

Homeownership Process Guide



A better way to buy your first home.

Discover how our affordable mortgages, financial coaching, and homebuyer education can help you achieve homeownership in the Twin Cities metro area.





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Introduction

Your first home is a big step. We're here to help you take it confidently.

At Twin Cities Habitat for Humanity, we've built a better way to buy, with financial guidance, competitive rates, and a path to ownership that puts you first. This guide shows you how we can help make homeownership possible, from exploring your options to getting your keys.



Start with a Quick Eligibility Check.

Ready to buy your first home? Let's see how we can help you get there. Start with a quick questionnaire that takes just 5-10 minutes to explore your options.

Note: The questionnaire isn't an application—it's just the first step to see if now is the right time to apply.



Eligibility Requirements

- Have lived in Twin Cities seven-county metro area for the last 12 months
- Have not owned a home during the past three years (waived for U.S. military members and veterans)
- Owners of manufactured homes are eligible
- Income: Maintain annual gross income within our [income guidelines](#) from initial intake to loan application.
- Credit score: 620+ preferred
- Options available for those with invisible credit/no credit
- Debt-to-Income: Monthly debt payments equal to no more than 13% of gross monthly income
- 0.5% of student loans in deferment or forbearance will be counted in the monthly debt payments. Ex: If you owe \$40,000 in student loans, \$200 will be counted in monthly debt payments.
- Collections: Less than \$1,000 in non-medical collections (medical collections do not impact eligibility)
- Judgments: All judgments paid off
- Savings: \$6,300
- \$3,000 closing costs
- One year homeowners' insurance premium
- Approximately \$1,800 reserves
- Employment: Minimum 24-month employment history, with at least six months at current job for full-time jobs and one year for part-time jobs. Two years at current position for contract, temporary, and self-employed workers.
- Bankruptcy: Minimum of two years since the bankruptcy, with two years of re-established credit and no late payments or default
- Foreclosure/Short Sale History: Minimum of three years since a foreclosure or short sale

[See if you are eligible](#) →

What Happens After the Questionnaire?

If your responses indicate you meet our Homeownership Program requirements, you'll move to the full application process. If you don't meet the requirements at this time, we can offer resources to help you prepare for future homeownership.

Eligible? Let's Get Your Application Started.

You're ready to take the next step. Now is the time to gather documents and complete the program application. Collect your documents ahead of time—it will help keep you on track.

What to Expect:

- You'll receive an email with instructions to log into the Habitat Portal and complete a program application.
- Once your application is submitted, we'll review everything within 30 days—and stay connected throughout.
- You'll work with a dedicated team member who's focused on your success.
- You'll provide additional documents to keep things moving forward.

Required Documentation

You'll need to provide several important documents as part of your application. These include:

- Photo IDs for all adults in your household
- Income verification (for example: pay stubs, employment verification letters, benefit statements, self-employment documented in taxes, child support, etc.)
- Bank statements
- Signatures from all adults on program forms



Assess Your Mortgage Readiness.

Once we've reviewed your application, we'll confirm the best path forward. Whether you're ready to buy now or need some time to prepare, we will share options that can work for you.

What is "Mortgage-Ready"?

Being mortgage-ready means you can qualify for a mortgage now, [based on our eligibility criteria](#).

Key factors include: 620+ credit score, stable income, sufficient savings, and manageable debt.



Your Path Forward

If your income, credit, savings, and job history meet the mortgage-ready eligibility criteria, you'll progress into our Homeownership Program. If you aren't mortgage-ready yet, you'll progress into our Financial Coaching Program.

If You're Mortgage-Ready:

In the Homeownership Program, you'll move directly to homebuyer education, then begin exploring home options. This allows you to start shopping for a home sooner.

If You're Not Mortgage-Ready:

You'll work with one of our financial coaches who will help you develop a personalized action plan. Your coach will guide you through:

- Building or improving your credit score
- Creating a budget and savings plan
- Reducing debt
- Preparing financially for homeownership

Once you meet the mortgage-ready criteria, you'll advance to the Homeownership Program and complete homebuyer education before exploring home options.

Remember: There's no wrong starting point. Many of today's homeowners [began with coaching](#)—it's all about finding what works for you.

Get the Knowledge You Need to Succeed.

Knowledge is power, especially when buying your first home. That's why everyone who buys with us completes homebuyer education designed to set you up for success.

About Our Homebuyer Education

We require all homebuyers to complete both HomeStretch and Habitat Homebuyer Education programs:

HomeStretch:

- Facilitated by local organizations: find an upcoming session on the [Homeownership Center of MN's workshop calendar](#).
- Once complete, you'll receive a certificate of completion recognized by mortgage lenders and other homebuying programs.

Habitat Homebuyer Education:

- Required for all buyers, whether you're mortgage-ready today or start out by working with a coach.
- Covers key topics like maintenance, budgeting, understanding mortgages, the closing process, Homeowners Associations (HOAs), and more.
- Take courses on-demand at your own pace.
- Once complete, you'll receive a certificate of completion.

What You'll Learn

- How to maintain your home and plan for repairs
- Understanding expenses, property taxes, and insurance
- The mortgage process and loan terminology
- Rights and responsibilities as a homeowner
- Options for how to purchase a home with Habitat

Why Education Matters

You'll walk away feeling confident and prepared, with practical knowledge that helps you thrive as a homeowner.



Find the Right Home for Your Journey.

Here's where it gets exciting. You've got options to find your first home, both with financial support and guidance from our team. We can help you determine which option might be best based on your financial situation, needs, and goals.

