



Applications are evaluated on the following criteria:

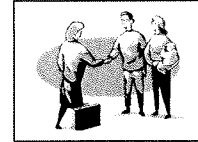
1. Need for Adequate Shelter: current living situation inadequate for one or more of the following reasons:
  - a. Current dwelling is in poor repair and/or structurally unsafe. The landlord is not willing to complete necessary repairs. Structural problems contribute to rodent problem.
  - b. Heating system does not provide adequate heat. Utility bill for primary heat source is excessive, as determined by Homeowner Selection Committee. Wood-burning or kerosene heater is primary source of heat.
  - c. Plumbing does not maintain continuous supply of safe water. Sewer or drains back up into residence. There is no safe, sanitary method of sewage disposal.
  - d. Electrical supply is not reliable. Panel and service are not capable of handling electrical load. Wiring poses a threat to safety.
  - e. Safety is at risk. There are unavoidable dangers to children. Immediate physical environment contains irremovable hazardous or toxic materials.
  - f. Accessibility is limited. Uncorrectable barriers to physically challenged family members exist.
  - g. Overcrowded: three or more family members sharing a room or school age children of opposite sex sharing a bedroom.
  - h. Family currently pays more than 50% of the family's gross monthly income for rent.



2. Ability to Pay

- a. Family has demonstrated ability to make regular monthly payments of rent, utilities, and other credit obligations.
- b. Job Stability.
- c. Marital status stable. If separated wait to apply when divorce is final.
- d. Family has not declared bankruptcy within three years of application review.
- e. Family has no outstanding liens or judgments.
- f. Family has lived in Lincoln/Lancaster area for at least one full year.

### 3. Willingness to Partner



- a. Application was completed correctly and submitted to the Habitat office by deadline.
- b. Adult members of selected family will participate in the applicant interviews.
- c. Family demonstrates the ability to maintain a home.
- d. Family provides necessary documentation when requested.
- e. If selected, family readily participates in the home visit.
- f. Family is willing to help publicize the Habitat program.
- g. Family is willing to work with a Family Partner (mentor).
- h. Family is willing to accept a lot in any area of the city.
- i. Family completes all sweat equity hours before moving into home.
- j. Family understands they must make monthly house payments without default.

“A Habitat Home Is a Hand Up,  
Not a Handout.”



**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.

Updated 7/27/18

# Sweat Equity Guidelines

1. A total of 400 hours for families with 2 adults is required. A total of 300 hours is required for families with one adult.
2. Friends and other family members may volunteer on the homebuyer's behalf. Their hours will act as a credit toward the homebuyer's 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 complete not more than 50% of the required hours and all hours must be worked at Habitat.
3. 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.
4. You must complete your sweat equity forms honestly, and accurately.
5. Sweat equity hours must be completed before moving into the home. It is generally accepted practice that you must have 100 sweat equity hours completed before you are assigned a home.
6. A minimum of 100 hours must be completed by working on your own home construction.
7. A minimum of 50 hours must be completed at ReStore with no more than 100 hours total.
8. Hours worked at other nonprofit organizations may be used but cannot exceed 50 of your total hours **(300 is 50 hours; 400 is 50 hours)**. A supervisor's name and phone number must be included on the Sweat Equity time sheet for verification.

## Potential Sweat Equity Opportunities

- Volunteer on Construction site and Volunteer at ReStore
- Attend or work Habitat special events (wall-raising & dedications), office mailings, greeter (as needed)
- Prepare and deliver simple lunch for construction crew (time spent in preparation, delivery & clean-up as well as 1 hour for cost of ingredients used for the meal; **4 hour maximum**)
- Your kids school grades. Any above average grade = 2 hours per quarter or semester; **maximum 2 hours (send copy of report card)**
- Orientation & personal finance class
- Time worked at other non-profit organizations (**50 hours maximum**)
- Non-paid babysitting by others while a family is working at Habitat is allowed. 2 babysitters may be allowed for 4 or more young children (Ask for details if considering) No babysitting time allowed during meal preparation.

**Habitat for Humanity Of Lincoln**  
**Basic-House Specifications**

Lincoln/Lancaster County Habitat for Humanity (Habitat) builds affordable, low-maintenance, single-family dwellings. To help control construction costs, items listed below shall be considered "standard" for all Habitat home builds.

