

# PARTNER

## Family

# MANUAL

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## Dear Partner Family,

Welcome to Habitat for Humanity. We are excited to work in partnership with you to build your house and future. It is our hope that we can make this a very successful and positive experience for you as well as everyone involved in helping make your dream of home ownership come true.

This booklet explains how the Habitat program works and what you need to do to make it work for you. Read each page carefully as they contain information that is vital to you.

If there is anything that you need to have clarified or explained, please do not hesitate to ask any of the staff. We are here to assure that your transition from renter to homeowner is a smooth one.

Sincerely,

Jeremy Foulks  
Executive Director



## HABITAT CONTACT INFORMATION

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**Office Hours: Monday – Friday 8:30 – 4:30**

**Telephone Number: 256- 533-2282**

**Address: 400 Pratt Avenue, Huntsville, AL 35801**

# HABITAT FOR HUMANITY OF THE RIVER VALLEY

Habitat for Humanity of the River Valley (HFHRV) is an affiliate project of Habitat for Humanity International. Habitat for Humanity International is an ecumenical, grassroots Christian housing ministry that seeks to eliminate poverty housing from the world and make decent shelter a matter of conscience and action. By having people from all walks of life work together in equal partnership, Habitat builds new relationships and a sense of community as well as new housing.

HFHRV is one of over 84 affiliates in the United States. As an affiliate, HFHRV is an independent, non-profit organization responsible for its own fundraising, publicity, volunteer recruitment, and staffing. Since its affiliation in 1987, HFHRV has built homes for over 300 families in Madison County.

HFHRV is managed by staff, local volunteers, and a board of directors. There are also several committees that are involved in the day-to-day operations of the affiliate.

One of the truly unique aspects of the Habitat program is that you will have an opportunity to meet people from all walks of life as you work side by side to build your Habitat house. You will have an opportunity to make new friends and create lasting bonds.

# You & Habitat



We know that this is an exciting time for you and your family. Sometime in the next year to two years, you will be living in your own home.

Every family that joins our program will face challenges that they will need to overcome. For many families, there are issues with getting their sweat equity hours done. For some, it is paying the closing cost. Do not lose faith in yourself or God!

You are going to make your dream come true. And if something does come up, we at HFHRV make every attempt to work with the families in our program.

This is only possible when both you and Habitat have an open and honest relationship with each other.

If you experience some hardship, let us know as soon as possible.

# HOMEOWNERSHIP

## OVERVIEW

Please read your Partnership Agreement thoroughly as it describes the terms and conditions of your acceptance into the program and your pre-approval of a home loan.

### Education Requirements

Families are required to attend and participate in all education courses . Please see your Partnership Agreement and/or pg. 10 for more information.

### Communication & Participation

Families are required to meet with the Family Services Manager (FSM) at least once a month and notify FSM of any changes. Families should make an effort to attend/support HFHRV events.

### Closing Costs

HFHRV requires partner families to pay \$3,000 towards closing cost. Closing costs are used to cover 1st year homeownership insurance premium, termite inspection, legal filing fees, and other costs associated with closing. Families will make at a minimum of \$100 a month payments. Payment is due on the 1st. Payments are considered late after the 10th and a late fee(\$10) will be added.

### Sweat Equity

HFHRV requires partner families to complete 300 sweat equity hours. Families are required to complete at least 20 hours (single applicant) or 25 hours (two adults as applicants) per month. Hours completed do not reduce purchase price of home nor will HFHRV pay/compensate families for SE completed if they are terminated or withdraw from program.  
(see pg. 9)

### Strikes

Failure to pay the minimum closing costs per month (\$100) and/or complete required SE hours will result in a strike.

A family who receives 3 strikes for failure to comply with SE or closing costs requirements will be deselected (removed) from the program.

### Deselection/Withdrawal

HFHRV reserves the right to revoke a family's acceptance into the program & families have the right to withdraw from the program. Families who withdraw/ are deselected will receive a refund of closing costs paid. A withdrawal request form must be completed, see appendix D. Please see your Partnership Agreement for further explanation of these policies.

