

# **BERNALILLO COUNTY HOUSING DEPARTMENT'S FIRST-TIME HOMEVUYERS HOUSING CHOICE VOUCHER HOEOWNERSHIPS PROGRAM**

## **WHAT IS THE HOUSING CHOICE VOUCHER HOMEOWNERSHIP PROGRAM?**

The basic premise of the Housing Choice Voucher Homeownership Program is that the voucher subsidy can now be used to help a first-time homeowner meet monthly mortgage expenses, in addition to the former use of the voucher subsidy to help a family with the rent.

## **WHO QUALIFIES?**

In order to be eligible for the homeownership program, a family must meet the following criteria:

1. The family must be a **current** Bernalillo County Housing Department voucher program participant or eligible for admission to the housing choice voucher program.
2. Family must have good credit, and be able to obtain a mortgaged based on their income, credit and debt.
3. The family must qualify as a first-time homeowner (no member of the family has had any ownership interest in a principal residence in the past 3 years).
4. The annual income of at least one adult family member who will own the home at the commencement of homeownership assistance must be equal to or greater than the Federal minimum hourly wage multiplied by 2000 hours. Meaning they must currently be employed on a full-time basis (defined to mean not less than an average of 30 hours per week), and has been continuously so employed for at least one year. BCHD has discretion to determine whether, and to what extent, an employment interruption, successive employment, and self-employment satisfies the employment requirement.
5. For disabled families annual income must be equal to the monthly Federal Supplemental Security Income (SSI) x 12. Welfare assistance shall be included only for those adult elderly or disabled family members who will own the home.
6. If any family member has previously defaulted on a mortgage when participating in the voucher homeownership option, the family is ineligible for the homeownership option.
7. Except for cooperative members who have acquired cooperative ownership shares to commencement of homeownership assistance, no family member may have a present ownership interest in a residential property.
8. The family must also satisfy any other initial eligibility requirements established by BCHD in the administrative plan. However, BCHD may not establish minimum income requirements or employment requirements in addition to the standards established by the rule.

## **PRE-ASSISTANCE HOMEOWNERSHIP COUNSELING**

Eligible families wishing to participate in this program must attend and satisfactorily complete first-time homebuyers training course. BCHD has entered into an agreement with local HUD-approved housing counseling agencies to provide this training.

## **ELIGIBLE HOMES**

Homes eligible for this program are new construction, manufactured housing, pre-owned units and units owned or controlled by a Public Housing Agency.

## **FINDING A HOME**

It is the family's responsibility to find a home that is eligible for the voucher homeownership assistance. If the family is already a rental voucher participant and is determined to be eligible, BCHD may authorize the family to search for a home to purchase without the interruption of their rental assistance.

However, an eligible family new to the program will have 60-days to complete their First-Time Homebuyers Training and pre-qualify with a HUD approved lender. If the family is unable to do so, they will be given a rental voucher for an additional 30-days to secure a rental unit; otherwise they will have to reapply for placement on the waiting list.

Families participating in this program may select an eligible unit anywhere within BCHD's jurisdiction.

Families may purchase a unit out of BCHD's jurisdiction under the portability procedures of the voucher program, but only if the receiving PHA is administering a homeownership program and accepting applicants for their program.

When a family locates a unit they wish to purchase, they are responsible for insuring that an independent professional inspector is hired to inspect the proposed unit. The purpose of this inspection is to identify home defects and assess the adequacy and life span of major systems, appliances and other structural components. This inspector must be certified by the American Society of Home Inspectors or a similar national organization.

This inspection is designed to serve as a protection to the family to ensure that the condition and life expectancy of major systems and appliances in the unit are known prior to the purchase of the home.

On new construction a current Certificate of Occupancy and Builder's Warranty will be required in place of the independent inspection.

On new Manufactured Housing a FHA Compliance Inspection Report will be used in place of the independent inspection.

BCHD is responsible for conducting an initial HQS inspection. The HQS inspection is used to determine if the current condition of the unit is decent, safe and sanitary. BCHD is not required to conduct annual housing quality standard inspections.

## **FINANCING**

It is anticipated that mortgage lenders will consider the voucher assistance when underwriting the loan and the underwriting standards of the individual lender and/or financing program will apply.

The participating family ultimately is responsible for securing its own financing. BCHD may develop partnerships with lenders to assist the family in obtaining financing, but may not require the use of certain lenders.

Voucher funds may not be used to assist with financing costs, such as downpayment or closing costs.

### **HOMEOWNERSHIP ASSISTANCE PAYMENTS**

BCHD will make the monthly homeownership housing assistance payment directly to the lender on behalf of the family, unless other arrangements are made by the family and lender and approved by BCHD.

### **FAMILY SHARE**

The Family is responsible for 3% of sales price of the home as the downpayment. Of this 3%, the higher of 1% of sales price or \$500 must come from family's personal resources.

The family is responsible for all homeowner expenses not covered by the HAP payment. For instance, if the monthly homeownership expenses exceeds the payment standard, the family is responsible for paying the difference in addition to the required TTP.

### **CONTINUED ASSISTANCE**

In order to receive continued HAP homeownership payments, the family must continue to live in the home. If the family moves out, BCHD will not continue the assistance after the month when the family moves out. Neither the family nor the lender is required to refund BCHD the homeownership assistance for the month when the family moves out.

The family must comply with the terms of the mortgage in order to qualify for continued assistance from BCHD. If there is a death of a title-holding family member, the assistance may be continued pending settlement of the estate.

### **TIME LIMITS**

Except for elderly and disabled families, S8 homeownership assistance may only be paid for a maximum period of 15 years if the initial mortgage incurred to finance purchase of the home has a term that is 20 years or longer. In all other cases, the maximum term of homeownership assistance is 10 years. There is no time limit on homeownership for elderly and disabled families.

However, if anytime during this time limit the family's income is able to support the full homeownership expense, BCHD will no longer be able to assist the family and the family will be totally responsible for the full mortgage payment.

### **HOMEOWNERSHIP ASSET**

The Housing Authority will begin claiming the property as an asset on the 10<sup>th</sup> anniversary of the family closing on their home. The reason this is done is so the family will begin paying more of their mortgage payment and preparing themselves to take over the full payment at the end of their maximum time limit as determined above.

## **PURCHASING ANOTHER HOME**

The participating family may sell its home to purchase another home under the homeownership program. However, the total amount of time the family receives assistance on both homes is counted towards the time limit.

BCHD will not commence voucher assistance (either rental or homeownership) for occupancy of another unit so long as any family member owns any title or interest in the prior home.

## **TERMINATION OF ASSISTANCE**

Among those reasons that BCHD may deny or terminate homeownership assistance are:

- The family does not comply with voucher program requirements at 24CFR 982.552 or for criminal activity as defined by 24CFR 982.553.
- The family does not comply with family obligations described at 24CFR 982.551 or 24CFR 982.633

BCHD must terminate voucher homeownership assistance for the family if the family is removed from the home pursuant to a judgement or order of foreclosure on any mortgage-securing debt incurred to purchase the home.

The PHA may permit a family subject to a foreclosure action to move to a new unit with voucher rental assistance. However, BCHD **must** deny such permission and terminate the family's participation in the housing choice voucher program if the family defaulted on an FHA-insured mortgage and the family fails to demonstrate that it has (1) conveyed the title to the home to HUD or HUD's designee and (2) has moved from the home within the period established or approved by HUD.

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