**The Basic Habitat House Includes:**

- Approximately 1,000 to 1,200 square feet of living space.
- Unfinished basement (unless build conditions prohibit)
- One covered entrance.
- One-stall garage.
- Second entry.
- Final grading.
- Sidewalk at one location.
- Approximately 10'x15' parking pad except where garage required.
- Electric laundry hook-ups.
- Steel entry doors w/deadbolt.
- Residential-grade carpet/vinyl.
- Electric furnace & 40-gallon water heater
- Low-maintenance exterior finish.
- Twenty-five-year asphalt shingles.
- All-vinyl, insulating-glass windows.
- Economy window blinds at bedrooms and bath if necessary
- New Whirlpool refrigerator, range, and dishwasher.
- Garbage disposal.
- Three bedrooms.
- One full bathroom.
- One cable/two phone jacks.
- One linen & coat closet.
- Central air conditioning.
- Two exterior GFI outlets/light fixtures.
- Single-color, semi-gloss interior paint. Owner may furnish and paint accent colors after closing if desired.
- Rough-in for second bath area and one egress window (if basement is included)
- Passive radon system as part of sump pit

**The Basic Habitat House Does Not Include:**

- Ceiling fans.
- Microwave
- Fences.
- Washer, dryer or freezer.
- Special cabinetry or finish work.
- Landscaping.

**Construction Notes:**

- Standard floor plan 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 are per Habitat's discretion only.
- Homebuyer construction options may include: Siding/trim color, countertops, carpet/vinyl color/style. All options per Habitat-approved selections only. See construction manager/family partner for details.
- Provision of rough-ins for installation of Homebuyer ceiling fans during original construction. Some charges may apply.

## HABITAT FOR HUMANITY OF LINCOLN MORTGAGE STRUCTURE

### Promissory Note #1

- Determined by calculating affordability based by homebuyer(s) income.
- Note will be paid by homeowner with monthly payments over 30 years (see example below)

### Promissory Note #2 (If applicable)

- This amount is the equity. Equity is the difference between the fair and reasonable amount that the house is worth and the amount of Promissory Note #1 & #3. Most Habitat homes are appraised at approximately \$165,000 when they are built (including the cost of the lot). The homeowner pays back only the portion of the loan that he or she qualifies through the affordability determination.
- The homeowner will not make monthly payments on this amount. The note is paid ONLY when 1) the homeowner refinances; 2) the homeowner discontinues living at the property; 3) homeowner fails to make timely payments under Promissory Note #1 or the homeowner goes into default under Promissory Note #1. This note is potentially dissipating and reduces in equal installments over the entire term of the mortgage.

### Promissory Note #3 (If applicable)

- This note is for the amount paid to purchase the lot (the land that the house is built on).
- The note is with the City of Lincoln (If with HFH, amount is included in Note #1)
- This note remains with the homeowner and is ONLY paid when there is a sale or refinance of the home.

### EXAMPLE\*

Promissory Note #1: \$136,000 (homeowner(s) affordability determination; requires monthly payments)

Promissory Note #2: +\$1,000 (extra value of home, when applicable; only paid per conditions stated above)

Promissory Note #3: +\$32,000 (cost of lot) (only paid when house is sold or refinanced if with the City of Lincoln)  
**Appraised Value: \$169,000**

### TYPICAL HOUSE PAYMENT TO HABITAT FOR HUMANITY / EXAMPLE\*

Payment on Promissory Note #1	\$378	(\$136,000 ÷ 360 months = 30 years)
Escrow Portion	\$322	(Real Estate Taxes & Insurance)
<b>Total Monthly Mortgage Payment</b>	<b>\$700</b>	

\* The information provided is for informational purposes only. None of the examples should be construed as actual or final calculations. As such, no information, forms, opinions and materials should be considered a guarantee of approval, or as a substitute for consultation with professional legal or other competent advisers.

## LINCOLN/LANCASTER COUNTY HABITAT FOR HUMANITY (LLCHF), INC. DELINQUENCY AND FORECLOSURE POLICY

Payments are due on the first day of each month and can be paid by ACH (with prior arrangement), by mail, or by dropping off payment at the LLCHF office. Acceptable sources of payments include ACH transfers (with prior agreement), checks, money orders and cashier's checks. No cash, debit or credit cards will be accepted. After two Non-Sufficient Funds (NSF) transactions from a mortgagor's financial institution, the homeowner will be required to pay by money order or cashier's check only. A fee of \$35 will be assessed for any returned checks or ACH transfers.

### **Partial Payments:**

LLCHF does not apply partial payments to mortgagor's accounts. When partial payments are made, the funds will be held in a suspense account until subsequent payments are received to cover principal and escrow due. Then LLCHF will apply payment and allocate accordingly to principal, escrow, other debt, and fees. If a late fee is due but the amount received is just enough to cover principal and escrow, then the payment is considered complete and LLCHF will allocate the payment. The outstanding late fee cannot be considered to make the suspended payment short; the late fee remains until it is collected. In the event of foreclosure, any partial payments sitting in suspense will be applied to past-due escrow first with any remaining balance returned to mortgagor by check.

