

Mortgages for People with Disabilities

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<http://www.mortgageloan.com/disabilities/>

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Introduction

This guide has been created to help individuals living with disabilities, and their family members, in the process of buying a home of their own. Here you can learn more about the five important steps in buying a home and about financial assistance programs that are available for you living with disabilities, who want to buy a home.

After reading this guide to home ownership for people living with disabilities, you will know more about:

- The advantages and disadvantages of buying a home

- The most important steps in the home-buying process
- Common terms related to home-buying
- How to get started in your quest to purchase a home
- Financial assistance geared toward enabling you living with disabilities to buy your own homes

Step 1: Advantages and disadvantages of home ownership

There are over 40 million individuals in the U.S living today with a mental or physical disability. Yet only a small percentage of them enjoy the benefits of home ownership.

Independence and the sense of belonging

Today most of the people who live with a mental or physical disability reside in group homes, institutions, nursing homes or at home with their parents. This means that somebody else is in control and setting the rules. Even if a person may be in need of assistance it is also important that he or she have a measure of autonomy. One advantage of living in your own home is that you are in control and are responsible for your own life and well-being.

Owning a home enhances not only your sense of independence but also your sense of connectedness. As a home owner you will become an important and recognized part of the community. Simple things such as getting to know your neighbors, paying property taxes and belonging to a neighborhood are important parts of independent living. These are some of the benefits of owning your own home.

Responsibility and personal assistance

By investing in a house and engaging in a financing plan, you are taking action based on the decision that this is what you want. By taking this step you are also taking responsibility of your own faith. You are investing in the future and ensuring that you will always have a place of your own. This change often brings a feeling of accomplishment and control.

Of course, even though you'll no longer be living in an institutional setting, you may still need personal assistance. It is available for you as a home owner. The only difference is that it will come to your home instead of the other way around. When professional assistance in group homes or nursing facilities normally are forced to adapt to the general needs of the group you will, by buying your own home, have

the possibility to get help according to your own needs and daily routines.

A big step

Buying a home is a big step, all the more so if you are living with disabilities. Living by yourself often requires a higher level of independence and responsibility. If you are dependent on certain assistance or services make sure that the neighborhood in which you're considering buying a home offers a full range of the support services you require.

It also costs more to own and maintain a home of your own than living at home or renting a room in a nursing home. There are several financing options that may help. The sooner you clarify your needs and wants and determine how much you can afford to spend, the better.

These are a few of the advantages and disadvantages when you are thinking of buying your own home. You may come up with more advantages and disadvantages and it is advisable to contact a local housing counselor to help you prepare to make a decision. A housing counselor is a local, often government issued, agency or institution that works with helping you who are living with disabilities in the home buying process. They normally cost little to consult and are available in all U.S states. More information will follow in Step 3: Getting started.

Tip! You can look for a housing counselor in the Yellow Pages of your phone book or ask a friend or family-member to help you.

Step 2: Familiarize yourself with the home-buying process

Included in this step are common ways of buying a home. Most important is learning how you are going to pay for a home. And so, in this step, you will learn more about:

- How to pay for a home
- What a mortgage loan is

How to pay for a home

The first important step in buying a home is learning how you are going to pay for it. When people buy a home it is common to apply for a mortgage loan (when people want to borrow money from the bank to buy a home they apply for a mortgage loan) at the bank.

Here's a typical scenario in which you decide to take out a mortgage.

1. You do not have enough money to pay for the home on your own.
2. So you apply for a mortgage loan and upon approval the bank lends you the money to pay the price that the seller has put.
3. Before being allowed to take the loan, the bank does a checkup on the your financial situation. This means checking your annual income, future expenses and credit history (checking your credit is to see if you have any unpaid debts to bank or other financial institutions). Based on this information you are either approved or declined to borrow money from the bank.
4. When taking the loan you normally have to make a down payment (one time payment with personal money, between 3-10 percent of the loan). There are also loans that do not require any down payment.
5. The bank then sets up a 15 - year or 30 - year payment plan where loan-takers pay the bank each month: principal payment (you pay back the loan to the bank a little bit every month), interest rate (also called mortgage rate, percentage of the loan that goes to the bank for administrative costs and profit). Ongoing costs (additional costs such as mortgage payment, insurance, utility bills, taxes, maintenance) are also paid on a monthly basis.

Take some time and read through these steps. You will find more information throughout MortgageLoan.com.

Applying for a mortgage loan

The first step is to contact your local bank office to inform them that you are looking to buy a home and want to apply for a mortgage loan. Your housing counselor can normally help you with this step. The bank will then do the following:

- Run a credit check. This is a checkup on your economic situation. If you have unpaid debts or credit it will show on the checkup. This helps the bank to decide if you are eligible for a loan. Your income simply has to be steady enough to be able to take on a loan.

