Orange St, Sheridan Hollow, Abany, NY 12210

homebuyer handbook

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Habitat for Humanity® Capital District

Habitat Office: (518) 462-2993
207 Sheridan Ave., Albany, NY 12210

We build strength, stability and self-reliance through affordable homeownership.

Dear homebuyer,

Congratulations! You have been approved to purchase an affordable home from Habitat for Humanity Capital District.

We created this Homebuyer Handbook to guide you through the process of purchasing a home from Habitat for Humanity. This handbook, along with the attachments, should answer many of your questions about what to expect and how to be a successful homeowner. Please reach out to us with any questions you may have.

Again, congratulations! We look forward to partnering with you.

Sincerely,

Christine Schudde
Executive Director

Habitat for Humanity follows a nondiscriminatory policy of family selection. We are 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.

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Habitat for Humanity Capital District helps individuals and families achieve

strength, stability and **self-reliance** through **shelter.**

As active participants in building a better future for themselves and their families, **qualified Habitat homebuyers are...**

in need of better housing

Potential homebuyers might be dealing with poorly made, unhealthy or inadequate housing; unaffordable rent; homes inaccessible for their disabilities or damaged by natural disasters; or have other shelter needs.

willing to partner with Habitat

Habitat homebuyers put in hundreds of hours of **"sweat equity"** helping build their own home and the homes of others in the program. This might also include classes in personal finances, home maintenance and other homeownership topics.

able to pay an affordable mortgage

Habitat offers homebuyers an affordable mortgage. Their mortgage payments cycle back into the community to help build more affordable houses.

What is Habitat for Humanity?

Habitat for Humanity is a global nonprofit housing organization working in local communities across all 50 states in the U.S. and in approximately 70 countries.

Habitat welcomes people from all walks of life to partner in serving families in need and creating a better community for everyone who lives here.

Our service area includes Albany, Rensselaer and Southern Saratoga counties, where we have built over 150 homes in partnership with local families. Collectively, Habitat has helped more than 39 million people meet their affordable housing needs around the world.

Habitat's vision is of a world where everyone has a decent place to live. Habitat works toward our vision by building strength, stability and self-reliance in partnership with people in need of a decent and affordable home.

Habitat partners with people to help them build a place they can call home. Homeowners work alongside volunteers to help build their own homes, which they then purchase with an affordable mortgage.

No matter who we are or where we come from, we all deserve to have a decent life. We deserve to feel strength and stability day after day.

How does Habitat for Humanity work?

Step 1. Habitat homebuyers are qualified based on their **level of need**, their **willingness to partner** with us, and their **ability to repay an affordable mortgage**.

Step 2. Habitat uses a combination of private donations and public funding to buy **quality construction materials** or sometimes receives donated materials. Habitat is committed not just to building homes, but to building community. We prioritize our construction efforts within focus neighborhoods to maximize our impact.

Step 3. Under the supervision of our expert staff, **volunteers give of their time and energy** to help Habitat families build their new homes.

Step 4. Each homebuyer volunteers 100 hours of their time and effort— what we call **"partnership hours"**— on the construction site and in the Habitat ReStore. They also attend **homeownership and financial education** classes.

Step 5. Habitat is not a giveaway program. Like other homeowners, each Habitat homeowner pays for their home by making monthly payments on their affordable mortgage.

The homeownership process

Congratulations on your acceptance into Habitat's program! Here are the key milestones in your journey to homeownership.

1. Partnership agreement

Your acceptance into the program means that you have met Habitat's criteria for selection and have been pre-approved for a home loan. We will now work with you to obtain an affordable mortgage from one of our banking partners. As you go through this process, you will also work toward fulfilling your Habitat partnership commitments. The first step is to meet with a Habitat team member to review and sign your partnership agreement. This agreement outlines Habitat's commitment to you and also explains your commitments to us. You will also review and complete our media release agreement, which will document the ways in which you agree to allow Habitat to share parts of your story.

