



**Habitat**  
for Humanity®  
of Greater Sioux Falls

# HOMEOWNERSHIP PROGRAM: DEBT AND CREDIT GUIDELINES

## DEBT-TO-INCOME RATIO

Monthly debt obligations cannot exceed 15%  
of applicant(s)' monthly gross income

Applicants' Annual Gross Income	Applicants' Monthly Gross Income	Applicants' Maximum Allowed Monthly Debt Obligation
40,000	3,333	500
45,000	3,750	563
50,000	4,167	625
55,000	4,583	688
60,000	5,000	750
65,000	5,417	813
70,000	5,833	875
75,000	6,250	938
80,000	6,667	1,000
85,000	7,083	1,062

For every addition of 5,000 in income, another 62.50 of debt is allowed.

## WHAT COUNTS AS DEBT?

**Revolving debt:** Habitat counts the minimum required monthly payment on all credit cards with balances.

**Installment debt:** Habitat counts the minimum required monthly payment on loans and any other debts that require a monthly minimum payment, such as: personal loans, auto loans, student loans, immigration loans, furniture loans or medical debt on a payment plan.

**Other debts:** Habitat counts any unpaid past-due bills in collection, as well as unpaid judgments or liens. See the derogatory debt limit section below.

*Ongoing monthly expenses, such as: rent, utilities, groceries, fuel, child care, car insurance, etc., are not counted as debts.*

## DEROGATORY DEBT LIMIT

At the time of application, the unpaid balance of all outstanding derogatory debt cannot exceed **\$3,000**.

Derogatory debt includes:

- Past-due bills that have gone to collection
- Unpaid balance of court judgments
- Unpaid balance of county aid liens or tax liens
- Unresolved charge-offs may also be counted

## BANKRUPTCY or FORECLOSURE

Applicants must be at least two years post bankruptcy discharge with no new occurrences of late payments that have reached 60 or more days delinquent.

Applicants must be at least two years post foreclosure discharge, showing good rental history since foreclosure.

## CREDIT SCORE

Applicants with credit history must have a credit score of **580** or higher. Habitat will pull a credit report to verify. Applicants without a credit score will be evaluated for creditworthiness based upon alternative sources.

During Habitat's credit screening process, all applicants, regardless of credit history, are required to provide three sources of alternative 12-month payment history, including: rent payment history, utility payment history, and/or other expenses with a 12-month payment history (auto or renter's insurance, daycare expense, etc.)

## STUDENT LOAN DEBT

For student loans in deferment or forbearance, Habitat calculates 0.5% of the student loan balance and adds it to the monthly debt obligation. Applicants on income-based or income-driven repayment plans need to provide documentation of their required monthly payment.



**TO LEARN MORE SCAN THE QR CODE OR CALL 605-274-6290.** [siouxfallshabitat.org/apply](https://siouxfallshabitat.org/apply)