



# The **TotalPath**



Home Buying for People With Disabilities

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## Home Buying for People With Disabilities

When you own a home, your pressing responsibilities include maintenance, paying the mortgage, and keeping up with your bill payments. Amidst your hectic daily routine it becomes easier to forget that you are independent. You have the opportunity to do as you please; an opportunity that not everyone is lucky enough to have. As Americans, we pride ourselves on our independence, and disabilities should not get in our way of living life to the fullest. Whether your disability is a mental or physical one, home ownership is not out of reach. The ever-changing times have helped to pave the way for new rights and programs that assist those with disabilities through the home buying process. Your options are plentiful, convenient, and affordable.

Before we get into specifics, it's important for you to understand the definition of the term "disabled", if you do not already. Identifying a precise definition of the term was a key stepping stone in developing the current assistance programs. By definition, the term disabled refers to an individual with a mental or physical limitation that causes definite and lasting impairment of at least one major life activity. This includes loss of hearing, mobility, sight, or developing chronic conditions like alcoholism, drug addiction, mental illness, AIDS, or other related illnesses and conditions. This nationally accepted definition of the term is legally beneficial when those with disabilities go to apply for certain health-care services, disability insurance compensation, or other types of funding.

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# 1 Pros and Cons

Unless you're made of money, the home buying process can be both tedious and stressful. There are multiple factors to consider, such as finances, family, and your future. That's all in addition to finding a home that actually suits your taste. As a person with a disability, there are even more aspects of owning a home that you need to look into before you make your decision to buy.

## Pros

Most importantly, owning your own home will give you a sense of independence. As a person with a disability, the ability and freedom to take care of oneself is paramount to achieving that crucial sense of belonging and self worth in a community. While owning and maintaining a home is no easy feat, a disability shouldn't keep you from achieving the dream of homeownership

If your condition requires specialized care, but you want to remain at, or purchase a new home, then you're in luck. It's becoming more common for nurses and aids to cater to those in need from the comfort of their own home. While this option may be costly, the most important thing to consider is what price you would put on your own

comfort and convenience. Sometimes these services will be covered by medical disability insurance, but you will have to check with your provider to be sure.

## Cons

Long term assisted living costs can be high, but the cost of owning your own home will undoubtedly be higher. Not only will you need to meet all of your payments on time, but you may also have to install additional modifications in your home, depending on your condition. Refer to the list at the end of this guide for examples of specific home modifications.

If you intend to purchase your own home then you will have to consider the location of the home, and the distance that you need to travel to get to places such as the grocery store, hairdresser, bank, etc. Before buying, you will also have to familiarize yourself with the area. Make sure that the sidewalks are smooth, and that you will be able to access surrounding shops and businesses. This is a long list of criteria that needs to be met, which could make the search for a suitable home more challenging.

## 2 Homebuyers' Rights

If you have decided that the benefits of owning your own home are too enticing to pass up, then you've completed the first step in the home buying process. Making the decision to fully pursue this path is just as big as signing the closing papers. Here are some of the rights that you have as a homebuyer and what you should be aware of.

You have the right to:

- Know what realtors, lenders, sellers, housing organizations, and financial program representatives are obligated to do and tell you.
- Know how much the mortgage broker is getting paid by both you and the lender for your loan.
- Ask for a "Good Faith Estimate" of all of your loan and settlement charges before you agree to sign the loan or pay any fees.
- Ask the mortgage broker exactly what he or she will do for you.
- Shop for the best loan available and compare the charges of various brokers and lenders.
- Be informed on the total cost of the loan, including the interest rate, points, and other fees.
- Know the reason(s) why your loan was turned down if that's the case.
- Ask questions about charges and loan terms that you do not understand.
- Know which fees are not refundable if you decide to cancel the loan agreement for any reason.
- A fair credit decision that is not based on your race, color, religion, national origin, sex, marital status, age, or whether or not you receive income from public assistance organizations.

Predatory lenders may take advantage of you if you do not know and understand all of your rights. Some lenders may give you a hard time or even shoot you a nasty look when you ask them some of the questions that are mentioned above. It's their responsibility to truthfully assist you through the home buying process, but it's also your duty to ensure that they are following the rules. If your particular lender is giving you a hard time, then you can easily walk out and find a lender that will better suit you.



### 3 Program Resources

There are numerous programs that help people with disabilities find a home, take out a loan, and help defend their basic rights. You need to apply for certain programs, but others are available to anyone seeking aid. Here is a description of the top resources that are available to people with disabilities.

