

## **Section 24.0 SECTION 8 HOME OWNERSHIP**

### **24.01 Introduction**

Under the Section 8 Home Ownership Voucher Program, HCR and its Statewide Program Local Administrators (LAs) provide tenant-based assistance to an eligible family that purchases a dwelling unit to be occupied by the family. All HUD and HCR rules for rental vouchers apply to home ownership vouchers except where superseded in the following sections.

HCR, on an ongoing basis, reviews LA readiness, capacity and local program procedures and has authorized all LAs under its jurisdiction (together with any identified partner) who meet HCR established requirements, to implement this program. As part of the continued development of the home ownership program, HCR and the LAs will continue to conduct assessments of technical assistance that may be necessary to successfully manage, improve, and enhance local home ownership activities.

HCR has established standardized Home Ownership Guidelines, set forth in SS8 Notice 2010-12, and dated May 10, 2010, which provide guidance to the LAs and their clients in the home ownership process. This process was developed to ensure consistency in the pursuit and realization of home ownership.

HCR also works with Public Housing Participants and VASH (Veterans Affairs Supportive Housing) Voucher holders who become eligible for the HCV program after either residing in Public Housing for a year and a voucher becomes available, or holding a VASH voucher for a year.

Experience with low-income home ownership programs has demonstrated that quality counseling is essential for successful home ownership and prevention of mortgage defaults. Each of our LAs is required to continue to demonstrate experience and capacity in this area, either within its agency's programs and services, or through partnership with another entity.

Many LA's have in-house home buyer education/housing counseling (HBE/HC) staff, while others administer their home ownership program in partnership with another agency experienced in home ownership and who offer HBE/HC. In either case, which ever agency will deliver the home buyer education/housing counseling to the prospective buyers is required to be HUD Certified by August 1, 2021.

Pursuant to the New Freedom Initiative (Executive Order 13217, dated February 2001), HCR and the LAs will make every effort to ensure its home ownership policies afford disabled individuals (or families) opportunity to participate fully in community life, and to remove any barriers that may impede a disabled person's opportunity for community placement.

## **24.02 Permitted Ownership Arrangements**

The Home Ownership Program may be utilized in the following types of housing:

- (1) Single-family home
  - (a) New construction with environmental review completed
  - (b) Under construction
  - (c) Existing;
- (2) Manufactured home, constructed in 1976 or later, on a permanent foundation;
- (3) Single dwelling unit in a condominium owned by the family in which one or more family members hold title to the home;
- (4) Homes occupied under a lease-purchase agreement; and
- (5) A cooperative unit in which one or more family members hold membership shares in the cooperative

Home ownership excluding land: 24 CFR 982.628(b); 24 CFR 982.628(e) & 982.631(c)(3)  
Purchase of a home where family will not own fee title to the real property. Home ownership assistance may be provided for the purchase of a home where the family will not own fee title to the real property on which the home is located, but only if: 1) The home is located on a permanent foundation; and 2) The family has the right to occupy the home site for at least forty years.

## **24.03 Determination of Family Eligibility**

Unless otherwise approved by HCR, any family to be considered for home ownership assistance must already be an eligible participant in the Housing Choice Voucher (HCV) rental assistance program in the LA's local program area for at least 12 consecutive months. The 12 consecutive month minimum may be waived or reduced for a port-in, or to address reasonable accommodation requests. Applicants may not be taken from the wait list. The individual or family must also be in compliance with all stated family obligations, and in good standing with the local program. If applicable, the family must have fully satisfied any repayment agreements.

If the family has filed for bankruptcy, no minimum waiting period is required to participate in the home ownership program. HCR will accept a lenders' determination, as it relates to whichever form of bankruptcy is filed, in order to participate in the home ownership program. HCR will consider mortgage loan financing provided it is insured or guaranteed by state or federal government and complies with secondary mortgage market underwriting requirements or complies with generally accepted private sector underwriting standards.

