

B. Special Housing Types-Homeownership

1. GENERAL PROVISIONS

The HA permits eligible participants in the Section 8 Housing Choice Voucher Program, including participants with portable vouchers, the option of purchasing a home with their Section 8 assistance rather than renting. The HA may limit the homeownership program to twenty-five families at any given time.

Eligible applicants for the Section 8 Homeownership Program are required to have completed an initial Section 8 lease term, not owe the HA or any other Housing Authority an outstanding debt, and meet the eligibility criteria set forth in the HA Administrative Plan.

Section 8 homeownership assistance may be used to purchase the following types of single unit homes within the HA jurisdiction: new or existing single-family, condominium, manufactured home or planned use developments. Other housing types may be approved on a case-by-case basis, but must be eligible for a residential real estate loan.

The HA will permit portability of Section 8 homeownership assistance to another jurisdiction provided the receiving jurisdiction operates a Section 8 Homeownership Program and is accepting new homeownership families.

2. FAMILY ELIGIBILITY REQUIREMENTS

Participation in the Section 8 Homeownership Program is voluntary. Each Section 8 homeownership participant must meet the general requirements for admission to the Section 8 Housing Choice Voucher Program as set forth in the Administrative Plan. Such a Section 8 family must be "eligible" to participate in the homeownership program. The additional eligibility requirements for participation in the HA's Section 8 Homeownership Program require the family: (A) be a first-time homeowner or have a member who is a person with disabilities; (B) with the exception of elderly and disabled households, meet a minimum income requirement without counting income from "welfare assistance" sources; (C) with the exception of elderly and disabled households, meet the requisite employment criteria; (D) to have completed an initial lease term in the Section 8 Housing Choice Voucher Program; (E) to have fully repaid any outstanding debt owed to the HA or any other Housing Authority; (F) to have not defaulted on a mortgage securing debt to purchase a home under the homeownership option; (G) to have no family member who has a present ownership interest in a residence at the commencement of homeownership assistance.

A. First-Time Homeowner

Each Section 8 family, except families with a disabled member, must be a first-time homeowner. A "first-time homeowner" means that no member of the household has had an ownership interest in any residence during the three years preceding commencement of homeownership assistance. However, a single parent or displaced homemaker who, while married, owned a home with a spouse (or resided in a home owned by a spouse) is considered a "first-time homeowner" for purposes of the Section 8 homeownership option; and the right to purchase title to a residence under a lease-purchase agreement is not considered an "ownership interest."

B. Minimum Income Requirement.

The HA shall establish a minimum income standard per household size based on current housing prices and available additional sources of funding. The HA shall reserve the right to change the minimum income standard periodically to reflect changes in the housing market and available additional sources of funding. At the time the family begins receiving homeownership assistance, the head of household, spouse, and/or other adult household members who will own the home, must have a gross annual income at least equal to the minimum income standard per household size established by the HA.

(1) Exceptions to the Minimum Income Requirement

The family shall be considered to meet the minimum income requirement if:

- (a) The family is able to demonstrate that it has been pre-qualified or pre-approved for financing. The pre-qualified or pre-approved financing must meet any HA established requirements for financing the purchase of a home (including qualifications of lenders and terms of financing). The pre-qualified or pre-approved financing must be sufficient to purchase housing that meets housing quality standards in the HA's jurisdiction, and
- (b) At the time the family begins receiving homeownership assistance, the head of household, spouse, and/or other adult household members who will own the home, must have a gross annual income at least equal to the Federal minimum hourly wage multiplied by 2000 hours, or

For disabled families (in which the head or spouse is a person with disabilities) only, at the time the family begins

receiving homeownership assistance, the head of the household, spouse, and/or other adult household members who will own the home must have a gross annual income at least equal to the monthly Federal Supplementary Security Income (SSI) benefit for an individual living alone multiplied by twelve.

(2) Exclusion of Welfare Assistance Income.

With the exception of elderly and disabled families, the HA will disregard any "welfare assistance" income in determining whether the family meets the minimum income requirement. Welfare assistance includes assistance from Temporary Assistance for Needy Families ("TANF"); Supplemental Security Income ("SSI") that is subject to an income eligibility test; food stamps; general assistance; or other welfare assistance specified by HUD. The disregard of welfare assistance income under this section affects the determination of minimum monthly income in determining initial qualification for the homeownership program. It 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.

