



2019

Preparatory Partnership Manual



Blount County Habitat for Humanity is an equal opportunity builder and complies with the Federal Fair Housing Act in the marketing, sale, and purchasing of properties. All qualified applicants will receive consideration for homeownership without regard to race, color, national origin, religion, sex, familial status, marital status, income from public assistance, handicap or because a right was exercised under the Consumer Credit Protection Act.



Blount County Habitat for Humanity
Homeowner Services Department
2019

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Partnership: Working Together

Blount County Habitat for Humanity (Habitat) builds and sells homes to eligible homeowners in the Blount County community. This is made possible with the very hard work of homeowners, volunteer labor, grants, and sponsors. Habitat does not offer 1st mortgage loans. All Habitat homes are purchased using affordable 1st mortgage loans from other approved lenders.

Pre-approval for the Habitat Homeownership Preparatory (Prep) Program is **not homeownership program pre-approval, a loan pre-approval**, nor a guarantee of future Homeownership Program or loan pre-approval. Habitat's Homeownership Preparatory Program works to prepare applicants for a mortgage loan application and future homeownership. There is a lot to learn and a lot to do if you want to own a home. This process will be challenging. The good news is we will do this together as partners.

The Prep Program is outlined in this manual. This program can be a stepping stone to the Habitat Homeownership Program, but that is not required or guaranteed. Habitat is willing to work with you if you are willing to work with us. Once you complete the Homeownership Prep Program you may choose to be screened for the Homeownership Program OR for USDA Rural Development 502 Direct loan pre-approval (which if pre-approved requires independently shopping for an open-market home). These options will be more fully discussed nearing your completion of the Homeownership Prep Program.

The Prep Program timeline is determined by the work you need to do. Habitat in its sole discretion may change the Prep Program timeline or responsibilities when needed.

Habitat Responsibilities:

- Homeowner Prep selection based on need for housing, ability to pay and willingness to partner
- Homeowner Education including one-on-one financial mentorship
- Completion of a second mortgage readiness assessment at the end of the Homeownership Prep Program (interested candidates may pursue pre-approval in the Habitat Homeownership Program or the opportunity to apply for a USDA Rural Development 502 Direct loan and independently shop for a home on the open market)
- Ongoing communication
- Mutual respect

The Homeowner Responsibilities:

- Permission to use photos and homebuyer information for public relations and fund-raising
- Provide current contact and homebuyer information
- Complete preparatory program requirements
- Ongoing communication
- Mutual respect
- **For those planning to pursue pre-approval in the Habitat Homeownership Program:**
 - A minimum of 4 hours of "Other" Sweat Equity monthly per Applicant AND Co-applicant
 - Setup an Individual Development Account (IDA) and begin saving for future buyer contribution (must equal 1% of sales price) to fund the first-year homeowner's insurance cost and the mortgage escrow account at closing)- **Requires Habitat instructions**

Homeowner De-selection:

The failure to complete program requirements is grounds for program removal. A homeowner may also choose to withdraw from the program at any time before closing on the home. Homeowners will not receive payment for any sweat equity hours they have worked. Cause for removal includes but is not limited to the following:

- Failure to complete homeownership preparatory program requirements
- Changes in the applicant's ability to pay a mortgage
- Refusal to complete Habitat Homeownership Prep Program Education (including money management and financial mentoring)
- Actions that conflict with the mission of Habitat
- For those planning to pursue pre-approval in the Habitat Homeownership Program:
 - Failure to follow the homeowner contribution savings schedule
 - Failure to complete sweat equity

The recommendation to de-select a homeowner is made by the Programs Manager, and final decision made in partnership with the Director of Programs and the Executive Director, according to affiliate policy.

Names to Know

Executive Director:

Kathy Jackson
865-982-8717
Kathy@blounthabitat.org

Director of Programs:

Sarah Hooks
865-233-9107
Sarah@blounthabitat.org

Programs Manager:

Melissa Tyler
865-233-9110
Melissa@blounthabitat.org

Development Director:

Vanessa Sparks
865-233-9102
Vanessa@blounthabitat.org

Construction Manager:

Doug Jenkins
865-233-9104/Cell: 865-661-3626
Doug@blounthabitat.org

Home Repair Project Manager:

Bobby Eason
865-233-9103
Bobby@blounthabitat.org

Home Repair Program Manager:

Steven Roark
865-233-9111
Steven@blounthabitat.org

ReStore Manager:

Fred Plummer
865-379-9299
Fred@blounthabitat.org

Finance Manager:

Lynn Kehn
865-982-8717
Lynn@blounthabitat.org

Office and Relationship Manager:

Celeste Elias
865-982-8717
Celeste@blounthabitat.org

Education

Every participant must complete homeowner education. You will learn about homeownership, money management, debt management, and if interested in the Habitat Homeownership Program, begin to earn sweat equity. We want you to succeed, so we will spend a lot of time together preparing for your future life as a homeowner.

