

SECTION 8 ADMINISTRATIVE PLAN

APPENDIX E

VOUCHER HOMEOWNERSHIP OPTION

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PURPOSE

The Idaho Housing and Finance Association's homeownership option is designed to assist disabled families to pursue homeownership by using the Section 8 monthly assistance to supplement the family's income towards the purchase of a home to facilitate the transition from rental assistance to homeownership.

PROGRAM PARTICIPATION REQUIREMENTS

The homeownership program shall only be open to existing participants in the Section 8 rental assistance program who have been on the program for at least twelve (12) months, during which time all program requirements have been met. The following conditions also apply:

- A. The family is qualified to participate as set forth in Family Eligibility Requirements A of this policy.
- B. The unit is eligible as set forth in Eligible Units of this policy.
- C. The family has completed the required pre-assistance homeownership education program.
- D. The family, including all members who were adults at the time the family receives homeownership assistance, has not defaulted on a mortgage securing debt to purchase a home under the homeownership option.
- E. No family member has a present ownership interest in a residence at the commencement of homeownership assistance.
- F. The family has entered into a contract of sale (982.631(c)).
- G. The family agrees, upon final approval and purchase of the home, and if required by the lender, to set up a dedicated account to deposit their monthly portion of the mortgage, on or before the date set by the lender to withdraw those funds for mortgage payments.
- H. The homeownership option is used to assist a family residing in a home purchased and owned by one or more members of the family.
- I. IHFA must approve a live-in aide if needed as a reasonable accommodation.

FAMILY ELIGIBILITY REQUIREMENTS

- A. The family qualifies as an Elderly or Disabled family under the definition set at 24 CFR 5.403.
- B. The family satisfies the minimum income requirements. The family must demonstrate that the annual gross income of the adult family members who will own the home at commencement of homeownership, is not less than the monthly Federal Supplemental Security Income (SSI) multiplied by 12. The PHA shall count Welfare Assistance in determining annual income for eligibility purposes.
- C. The family is a first-time homeowner and no member has owned any interest in a residence during the three years before commencement of homeownership assistance.(UNLESS the use of the homeownership option is needed as a reasonable accommodation so that the program is readily accessible to and usable by such person.) This includes 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.

ELIGIBLE UNITS

- A. Any unit that is not ineligible according to CFR 982.352 (except paragraphs (a)(6) a unit occupied by its owner or by a person with any interest in the unit, and (a) (7) regarding provisions on PHA disapproval of an owner; which do not apply) and is not an ineligible unit according to Section 6.7 of the administrative plan. Eligible units are:
 - 1. Single family dwellings
 - 2. Condominiums
 - 3. Manufactured Housing and/or the real property on which they are located:
 - a. If the housing is a manufactured home that does not include the real property on which it is located, then the following conditions must apply:
 - i. The home must be located on a permanent foundation and
 - ii. The family must have the right to occupy the home site for at least forty years
- B. **Units not yet under construction.** Families may enter into contracts of sale for units not yet under construction at the time the family enters into the contract of sale. However, the PHA shall not commence homeownership assistance for the family for that unit, unless and until:
 - 1. Either:
 - a. the responsible entity completed the environmental review procedures required by 24 CFR part 58, and HUD approved the environmental certification and request for release of funds prior to commencement of construction; **or**
 - b. HUD performed and environmental review under 24 CFR part 50 and notified the PHA in writing of the environmental approval of the site prior to commencement of construction;
 - 2. Construction of the unit has been completed; and
 - 3. The unit has passed the required Housing Quality Standards inspection (see §982.631(a)) and independent inspection (see §982.631 (b)).
- C. Existing units must be owner occupied or vacant.
- D. The seller, or any other parties to the sale, cannot have been disbarred, suspended or subject to a limited denial of participation by HUD.

PHA OWNED UNITS

Units owned or substantially controlled by IHFA are eligible for purchase under the Voucher Homeownership option. To avoid potential conflicts of interest, the following procedures normally performed by IHFA must be performed by an independent entity:

- A. Review of the Contract of Sale
- B. Conduct the initial HQS inspection
- C. Review the independent inspection report
- D. Determine the reasonableness of the sales price and any PHA provided financing. (Not a requirement in non-PHA owned units)

SEARCHING FOR A HOME

IHFA will limit the amount of time a family can take to locate and purchase a home after approval to do so has been given. The family will have 120 days to find a unit and execute a contract of sale. The housing authority may grant extensions of up to 30 days in cases of extreme hardship or extenuating circumstances. Documentation will be required to prove such circumstances and the request submitted in writing before the initial term of approval is expired.

