

## Habitat for Humanity of Huron Valley Implementation Process

### Habitat Program Overview and Proposed Use of 2014/2015 HOME Funds

Habitat for Humanity of Huron Valley ("Habitat") is a non-profit corporation committed to providing a legacy of affordable homeownership for low-income families in Washtenaw County. Habitat uses the Acquisition/Development/Resale model to acquire, rehabilitate, and resell homes and is requesting a total of \$532,000 in 2014/2015 HOME funding to be used for Down Payment Assistance (DPA) funding for 38 units that will be sold to homebuyers between October 1, 2014 and October 1, 2016.

For this project, Habitat will purchase 38 scattered-site, single-family homes within the Urban County HOME eligible areas, and will renovate these homes using the energy efficiency and green measures outlined in Green Criteria Checklists included with this proposal. The homes will then be sold to very-low and low-income households earning 30% - 60% of the Area Median Income by using Habitat's zero-percent interest, no profit, no-fee mortgage. The DPA HOME funds requested will be used to cover closing costs and to reduce the amount of the mortgage principal for 38 households so that the housing payment including principal, property taxes, and insurance is no more than 30% of the household's gross income and so that the housing payment plus other household debt is no more than 42% of the household's gross income.

Homes will be rehabilitated using donated money and materials and through the work of professional tradespeople along with volunteers including Habitat partner families (future homeowners) who will contribute 250 hours per adult in the construction work on their home or another Habitat home being rehabbed.

A unique aspect of the Habitat program is Habitat's role as the mortgage holder. When Habitat families purchase their homes, their monthly mortgage payments are paid directly to Habitat rather than going to a private bank or mortgage company. Because of this, Habitat homeowner payments are recycled back into the Habitat program to help purchase and renovate additional homes in our community, creating a multiplier effect for every dollar invested through Habitat and helping to continue supporting affordable housing in our community.

Habitat for Humanity of Huron Valley was established in 1989 and has built 76 new construction homes and rehabilitated 63 homes in Washtenaw County for low-income working families. Habitat was originally known for building new construction houses, but in 2006, Habitat's Board of Directors, staff, and volunteers embarked on a strategic planning process to increase our capacity. Soon thereafter, the availability of foreclosed, vacant homes in Washtenaw County due to the declining housing market allowed us to shift from new construction to rehabbing homes. In our 2008/2009 fiscal year we built four new construction homes and rehabilitated four; in 2009/2010 we built one new construction home and rehabilitated nine; in 2010/2011 we rehabilitated 13 homes; in 2013/2014 we will rehabilitate 17 homes, and will increase that number by one home each year until 2016/2017 when we will rehabilitate 20 homes. The HOME DPA funding in this proposal will assist us in reaching our goal of providing more low-income families with safe, decent, affordable homeownership Washtenaw County. Habitat currently has 14 units of County DPA funding through a previous contract, and 10 of those units will be used for the remaining homes that Habitat will close prior to June 30, 2014. The

remaining four units of existing DPA funding will be used on the first four homes that will close in from July to September 2014, and the 38 units of DPA funding that we are asking for in this proposal will be used on the 38 homes that will close between October 1, 2014 and October 1, 2016.

#### Preapproved Partner Families (Future Homeowners)

Habitat has a model in which partner families (future homeowners) are selected and then matched to a home that accommodates their family size and needs. Our careful family selection criteria focus on three elements.