Homeowners will use the **bi-monthly education calendar, homeowner prep education syllabus, and the homeowner prep course tracker** to manage the completion of the education requirements. These resources are provided by and monitored by the Programs Department.

The bi-monthly calendar will be mailed and emailed (if requested). **Each participant must sign-up for classes** by calling or emailing the Homeownership Program Manager.

The Prep Program is outlined below.

<u>Homeownership Preparatory Program Education</u>	<u>If pursuing the Homeownership Program</u>
<p>Education Courses <u>Required</u>:</p> <ol style="list-style-type: none"> 1. Welcome and Orientation 2. Money Management (1-5) 3. Debt Management (1&2) 4. Banking 5. Credit and Underwriting 6. Coping with Hardships and Cost Cutting <p>Additional <u>Requirements</u>:</p> <ol style="list-style-type: none"> 1. Monthly Financial Mentoring 2. 1-on-1 Credit Counseling by referral if required <p>Education Courses <u>Encouraged</u>:</p> <ol style="list-style-type: none"> 1. Identity Theft and Credit Fraud 2. Homeowner’s Insurance 3. Closing on a Home (1&2) 4. Repairs, Maintenance, and Common Issues (1&2) 5. Alcoa Fire Department- Safety Plan- Annual Night Out 6. Yard Care (1&2) 7. Selling a Home 	<p>Additional Requirements:</p> <ol style="list-style-type: none"> 1. 4 hours of “Other” sweat equity monthly earned by applicant AND co-applicant, including: Construction, ReStore, or Events 2. Setup Pinnacle IDA and contribute a minimum \$90 monthly for future 1% homebuyer contribution 3. Complete education classes included in “Education Courses Encouraged”, as offered
<p><u>Elective Classes</u></p>	
<p>Courses offer double sweat equity if pursuing Habitat’s Homeownership Program!</p> <ol style="list-style-type: none"> 1. Communication 2. Nutrition and Food Safety (4-part class) 	

You are responsible for keeping up with the classes you need. Use the Course Tracker to record classes you have completed!

Homeownership Preparatory Program

During the Prep Program- you must:

- Complete required Homeowner Education Courses.
 - Applicant and Co-applicant attend required classes. **You must register for each class.**
 - Use the program syllabus and bi-monthly calendar to manage class attendance.
 - Complete homework as assigned.
- Habitat Money Management and Monthly Financial Mentoring sessions.
 - Complete Money Management course **within the first month of the program.**
 - Create and follow a spending plan including tracking your spending.
 - Attend monthly financial mentoring meeting.
 - Create and follow a debt repayment plan.
 - 1-to-1 credit counseling by referral if required.
- Provide proof of completing your Prep Program pre-approval conditions like:
 - Documentation showing negotiated debt payment plans
 - Statements/Receipts showing debt paid in full
 - Statements reflecting lower balances
 - Documentation showing an existing debt refinanced
 - Proof of 12 months non-traditional credit in the previous 24 months (speak to the Program Manager for more details)
- Habitat Homeowner Mentoring
 - Available to any homeowner needing assistance managing the program requirements and timeline. Mentors are trained to assist in problem solving and planning for success. These mentors help keep you on track.
- If planning to pursue Pre-Approval in the Habitat Homeownership Program:
 - Attend additional recommended and elective classes referenced on Page 6
 - Begin saving toward 1% of the future contract sales price- the homebuyer contribution.
 - Make monthly **\$90 deposits** into your Individual Development Account.
 - This will pay your first year's property taxes and homeowner's insurance.
 - Any remaining balance after taxes and insurance will be applied to closing costs, then as a principal down payment.
 - Complete 4 hours of "Other" sweat equity each month per applicant and co-applicant:
 - Begin earning construction sweat equity on other people's homes.
 - Earn hours at the Restore.
 - Homeownership Program Manager provides monthly Sweat Equity progress reports.

Habitat's Prep Program is designed to assist participants in qualifying for a mortgage loan, whether buying a home through the Habitat Homeownership Program or independently shopping the open market with a USDA Rural Development 502 Direct Loan. **Participants must remember there is no guarantee implied or otherwise, you will qualify for the Homeownership Program or for a USDA Rural Development 502 Direct Loan.**

Completing the Homeownership Preparatory Program

Habitat will conduct a second, full mortgage readiness assessment once all Preparatory Program Pre-Approval conditions are met and documented, as well as all required Preparatory Program education completed. Interested candidates may pursue pre-approval in the Habitat Homeownership Program or the opportunity to apply for a USDA Rural Development 502 Direct Loan and independently shop for a home on the open market at this time.