Although, Family Self Sufficiency (FSS) enrollment and/or completion is no longer required, it is highly recommended that Section 8 participants who are candidates for home ownership, but not

participants in the FSS program, be referred to comparable family development services to ensure viable and successful home ownership-ready families. This policy supersedes the FSS requirement included in the original application for participation in the Housing Choice Voucher Home Ownership Program.

LAs are responsible for all normal Section 8 eligibility determinations and for ensuring that families meet employment and minimum annual income requirements established by Federal program regulations. The minimum family income requirements are as follows:

1. For non-disabled individuals and families, HCR has adopted the federal minimum annual family income from full-time employment (not less than an average of 30 hours per week) at the federal minimum hourly wage X 2000 hours.
2. For elderly or disabled individuals or families, the employment requirement is waived.
  - a. However, the minimum family income for elderly must be from a stable source and equal the same dollar amount as 2000 hours multiplied by the current Federal Minimum Wage. For disabled households, the minimum income must be from a stable source (such as Social Security or pension benefits), with the minimum monthly SSI benefit standard for an individual living alone that conforms to the Social Security Administration guidelines published in January of each year.
  - b. Definition of Disabled Family: A disabled family for purpose of eligibility means a family whose head, spouse, or sole member is a person with disabilities. It may include two or more persons with disabilities living together, or one or more persons with disabilities living with one or more live-in aides.
3. At the commencement of home ownership assistance, the minimum annual family income must be continuous for at least one year prior to application for a home ownership voucher.

The LA will use current minimum wage and current minimum disability incomes for all eligibility decisions. The local program manager may establish minimum income requirements which are higher than the HUD standard, subject to HCR approval, for either one or both types of families (disabled and non-disabled), based on factors such as local housing costs and/or the practices of local lenders.

However, families that do not meet the LA's higher minimum income requirement shall still be considered to meet the income requirement if:

- (1) the family meets all other applicable HUD eligibility requirements; and
- (2) the family can demonstrate that they have been pre-approved or pre-qualified for financing an amount sufficient to purchase decent, safe and sanitary housing of modest design in the LA's jurisdiction.

The LA will also be responsible for determining that families satisfy first-time homeowner requirements established by program regulations, and that they are "credit ready" and have not

defaulted on any mortgage used to purchase a home under the home ownership program. A family is not eligible if any family member at the time of default has previously received home ownership assistance and defaulted on a mortgage.

#### **24.04 Home Ownership Counseling**

Section 536:8 (y) of the Quality Housing and Work Responsibility Act of 1998 provides that a family must participate in and complete a home ownership and housing counseling program before commencement of Section 8 home ownership assistance. HCR's policy requires a minimum of 8 hours of home ownership education and housing counseling prior to home ownership, and a Certificate of Completion for same.

LAs will be responsible for providing pre-assistance and post-purchase counseling including:

- (1) Home maintenance;
- (2) Budgeting and money management;
- (3) Credit counseling;
- (4) How to negotiate the purchase price of a home;
- (5) How to obtain home ownership financing and loan preapprovals (including a description of types of financing that may be available);
- (6) How to find a home (including information about home ownership opportunities, schools, and transportation in the LA's jurisdiction);
- (7) Advantages of purchasing a home in an area that does not have a high concentration of low-income families and how to locate homes in such areas;
- (8) Information on fair housing (including fair housing lending and local fair housing enforcement agencies) and information about the Real Estate Settlement Procedures Act (RESPA) (12 U.S.C.2601 *et seq.*); and
- (9) Information on State and Federal truth-in-lending laws and how to identify and avoid loans with oppressive terms and conditions.

Counseling must only be provided by a HUD-approved housing counseling agency, which may either be the LA or other qualified entity.