C. Employment History.

With the exception of disabled and elderly households, each family must demonstrate that one or more adult members of the family who will own the home at commencement of homeownership assistance is employed full-time (an average of 30 hours per week) and has been so continuously employed for one year prior to commencement of homeownership assistance. The HA Executive Director or her/his designee may also consider whether, and to what extent, an employment interruption is considered permissible in satisfying the employment requirement. The HA Executive Director or her/his designee may also consider successive employment during the one-year period and self-employment in a business. In order to reasonably accommodate a family's participation in the program, the HA will exempt families that include a person with disabilities from this requirement.

D. Completion of Initial Lease Term.

Applicants for and new participants in the Section 8 Housing Choice Voucher Program shall be ineligible for participation in the Section 8 Homeownership Program until completion of an initial Section 8 one-year lease term and the participant's first annual recertification in the Section 8 Housing Choice Voucher Program.

E. Repayment of Any Housing Authority Debts.

Participants in the Section 8 Housing Choice Voucher Program shall be ineligible for participation in the Section 8 homeownership program in the event any debt or portion of a debt remains owed to the HA or any other Housing Authority. Nothing in this provision will preclude Section 8 participants that have fully repaid such debt(s) from participating in the Section 8 Homeownership Program.

F. Additional Eligibility Factors.

(1) Elderly and Disabled Households.

Elderly and disabled families are exempt from the employment requirements set forth in Section 2. C. In the case of an elderly or disabled family, the HA will consider income from all sources, including welfare assistance, in evaluating whether the household meets the minimum income required to purchase a home through the Section 8 Homeownership Program.

(2) Prior Mortgage Defaults.

If a head of household, spouse, or other adult household member who will execute the contract of sale and mortgage and loan documents has previously defaulted on a mortgage obtained through the Section 8 Homeownership Program, the family will be ineligible to participate in the Homeownership Program.

G. Ranking Preferences

Applications will be offered to eligible candidates in the following priority order with date and time of application the deciding factor among priority groups:

- (1) Family Self Sufficiency (FSS) program participants with escrow accounts or FSS graduates who have sufficient earnings (as determined by the HA) to qualify for an appropriate loan amount.
- (2) Housing Choice Voucher program participants with sufficient earnings (as determined by the HA) to qualify for an appropriate loan amount.

3. FAMILY PARTICIPATION REQUIREMENTS

Once a family is determined to be eligible to participate in the program, it must comply with the following additional requirements: (A) complete a homeownership counseling program approved by the HA prior to

commencement of homeownership assistance; (B) within a specified time, locate the home it proposes to purchase; (C) submit a sales agreement containing specific components to the HA for approval; (D) allow the HA to inspect the proposed dwelling to assure that the dwelling meets appropriate housing quality standards; (E) obtain an independent inspection covering major building systems; (F) enter into a written agreement with the HA to comply with all of family obligations under the Section 8 Program. This written agreement is provided as Appendix A of the Administrative Plan.

A. Homeownership Counseling Program.

A family's participation in the Homeownership Program is conditioned on the family attending and successfully completing a homeownership and housing counseling program provided or approved by the HA prior to commencement of homeownership assistance. The homeownership and counseling program may cover home maintenance, budgeting and money management, credit counseling; negotiating purchase price, securing mortgage financing; fair housing, information about the Real Estate Settlement Procedures Act (RESPA) obligations, finding a home, and the advantages of purchasing and locating homes in areas that do not have a high concentration of low-income families. The counseling program shall be consistent with homeownership counseling provided under HUD's Housing Counseling Program.

B. Locating and Purchasing a Home.

(1) Locating A Home.

Upon approval for the Section 8 Homeownership Program, a family shall have sixty days to locate a home to purchase. For good cause, the HA may extend a Section 8 family's time to locate a home. During a Section 8 participant's search for a home to purchase, his/her Section 8 rental assistance shall continue pursuant to the Administrative Plan.

(2) Type of Home.

A family approved for Section 8 homeownership assistance may purchase the following type of homes within the jurisdiction of the City of Oceanside: a new or existing home, a single-family home, a condominium, a manufactured home, or a home in a planned use development. A family may purchase a home where the family will not own fee title to the real property on which the home is located, typically a manufactured home. However, the family must have the right to occupy the site for a period of at least forty years and the home must have a permanent foundation. The home must already

exist, or is under construction at the time the HA determines the family eligible for homeownership assistance to purchase the unit. The family may purchase a home in a jurisdiction other than the City of Oceanside provided the Housing Authority in the receiving jurisdiction operates a Section 8 Homeownership Program for which the Section 8 homeownership applicant qualifies and is accepting new homeownership families. A family's participation in the Section 8 Homeownership Program will be subject to the Section 8 Homeownership Program and policies of the receiving jurisdiction.

(3) Purchasing a Home.