Please insert a copy of your Partnership Agreements under ATTACHMENT 1.

2. Real estate contract (also known as "purchase contract")

In order to move forward with the mortgage loan application, you will enter into a written real estate contract with Habitat for the purchase and sale of your home. This is a legal contract between you and Habitat that specifics the address of the home you will be purchasing. Congratulations!

Please insert a copy of your real estate contract under ATTACHMENT 2.

3. Mortgage loan application

You have already been pre-qualified for a mortgage loan by one of Habitat's banking partners. Now, you will need to complete the bank's official lending application. You may also need to submit additional documentation to the bank's lending officer.

4. Partnership hours

Now that you have been accepted into the Habitat program, you are eligible to begin working on your partnership commitment. Sweat equity is a core tenet of Habitat. The term refers to the hands-on involvement of prospective homeowners in the construction of their homes and in other Habitat and community activities. You will work on completing your partnership commitment throughout the mortgage application process—start early so you can finish by the time your house is ready!

Please see ATTACHMENT 3 – Partnership Policy.

5. Financial preparation

It is important to start saving money in a bank account for your home closing. Depending on your household income and the location of your new home, you may be eligible for a down payment assistant grant to help you cover costs associated with the closing process. A Habitat team member will help you determine if you are eligible and will assist you in completing the application.

The most common down payment assistant grants are:

- **City of Albany Home Acquisition Program (HAP)** - When funds are available, the Albany Community Development Agency (ACDA) provides up to $14,900 for homebuyers in the City of Albany.

- **City of Troy Home Incentive Program (HIP) -** When funds are available, Troy Rehabilitation and Improvement Program (TRIP) offers up to $30,000 for homebuyers in the City of Troy.

- **Reparative Housing Justice Fund (RHJF) –** Up to $10,000 available in assistance to first-time homebuyers in the City of Albany who identify as Black or African American.

Cost	**Amount Owed**	**Due**
Habitat deposit	$500	Now
Typical cash to close	$2,000	Thru mortgage process
Closing cost w grants	$750 – $1,000	At closing

Other necessary financial preparation:

- Moving expenses after closing day!
- Homebuyer education: **$99** – individual advisement and online homebuyer education with a HUD-approved agency
- Any childcare, transportation, or other expenses you'll need to complete partnership hours
- Your home insurance premium, due at the end of your loan process (varies – shop around!)
- Your down payment – Use your Loan Estimate as an initial guide

6. Homebuyer education

As part of your sweat equity commitment, you must complete homebuyer education coursework. Depending on the location of your home, you will either complete a course offered by the Affordable Housing Partnership (AHP) or Troy Rehabilitation and Improvement Program (TRIP). Additionally, you may be required to complete coursework directly through Habitat for Humanity.

Please see ATTACHMENT 5 for more information on homebuyer education.

7. Final walk-through and maintenance class

Before you close and move into your home, you will meet with a Habitat construction staff member for an on-site orientation and home maintenance training. This will happen as part of the final walk-through of your home before closing.

8. The closing

This is the day that your new home will be legally transferred to you—you will become a homeowner! You will need to hire an attorney to help review your closing documents and represent you at the closing. We suggest checking with your employer or union to see if you have a no-cost legal representation benefit. You may also reach out to The Legal Project to inquire about their Affordable Real Estate Attorney program.

The bank, attorneys and you will coordinate a date and time to schedule the closing, where you will sign and finalize all paperwork including the mortgage and note, deed and other agreements that will be reviewed with you ahead of time. You will also pay any closing costs at this time.

