



PO Box 1331 - 304 North Lawler
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Email: mitchellregionalhabitat@gmail.com
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Who is Habitat?

Mitchell Regional Habitat for Humanity is a non-profit, ecumenical Christian housing ministry dedicated to providing decent and affordable homes to qualified families through partnerships, private donations, and volunteer labor. Churches, companies, and local organizations provide funds. Future homeowners and volunteers build homes. EVERYONE is a partner!

What does Habitat do?

Habitat builds affordable homes – with affordable, no-interest mortgages – to selected future homeowners each year. They offer a long-term financial commitment to families who wish to be homeowners, but do not qualify for conventional loans through banks or other lenders.

How does Habitat partnership work?

Future homeowners partner with Habitat to build a house, which they then purchase from Habitat with a no-interest loan, and through the process they acquire skills and knowledge they need to own and maintain a house. They will no longer be renters, and will have the responsibilities of an owner. They must be ready to make housing a financial priority in their lives, and the partnership requires eligibility, sweat-equity hours, and homeowner education classes.

Purpose of today:

Habitat is currently accepting family partnership applications for its next housing project, and we are hosting this informational meeting to:

- Explain what the housing program is and what it looks like
- Explain how we select our future homeowner
- Explain the requirements (sweat and financial) of our future homeowner
- Explain the application process



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Basic House Specifications

Mitchell Regional Habitat for Humanity (MRHFH) builds affordable, low maintenance single-family dwellings. Our basic designs provide the partner family with a low-cost, adequate and secure home. To help control construction costs, items listed below shall be considered "standard" for all MRHFH homes.

The Basic MRHFH House includes:

- Approximately 1,000 sq. ft. to 1,200 sq. ft. of living space.
- One covered entrance.
- Final grading.
- Sidewalk at one location.
- Approximately 10'x15' parking pad except where garage required.
- Electric laundry hook-ups.
- Entry doors w/deadbolt.
- Residential-grade carpet and linoleum.
- Gas furnace & 40-gallon water heater or all electric heat pump & 50+ hot water heater.
- All-vinyl, insulating-glass windows or similar quality.
- One to two ceiling fans.
- Economy window blinds at bedrooms and bath if available through Hunter Douglas.
- New refrigerator & range if available through Habitat for Humanity International.
- One full bathroom and rough-in for bath in basement.
- One cable/two phone jacks.
- Central air conditioning.
- Two exterior GFI outlets/light fixtures.
- Single-color, semi-gloss interior paint. Owner may furnish and paint accent colors if desired.
- Rough-in for future dishwasher and garbage disposal (some charges may apply).

The Basic MRHFH House does not include:

- Garbage disposal.
- Dishwasher.
- Fences.
- Garage/carport or concrete patio, unless required by restrictive covenants.
- Washer, dryer or freezer.
- Special cabinetry or finish work.
- Landscaping.

Construction Notes:

- Standard floor plan provided based primarily on family size: Three, four or five-bedroom, etc.
- Deviation from standard plan, including foundation, materials, general material and method use, elevation features and finishes per MRHFH discretion only.
- Partner-family construction options may include: Siding color, and carpet/vinyl color/style. All options per MRHFH-approved selections only. See family partner for details.
- Provision of rough-ins for installation of partner-family-purchased dishwasher, disposal and ceiling fans during original construction. Some charges may apply.



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MRHFH Family Selection Criteria

There are three selection criteria that are used to objectively make selections: (1) need for adequate shelter; (2) ability to pay and (3) willingness to partner.

- Need for adequate shelter**
 Housing need, as defined by Habitat, must be evident, because it is impossible to assist everyone. Qualifying partner families are selected because their present housing is inadequate. These families want to become homeowners and are unable to qualify conventionally, but are willing to do what they can to improve their housing situation.
- Ability to pay**
 Applicants need the resources necessary to purchase housing from Habitat. This is determined by using factors such as a minimum income guideline, debt-to-income ratio, and monthly payment consistency along with other factors.
- Willingness to partner**
 Applicants need to be willing to accept the basic parameters for a Habitat house as determined by the affiliate's construction committee. Applicants must be willing to commit to the sweat-equity requirement and the homeowner/financial education requirement.

Does the annual total household income from all sources and from all wage earners living with you fall within the following ranges?

