



## MUTUAL SELF-HELP HOUSING WITH HOUSING KITSAP FREQUENTLY ASKED QUESTIONS

### GETTING STARTED

- WHAT IS MUTUAL SELF-HELP HOUSING?
  - The Mutual Self-Help Housing program is about offering home ownership to homebuyers with limited income in a unique way. It does not waive the requirement for good credit, stable income, and the ability and willingness to meet your future debt payments including a home loan payment. In that way it really is no different than a home loan that you might apply for just about anywhere else. The lender is the United States Department of Agriculture Rural Housing Service (USDA). Based off your income, the interest rates can be as low as 1%, which helps to lower your mortgage payments.
  - Housing Kitsap will assist you in completing the home loan application and help you to understand the home buying process. This will include informational trainings to familiarize you with the loan documents, program rules, accounting processes, and the construction process itself.
  - All group members will participate in building each other's homes and homes must be completed before anyone moves in.
  - Group members are required to contribute up to 35 hours per week during the course of construction.
  - No building experience necessary!
- WHAT ARE THE ELIGIBILITY GUIDELINES?
  - **INCOME:** Must be at or below 80% of the Area Median Income Limits (HUD) and the Adjusted Income Limits (USDA) in Kitsap and/or Mason Counties. Because many factors determine adjusted annual income, your income is determined on a case-by-case basis. In all cases, your repayment income must be stable and dependable to meet eligibility requirements for USDA. Call us for more information regarding your situation.
  - **CREDIT HISTORY:** Typically, applicants with credit scores 640 and above who have two (2) or more established tradelines that are open, active and in good standing for the recent 12 months or longer, with no derogatory accounts and a low debt-to-income (DTI) ratio, may qualify at a faster rate. A further credit analysis may be conducted on applicants based off credit score.
  - **EMPLOYMENT:** Stable and dependable employment of two (2) years or longer is preferred.
  - **ASSETS:** An applicant may retain \$15,000 in assets (\$20,000 for applicants over the age of 62). All assets above those amounts will be required to be used as down-payment on your home loan.
  - **RESIDENCY:** U.S. Citizenship or eligible permanent residency is required to purchase a home with the Mutual Self-Help Housing program.



- **WHAT IS THE DOWN-PAYMENT REQUIREMENT?**
  - No down-payment is required for a USDA Self-Help home mortgage (unless you exceed asset amount). Depending on how close you are to qualifying for the full loan amount necessary to purchase a home with Housing Kitsap through USDA, Housing Kitsap may be able to offer you a silent second mortgage, called down-payment assistance (DPA). This 'gap financing' may help qualify you for enough loan amount to move forward in our Mutual Self-Help Housing program in an affordable way.
- **WHAT IS A SILENT SECOND MORTGAGE / DPA?**
  - Should you obtain a down-payment assistance (DPA) loan to qualify for this program, the terms of the loan will be clearly stated and thoroughly reviewed with you before signing.
- **WHAT IF I ALREADY OWN A HOME?**
  - Applicants cannot currently own a home.
- **ARE HOUSEHOLDS WITH DISABLED MEMBERS ELIGIBLE?**
  - Yes. However, there is no reduction in the labor contribution to the building group for any participating family. In cases where one of the future owners cannot physically do the required sweat equity labor, they must arrange a sponsor to contribute the required hours on their behalf. Volunteer sweat equity contribution limits for the household still apply. There are also reasonable house plan modifications available when there are special needs in a household.
- **ARE MORTGAGE PAYMENTS DUE DURING THE CONSTRUCTION PERIOD?**
  - No. Mortgage payments will typically begin on the first of the month following approved final inspection and certificate of occupancy is granted and loan conversion with USDA.
- **HOW DOES PRE-CONSTRUCTION TRAINING WORK?**
  - Once all the members of a group have been qualified for the home loans, Housing Kitsap will conduct pre-construction training and orientation, usually on Thursday evenings at 6:00PM at Housing Kitsap's main office building, or via virtual conference room. These meetings are mandatory and are typically scheduled in four consecutive weeks. Minors are not invited to attend these meetings as there is a lot of information to review.
- **HOW MUCH OUT OF POCKET EXPENSE SHOULD I EXPECT?**
  - There are three main phases of spending to anticipate:
    1. The Loan Approval Process: Before we start the construction process, Housing Kitsap staff will secure the loan on your behalf from USDA. This includes a mandatory mortgage credit report from USDA's office and will cost \$25. Additionally, your household will be required to complete a mandatory homebuyer's education course and counseling with Community Frameworks and will cost an additional \$50 for each person on the loan. These costs are



