

Homeownership Program Overview

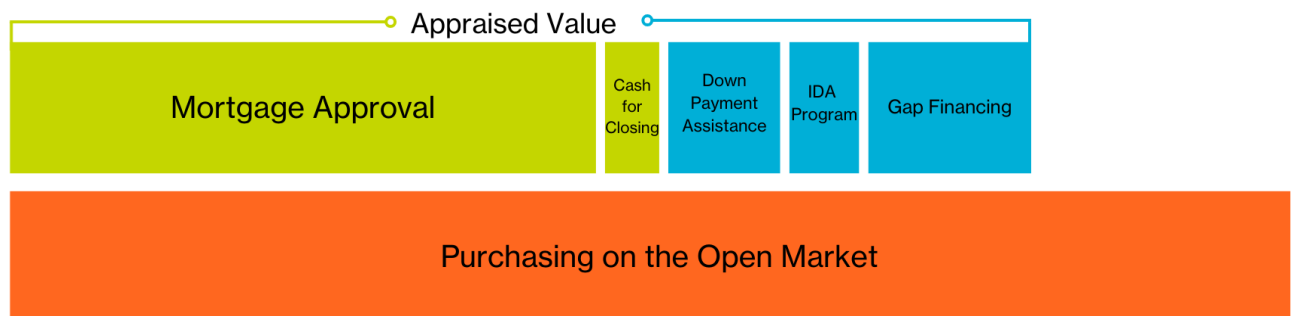
Northwest Michigan Habitat for Humanity is a nonprofit housing developer financed through local donations that uses volunteer labor to serve Emmet, Charlevoix, and Cheboygan counties. We want everyone in Northwest Michigan to have a safe and affordable home where they can be proud to live.

When we partner with families and individuals, not only do we help them obtain an affordable mortgage to purchase a home, we help them develop the skills they need to become successful homeowners.

If you, or someone you know needs affordable housing and would like to join our program, please contact us at 231-348-6926.

The basics:

- We build and remodel homes that are sold to approved buyers at their appraised value.
- Homebuyers purchase the home by qualifying for a mortgage in an amount meeting or exceeding our annually set approval threshold (amount in green below). This amount is based on construction costs and the organization's financial resources each year.
- Habitat partners may be able to qualify for specialized lending programs, which can provide additional flexibility in down payment requirements and interest rates. However, buyers may seek financing through any lender they choose.
- Purchasing a home through Habitat is made more affordable than buying a home on the open market through opportunities for down payment assistance, matched savings accounts, and interest free gap financing through local, state, and federal resources (items below in blue).
- With current homes on the open market selling for well above the asking price (depicted in orange), Habitat buyers also have the added advantage of not having to compete in the market. When a home is complete, it is appraised, and the purchase price is set at that appraised value rather than being bid on by multiple interested parties.



Program Qualifications

- Must live or work in Emmet, Charlevoix, or Cheboygan counties
- Must pass a background check (offenses are reviewed on a case-by-case basis)
- Must pass a credit report review (late payments, collections, and charge-offs are reviewed on a case-by-case basis)
- Must NOT be listed on the national sex offender registry (automatic disqualification)
- Must fall under the income guidelines below
- Applicant has no liens or judgements
- Applicant does not own any real estate assets including a home, vacation property, income generating housing, or vacant land. Commercial property tied to the applicant's source of employment income is allowable when the property cannot be used as housing. Situations outside of these guidelines will be reviewed on a case-by-case basis by the board of directors.
- Applicant's assets must adhere to NMHFH's Assets Review Policy when the Applicant is seeking NMHFH gap financing.
- Applicant is not currently undergoing any household composition changes that affect their assets and/or liabilities (etc. marriage or divorce)

Charlevoix County

Members in Household	Annual Income Limit
1	\$81,815
2	\$93,505
3	\$105,190
4	\$116,880
5	\$126,230
6	\$135,580
7	\$144,930
8	\$154,280

Cheboygan County

Members in Household	Annual Income Limit
1	\$66,780
2	\$76,320
3	\$85,860
4	\$95,400
5	\$103,030
6	\$110,660
7	\$118,300
8	\$125,925

