HYFC Success Starts With Me (SSWM) Sweat Equity Model

Purpose:
To reduce financial barriers to homeownership by allowing program participants to contribute labor—"sweat equity"—toward the construction or rehabilitation of their future home, thereby reducing required down payments or construction loan costs.

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1. Program Overview

- **Eligible Participants:** Approved SSWM loan applicants, including household members age 16+.
- **Sweat Equity Contribution:** Participants perform approved tasks that directly contribute to construction, renovation, or development of their home.
- **Value of Sweat Equity:** $25 per hour, applied as credit toward:
  - Down payment
  - Construction cost reduction
  - Closing cost offset

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2. Required Sweat Equity Hours

Household Size	Required Hours	Maximum Earnable Credit
1 adult	100 hours	$2,500
2 adults	160 hours total	$4,000
Family (3+ adults)	200 hours cap	$5,000

Optional: Waive a portion of hours for seniors (65+) or people with disabilities; substitute with family or community volunteers.

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3. Qualifying Tasks

Category	Examples
Site Prep	Clearing brush, gravel spreading, material staging
Construction Support	Framing assistance, siding, roofing help, painting
Interior Finishing	Trim work, cabinetry assembly, flooring
Landscaping	Grass seeding, fence installation, planting trees
Logistics/Admin	Materials inventory, deliveries, cleanup

All tasks must be supervised by THRHA Construction or a licensed contractor.

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4. Tracking and Verification

- **Time Log Form:** Must be completed daily by the participant and signed by a site supervisor.
- **Monthly Review:** HYFC will audit hours and issue updated sweat equity statements.
- **Maximum Credit:** Once maximum allowable value is earned, hours may still be contributed but will not reduce the loan further.

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5. Incentives and Benefits

- **Down Payment Offset:** Every 40 hours = $1,000 off loan principal
- **Homeowner Readiness:** Builds construction knowledge, pride of ownership
- **Loan Risk Mitigation:** Engaged homeowners show lower delinquency rates

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6. Limitations

- Sweat equity cannot substitute for:
  - Cash reserves required for mortgage underwriting
  - Payment of taxes, insurance, or non-construction-related costs
- Participants must still meet minimum loan qualification criteria.

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7. Optional Add-Ons

- **Community Sweat Equity Projects:** Participants may help build homes for other families in earlier phases and accrue credit toward their own project.
- **Bonus Hours:** Up to 20 additional hours credited for attending HYFC financial literacy or home maintenance workshops.

Next Steps for Implementation

1. Finalize approved task list with THRHA Construction
2. Create time tracking template and process
3. Integrate sweat equity into underwriting and closing checklist
4. Train staff and partners on policy enforcement and documentation