- A. IHFA will require a progress report of contacts made in the family's search for a home approximately every 30 days.
- B. Rental assistance payments will continue for the family until homeownership assistance payments commence. The family must also remain current in paying their portion of the rent to their landlord.
- C. If the family is unable to purchase a home within the maximum time allowed by IHFA, then the family will remain on the Section 8 rental assistance program and their name will be removed from the voucher homeownership list. The family would be required to reapply for the program and be placed at the bottom of the list if they desired to participate in the homeownership voucher program in the future. There will be a mandatory waiting time of at least 6 months before the family can reapply for the homeownership program, unless a waiver is requested and approved by IHFA.

HOMEOWNERSHIP EDUCATION

Before commencement of homeownership assistance the family must attend and satisfactorily complete the pre-assistance homeownership homebuyer education program, Finally Home, required by IHFA. Topics may include, but are not limited to:

- 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 the types of financing available and the pros and cons of the different types of financing.
- F. How to find a home, including information about homeownership opportunities, schools and transportation in the PHA jurisdiction.
- 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 local fair housing enforcement agencies
- I. Information about the Real Estate Settlement Procedures Act (RESPA), state and Federal truth-in-lending laws, and how to identify and avoid loans with oppressive terms and conditions.

IHFA may also require some post-homeownership counseling at intervals to be decided. The PHA shall also have the discretion to determine whether, and to what extent, the family must complete such counseling.

HOME INSPECTIONS

The Housing Authority cannot commence homeownership assistance until both of the following types of inspections have been done and the unit passes Housing Quality Standards:

- A. The unit must be inspected by an IHFA inspector and must satisfy Housing Quality Standards (HQS) according to CFR 982.401 and 982.631.
- B. The unit must also be inspected by an independent inspector selected and paid for by the family. Other conditions to be met regarding this inspection:
 1. The inspection must cover major building systems and components; including foundation and structure, housing interior and exterior, and the roofing, plumbing, electrical and heating systems.
 2. The independent inspector must be qualified to report on property conditions, including major building systems and components.

3. The independent inspector must provide a copy of the inspection report to the family and IHFA.

Even if the unit otherwise complies with HQS, the Housing Authority shall have the discretion to disapprove the unit for assistance under the homeownership option because of information found in the independent inspection report.

CONTRACT OF SALE

Before Housing Assistance Payments can begin, all adult 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:

- A. Specify the price and other terms of sale by the seller to the purchaser.
- B. Provide that the purchaser will arrange for a pre-purchase inspection of the dwelling unit by an independent inspector selected and paid for by the purchaser.
- C. Provide that the purchaser is not obligated to purchase the unit unless the inspection is satisfactory to the purchaser.
- D. Provide that the purchaser is not obligated to pay for any necessary repairs.
- E. Contain a certification from the seller that the seller has not been debarred, suspended, or subject to a limited denial of participation.

FINANCING THE PURCHASE OF A HOME

An eligible family approved to purchase a home must invest at least three percent of the purchase price of the home they are buying.

- A. At least 1% must come from the family's personal resources for down-payment costs.
- B. The family is responsible for obtaining their own financing and qualifying for a mortgage loan under an IHFA-approved lender's normal lending criteria, taking into account the low-income status of the family.
- C. When the loan is financed, the loan shall be subject to review by IHFA, who may verify that the mortgage is affordable for the family, including taking into account other family expenses, and that there are no unusual or onerous requirements.
- D. Any refinancing of the home will only be allowed for purposes of repairs or improvements, and are subject to review by IHFA to determined affordability, based on factors such as amount of child care, unreimbursed medical expenses, homeownership expenses, or other family expenses as assessed by IHFA.
- E. Any refinancing of the home will not be allowed for improvements to increase equity or prepare the unit for sale and no cash-out refinancing will be allowed.
- F. No balloon payments, variable rates, or owner-financed mortgages will be allowed.
- G. If the home is financed with FHA mortgage insurance, such financing is subject to FHA mortgage insurance requirements.
- H. All mortgage loans must close within two (2) months of the time the purchaser and seller enter into the sales contract.
- I. In the event of a mortgage default, IHFA shall be the primary entity contacted.