Option A: Habitat-Developed Homes

What are Habitat-developed homes?

These are homes that Twin Cities Habitat for Humanity has built new or renovated to high-quality standards.

Benefits of Habitat-developed homes:

- Often more affordable than comparable homes on the open market
- Energy-efficient features that can lower your utility bills
- Several locations in communities throughout the 7-county metro area

How it works:

- Available homes are shared with eligible buyers as they become available.
- Work with Habitat staff to find homes that meet your needs and budget
- Selection is based on program eligibility and requirements

Habitat-developed homes provide an excellent starting point for bridging into homeownership.

Option B: Open Market Homes

What are open market homes?

These are homes listed for sale throughout the Twin Cities metro area that you can purchase using our mortgage product and down payment assistance.

Benefits of open market homes:

- Wider selection of homes across the 7-county metro area
- More options in terms of location, size, and features
- Ability to work with a Realtor of your choice

How it works:

- You'll receive a pre-approval letter from TCHFH Lending, Inc.
- You'll work with a Realtor to find homes within your budget
- Once you find a home, you'll make an offer with your Realtor's guidance
- If your offer is accepted, you'll proceed to the loan application

[Explore available homes](#) →



Making It Official.

Found your home? Let's make it yours. You'll apply for your mortgage through [TCHFH Lending, Inc.](#), our lending partner that's 100% focused on first-time buyers like you.

The loan application and approval process typically takes 45-60 days from when you find a home to when you're ready to close.

The Loan Application Process

1. Submit your mortgage loan application
2. Provide updated financial documents as needed
3. Wait for a thorough review from your lender
4. Receive final approval for your mortgage
5. Work with our team to prepare for the closing process

Down Payment and Closing Cost Assistance

Buyers in our program qualify for down payment assistance and/or closing cost assistance. This can significantly reduce the upfront costs of buying your home.

Continued Homeowner Support

Your experience as a Habitat homeowner doesn't end at closing. We also offer post-purchase support to help you transition into homeownership.

Our Homeowner support team will call and check in to see how things are going during the first year of homeownership.

We also offer classes and digital resources to help homeowners develop the knowledge, skills and resources to thrive in their homes.

Learn more about post-purchase support and programs on our [Homeowner Resource Hub](#).

Closing day: Welcome home!

This is it: the moment when your first home becomes your home. Closing day is when everything becomes official, and you get the keys to your future.

What Happens at Closing

- You'll sign your mortgage note, deed, and other legal documents
- Any remaining down payment and closing costs are paid
- You'll receive the keys to your new home

Preparing for Closing

Before your closing date, you'll need to review your Closing Disclosure, prepare any funds needed for closing (usually via cashier's check or wire transfer), complete a final walk-through of the property, and bring identification and any other required documents.

Tip: Take time to review all documents before signing. Don't hesitate to ask questions if something isn't clear—this is an important transaction, and you should feel confident about every aspect.



Frequently Asked Questions

Got questions? You're not alone. Here are the answers to what first-time buyers ask most often:

Q: Can I apply if my credit score is below 620, or if I have invisible credit or no credit?

If your credit score is below 620, or you have no credit/invisible credit, you may be eligible for the Financial Coaching Program, and we invite you to apply.

Q: What income level do I need to qualify?

Our program serves households with incomes below 80% of area median income, which varies based on household size. For 2025, the range is from \$53,000 to \$104,200 for a family of four, but please [check our current income guidelines](#) to see the specific range for your household size.

Q: How much money do I need to save for a down payment?

With our down payment assistance programs, Habitat homebuyers do not need to bring a down payment to buy their first home. There are closing costs that buyers must cover, and they are capped at \$3,000 for homebuyers, no matter the buying track.

There are some additional costs that come with closing on a home, including the premium for the first-year of homeowners' insurance.

To make sure you have enough to pay for these known expenses, Habitat's mortgage-ready criteria requires that you have a minimum of \$6,300 in available funds before you start shopping.

Continued on following page.

Q: Are there monthly mortgage payment guidelines?

Yes. When you purchase a home with Twin Cities Habitat for Humanity using the TruePath Mortgage product, your monthly payment will be set at 30% of your gross income. This payment is calculated using principal and interest, taxes, insurance, as well as HOA fees and ground lease fees (when applicable).

The payment is determined at the time of mortgage application and finalized at the closing. Your principal and interest payment amount will not change over time. However, expenses such as taxes, insurance, HOA fees, and ground lease fees may increase based on factors outside of Twin Cities Habitat's, or your, control.

You are responsible for paying any increases in taxes, insurance, HOA fees, or ground lease fees throughout your mortgage's 30-year term, as well as after your mortgage has been paid off. Building a strong budget that supports and plans for future changes to your expenses is a great way to set yourself up for success in homeownership.

Q: How many homes does Habitat develop each year?

Twin Cities Habitat develops dozens of homes annually across the seven-county metro area. These include newly built homes and renovated properties.

Q: If I choose the open market option, can I buy any home for sale?

You can purchase homes within your approved price range that meet our basic requirements for safety and condition. Your pre-approval letter will indicate the maximum purchase price you qualify for.

Q: How does Habitat support homeowners after purchase?

Habitat offers a variety of classes and digital resources to help homeowners develop the knowledge, skills and resources to thrive in their homes. Habitat has a dedicated team to assist with questions that come up with homeownership that can be contacted via our Homeowner Resources Hub.



Still Have Questions?

We're here with answers. Reach out to our [Client Services Team](#)—we'd love to help you take the next step.



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