# HABITAT HOMEOWNERSHIP OUTLINE

**I**

## **APPLICATION PROCESS**

**II**

## **ACCEPTANCE**

- Sign Partnership Agreement
- Begin completing 20 sweat equity hours a month
- Begin paying a minimum of \$100 a month toward closing costs
- Begin attending education courses
- Begin meeting with Family Services Monthly
- Attend HFHRV events

**III**

## **STATUS REVIEW**

This can occur after 150 Sweat Equity hours have been completed and \$600 of your closing cost have been paid.

- Status review with FSM (Family Services manager)
- Select Lot / House Design
- Assigned / Meet House Leader

**IV**

## **CONSTRUCTION**

- Wall Ceremony
- Continue to complete 20 sweat equity hours a month
- Continue to pay a minimum of \$100 towards closing cost
- Continue to meet with Family Services monthly
- Continue to participate in education class
- Assist with the construction of home
- Attend HFHRV events

*This is only an overview of the total process. Some things may occur before or after.*

# HABITAT HOME OWNERSHIP OUTLINE

**V**

## **CONSTRUCTION COMPLETE**

- Walkthrough with house leader, construction department, and FSM
- Attend Home Dedication Ceremony
- Transfer utilities
- Complete Occupancy Agreement
- Move In!

**VI**

## **COMPLETION OTHER REQUIREMENTS**

- Finish Sweat Equity hours
- Complete all required education courses

**VII**

## **STATUS REVIEW**

- Final review to ensure partner family is ready for closing

**VIII**

## **CLOSING**

**IX**

## **POST-CLOSING**

- Home Warranty last up to a year from the date you moved in.
- Pay mortgage monthly.

This is only an overview of the total process. Some things may occur before or after.

Our program is not a quick housing solution. It can take a minimum of 12 months, typically longer, from the time of application before a family can move into their HABITAT home. While we are committed to building your home in the most timely manner possible, the construction process is complex and can have multiple delays based on weather conditions, supply chain issues, and contractor availability.

# SWEAT EQUITY

**Sweat Equity (SE) is the “sweat” you contribute on your path to an affordable Habitat Home. SE is an indicator of your willingness to partner with Habitat staff, sponsors, and volunteers to support Habitat’s mission and help construct homes.**

**HFHRV requires you to complete a minimum of 300 SE hours:**

- **100 construction hours**
  - 50 hours must be working to build your own home
- **100 volunteer hours working at:**
  - Habitat Restore
  - Approved community partner

**You can have up to 100 hours donated to you.**

**While working on SE hours it is expected that you work hard and fill out timesheets accurately and honestly.**

**SE Timesheets are due on the 3rd of each month. You have options on how to turn in timesheets:**

- Scan (or take a clear picture) and Email completed timesheets to Family Services
- Drop timesheets in drop box at the Habitat office
- Bring timesheets to Family Services

**Failure to complete 20 hours a month will result in a strike. Three strikes will result in deselection from the program.**

**See Appendix A -C for sweat equity timesheets and where to volunteer.**

**Should a prospective homeowner be deselected or withdraw from the program, no monetary compensation will be given for sweat-equity hours completed.**



# Education Schedule

Course	Presenter	Date/Time
Good Neighbor Initiative	Huntsville Dream Center	March 2023 GNI is held every quarter
Faith & Finance	The Cornerstone Initiative	Fall 2023
Fire Safety & Home Security	Huntsville Fire Department	Fall 2023
Habitat Mortgage	Jeremy Foulks	September 2023
Home Repair & Maintenance	Habitat Construction	July 2023
Construction Pt. 1	Habitat Construction	July 2023
Landscaping Pt. 1	TBD	TBD
Landscaping Pt. 2	Virtual	Online
Responsible Partner Family	Jeremy Foulks	June 2023
First Time Homebuyer	Family Services Center	January 21, 2023
Budget	Family Services Manager	TBD
Closing Prep	Jeremy Foulks	Scheduled individually

# CLOSING COSTS

As with any closing of a home, the buyer must pay closing costs to cover such expenses as homeowner's insurance, termite inspection, legal filing fees, title search and insurance, and other expenses that may be associated with closing on your home. These expenses must be paid for when you move into your home.