#### Supplemental Security Income

This is a financial assistance program that provides funding to stabilize income so that qualified applicants may have an improved chance of qualifying for government-backed loans. The requirements for qualifying for this program are as follows:

- The applicant must be legally blind or disabled
- The applicant will have limited income
- The applicant will have limited resources
- The applicant will be a U.S. citizen

There is an additional benefit included with this program. If you file an application within 60 days of the first contact date



(when you first meet with the agency), and you're approved, then your initial funding start date will coincide with the date of your initial contact. For more information visit [www.ssa.gov](http://www.ssa.gov).

#### Social Security Disability Insurance

Although this option is not directly related to the home buying process, it may be a viable option for you or your family member. To be eligible for this insurance the applicant must be a disabled or blind individual, and must have paid social security taxes to become insured for benefits. The monthly amount received is based on the Social Security earnings record of the insured worker. In addition to payment, the applicant will automatically receive Medicare coverage after receiving

disability benefits for two years. Find out how to apply online.

### **Home Ownership Voucher Program**

This is a federal housing program that helps moderate or low-income families with disabilities purchase a home. The Home Ownership Voucher Program is associated with the U.S. Department of Housing and Urban Development, Section 8, with a focus on first time home buyers that need help meeting their monthly mortgage payments. All applicants must qualify to receive support. Requirements include:

- Applicant must be a first time home owner or cooperative member
- No family member will have, or have had any ownership interest in a residence of any family member during the last three years (exceptions are single parents or displaced home makers who have owned a home whilst married).
- The applying family must have at least one member with a disability
- For disabled families, the qualified annual income of the adult family members who will own the home must not be less than the monthly

Federal Supplemental Security Income benefit for an individual living alone multiplied by 12. The PHA may also establish a higher minimum income requirement for either or both types of families. Except in the case of an elderly or disabled family, welfare assistance is not counted in determining whether the family meets the minimum income requirement.

- The family must attend and satisfactorily complete the PHA's pre-assistance homeownership and housing counseling program.

### **Fair Housing Act**

The FHA offers protection to those with disabilities when it comes to the home buying process, and home ownership. The rights that they help protect include the following:

- Realtors can't discriminate against borrowers on the basis of sex, race, creed, sexuality, etc.
- Providers must make reasonable accommodations for people with disabilities. This can include a change in the rules, policy, practices, or services.

- Landlords must allow people with disabilities to make reasonable modifications to the home or dwelling.

In addition to protecting basic rights, the FHA has also set standards in place for multi-family living units. A multi-family unit must have at least four separate living units with an elevator. The standards that must be met include the following:

- The ground floor must comply with FHA design and construction requirements
- There must be an accessible entrance and route into and through the unit
- There must be usable doors
- The bathroom walls must be reinforced
- Must be accessible public and common use areas
- Must have accessible light switches, outlets, thermostats, and environmental controls
- All kitchens and bathrooms must be usable

### **Americans with Disabilities Act**

The ADA safeguards the rights of people

with disabilities. This includes accommodating the disabled in restaurants, stores, libraries, hospitals, offices, warehouses, and just about any other major public establishment. Visit [www.ada.gov](http://www.ada.gov) for more details.

### **Real Estate Settlement Procedures Act**

RESPA ensures that consumers throughout the nation are provided with more helpful information about the costs of mortgage settlements, and are protected from unnecessarily high settlement charges that are caused by certain abusive practices. Recently, RESPA has implemented a new rule that requires a Standardized Good Faith Estimate (estimate of settlement charges and loan terms), to facilitate shopping among settlement service providers, and to improve disclosure of settlement costs and interest rate related terms. Visit [www.hud.gov](http://www.hud.gov) for more information.

### **Fannie Mae Home Choice Program**

This program provides financial products and services for low, moderate, and middle-income families. It allows for people who are looking to buy a home to pay a smaller down payment (usually around \$500), and the program also covers the majority of the closing costs on the home.

### **U.S. Department of Housing and Urban Development Section 8 Home Ownership Program**

This program allows people with disabilities to apply monthly rent vouchers to their monthly mortgage payments. However, local public housing authorities need to agree to participate in this program, and most do not.

### **National Opportunities for Affordable Housing Foundation**

N.O.A.H is a non-profit agency committed to the provision of affordable housing through a diligent pursuit of home ownership opportunities for homebuyers, and exit strategy counseling and education for home sellers. They also help locate mortgage assistance programs at the state and local levels.

### **Homes For Our Troops**

This is a non-profit organization that provides individually adapted homes for severely injured, or disabled veterans at no cost. The program is supported by donations from cooperate building industries, and commercially organized donors. For more information, visit [www.homesforourtroops.org](http://www.homesforourtroops.org)

### **Habitat For Humanity**

Habitat for Humanity is a global organization that constructs homes for needy families and individuals (i.e. some people with disabilities). The organization is a non-profit group that builds and grants accessible homes, with mortgages being sponsored by donations and private and federal sources. If you are chosen as a candidate, Habitat will build your home for you, and in return you will help them to build a home for another eligible recipient. This allows all participants to generate a sense of self worth, independence, and communal strength.