- Need for Affordable Housing – For housing to be considered affordable, homeowners must be paying no more than 30% of their gross income on housing expenses including mortgage principal, interest, taxes, and homeowner's insurance. Individuals and families in Habitat's income range of 30% - 60% of the area median income are not typically able to become homeowners because their income cannot support a traditional mortgage payment with market-rate interest, property taxes, and homeowner's insurance. Habitat offers its own unique mortgage product: a no-fee mortgage with zero percent interest. By removing the requirement to pay interest, families in Habitat's income range can afford to own a home and not be overburdened by housing expenses. In addition, homebuyers in Habitat's income range normally are not able to provide the standard downpayment required by conventional mortgage lenders. Habitat homebuyers are required to provide a \$1000 downpayment and an investment of 250 hours of sweat equity per adult family member in the construction work on his or her home or another Habitat home being completed. Habitat homebuyers often also do not possess the credit scores required by traditional lenders. While credit is an important piece considered by Habitat, we do not require a specific credit score. We do require that applicants address any judgments, liens, and collections before they are approved for our program. In addition, income figures and credit reports are reviewed every six months between the time a partner family is approved by Habitat's Board of Directors and the time their house is completed and ready for sale to them. The partner family is required to cure any negative changes in income or debt prior to closing or withdraw from the program. Besides the need for housing that is affordable, many people applying for Habitat's program are living in overcrowded and unsafe environments. Habitat often provides them with their only opportunity to own a safe, decent, affordable home of their own.
- Ability to Pay – Habitat homeowners must be earning 30% - 60% of the area median income and have adequate debt and income figures to support a monthly housing payment of 30% of their monthly income (payments typically range from \$500 - \$700/month).
- Willingness to Partner – Habitat families must demonstrate a willingness to partner with Habitat in the rehabilitation of the home that they will purchase by contributing 200 hours of sweat equity in the construction work on their home or another Habitat home. They also must attend over 28 hours of homeownership education courses including financial management, pre-purchase education, and home maintenance classes, make a \$500 down payment prior to the purchase of their home, and make timely mortgage payments once they own their home.

The process of marketing Habitat's program to potential homebuyers is done through a wide variety of outreach efforts. We have two staff members, Crystal Stevens and Julia Gemuend, who focus on family recruitment, and our certified credit counselor, Beth Blanco, meets with

families to provide credit counseling and to assist them in implementing a financial management plan to meet their goal of homeownership. Our outreach is divided into three main areas: mass distribution, targeted orientations with specific audiences (HeadStart, The Women's Center, neighborhood associations, churches), and employer-based recruitment. We use volunteer groups to distribute flyers in neighborhoods, work with local businesses to distribute thousands of flyers to their customers, and have advertised in multiple print, radio and online publications and to over 350 organizations in Washtenaw County. Our Affirmative Fair Housing Marketing Plan outlines how we will reach populations that are least likely to apply for our program, including persons with disabilities, Asians, Hispanics or Latinos, and American Indians. In addition to our ongoing general outreach and online application, we are developing partnerships with local agencies as described in our Affirmative Fair Housing Marketing Plan to work through their distribution systems to ensure that we have a significant presence in front of these underserved populations. Our outreach results in a large number of applicants applying to our homeownership program. The biggest obstacle to approving applicants for Habitat's program is that many applicants have debt-to-income ratios that are higher than our maximum level.

Applicants are carefully reviewed for financial homebuyer readiness, which includes third-party verification of their income and assets using verification procedures provided by the Michigan State Housing Development Authority. Applicants who successfully complete all stages of the application process are presented to the Board of Directors for approval into the Habitat program. Beth Blanco works with those families who meet all of our other application criteria but who have excessive levels of debt. She helps these applicants create a budget that works for them, and helps to find ways to reduce and eliminate outstanding debt so that they can become eligible for our homeownership program. This may include referring them to a local credit counselor or debt management program to assist them. Some families may need only a few months to complete this process; others may need a year or longer. Having the ability to provide this on-going service in-house allows us to stay in contact with these families as they are working toward financial readiness and keeps the families in our pipeline of potential eligible applicants. Last fiscal year we provided individualized credit counseling to over 230 families who had applied for our program.

