

**SECTION 8 HOMEOWNERSHIP PROGRAM  
OF THE  
NORTH HEMPSTEAD HOUSING AUTHORITY**

Adopted: \_\_\_\_\_

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## **INTRODUCTION**

Section 8(y) of the United States Housing Act of 1937, as amended by section 555 of the Quality and Work Responsibility Act of 1998, authorizes homeownership assistance. Under the Section 8(y) homeownership option, a public housing agency may provide Section 8 homeownership assistance to eligible families that purchase and occupy certain types of dwelling units. The North Hempstead Housing Authority has developed the Section 8 Homeownership Program set forth hereunder for the purpose of implementing the said Section 8(y) homeownership option within its jurisdiction.

The Housing Authority is responsible for complying with all changes in HUD regulations pertaining to the Authority's Section 8 Homeownership Program. If such changes conflict with the Authority's Program, HUD regulations will have precedence.

## **A. WHO IS ASSISTED UNDER THE SECTION 8 HOMEOWNERSHIP PROGRAM OPTION**

### **1. GENERAL:**

The Section 8 Homeownership Program is used to assist families in two types of housing:

A one-unit property owned by the family- one or more family members hold title to the home.

A single cooperative dwelling unit- one or more family members hold membership shares in the cooperative.

### **2. ASSISTANCE FOR HOMEOWNERS:**

The Section 8 Homeownership Program is specifically designed to promote and support homeownership by a "first-time" homeowner-a family that moves for the first time from rental housing to a family-owned home. Section 8 payments supplement the family's own income to facilitate the transition from rental to homeownership. The initial availability of these assistance payments helps the family pay the costs of homeownership, and may provide additional assurance for a lender, so that the family can finance purchase of the home.

To qualify as a "first-time homeowner," the assisted family may not include any person who owned a "present ownership interest" in a residence of any family member during the three years before the commencement of homeownership assistance for the family. Such interest includes ownership of title or of cooperative membership shares. HUD defines the term "first-time homeowner" to include a single parent or displaced homemaker who, while married, owned a home with his or her spouse, or resided in a home owned by his or her spouse.

The restriction to "first-time homeowners" is intended to direct homeownership assistance to "new" homeowners who may be unable to purchase a home without this assistance, but to discourage use of Section 8 subsidy on behalf of families who have achieved homeownership independently, without benefit of the Federal Section 8 subsidy. In addition, the Housing Authority may not commence homeownership assistance for a family if any family member has previously received assistance under a Section 8 Homeownership Program and has defaulted on a mortgage securing debt incurred to purchase the home.

Note: Section 8 homeownership assistance for a family that purchases a home that the family previously occupied under a "lease-purchase agreement" is permitted under the Section 8 Homeownership Program. See Section I hereunder entitled "Lease-Purchase Agreements" for applicable information.

### **3. ASSISTANCE FOR COOPERATIVE MEMBER:**

The term "cooperative" refers to housing owned by a corporation or association, where a member of the corporation or association has the right to reside in a particular unit, and to participate in management of the housing. The term "cooperative member" refers to a family of which one or more members owns membership shares in a cooperative. The term "membership shares" refers to shares in a cooperative. By owning such cooperative shares, the share-owner has the right to reside in a particular unit in the cooperative, and the right to participate in management of the housing.

Section 8 homeownership assistance for cooperative homeowners is allowed for both a family that is a first-time cooperative homeowner (a family that moves for the first time from rental housing to homeowner cooperative housing) and a family that owned its cooperative unit prior to receiving Section 8 assistance.

Homeownership assistance is specifically authorized under Federal law for a family that "owns or is acquiring shares in a cooperative." Thus, the law allows assistance for a family that already owns cooperative shares before commencement of Section 8 homeownership assistance, not just for a family that acquires cooperative shares for the first time with the support of such assistance. In this respect, the law treats ownership of cooperative membership different from ownership of title to the home. In the latter case, the law authorizes assistance for a first-time homeowner. The rule specifies that cooperative membership shares may be purchased at or before commencement of homeownership assistance.

Under the Section 8 Homeownership Program, Section 8 assistance is paid on behalf of a cooperative member, but there is no requirement that the cooperative enter into any agreement or any direct relationship with the Housing Authority that provides Section 8 assistance for the cooperative member. The cooperative is not asked to modify any ordinary requirement for cooperative membership or occupancy, or to modify any requirement concerning assessment or collection of the cooperative carrying charge, maintenance of the unit, or sanctions for violation of cooperative requirements.