REQUIREMENTS FOR CONTINUING ASSISTANCE

Homeownership assistance may only be paid while the family is residing in the home. If the family moves out of the home, IHFA will not continue homeownership assistance after the month when the

family moves out. The family or lender is not required to refund to IHFA the homeownership assistance for the month when the family moves out.

The family must comply with the following obligations:

- A. The family must attend and complete any ongoing homeownership counseling required by IHFA.
- B. The family must comply with the terms of any mortgage securing debt incurred to purchase the home (or refinancing of any debt).
- C. For the duration of the period that the family is receiving homeownership assistance, use and occupancy of the home is subject to the same requirements as the rental assistance program as listed in the Administrative Plan at Section 2.3 G. Use and Occupancy of the Unit and H. Absence from the Unit
 1. The family must obtain IHFA approval prior to obtaining a refinanced or other type of additional mortgage on the home.
 2. Upon the death of a family member who holds, in whole or in part, title to the home, homeownership assistance may continue pending settlement of the decedent's estate, as long as the home is solely occupied by remaining family members in accordance with paragraph C above.
 3. In the case of a divorce or family separation and where a family member disputes who should retain the voucher, IHFA shall determine, based on the same criteria listed at 12.7 of the Administrative Plan, which party retains the assistance, unless bound by a court's determination of which family members continue to receive assistance in the program.
- D. The family must supply to IHFA any required information requested by IHFA, or HUD including:
 1. Any information requested in accordance with the Section 2.3 A of the Administrative Plan.
 2. Any mortgage or debt incurred to finance the home, including refinancing.
 3. Any information regarding defaulting on the loan or payment of the mortgage debt.
 4. Any sale or transfer of any interest in the home.
 5. The family's homeownership expenses.
 6. Any interest in any other residential properties.
 7. In addition the family must:
 - a. Notify IHFA before moving from the unit.
 - b. Must execute a Statement of Family Obligations
 - c. Assure IHFA that all real estate taxes and insurance are paid in a timely manner.
- E. The family income and composition will be re-examined at least annually and the appropriate adjustments will be made to the Housing Assistance Payment.

Failure to supply the required information may result in termination of assistance.

MAXIMUM TERM OF HOMEOWNERSHIP ASSISTANCE

For IHFA's Homeownership Voucher Program there is no maximum term of assistance. This applies to any member of an eligible elderly or disabled household who has an ownership interest in the unit during the time that the homeownership payments are made. If, during the course of homeownership, the family ceases to qualify as a disabled family, the maximum term becomes applicable from the date homeownership assistance commenced. The family will be provided six (6) months of homeownership assistance after the maximum term becomes applicable.

AMOUNT AND DISTRIBUTION OF HOMEOWNERSHIP ASSISTANCE

- A. While the family is residing in the home, IHFA will pay a monthly homeownership assistance payment on behalf of the family that is equal to the LOWER of:
The payment standard minus the total homeownership payment

or

The family's monthly homeownership expenses (as set forth by IHFA) minus the total homeownership payment.

B. The payment standard to be used is the LOWER of:

The payment standard for the family unit size

or

The payment standard for the size of the home

1. If the home is located in an exception payment standard area, IHFA will use appropriate payment standard for the exception payment standard area.
2. The payment standard to be used for a family is the greater of the payment standard as determined above at the commencement of homeownership assistance for occupancy of the home **or** the payment standard at the most recent regular reexamination of family income and composition since the commencement of homeownership assistance for occupancy of the home.
3. The payment standard used shall be the same as the rental assistance program

C. Allowable homeownership expenses will be:

1. Mortgage principal and interest
2. Mortgage insurance premiums
3. Real estate taxes and public assessments on the home
4. Home insurance
5. IHFA Allowance for maintenance expenses
6. IHFA Allowance for major repairs and replacements
7. IHFA Utility Allowance
8. Principal and interest on IHFA-approved mortgage debt incurred to finance major improvements, repairs or replacements, including debt incurred to finance accessibility improvements. Such mortgage debt will not be allowed for improvements to increase equity or to prepare the unit for sale and no cash-out loans will be approved.