- Decide how much you can afford to borrow. Your mortgage officer will then calculate how much you can afford to borrow based on how much money you earn and on what your regular expenditures are.
- Help you apply for a loan on the decided amount.

The bank then decides whether or not you are approved to take the mortgage loan. Based on the amount allowed to be borrowed from the bank you can now start looking for a home.

Making an offer on a house

This is where a real estate agent enters the picture. He/she, much like the housing counselor, will help you in finding a home that fits your requirements and additionally manage the contact with the seller.

It is not uncommon that there are many people interested in buying the same home that is for sale. This often results in an auction. Anybody is then allowed to make offers on the property to the seller. The one who bids the highest normally gets to purchase the house.

Upon purchase your real estate agent will help you with all necessary paper work and arrange with the realtor of the seller. It is then important that you have been approved a mortgage loan at this stage.

Step 3: Getting started

Now that you have gotten an insight on how the loan taking process works you are ready to take the first practical step in buying a home. Described below is an example of how to proceed towards buying a home. This process has been adjusted according to the needs of home buyers with disabilities. However, this is not written in stone and a good idea may be to see this process as a foundation to which you can add or remove desired parts.

1. Don't go through it alone

The home-buying process often stretches over longer periods of time and may cause frustration, doubt and irritation. That is why it is advisable to include a friend or family member. Many have learned that having somebody to support and help you during this time is indeed price-less. Since you are going to meet many people and making a lot of decisions it might be a good idea to increase your power by numbers.

2. Contact a housing counselor

Start by locating a housing counselor in your area. The link below will take you to a search engine that lists all HUD approved Housing Counselor in your state. The housing counselor plays a very important role in the process of finding and ultimately buying a home. And HUD approved housing counselors will additionally help you for free or at little cost. The housing counselor is certified and educated in assisting clients in the home-buying process with special needs.

A housing counselor will:

- Explain your local housing options
- Research available financial assistance programs
- Help you reach a housing solution based on your current financial and practical situation

Find a HUD approved Housing Counselor near you! Housing counselors approved by HUD, the Department of Housing and Urban Development, usually costs very little or nothing at all, receiving commission from HUD.

3. Establish what you need & what you can afford

Before you can start looking for a home you need to know what you are looking for. This is when you have to sit down with your housing counselor to make a list of what you want and need. Ask anybody helping you with current assistance to help you list the needs of your disability. Then return to your housing counselor and implement any additional costs required by your needs into the original financial calculation.

4. Get pre-qualified

Getting pre-qualified for a mortgage loan will help you make a realistic estimation on how much you can afford to spend on a house. The lender will quickly go through your financial situation and estimate how much you will be able to borrow. This way you can start looking and narrow your search for homes based on the loan pre-qualification. Not all lenders offer this option but if they do it might be a good

idea.

5. Make an offer

Together with your realtor and housing counselor you now have everything set and are ready to start looking for a home. Both your realtor and housing counselor will be able to find what homes the market has to offer.

6. Apply for a mortgage loan

By now you should have gotten a clear picture of what you can afford to buy. Your housing counselor can now assist you in applying for a mortgage loan. Remember, simply applying does not mean that you have to take the loan even if you are approved.

Since you may, due to your disabilities, have a low-income and may not be eligible for a traditional mortgage loan you will find a list with financial assistance options and favorable mortgage loan programs in Step 5. Your housing counselor will also be able to locate any local financial assistance programs.

7. The home inspection

Although it is not required, the seller of a may already have conducted a home inspection through an independent home evaluation service. Nevertheless it is a good idea to establish the condition of the unit by ordering your own inspection of the home. This is important not only to be able to estimate the property value but also to know what changes is required to meet your needs of accessibility.

8. Closing the deal

The deal is closed when the ownership of the home is transferred from the seller to the buyer. Prior to agreed date you will be contacted by the closing attorney representing the lender and will be informed of what to bring to the closing and how it is going to be conducted.

Step 4: Know your rights

Important to know and to have in mind when dealing with realtors, lenders, sellers, housing organizations or financial assistance program representatives are your rights and the legal obligations of included parties.

In this step you will find information about U.S federal laws and regulations that have been established so that your rights as a home buyer with a disability will be protected during the process of home ownership.