**B. HOW A FAMILY MAY QUALIFY FOR HOMEOWNERSHIP ASSISTANCE UNDER THE SECTION 8 HOMEOWNERSHIP PROGRAM**

To qualify for assistance under the Section 8 Homeownership Program, a family must meet the general requirements for admissions to the Housing Authority's Section 8 tenant based voucher program, the special requirements cited under this section, and the additional requirements set forth under Section C hereof. The Housing Authority may not provide homeownership assistance for a family unless the Housing Authority determines that the family satisfies all of the stated requirements. The special requirements to be satisfied are as follows:

**1. GENERAL:**

The family must be any of the following:

- A first-time homeowner as defined under Section A above;
- A cooperative member as defined under Section A above;
- A family of which a family member is a person with disabilities, and use of the Section 8 homeownership assistance is needed as a reasonable accommodation so that the program is readily accessible to and usable by such person, in accordance with applicable Federal regulations.

Except for cooperative members who have acquired cooperative membership shares prior to the commencement of homeownership assistance, no family member may have a present ownership interest in a residence at the commencement of homeownership assistance for the purchase of any home. See Section A above for additional information on this subject.

**2. INCOME:**

To enter the Section 8 voucher program, a family must be income-eligible (i.e., below the maximum income cutoff). However, to qualify for the Section 8 Homeownership Program, the family must demonstrate sufficient income to meet a minimum income standard, which is intended to assure that a family will have sufficient income to pay homeownership and other family expenses not covered by the Section 8 subsidy.

The family must demonstrate that its gross monthly income is at least two times the voucher "payment standard" or an "other amount" established by the HUD Secretary.

In addition, Federal regulations establish a minimum income requirement for non-elderly and non-disabled families that is equal to 2,000 hours of annual full-time work at the Federal minimum wage. The adult family members who will own the home at the commencement of the homeownership assistance (as opposed to only the head of household or spouse) must have annual income (gross income) that is not less than the Federal minimum income requirement.

Federal law provides that the income of non-elderly and non-disabled families counted in meeting any minimum income requirement under the Section 8 Homeownership Program must come from sources other than welfare assistance. Thus, the Homeownership Program generally limits homeownership assistance to non-elderly and non-disabled families with substantial non-welfare income available to pay housing and non-housing costs.

Federal regulations allow the Housing Authority to count welfare assistance in determining availability of Section 8 homeownership assistance for an elderly or disabled family (in which the household head or spouse is an elderly or disabled person). In determining whether an elderly or disabled family meets the income requirement, welfare assistance will be included only for those adult elderly or family members who will own the home.

The requirement to count welfare assistance in determining whether an elderly or disabled family has the minimum income to qualify for homeownership assistance only applies to families that satisfy the statutory definition of an elderly or disabled family. The requirement to count welfare assistance income does not apply in the case of a family that includes a disabled person other than the household head or spouse (and where the household head or spouse are not elderly or disabled).

Federal law also allows the Housing Authority, at its discretion, to establish for disabled families only, a higher minimum income standard than the standard described above, under such higher standard the families minimum income may be equal to the Federal Supplemental Security Income (SSI) benefit for an individual living alone (or paying his or her share of food and housing costs) multiplied by twelve.

The minimum income requirement for all types of families will only be applied to determine initial qualification to purchase a particular home.

The disregard of welfare assistance income for non-elderly and non-disabled families only affects the determination of minimum annual income used to determine if a family initially qualifies for Section 8 homeownership assistance, but does not affect:

- (1) The determination of income-eligibility for admission to the voucher program;
- (2) Calculation of the amount of the family's total tenant payment (gross family contribution); or
- (3) Calculation of the amount of Section 8 homeownership assistance payments on behalf of the family.

**NOTE: Federal law provides the Housing Authority with the flexibility to establish higher income standards than those described above, provided same are in accord with the lending requirements for purchase of a particular home.**

### **3. EMPLOYMENT:**

The family must demonstrate that one or more adult members of the family who will own the home at commencement of homeownership assistance:

- (1) Is currently employed on a full-time basis (the term "full-time employment" is defined to mean not less than an average of 30 hours per week; and
- (2) Has been continuously so employed during the year before commencement of homeownership assistance for the family.