Habitat has a pipeline of applicant families that is stronger than ever. The addition over the two years of a credit counseling program has enabled far more low-income families to address their credit issues and prepare to purchase a home. We currently have 100% of our 17 families approved for this 2013/2014 fiscal year and seven of our 18 families approved for the 2014/2015 fiscal year. We have revised our application process so we can work with families for a longer period of time, and our Board of Directors approves families on a quarterly basis with the goal of approving families nine to twelve months prior to when their home is estimated to close. This amount of time allows families to complete all of their required sweat equity hours and pre-purchase education classes in a comfortable timeframe without overburdening their schedules. We are also looking for opportunities to help more families achieve financial success and their dream of homeownership by establishing partnerships with Rural Housing programs and potentially partnerships with banks to offer nontraditional loans with the support of Habitat.

In addition to finding families through our own outreach efforts and orientations, some homebuyers will be identified as a potential fit for the Habitat program as they go through the Washtenaw Housing Education Partners (WHEP) group Intake and Homebuyer Education

Classes and Pre-Purchase Individual Counseling. WHEP, a collaborative of non-profit and governmental agencies committed to providing homeownership education, counseling, and services for current and future homeowners in Washtenaw County is comprised of the Washtenaw County/City of Ann Arbor Office of Community Development, Community Housing Alternatives, POWER, Inc., Washtenaw County MSU Extension, Habitat for Humanity of Huron Valley, Housing Bureau for Seniors, and the Washtenaw County Treasurers Office. Habitat has been a member of WHEP since 2006. As a WHEP partner, MSU Extension holds monthly Pre-purchase Homebuyer Education Seminars during which interested homebuyers learn about several programs in Washtenaw County that can assist them in purchasing a home, including Habitat's program. Attendees who fall within Habitat's income range are then referred to Habitat for more information about our program.

Once they are approved by the Board of Directors, each Habitat family is assigned a Family Support Partner to help them navigate through the Habitat program. The Support Partner is a volunteer who serves as the family's advocate and support person from the day that they are approved for the Habitat program through one year after they are in their home. The Support Partner works with the family to establish a plan for completing their required 250 hours of sweat equity for each adult in the family, acts as the liaison between the family and Habitat staff, and most importantly, is available at any time to answer any questions the family has throughout the process.

#### **Property Acquisition and Neighborhood Focus**

Our Housing Director, Rob Nissly, oversees the identification and acquisition of all properties to be rehabilitated. Rob has formed several key relationships with local realtors, banks, and mortgage companies to acquire properties prior to their being listed on the open market. We have successfully purchased foreclosed homes from Deutsche Bank, the US Department of Housing and Urban Development (HUD), Bank of America, JPMorgan Chase, Wells Fargo, and Bank of Ann Arbor. Rob will continue to use these relationships to purchase homes, and will purchase foreclosed, vacant homes whenever possible.

Since shifting our focus to rehabilitation of existing homes, we have focused much of our work in the Nancy Park (Gault Village) neighborhood in Ypsilanti Township, and we will continue to invest in this community. We have completed or are in the process of renovating thirty three homes in this neighborhood. Rob works closely with the Ypsilanti Township officials who recommend homes that they would like us to renovate, and we participate in the Gault Village neighborhood association meetings. In addition to our standard renovation projects, in 2013/2014 we completed 23 critical repairs and weatherization projects for non-Habitat, low-income homeowners in this community, and are planning more small-scale repair projects for non-Habitat homeowners in this neighborhood in the next year. The success of our renovation work in this community is measured by the change that we see in the before-rehab appraised value compared to the after-rehab appraised value. The homes we have completed in Nancy Park have an average pre-rehab appraised value of \$60,000. After the renovations are completed, these homes have an after-rehab average appraised value of \$120,000. That means that, on average, after Habitat renovates a home in this community, it is worth over 2 times what it was worth before we began renovations. Home values have steadily improved in the five years that we have been working in Gault Village: the same size homes that we purchased for renovation in 2009 for \$30,000 now are costing \$60,000 to acquire.

