

HCV HOMEOWNERSHIP PROGRAM

ADMINISTRATIVE PLAN

APPROVED
September 19, 2001

REVISED
March 15, 2023

HCV HOMEOWNERSHIP PROGRAM
ADMINISTRATIVE PLAN
August 14, 2001

The HCV Homeownership Program of the Southeastern Minnesota Multi-County Housing and Redevelopment Authority (herein referred to as SEMMCHRA) permits eligible participants in the Section 8 Housing Choice Voucher Program the option of purchasing a home with their Section 8 assistance.

1. HOUSING CHOICE VOUCHER RULES APPLY

With the exception of unique eligibility and “family obligation” procedures identified elsewhere in the chapter, SEMMCHRA will administer the HCV Homeownership Program in accordance with all the policies and procedures contained in the HCV Homeownership Program administrative plan and 24 CFR Part 982.

2. FAMILY ELIGIBILITY REQUIREMENTS

Participation in the HCV Homeownership Program is voluntary. Each family must meet all the requirements listed below before commencement of homeownership assistance. SEMMCHRA may also establish additional requirements as long as they are described in the administrative plan.

2.1 General Requirements

Participants must be an existing recipient of a housing choice voucher or a current resident of Public Housing.

Participants must have received housing assistance for at least one full year before applying for the HCV Homeownership Program.

Participants who port into SEMMCHRA’s service area must use their housing assistance to rent a unit for one full year before applying for the HCV Homeownership Program.

Participants must be enrolled in SEMMCHRA’s Family Self Sufficiency Program (exceptions are made for elderly and disabled households).

A live-in aide must be approved, if needed, as a reasonable accommodation.

2.2 First Time Homebuyer

Each participant must be a first-time homebuyer. First-time homebuyer is defined as an individual that has had no ownership interest in a property during the three (3) years preceding commencement of homeownership assistance. For the purposes of this program, a single parent or displaced homemaker who, while married, owned a home with a spouse (or resided in a home

owned by the spouse) is considered a first-time homebuyer, as long as the displaced spouse does not have a mortgage obligation. The right to purchase title to a residence under a lease-purchase agreement is not considered “ownership interest”. A member of a cooperative will also qualify as a first-time homebuyer.

If SEMMCHRA determines that a disabled family requires homeownership assistance as a reasonable accommodation, the first-time homeowner requirement does not apply.

2.3 Minimum Income Requirement

At the time the participant receives homeownership assistance, a non-disabled or elderly family must meet the minimum income requirement. The family must have a gross annual income equal to the state minimum wage multiplied by 2000, based on the income of adult family members who will own the home. This standard as a SEMMCHRA option, is higher than the HUD minimum income requirement. Welfare assistance cannot be used to determine the minimum income requirement for a non-elderly/non-disabled family.

The disregard of welfare assistance income under this section affects the determination for the minimum income requirement only and does not affect the determination of income-eligibility for admission to the Section 8 Housing Choice Voucher Program, calculation of the family’s total tenant payment, or calculation of the amount of homeownership assistance payments. In the case of an elderly or disabled family, SEMMCHRA will consider income from all sources, including welfare assistance, in evaluating whether the household meets the minimum income required to purchase a home using the homeownership assistance.

For a family who’s head or co-head of household, spouse or sole member is an individual that experiences permanent disability, the minimum income requirement is equal to the current Federal Supplemental Social Security Income (SSI) monthly benefit for an individual (1-person) living alone (or paying his or her share of food and housing costs), multiplied by twelve.

If a family has a minimum income equal to or greater than the federal minimum wage multiplied by 2,000 hours, but less than the state minimum wage multiplied by 2,000 hours, the family will meet the minimum income requirement if the family can demonstrate it has located a PHA approvable unit and has secured PHA approvable financing for that unit and meets all other program requirements.

An applicant shall be considered to have satisfied the lender requirement if the family can demonstrate that it has been pre-qualified or pre-approved for financing with an acceptable loan product. The pre-qualified or pre-approved financing amount must be sufficient to purchase housing that meets HUD Housing Quality Standards (HQS).

2.4 Employment Requirement

Except for a disabled family or an elderly family, assistance under the HCV Homeownership Program is limited to families who demonstrate a stable work history. The employment

requirement is used to determine eligibility and is a requirement throughout the period of homeownership assistance.

Regular seasonal employees and self-employed workers, who have a demonstrated work history averaging thirty (30) hours per week on an annualized basis and an annualized income at or above the minimum income, will be considered continuously employed for purposes of HCV Homeownership Program eligibility and subsequent employment requirements.

The applicant head of household, co-head, or spouse, that will be on the mortgage document and own the home is required to document full-time (no less than 30 hours per week), continuous employment for a period of no less than 12 months prior to application.

The head of household, spouse or co-head must document earned income of no less than the state minimum wage times 1560 hours during the preceding 12 months.

The applicant head of household, co-head, or spouse on the mortgage document must remain continuously employed (no less than 30 hours per week) while participating in the program.

For eligibility purposes, continuous employment is defined as: **“No gap in employment lasting more than four weeks total during the past year.”** Continuous employment for seasonal employees and self-employed workers is defined as two consecutive years of regular seasonal employment where SEMMCHRA ‘annualizes’ family income when determining family rent.

Part-time employment by both parties, totaling over 30 hours per week, does not constitute full-time employment by either party.

SEMMCHRA has the discretion to interpret small gaps in employment. Permissible gaps can only occur if loss of employment resulted from measures beyond the employee’s control (layoff, medical emergency); and did not result in an employment gap of more than four consecutive weeks.

Documentation of the initial employment requirement for the HCV Homeownership Program will be completed using the *Employment Verification* form. All verifications will be completed via EIV, third-party written or oral communication with the applicant’s employer. Annual documentation of the full-time employment requirement will be completed using the *Homeownership Voucher Work Certification* at annual reexamination.

Lenders may have separate requirements and further require participants to demonstrate a history of full-time, continuous employment of no less than 24 months at 40 hours per week.

The employment requirement is not applicable to elderly families or those whose head of household, spouse, or co-head are verified disabled in accordance with the occupancy definition of disabled.

2.5 Credit Score

Participants must have at least a 620-credit score prior to being approved for the HCV Homeownership Program. Participants who do not have a 620-credit score will be required to complete a corrective action plan to increase their score. Developing the corrective action plan will be part of pre-purchase counseling.

2.6 Lease Compliance

Participants must be in good standing prior to approval for the HCV Homeownership Program. Good standing means the participant is compliant with their current lease agreement and all other Section 8 program requirements. The participant must terminate their current lease in compliance with the lease agreement prior to commencement of homeownership assistance.

A landlord reference(s) is required indicating that during the prior year the family has an uninterrupted record of paying monthly rent in full and on time, and satisfactorily meets all other lease obligations, as documented on the Homeownership *Landlord Reference* form. All verifications will be completed via third-party written or oral communication with the applicant's landlord.