The Housing Authority retains the right to determine whether (and to what extent) an employment interruption is considered permissible in satisfying the employment requirement. The Housing Authority will consider successive employment during the one-year period and self-employment in a business.

The employment requirement does not apply to an elderly family or a disabled family. Furthermore, if a family, other than an elderly family or a disabled family, includes a person with disabilities, the Housing Authority will grant an exemption from the employment requirement if the Authority determines that an exemption is needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities.

### **4. PAST HISTORY WITH SECTION 8:**

As noted in Section A above, the family must not have defaulted on a mortgage securing debt to purchase a home under a Section 8 Homeownership Program.

### **C. REQUIREMENTS FOR PARTICIPATION UNDER THE SECTION 8 HOMEOWNERSHIP PROGRAM**

The following requirements must be met/satisfied for participation under the Section 8 Homeownership Program:

- (1) The home for which Section 8 homeownership assistance is being sought must be determined by the Housing Authority to be either under construction or already existing at the time that the family enters into a contract of sale for purchase of the home.
- (2) The Housing Authority must determine that the type of housing unit to which the Section 8 homeownership assistance is to be applied is either a one-unit property owned by the applicant family (one or more family members holds title to the property); or a single cooperative dwelling unit (one or more family members hold membership shares in the cooperative). See Section A hereof for additional information on this requirement.
- (3) The family applying for Section 8 homeownership assistance must meet the general requirements for admission to the Housing Authority's Section 8 tenant-based voucher program.

- (4) The family applying for Section 8 homeownership assistance must satisfy all of the special requirements for homeownership assistance cited under Section B hereof.
- 5) Before commencement of Section 8 homeownership assistance for a family, the family must attend and satisfactorily complete the pre-assistance homeownership and housing counseling program required by the Housing Authority. During such counseling the family will be advised of any deadlines on locating a home, securing financing, and purchasing the home. In establishing such time limits, the Housing Authority will ensure that a family who has executed a sales contract is provided reasonable time to close on the purchase of the home. If the family is unable to locate a home to purchase within the established deadlines, the Housing Authority may issue the family a rental voucher.

Topics for the required pre-assistance counseling program include:

- (a) Home maintenance (including care of the grounds);
  - (b) Budgeting and money management;
  - (c) Credit counseling;
  - (d) How to negotiate the purchase price of a home;
  - (e) How to obtain homeownership financing and loan pre-approvals, including a description of types of financing that may be available, and the pros and cons of different types of financing;
  - (f) How to find a home, including information about homeownership opportunities, schools, and transportation;
  - (g) 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;
  - (h) Information on fair housing, including fair housing lending and fair housing enforcement agencies; and
  - (i) Information about the Real Estate Settlement Procedures Act (12 U.S.C. 2601 *et seq.*) (RESPA), State and Federal truth-in-lending laws, and how to identify and avoid loans with oppressive terms and conditions.
- (6) The unit for which homeownership assistance is being sought must be inspected by a Housing Authority inspector and an independent inspector designated by the family. The dwelling unit chosen by the family must pass the Housing Authority's inspection.

The family must use an inspector certified by the American Society of Home Inspectors, or similar national organization, to perform the required independent home inspection. The selected inspector must meet all applicable requirements of New York State law. The family must pay for such inspection with funds derived from a source other than family savings.

The family must provide the Housing Authority with a copy of the independent inspection results for review and appropriate action. The condition of the inspected unit must be acceptable to the Housing Authority.

See Section F hereunder for additional information regarding the required home inspections.

- (7) Financing for purchase of a home under the Section 8 Homeownership Assistance Program must:
- (a) Be provided, insured, or guaranteed by the State or Federal governments;
  - (b) Comply with secondary mortgage market underwriting requirements; or
  - (c) Comply with generally accepted private sector underwriting standards.

The family must have resources available to pay for a down payment and dosing costs.

Families must secure their own financing for home purchase.

The family must have an acceptable credit history.

All proposed financing must be submitted to the Housing Authority for review. The Housing Authority may disapprove proposed financing, refinancing or other debt if the Authority determines that the debt is unaffordable.

See Section E hereof for additional information on financing purchase of a home.