Emmet County

Members in Household	Annual Income Limit
1	\$85,425
2	\$97,630
3	\$109,840
4	\$122,040
5	\$131,800
6	\$141,565
7	\$151,325
8	\$161,090

We will assist families and households of any size or composition. Some examples of household wages that would meet our income guidelines are:



Adult Couple

Up to \$93,505/year
in Charlevoix County



Single Adult Two Children

Up to \$42.93/hour
in Cheboygan County



Single Adult

Up to \$42.71/hour
in Emmet County



Two Adults Two Children

Up to \$122,040/year
in Emmet County

Program Income limits:

Income levels are set annually by the US Department of Housing & Rural Development (HUD). There is no minimum income to participate in financial education opportunities provided by our programming such as Intake Meetings, Credit Repair Workshops, Homebuyer Education, etc. We have many resources to help you get started.

Once you are ready to work with a lender and seek a mortgage approval, you will need to meet that lender's qualification terms and requirements based on their available mortgage products. This will include an evaluation to determine if your household income is sufficient to ensure your housing costs fit within your household budget.

Based on mortgage products available in 2026-2027, households with incomes that meet or exceed \$39,000/year will be more likely to receive a mortgage approval. This is a recommendation, not a requirement or a guarantee that you will receive a mortgage approval. Any household is welcome to apply for any mortgage product with any amount of income. If you are interested in increasing your household income please contact our Program Services Department to discuss local resources that could help you do so. Please note that having an income that meets or exceeds this amount (\$39,000) does not guarantee you will be approved for a mortgage. Our team can help you review options that are currently available.

Summary:

Buying a home is a long and complicated process. There is a lot of work involved in applying for and obtaining a mortgage, as well as closing on the home (legal process of purchasing the home). If at any time you have questions about the program, please give us a call. Once intake is complete, you will also go through an orientation that will help to walk you through each step of the process in detail.

**We are so happy you've made the decision to work toward owning your own home!
Thank you for reaching out for more information.**

Application Process

STEP 1: Complete a program interest form by calling 231-348-6926 or visiting northwestmihabitat.org/homeownership/ and complete the "Homeownership Interest Form"

STEP 2: Attend a 30-minute Homeownership Intake Meeting. This can be scheduled via the link in the Homeownership Interest Form or our team will reach out to schedule this for you.

During the Homeownership Intake Meeting a member of our Program Services Department will discuss our program qualifications, application process, types of assistance you are eligible for, and your individualized steps to help you achieve homeownership.

Based on your answers to the program interest form and the intake meeting you will most likely pursue one of four pathways to homeownership.



Pathway 1: Credit Repair

If initial intake indicates that you are not financially ready to pursue a mortgage due to a low credit score, high debt-to-income ratio, unmanageable debt, or you are unsure of your current credit score and how it will play a role in your mortgage approval, we recommend pursuing credit repair.

There are many factors that play into your credit score such as, number of accounts, account history, payment history, types of loans, and more. Credit repair comes in all forms so we offer many opportunities for you to pursue it.

1. **Monthly Free Credit Repair Workshops**: These are offered monthly and are led by housing and lending experts. These workshops offer education on understanding your credit, what lenders look for, as well as tips and tricks to repair your credit. These workshops act as a broad overview to credit repair and are great if you're interested in learning about credit management, but they do not offer individualized instruction.
2. **Individual Counseling**: We partner with Habitat for Humanity Michigan to offer affordable individualized credit counseling and mortgage preparedness education. By working with Habitat for Humanity Michigan, you'll receive specific instructions on repairing your credit and improving your debt-to-income to increase your mortgage approval. This is a great option if you need individualized counseling or have specific questions about your credit.

Pathway 2: Mortgage Application

If intake indicates that you may be financially ready to pursue a mortgage, you will receive information regarding lending options and may begin a mortgage application with a lender of your choosing. Completing a mortgage application in its entirety is your responsibility; however, Habitat is here to assist you. If one-on-one time with a staff member, or use of the office computer and printer is needed, please call 231-348-6926 to make an appointment.