2.7 Payment of Housing Authority Debt

If an applicant has an outstanding debt or portion of an outstanding debt owed to SEMMCHRA or any other housing authority, applicant will be unable to participate in the homeownership assistance program, until the debt is paid in full.

2.8 Current Homeowners

Persons who already have a mortgage obligation for current homeownership may not utilize homeownership assistance.

2.9 Prior Mortgage Default

Any adult household member that would be included as owner or co-owner of the property is ineligible to participate in the homeownership program if they have previously defaulted on a mortgage obtained using homeownership assistance.

3. FAMILY PARTICIPATION REQUIREMENTS

Families wishing to participate in the HCV Homeownership Program must agree to complete the following items. Failure to complete these items will result in the application being denied.

3.1 Homeownership Education Course/Pre-Purchase Counseling

Participation in the homeownership program is conditioned on the family attending and successfully completing an 8-hour homeownership education course provided by or approved by SEMMCHRA, prior to being admitted into the HCV Homeownership Program. Participants shall also receive appropriate pre-purchase counseling from SEMMCHRA or by an approved

agency. Completion of pre-purchase counseling is required before homeownership assistance can be approved. Pre-purchase counseling will cover the following topics:

- Is homeownership right for you?
- Special needs of disabled home buyers/fair housing issues
- Budgeting and money management
- Credit counseling
- How to negotiate the purchase price of a home
- 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.
- How to find a home, including information about homeownership opportunities, schools, and transportation services in the area.
- Information on fair housing
- De-concentration issues
- Information about the Real Estate Procedures Act, State and Federal truth-in-lending laws, and how to identify and avoid loans with oppressive terms and conditions.
- Home maintenance.
- Taxes, proration of taxes if assisted by the program
- Inspection criteria, HQS requirements, special requirements in the contract for sale
- Voucher, eligibility, and continuous eligibility requirements

3.2 Criminal Background Check

Each adult member of the participating family must submit to and pass a criminal background check. Participants that have prior criminal records which include, illegal drug trafficking, possession of an illegal substance with intent to distribute, illegal drug distribution, assault, armed robbery, theft, weapons possession, terrorist threats, fraud, or any other criminal activity considered to be threatening to the health, safety, or well-being of others, within 5 years prior to commencement of homeownership assistance, will not be allowed to participate in the homeownership program. SEMMCHRA may make considerations for such criminal history if the participant can show proof that they have received rehabilitation and are currently involved in an on-going treatment program.

4. APPLICATION PROCESS

Applicants may contact the Self Sufficiency and Homeownership Coordinator to receive information about the HCV Homeownership Program and to start the application process. Completed applications will be processed by SEMMCHRA in the order they are received. Only complete applications will be reviewed for entry into the program.

4.1 Eligibility Assessment

An applicant must first complete and submit the *Eligibility Assessment*. The *Eligibility Assessment* will be reviewed to determine if the applicant meets the basic HCV Homeownership

Program guidelines, including being a current recipient of a housing choice voucher or Public Housing tenant, meeting the income requirement, and the employment requirement.

4.2 Intake Assessment

Once an applicant has been determined to meet the basic HCV Homeownership Program guidelines, they will need to complete and submit the *Intake Assessment*. The *Intake Assessment* includes detailed information about employment, income, assets, and debt obligations.

4.3 Application Attachments

Forms to be completed, signed, and returned with the Intake Assessment:

- HUD Statement of Homeowner Obligations HUD-52649
- SEMMCHRA Statement of Family Obligations/Program Guidelines
- HUD 92006 Supplemental Information to the Application for Federally Assisted Housing
- HUD-9887 & 9887A: Release Forms
- SEMMCHRA Release Form
- HUD-214: Citizenship Form on all members
- Signed Credit Authorization
- Signed Background Check Form
- Signed Employment Verification Form
- Signed Homeownership Landlord Verification Form
- If applicable, a verification of disability, if not on file

Documents to be provided by applicant:

- Documentation of all individuals who will reside in the household
- A current bank statement verifying current amount of savings
- Social Security Cards
- Birth Certificates or Other Verification
- Photo ID

4.4 Intake Assessment Review

Upon receipt of the *Intake Assessment*, the Self Sufficiency and Homeownership Coordinator will evaluate the applicant to determine if they meet all program criteria. If the applicant's last recertification of income is more than 120 days old, a new recertification of income will be completed.

All documentation is subject to independent verification by SEMMCHRA. The Self Sufficiency and Homeownership Coordinator will review the file for discrepancies or omissions. If, at any time throughout the process, the Self Sufficiency and Homeownership Coordinator sees a discrepancy in reported income, assets, or family share, he/she shall report it to the Section 8 Department. They shall perform an interim reexamination, resolve whether further action is necessary, and report the outcome to the Self Sufficiency and Homeownership Coordinator.

If, in the course of a loan application, a loan originator, or other third party, document income not previously reported to SEMMCHRA, SEMMCHRA will conduct an interim reexamination of income. Should the reexamination result in a debt or proposed repayment agreement, SEMMCHRA shall retain sole discretion to withdraw the participant's *Certificate of Eligibility* subject to the outcome of any grievance procedure related to the income discrepancy. The participant family must remain on the HCV program for an additional year, in good standing, before SEMMCHRA may approve them for the HCV Homeownership Program.

4.5 Incomplete Applications

Incomplete applications will not be reviewed and will be returned to the applicants for completion. A checklist of missing information and documents will be attached to the incomplete application. Applicants must provide all missing information and documents before the application will be reviewed for the program.

5. CERTIFICATE OF ELIGIBILITY

If the family is determined to be eligible to participate in the HCV Homeownership Program, they will be issued a *Certificate of Eligibility*. This voucher can be given to lenders to show the approximate amount of assistance the family will qualify for using the HCV Homeownership Program. Assistance is not guaranteed unless the family fulfills all the program requirements.

The issuance of a *Certificate of Eligibility* does not guarantee that a participant will have the ability to secure a homeownership loan. Other considerations such as the housing market, an applicant's credit history, total indebtedness, and current income will be factors that will determine a participant's ability to secure a home mortgage. All participants will qualify independently through a mortgage lender of their choice.

The *Certificate of Eligibility* will be valid for a total of 180 days from the date of issuance. The family must enter into a purchase agreement within the time period allotted unless an extension is provided by SEMMCHRA in writing.

5.1 Changes in Family Size or Composition

All changes in family composition must be reported prior to the change to SEMMCHRA. The *Certificate of Eligibility* will reflect the applicable subsidy standard SEMMCHRA assigns to the family based upon the family's size and composition. The final *Housing Assistance Payment Certificate* will be issued based upon the subsidy standard applicable on the date of closing.

5.2 Changes in the Payment Standard

The payment standard applicable on the date of closing establishes the baseline payment standard for the unit. If the payment standard changes after an offer to purchase has been made, but prior to closing, the payment standard applicable on the date of closing applies. SEMMCHRA will reissue a revised *Certificate of Eligibility* effective on the effective date of the new payment standard.