- (8) The applicant family must demonstrate the financial capability to pay the Housing Authority's established minimum homeowner cash down payment of three percent of the purchase price for participation in the Section 8 Homeownership Program. At least one percent of the purchase price must come from the family's personal resources.
- (9) Before commencement of homeownership assistance, the family must execute a statement of family obligation in the form prescribed by HUD. In such statement, the family agrees to comply with all family obligations under the Section 8 Homeownership Program.
- (10) The applicant must locate and purchase a home with homeownership assistance within a six-month period. Extensions of the six-month period may be granted on a case-by-case basis depending on the effort made by the family to locate and purchase a suitable home. The family will be required to provide the Housing Authority with bi-weekly reports on their progress.

If the family is unable to purchase a home within the minimum time established by the Housing Authority, the Authority may issue the family a voucher to lease a unit or place the family's name on the waiting list for a voucher.

- (11) The home chosen by the family for purchase must not be located in a coastal barrier resource system area or near any airport runway clear zones or airfield clear zones.
- (12) Where applicable, the family shall be required to obtain and maintain flood insurance for units located in special flood hazard areas.
- (13) The family must be in good standing with the Housing Authority (no major lease or family obligation violations over the past two-year period).
- (14) The Housing Authority must be satisfied based on information provided by HUD or other responsible parties that the seller of the home for which assistance is being sought is not debarred, suspended, or subject to a limited denial of participation under CFR part 24.

- (15) The family must enter into a contract of sale with the seller of the unit to be acquired by the family. The family must provide the Housing Authority with a copy of the contract for review and appropriate action. The contract of sale contents must comply with the content requirement set forth under Section H hereof
- (16) The family must comply with the continued assistance requirements and family obligations set forth under Section S hereof

#### **D. CIVIL RIGHTS LAWS**

It is noted that all civil rights laws applicable to the Section 8 voucher program are also applicable to the Section 8 Homeownership Program. The Housing Authority is required to comply with all equal opportunity and nondiscrimination requirements imposed by contract or Federal law. In addition, "finders-keepers" applies to homeownership assistance; the Housing Authority may not steer families to particular units or neighborhoods. Further, the Housing Authority must provide assistance to expand housing opportunities. The Housing Authority briefing for homeownership families must explain:

- (1) Where the family may lease or purchase a unit;
- (2) How portability works (if the family qualifies to lease or purchase a unit outside the Housing Authority's jurisdiction under portability procedures); and
- (3) The advantages of moving to an area that does not have a high concentration of poor families (if the family is currently living in a high poverty census tract within the jurisdiction of the Housing Authority).

Further, if the family includes any person with disabilities, the Housing Authority must take appropriate steps to ensure effective communication during the briefing in accordance with applicable Federal law.

#### **E. FINANCING PURCHASE OF A HOME**

Families selected to participate in the Section 8 Homeownership Program must secure their own financing. If the family applies for a mortgage or loan (including FHA mortgage), all regular lender underwriting and property inspection requirements apply.

If purchase of the home is financed with FHA-insured mortgage financing, such financing is subject to FHA mortgage insurance credit underwriting requirements. Otherwise, the underwriting standards of the individual lender and/or financing program will apply in cases where financing for purchase of the home is not FHA-insured.

The Housing Authority has determined that mortgages, with balloon payments and variable interest rate loans are not in the best interest of the family because it is unlikely the family could afford the payments when the balloon comes due or interest rates rise. In addition, the Authority has opted to prohibit seller financing.

All proposed financing must be submitted to the Housing Authority for review. The purpose of such review is to determine whether the monthly mortgage or loan payment is affordable after considering other family expenses. The Housing Authority may disapprove proposed financing, refinancing or other debt if the Authority determines that the debt is unaffordable. In making this determination, the Housing Authority may take into account other family expenses, such as child care, unreimbursed medical expenses, homeownership expenses, and other family expenses as determined by the Housing Authority.

The Housing Authority may review lender qualifications and the loan terms before authorizing homeownership assistance. If the Housing Authority determines that the lender or the loan terms do not meet Housing Authority requirements the Authority may disapprove same,

The Housing Authority will be particularly careful of loans with the following features: loans in which financing costs represent a high percentage of the total loan amount; loans that include high credit insurance premiums; interest rates significantly higher than conventional mortgages; pre-payment penalties, especially penalties that extend over long terms; high ratios of family debt to income; loans based on unverified sources of income or without regard to the borrower's ability to repay; excessive fees or fees "packed" into the loan amount without the borrower's understanding; and "loan flipping" accompanied by high fees (including prepayment penalties that strip the borrower's equity with each successive refinancing).