### Renovation Process and Green Measures

Rob Nissly also manages the overall Habitat construction process for our homes that are renovated including preparing the scope of work, specifications, and budgets for each project, monitoring construction timelines and actual costs, and securing in-kind donations of building materials and professional services. Tom Steinbauer, Habitat's Construction Manager, is responsible for coordination and monitoring of the day to day construction activities related to the renovation of homes including the supervision of all paid and unpaid construction staff. Habitat has several house leaders who are skilled in construction and who lead teams of volunteers in the renovation activities on our homes. Volunteer-friendly activities provide opportunities for Habitat partner families to complete their sweat equity hours and allow sponsors who contribute funding and general volunteers from the local community to participate in the rehabilitation of the home. On average, over 2100 hours of volunteer labor are contributed to each home, and skilled house leaders with strengths in working with volunteers are critical to our success. Tom also bids out non-volunteer activities following Habitat's Statement of Procurement Policies and Standards, a copy of which is included with our application.

Habitat for Humanity of Huron Valley is committed to including energy efficient, healthy living, and green components into our projects to maintain long-term affordability for homeowners. We will incorporate the green measures indicated in the Green Criteria Checklists for our units. The energy improvements that we make to a home save our Habitat homeowners approximately \$600-\$1000 per year in energy costs in comparison to comparable homes in their neighborhood.

Before a home is purchased by Habitat, it is inspected to determine what renovation work will need to be completed. A pre-energy audit is conducted, and if federal funding is to be used on the project Habitat will perform a State Historic Preservation office review and obtain any required approvals from the State Historic Preservation Office before acquisition. We also perform an Environmental Review on the Office of Community Development's Geographic Information System (GIS) website to determine any environmental considerations that would make the project cost prohibitive. If the project is feasible, we prepare a preliminary budget and enter the renovation tasks into Housing Developer Pro, a software program that creates a scope of work. If the total expenses for the renovation project fall within our budget limits, Habitat will submit the property to any funders needed to review the property before purchase.

Once the property is approved, Habitat will purchase the property, and a schedule for the renovation work will be created. Our Construction Manager, Tom Steinbauer will obtain the necessary permits and oversee the renovation of the property in accordance with the energy efficiency and green measures outlined in our Green Development Plan and Green Criteria Checklists. All properties will be rehabbed to the current Michigan Residential Rehabilitation Code and any local municipality codes. During the renovation process, Tom ensures that all approvals are obtained for all required inspections, including a final inspection and/or certificate of occupancy.

### Acquiring Financing/Working with Other Funders

Funding for Habitat projects comes from a variety of sources. Habitat's Development Director, Margaret (Maggie) Porter, oversees a development team that is responsible for raising \$500,000 in sponsor funding annually. Sponsors are local faith organizations, foundations, corporations, civic groups, and educational institutions that provide funding along with volunteers to

participate in the rehabilitation work on Habitat homes. Maggie works closely with these sponsors to ensure that they have a good Habitat experience, and many of our sponsors return year after year to fund Habitat projects. The Good News group is funding two rehab projects in 2013/2014 bringing their total of houses sponsored since 1998 to 25 homes, and the University of Michigan students have completed 18 homes. Other sponsors such as the House of Faith, MASCO Corporation, Toyota, Johnson Controls, the Detter Foundation, MAVDevelopment, and Washtenaw Community College are frequent sponsors of Habitat projects. In addition, our development team is working hard to partner with new, additional sponsors. Conway Transportation, Dominos Pizza, NSK, and Cole Taylor Bank are examples of new sponsors joining with Habitat.

Elena Ermak, Habitat's Grants Manager, applies for and maintains compliance records for all of Habitat's federal funding and programs through Habitat for Humanity International and Federal Home Loan Bank of Indianapolis. She also ensures that families make their required \$1000 downpayment and encourages families to participate in the Individual Development Account and monitors their completion of that program.