D. IHFA will make HAP payments via direct deposit to the lenders. In the event an individual lender does not have the capacity for direct deposit, IHFA will pay the participant through direct deposit and the participant will pay the full mortgage payment (including their portion) to the lender.

E. **AUTOMATIC TERMINATION OF HOMEOWNERS ASSISTANCE**

In the event the homeownership payment has not been paid on behalf of the family for 180 calendar days, the homeownership assistance will automatically end.

HOMEOWNERSHIP PORTABILITY

A family may qualify to move outside IHFA jurisdiction with continued homeownership assistance under the voucher program. The following conditions must apply:

- A. A family determined eligible for homeownership assistance by IHFA may purchase a unit outside of IHFA's jurisdiction, if the receiving PHA is administering a voucher homeownership program and is accepting new homeownership families.
- B. Portability procedures follow Section 8 portability procedures as defined in section 8.0 of the administrative plan, except that some administrative functions (e.g. issuance of a voucher or execution of a tenancy addendum) do not apply to the homeownership option.
- C. The receiving PHA will administer the following:
 1. The family must attend the briefing and homebuyer education courses required by the receiving PHA
 2. They will determine whether the financing and physical condition of the unit is acceptable.
 3. They will promptly notify IHFA if the family has purchased an eligible unit under the program, or if the family is unable to purchase a home within the maximum time established.

If IHFA has available slots in our homeownership program we will accept homeowners exercising portability from other programs and absorb such families when feasible.

MOVING WITH CONTINUED TENANT-BASED ASSISTANCE

A family receiving homeownership assistance may move to a new unit with continued tenant based assistance in accordance with this section. The family may move either with voucher rental assistance (in accordance with rental assistance program requirements or voucher homeownership assistance (in accordance with homeownership option program requirements).

- A. IHFA will not commence continued tenant-based assistance for occupancy of the new unit as long as any family member owns any title or other interest in the prior home.
- B. No more than one move per year per family will be allowed on the homeownership voucher program.
- C. Requirements for continuation of Homeownership Assistance include:
 1. All initial requirements listed in Program Participation Requirements of this appendix must be satisfied if a family that has received homeownership assistance wants to move to a new unit with continued homeownership assistance. However, the following requirements DO NOT apply:
 - a. The requirement for pre-assistance counseling do not apply, however, IHFA may require that the family complete additional counseling, either before or after moving to a new unit.
 - b. The requirement that a family be a first time homeowner is not applicable.
- D. IHFA may deny permission to move with continued assistance if:
 1. It is determined that there is not sufficient funding to provide continued assistance
 2. At any time, IHFA may deny permission to move with continued rental assistance or homeownership assistance in accordance with the following section.

DENIAL OR TERMINATION OF ASSISTANCE

Homeownership assistance for the family will be terminated and voucher rental assistance denied under any of the following circumstances:

- A. At any time, IHFA may deny or terminate homeownership assistance in accordance with CFR 982.552 (Grounds for denial or termination of assistance) or CFR 982.553 (Crime by family members)
- B. IHFA may deny or terminate assistance for failure to comply with family obligations as listed in CFR 982.551 (Obligations of participant) or CFR 982.633 (Homeownership option: Continued assistance requirements; Family obligations)
- C. IHFA must terminate homeownership assistance for any adult family member receiving homeownership that is dispossessed from the home pursuant to a judgment or order of foreclosure on any mortgage (whether FHA-insured or not) securing debt incurred to purchase the home, or any refinancing of such debt. IHFA *may* permit the family to move to a new unit with continued voucher rental assistance. However, IHFA **will** deny such permission if:
 1. The family defaulted on any previous mortgage
 2. The family fails to demonstrate that they have conveyed, or will convey, title to the home, as required by HUD, to HUD or HUD's designee
 3. The family has moved, or will move, from the home within the period established or approved by HUD

OTHER REQUIREMENTS

Any requirements not provided for or specifically addressed in this section will default to Section 8 policies and regulations.