**NOTE: The Housing Authority, in its administrative discretion, may deny approval of a seller for any reason provided for disapproval of an owner under the Section 8 Voucher Program regulations.**

## **F. HOME INSPECTIONS**

Two kinds of physical inspections are required (in addition to and separate from, any lender-required inspections): a Housing Quality Standards (HQS) inspection by the Housing Authority and an independent professional home inspection by an inspector that is used in the private market by homebuyers.

- (1) The HQS inspection will indicate the current physical condition of the unit and any repairs necessary to ensure that the unit is safe and otherwise habitable. The home chosen by the family must pass the HQS inspection. The initial HQS inspection is the only Housing Authority inspection required for homeownership units during the entire time the family is receiving Section 8 homeownership assistance.
- (2) The independent professional home inspection--conducted by a private market inspector or home defects and assess the adequacy and life span of the major building components, building systems, appliances and other structural components. The Section 8 family selects the home inspector, and pays the home inspector fees. (The source of funds for family payment of the home inspection may be a gift, family savings or an inheritance, or sources other than family savings.) A copy of the inspection report shall be submitted to the Housing Authority for review and comment

The family is required to use an inspector certified by the American Society of Home Inspectors, or similar national organization.

The Housing Authority will review the home inspector's report to determine whether repairs are necessary prior to purchase, and to generally assess whether the purchase transaction makes sense in light of the overall condition of the home and the likely costs of repairs and capital expenditures. For example, the home inspector's report might reveal foundation instability, and a defective roof and heating system that needs immediate replacement at great cost. Confronted with these facts, the Housing Authority would discuss the inspection results with the family and decide whether to disapprove the unit for assistance under the Section 8 Homeownership Program because of the major physical problems and substantial correction costs, or whether it is feasible to have the necessary repairs accomplished prior to sale.

## **G. DETERMINATION OF HOMEOWNERSHIP EXPENSES**

Homeownership expenses for a homeowner (other than a cooperative member) may only include amounts allowed by the Housing Authority to cover:

- (1) Principal and interest on initial mortgage debt, any refinancing of such debt, and any mortgage insurance premium incurred to finance purchase of the home;
- (2) Real estate taxes and public assessments on the home;
- (3) Home insurance;
- (4) The Housing Authority allowance for maintenance expenses;
- (5) The Housing Authority allowance for costs of major repairs and replacements;
- (6) The Housing Authority utility allowance for the home; and
- (7) Principal and interest on mortgage debt incurred to finance costs for major repairs, replacements or improvements for the home. If a member of the family is a person with disabilities, such debt may include debt incurred by the family to finance, costs needed to make the home accessible for such person, if the Housing Authority determines that allowance of such costs as homeownership expenses is needed as a reasonable accommodation so that the homeownership option is readily accessible to and usable by such person.
- (8) Land lease payments, provided the family has the right to occupy the site for a period of at least 40 years and the home has a permanent foundation in conformance with FHA mortgage insurance requirements and manufactured homes lending industry requirements.

Homeownership expenses for a cooperative member may only include amounts allowed by the Housing Authority to cover:

- (1) The cooperative charge under the cooperative occupancy agreement, including payment for real estate taxes and public assessments on the home;
- (2) Principal and interest on initial debt incurred to finance purchase of cooperative membership shares and any refinancing of such debt;
- (3) Home insurance;
- (4) The Housing Authority allowance for maintenance expenses;
- (5) The Housing Authority allowance for costs of major repairs and replacements;
- (6) The Housing Authority utility allowance for the home; and

- (7) Principal and interest on debt incurred to finance major repairs, replacements or improvements for the home. If a member of the family is a person with disabilities, such debt may include debt incurred by the family to finance costs needed to make the home accessible for such person, if the Housing Authority determines that allowance of such costs as homeownership expenses is needed as reasonable accommodation so that the homeownership option is readily accessible to and usable by such person.

If the home is a cooperative or condominium unit, homeownership expenses may also include cooperative or condominium operating charges or maintenance fees assessed by the condominium or cooperative homeowner association.

The principal and interest amount is the debt service amount for the initial (original) mortgage debt, any refinancing of such debt, and any mortgage insurance premium. The utility allowance is the same utility allowance as used in the Housing Authority's rental voucher program. The Housing Authority allowance for maintenance expenses is the amount the Housing Authority thinks is appropriate for routine maintenance of the home.

