day. When you teach him how to fish, he lives for a lifetime."

## **What is Habitat for Humanity International?**

- A nonprofit, ecumenical Christian housing ministry.
- We seek to eliminate poverty housing and homelessness from the world and to make decent shelter a matter of conscience and action.
- To accomplish these goals, we invite people of all backgrounds, races and religions to build houses together in partnership with families in need.
- Habitat for Humanity was founded in 1976 by Millard Fuller, along with his wife, Linda.
- Today, we have built over 350,000 houses around the world, providing more than 1.75 million people in 3,000 communities with safe, decent, affordable shelter.

## **How does it work?**

- Through volunteer labor and donations of money and materials, Habitat builds and rehabilitates simple, decent houses alongside our homeowner (partner) families.
- Habitat is not a giveaway program. In addition to a down payment and monthly mortgage payments, homeowners invest hundreds of hours (350-500 hours) of their own labor (sweat equity) into building their Habitat house and the houses of others.
- Habitat houses are sold to partner families at no profit and financed with affordable, no interest loans. Homeowners gain equity through long term homeownership.
- The homeowners' monthly mortgage payments are used to build still more Habitat houses.

## **How are partner families selected?**

- Families in need of decent shelter apply to local Habitat affiliates.
- The affiliate's Family Selection Committee chooses homeowners based on their level of need, their willingness to become partners in the program and their ability to repay the loan.

- Every affiliate follows a nondiscriminatory policy of family selection. Neither race nor religion is a factor in choosing the families who receive Habitat houses.

### **What are Habitat affiliates?**

- Community-level Habitat for Humanity offices that act in partnership with and on behalf of Habitat for Humanity International.
- Each affiliate is an independently run, nonprofit organization.
- Each affiliate coordinates all aspects of Habitat home building in its local area—fundraising; building site selection, partner family selection and support, house construction, and mortgage servicing.

### **What is the History of Habitat for Humanity of Utah County?**

- Independently run affiliate of Habitat for Humanity International.
- Affiliated in 1991 by a group of local community members that were concerned about substandard housing in the county.
- Works with low-income individuals and families living in Utah County.
- Since its inception, the local organization has built or renovated 41 homes providing 68 adults and 139 children safe and affordable housing and a stable home environment.

### **What additional programs does Habitat for Humanity of Utah County offer?**

- Habitat for Humanity of Utah County owns and runs a ReStore Home Improvement Outlet where it sells and accepts donations new and used building material, appliances, and furniture to and from the general public to raise funds for its affordable housing mission and to clean-up the local environment.
- Habitat recycles aluminum cans, paper, cardboard, and plastic bottles to raise money for its mission.
- The affiliate offers a vehicle donation program called Cars for Homes.
- Partnering with Community Action Services and Food Bank, the organization provides a free five class home maintenance course for the community.
- Habitat facilitates a free “Getting Ahead in A Just Gettin’-By World” life planning program for those living in poverty in Utah County.
- The affiliate operates a free tool-lending library open to all residents in Utah County.

### **How does a local individual or family qualify for a Habitat for Humanity of Utah County home?**

- Must live or work in Utah County for at least one year.
- Be a United States Citizen or have permanent resident status.
- Have the same source of income for six months or show an improvement of income in same time-period.
- Be living in a substandard situation.
- Earn 25 to 60 percent of the area’s median income with manageable debt.

- Demonstrate the ability to make monthly payments.
- Be willing to partner with the local organization.
- Provide a minimum of 350 to 500 sweat equity.
- Pay a down payment of \$500.00 and closing costs.

### **What are the requirements of a Habitat for Humanity of Utah County partner family?**

- Families must attend homebuyer education and budget counseling at Community Action Services and Food Bank.
- Adult family members must complete a five class home maintenance course offered by Habitat and Community Action.
- One adult family member must graduate from the 12 week local Getting Ahead life planning program.
- Families must complete sweat equity requirements and abide by the rules of the program.
- Once the home is sold to the family, they are required to make a monthly house payment and maintain their home and property to a community standard.

### **Typical Mortgage Set-Up**

The partner family is provided with two mortgages. The first mortgage is based on the cost to build the home and the second is the difference between the market value on the home and the first mortgage. Families pay on the first mortgage only. The second mortgage is silent and no payment is required. After 10 years of homeownership, a percentage of the second mortgage is then forgiven annually until the term of the mortgage is over – giving the homeowner all the equity and appreciation in the home.

#### ***Example***

*Market Value \$180,000*

*1<sup>st</sup> mortgage \$100,000 This is the amount the payment is based*

*2<sup>nd</sup> mortgage \$80,000*

The affiliate tries to keep the first mortgage payment between 21-28 percent of a partner family's gross monthly income. The first mortgage is determined by the construction labor and material costs, any donations that would have been paid for otherwise, and a portion of the land price (25 percent or \$15,000, whichever is greater). Mortgage payments go into a revolving fund helping Habitat serve other families in need of safe and affordable homeownership in our community.

#### ***Example***

*Regular Construction Costs \$90,000*

*Building Permit donated by XYZ City \$18,000*

*Electrical Parts and Labor donated by Lights On Electric \$5,000*

*Land \$15,000*

***Total First Mortgage \$128,000***

***Example***

*Gross Monthly Income \$1,800*

*First Mortgage Monthly Principal Payment (including taxes and insurance) \$504.00*

**Benefits of Homeownership**

Research studies show that homeowner benefits include wealth accumulation, improved safety and security for homeowner families and their neighborhoods, improved health for homeowners and their children, improved education among homeowner's children, better behavior and increased work productivity, as well as enhanced civic and political participation among homeowners. Moreover, the stability of homeowners can also stabilize the surrounding neighborhood, providing positive benefits to the community as a whole. In addition, these research findings have been reinforced by the success of organizations like Habitat for Humanity. See Habitat's 2010 Shelter Report for further statistics and information at [http://www.habitat.org/gov/take\\_action/shelter\\_report\\_2010.aspx](http://www.habitat.org/gov/take_action/shelter_report_2010.aspx).