Completion of the Habitat Homeownership Preparatory Program does not guarantee pre-approval for the Habitat Homeownership Program nor for a USDA Rural Development 502 Direct Loan. Unfortunately, Habitat cannot control or plan for all possibilities, no matter how hard we try. We can, however, continue to work with all willing Homeownership Preparatory Program participants. Remember from Page 3, we are willing to work if you are willing to work!

Homeownership Program Pre-Approval will include consideration of factors such as property eligibility*, size of home needed, the applicant's ability to afford the cost to construct a new Habitat home, the applicant's ability to qualify for Habitat approved 1st mortgage lenders and grant funding sources. Pre-approved Homeownership Program participants will receive the Homeownership Program Partnership Manual and complete the Homeownership Program Partnership Agreement.

Habitat will not require a second screening of Need for Housing, or Board of Directors approval, as these are completed prior to pre-approval for the Homeownership Preparatory Program.

Finally, pre-approval in the Homeownership Program does not mean you will immediately enter into a purchase agreement. Many factors influence build order including receiving an actual loan pre-approval from a Habitat approved lender, education completion, sweat equity earned, property eligibility*, and of course the applicant's choice.**

* Property eligibility consideration includes but is not limited to **homeowner affordability, home size accommodation, build schedule and property investor and/or grant funding requirements.**

** Current Habitat for Humanity Homeownership Program policy allows Habitat Homeownership buyers limited opportunities to "pass" on potential build sites/land. Policy available upon request.

Sweat Equity Overview

Participants spend time in class, managing money, at the ReStore, helping at special events, and building homes. This time is called Sweat Equity. There is no dollar value or refund for sweat equity if a participant is deselected or withdraws from the program.

Habitat requires Sweat Equity for many reasons:

1. Communities and Partnerships work best when everyone plays a part.
2. Builds relationships and creates connections between homeowners, Habitat staff, Habitat volunteers and the community.
3. Neighborhood pride: Helping to construct homes gives a feeling of accomplishment and ownership.
4. It gives homeowners an opportunity to meet neighbors before they close.
5. Builds skills & knowledge to help deal with future maintenance and repair issues.

All sweat equity must be tracked by the participant using the Habitat Sweat Equity log. The participant must track, get a staff or site supervisor signature and turn in all Sweat Equity to the Programs Manager each month.

All minors' school based sweat equity must be documented by a report card or school equivalent and is subject to verification by the Programs Manager.

See Sweat Equity Chart on the following page.

Sweat Equity Overview Chart

If pursuing the Habitat Homeownership Program, sweat equity applies:

Sweat Equity Type	Applicant Only Requires*	Applicant AND Co-applicant Requires*	General Rules
Education	Homeowner Class (1:1 ratio per class except electives earning double)	Homeowner Class (1:1 ratio per class except electives earning double)	<ol style="list-style-type: none"> Participants must track and turn in hours monthly. Participants will get a monthly progress report. Participants must register for education classes by calling the Homeownership Program Manager: 865.233.9110 or emailing: melissa@blounthabitat.org Participants must call ReStore to setup ReStore orientation and first shift if choosing to earn sweat equity at the ReStore. Participants must register for construction by calling the Construction Manager: 865-661-3626. Participants must call if they need to cancel, otherwise hours may be deducted. All sweat equity must be signed, and originals turned into Homeownership Program Manager. Participants should keep their own sweat equity records to verify accuracy of Habitat reporting.
Spending Plan Work	Monthly Financial Mentor Meeting and Homework Required (up to 5 hours a month)	Monthly Financial Mentor Meeting and Homework Required (up to 5 hours a month)	
Homeowner Mentor Meeting	As Needed	As Needed	
Other Sweat Equity Required	Applicant Only Requires*	Applicant AND Co-applicant Requires*	
Construction Work	1:1 ratio per shift	1:1 ratio per shift	
ReStore Work	1:1 ratio per shift	1:1 ratio per shift	
Event	1:1 ratio No Limit	1:1 ratio No Limit	
Total Other Required	4 hours per month	8 hours per month	
<p>Important to Remember</p> <p>If you are pursuing Habitat’s Homeownership Program, education sweat equity hours earned during the Prep Program are the only sweat equity hours that will transfer to the Homeownership Program’s minimum required.</p> <p>*Special needs or limitations of the participant will be taken into consideration.</p>			

Construction Sweat Equity (for those pursuing Habitat Homeownership)

The construction site is open 3 times each week, depending on weather and holidays. Time spent volunteering on the construction site contributes to monthly hour requirement.

All participants must call the Construction Manager in advance to schedule a construction shift. The participant must also call the Construction Manager if they need to cancel. If you schedule a shift, and do not call to cancel and do not show up, then the sweat equity equivalent may be deducted from your total.