**There is a grace period of 15 days;** a payment is considered on time if it has been received by the 15th of the month. A payment is late if it is postmarked on the 16th or later when received by mail, or if it is presented in person at the LLCHF office on the 16th or later.

**15 days after the payment due date,** LLCHF will send a delinquency notice (Attachment 1) including a late charge of \$15.00, as allowed by applicable law. The late fees paid will not reduce the balance of the loan. Also, the Financial Partners Committee or chairperson of such committee should be notified and the homeowner will be contacted by phone.

**Once the payment is 30 or more days late,** LLCHF will write the homeowner a letter (Attachment 2) indicating to the homeowner that we have not received the scheduled payment. The Financial Partners Committee chairperson shall also follow up with a phone call. The letter will itemize what is owed, including late fees, and will remind the homeowner of Habitat's foreclosure policy. The homeowner will be asked to pay the delinquent amount immediately. This letter must also include a notice to the homeowner of the availability of any homeownership counseling offered by the Affiliate and provide either a list of HUD-approved nonprofit homeownership counseling organizations or the toll-free number HUD has established through which a list of such organizations may be obtained. Notice Disclosure: Service members or their dependents are entitled to receive a SCRA Notice Disclosure (HUD-92070) with information regarding rights for legal protections. The notice shall be provided to all mortgage loans that become delinquent for 30 days. The Affiliate will mail the SCRA Notice Disclosure along with the Homeownership Counseling Notice.

**When a payment is 60 days or more late,** LLCHF will attempt to contact the homeowner by telephone as well as send another letter (Attachment 3) informing the homeowner that he/she is delinquent by 60 days or more, and that the next step will be turning the file over to an attorney to exercise state law remedies, including foreclosure. This letter will suggest a meeting date at the LLCHF office to discuss the homeowner's payment problems. The homeowner will

be given a specified period of time to respond to the letter; after which if no response is received, Habitat staff will recommend foreclosure to the board of directors.

**If a payment is 90 days or more late**, LLCHFH will turn the file over to its attorney who will send a letter or other notice as required by local law (e.g., certified mail) giving the official notice of default, that the homeowner has twenty (20) days to cure the default, plus late fees, default interest, and attorneys' fees. **Prior to institution of Foreclosure**, LLCHFH will first offer the option of a friendly sale.

If the homeowner does not cure the default, LLCHFH's attorney should then initiate foreclosure proceedings, with approval of the board of directors, in a manner consistent with applicable law, but in no event, will the attorney initiate foreclosure proceedings prior to 120 days of delinquency. Foreclosure will result in the forced sale of the house to satisfy the homeowner's debt to LLCHFH. Once foreclosure is initiated, the homeowner has a certain amount of time set by statute to stop the foreclosure by becoming current or, if acceleration has occurred, by paying off the full balance of the loan.

Sometimes the homeowner may not understand the seriousness of the situation until the foreclosure has begun, and only contact LLCHFH then. If this happens, at LLCHFH's option, LLCHFH can stop foreclosure proceedings and work out a payment arrangement with the defaulting homeowner. The agreement establishing this payment arrangement will include:

- (1) a definite time frame within which the homeowner must become current,
- (2) that in the event of default under the new plan, LLCHFH is able to resume foreclosure immediately (as allowed by applicable law). This allows LLCHFH to pick up the foreclosure proceedings at the point LLCHFH stopped them and decided to work with the homeowner. Otherwise, LLCHFH may have to start the process all over again, thus taking extra time and costing more money, and,
- (3) that the underlying note and mortgage will remain in full force and effect, and that the agreement does not constitute a waiver of any future defaults.

This preserves LLCHFH's rights in the event of future defaults after the homeowner has completed the payment arrangement requirements.

Before the forced sale of the house, the homeowner can volunteer to convey, with approval from the board of directors, the property back to LLCHFH in order to save the time and expense of foreclosure. This will help the homeowner as well, because it will keep the foreclosure off of the homeowner's credit report. In addition, it will reduce the attorney's fees and court costs for which the homeowner will be liable. This process is called a deed in lieu of foreclosure with appropriate acknowledgement by owner of potential tax consequences, and will state that the property is being given and accepted in satisfaction of the LLCHFH loan. When accepting a deed in lieu of foreclosure, LLCHFH should exercise care in recognizing any other liens or interests against the house, which would need to be satisfied even if LLCHFH takes title. If all attempts at payment arrangements have failed and LLCHFH must go forward with the foreclosure, it will make efforts to use a deed in lieu of foreclosure or similar instrument to re-acquire the property, reduce court and attorney costs, and protect the homeowner's credit rating. Thus, even though the partnership will have failed, LLCHFH will have tried its best to minimize the negative impacts to the homeowner.

***Approved 8/15/2016***

***Revised 8/20/2018***