Disability rights in housing

Anyone who has a stated and confirmed mental or physical disability that limits ones ability to pursue one or more life activities is protected by federal laws that:

Prohibits discrimination against people with a disability. It is furthermore prohibited to alter or change application or qualification criteria or fees, costs or terms that differ from what is normally required. Requires housing providers to make accommodations for people with a disability. Housing providers are by law compelled to make changes in policies, services and practices to make residences more accessible for persons with disabilities. However housing providers are not expected or ruled to make any changes that may cause a financial or administrative burden or fundamentally alter the program. Requires housing provider to allow persons with disabilities to make reasonable modifications. Modifications include simpler accommodations that will allow home owners to enjoy their home to the full extent. This could mean installing grab bars in the bathroom, lowered entry threshold etc. Requires builders, developers, architects of multifamily residence to be built according to certain accessibility requirements. Read more under The Fair Housing Act below.

The Fair Housing Act

The Fair Housing Act turns to housing providers such as real estate agencies, realtors, landlords and other included parties such as banks and other lenders, home-insurance companies and housing counselors. This law prohibits any discrimination by mentioned entities making it hard or impossible for a person to get housing because of his/her race or skin color, religion, sex, national origin, familial status or disability.

The Fair Housing Act requires of home construction builders, architects, developers and owners that multifamily residences built after March 13th, 1991 to meet certain accessibility standards. Included parties can be held responsible to the Fair Housing Act if the following accessibility requirements are not meet:

- An accessible entrance on an accessible route
- Accessible common and public areas
- Sufficiently wide doors for wheelchairs
- Accessible routes through and into each residence
- Accessible thermostats, light switches, electrical outlets
- Reconstruction of bathrooms to accommodate any installation of assistive resources
- Accessible kitchen and bathroom space

The Fair Housing Act protects against and prohibits discrimination towards anyone with a physical or mental disability. It also includes disabilities like alcoholism and drug addiction.

The Americans with disabilities act

The ADA protects you living with disabilities against discrimination in public accommodations, employment, state or local government, commercial facilities, transportation and telecommunications.

The ADA is a general law monitoring the rights of people living with disabilities against discrimination. When the FHA is more specific for home ownership the American with Disabilities Act is still good to know since it prohibits discrimination in many areas that are often associated with buying a home.

These are some useful laws to know about when thinking of buying a home. For more laws to protect the rights of disabled persons we suggest you visit the official website of the U.S Department of Housing and Urban Development.

Step 5: Get financial assistance

One in three Americans living with disabilities also lives below or at the poverty level. That makes millions people with disabilities living under socially and financially acceptable conditions.

This is the final step in making the dream of buying a home come true. This step is directed to future

home buyers with disabilities who are in need of financial and general assistance in order to reach the goal of home ownership.

If you conduct a full-time job and have a stable income we suggest that you turn to your local lender for more traditional financial options.

Below you will find a list of national resources that offer financial support of further independent living for families and individuals who are financially or socially affected by a disability.

Social Security - Disability programs

The Social Security administration provides federal disability programs called The Social Security and Supplemental Security Income disability programs.

Eligible for the SSI program, according to Social Security's definition of disability, you may receive benefits based on their current financial need from the Supplemental Security Income program.

The SSI program is funded by general tax revenues.

Am I eligible?

In order to be eligible to receive financial benefits of the SSI program you must be:

- 65 of age or older
- Blind or disabled
- Limited in income and resources
- A U.S citizen or residents , or in one of certain categories of aliens
- A resident of one of the 50 states, including the District of Columbia and Northern Mariana Islands

And additionally be:

- Present in the country for a full calendar month or 30 consecutive days
- Eligible applicant for other financial benefits like pensions, Social Security
- Allowing SSA permission to track financial records from significant financial institutions.
- Eligible in filing an application and meets certain requirements.

How does it work?

By visiting the official website of the Social Security administration you will be able to download all necessary application forms for the SSI program in their Disability-section. There you will additionally be able to request help from Social Security.

Simply call your local SS office and schedule a meeting to decide your needs and edibility. Then apply and file the application within 60 days of the original contact. If approved you will be eligible for financial benefit from the original date when you contacted SS.

What are my alternatives?

Financial benefits from the SSI program are for many an important part of maintaining a secure and sustainable economy. Although there are other beneficiary federal programs for low-income and disabled U.S citizen Social Security is a basic and broad financial assistance program that embrace the largest variety of applicants.

Furthermore, the SSI program may give you a stable enough economy and income that is often required to be eligible for government backed mortgage loans and affordable housing programs.

Section 8 - The Home ownership voucher program

Section 8, Housing Choice Vouchers is a HUD, The U.S Department of Housing and Urban Development, federal housing program that financially helps moderate or low-income families with disabilities to rent or buy a home. The goal of this program is for people with limited economy to be able to afford to rent or buy a home. Section 8 hence offers subsidies for both renters and home owners.