The allowance for major repairs and replacements is the amount the Housing Authority thinks is appropriate for a replacement "reserve" for the home. If a member of the family is a person with disabilities, such debt may include debt incurred by the family to finance costs needed to make the home accessible for such person, if the Housing Authority determines that allowance of such costs as homeownership expenses is needed as a reasonable accommodation so that the homeownership option is readily accessible to and usable by such person, in accordance with applicable Federal law.

It is not expected that the monthly amounts for maintenance and replacement "reserve" allowances will cover all maintenance and capital expenditures.

## **H. CONTRACT OF SALE**

Before commencement of homeowner's hip assistance, a member or members of the family must enter into a contract of sale with the seller of the unit to be acquired by the family. The family must give the Housing Authority a copy of the contract of sale.

The contract of sale must:

- (1) Specify the price and other terms of sale by the seller to the purchaser.
- (2) Provide that the purchaser will arrange for a pre-purchase inspection of the dwelling unit by an independent inspector selected by the purchaser.
- (3) Provide that the purchaser is not obligated to purchase the unit unless the inspection is satisfactory to the purchaser.
- (4) Provide that the purchaser is not obligated to pay for any necessary repairs.
- (5) Contain a certification from the seller that the seller has not been debarred, suspended, or subject to a limited denial of participation under 24 CFR part 24.

## **I. LEASE-PURCHASE AGREEMENTS**

Federal law explicitly permits Section 8 homeownership assistance for a family who purchases a home that the family previously occupied under a "lease-purchase agreement" generally a lease with option to purchase.

The housing assistance payment for a lease-purchase unit may not exceed the amount that would be paid on behalf of the family if the rental unit was not subject to a lease-purchase agreement. Any "homeownership premium" included in the rent to the owner that would, result in a higher subsidy amount than would otherwise be paid by the Housing Authority must be absorbed by the family. "Homeownership premium" is defined as an increment of value attributable to the value of the lease-purchase right or agreement such as an extra monthly payment to accumulate a down payment or reduce the purchase price. Families are permitted to pay an extra amount out-of-pocket to the owner for purchase related expenses.

The family will be subject to the homeownership regulatory requirements at the time the family is ready to exercise the homeownership option under the lease-purchase agreement. At that point in time, the Housing Authority will determine whether the family is eligible for Section 8 homeownership assistance (e.g., whether the family meets the income and employment thresholds and any other criteria established by the Housing Authority). If determined eligible for a homeownership voucher, the family will then arrange for an independent home inspection, attend counseling sessions, and obtain financing. Homeownership assistance will begin when the family purchases the home and after all of the requirements of the Section 8 Homeownership Program are met.

## **J. HOMEOWNERSHIP HOUSING ASSISTANCE PAYMENT AND MAXIMUM TERM OF HOMEOWNERSHIP ASSISTANCE**

The homeownership housing assistance payment will equal the lower of: (1) the payment standard minus the total tenant payment, or (2) the monthly homeownership expenses minus the total tenant payment. The family is responsible for the monthly homeownership expenses not reimbursed by the housing assistance payment. (Total tenant payment is higher of the minimum rent, 10 percent of monthly income, 30 percent of monthly adjusted income, or the welfare rent.) The Housing Authority must use the utility allowance schedule and payment standard schedules applicable to the Section 8 voucher rental program.

After the homeownership housing assistance payments begin, the Housing Authority will annually reexamine family income and composition and make appropriate adjustments to the amount of the monthly housing assistance payment.

Except for elderly and disabled families, Section 8 homeownership assistance may only be paid for a maximum period of 15 years if the initial mortgage incurred to finance purchase of the home has a term that is 20 years or longer. In all other cases, the maximum term of homeownership assistance is 10 years. The maximum term for homeownership assistance applies to any member of the household who has an ownership interest in the unit during any time that homeownership payments are made, or is the spouse of any member of the household who has an ownership interest in the unit at the time homeownership payments are made.

The maximum term for homeownership assistance does not apply to an elderly family or a disabled family. In the case of an elderly family, this exception is only applied if the family qualifies as an elderly family at the commencement of homeownership assistance. In the case of a disabled family, this exception applies if at any time during receipt of homeownership assistance the family qualifies as a disabled family. If, during the course of homeownership assistance, the family ceases to qualify as a disabled or elderly family, the maximum term becomes applicable from the date homeownership assistance commenced. However, such a family must be provided at least six months of homeownership assistance after the maximum term becomes applicable (provided the family is otherwise eligible to receive Section 8 homeownership assistance).