Important Information:

- We have options for affordable mortgage products that do not require any down payment and offer lower interest rates than conventional lenders.
- Regardless of the final appraised value of the home, we offer down payment assistance and gap financing so that your mortgage payments will not exceed 30% of your gross monthly income.

Pathway 3: Barriers and Other Resources

If intake indicates that there are other barriers outside of credit repair that prevent you from being eligible for our homeownership program, our program services team will connect you with the appropriate resources to help you overcome those barriers.



Pathway 4: Program Application

If intake indicates you have received a mortgage preapproval, you will move onto **STEP 3**. This involves completing a program application. Our Program Services Manager will work with you to complete the application and collect the necessary supporting documents.

STEP 3. Mortgage approval is obtained that meets the minimum requirements.

If at this time, your qualification comes in below the minimum threshold, you will be referred to Habitat Michigan Homeownership Promotion Program to continue working on mortgage readiness (refer to Pathway 1).

If at this time, your qualification is at or above the minimum threshold, you will:

1. Complete an application with Northwest Michigan Habitat for Humanity and pass an income verification.
2. Internal assessments are conducted (background check, credit check, etc.)
3. Director of Programs reviews application and assessments for approval.
4. Attend an Orientation and Program Acceptance meeting.
5. Agree to all program requirements, guidelines, and expectations listed below.

Program Agreements

Those who are accepted into the Home Ready Program have been pre-qualified during the enrollment process as financially ready to obtain a mortgage and purchase a home. By participating in the program, you agree to:

- Complete the Homebuyer Education Workshop. This can be done online or we offer quarterly in-person courses in partnership with the Northwest Michigan Community Action Agency
- Save a minimum of \$1,000 cash for closing as well as funds to purchase a homeowner's insurance policy. This is treated as earnest money and is due upon a purchase agreement being signed.
- Pledge to complete 200 hours of sweat equity within two years of purchasing the home.
- Fulfill the terms of the mortgage loan and all other costs associated with homeownership including but not limited to utility costs (water, electric, sewage, trash disposal, and heat) yard care costs, snow removal, and home maintenance.
- To be of good stewardship to the new property and show respect for neighbors and the neighborhood.
- Be an advocate for Northwest Michigan Habitat for Humanity in your community.



- If you choose to sell or otherwise transfer ownership of the property in the future, you agree that Habitat will have the first option to re-purchase the property. See Future Transfer of Property Agreement section below.
- Be responsive to our Programs Services team while on the wait list. Communication between the buyer and our team is necessary for successful program completion.

Home Selection Process

Approved applicants (“buyers”) will be placed on our homebuyer waitlist in the order in which they have been accepted into the program. As construction is completed, homes will be offered for purchase to those in order on the waitlist.

- When you (a buyer) are notified of an available home, you will be given 5 days to either accept or deny moving forward with the purchase of the property. A home tour will be made available.
- If the property meets your needs, you will complete a final mortgage approval and prepare to purchase the home (“closing” process).
- If you pass on the offered property or do not submit a response within 5 days of the tour, you will maintain your placement on the waitlist for a total of 5 home selection rounds. If a home is denied on the 5th round, you will be removed from the waitlist due to a lack of need.



Please note that placement on the waitlist does not guarantee a home. A home cannot be guaranteed until buyers complete all program requirements, obtain a mortgage, and complete the purchase process.

Home Purchasing Process

Once a home is selected, a purchase agreement is signed and an appraisal is ordered by your lender. Our Director of Programs will then assist you with down payment assistance applications through various programs based on eligibility and availability of funds. If after all sources of financing (mortgage) and down payment assistance are secured, you still do not have enough funding to purchase the home, then Habitat, in accordance with current program policies, may offer gap financing. This financing is provided as a 0% interest loan to you that will only be paid upon future transfer of the property.

This funding is limited to \$50,000 per household and is only awarded after an asset assessment is completed. It is important to note that seeking a mortgage only at the minimum amount may not secure homeownership if you are not eligible for any other down payment assistance. Please work with your lender to secure your highest approval possible without your payments exceeding 30% of your income.

After closing, you own the home and the land that it sits on.