Occasionally, a buyer and seller may execute a purchase agreement prior to a decrease in payment standard, with the closing taking place after the effective date of a decreased payment standard. For families who's head or co-head of household, or spouse experiences permanent disability, SEMMCHRA may request HUD approval to use the payment standard in effect on the date the purchase agreement was fully executed if the new, decreased, payment standard would jeopardize the sales agreement. This may only occur as a reasonable accommodation to a disabled household.

6. FINANCING

SEMMCHRA has established requirements for financing the purchase of a home using the HCV Homeownership Program. This may include requirements concerning qualification of lenders, terms of financing, restrictions concerning debt secured by the home, lender qualifications, loan terms, and affordability of the debt. SEMMCHRA established policies describing these requirements are contained in the administrative plan.

6.1 Securing Financing

Each participant is responsible for securing their own financing. SEMMCHRA may develop partnerships with lenders but cannot steer participants to any lender. Participants must receive pre-approval for financing from the family's chosen lender, prior to pursuing a property to purchase. If the participant does not receive pre-approval for financing, the participant is responsible for pursuing further pre-purchase counseling, etc. in order to ensure pre-approval.

6.2 Down Payment Requirement

The purchasing family is required to invest at least three percent (3%) of the purchase price of the home. The investment can take the form of a down payment, closing costs, or a combination of the two. Of this sum, at least one percent (1%) of the purchase price must come from the family's personal resources. There is no prohibition against using down payment assistance programs for the remaining two percent (2%) of the family's contribution. SEMMCHRA must approve the program and loan terms for any down payment assistance used.

If the family is an FSS graduate, the FSS escrow may be used to meet 50% of the down payment and closing costs contribution requirements established by SEMMCHRA.

If an applicant is working with Habitat for Humanity, some of their "sweat equity" hours can be used to meet part of the down payment requirement. SEMMCHRA will reduce the amount of down payment required by \$500 if the applicant puts in 35 hours of "sweat equity". Time spent attending SEMMCHRA's Home Stretch class and/or time spent attending one-on-one homebuyer advising sessions will count toward the required 35 hours. A document attesting to hours worked, outside of any hours earned during Home Stretch or homebuyer advising, will be required from Habitat for Humanity.

6.3 Closing Costs

The participant is responsible for all cost associated with the closing of the property. Such costs will be outlined in the closing disclosure prior to closing. The participant is responsible to provide earnest money down upon submission of the proposed purchase agreement. Return of such earnest money is subject to the terms of the purchase agreement.

Borrowers will be required to have at least \$500 cash after loan closing.

6.4 Home Warranty Requirement

Borrowers whose monthly budgets have less than \$1000 remaining after making their monthly housing payment (PITI, association fees, maintenance reserve payment) will be required to purchase a home warranty protection plan for at least the first year of homeownership.

Borrowers who buy new construction do not have to purchase a home warranty protection plan if the builder provides at least a one-year warranty on the property. Borrowers must provide SEMMCHRA with a copy of the builder warranty for review.

6.5 Underwriting Options

The following underwriting options are suggested under this program. The lender will decide upon the option based upon income and borrower qualifications determined on a case-by-case basis by the lender, and dependent upon the specific loan products utilized.

Option One: Deduct HAP from Principal, Interest, Taxes & Insurance (PITI)

The borrower's HAP is applied directly to the PITI, and the housing debt to income ratio is calculated on the "net housing obligation" of the borrower.

Option Two: Add HAP to Borrower's Income

Calculate total income as a combination of the tax-exempt HAP (grossed up by 25%) and the borrower's income from employment using underwriting ratios specific to the loan product being used.

Option Three: Two Mortgage Approach

Borrower qualifies for the first mortgage (PITI) using only earned income. The HAP is used to pay the full P&I for a second mortgage.

6.6 Approval of Financing and Loan Restrictions

The proposed financing terms must be submitted to, and approved by, SEMMCHRA prior to commencement of homeownership assistance. The lender must comply with generally accepted mortgage underwriting standards and use generally accepted qualifying ratios.

Mortgages with balloon payments, interest only, or variable interest rates are not allowed under SEMMCHRA's program. The buyer may not enter into a seller financing or lease-purchase agreement under this program. Loans that require co-signers are not allowed.

SEMMCHRA reserves the right to review lender qualifications and the loan terms before authorizing homeownership assistance. SEMMCHRA may disapprove proposed financing of the debt if SEMMCHRA determines that the debt is unaffordable. In making this determination, SEMMCHRA will consider family expenses such as childcare, un-reimbursed medical expenses, homeownership expenses, and other family expenses, in addition to the participant's income.

Independent of the lender's requirements, SEMMCHRA has established a criteria that the family cannot have a family share in excess of 45% of the monthly adjusted income at the time of the initial closing.

Any purchasing, financing, mortgage payment requirements, or additional down payment requirements will be determined by the mortgage product and lender the family chooses. The participant must comply with the terms set forth by the mortgage.

6.7 Refinancing and Home Equity Loans

SEMMCHRA must approve any proposed refinancing of the property or home equity loans. In making its determination, SEMMCHRA will take into account the reason(s) for the request to refinance or to get a home equity loan, as well as the current assets and liabilities of the family, and how the new loan will impact the total tenant payment. Homeownership assistance may continue if refinancing or a home equity loan is approved but will be limited to the remaining term based on the initial mortgage loan.

Cash out refinances will not be allowed unless the cash out is used for home maintenance.

Refinancing the property or getting a home equity loan, without prior written approval from SEMMCHRA, may result in termination of the HCV Homeownership assistance.

7. PURCHASING AN ELIGIBLE UNIT

When participants are ready to locate a property to be purchased, the unit must be approved by SEMMCHRA using the guidelines listed below.

7.1 Type of Home

Homeownership assistance must be used to purchase a home within the service area of SEMMCHRA, which includes the counties of Dodge, Wabasha, Winona (refer to Joint Powers Agreement for City of Winona), Goodhue (refer to Joint Powers Agreement for Red Wing), Fillmore, and Houston.

A family approved for homeownership assistance may purchase the following type of homes:

- A new or existing single-family dwelling
- A condominium
- A townhome
- A cooperative
- Site installed manufactured housing

The unit to be purchased must be the only unit on the property, unless it is a condominium, townhome, or cooperative, and must not be defined as “ineligible” by HUD. Duplexes are not eligible properties.

If the family does not own fee title to the real property on which the home is located, the family must have the right to occupy the site for a period of at least forty (40) years and the home must have a permanent foundation.

A unit can be under construction at the time a family enters into the contract of sale. A unit is considered to be “under construction” if the footers have been poured. SEMMCHRA will not commence Housing Assistance Payments until the unit has satisfactorily passed an HQS inspection, an independent inspection, all required city/county/state inspections, and met all other program requirements.