Homeownership housing assistance payments may be made directly to the family or lender on behalf of the family.

If the Housing Authority decides to make the homeownership assistance payments directly to the lender, and the assistance payment exceeds the amount due to the lender, the Housing Authority must pay the excess amount directly to the family.

#### **K. HOMEOWNERSHIP ASSISTANCE AS A REASONABLE ACCOMMODATION**

A family containing a family member with disabilities who requires homeownership assistance as a reasonable accommodation is eligible for the homeownership option, regardless of whether the family is a cooperative member or first-time homeowner.

**NOTE: It is the Housing Authority's sole responsibility and right to determine in each individual case whether it is reasonable to implement the Homeownership Program as a reasonable accommodation, based on the specific circumstances and individual needs of the person with a disability.**

#### **L. PORTABILITY**

Generally, a family determined eligible for homeownership assistance by the Housing Authority may purchase a unit outside of the Housing Authority's jurisdiction, if the receiving housing agency is administering a Section 8 voucher homeownership program and is accepting new homeownership families. The receiving housing agency may absorb the homeownership family or bill the sending housing agency (the Housing Authority) for the homeownership housing assistance using the normal portability billing process.

#### **M. BUYING ANOTHER HOME WITH SECTION 8 ASSISTANCE**

A homeownership family may purchase another home with Section 8 assistance provided there is no mortgage loan default. The family must sell its current home in order to purchase another with Section 8 homeownership assistance.

**NOTE: A family including an individual who was an adult member of a family that previously received either of the two forms of homeownership assistance (down payment or mortgage/housing costs assistance) under a Section 8 Homeownership Program may not receive the other form of assistance under such program from this Authority or any other federally assisted housing agency. Further, this Authority and any other federally assisted housing agency may not provide Homeownership Program assistance for a family if any member was an adult member of a family at the time such family received assistance under the Section 8 Homeownership Program and defaulted on the mortgage.**

**N. PROHIBITION ON PROVISION OF CONTINUED ASSISTANCE TO FAMILY WITH INTEREST IN PRIOR HOME**

The Housing Authority will not commence continued tenant-based assistance for occupancy of the new unit so long as any family member owns any title or other interest in the prior home.

**O. CONTINUED ASSISTANCE AFTER MORTGAGE DEFAULTS**

The Housing Authority will terminate Section 8 homeownership assistance for any member of a family that is dispossessed from the home pursuant to a judgment or order of foreclosure on any mortgage (whether FHA-insured or non-FHA) securing debt incurred to purchase the home, or any refinancing of such debt. However, the family may be eligible to receive continued voucher rental assistance. The Housing Authority may consider mitigating circumstances in determining whether to provide a family with rental assistance after mortgage default.

**P. AUTOMATIC TERMINATION OF HOMEOWNERSHIP ASSISTANCE**

Homeownership assistance for a family terminates automatically 180 calendar days after the last housing assistance payment on behalf of the family. However, the Housing Authority has the discretion to grant relief from this requirement in those cases where automatic termination would result in extreme hardship for the family.

**Q. FAILURE TO COMPLY WITH FAMILY OBLIGATIONS**

The Housing Authority may deny or terminate assistance for violation of participant obligations under the Section 8 Homeownership Program.

**R. DENIAL OR TERMINATION OF ASSISTANCE UNDER BASIC VOUCHER PROGRAM**

At any time the Housing Authority may deny or terminate homeownership assistance in accordance with grounds for denial or termination of assistance set forth in the Authority's Section 8 Administrative Plan.

**S. CONTINUED ASSISTANCE REQUIREMENTS AND FAMILY OBLIGATIONS UNDER THE SECTION 8 HOMEOWNERSHIP PROGRAM**

**1. OCCUPANCY OF HOME**

Homeownership assistance may only be paid while the family is residing in the home. If the family moves out of the home, the Housing Authority may not continue homeownership assistance after the month when the family moves out. The family or lender is not required to refund to the Housing Authority the homeownership assistance for the month when the family moves out.

**2. FAMILY OBLIGATIONS**

The family must comply with the following obligations.

(1) Ongoing Counseling

- (a) To the extent required by the Housing Authority, the family must attend and complete ongoing homeownership and housing counseling.