**Homeowner's Insurance:** Homeowner's Insurance is necessary to protect you and your family in case your home is damaged or destroyed. The insurance can be used to make repairs to your damaged home or to build a new home in case it is destroyed. Depending on where you live, you may be required to have flood insurance in addition to a regular policy.

**Termite Inspection:** The termite inspection helps protect your home from termites. Until your home is paid for, Habitat will require that a termite inspection be done.

**Legal Filing Fees:** Your mortgages, the notes to the mortgages, and the deed are legal documents that must be filed with the Madison County Probate Judge. These documents are then kept on record at the courthouse. To file these documents, the court requires you to pay a fee.

**Title Search and Insurance:** The property that your home is built on is assigned a title. A title search is done to prevent any possibility that someone else holds a title or lien on your property. Title insurance will protect you in the case someone makes such a claim.

**Other costs:** A good example of other costs may include, but is not limited to, lawyer's fees. As the seller of the home, Habitat determines the lawyer who will handle closing. If the lawyer requires a fee for the closing, you may be required to pay those fees.





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## LOT SELECTION REVIEW

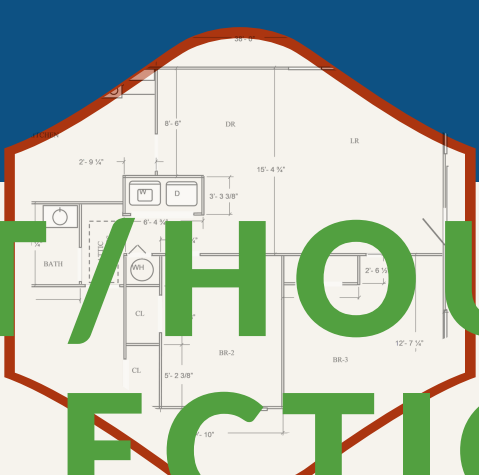
So, you finally completed 150 hours and paid \$600.00 towards your closing cost. You are nearly done with all of your classes. It seems like it has been forever! You are now in the next available slot for a build, but first we have to verify that you still meet the minimum financial standards for the program.

You will need to submit the following to Family Services:

- Two months of paystubs
- Two months of statements from all bank accounts

The Family Services Manager will review the above documents along with your current credit report in order to verify that you still meet the program's minimum financial standards.





# LOT/HOUSE SELECTION

Well, it is time to grab the keys and let's go for a ride! The Family Services Manager and your family are going to pick a lot for your future home. But before you fasten your seat belt, you need to understand a few things.

## ***Where will my house be built?***

Habitat Construction Committee has decided that every building cycle they are going to build on certain lots. We try to give everyone an opportunity to choose a lot, but due to land availability, grants, manpower, and other circumstances, we may not be able to give you a selection on lots. If you own land, the Construction Committee has to verify that Habitat can build on your land. There may be questions about infrastructure (roads, electricity, water, or sewage) that may be a problem.

## ***What if I do not like the lots offered to me?***

If a partner family declines the lots offered at the first opportunity, they move to the bottom of the list of those who have completed their 150 hours. The partner family must then wait until other qualified partner families have had a chance to select lots before they may have a second selection opportunity. If no waiting list exists, then a partner family may wait three months before they may choose again. The Partner Family will be assigned to the next available construction period. The family will continue to work on completing remaining classes and workshops, sweat equity hours, closing cost, and resolving debts as outlined in the partnership agreement.

If the partner family declines all lots offered at both opportunities, the family has shown an unwillingness to partner and automatically deselects themselves from the program. Families that are deselected may reapply after six months.

*Homes that are already in our inventory are also available for selection.*



# CLOSING

Before we close on your home, several items will need to be taken care of. First, we need to get your homeowner's insurance set up. Habitat can offer you a list of insurance companies in the area.

Next, you are responsible for any outstanding debts that you have with your existing landlord. You may be required to give a notice that you are leaving your current residence and may have to pay a fee for terminating your lease contract early.

About one week prior to closing on your home, you need to call the Huntsville Utilities to schedule to have your utilities turned on. They may require you to pay a deposit or transfer fee. This is your responsibility.