#### Sale of Homes & Successful Homeowners

As each home is completed, it will be sold to the Habitat homebuyer at a sales price that will not exceed the post-rehab appraised value and using a zero percent interest mortgage issued by Habitat for Humanity of Huron Valley. Homes are sold to Habitat homebuyers ensuring that the monthly housing payment for each family, including mortgage principal, property taxes, and homeowner's insurance, is no more than 30% of the monthly gross household income. In addition, Habitat ensures that the long-term debt-to-income ratio is no more than 42%. Habitat's Grants Manager, Elena Ermak, performs a final income verification using the HUD Income Eligibility Calculator and uses the Washtenaw County Homebuyer Affordability Gap Analysis to calculate the amount of Down Payment Assistance each homebuyer is eligible to receive to ensure that their payments are affordable and within the required housing ratios.

Habitat provides a mortgage term of 15 years to each homebuyer and ensures a monthly payment that is affordable for the family. In addition, Elena Ermak will identify and apply for additional down payment assistance funding to ensure that the homeowner's housing costs are no more than 30% of his or her household income. If down payment assistance is not sufficient to make the payments affordable, Habitat also has the ability to provide its own "gifted equity" which is a direct reduction of principal equal to an amount needed to bring the monthly payments to no more than 30% of the household income.

All Habitat mortgages are originated by Habitat's attorney, James Jackson, who provides pro bono legal services to Habitat including preparing and/or reviewing all legal documents related to projects including purchase agreements, title work, contracts, property tax assessment, and property lien documents. Jim prepares all homebuyer closing documents and conducts the closings. Habitat uses a standard Mortgage and Note for each sale. These documents, which are approved by the Michigan State Housing Development Authority, contain a right of first refusal and resale restrictions which allow Habitat to retain the home as an affordable unit of housing and can prevent predatory lenders from gaining a controlling interest in the property. In addition, Habitat homebuyers will be subject to the Washtenaw County Homeownership Program loan terms and affordability recapture provisions.

Habitat also provides, at no charge to the homeowner, a warranty program that covers any repairs or replacements within one year from the date of purchase by the homeowner to work performed by Habitat staff, volunteers, or contractors.

Financial Accounting

Ronald Thomas, Habitat's Finance Director, works closely with each Habitat department and the Finance Committee of the Board of Directors to prepare Habitat's annual budget. He also monitors the financial aspects of all projects including budgets and expenses, prepares financial reports and cash-flow analysis, pays invoices, and prepares bank deposits.

## Habitat for Humanity of Huron Valley Financial Narrative

### Financial Narrative

Habitat for Humanity of Huron Valley is requesting a total of \$532,000 in 2014 HOME funds to be used for Down Payment Assistance (DPA) and developer fees for 38 units of affordable homeownership. We are requesting \$12,500 per unit for down payment/closing cost assistance and mortgage buy-down (\$475,000) and \$1,500 per unit for developer fee (\$57,000). Additional funding for this project will come from the following sources.

### SHOP Funds

Through Habitat for Humanity International, Habitat for Humanity of Huron Valley has the opportunity to apply annually for Self-Help Homeownership Opportunity (SHOP) funding to be used toward the acquisition of properties. Over the past three years we have been awarded \$178,800 in SHOP 2011 funds, \$140,000 in SHOP 2012 funds, and \$253,800 in SHOP 2013 funds. We will use \$211,300 from our secured SHOP 2012 and 2013 funding on 15 units in this project and will apply in 2014 and 2015 for a total of \$322,000 in SHOP funds for the remaining 23 units in this project at an average of \$14,000 per unit.

### Ypsilanti Township General Funds

Over the past three years, Ypsilanti Township has committed a total of \$540,000 from their general funds for Habitat to acquire and rehabilitate homes within the Township. Funding is approved and released by the Ypsilanti Township Board of Trustees as projects are identified. \$150,000 of the Township's funding has or will be used on the DPA projects within this proposal in 2014 calendar year: \$30,000 has been approved to reimburse Habitat for the acquisition costs of 1287 Hunter, \$20,000 for rehabilitation of 1045 Parkwood, and up to \$25,000 each will be used for the purchase of additional homes to be renovated. An additional \$150,000 of the Township's funding will be used for the acquisitions in 2015. The \$300,000 in Ypsilanti Township funding is reflected in our Project Development Budget for 15 DPA units at \$20,000 per unit.