Construction Site Schedule (Subject to changes due to Holidays & Weather)			
Tuesday	Thursday	Saturday	Call to Schedule
8:00 am until midday	8:00 am until midday	8:00 am until midday	865-661-3626

Construction Safety Guidelines

Participants must follow all worksite rules set by the Construction Manager or Construction Supervisor. Every participant and eligible household member must sign the Construction Volunteer Liability Waiver form before time on the construction site is allowed. You may not work on site if you do not follow the rules.

Bring to the Worksite	Wear to the Worksite	Do <u>NOT</u> Wear to the Worksite
Water	Sturdy shoes or boots	Jewelry
Drink, snack, lunch	Clothes that can get dirty	Very nice or dress clothes
Emergency medication if required (such as an EpiPen)	Clothes that cover your body	Revealing clothes
Sweat Equity Log	Clothes that let you move freely	Open-toed shoes
	Layer clothes in the winter	

Partnership Agreement:

Each Adult must initial each statement:

	I acknowledge I have read and understand this Preparatory Partnership Manual as my Partnership Agreement with Blount County Habitat for Humanity. By signing this Partnership Agreement, each adult member of the participant household acknowledges that they have had an opportunity to ask questions, have had a full and complete explanation of each element of this agreement and accept each condition noted herein. The failure to comply with the Partnership Manual is grounds for removal from the program.
	I acknowledge that I have read and understand the Education, Money Management, and Mentoring Policies contained within this Partnership Agreement. I agree to the outlined expectations and recognize that violation of this policy may result in my removal from this program. I further understand and acknowledge pre-approval in the Preparatory Program does not guarantee pre-approval for the Homeownership Program.
	I acknowledge that I have read and understand my preparatory program pre-approval letter including conditions contained within. I further acknowledge these requirements can change at the sole discretion of Blount County Habitat for Humanity.
	Pursuing Homeownership Program Only: I acknowledge that I have read and understand the Sweat Equity policy contained within this Partnership Agreement. I further acknowledge that I understand how Sweat Equity hours are earned, the penalties that may be imposed for my failure to meet my responsibilities and how the failure to fulfill my responsibilities can result in my removal from the program. Finally, I understand there is no dollar value or refund for sweat equity if I am deselected or withdraw from the program.
	Pursuing Homeownership Program Only: I acknowledge that I have read and understand the Blount County Habitat for Humanity Construction Policy contained within this Partnership Agreement. I agree to the terms of the policy and recognize that its violation may result in my removal from the program.
	Habitat is a non-profit dedicated to the vision of a world where everyone has a decent place to live. Habitat will do its best to comply with the responsibilities and program description outlined in this manual. However, Habitat cannot make a guarantee regarding contents of this manual due to factors that may be outside of Habitat’s control.
	Habitat in its sole discretion can alter the existing partner agreement and partner manual as it deems necessary.
	I declare my intention to pursue Habitat for Humanity Homeownership Program Pre-Approval upon completion of the Habitat for Humanity Homeownership Preparatory Program. I further acknowledge and agree to the additional Preparatory Program requirements outlined in this manual as “Pursuing Homeownership Program”.

In witness whereof this _____ day of _____, 20_____.

Blount County Habitat for Humanity

Habitat Homeowner

Director of Programs	Applicant
Homeownership Program Manager- Witness	Co-Applicant

Frequently Asked Questions (FAQ)

1. **Is the Homeownership Prep Program the same as the Homeownership Program?**
No. Prep participants are applicants interested in homeownership but who require additional work to qualify for a first mortgage loan. Each prep program participant works with Habitat toward eligibility for a home loan and may work toward qualification in the Homeownership program when eligible.
2. **Does Habitat offer 0% interest loans to purchase homes in the Homeownership Program?**
No. Habitat's Homeownership Program has transitioned to a 3rd party lending system for 1st mortgages. Our lending partners do charge interest, but Habitat does ensure the mortgage you apply for is affordable.
3. **What if I schedule sweat equity time and I do not show up?**
We understand things happen. We ask that you let us know if you cannot make it so we can plan the day accordingly. If you do not show up, and you do not call, you may be docked an equivalent number of hours you were scheduled to work.
4. **What time does the construction workday begin?**
The construction workday begins at 8:00 am and ends at midday- unless otherwise noted due to weather or holiday.

Appendix

1. Privacy Policy
2. Email and Text Permission Form
3. Grievance Policy
4. De-selection Policy
5. Withdrawal Request Form
6. Construction Waiver
7. Minor Construction Waiver
8. Photo Release
9. Financial Mentoring Performance Report
10. Education Syllabus
11. Education Course Tracker
12. Sweat Equity Log