"Closing" on your home is the process of you and Habitat sign the legal documents (mortgages, mortgage notes, etc.) that make you the legal owner of the property and home.

Typically, Habitat has a lawyer who volunteers their services to handle the closing. This saves you and Habitat from paying lawyer's fees. For this reason, your closing will be scheduled around the lawyer's calendar and that of a member of HFHRV's Board of Directors.

It is very important that you are on time to your appointment. You will also need to bring with you a photo I.D.

Within a few weeks of closing on your home, you will receive a blue packet from the attorney's office. You must remember to take this packet to the tax assessor's office and file for a homestead exemption. If you do not file, your property taxes will be double the regular amount. To file for the homestead exemption, you can go to the 2nd floor of the Madison County Service Center located at 1918 Memorial Parkway, NW, Huntsville, Alabama 35801.

# dictionary

[dik-shuh-ner-ee]

**noun, plural 'dictionaries'**

1. a book, optical disc, mobile device, or online lexical resource containing a selection of the words of a language, giving information about their meanings, pronunciations, etymologies, inflected forms, derived forms, etc., expressed in either the same or another language; lexicon; glossary. Print dictionaries of various sizes, ranging from small

## Terms to Know

**Appraisal**- an expert judgement or estimate of the quality or value of real estate as of a given date.

**Certificate of Occupancy**- a document issued by a local government agency that states a property meets the local building standards for occupancy.

**Closing Cost**- the costs of closing the sale of the property, including, but not limited to, title insurance premiums, transfer taxes, and recording fees.

**Closing Day**- the day on which the formalities of a real estate sale are concluded. The certificate of title, abstract, and deed are generally prepared for the closing by an attorney and this cost is charged to the buyer. The buyer signs the mortgage and closing cost are paid. The final closing merely confirms the original agreement reached in the agreement of sale.

**Contingent Deferred Interest**- interest on the note, payable only if an extraordinary event occurs, see Real Estate Purchase Agreement Section 2.5 (Appendix G).

**Contractor**- a person/company who contracts to erect buildings or portions of them, ex. Electricians, Plumbers, HVAC technicians, etc.

**Credit Report**- a report documenting the history of how you paid back the companies you have borrowed money from, or how you have met other financial obligations.

**Deed**- a formal written instrument by which title to real property is transferred from one owner to another.

**Default Interest-** interest on both the Note and the Second Note in the amount of 10% per annum, payable only if an event of default occurs, see Real Estate Purchase Agreement Section 2.5 (Appendix G).

**Event of Default-** an event such as your failure to use the property solely as your residence or your renting the property to a third party, see Real Estate Purchase Agreement Section 2.5 (Appendix G).

**Escrow-** Typically, lenders increase the size of the monthly payment to cover important bills (property taxes and insurance). During the year it is deposited into an Escrow account and when taxes/insurance premiums are due, the lender automatically pays the bill from the buyer's account.

**Extraordinary Event-** an event such as the sale, transfer, foreclosure, or refinancing of the property before you pay off the note, see Real Estate Purchase Agreement Section 2.5 (Appendix G) for a full list.

**First Mortgage-** a mortgage that has priority as a lien over all other mortgages.

**Flood Insurance-** insurance that compensates for physical property damage resulting from flooding. It is required for properties in federally designated flood zones.

**Foreclosure-** the action of taking possession of a mortgaged property when the mortgagor (Homeowner) fails to keep up their mortgage payments.

**Hazard Insurance-** protects against damages caused to the property by fire, windstorms, and other common hazards.

**Homeowner's Insurance-** insurance including hazard coverage that insures damages that may affect the value of a house, in addition to personal liability and theft coverage.

**Mortgage-** a loan from a lender that helps a borrower purchase a home. The collateral for the mortgage is the home itself.

**Net Profit**- generally, the difference between the value of the property at the time of an extraordinary event and the Purchase Price, see Real Estate Purchase Agreement Section 2.5 (Appendix G).

**Note**- a "shared appreciation" promissory note which you will sign and give to HFHRV at Closing. By signing the note, you are agreeing to make the monthly payments of principal for 30 years.