Before commencement of homeownership assistance, the participant(s) to be listed on the deed & mortgage must attend a pre-assistance counseling meeting, facilitated by the LA. The LA must document all attendees who complete the pre-screening counseling. The LA may determine the number of pre-assistance counseling sessions offered per calendar year but there

must be at least one available during each calendar year there is a new homeownership participant. The LA will outline the Section 8 Housing Choice Voucher Program Home Ownership requirements, provide information on any local grant opportunities and provide an opportunity for a question and answer session prior to the conclusion of the pre-assistance counseling meeting.

Within two years prior to purchasing a home, the individual or family must complete no less than 8 hours of home buyer education classes and housing counseling, and receive a certificate of completion. A copy of the certificate of completion must be submitted to the LA before proceeding to the next step in the home ownership process. A refresher session with a housing counselor will be required for any participant who has a certificate that is more than one year old.

Under no circumstances will HAP assistance be obligated or released for Section 8 home ownership prior to a client's completion of and receipt of an acceptable certificate of completion of housing counseling/home buyer education classes provided by a HUD certified counseling agency. In addition, assistance may not be given to families that have already purchased a home and have not attended a pre-purchase briefing and completed housing counseling/home buyer education classes provided by a HUD certified counseling agency.

#### **24.05 Home Inspections**

Two kinds of physical inspections are required in the home ownership program, in addition to and separate from any lender required inspections, both of which must be completed prior to release of HAP, and preferably before closing. They are:

- (1) an HQS inspection by the Local Administrator; and
- (2) an independent professional home inspection by an inspector used in the private market by home buyers.

The HQS inspection should be completed prior to the independent inspection to avoid unnecessary costs to the family. All major systems must be turned on and functional for the inspection; otherwise the inspection for those systems must be marked "inconclusive" and therefore, the inspection fails. These systems include heat, water, and electric services to be tested. A re-inspection must be scheduled once the systems are functional.

The independent professional inspector must be selected, hired and paid for by the family. A family's Family Self-Sufficiency (FSS) escrow account may be accessed for this purpose, if applicable. Home inspectors must have certification from the American Society of Home Inspectors or a similar national organization.

In instances where a family applies for and is eligible for a U. S. Department of Agriculture Rural Development (USDA-RD) single-family mortgage, the independent professional inspection required by USDA may also be used to satisfy the Section 8 independent professional inspection requirement. However, the person performing the inspection must be qualified to report on property conditions

including major building systems and components. The LA may disapprove the home or unit on the basis of either the HQS or the independent inspection report.

The HQS inspection performed by the LA will indicate the current physical condition of the unit and any repairs necessary to ensure that the unit is safe and habitable. The purpose of the independent home inspection is to identify any home defects and to assess the adequacy and life span of the major building components. The home must pass an initial HQS inspection before home ownership voucher assistance can be authorized. Any additional HQS inspections for subsequent years are at the option of the local program administrator.

#### **24.06 Determination of Home Ownership Assistance Levels**

HAP will begin only after the unit passes inspection. There are no partial month payments for home ownership. HAP begins the first of the month after the unit passes inspection. If a payment was due the first of the month, but the inspection passed too late in the month to be submitted for payment, a double month payment will be requested for the following month.

The LA will be responsible for determining the amount and distribution of the home ownership assistance to be provided on a family's behalf. If the family has satisfactorily met all Section 8 requirements of the home ownership process and has applied for the mortgage(s), the LA will provide the following information to the lender(s):

- the total gross rent;
- total tenant payment (TTP);
- the Payment Standard in effect at that time,; and
- the estimated housing assistance payment (HAP).

Lenders will be notified that these numbers are subject to change once the LA has the true mortgage, interest, taxes, and insurance payment values.

In determining the monthly home ownership expenses for purposes of calculating the monthly home ownership assistance payment, the LA must consider:

- the (PITI) principal, interest, taxes, insurance; condo/co-op fees or lot rent involving manufactured housing constructed in 1976 or later and affixed to a permanent foundation;
- principal and interest on debt incurred to finance major repairs;
- replacements or improvements for the home; utilities; and
- an allowance for routine maintenance and major repairs of not less than \$50 (\$25 each) and not more than \$100 (\$50 each).