Davison County (HUD Income Limits, published 4/24/2019)

	1-person	2-person	3-person	4-person	5-person	6-person	7-person	8-person
Minimum	\$15,650	\$17,850	\$20,100	\$22,300	\$24,100	\$25,900	\$27,700	\$29,450
Maximum	\$29,700	\$34,000	\$38,200	\$42,400	\$45,800	\$49,200	\$52,600	\$56,000

Hanson County (HUD Income Limits, published 4/24/2019)

	1-person	2-person	3-person	4-person	5-person	6-person	7-person	8-person
Minimum	\$18,800	\$21,500	\$24,150	\$26,850	\$29,000	\$31,150	\$33,300	\$35,450
Maximum	\$32,200	\$36,800	\$41,400	\$46,000	\$49,700	\$53,400	\$57,100	\$60,800

Once the application has been submitted, it is the responsibility of the APPLICANT to notify Mitchell Regional Habitat for Humanity of ANY CHANGE in family status (income, marital status, family size, etc.).

Before beginning construction of a selected applicant's home, the Family Selection Committee will again review the applicant's status in regard to need, ability to pay and willingness to partner. Additionally, ability to pay will be reviewed prior to closing on the home purchase.



Equal Housing Opportunity Statement: 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.

The following pages break down and give examples for each factor we consider



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Need for adequate shelter

Examples of the factors used to determine whether an applicant's present housing is inadequate, and whether there is a need Habitat can address, are listed below.

Major safety issues	<ul style="list-style-type: none"> • Mold • Rotting floor boards • Hazardous or toxic material that is non-removable
Home temperature issues	<ul style="list-style-type: none"> • Home drafty or cold • Excessive heating bills • Use of space heaters required
Inadequate plumbing	<ul style="list-style-type: none"> • Unsafe water • Sewage disposal method unsanitary
Unreliable electric supply	<ul style="list-style-type: none"> • Exposed wiring • Wiring poses threat to safety
Safety for children	<ul style="list-style-type: none"> • Bedrooms without windows • School aged children of the opposite sex sharing bedrooms • More than three family members in one bedroom
Temporary housing	<ul style="list-style-type: none"> • Living with friends or family • Living in a motel • Living in a car • Losing a lease due to uncontrollable circumstances
Cost burden	<ul style="list-style-type: none"> • Paying more than 50% of income toward rent or house payment
Denial from other programs	<ul style="list-style-type: none"> • Unable to obtain conventional home financing from banks and other markets
Low income	<ul style="list-style-type: none"> • Family income between 35% and 60% of median county income



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Ability to pay

The following factors are used to determine whether applicants have resources necessary to purchase housing with Habitat.

<p>Household Income <i>Do you have a steady source of income?</i></p>	<ul style="list-style-type: none"> Household gross monthly income falls within 35% and 60% of the median county income (see "Do You Qualify?" sheet). Reliable source of income <ul style="list-style-type: none"> - Employment - Public Assistance - Income from assets and/or other legitimate activity (i.e. child support)
<p>Family Debt <i>Is your debt-to-income ratio high?</i></p>	<ul style="list-style-type: none"> Total debt payments, including projected Habitat house payment, will not exceed 40-55% of monthly household income. Debt includes installment and revolving debt, such as credit cards or car payments.
<p>Consistent Monthly Payments <i>Have you paid rent and other bills on time?</i></p>	<ul style="list-style-type: none"> Applicant must have demonstrated ability to make regular monthly payments for rent, utilities, and other credit obligations. Consistent payments toward items listed in applicants name help determine credit history.
<p>Credit History <i>Have you established good credit over the past 24 months?</i></p> <p>Habitat will check credit during the application process. Current and past accounts will be evaluated.</p>	<ul style="list-style-type: none"> Applicant must not have declared bankruptcy, or discharged a bankruptcy, within two years of application. (Bankruptcies filed within 2-7 years do not constitute automatic denial, but can be a factor in denial of application.) Applicant can have no outstanding liens or judgments. Habitat will perform criminal background and sex offender checks.
<p>Closing Costs <i>Do you have the ability to save?</i></p>	<ul style="list-style-type: none"> Families selected for Habitat's program must save \$1,200-\$1,500 prior to moving into their home. These funds will cover utility deposits, homeowner insurance premium, closing costs, and other expenses. Proof of saving will be required.