De-selection policy

There are circumstances that could cause you to become ineligible to purchase a home from Habitat for Humanity. De-selection can occur at any time prior to the closing on grounds including, but not limited to:

- Fraud or misrepresentation of facts or information on your application
- Failure to complete the requirements set forth in the Partnership Agreement
- Negative changes in economic circumstances which may disqualify the applicant from obtaining a mortgage from the bank
    - Change in employment (Example: loss of job)
    - Credit (Example: late payments, increase in debt)
    - Change in household size or composition
- Presence on a sexual offender database

If anything in your application changes, please notify us as soon as possible. It may be possible for us to work with you to preserve your participation in the Program. Open communication and honesty is your best assurance against a sudden and unexpected de-selection notice. It's better to speak with us about changes in your situation so that we can try to help keep you in the program, than to withhold information and be de-selected right before you are scheduled to buy the home.

Sex offender registry policy

As an affiliate of Habitat for Humanity International, we are required to check the names of potential homeowners in the sexual offender databases. If your name is found in the sexual offender database, you will be de-selected from the Habitat program.

Sweat equity requirements

Your partnership agreement **(ATTACHMENT 1)** outlines a schedule for successfully completing your sweat equity requirement as well as important sweat equity milestones. Each homebuyer, including any co-applicants, must complete 100 hours. The following is an explanation of the break-down of the minimum sweat equity requirements.

Build days	50 hours (minimum)
Community hours	10 hours (minimum)
Self-directed hours	40 hours (minimum)
TOTAL	**100 hours**

At least 50 hours must be completed by attending scheduled build days
At least 10 hours must be completed by attending community events (examples below)
The remaining required 40 hours can be completed in ways of your choosing (guidelines below)
Up to 25% of your self-selected hours can be completed by friends and family.

Build days

Approximately once a month, Habitat will schedule a "build day" for all homebuyers. All homebuyers must attend a total of 50 hours of build days. The purpose of these build days is to meet your neighbors as well as help you connect to your future home through skills building.

We will try our best to give at least two weeks' notice, allowing you time to adjust your schedule to attend. As always, communicate with us as soon as any challenges arise that may make it difficult to attend or participate.

Community hours

You will need to attend at least 10 hours of community events. This may include attending the neighborhood association meeting for your future neighborhood or participating (or organizing!) a neighborhood revitalization event such as a clean-up.

Self-directed hours

You are in control of how you choose to track the remaining 40 hours. You can track any time spent in homebuyer education, working with the bank, or coming to the office for partnership tasks as at-choice hours. You can also volunteer regularly at the ReStore or sign up for more construction site shifts to complete these hours.

Another idea is to allow Habitat to share your story in a blog post or fundraising letter. Occasionally, we'll come up with some opportunities for all homebuyers to participate in. You are also welcome to bring your ideas to us! Check in with homeowner services to see if your idea can count.

Tip: Use these questions as a guide for thinking about community and at-choice hours: ***"How can I connect with my new community? How can I help build community?"***

Up to 25% of the 40 self-selected hours may be completed by non-household friends, relatives and/or support groups, or what we call "Friend & Family Hours". In order for "Friend and Family Hours" to count toward your sweat equity requirement, at least one household member (16 years or older) must be present and working alongside them. Note: You will be completing your sweat equity commitment alongside many other volunteers from local companies, schools, faith groups. Under no circumstance are you allowed to solicit hours from these volunteers to use toward your sweat equity commitment.

Exceptions to the above requirements may be made on a case-by-case basis by the Executive Director.

How do I get started?

You must schedule your sweat equity hours—as well as your "Friend and Family Hours"—in advance with a Habitat staff member. If you do not schedule in advance, you may be turned away from the construction site, ReStore or office if there isn't enough work for you to safely complete.

Prior to beginning your sweat equity, you must sign a volunteer waiver and create a VolunteerLocal profile. It is your responsibility to make sure that anyone helping with you "Friend & Family Hours" also completes a volunteer waiver.

The Hand Up – partnership newsletter

Periodically, you'll receive an email from us with program updates, including upcoming sweat equity opportunities. It will also include reminders about upcoming deadlines and instructions for the next Build Day event. Be sure to keep up with your email inbox, so you do not miss important emails from us!