The allowance for routine maintenance and major repairs will be used as a guideline by the family to establish savings/reserves for maintenance and/or repairs and replacement of major systems or appliances. While maintaining and tracking of this account is not statutory, it is highly recommended that the LA remind the family that this allowance should be saved in a separate savings account, should the need arise. When calculating utilities, use the lesser of the allowance

for the bedroom size the family is purchasing or the allowance for the bedroom size the family is eligible for.

Pursuant to program regulations, once home ownership assistance commences for the home or unit, the payment standard will never be less than the payment standard at the time home ownership payments begin.

The housing assistance payment may be made directly to the lender or the family. However, if any HAP payments are being made directly to the family and the family becomes delinquent in payments, the LA may make future HAP payments directly to the lender. The LA may also make payments directly to the lender at the lender's request. If this change is to be made, the lender must have capacity to accept payment from both the individual and Section 8 for the one mortgage payment.

Pursuant to program regulations, the LA will also be responsible for determining if a family is eligible for continued tenant-based assistance if the family wishes to move.

#### **24.07 Mortgage Financing and Down Payments**

HCR and the LA may not require the use of a specific lender. However, both HCR and the LA may require certain qualifications of potential lenders, and may establish prohibitions on certain forms of financing and terms. The home the family intends to purchase must be affordable. All mortgage funding proposals must be reviewed by HCR prior to closing for pre-approval. HCR or the LA may disapprove any proposed financing or refinancing if HCR, the LA or the housing counselor partner determines that the debt is unaffordable or the loan terms are oppressive.

Signatures will be obtained on all pertinent documents for all parties on the deed and the mortgage. The voucher holder must be on both.

Mortgage affordability will be determined by HCR pre-closing. The LAs are required to provide utility and maintenance/repair budgets to HCR as well as mortgage financing proposals and estimated closing costs. Mortgage financing affordability will be defined by the following debt-to-income ratios:

- (1) the front-end ratio (housing debt-to-income) should be no higher than 40%; and
- (2) the back-end ratio (all debt-to-income) should not exceed 45%.

This may be waived or modified upon application to HCR.

HCR and the LA require a minimum down payment that equals three percent of the sale price. The family contribution toward the down payment must be at least one percent of the sale price and come from the family's personal resources. An FSS escrow account may be used for this purpose, if applicable. If a family is utilizing a USDA-RD single family mortgage loan product, or similar government mortgage product, the down payment requirements may be changed or waived by the LA.

The mortgage loan financing used for the purchase of the home must meet one of the following criteria:

- provided, insured, or guaranteed by state or federal government;
- complies with secondary mortgage market underwriting requirements;
- complies with generally accepted private sector underwriting standards;
- adheres to the qualifying ratios defined above.

Lease-purchase agreements will be permitted, but only upon written application to HCR and written approval from HCR. If approved, participant will obtain a mortgage through a qualified financial institution. Examples of types of mortgage financing that will not be permitted are owner financing, interest-only loans, balloon payments, and adjustable rate mortgages.

Refinancing will be considered for positive outcomes (i.e.: lower interest rate, lower payment, capital improvement); however, the LA has the right to deny any request. **Cash outs of equity are not allowed.** Before refinancing, the home owner must receive authorization from the LA.

#### **24.08 Home Search**

The family is responsible for finding an eligible home or unit to purchase. The LA may establish time limits for a family to locate a home to purchase and to close on a home. The LA may not steer or restrict the family to certain sellers or neighborhoods.

A family may choose to purchase an eligible dwelling that is owned or substantially controlled by HCR or the LA, provided the family signs a written assurance acknowledging that the family is freely selecting the dwelling without pressure or steering. Also, under these circumstances, an independent agency must perform certain administrative functions such as the HQS inspection, review of the independent professional inspection report, review of contracts for sale, review of sales price and any HCR or LA-provided financing.

Under regulations, the LA must disapprove the seller if the seller has been debarred or suspended by either HCR or HUD from participation in any housing program.