**Property**- the house (and any other buildings), land, and any fixtures installed thereon.

**PITI (Property, Interest, Taxes, Insurance)**- the four components of a monthly house payment.

- *Principal*- the amount you borrowed and have to pay back
- *Interest*- the cost of borrowing money. This is the amount added onto the principle of your loan. (For habitat homes the interest rate is 0%.)
- *Taxes*- property taxes
- *Insurance*- homeowner's insurance

**Purchase or Sales Agreement**- a contract on which a seller agrees to sell and a buyer agrees to buy, under certain specific terms and conditions spelled out in writing and signed by both parties, see Real Estate Purchase Agreement Section 2.5 (Appendix G).

**Purchase Price**- the price paid upon the purchase or sale of a particular property.

**Second Note**- a promissory note which you will sign and give to HFHRV at Closing. By signing the second note, you are agreeing to make annual payments of principal for the first half of the term of the first mortgage. The second note will accrue default interest payable only if either an Event of Default or Extraordinary Event occurs. As each year passes without an Event of Default or Extraordinary Event, an equal portion of the principal amount of the second note will be forgiven by HFHRV.

**Title**- instruments or documents by which ownership is established.

**Zoning**- a local government authority's specifications for the use of property in certain areas.

# THE IMPORTANCE OF A BUDGET

A budget is a means for identifying and tracking what comes in (**income**) and what is spent (**expenses**). When you build a budget, it becomes a resource that will help you make decisions about your spending choices and habits.

You need a budget so you can meet your **financial obligations**. A **financial obligation** is anything that requires you to make regular payments. Ownership of a home is major financial obligation and it is important that you can make your monthly payment.

## Income:

- Knowing the “actual” income will help you determine what is available for expenses.
- Take-home pay (**net pay**) may change if work hours vary or the job depends on your efforts, such as commissions or tips. It is a good idea to underestimate your income.

## Expenses

- Bills such as a mortgage, food, and utilities
- Expenses can be fixed (the same cost every month, ex. mortgage), variable (expense that cost changes month to month, ex. utilities), or discretionary (amount spent on non-necessities, ex. concert tickets)

					MONTH _____				
Expense		Budget	Actual	Difference	Expense		Budget	Actual	Difference
Housing	Rent or Mortgage				Personal	Clothes, Cleaning			
	Utilities					Education			
	Phone					Allowances			
	Upkeep & Repairs					Day-Care & Sitters			
	Furnishings					Recreation			
	Other					Cable, Internet			
Food	Groceries				Misc	Other			
	Eating Out					Gifts & Donations			
	Food Stamps Used					Bank Charges			
Transportation	Car Payment				Debt	Misc			
	Insurance					Credit Cards			
	Upkeep & Repairs					Loans			
	Gas				Total Expenses	Misc			
	Other								
Medical	Doctors & dentists				Income				
	Medicine, Glasses				Amount Positive/Negative				
	Insurance								

# HOW TO AVOID FORECLOSURE

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Don't ignore the problem. Reach out to HFHRV and other community resources once a problem is noticed for advice and assistance.

Open and respond to all HFHRV correspondence. Notices will offer helpful information about foreclosure prevention. Not opening the mail or not answering calls does not slow down or stop the foreclosure process.

Know your mortgage rights. Re-read your loan documents to understand what may happen if you can't make payments. Research foreclosure laws and timeframes in Alabama. Reach out to an approved housing counselor at the Family Services Center.

Don't pay for foreclosure prevention, instead pay your mortgage with that money. Many foreclosure prevention companies are for-profit and may charge large fees.

Maintain a household budget. Budgeting can help foresee or prevent potential problems. Review your expenses every month, especially if there are any changes. Set goals and work to accomplish them.