Construction site (for self-directed or group hours) Please contact Erica at erica@habitatcd.org or (518) 462-2993 x117

ReStore Please contact Dave at dave@habitatcd.org or (518) 265-6638 x112.

Other To arrange other forms of partnership, please contact Tiffany at tiffany@habitatcd.org or (518) 462-2993 x105.

How do I track my hours?

You should track your sweat equity hours using the attached tracking sheets (ATTACHMENT 6). At the end of each sweat equity activity. On the first Monday of every month, update the homeowner services department with your sweat equity hours. Emailing a picture of your tracking sheet is an easy, acceptable way to submit your hours. You should keep a copy for your own records as well. Please let us know if you ever need a new tracking sheet for any reason.

Please note: We will not require you to have someone "sign off" on your completed hours. We trust you to be honest. We promise to work with you through any challenges, so please reach out to us if you

need any support in completing hours. Dishonesty in your sweat equity tracking may result in de-selection from the program. Mutual trust and respect are key to partnership!

What happens if I don't complete my partnership commitment by the time I close on my home?

Partnership is an important and critical component of the Habitat program. In the even that you are not able to complete your hours before you close on your home, you must pay a $500 sweat equity deposit directly to Habitat. You will have six months from the date of your closing to complete any remaining hours. Upon satisfaction of the sweat equity commitment, you will receive your full sweat equity deposit back from Habitat.

What happens to my hours if I am deselected or withdraw from the program?

Partnership Hours are not assigned a monetary value, nor does it constitute a down payment. Should you be deselected or withdraw from the program, no monetary compensation will be given for partnership hours completed.

Can I complete more than 100 hours?

Yes! Our partnership hour requirement is just a minimum every homebuyer should meet. One of our hopes is that sweat equity will encourage future Habitat homeowners to be community builders. Maybe through attending neighborhood association meetings, you become an advocate at common council meetings or organize community events. Maybe by volunteering at the ReStore once or twice, you feel like you can contribute a special skill of yours and want to volunteer there more often. Maybe you never thought you could spend a Saturday in a hard hat holding a hammer, but after a build day or two, you find out you really like it and sign up for more shifts.

As a reminder, partnership holds no monetary value, and you will not be compensated in any way for completing more than 100 hours as outlined in the policy.

Your Habitat home

Design & location

Habitat does not build custom homes. You will have the opportunity to purchase a home that is appropriate for the size and composition of your household. To keep the homes affordable, Habitat cannot accept custom design requests. Homebuyers sometimes have the opportunity to select home finishings such as flooring and cabinets. Remember, once you purchase your home and move in, you will be able to make any changes or customizations that you want.

Habitat is committed not just to building homes, but to building community. We prioritize our construction efforts within focus neighborhoods to maximize our impact. You will have the option to select your home based on our current projects and focus locations.

Cost

Habitat is committed to keeping housing payments affordable for our qualified homebuyers. Your monthly housing payment, which includes your mortgage payment, homeowners' insurance and property taxes, should not be more than 30% of your gross monthly household income. The sales price will take into account the fair market value of the home, number of bedrooms, location and additional amenities provided.

Your monthly mortgage payments are sent to directly to the bank that provided your financing.

MONTHLY PAYMENT =
+ Principal
+ Interest
+ PMI (Private Mortgage Insurance that the bank charges until 20% of the loan is paid off)
+ Escrow (1/12th of annual homeowners insurance cost + property taxes)

Your monthly escrow payment amount may change annually due to changes in insurance premiums and taxes. You are responsible for paying your water bill, electricity, heating, and all other bills directly.

When will your house be ready?

Homebuyers are in the program until their house has been built or renovated; generally, this takes 6 to 12 months. The construction process is complex with many variables depending on funding sources, the construction schedule, and building requirements. This complexity makes it difficult to predict the length of time from acceptance into the program to the date of purchase. We will keep you updated throughout the construction process.

What happens if you want to sell your home?

Habitat homeowners can sell their home at any time, although there are important restrictions that may apply.