Purchase of a home under the program using a special needs trust is not a permitted activity (24 CFR 982.625-643).

#### **24.09 Post-Purchase Activities**

LAs will be responsible for establishing such post-purchase monitoring and counseling procedures as may be necessary to ensure that families do not risk mortgage delinquency or default. Ongoing monitoring and counseling should include basic home maintenance guidance and post-purchase budgeting.

The topics to be covered in post-purchase counseling may include but are not limited to:

- home maintenance;
- managing debt after home ownership occurs;



- protecting your assets;
- investing in your future;
- building wealth;
- record keeping;
- energy efficiency;
- home safety and security;
- preventive maintenance;
- basic home repair;
- improvements to increase the home's value;
- working with a contractor;
- landscaping;
- taxes; and
- insurance.

The following documentation must be provided to HCR within 30 days after closing:

- The last rental 50058
- The first homeowner 50058
- A copy of the HUD 1 or closing disclosure
- A completed Home Ownership Survey
- 2 signed releases of information: Photography and General Information Releases for each homeowner
- Digital photos of the homes and/or homeowners for use on the agency website (if available).

Copies of the Home Ownership Survey, Photography and General Information Release forms are located on the LA SharePoint site. Failure to provide the information listed above within 30 days of closing will result in forfeiture of the Special Admin Fee. In the event of non-compliance, consideration will be given on a case-by-case basis, provided that the LA contact HCR prior to the 30-day conformation period.

Compensation will be authorized for draw down quarterly (4x per year) after HCR receives the closing documentation listed above. Payments will be issued as follows: on 1/1, 4/1, 7/1 & 10/1 of each calendar year. Documentation submitted for a closing during the last month of each quarter should be received by HCR no later than the 14<sup>th</sup> of that month to be included in that quarterly payment (i.e., documentation received on 12/14 will be included in the 1/1 payment, documentation received on 12/15 would be included in the 4/1 payment). Compensation to the LAs relating to closings will be realized on the following tier-level basis:

1 closing in the month	\$750.00
2 closings in the month	\$1,000.00 per closing
3+ closings in the month	\$1,500.00 per closing

#### **24.10 Portability**

Section 8 Housing Choice Voucher (HCV) regulations provide a portability feature after an initial lease up of one year. Families who are determined eligible for the home ownership program and are in good standing with the initial PHA, may port out of the LA's jurisdiction to anywhere in the US for home ownership, as long as the receiving PHA administers a Section 8 home ownership program and is accepting new families into its program. If the receiving PHA does not administer a home ownership program, HCR, through an MOU with the receiving PHA, can continue to administer this home ownership voucher in the new jurisdiction. HCR's rule that participants must be a Section 8 participant in their local program area for one year may be waived for port-ins at the LA's discretion. If a family wishes to relocate from one LA's jurisdiction to another LA's jurisdiction within HCR's PHA Statewide Network, it is considered a transfer, not a port-in.

Operating within HUD guidelines and available budget authority, HCR's intention is to expand home ownership opportunities throughout New York State, with a special emphasis on reaching out to communities and PHAs outside our local Administrator network that do not operate a home ownership program. The location of the unit determines the payment standard to be used for HAP calculations. SS8 Notice 2010-13, dated May 10, 2010, contains guidance on port-ins from PHAs outside our local administrator network that do not operate a home ownership program.

#### **24.11 Length and Continuation of Assistance**

Section 8 assistance will only be provided for the period in which the family resides- in the home. The maximum length of time a non-elderly, non-disabled family may receive home ownership assistance is 15 years if the mortgage has a term of at least 20 years. There is a 10 year time limit for home ownership voucher assistance for mortgages less than 20 years. There are no time limits for elderly and disabled families.

A home ownership family may purchase another home with Section 8 assistance provided there is no mortgage loan default and the family is in compliance with the Statement of Homeowner Obligations (HUD Form 52649). However, the maximum 15 year term of assistance for non-elderly, non-disabled families is cumulative between the two purchases.