For SEMMCHRA-owned units all of the following conditions must be satisfied:

- SEMMCHRA informs the family, both orally and in writing, that the family has the right to purchase any eligible unit and a SEMMCHRA-owned unit is freely selected by the family without SEMMCHRA pressure or steering.
- The unit is an eligible housing unit.
- SEMMCHRA obtains the services of an independent agency to inspect the unit for compliance with HQS, review the independent inspection report, review the contract of sale, determine the reasonableness of the sales price, and any SEMMCHRA provided financing. All of these actions must be completed in accordance with program requirements. SEMMCHRA will obtain the services of a neighboring PHA or other independent HCV administering agency to perform these services, so long as the independent agency is operating an HCV Program.

For 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 for sale. However, SEMMCHRA shall not commence homeownership assistance for the family for that unit, unless and until:

- (1) Either:
 - (i) 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

- (ii) HUD performed an environmental review under 24 CFR part 50 and notified SEMMCHRA in writing of 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 (HQS) inspection, independent inspection, and city/county/state inspections.

7.2 Time Frame to Purchase a Home

Once the family has been issued a homeownership assistance voucher, the participant will be given 180 days (6 months) to locate a property to purchase. Applicants must submit housing choice progress reports every 30 days to document progress toward homeownership.

A home shall be considered “located” when the family submits a pre-approval letter from the lender and an executed purchase agreement that includes SEMMCHRA’s *Addendum to the Residential Purchase Agreement*. Rental assistance shall continue until such time as the voucher is converted to homeownership assistance, upon closing of the property. Should the family be unable to locate a property to purchase, the voucher may be used toward rental assistance. At its discretion, SEMMCHRA may extend the allotted time given to locate a property.

7.3 Contract of Sale

Eligible homes must be located within the boundaries of the HCV Homeownership Program. The seller cannot be an individual, company, or corporation who has been debarred, suspended, or is subject to a limited denial of participation by HUD or SEMMCHRA. SEMMCHRA may deny approval of a seller for any reason provided for disapproval of an owner under the voucher rental program regulations.

Before commencement of homeownership assistance, the homeownership applicant must enter into a purchase agreement with the home seller.

SEMMCHRA will provide the buyer with an *Addendum to the Residential Purchase Agreement*. Both the buyer and seller must execute the purchase agreement and the *Addendum to the Residential Purchase Agreement*.

The *Addendum to the Residential Purchase Agreement* shall contain the following provisions:

- Specify price and other terms of sale by the seller to the purchaser.
- Provide that the purchaser will arrange for a pre-purchase inspection of the dwelling unit by an independent inspector selected by the purchaser.
- Specify that an HQS inspector be granted access to the property to perform an HQS inspection prior to closing. Homeownership assistance is contingent on satisfactory inspections by both inspectors and subject to approval by SEMMCHRA.

- Provide that the purchaser is not obligated to purchase the unit unless the inspection is satisfactory to the purchaser and SEMMCHRA.
- Provide that the purchaser is not obligated to pay for any necessary repairs.
- Specify that the seller has not been debarred, suspended, or subject to a limited denial of participation in a HUD program under 24 CFR.
- Specify that before the Buyer is obligated under any contract to purchase the Property, the Seller shall permit the Buyer a 10-day period (unless the parties mutually agree, in writing, upon a different period of time) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards. The Buyer may waive the opportunity to conduct the risk assessment or inspection by so indicating in writing.

7.4 Housing Quality Standards (HQS) Inspection

A SEMMCHRA representative must complete an inspection to ensure that the property complies with the Housing Quality Standards (HQS) of the Section 8 program. Any items found that do not comply with the HQS standards must be repaired prior to commencement of homeownership assistance. Repair of such items are the seller's responsibility.

7.5 Independent Inspection

HUD regulations require a home inspection by an approved independent, professional home inspector. The family is required to select and pay for a home inspector to identify any physical defects and determine the condition of the major building systems and components. The buyer and SEMMCHRA must receive a written report of this examination describing the observable major defects, required repairs, and/or accessibility modification requirements.

The inspector shall also be acceptable to the local lending institutions. In all cases 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.

SEMMCHRA may not require the family to use an independent inspector selected by SEMMCHRA. The independent inspector may not be a SEMMCHRA employee or contractor, or other person under control of SEMMCHRA. However, SEMMCHRA has established standards for qualification of inspectors selected by families under the homeownership program.

SEMMCHRA and the family will discuss the results of the inspection and determine if any pre-purchase repairs are necessary. SEMMCHRA may disapprove the unit for purchase based on the results of the independent inspection.

7.6 Primary Place of Residence

The property to be purchased must be the family's primary place of residence. Homeownership assistance will only be provided while the family resides in the home. The family will not be allowed to rent any space or room in the home to a third party. Only those household members listed on commencement of homeownership assistance will be allowed to live in the unit, unless otherwise approved by SEMMCHRA with prior notification from the participant. The family is not allowed to sell or transfer any portion of ownership interest to anyone other than a member of the assisted household who resided in the home while receiving homeownership assistance. Any changes in family composition must be reported to SEMMCHRA immediately.

8. CONTINUED ASSISTANCE: FAMILY OBLIGATIONS

After a home is located, but before homeownership assistance can begin, the family and SEMMCHRA must execute a HUD prescribed *Statement of Homeowner Obligations*. In the statement the family agrees to comply with all obligations under the homeownership option. The initial *Statement of Homeowner Obligations*, will be reviewed and executed at the HCV homeownership orientation.

The family must also execute the *SEMMCHRA Statement of Family Obligations*, which details the additional SEMMCHRA HCV Homeownership Program obligations.

8.1 Continuous Reporting Requirements

Upon commencement of homeownership assistance, participants must complete an income re-certification at least one time annually. The re-certification process will begin with the application being sent to the participant no less than 90 days in advance of the effective date of the change. Participants must provide all current information regarding household income sources, employment status, and family composition. All information will be third-party verified by SEMMCHRA. Participants will be notified of the adjustment to the amount of monthly housing assistance in writing no less than 30 days prior to the effective date of the change. SEMMCHRA will also notify the lender of the change in the amount of monthly housing assistance at least 30 days prior to the effective date of the change.

SEMMCHRA will allow up to two interim adjustments between annual income re-examinations, in order to give consideration for substantial decreases to household income. Substantial decrease to household income would be a decrease of at least \$100 per month to household income.

After purchase of the home, the family must continue to adhere to the *HUD Statement of Homeowner Obligations* and the *SEMMCHRA Statement of Family Obligations* in order to continue to receive the monthly housing assistance payment. Both the *HUD Statement of Homeowner Obligations* and the *SEMMCHRA Statement of Family Obligations* will be reviewed by the family and signed at each annual reexamination.

Non-elderly and non-disabled families are required to annually document continued compliance with the full-time work requirement of the program by annual completion of the *Homeownership Work Certification*.