You may receive down payment assistance that stipulates resale restrictions or affordability periods. Before you accept these grants, Habitat will explain any resale restrictions thoroughly so you understand the impact they may have on selling your home.

Please contact our office if you ever plan to sell your home, so we can make sure there are no loose ends.

Purchasing your home

Once your house is built and you have completed all the requirements, including the sweat equity and education requirements, and have saved the funds needed for the down payment and closing costs, you are able to officially complete the process at a meeting called a "closing."

The most important documents at your closing

Deed. Signed by the seller (Habitat), receipt of this document makes you the official owner of your new home. Usually, it is presented to you at the closing, then taken to the County Clerk's Office for recording and mailed back to you later.

The note. The promissory note is the actual I.O.U., in which you promise to make monthly payments until your loan is paid off in 30 years. It states the amount of payments (not including escrow for taxes and insurance), where to send them and a warning about a late fee if the payments are submitted late.

The mortgage. This is the document that gives the bank a lien on your house that lasts until the Note is paid off. If you default on the Note, the bank can foreclose on your home. If you make all scheduled payments, the Mortgage is removed and you own your home "free and clear."

Sample documents are included in ATTACHMENT 6.

After the closing takes place, you may move into your new home!

Limited Builder's Warranty Agreement

An important aspect of purchasing a Habitat home is the "Limited Builder's Warranty Agreement". **This Agreement details Habitat's obligation to make required repairs during the Warranty period, which is one year from the date of the closing.**

Prior to the closing, you and a Habitat representative inspect your home to determine that the home is free of defects, as defined in the Agreement. The Limited Builder's Warranty provides for the remediation of *certain* defects during the period of the Warranty. It is very important that you familiarize yourself with its provisions, as it does not cover maintenance of your home or all repairs. See **ATTACHMENT 7** for a copy of the Limited Builder's Warranty Agreement and its attached "Final Walk Through" Inspection form.

During the final walk-through inspection, you and a Habitat staff member will go through your new home room by room and carefully check to see whether all items are in satisfactory condition. If any repairs or adjustments are required, write them on the inspection form.

You will receive a warranty binder containing all of your home warranty agreements and a signed copy of the Limited Builder's Warranty Agreement.

We do our best to bring the items that require correction up to satisfactory condition, consistent with the standards of construction in the city or town in which your home is located, and with our affiliate's standards. We warrant that during the first 30 days after the Buyer moves in, we adjust or correct minor construction defects, omissions, or malfunctions, such as missing equipment or hardware, sticking doors, drawers, and windows, dripping faucets, and other minor malfunctions reported by the Buyer upon inspection of the improvements. After the needed improvements are made, you have the opportunity to check all items again to make sure they meet with your approval.

As soon as you become a homeowner, maintenance is your responsibility. During the first year, however, some *limited repairs* may be covered under the Builder's Warranty. After you become the owner of your new home, you may make any desired modifications to it at your own expense, although some modifications could void the Limited Builder's Warranty Agreement. Please contact Habitat if you have any concerns about this.

You are a homeowner!

Congratulations! As a new homeowner, you have several important responsibilities:

Pay your mortgage on time. This is one of the fastest ways to build your credit. If you have any trouble making your mortgage payments, reach out to your mortgage servicer (the company that send you the mortgage statement each month) to come up with a payment agreement.

File your STAR exemption. At closing, your attorney will give you an informational page on how to sign up for STAR exemption.

Maintain your home and property. A seasonal maintenance checklist is included in your Homeowner Operations & Maintenance Manual. By maintain your home, you are protecting your investment and building equity in the property. Experts recommend saving 1% of your home's value every year in a savings account specially for home maintenance. So, try to save at least $160 a month, or start at a smaller number and work your way up bigger goal. Because your home is brand new, you should have plenty of time to save before big repairs or maintenance items are needed.

Build community. Get to know your neighbors, attend neighborhood association meetings and have fun.