In some cases, the gross home ownership expenses are less than gross rental expenses, or the family has an increase in income causing a zero HAP calculation. The family will remain at zero HAP, but will stay in active status for up to six months. At the end of the six months the family will be terminated from the program. In cases where the family encounters catastrophic circumstances after voluntary or involuntary termination, requests for reinstatement to avoid foreclosure or default will be considered on a case-by-case basis. These requests must be submitted for prior HCR approval.

A family may revert to rental from home ownership if they are in good standing with the PHA; however, the family must first sell the home. Rental HAP cannot be dispensed as long as the family owns the home and is eligible for and receiving HAP toward their mortgage.

In addition, any profit from the sale of the home must be reported as income that year and considered in calculating rental benefits.

**24.12 Home Ownership Option 10 year Asset Exclusion: (Reference 24CFR 5.603(b) Net Family Assets**

For the purpose of determining a family's income, the home purchased under the HCV program is exempt from being counted as an asset for the first ten (10) years after the closing date.

Once the family has reached the 10 year anniversary of their closing, the annual income must include either the actual income derived from the net family assets, or a percentage of the value of such assets based on the current passbook savings rate established by HUD.

This income is based on the equity of the home each year. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the assets. The market value is the price a buyer would pay to a seller for a property in its present condition. The market value can be determined by a sales comparison method or the tax assessor's market value method.

However, **Local Administrators are required to use the tax assessor's value to determine the market value of the home.** In addition, the reasonable costs for converting to cash must also be deducted from the equity. Accordingly, the Net Cash Value must be determined as follows:

1. Market Value – Loan (Mortgage)=Equity
  - The market value will be obtained by reviewing the local assessment roll or the owner's most recent property tax bill.
  - The monthly mortgage statement of the participant will usually contain information pertaining to the loan balance or payoff amount for the loan. LAs should first try to use the payoff amount for the loan. If the only information available is the loan balance, the LA may deduct that amount from the market value
2. Equity – Expenses to convert to cash= Net Cash Value
  - To calculate the cost to convert the asset to cash, Local Administrators will use HUD's Safe Harbor percentage of 10% of the market value of the home. However, if the home is sold, the actual costs (expense) must be used in the calculation.
  - If Net Cash Value is zero or a negative number, no adjustment to net family assets should be made.

**24.13 Recapture Provisions and Re-Sales**

There are no recapture provisions for the monthly housing choice voucher assistance in the Home Ownership Voucher Program. Upon sale of the home and if still eligible, a family may move and utilize its voucher for either rental assistance or home ownership assistance. If home ownership assistance is chosen, then the term limits remain in effect and the family will be entitled to utilize

the remaining term. With regard to the payment standard and sale of the home, voucher rules covering relocation become effective. During this time the payment standard and voucher size will be adjusted to accommodate the family size or composition.

A family may sell its home, move to another jurisdiction, and continue with home ownership assistance if:

- (1) the new jurisdiction is operating a home ownership program and accepting new families; or
- (2) HCR, through an MOU, continues to administer the voucher in the new jurisdiction.

#### **24.14 Defaults**

If a family in the Home Ownership Program defaults on **any** mortgage loan, the family must be terminated from home ownership assistance, and the family will not be permitted to use the home ownership voucher to purchase another house. If the LA can justify allowing the family to revert back to rental assistance from this default situation, a letter requesting approval must be submitted to HCR. Rental assistance may not be released until approval is granted by HCR.

#### **24.15 Family Obligations**

Before commencement of home ownership assistance, the family must sign HUD Form 52649, Statement of Homeowner Obligations.

**Note:** Prior to closing, the participant will be required to provide proof that the rental unit they are vacating is in good condition (i.e., letter from the landlord).