A family must disclose all changes in income within ten (10) business days of the change and at the annual reexamination. Failure to disclose or accurately report changes will jeopardize a family's continued participation in this program. A family may not add an adult household member without prior SEMMCHRA approval. SEMMCHRA will deny admission to any individual who would otherwise not qualify for admission to the program due to criminal history, drug related history, or registry on a sex-offender list.

SEMMCHRA may deny or terminate assistance for violation of participant obligations as described in the *HUD Statement of Homeowner Obligations*, the *SEMMCHRA Statement of Family Obligations*, or other program obligations.

8.2 Continuous Employment Requirement

The applicant head of household, co-head, or spouse must remain continuously employed, no less than 30 hours per week, while participating in the program.

Part-time employment by both parties, totaling over 30 hours per week, does not constitute full-time employment by either party.

The employment requirement is not applicable to elderly families or those who's head or co-head of household, spouse, or sole member experience permanent disability.

8.3 Mitigating Circumstances

If a working family is subsequently determined by SEMMCHRA to now qualify as a "disabled family," as defined by HUD, the full-time employment requirement is no longer applicable to that family.

SEMMCHRA will consider mitigating circumstances where certain lapses in employment prohibit the family from meeting its continuous employment obligation. These include receipt of Unemployment Insurance Benefits due to layoff; absences defined under the Family Medical Leave Act; receipt of Workman's Compensation benefits.

The participant must return to full-time employment within 30 days after exhaustion of unemployment benefits. Failure to return to full-time employment (30 hours per week) within 30 days will generate a 60-day *Notice to Correct*. Failure to correct will result in a correctable 30-day *Notice of Termination*.

A participant who is employed but is on leave from work due to maternity leave, FMLA or is receiving Workman's Compensation, is exempt from the full-time employment requirement during the period of approved leave from work. A participant must return to full-time employment within 30 days after exhaustion of applicable benefits. Willful failure to return to

full-time employment (30 hours per week), after 30 days, will generate a 60-day *Notice to Correct*. Failure to correct will result in a correctable 30-day *Notice of Termination*.

Consideration of other mitigating circumstances is at the discretion of SEMMCHRA. SEMMCHRA staff will convene a three-person committee that will review any additional mitigating circumstances that prevent a participant's return to full-time employment within the time frames allotted. Determinations of SEMMCHRA's review committee are made on a case-by-case basis and are subject to final approval by the Executive Director.

8.4 Guests and Changes in Family Composition

All changes in family composition must be reported to SEMMCHRA. All new family members must be approved as eligible residents before moving into the residence.

Family guests are permitted for a period not to exceed 30 days in any calendar year. SEMMCHRA may consider persons who exceed the 30-day occupancy limit, or who use the residence as a personal mailing address, unauthorized family members. The family may be in violation of their family obligations and SEMMCHRA may take appropriate action up to and including termination of assistance.

8.5 Annual HQS Inspection

At the first recertification of income after beginning the HCV Homeownership program, a SEMMCHRA representative must complete an inspection, to ensure that the property complies with the Housing Quality Standards (HQS) of the Section 8 program. If the home passes its inspection and no items need to be repaired, another HQS inspection will not be required for two years.

Any items found that do not comply with the HQS standards must be repaired within 60 days of the participant receiving the HQS inspection report. Failure to make the necessary repairs will generate a 60-day *Notice to Correct*. Failure to correct will result in a correctable 30-day *Notice of Termination*. The participant may request an extension if more time is needed to complete the repairs. All requests will be reviewed by SEMMCHRA staff on a case-by-case basis.

SEMMCHRA reserves the right to conduct interim HQS inspections before continuing to provide homeownership assistance, if there is reason to believe the home would no longer meet HQS standards or if there is reason to believe that unauthorized individuals are living in the household.

8.6 Other Continued Family Obligations

In addition to completing the *HUD Statement of Homeowner Obligations* and the *SEMMCHRA Statement of Family Obligations* prior to the issuance of the homeownership voucher, participants agree to comply with all family obligations under the Homeownership Program, including but not limited to:

- The family must comply with the terms of any mortgage securing debt incurred to purchase the home or any refinancing of such debt.
- At any time, the family is receiving homeownership assistance, the family may not sell or transfer any interest in the home to any entity or person other than a member of the assisted family residing in the home.
- A home equity loan/line of credit or any refinancing may not be acquired without the prior written consent of SEMMCHRA.
- The family must provide required information regarding income and family composition in order to correctly calculate the total tenant payment (TTP) and homeownership assistance, consistent with the HCV requirements and any other information requested by SEMMCHRA concerning financing, the transfer of any interest in the home, or the family's homeownership expenses.
- While receiving homeownership assistance, the family must notify SEMMCHRA if the family defaults on a mortgage securing any debt incurred to purchase the home.
- While receiving homeownership assistance, the family must notify SEMMCHRA before the family moves out of the home.
- The family must, at annual reexamination, document that the family is current on mortgage, insurance, escrow accounts, repair reserve account, and utility payments.
- The family is prohibited from moving more than one time in a one (1) year period. The family may be required to participate in pre- and post-purchase homeownership counseling prior to re-housing.
- While receiving homeownership assistance, no family member may have any ownership interest in any other residential property.
- Sign a release allowing SEMMCHRA, counselors, realtors, and participating lenders to exchange information on the borrower.
- Agree to maintain the condition of the home to comply with minimum HUD Housing Quality Standards (HQS).
- Acknowledge that the termination of assistance shall be in accordance with program requirements and the administrative plan.
- Acknowledge that the family is obligated for the whole mortgage payment in the event of termination of assistance.
- Disclose any and all changes of family composition and family income immediately to SEMMCHRA.

- Agree that the family must immediately notify SEMMCHRA of any late payment, delinquency notices, or default notices and must agree to participate in foreclosure mitigation counseling with a designated agency to become current.
- Agree to attend any identified financial, homeowner, or post purchase counseling during time of assistance.
- Agree to the continued employment requirement as stated in SEMMCHRA's administrative plan.
- SEMMCHRA requires the family to maintain a minimum reserve for maintenance and major repairs. The minimum reserve shall be equal to the monthly reserve amounts times the number of months assisted as a homeowner less any SEMMCHRA approved withdraws.
- Agrees that should they itemize deductions for IRS taxing purposes, they shall deduct in accordance with the IRS opinion that provides for a prorate deduction of the interest on a homeownership mortgage and homeownership taxes.

9. MAXIMUM TERM OF HOMEOWNERSHIP ASSISTANCE

A participant may receive homeownership assistance for a period not to exceed ten years from the date of initial commencement of the assistance, if the initial mortgage incurred to finance the purchase has a term of less than 20 years. If the initial mortgage incurred to finance the purchase has a term of 20 years or more, then the maximum term for homeownership assistance is 15 years. The time limit applies to any member of the household who has an ownership interest in the property during the time that homeownership assistance payments are made.

Families that qualify as elderly or disabled at the commencement of the assistance are not subject to the maximum term limitation. Homeownership assistance is available for the family as long as the family remains eligible for the program.