### **American Association of People with Disabilities**

The AAPD is the largest national cross-disability organization in existence. It partners with other organizations to ensure economic, social, and political security for disabled Americans. The overall goal of the organization is to create economic freedom for all.

### **National Disability Institute**

The goal of the NDI is to build healthier financial futures for individuals and families dealing with disabilities, through employment initiatives, technical housing assistance, and financial resources.



## 4 Housing Counselors

Purchasing your own home can be challenging. You need to determine how you will pay for your home, what size mortgage to take out, and how to make a competitive offer. Most people will become stressed at the very thought of undertaking this process on their own, and that's why we recommend asking a friend or family member for assistance. If you don't have anyone that has experience with this process, then you should strongly consider hiring a housing counselor. While the primary responsibilities of a housing counselor include dealing with foreclosures, they also assist first time homebuyers with the home buying process.

If you decide that you need to hire someone to help you through the process, look for HUD approved counselor. HUD housing counselors will assist their clients at little

to no cost if they determine that the client cannot afford the counseling. If you are inquiring about foreclosure prevention or homeless counseling, then your consultation will always be free of charge. Regardless, agencies require their counselors to inform all clients of the payment structure before they provide any services. A counselor will help you with the following:

- Give you full information on loan down payments, mortgage interest rates, monthly principal payments, and additional outgoing costs, with the help of a bank loan officer
- Explain the local housing options to you
- Research available financial assistance programs
- Help you to reach a housing solution based on your current financial situation



### Housing Fact

- The median downpayment for all home buyers was 11%, ranging from 5% for first-time buyers to 15% for repeat buyers.

- Outline your wants and needs in a budget
- Make sure that you avoid unnecessary and expensive mistakes during the home buying process

Depending on your disability, you may also want to meet with your physician to outline a list of necessary requirements for your home and the modifications that it will need. People are often skeptical about hiring someone else to help them through an already expensive process. The potential mistakes that you could make will be far more costly than consulting with HUD housing counselor for even a few sessions.

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## 5 Applying for a Loan

The loan application process is not something that people look forward to, but is a crucial aspect of the overall home buying process. The basic steps to applying for a loan are as follows:

- Even before you begin to look for a suitable home, you will want to get pre-approved. In order to do this you will have to meet with a loan officer who will review your financial



situation and credit history, and tell you which types of loans you will qualify for. With this information in mind, you can then go out and browse the housing market.

- Once you have decided which home you want to buy, you will return to your lender and apply for a mortgage loan. Whether you choose to take out a loan through a private lender or a bank, your financial status (annual income, yearly expenses, outstanding debt, and credit history) will be checked.
- If and when you are approved, the lender will provide you with your loan. You will likely be required to pay a down payment of 3-20% of the cost of the home, in addition to the monthly principal and interest payments. Sometimes lenders don't require a down payment, but the result is more expensive monthly payments.

## 6 Common Mortgages & Loans

Although counselors, lenders, agents, and loan officers will likely fill you in on all of your mortgage options, it wouldn't hurt to have a general understanding before you meet. The more you know about something, the more informed your decision will be. This will help you avoid predatory or unscrupulous lenders who may not offer you the full range of mortgage options, simply because you are disabled.

### Popular Mortgages

**Fixed Rate Mortgage** - A fully amortizing mortgage loan where the interest rate on the note remains the same throughout the term of the loan, as opposed to loans where the interest rate is subject to change.

**Adjustable Rate Mortgage** - A type of mortgage loan where the interest rate on the note is periodically adjusted based on an index that reflects the cost to the lender of borrowing on the credit markets. This means that your interest rate can get better or worse over time depending on the index.

**VA Loan** - This is a type of mortgage loan that is guaranteed by the U.S. Department of Veterans Affairs. The purpose behind this

loan is to help ensure long-term financial stability for American veterans and their families.

### Hybrid Mortgages

**Option ARM Mortgage** - A monthly adjustable rate mortgage that is tied to one of the major mortgage indexes (LIBOR, MTA, or COFI). This option has grown in popularity over the past few years because it offers low payment options, and payment flexibility.

**Combo Mortgage Loan** - This is a type of mortgage loan that gives you the opportunity to combine two or more mortgages into one so that the borrower can avoid paying for mortgage insurance and additional down payments.

**Mortgage Buy Down** - This is an option that allows the borrower to get a mortgage a lower rate than the prevailing mortgage rate. You should base your decision to go with this option on the future plans for your home and the lending service that you are dealing with.