To continue to receive home ownership assistance, a family must comply with the following family obligations. Failure to comply may result in termination:

- (1) The family must leave their current rental unit in good condition before moving into the home ownership program.
- (2) The family must comply with the terms of any mortgage which secures the debt used to purchase the home, and any refinancing of such debt; under refinancing, no cash-outs are allowed.
- (3) During the time the family is receiving home ownership assistance; the family may not sell, convey or transfer any interest in the home to any entity or person.  
Further, the family must maintain the home as their principal residence for the period of time the family is receiving the assistance. Subletting or leasing the home is not permitted.

- (4) The family must supply required information regarding income and family composition on an annual basis in order to calculate the appropriate TTP and HAP during the term of home ownership assistance.
- (5) The family must immediately notify the LA if household income decreases and must provide all information necessary to complete an interim recertification.
- (6) The family must provide information on the following: any mortgage or other debt used to purchase the home and any refinancing of such debt; any satisfaction or payment of mortgage debt; any sale or other transfer of any interest in the home; and the family's home ownership expenses. The family will sign an authorization allowing the LA and all lenders holding mortgages to the family's home to disclose to each other, information as it pertains to the mortgage application and other records which each party may require.
- (7) The family must immediately notify the LA if the family becomes delinquent and/or defaults on a mortgage, securing any debt incurred to purchase the home, and must agree to work with the LA's housing counselors to work out terms for becoming current, or other acceptable loss mitigation work-out plans.
- (8) At annual recertification, the family must document to the satisfaction of the LA that the family is current on mortgage, insurance, taxes, utility payments, co- operative fees, condominium fees, and/or land-lease payments, if applicable. Monitoring of replacement/reserve accounts is not statutory, but is highly recommended.
- (9) As required by the LA, the family must participate in ongoing post purchase counseling and/or attend other courses related to home ownership.
- (10) The family must promptly notify the LA in writing of the birth, adoption or court-awarded custody of a child, or the presence of a live-in-aide.
- (11) The family must allow the LA to inspect the house at reasonable times and after reasonable notice.
- (12) Loss of employment: If a family loses a full-time job, the minimum family share will be set at \$50.00 per month. The family must attend post-purchase counseling if available. The LA will also perform interim recertifications on a monthly basis in order to confirm the family is seeking full time employment.

#### **24.16 Termination**

As per CFR 24 982.638, Section 8 Home Ownership Assistance may be denied or terminated based on CFR24 Sections 982.551, 982,552, and 982.633 and for Mortgage Default. Please see aforementioned documents for complete listing.

1. The family must use the home for their sole residence, have no residents in the home other than reported family members, and must not sublet the whole or any portion of the home.

2. Participants must abide by the HAP contract, the Mortgage Contract, the Statement of Family Obligations.
3. The family must submit any documentation and /or information requested by the PHA in a timely manner. All information must be true and accurate.
4. The family must not default on the mortgage.
5. The family will repay monies owed to the PHA as per a repayment agreement.
6. The family must not commit fraud.
7. The family must not be absent from the unit for more than 30 days. See Section 11.0 of the Administrative plan for more info on absence. Total authorized absence will not exceed 180 days.
8. No family member may be involved in any drug related or other criminal activity.

#### **24.17 Family Self-Sufficiency (FSS) and Home Ownership**

A Section 8 head of household that is currently participating in an FSS program may, during the term of its FSS contract, pursue home ownership and utilize his/her voucher assistance for home ownership purposes (in conjunction with this or any other local, state or federal home ownership program). If home ownership occurs, the family may use up to 90% of their escrow account funds toward expenses incurred in the purchase, and may also continue after the purchase.

The new homeowner must be exited from FSS (graduation or other exit) once the voucher is being used for homeownership. **See Section 24.09 for topics that may be covered under post-purchase counseling.**

#### **24.18 File Documents for Audit Trail**

The following is a list of file documents that should be in each HCV Home Ownership file to maintain a clear audit trail for each Section 8 home owner.