If, during the course of homeownership assistance, the family ceases to qualify as a disabled or elderly family, the family will continue to be eligible for the homeownership assistance, subject to eligibility requirements of the Housing Choice Voucher Program. The term of assistance will change to a maximum of 15-years for mortgages with a 20 year or longer term and a maximum ten-year term in all other cases. This term will be calculated from the date of issuance of the first housing assistance payment on the initial mortgage loan. If the family ceases to qualify as a disabled or elderly family, and the 15- or 10-year term has expired, then the family will receive 6 months of monthly HAP payments and then the homeownership assistance will terminate.

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. The home must be solely occupied by remaining family members in accordance with 24 CFR 982.551(h).

For a nonelderly/nondisabled family, the total homeownership assistance received by a family, whether on different homes or through different public housing agencies, cannot exceed the eligible term of assistance based on the term of the initial mortgage loan.

10. DETERMINING THE AMOUNT OF SUBSIDY

The maximum subsidy is the lesser of: the payment standard minus total family contribution or the total monthly homeownership expenses minus total family contribution. The voucher payment standard is the fixed amount SEMMCHRA establishes annually for a unit of a particular size located within the jurisdiction of the home to be purchased. The applicable payment standard will be the lower of either: (1) the payment standard for which the family is eligible for based on family size; or (2) the payment standard which is applicable to the number of bedrooms in the home the family decides to purchase. The payment standard for subsequent years will be based on the higher of: (1) the payment standard in effect at commencement of the homeownership assistance; or (2) the payment standard in effect at the most recent annual income re-examination. The initial payment standard, for purposes of this comparison, will not be adjusted if there is a decrease in family size.

Monthly homeownership expenses include principal and interest on the initial mortgage or principal and interest on refinancing, any mortgage insurance premium incurred to finance the purchase, real estate taxes and public assessments, homeowner's insurance premiums, \$25 maintenance allowance, \$25 major repair allowance, HOA fees for co-ops, townhomes, or condos and a utility allowance per SEMMCHRA's schedule of utility allowances. Single family HOA fees are not included as an allowable homeownership expense.

The total family contribution is that portion of the homeownership expenses that the family must pay. It is generally calculated to be 30% of the family's adjusted monthly income, plus any gap between the payment standard and the actual housing cost. All sources of family income will be counted toward determining the total family contribution.

11. HOUSING ASSISTANCE PAYMENTS

SEMMCHRA will provide the Lender with a *Housing Assistance Payment Certificate*, prior to closing, which will state the amount of the housing assistance. The housing assistance payment will be made to a limited access account set up through the Lender, unless otherwise required by the Lender, with the family's portion of the mortgage payment going to the same account. Should this option be unacceptable to the Lender, then the housing assistance payment will be made directly to the family, in which case the family will be responsible to submit full payment to the loan servicer.

12. PORTABILITY

Families that are determined eligible for homeownership assistance may exercise the homeownership option outside of the jurisdiction of SEMMCHRA if the housing authority where the client is porting to does also administer an HCV Homeownership Program and is accepting new families into its program. In order to remain eligible for the program, the

participant must sell the current home purchased under the HCV Homeownership Program and incur no mortgage default.

SEMMCHRA may deny a request to port using the HCV Homeownership Program if the receiving PHA is billing.

SEMMCHRA will also accept families from another HCV Homeownership Program subject to SEMMCHRA admission requirements for the homeownership program. It will administer the voucher if approved for homeownership.

13. MOVING WITH CONTINUED ASSISTANCE

A family receiving homeownership assistance may move with continued tenant-based assistance. The family may move with voucher rental assistance or with voucher homeownership assistance. Continued tenant-based assistance for a new unit cannot begin so long as any family member holds title to the prior home.

SEMMCHRA will deny permission to move to a new unit with continued voucher assistance as follows:

- Lack of funding to provide continued assistance.
- At any time, SEMMCHRA may deny permission to move with continued rental or homeownership assistance in accordance with 24 CFR 982.638, regarding denial or termination of assistance.
- In accordance with SEMMCHRA policy regarding number of moves within a 12-month period.

SEMMCHRA must deny the family permission to move to a new unit with continued voucher rental assistance if:

- The family defaulted on an FHA-insured mortgage; and
- The family fails to demonstrate that the family has conveyed, or will convey, title to the home, as required by HUD, to HUD or HUD's designee; and the family has moved, or will move, from the home within the period established or approved by HUD.

14. TERMINATION OF HOMEOWNERSHIP ASSISTANCE

Termination from the HCV Homeownership Program may occur if a family fails to comply with its program obligations or if the family defaults on the mortgage.

14.1 Failure to Comply with Family Obligations

A participant's homeownership assistance may be terminated if the family fails to comply with its obligations under the HCV Homeownership Program as outlined in the HCV Homeownership Program administrative plan.

The participant is required to read, understand, and sign a *HUD Statement of Homeowner Obligations* and the *SEMMCHRA Statement of Family Obligations* prior to commencement of homeownership assistance and at each annual recertification, as show on Appendix A and Appendix B. SEMMCHRA will notify the participant in writing of the incident and give the family a reasonable amount of time to correct the non-compliance. If the participant fails to correct the problem, the participant shall be entitled to the same termination notice and informal hearing procedures as set forth in the administrative plan of the HCV Homeownership Program. If the participant follows through with the informal hearing and is found to be noncompliant, the homeownership assistance will terminate the first of the month following the incident, and the family will be responsible for the full mortgage payment amount.

SEMMCHRA may give consideration to convert the homeownership assistance voucher to a housing choice rental assistance voucher on a case-by-case basis. In a case where the homeownership assistance voucher is not allowed to be converted to rental assistance, the family must re-apply to the Section 8 Housing Choice Voucher Program and be placed on the waiting list.

14.2 Occupancy of Home

Homeownership assistance will only be provided while the family resides in the home. If the family moves out of the home, SEMMCHRA will not continue homeownership assistance commencing with the month after the family moves out. Neither the family nor the lender is obligated to reimburse SEMMCHRA for homeownership assistance paid for the month the family moves out.

14.3 Changes in Income Eligibility

SEMMCHRA may adjust a family's homeownership assistance based upon changes in family income. The effective change shall occur 30 days after the month in which a reexamination of income occurred.

Participation in the HCV Homeownership Program shall continue until such time as the assistance payment amounts to zero for a period of 180 consecutive days. At that time the family will no longer be eligible, and the HAP will be terminated. However, should the family go to zero HAP, for 180 consecutive days, SEMMCHRA reserves the right to extend the period past 180 days, should there be documented extenuating circumstances for an extension to the time period. Such documented extenuating circumstances include but is not limited to:

- Death in the family
- Loss of employment or income due to no fault of the family
- Documentation of a medical or financial hardship beyond the control of the family for a member of the assisted household

After receipt of verification, SEMMCHRA shall reinstate the family into the program subject to available funding and other program requirements.

