Homebuyer Program Policy Changes

6-18-18

In an effort to align our program with Habitat for Humanity International policy and best practices as well as all Fair Housing, Fair Lending and Consumer Fraud Protection Bureau rules, regulations and laws we have done an extensive look at our Family Selection and Family Services operations. Currently, we would like the board to consider the following policy changes:

1. Program Length

   Why: 1. HFHI recommends length of time Homebuyer works in program be approximately eighteen months prior to move in and purchase.
   2. Equitable treatment of families of all sizes.
   Single adult households are less likely to be able to complete our program in a timely fashion and hence less likely to move into home ownership.

   Currently: All families complete 500 hours of sweat equity.

   Change: Single adult households are required to complete a minimum of 400 hours of sweat equity; Households with two or more adults will be required to complete a minimum of 500 sweat equity hours.

2. Acceptance into Program – Financial Underwriting Criteria

   Why: 1. HFHI best practice to bring participants into Program only when they meet financial requirements to be successfully underwritten for our mortgage.
   2. CFPB compliance requires we have written underwriting criteria that we can demonstrate are a reasonably accepted standard for successful repayment of loan.

   Currently: Our program acceptance only looks at AMI and debt to income ratio not to exceed 22%/43%.

   Change: Change program acceptance financial requirements per attached document.

3. House Matching to Family size

   Why: 1. HFHI best practice to have number of bedroom / house size guidelines to determine matching families to available homes through the program.

   Currently: Families of eight or larger are offered five bedroom homes. Families of seven or less have no differentiation concerning house size.

   Change: Use Buffalo Housing Authorities family size / bedroom matrix to match families to production on all homes produced (attached).

4. Deselection Policy

   Why: 1. Best practice to have deselection from program in compliance with HFHI.

   Currently: "*HFHB FAMILY POLICIES and PROCEDURES revised 9/16*" has no guidance on deselection.

   Change: Adopt Deselection Policy as written (attached).

Habitat for Humanity Buffalo

6-21-18

Family Selection Criteria

Financial: Evaluated through provided financial information.

Income: minimum of $27,280 and between 40% and 70% area median income.

Two years continuous history of employment or other consistent income source. (Self-Employment requires three years of history)

Expectation that current income level can be maintained for eight years.

No Bankruptcy filing or discharge date within last two years.

No open liens or judgements.

Credit Score with three active trades reporting for at minimum for the last twelve months of 570 or above*

*if credit score is not available. (i.e. less than three current reporting trades) we accept a one year track record of on time payments for three repeating monthly bills. Typically, we will ask for rent receipts, National Grid, National Fuel, car insurance, and/ or cell phone. An on time track record (no more than two late occurrences of up to sixty days late) with three different vendors equates to a 570+ credit score for our evaluation purposes.

Non-medical collections of less than $1,000 (to be paid down to zero prior to sale closing)

Debt to Income Ratio not to exceed 22/43%.

Need: Evaluated through interview and financial evaluation

Cost Burden of current housing.
Overcrowding in current housing situation.
Health and Safety issues with current housing conditions.
Unable to qualify for a traditional bank mortgage for home ownership.

Willingness to Partner:

Determined at Interview and evaluated throughout the program by measuring documented participation.

Determining Household Size

Buffalo MHA

BMHA will assign one bedroom for each two persons within the household, except in the following circumstances:

- Persons of the opposite sex (other than spouses, and children under age 5) will not be required to share a bedroom
- Persons of different generations will not be required to share a bedroom
- Live-in aides will be allocated a separate bedroom. No additional bedrooms will be provided for the live-in aide's family.
- Single person families will be allocated a zero or one bedroom
- Foster children will be included in determining unit size.
- If there is 7 years or more difference between the ages of children who now share a bedroom, they may be assigned separate bedrooms
- Anyone 18 years of age or older may be assigned a separate bedroom, however it is assumed that spouses will share a bedroom unless a request for a separate room is made
- Children of opposite sex both under age of 5 may share a bedroom until one reaches age of 5.

The MHA will consider granting exceptions to the occupancy standards at the family's request if the BMHA determines the exception is justified by the relationship, age, sex, health, or disability of family members, or other personal circumstances.

Bedroom Size	Minimum Number of People	Maximum Number of People
0	1	1
1	1	2
2	2	4
3	3	6
4	5	8
5	7	10
6	8	12

Deselection Policy – Suggested 6-21-18

Habitat Buffalo reserves the right to deselect, or remove, a family from the HFH Buffalo Homeownership program at any point before purchasing and closing on the sale of the home. Habitat Buffalo may deselect partners only in the following cases: demonstrated fraud on the application or other submitted paperwork, failure to complete requirements set forth in the letter of acceptance and Program Participant manual including willingness to partner, any negative change in financial condition that would significantly affect the ability to pay, or their presence on a sex offender database.

The following is a non-exhaustive list of items that will result in a Program family deselection from the program:

- Repeated failure to provide information required to the Habitat staff or liaisons in a timely, honest manner.
- A significant, negative change in income and/or increase in debt or collections creating a failure to meet closing criteria, may deselect the family.
    - If the Family cannot remedy their economic conditions to meet the criteria in a timely way, their paired house will be allocated to another family.
    - Failure to address their economic conditions over time to meet the criteria, will lead to deselection.
- Failure to meet the minimum sweat-equity requirements as defined in Habitat Buffalo Homeownership Program manual.
- Repeated failure to appear for and attend scheduled appointments with Habitat staff or liaisons.