- (2) Compliance with Mortgage
  - (a) The family must comply with the terms of any mortgage securing debt incurred to purchase the home (or any refinancing of such debt).
- (3) Prohibition Against Conveyance or Transfer of Home
  - (a) So long as the family is receiving homeowner's hip assistance, use and occupancy of the home are subject to applicable HUD and Housing Authority regulations.
  - (b) The family may grant a mortgage on the home for debt incurred to finance purchase of the home or any refinancing of such debt.
  - (c) Upon death of a family member who holds, in whole or in part, title to the home or ownership of cooperative membership shares for the home, homeownership assistance may continue pending settlement of the decedent's estate, notwithstanding transfer by title or operation of law to the decedent's executor or legal representative, so long as the home is solely occupied by remaining family members in accordance with Housing Authority requirements.
- (4) Supplying Required Information
  - (a) The family must supply required information to the Housing Authority.
  - (b) In addition to other required information, the family must supply any information as required by the Housing Authority or HUD concerning:
    - (i) Any mortgage or other debt incurred to purchase the home, and any refinancing of such debt (including information needed to determine whether the family has defaulted on the debt, and the nature of any such default), and information on any satisfaction or payment of the mortgage debt;
    - (ii) Any sale or other transfer of any interest in the home; or
    - (iii) The family's homeownership expenses.
- (5) Notice of Move-Out
  - (a) The family must notify the Housing Authority before the family moves out of the home.
- (6) Notice of Mortgage Default
  - (a) The family must notify the Housing Authority if the family defaults on a mortgage securing any debt incurred to purchase the home.
- (7) Prohibition on Ownership Interest on Second Residence
  - (a) During the time the family receives homeowner's hip assistance under this subpart, no family member may have any ownership interest in any other residential property.
- (8) Additional Housing Authority Requirements
  - (a) The PHA may establish additional requirements for continuation of homeownership assistance for the family (for example, a requirement for post-purchase homeownership counseling or for periodic unit inspections while the family is receiving homeownership assistance). The family must comply with any such requirements.
- (9) Other Family Obligations
  - (a) The family must comply with the obligations of a participant family described under applicable HUD regulations.

## **T. DEFINITIONS**

### **COOPERATIVE**

Housing owned by a corporation or association, and where a member of the corporation or association has the right to reside in a particular unit, and to participate in management of the housing.

### **COOPERATIVE MEMBER**

A family of which one or more members owns membership shares in a cooperative.

### **FAMILY**

A person or group of persons as determined by the Housing Authority, approved to reside in a unit with assistance under the Section 8 Homeownership Program.

### **FIRST-TIME HOMEOWNER**

In the homeownership option: A family of which no member owned any present ownership interest in a residence of any family member during the three years before commencement of homeownership assistance for the family. The term "first-time homeowner" includes a single parent or displaced homemaker (as those terms are defined in 12 U.S.C. 12713) who, while married, owned a home with his or her spouse, or resided in a home owned by his or her spouse.

### **HOME**

In the homeownership option: A dwelling unit for which the Housing Authority pays homeownership assistance.

### **HOMEOWNER**

In the homeownership option: A family of which one or more members owns title to the home.

### **HOMEOWNERSHIP ASSISTANCE**

In the homeownership option: Monthly homeownership assistance payments by the Housing Authority. Homeownership assistance payment may be paid to the family, or to a mortgage lender on behalf of the family.

### **HOMEOWNERSHIP EXPENSES**

In the homeownership option: A family's allowable monthly expenses for the home, as determined by the Housing Authority in accordance with HUD requirements.

### **INTEREST IN THE HOME**

In the homeownership option:

- (1) In the case of assistance for a homeowner, "interest in the home" includes title to the home, any lease or other right to occupy the home, or any other present interest in the home.
- (2) In the case of assistance for a cooperative member, "interest in the home" includes ownership of membership shares in the cooperative, any lease or other right to occupy the home, or any other present interest in the home.

### **MEMBERSHIP SHARES**

In the homeownership option: shares in a cooperative. By owning such cooperative shares, the share-owner has the right to reside in a particular unit in the cooperative, and the right to participate in management of the housing.

**PRESENT OWNERSHIP INTEREST**

In the homeownership option: "Present ownership interest" in a residence includes title, in whole or in part, to a residence, or ownership, in whole or in part, of membership shares in a cooperative. "Present ownership interest" in a residence does not include the right to purchase title to the residence under a lease-purchase agreement.

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