14.4 Refusal to Meet Continuous Work Requirement

SEMMCHRA may terminate a working family's homeownership assistance based on a willful refusal to adhere to, or properly document, the full-time employment requirement.

14.5 Family Requests a Return to Rental Assistance

If a family requests to return to rental assistance, SEMMCHRA may provide the family with a rental voucher, provided there is no mortgage loan default, and the family has met all obligations under the HCV Homeownership Program. The family must sell the home before SEMMCHRA provides rental assistance.

14.6 Mortgage Delinquency/Default

The family must comply with the terms of any mortgage incurred to purchase the property. The participant must notify SEMMCHRA immediately following a mortgage payment delinquency (delinquency is defined as full payment not received within 30 days of due date). The participant is required to bring the account current or to begin a repayment plan within 60 days of the missed payment. The participant must provide SEMMCHRA with proof showing the account is current or that a repayment agreement has been started. If the participant is unable to do either, they must meet with a foreclosure mitigation counselor. Failure to comply will result in SEMMCHRA dropping the participant from the HVC Homeownership Program.

SEMMCHRA will require the family to attend ongoing budget and credit counseling or foreclosure mitigation counseling in the event that the family has three (3) delinquent payments while using homeownership assistance.

In the event of default on the mortgage obligation, the homeownership assistance will cease the first of the month following the removal of the family from the property. If the family defaults, SEMMCHRA may permit the family to move with continued assistance through the Section 8 Housing Choice Voucher Rental Assistance Program if the family demonstrates that it has:

- Conveyed title of the home to the lender, or other third party.
- Moved from the home within the period of time designated by the lender.
- Did not default on an FHA insured mortgage.

15. INFORMAL HEARINGS

An informal hearing will be provided for participants who are being terminated from the HCV Homeownership Program because of the family's action or failure to act as provided in 24 CFR 982.552. The rules and procedures set forth in the administrative plan, entitled "Informal Hearings," will apply.

16. RECAPTURE

SEMMCHRA will not recapture the Homeownership Voucher payments unless there was an act of fraud or misrepresentation of a material fact in order to obtain a benefit. The HCV Homeownership recapture provision does not apply to any other program funds that may be used in the transaction.

THE EXECUTIVE DIRECTOR OF SEMMCHRA SHALL HAVE THE DISCRETION TO WAIVE OR MODIFY ANY OR ALL PROVISIONS OR POLICIES OF THE HCV HOMEOWNERSHIP PROGRAM NOT GOVERNED BY STATUTE OR REGULATION FOR GOOD CAUSE OR TO COMPLY WITH CHANGES IN HUD REGULATIONS OR DIRECTIVES.

**APPENDIX A:
Statement of Homeowner Obligations
Housing Choice Homeownership
Voucher Program**

**U.S. Department of Housing OMB Approval No. 2577-0169
and Urban Development (Exp. 07/31/2022)
Office of Public and Indian Housing**

Public Reporting Burden for this collection of information is estimated to average 0.25 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed and completing and re viewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a

This collection of information is authorized under Section 8(y) of the U.S. Housing Act. The information sets forth the family's obligations when participating in the homeownership program under the Housing Choice Voucher Program.

Privacy Act Statement. The Department of Housing and Urban Development (HUD) is authorized to collect the information required on this form by Section 8 of the U.S. Housing Act of 1937 (42 U.S.C. 1437f). Collection of family members' names and address is mandatory. The information sets forth the family's obligations when participating in the homeownership program under the Housing Choice Voucher Program. HUD may disclose this information to Federal, State and local agencies when relevant to civil, criminal, or regulatory investigations and prosecutions. It will not be otherwise disclosed or released outside of HUD, except as permitted or required by law. Failure to provide any of the information may result in delay or rejection of family participation in the voucher homeownership program.

- 1. Homeowner Obligations.** A family participating in the homeownership voucher program of the undersigned public housing agency (PHA) must follow the rules listed below in order to receive homeownership assistance. Any information the family supplies must be true and complete. Each family member (plus any PHA-approved live-in aide for rules associated with criminal activity or alcohol abuse) must:
- A. Disclose and verify social security numbers and employer identification numbers, sign and submit consent forms for obtaining information (including criminal conviction records of adult household members), and supply any other information that the PHA or HUD determines to be necessary (including evidence of citizenship or eligible immigration status, information for use in determining eligibility to receive homeownership assistance, and information for use in a regularly scheduled reexamination or interim reexamination of family income and composition).
 - B. Submit any PHA-required reports on the family's progress in finding and purchasing a home.
 - C. Attend and satisfactorily complete any PHA-required homeownership and housing counseling.
 - D. Select and pay for a pre-purchase inspection by an independent professional inspector. The inspection must be conducted in accordance with PHA requirements.
 - E. Enter into a contract of sale with the seller of the unit and promptly provide a copy of the contract of sale to the PHA. The provisions of the contract of sale must comply with PHA requirements.
 - F. Obtain and maintain flood insurance for homes in special flood hazard areas.
 - G. Comply with the terms of any mortgage securing debt incurred to purchase the home (or any refinancing of such debt).
 - H. Promptly notify the PHA in writing when (1) the family is away from the home for an extended period of time in accordance with PHA policies, and (2) before the family moves out of the home. Supply any information or certification requested by the PHA to verify that the family is living in the home or information related to family absence from the home.

I. Only use the assisted home for residence by the PHA-approved family members, live-in aide or foster child. No other person may reside in the home. The home must be the family's only residence and no family member may have any ownership interest in any other residential property. Any legal profit making activities in the home must be incidental to the primary use of the home as a residence. The family must not lease any portion of the home or grounds.

J. Promptly notify the PHA in writing of the birth, adoption, or court-awarded custody of a child, and request PHA written approval to add any other family member as an occupant of the home. Promptly notify the PHA in writing if any family member no longer lives in the home.

K. Supply any information as required by the PHA or HUD concerning: (1) any mortgage or other debt incurred to purchase the home, 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; (2) any sale or other transfer of any interest in the home; or (3) the family's homeownership expenses.

L. Promptly notify the PHA in writing if the family defaults on a mortgage securing any debt incurred to purchase the home.

M. Not commit fraud, bribery, or any other corrupt or criminal act in connection with any Federal housing program. Not engage in drug-related criminal activity or violent criminal activity. Not engage in other criminal activity that threatens the health, safety or right to peaceful enjoyment of other residents and persons residing in the immediate vicinity of the premises. Not abuse alcohol in a way that threatens the health, safety or right to peaceful enjoyment of other residents and persons

residing in the immediate vicinity of the premises. Not engage in or threaten abusive or violent behavior toward PHA staff. Not engage in other criminal activity which may threaten the health or safety of persons performing a contract administration function or responsibility on behalf of the PHA (including PHA staff and PHA contractor/subcontractor/agent staff).

N. Not lease, let, transfer or convey the home except to grant a mortgage on the home for debt incurred to finance purchase of the home or any refinancing of such debt.