### Specialty Mortgages

**Bridge/Swing Loan** - This loan comes in handy when you are moving from one home to another. A bridge loan enables you to take

out equity on your first home so that you can post the full down payment on your new home. When you close the final transaction on your first home, you will need to take out another loan on your new home.

**Equity Mortgage** - A type of mortgage in which a lender offers the borrower a favorable interest rate, and in return the lender will receive a portion of the profits when the house is sold. This is obviously only an option if you intend on selling your home within a certain (generally short) time period.

### **Additional Programs for the Disabled**

**Community Home Choice** - This program is for people with disabilities that have low to moderate-income levels. The program offers flexibility for loan-to-value ratios, down payment sources, qualifying ratios, and establishing credit.

**Community Living** - This is a lending product that offers financing for small group homes for disabled children and adults that cannot live independently. Borrowers may not necessarily be individuals, but could be non-profit or profit organizations, limited partnerships, or government agencies aiding the disabled.



The more you know about something, the more informed your decision will be. This will help you avoid predatory or unscrupulous lenders who may not offer you the full range of mortgage options, simply because you are disabled.



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## **7** Home Modification List

Depending on your disability, not all of these modifications will be necessary, but as a precaution you should assess your situation and determine what changes will be best for you. If you are living on your own then you should have a phone in every room of the house, including the bathrooms.

### **Weakened Sensory Modifications**

- Purchase ultra-quiet machines (dishwasher, clothes dryer) to reduce unnecessary background noise
- Increase the volume on all of your home telephones
- Install smoke detectors with strobe lights
- Install brighter light bulbs, and lights in every room, including all closets,

stairwells, walkways, and entrances.

- Mark the edge of each step and countertop with a different color than the rest
- Purchase a stove with bigger numbers that can be seen from across the room, and one that uses different colors to identify which parts of the stove are hot

### **Modifications for Physical Ailments and Related Issues**

- All floors should be slip resistant to prevent falling
- Install handrails and/or grab bars on ramps, and in hallways, stairs, and bathrooms
- Consider elevated toilet seats, and putting a seat or bench in the bathtub or shower
- Invest in a trash compactor to limit the amount of actual trash in the home
- Make sure that all doors have lever handles rather than knobs
- All countertops should have rounded edges so that they are not a hazard



### **Wheelchair Accessibility Modifications**

- Make sure any walk-in closets are wide enough for a wheelchair to pass through
- Organize your closet so that you can reach all of your belongings easily. Make sure the rods are set at a lower level
- All appliances should have controls at the front of the machine for easy accessibility
- Cabinet shelves should be no more than 10 inches deep
- Doors and hallways need to be wide enough to accommodate a wheelchair
- You need plenty of open floor space. All of the floors, walkways, and driveways should be smooth
- Your bathroom should feature a roll-in shower, space to transfer





## Housing Facts

- Buyers search a median of 12 weeks and visit 12 homes
- 9% of recent buyers also own one or more investment properties, and 4% own at least one vacation home.

from a wheelchair to the toilet, and bars or seating to make transferring into the bathtub as simple as possible. A handheld shower is also recommended.

- Consider installing a ramp to all entrances. The ramp should have an edging.
- Keep all smaller appliances (microwave, toaster, etc.) and electrical outlets at a lower level.

While you certainly should not limit yourself, you must be realistic about what type of house will be the best fit for you. If you struggle to get around, then a one level home might be the best choice for you. Stairs can be a real hassle for anyone, and if you don't absolutely need additional levels in your home then why put yourself in a potentially dangerous position?

## 8 Take a Risk

Owning your own home will provide you with additional opportunities and freedoms that you would otherwise miss out on. As is the case for any new homeowner, you too will feel both anxious and excited about purchasing your home. Due to the financial burden and large amount of responsibility that is associated with buying a new home, people with disabilities may avoid home ownership. In fact, the home ownership rate in the U.S. is roughly 65%, but is just under 5% for those with disabilities. In addition, 1:3 Americans that live with a disability are at or below the poverty level.

It's easy to become discouraged by these statistics, but that's all they are; just numbers. You shouldn't let the norm get in your way of buying your dream home if that's what you truly desire. You always have the option to take charge of your life. The personal benefits

and rewards that are associated with owning your own home far outweigh the costs and tedious process of searching for one. You only live once, and you should not let your disability hinder you from experiencing the joyous freedoms of owning a home.

\*All housing facts are drawn from the 2009 Census Bureau American Housing Survey and the 2011 National Association of Realtors Profile of Home Buyers and Sellers

### **Special Thanks To:**

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That's it! You have completed the **TotalPath to Home Buying for People with Disabilities**. You have made an important step on another path—the one that leads to the American Dream!