subject to change. Housing Kitsap will confirm the requirement at the beginning of this process.

2. The Construction Process: Once the build group is formed and you have closed on your property, anticipate spending a few hundred dollars on basic hand tools, weather protective clothing and work boots, if you do not already own these things. See the Tools List on the website and in the labor agreement for a detailed description. To reduce this cost, consider purchasing these items used and/or letting your friends and family know you will need these things in hopes they have a spare to give you or to borrow. You will be able to select your own bathroom accessories, which are reimbursable up to a certain amount.
3. Homeownership: Your new home will come with a stovetop range oven, hood fan, refrigerator and dishwasher. Washer and dryers are not included.

- **WHAT APPLIANCES ARE INCLUDED?**

- In all homes, a standard kitchen appliance package included in your home loan includes a stovetop range oven, a dishwasher and a refrigerator. Garbage disposal and washer and dryer hook-ups are installed, but these appliances are not included.

- **WHEN WILL I KNOW IT IS MY TURN TO BUILD MY HOME?**

- Applicants are chosen from the wait list for an opportunity to be in the next Building Group based upon several criteria including: program grant requirements and priorities, date application received, income status and current eligibility status.

- **WHAT HAPPENS AFTER I TURN IN MY APPLICATION TO HOUSING KITSAP?**

- When Housing Kitsap receives your Mutual Self-Help application, we will call and/or email you a confirmation to let you know your information has been received and updated into our digital database. This is when your pre-qualification review process begins. Within the following 30 days, our waitlist coordinator will call and/or email you with a complete review summary and to talk about what the next steps to approval with our program may be, depending on the information found in your review. In the meantime, expect a new applicant orientation welcome packet in your e-mail.

- **WHAT ARE THE MORTGAGE LOAN TERMS?**

- Loan terms are either 33 years or 38 years. The promissory note interest rate is set by USDA. They can be as low as 1%. An applicant's debt-to-income ratio is considered in the loan approval process as well. There are debt-to-income ratio requirements based on your income.

- **HOW MUCH WILL MY MORTGAGE PAYMENT BE?**

- Mortgage loan payments are based on the household's income. This amount is calculated and issued to you by USDA, your lender, at the time of construction-to-mortgage loan conversion.



- **IS THIS PROGRAM FOR FAMILIES AND MARRIED COUPLES ONLY?**
  - The Mutual Self-Help Housing program is for everyone who qualifies regardless of ethnicity, race, religion, or familial or marital status.
- **CAN I CHOOSE MY FLOORPLAN?**
  - There are several floorplans available through Housing Kitsap. They range in size, from two-bedroom to four-bedroom homes. We have developed floorplans that make efficient use of space, that fit together as a coherent neighborhood and that have some curb appeal to ensure value. We request your top three (3) floorplan choices during the loan approval process based on a set of floorplans approved for the neighborhood you are building in. We try to accommodate the plan you select, but we must consider your original date of application, loan approval amount as well as the lot size and shape.
- **CAN I CHOOSE MY LOT?**
  - There are no lot choices due to the complexity of all the house choices, lot sizes, setbacks, topography and other site conditions.
- **CAN I CUSTOMIZE MY HOME?**
  - The floorplans cannot be changed at the request of a homeowner, except by way of a reasonable accommodations request made at the beginning of construction identifying a disability in need of an accommodation. Homeowners can, however, personalize their homes using pre-approved selection options for personal touches such as paint color, tile color, flooring and carpet colors, cabinet colors, countertop colors and more.