HUD's Home ownership Voucher Program is a part of Section 8 and focuses on first-time home buyers

that need help in paying their monthly mortgage payments.

Am I eligible?

Following requirements are to be met by eligible first time home owners:

- No family member has had any present ownership interest in a residence of any family member during the last 3 years. Exceptions are made for single parents or displaced home makers who owned a home while married.
- Cooperative members
- Family including a person with a disability

Minimum requirements for disabled families:

- Monthly SSI benefits for individual living alone multiplied by 12 ($\$552 \times 12 = \6624).
- Eligible based on HUD limits and/or PHA possible re-establishment of minimum income standards. Certain requirements only apply if you have not been pre-qualified or pre-approved for financing that meets PHA requirements.

How does it work?

The U.S Department of Housing & Urban Development cooperates with selected Public Housing Agencies. Not all PAHs offer home ownership as an option as part of their voucher program. Hence you are required to research if their local PHA offices support home ownership with the Section 8 voucher program.

It is also your responsibility to find eligible housing to purchase. Approved recipients will be granted monthly home ownership assistance payments to help cover mortgage payments.

What are my alternatives?

The Section 8 Voucher program also offer rental assistance. For more information about rentals

subsidies funded by HUD go to their official website. An alternative to receive assistance and home ownership through the Voucher Program is to explore if participating PHA office owns and controls any units. An option may be to purchase PHA owned property as receive financial assistance on mortgage payments.

Habitat for Humanity

A non-profit Christian organization that builds accessible homes for people in need. If approved you are granted a home and a favorable mortgage loans that are sponsored through donations, volunteer work and local, private, federal and state resources. HFH is a globally known organization and has built homes for families and individuals with disabilities and in need of financial support all over the world.

Am I eligible?

The decision to assist you in housing and assistance is made by local Habitat for Humanity affiliate's family selection committee. The decision is based on:

- Your level of need.
- Their willingness to become partners in the program.
- Ability to repay included mortgage loan.

The committee makes the selection according to a common nondiscriminatory policy protecting against any discrimination based on religion, sex or disability.

How does it work?

HFH bases their work in building and rehabilitating simple and decent houses on volunteer work and donations of financial funds and materials. With help from selected home buyer families built houses are then sold to the receiving family for a non-profit market value. Home owners then are offered affordable mortgage loans through Habitat. Monthly mortgage payments by partner families to Habitat for Humanity enable the organization to finance further housing-projects.

Habitat for Humanity simply makes home ownership possible for you upon approval. Additionally to a down payment and monthly mortgage payments partnered families devotes what is called sweat equity;

a large amount of their own time, effort and energy to assist in building their own Habitat house and future Habitat houses of others.

What are the alternatives?

Habitat for Humanity is a one-of-a-kind non-profit organization that will, upon eligibility, assist you in fulfilling your dream of home ownership. But they will not do the work for you, simply offering the chance and assistance of others. Home owners who have received help from Habitat for Humanity have gained much more than simple housing. Independence and community support. That is arguably something financial assistance program rarely will contribute to.

Other resources

Additionally to the financing assistance programs above there are other national resources devoted to U.S residents living with disabilities and an improvement in each individual's independent living.

National Organization on Disability

Based on partnerships with non-disability organizations and several NOD programs this national organization is an established authority in supporting the American and International community of people with disabilities.

With a goal to create awareness and understanding for persons living with disabilities NOD is running programs and partnerships to improve housing, accessibility, religion, employment and much more.

www.nod.org

National Disability Institute

The mission of NDI is to build healthy financial futures for Americans with disabilities through employment initiatives, technical housing assistance, financial education and many other resources. NDI also has a wide partnership network of local, public, private, state and federal banks, investment businesses and organizations.

www.ndi-inc.org

NCB Capital Impact

NCB Capital Impact is a coordinator for cooperative work in primarily addressing the problems that are associated with poverty in the United States. Together with non-profit organizations, investors and other partnership NCB Capital Impact has made possible for U.S citizens in need of financial, practical, social or other assistance.

NCB Capital Impact in partnership with the National Disability Institute strives to increase social and economic independence amongst individuals with a disability. The goal of this partnership is to establish economic freedom for Americans with disabilities.

www.ncbcapitalimpact.org

AAPD - American Association for People with Disabilities

AAPD is considered to be the biggest national cross-disability member organization in America, AAPD works in partnership with other disability organizations and with own resources to ensure economic, social and political security for all Americans with disabilities.

AAPD sees to improve the current situation for U.S citizens with disabilities and works to make economic benefits and resources accessible to people with disabilities.

As the largest disability members organization AAPD has established reliable partnerships and offer great resources.

www.aapd-dc.org