### Donated Properties

Habitat for Humanity of Huron Valley acquired six of the properties for which we are requesting DPA funding in this proposal for nominal fees. An additional three properties (1806 Hamlet, 1045 Parkwood, and 8952 Nottingham) were acquired through property donation programs. Habitat paid the prorated property taxes and closing costs for each of these properties, which averaged approximately \$5,667 each. The Project Development Budget shows \$75,000 as our conservative estimation of the total value of donated properties for this project.

### Habitat Donated Materials & Professional Labor

Habitat for Humanity of Huron Valley has a proven track record of securing in-kind donations of construction materials and professional labor for our projects. We are an affiliate of Habitat for Humanity International, and because of this affiliation are eligible to receive donated materials for all of our homes from national suppliers such as from Valspar (primer & paint), Whirlpool (Energy Star refrigerator and range), Dow Chemical (rigid foam insulation, construction tape, foam insulation, Thermax, sill pans, straight flashing), Ferguson (toilets), Hunter Douglas



(bathroom and bedroom blinds), Square D Company (electrical panel and circuit breakers), and Yale (locksets). Over our 25 years of building in Washtenaw County we have also formed strong relationships with several local businesses and individuals who donate products, labor, and professional services for the homes that we build and rehabilitate including electrical, HVAC, plumbing, hardwood floor refinishing, legal services, countertop installation, roofing, ductwork cleaning, drywall, plumbing fixtures, and landscaping. Below is a list of the value of donated materials and professional labor Habitat has received on our projects since 2011, which averages \$12,737 per house. Because of this history we are confident that we will be able to secure the budgeted amount of \$10,000 in donated materials and labor per unit for this project.

Address	Year Completed	Donated Materials & Professional Labor
1239 Hull Avenue	2011	\$9,424.00
1242 Shirley Drive	2011	\$27,279.00
1383 Hull Avenue	2011	\$15,508.00
606 Ferris Street	2011	\$32,099.00
1174 Gault Drive	2011	\$11,845.00
1190 Hull Avenue	2011	\$12,509.00
217 Taft Street	2011	\$13,267.00
915 Ottawa Avenue	2011	\$11,900.00
1579 Harvest	2011	\$15,051.00
301 E Ainsworth	2011	\$9,110.00
2905 Marshall Street	2011	\$12,356.00
428 Elder Street	2011	\$12,409.00
2970 Sharon Drive	2011	\$15,926.00
1523 Wismer	2012	\$10,047.00
1229 Warner	2012	\$15,937.00
1246 Warner	2012	\$15,549.00
1219 Gault	2013	\$10,507.00
1341 Candlewood	2013	\$11,002.00
1196 Shirley	2013	\$12,359.00
1215 Share	2013	\$11,521.00
75 Westover	2013	\$10,596.00
225 Kirk	2013	\$24,984.00
579 Kennedy	2013	\$9,116.00
1211 Clarita	2013	\$10,155.00
1937 Midvale	2013	\$10,124.00
1221 Clarita	2013	\$11,661.00
6118 S. Miami	2013	\$10,278.00
1115 Parkwood Avenue	2013	\$9,538.82
1071 Lester Avenue	2013	\$9,791.23
1121 Evelyn Avenue	2013	\$14,607.92
485 Elder Street	2013	\$7,527.80
1314 Rue Willette Boulevard	2013	\$9,580.12
2826 Northlawn Avenue	2013	\$11,976.96
1315 Clarita Street	2013	\$9,133.68

1038 Gault Drive	2013	\$9,250.76
2143 Merrill Street	2013	\$10,340.18
717 Jerome Avenue	2013	\$10,029.77
1244 Lester Avenue	2013	\$15,669.12
1269 Lester Avenue	2013	\$13,295.95
1144 S. Harris Road	2013	\$10,926.48
7117 Maplelawn Drive	2013	\$8,013.10
<b>Total Value</b>		<b>\$522,200.91</b>
<b>Average Per House</b>	41 houses	<b>\$12,736.61</b>