## **ON THE JOB SITE**

- **WHAT IS MY TIME COMMITMENT?**
  - All participating households must contribute a collective 65% of the labor on all the homes in their build group. There is a sweat equity requirement of up to 35 labor hours per week per household, for the duration of construction. The loan note holder(s) must complete a specified portion of the required labor hours each week. This number changes as the required work week changes and a breakdown is outlined in the Group Labor Agreement. Any remaining hours can be contributed by friends, family, and volunteers. If no hours are volunteered to your household, the loan note holder(s) are responsible for the remaining hours per week as well.
- **CAN I BRING MY KIDS TO THE JOB SITE?**
  - Minors under the age of 14 years are not allowed on the job site to ensure their health and safety. Minors 14 years of age and older are allowed on the job site, and can volunteer, with adult supervision and at the Discretion of the construction supervisor.



- **HOW LONG DOES IT TAKE TO BUILD A HOME WITH HOUSING KITSAP?**
  - The construction period typically takes 12-14 months. The commitment to build a home with the Mutual Self-Help Housing Program is very important as all the homes must be finished and pass inspections before any homebuilders may move in.
- **WHAT IF I AM AFRAID OF HEIGHTS?**
  - Housing Kitsap will not force our builders into an uncomfortable position. If a person is not able to complete a task assigned to them, another group member may step while they find a different task that better suits their comfortability. Homebuilders are not required to do the roofing, but will, in some cases, need to work on the second story of a home before the walls are in place. Everyone on the job site is well acquainted with the safety regulations and is expected to be mindful while on the job site.
- **CAN I BRING MY OWN POWER TOOLS?**
  - Yes. Housing Kitsap provides necessary power tools, but you are welcome to bring your own to help the process move quicker and/or more comfortably for you. Housing Kitsap is not liable for damage your tool(s) may incur.
- **WHAT IF I AM PHYSICALLY UNABLE TO DO A TASK?**
  - If this is the case, communicate your concern to your dedicated construction site supervisor so they can find a task that is more suitable to your capabilities.
- **WHAT DO WE DO IF IT RAINS DURING CONSTRUCTION?**
  - We keep building! There are certain construction tasks that can be delayed due to rainfall. In these cases, the construction supervisor will be aware of impending rain and manage the project accordingly. Typically, rainfall does not prohibit homebuilders from working on the job site.
- **HOW WILL WE BE ABLE TO WORK IF IT IS DARK OUTSIDE?**
  - If you are on site at dusk and/or when it is dark outside, Housing Kitsap has some flood lights available for use on site to help you complete your task(s) in low light.
- **HOW IS MY TIME ON THE JOB SITE SCHEDULED?**
  - Once pre-construction training and orientation is complete, the group will begin construction on their homes, starting with a mandatory weekly meeting on the job site, which will continue throughout the duration of the construction process. This meeting is at 8:00AM on Saturdays. All other sweat equity hours can be contributed and scheduled at a reasonable time for your household.



## AFTER MOVE-IN

- CAN I SELL MY HOME?
  - Yes. You may sell your home any time after occupancy. The subsidy amount is subject to recapture by both USDA and, if applicable to you, your silent second mortgage through Housing Kitsap. This amount is identified on a case-by-case basis.
- WHAT IF I AM UNABLE TO MAKE THE MORTGAGE PAYMENTS AFTER I MOVE IN?
  - At the discretion of your mortgage lender, USDA, you may be eligible for a moratorium. You must request this directly from USDA and be deemed eligible. A Moratorium “stops the clock” on payments for up to two (2) years to enable the borrower to recover from losses of income or unexpected expenses. Amounts that accrue during the moratorium are repaid in a lump sum or by re-amortizing the loan, including the amounts accrued in the outstanding balance.

I have read and understand this Frequently Asked Questions (FAQ) document and will ask additional questions to ensure, to the best of my ability, that I understand the program requirements and processes fully.

---

Print Name

---

Date

---

Signature

---

Date