1. Any required authorizations signed by the head of household; include prequalification application, releases of information, signed statement never defaulted on a mortgage under Section 8 Assistance, and any proofs of eligibility (full time employment for a year, minimum required income, disability letter (if disabled))
2. Copy of waivers granted, if applicable (i.e., reasonable accommodation for disabled head of household or family member)

3. Voucher & signed Statement of Family Obligations (signed)(HUD Form 52649)
4. Certificate of Completion of Home Ownership Counseling courses
5. Credit Report(s) or confirmation of Credit Score
6. Worksheet estimating HAP for Home Ownership or notes to file either on separate sheet of paper or on a copy of the 50058 (Note: you may use the short calculation for home ownership function in the Power Builder computer system as a resource)
7. Copy of Mortgage Commitment Letter
8. Copy of executed Contract of Sale (must include Contract Contingency Statement).
9. Signed Statement from seller that he/she is not debarred from participating in any HUD program – if you cannot obtain this, you must have documentation in your client files to explain why you don't have it.
10. Prior to closing: Statement from the landlord confirming that the participant is in good standing, and the apartment being vacated is in good condition (at least as good condition as when it was rented barring normal wear and tear, and that the rent is current).
11. HQS Inspection report & Professional inspection report (include work scope and bids on work for rehab/repair if applicable). Note: if using USDA as the mortgage lender, you may use the independent Professional Inspection to satisfy both USDA and HUD requirements for Professional Inspection.
12. HUD 50058 - Family Report - one before home ownership and one after home ownership occurs
13. Copy of Deed (or Cooperative Shares, if applicable)
14. Mortgage document (as proof of competitive interest rate & terms)
15. Copy of HUD-1 Settlement Statement
16. Proof of family contribution toward 3% down payment (1% when applicable) was from their personal resources (if the mortgage product used required down payment)
17. Copy of the completed after purchase Home Ownership Survey
18. Any and all correspondence (letters, emails, faxes) regarding issues with the closing from start to finish.

19. **Optional:** Photo of Home purchased (digital format preferred) plus (signed) release/permission form to use photo and/or other closing information.

***Section 24.18.01 Annual Recertification Documents Required in Home Ownership Files***

Proof of:

1. Income and family composition
2. \*Home Owners Insurance Policy or declaration page
3. Mortgage is current
4. \*Taxes are current (i.e.: school, property, etc.)
5. Utilities are current
6. (If co-op or condo) payment of operating charges, maintenance fees or special assessments are current

NOTE: \*If taxes and insurance are escrowed by the lender, the bank's escrow summary report will satisfy these requirements.

**24.19 Re-enrollment in the Home Ownership Program**

Housing Choice Voucher participants going through the home ownership process have the right at any time during the process to withdraw from the home ownership program without purchasing a home. This decision does not affect the status of the participant's housing choice voucher. If the family has already signed a contract for sale, they may cancel the contract for purchase (subject to the terms of the contract).

Although there is no limit to the number of times a family may attempt to purchase a home, the participant's Housing Counseling/Homebuyer Education Certificate expires after two years. If the family is not under signed contract for sale at the expiration of the certificate, they will be exited from the home ownership program and there will be a two- year waiting period before the family is eligible to re-enroll.

The Home Ownership Coordinator should conduct a follow-up review to determine the reason(s) for the participant's withdrawal from their program and document the reason(s) in the participant's folder. If a family expresses interest in purchasing again during the two-year waiting period, they should be instructed to re-review their housing counseling/homebuyer education resources in order to reevaluate possible issues that may affect their home ownership readiness at the end of the two-year waiting period.

The two-year waiting period may be waived by the local Home Ownership Coordinator under the following circumstances:

- the LA determines that the participant's decision(s) not to purchase at the time was justified, and
- the LA determines that the participant is currently prepared to purchase and that the waiver will benefit the participant in achieving his/her homeownership goals.



However, the returning participant would be required to enroll as a “new” participant, which would include the repetition and successful completion of all homeownership program requirements and the Housing Counseling/Homebuyer Education certification prior to purchase.