#### HUD Community Challenge Planning Grant

As part of the HUD Community Challenge Planning Grant awarded to Washtenaw County, \$300,000 has been allocated to Habitat for use toward acquisition costs of 12 eligible properties at \$25,000 per property. Seven properties will be located in the Gault Village neighborhood in Ypsilanti Township, and Habitat has identified three of those properties. Five of the properties will be located in the West Willow neighborhood in Ypsilanti Township, and Habitat is currently completing an analysis of this neighborhood to determine where our investment will create the biggest impact.

#### MSHDA HOME Downpayment Assistance

Habitat has been awarded a minimum of \$10,000 in Down Payment Assistance funding from the Michigan State Housing Development Authority (MSHDA) for each eligible home it has sold for the past twelve years. Beginning in 2009/2010, the amount of MSHDA DPA was increased to \$12,000 per unit. This funding is used to reduce the principal amount of the mortgage for homebuyers at or below 60% of the area median income. We will apply for MSHDA DPA funding in July of each year for the units that will be closing by June 30 of the following year. Based on our past history, we are confident that we will be awarded MSHDA DPA funding for the homes in this project.

#### Federal Home Loan Bank of Indianapolis Down Payment Assistance

The Federal Home Loan Bank of Indianapolis' Homeownership Opportunities Program (HOP) provides \$5,000 in Down Payment Assistance for homebuyers who are at or below 80% of the area median income. Habitat has been working with Flagstar Bank, which is a member of the Federal Home Loan Bank of Indianapolis, to access down payment assistance funding since 2009. HOP funds are typically available from April – October, so we have included \$115,000 from this funding source for 23 out of the 38 total units, which we expect to close during those months.

#### Homebuyer Downpayment and Individual Development Account Matching Funds

Each Habitat homebuyer is required to contribute a downpayment of \$1,000 toward the purchase of his or her home. Upon acceptance into the Habitat program, the family signs an agreement stating that they will have the downpayment prior to closing. Eligible families also participate in the Individual Development Account (IDA) program where their savings of \$1000 is matched with a grant of \$3000 to make their downpayment a total of \$4000. Acceptance into the IDA program is based on household income and other factors, so not all Habitat families will qualify.

Our Project Development Budget conservatively shows a total of \$69,000 in IDA Matching funds for 23 of the 38 units in this project.

Habitat Funds (Mortgage Payments, ReStore, Sponsors)

Additional funding will come from monthly mortgage principal collected from Habitat for Humanity of Huron Valley's 126 current homeowners as they make their mortgage payments each month to Habitat. Over \$400,000 in annual principal payments are reinvested back into purchasing and rehabbing more homes for more Habitat homeowners. In addition, Habitat for Humanity of Huron Valley operates a ReStore – a retail store that sells new and used building materials, appliances, furniture, tools, lighting, and household items that have been donated by individuals and businesses in the community. The \$150,000 in annual net income from the ReStore is used to fund future Habitat renovation projects. Habitat also raises over \$500,000 each year from sponsors for our homes. Sponsors are local faith organizations, private and family foundations, corporations, and educational institutions that provide funding along with volunteers to participate in the rehabilitation work on Habitat homes. Many sponsors return yearly to fund Habitat projects including the GoodNews group (a consortium of local Methodist churches who fund two houses annually), the University of Michigan Business school students, MASCO Corporation, Toyota, Johnson Controls, the Detter Foundation, Washtenaw Community College, the House of Faith, and MAVDevelopment. Each spring, Habitat holds a fundraising event with live and silent auction, which raises over \$100,000 annually. Funding from Habitat homeowner payments, ReStore net income, sponsors, and our annual event will, over two years, provide the \$2,190,435 in our Project Development Budget for the 38 units in this proposal.