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Willingness to partner

The following factors are used to determine whether families are willing to partner with Mitchell Regional Habitat for Humanity:

- Eagerness to Partner. An applicant can be considered willing if:
 - Application was completed correctly and submitted by the posted deadline.
 - All adult family members participated in the family interviews.
 - Family readily participated in the home visit.
 - Family provided necessary documentation and references.
 - Family has lived in Davison/Hanson County area for at least one year and desires to make this community their permanent home.
 - Family is comfortable with credit and landlord reference evaluations.
 - Family demonstrates the ability to maintain a home.

- Understanding of the Habitat Program. A family can be considered willing if:
 - Applicant shows an understanding of the principles by which Habitat forms a partnership with a selected family
 - Family realizes implications of highly publicized program.
 - Applicant realizes expectations of active participation in all public Habitat activities from the time they are selected until they move into their new home.
 - Applicant is willing to work with a Family Partner.
 - Applicant understands that Habitat is not a handout, but a hand up, and they must make monthly house payments without default.
 - Applicant knows it is responsible for the care of its home.
 - Family is willing to live in the area of the city Habitat is working in at the time their house is constructed.
 - Applicant understands the purpose of sweat equity, agrees to perform sweat equity requirements, and has the resources to complete sweat equity requirements.
 - Applicant is pleased with the basic house design.



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Partnership Requirements – Sweat Equity

Sweat equity defined:

A term often used when talking about the creation or building process is sweat equity. It's about doing the work – the hard work – to bring an idea to life. That work becomes an investment in the project. It can be an investment as real as money or land.

Sweat equity, in the context of real estate, refers to value-enhancing improvements made by homeowners to their properties.

Sweat equity is a party's contribution to a project in the form of effort and toil, as opposed to financial equity such as paying others to perform the task.

Sweat equity guidelines:

- All adult members of a household (18 years or older) must complete at least 200 sweat equity hours. The total sweat equity requirement per family will not exceed 400 hours.
- Hours worked at other nonprofit organizations may be used, but cannot exceed 25% of your total hours. A supervisor's name and home number must be included on the Sweat Equity time sheet for verification.
- Friends and other family members may volunteer, and their hours will act as a credit to your sweat equity hours. Hours worked by those outside of the household are credited at 50% of their actual hours worked. (Example: For every two hours worked by a person outside of household, one hour is credited). Members outside of the household may not complete more than 50% of the required hours, and all hours must be worked at Mitchell Habitat.
- Due to insurance regulations, no one under the age of 16 is allowed on the construction site during volunteer work hours. There may be jobs at the construction site when Habitat volunteers are not present that children under the age of 16 can do if approved by the site supervisor and if carefully supervised by the parent. Examples would be cleaning up construction areas in the house and on the lot.
- You must complete your sweat equity forms honestly and accurately.
- Sweat equity hours must be completed before moving into the home.

Potential Sweat Equity Opportunities:

- Volunteer on construction site
- Attend Habitat special events
- Prepare and deliver simple lunch for construction crew (time spent in preparation, delivery & clean-up as well as 2 hour for cost of ingredients used for the meal; 4 hour maximum)
- Children's school grades - Any above average grade = 2 hours per quarter or semester; maximum 2 hours
- Orientation & personal finance class
- Time worked at other non-profit organizations (limit to 25% of total hours required)
- Habitat office work/send thank-you notes for Habitat (as needed)
- Speaking engagements for Habitat
- Provide babysitting at Habitat functions



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Partnership Requirements – Financial

You will repay a no-interest mortgage over a term of 25-30 years.

<p>Monthly payments</p>	<ul style="list-style-type: none"> • Monthly payments will include principal, real estate taxes, and homeowner’s insurance. There is no interest on a Habitat mortgage. • Average monthly payment ranges between \$450 and \$650, depending on the future homeowner’s gross income and the home appraisal.
<p>Expected timely payments</p>	<ul style="list-style-type: none"> • Late payments will incur a \$50 late fee. • Payments will be scheduled as a typical mortgage and will be reported to the credit bureau.
<p>Loan forgiveness</p>	<ul style="list-style-type: none"> • After 20 years of on-time payments, a portion of your mortgage may be forgiven.

The selected partner family will receive detailed information on the mortgage structure upon selection. Homebuyer’s education will also be a part of the mortgage financing and loan process.