Future Transfer of Property Agreement

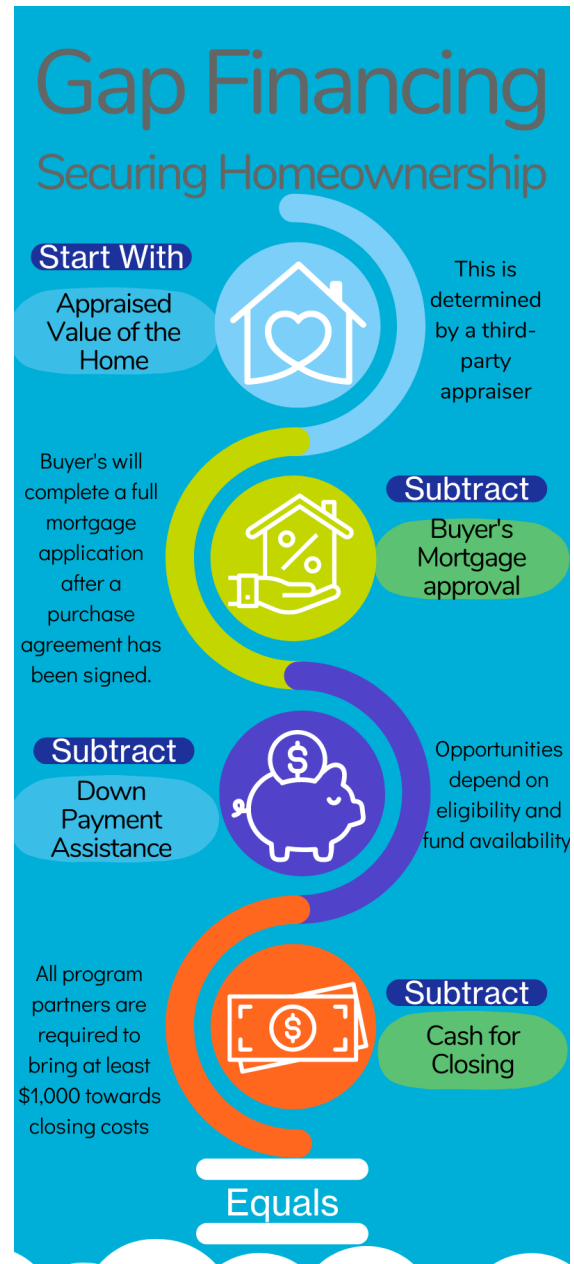
In the future, if you ever choose to sell the home for any reason, you will agree to sell it back to Habitat at an agreed upon price. The price will be the lesser of 1) an amount based on the number of years of ownership or 2) the fair market value of the property, as determined by a licensed third-party appraiser. This is done in order to ensure long-term affordability of our homes and help more households realize the benefits of homeownership as you have.

Prior to closing, you will receive an agreement outlining the sale prices based on years of ownership for review.

Any future upgrades that you make to the home will be considered as part of this agreement at the time of sale.

For any questions regarding our homeownership program, eligibility, program requirements, application process, or steps towards program completion:

Please call 231-348-6926 or email zac@northwestmihabitat.org



Gap Financing is the remainder of funding needed after all other resources have been used in an amount up to \$50,000



Northwest Michigan Habitat for Humanity Fair Housing Policy:

Northwest Michigan Habitat for Humanity Inc. is an Equal Housing Opportunity Lender. As such, we do business in accordance with the Federal Fair Housing Law (Fair Housing Amendments Act of 1988). It is illegal to discriminate against any person because of race, color, religion, sex, handicap, familial status or national origin in the

- Sales or rental of housing or residential lots
- Advertising the sale or rental of housing
- Financing of housing
- Provision of real estate brokerage services
- Appraisal of housing
- Blockbusting is also illegal

If anyone feels they have been discriminated against, you may file a complaint of housing discrimination by calling 800-765-9372 or send your complaint in writing to the US Department of Housing and Urban Development, Assistant Secretary for Fair Housing & Equal Opportunity, Washington DC 20410.

Notice: The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (with certain limited exceptions); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with the law concerning OK 44114- 2507 or Federal Trade Commission, Equal Credit Opportunity, Washington, DC 20580.

