



## Top Ten Things You Can Do to Get Yourself Ready for Homeownership with Kaua'i Habitat for Humanity

There are many things you can do today to get yourself ready to apply to the Kaua'i Habitat for Humanity affordable housing program! The most important thing is to be patient and persevere - don't lose hope! And remember, credit history and income are important. What funders are looking for is confidence that you are able to make timely payments on a consistent basis.

### 1. Give it your ALL!

To be considered for the Kaua'i Habitat for Humanity affordable housing program, you must be willing to partner with us by working alongside staff and volunteers, and by working according to the methods that Habitat deems necessary and efficient for producing a truly affordable home. The required time you put in to build your home and those of other Habitat homebuyers is called "sweat equity." Sweat equity is performed on a regular basis throughout the week (approximately 30 hours per week) by you, your family, and friends instead of a down payment.

### 2. Manage your expenses!

Pay bills on time and consistently. Keep on track using a budget to avoid overspending.

### 3. Run your free annual credit report.

You are entitled to one (1) free copy of your credit report every 12 months from each of the three nationwide credit reporting companies. Order online from [annualcreditreport.com](https://annualcreditreport.com), the only authorized website for free credit reports, or call 1-877-322-8228. You will need to provide your name, address, social security number, and date of birth to verify your identity.

*[Source: Federal Trade Commission website - <https://www.ftc.gov/faq/consumer-protection/get-my-free-credit-report>]*

Specifically, look for collections with a balance due. Pay down but don't close accounts until you are engaged with a mortgage professional at the beginning of your loan pre-approval process. Be prepared to provide a written explanation for why this item was in collections.

Information on how to contact creditors can be obtained through the credit bureaus:

- Equifax: P.O. Box 740241, Atlanta, GA 30374 - (800) 685-1111
- Experian: P.O. Box 2002, Allen, TX 75013 - (888) 397-3742
- TransUnion: 2 Baldwin Place, P.O. Box 1000, Chester, PA 19022 - (800) 888-4213

### 4. Determine who will be included in your Habitat household.

Decide/verify which individuals will be part of the Habitat household. The size of your household and the income earned by those in your household are all factors in your eligibility for the program.

## **5. You must have lines of credit.**

You must have two (2) traditional lines of credit. Traditional lines of credit include: credit cards, loans, or rent (if your landlord is not related to you). If you do not have 2 traditional lines of credit, you may use a combination of three (3) lines of credit consisting of both traditional plus non-traditional lines of credit.

Examples of non-traditional\* lines of credit: after school program, baby sitter/day care, cable bill, car insurance, casket/cemetery plot, cell phone, cosmetic program, electric, excursions, furniture rental, gas, gym membership, housekeeper, hula/dance/music lessons (if not non-profit), Hulu/Netflix, landline phone, layaway plan, life insurance, medical monthly payments (braces, doctor, dentist, chiropractor, physical therapist), music lessons, party slide, pest control, rent-to-own, school lunch program, school tuition/excursions, sports payments, tool fund, water, X-box.

*\*A note on non-traditional lines of credit: Consider any account that is in your name, that you have had at least one (1) year, and that you pay on time every month. You will need to document the account with a statement showing 1-year's worth of payments or if you have proof of payments for one year (checking/debit card statements), that could work. (Note: some accounts paid quarterly or annually can work if you have had them for 2-5 years.)*

## **6. Take a homebuyer education course.**

Please note that you may need to retake this again at a later time if you end up applying for the program. Courses through Hawaiian Community Assets are good for a period of sixteen (16) months and free. Personalized counseling sessions are also available. Call (808) 784-3841 or email [chanelj@hawaiiancommunity.net](mailto:chanelj@hawaiiancommunity.net).

## **7. Attend a financial management workshop.**

Check with your bank or credit union for information on financial management workshops you can attend. Hawaiian Community Assets is another great resource which offers personalized counseling sessions. Call (808) 784-3841 or email [chanelj@hawaiiancommunity.net](mailto:chanelj@hawaiiancommunity.net).

## **8. Get organized and keep things organized!**

Keep financial documents current and in consecutive order (paystubs, bank statements, tax returns, credit card statements, loan statements, 401k statements). Keep documents that have anything to do with receiving income, or outgo of income.

## **9. Keep in touch with Habitat!**

Keep your contact information updated with Kaua'i Habitat for Humanity. Call Christy at (808) 482-1117 to update your information or go to our website and complete a Request to be on our Interested Homeowner Notification List.

## **10. Call us with ANY questions you might have!**

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