# HOMEOWNER'S INSURANCE

*Homeowner's insurance pays for damages to your home when something unexpected happens such as flood, fire or theft.*

*Homeowner's insurance is paid through an escrow account as part of your monthly mortgage payment. While you have a loan from Habitat, you must have homeowners insurance. Even after you pay off your loan, homeowners insurance is still a good idea.*



## MOST BASIC HOMEOWNER'S INSURANCE POLICIES COVER:

- The house
- Belongings in the house (furniture, clothing, etc.)
- Accidents that occur on your property



# HOME REPAIR/WARRANTY ISSUES

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HFHRV provides a limited warranty for NEW homes. The warranty lasts up to 1 year from the day you move into the home. HFHRV does not warranty rehab homes.



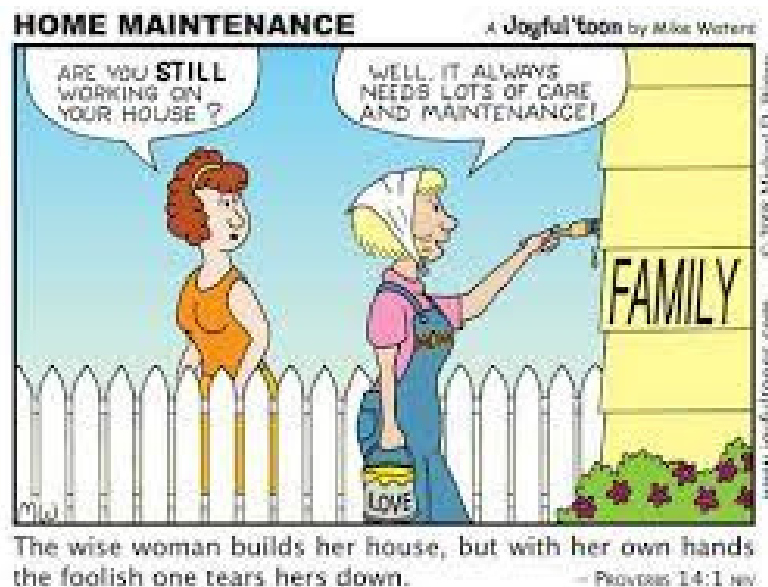
All warranty issues must be reported using the home repair/warranty issue form; please see appendix E or Family Services for the form. Forms must be completed and turned into Family Services.

# Home Maintenance Tips

**"It is better to prepare & prevent  
than it is to repair & repent"**

**-Ezra Taft Benson**

- Smoke Alarms and Carbon Monoxide detectors should be tested at least once a month.
- Air Filters should be changed at least once a month.
- During extremely cold weather leave faucets running and cabinets under sink open to prevent pipes from freezing. Cover outside faucets. Covers can be purchased at stores like Walmart or Lowes.
- Your dryer has a lint trap/vent; check it frequently to see that it is free of lint buildup.
- Clean gutters twice a year.
- Maintain a fire extinguisher and place it in an easily accessible location.
- Learn where to go to shut off the water/ the gas, if applicable.
- Don't put off repairs.



# COMMUNITY RESOURCES

*Resources in case you or someone you know needs assistance.*

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## HOUSING

***Family Services Center 256-551-1610***

***Huntsville Housing Authority 256-535-2265***

***Athens Housing Authority 256-232-5300***

***Downtown Rescue Mission 256-536-2441***

***Lincoln Village 256-701-4303***

***Athens/Limestone Food & Shelter 256-233-2323***

## FOOD

***Madison Co. DHR- Food Stamp Dept. 256-427-6000***

***Limestone Co. DHR- Food Stamp Dept. 256-216-6380***

***Manna House 256-503-4848***

***Salvation Army (Madison 256-536-8876)***

***(Limestone 256-233-1614)***

## FINANCIAL ASSISTANCE

***Catholic Center of Concern 256-536-0073***

***Community Action Partnership Huntsville/Madison  
and Limestone Co. 256-851-9800***

***Limestone Co. Churches United 256-262-0671***

***Whitesburg Baptist Church 256-881-0952***

## OTHER

***Referral - 211***

***Legal Services of AL 1-866-456-4995***

***Enable Madison Co. (formerly known as CASA) 256-  
533-7775***

***Central Health Care 256-533-6311***

***Madison Co. Community Free Clinic 256-533-2910***

***Wellstone Behavioral Health 256-532-4141***

***Mental Health Center of North Central AL (Limestone  
Co.) 256-232-3661***