O. Not receive homeownership voucher program assistance while receiving another housing subsidy for the same home or a different unit under any duplicative Federal, State or local housing assistance program.

P. Comply with any additional PHA requirements for family search and purchase of a home and continuation of homeownership assistance for the family. The PHA must attach to this document a list of any such requirements.

2. Termination of assistance. Homeownership assistance may only be paid while the family is residing in the home. The PHA may deny or terminate homeownership assistance for any of the reasons listed below:

A. The family violates or has violated any family obligation under section 1.

B. Any member of the family has been evicted from federally assisted housing in the last five years, or any household member has been evicted from federally assisted housing for drug-related criminal activity in the last three years.

C. A PHA has ever terminated assistance under the certificate or voucher program for any member of the family.

D. The family currently owes any money to the PHA or another PHA in connection with Section 8 or public housing assistance. The family has not reimbursed any PHA for amounts paid to an owner under a housing assistance

payments contract for rent, damages to the unit, or other amounts owed by the family. The family breaches an agreement with the PHA to pay amounts owed to a PHA, or amounts paid to an owner by a PHA.

E. Any household member is subject to a lifetime registration requirement under a State sex offender registration program.

F. Any household member has ever been convicted for manufacture or production of methamphetamine on the premises of federally assisted housing.

G. The family fails to comply, without good cause, with any family self-sufficiency program contract of participation.

H. The family fails, willfully and persistently, to fulfill any welfare-to-work program obligations.

I. The family has been dispossessed from the home pursuant to a judgment order of foreclosure on any mortgage securing debt incurred to purchase the home (or any refinancing of such debt).

J. The PHA determines that homeownership assistance has been provided for the maximum term permitted under the homeownership voucher program, or it has been 180 calendar days since the last homeownership assistance payment on behalf of the family.

K. The PHA determines there is insufficient funding to provide continued homeownership assistance.

KEEP THIS DOCUMENT FOR YOUR RECORDS

Family

Name of Head of Household
Address, Telephone Number:

Names of Other Family Members

Signature of Family Representative

Date: (dd/mm/yyyy)

Public Housing Agency

Name of PHA

Address, Telephone Number:

PHA Representative Title

Signature of PHA Representative

Date: (dd/mm/yyyy)

APPENDIX B: HOUSING CHOICE VOUCHER HOMEOWNERSHIP PROGRAM SEMMCHRA STATEMENT OF FAMILY OBLIGATIONS

The Family Must:

- Agree to use the home as their sole residence.
- Enter into this SEMMCHRA's Statement of Family Obligations, as well as HUD's Statement of Homeowner Obligations, and comply with the provisions of both documents.
- Meet HUD's first-time homebuyer definition.
- Meet all eligibility criteria as specified in SEMMCHRA's HCV administrative plan.
- Sign a release allowing SEMMCHRA, counselors, realtors, and participating lenders to exchange information on the borrower. This information may relate to initial home purchase, loan servicing, future sale or refinancing of a home.
- Secure financing for the home purchase, subject to SEMMCHRA review and approval of loan product(s) to be used.
- Comply with all SEMMCHRA, FHA, Fannie Mae AND lender requirements, as applicable.
- Be able to make the monthly payment of the family's portion of the mortgage in a timely manner.
- Be able to provide a cash down payment of at most 3% of the purchase price of the home, with at least 1% coming from the family's personal resources.
- Report progress in locating a home for purchase monthly to SEMMCHRA's Self Sufficiency and Homeownership Coordinator.
- Enter into a sales contract with a seller to purchase a home.
- Include the following contract conditions in the contract of sale:
 - that SEMMCHRA has a reasonable amount of time to perform the HQS inspection of the property
 - that any items found needing repair must be done so by the seller prior to property closing

- that the buyer is not obligated to pay for any cost incurred to repair any needed items
 - that an independent inspection of major building systems and home quality must be performed on the property and a copy of that inspection must be provided to SEMMCHRA
 - that the seller certifies that they are not debarred, suspended, or otherwise subject to limited denial of participation in federally assisted programs as set forth by HUD.
 - **YOU MUST ADVISE YOUR REALTOR OR BUYER'S AGENT OF THESE REQUIREMENTS.**
- Secure an independent, qualified professional home inspector to inspect the home and report findings to SEMMCHRA.
 - Agree to maintain the condition of the home to comply with HUD Housing Quality Standards (HQS).
 - Allow SEMMCHRA access to the home to perform annual HQS inspections. Failure to allow an annual HQS inspection may terminate your assistance.
 - Return to SEMMCHRA for annual recertification. Failure to recertify may terminate your assistance.
 - Disclose any changes in family income or composition immediately to SEMMCHRA.
 - Document at annual reexamination that the family is current on mortgage, insurance, escrow accounts, repair reserve account, and utility payments.
 - Acknowledge that the family may only deduct a percentage of the mortgage interest and real estate taxes that is equal to the percentage of the homeownership expenses covered by the family during the tax year for the purpose of filing the IRS long form (per the IRS Opinion Letter and HUD guidance).
 - Continue to fulfill an employment requirement of an average minimum of 30 hours per week. In case of unemployment, an adult homeowner will re-secure employment within 30 days, unless a documented hardship exists. In the event of a documented hardship (i.e. layoff, company closure, death of a working adult, federal disaster, etc.), the head of household must provide on a monthly basis to the Self Sufficiency and Homeownership Coordinator, verification that they are attempting to pursue employment. The homeowner must show a plan to return to work in order to remain eligible for the program.
 - SEMMCHRA requires the family to maintain a minimum reserve for maintenance and major repairs. The minimum reserve shall be equal to the monthly reserve amounts times the number of months assisted as a homeowner less any SEMMCHRA approved withdraws.

- Acknowledge that termination of assistance for failure to comply will follow the termination process as stated in HUD’s HCV rental assistance regulations and SEMMCHRA’s HCV Homeownership Program administrative plan.
- Acknowledge that the family becomes obligated for the whole mortgage payment in the event of termination of assistance.
- Agree that the family may not sell the home, refinance the home, or take out a home equity loan/line of credit unless SEMMCHRA has reviewed and approved such financing.
- Notify SEMMCHRA immediately of any late payments, delinquent notices, or default notices, and must agree to participate in foreclosure mitigation counseling with a designated agency to become current on the loan.
- Agree to, in the event of loan default of your mortgage obligation, cooperate with SEMMCHRA and the lender to minimize any loss to the lender, in order to maintain your eligibility to continue as a participant in the Section 8 housing choice voucher rental assistance program.
- Acknowledge that the family is prohibited from moving more than one time in a one (1) year period.
- Notify SEMMCHRA at least 30 days before the family moves out of the home.
- Agree that while receiving homeownership assistance, no family member may have any ownership interest in any other residential property.
- Agree to attend any identified financial, homeowner or post-purchase training during the time of assistance at the discretion of SEMMCHRA.

Participant Signature

Date

Co-Participant Signature

Date

Self Sufficiency and Homeownership Coordinator

Date