Once a home is located, the family shall have up to 180 days to purchase the home. For good cause, the HA may extend a Section 8 family's time to purchase the home.

(4) Failure to Complete Purchase.

If a Section 8 participant is unable to purchase the home within the maximum time permitted by the HA, the HA shall continue the family's participation in the Section 8 housing choice voucher program.

(5) Lease-Purchase

A family selected to participate in the Homeownership Program may enter into lease-purchase agreements while receiving Section 8 rental assistance. All requirements of the Housing Choice Voucher Program apply to lease-purchase agreements, except that families are permitted to pay an extra amount out-of-pocket to the owner for purchase related expenses-- a "homeownership premium." Any "homeownership premium," defined as an increment of value attributable to the value of the lease-purchase right or agreement, is excluded from the HA's rent reasonableness determination and subsidy calculation, and must be absorbed by the family. When a lease-purchase participant family is ready to exercise their option, they must notify the HA and apply for the homeownership option. If determined eligible for homeownership assistance, the family may be admitted to the homeownership program and must meet all the requirements of these policies.

C. Sales Agreement.

Prior to execution of the offer to purchase or sales agreement, the family must provide the financing terms to the HA for approval. The sales agreement must provide for HA financing approval, a HA housing quality standards inspection, the independent inspection referred to in Section 3(E)

and must state that the purchaser is not obligated to purchase unless such inspections are satisfactory to the HA. The contract must provide that the purchaser is not obligated to pay for any necessary repairs, and a seller certification that the seller is not debarred, suspended, or subject to a limited denial of participation under 24 CFR part 24.

D. Independent Initial Inspection Conducted.

To assure the home complies with the housing quality standards of the Section 8 Program, homeownership assistance payments may not commence until the HA first inspects the home. A professional selected by the family must conduct an independent inspection of existing homes covering major building systems. The HA will not pay for the independent inspection. The independent inspection report must be provided to the HA. The HA may disapprove the unit for failure to meet federal housing quality standards or information in the independent inspection report.

E. Financing Requirements.

The family is responsible for securing financing. The proposed financing terms must be submitted to and approved by the HA prior to the close of escrow. The HA shall determine the affordability of the participant's proposed financing. In making such determination, the HA may take into account other participant expenses, including but not limited to child care, unreimbursed medical expenses and training expenses. The HA may disapprove the financing if it has determined the debt is unaffordable. The HA will prohibit balloon payment mortgages, variable interest rate loans, and adjustable loans. The HA will require a minimum cash down payment of one percent (1%) of the purchase price to be paid from the family's own resources. The total down payment must be at least three percent (3%) of the purchase price.

F. Compliance With Family Obligations.

A family must agree, in writing to comply with all family obligations under the Section 8 Program and the HA's homeownership policies as outlined herewith and in the Administrative Plan. These obligations include (1) complying with the mortgage terms; (2) not selling or transferring the home to anyone other than a member of the assisted family who resides in the home while receiving homeownership assistance; (3) not refinancing or adding debt secured by the home without prior HA approval; (4) not obtaining a present ownership interest in another residence while receiving homeownership assistance; (5) supplying all required information to the HA, including but not limited to annual verification of household income, notice of change in income and assets, notice of change in homeownership expenses, notice of move-out, and notice of mortgage default; (6) never

having an ownership interest in any other residential property; and,
(7) never defaulting on the mortgage.

4. AMOUNT OF ASSISTANCE

The amount of the monthly assistance payment will be based on three factors: the voucher payment standard for which the family is eligible, the monthly homeownership expense, and the family's household income. The HA will pay the lower of either the payment standard minus the total family contribution ("TFC") or the family's monthly homeownership expenses minus the TFC. The Section 8 family will pay the difference.

A. Determining the Payment Standard.

The voucher payment standard is the fixed amount the HA annually establishes as the "fair market" rent for a unit of a particular size located within the HA jurisdiction. In the Homeownership Program, the initial payment standard will be the lower of either (1) the payment standard for which the family is eligible based on family size; or (2) the payment standard which is applicable to the size of 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 regular reexamination of the family's income and size. The initial payment standard, for purposes of this comparison, shall not be adjusted even if there is a subsequent decrease in family size. The HA will request HUD approval of a higher payment standard, up to 120% of the published Fair Market Rent limit, where warranted as a reasonable accommodation for a family that includes a person with disabilities.

B. Determining the Monthly Homeownership Expense.

Monthly homeownership expense includes all of the following: principal and interest on the initial mortgage and any mortgage insurance premium (MIP) incurred to finance the purchase; taxes on the property; homeowner's insurance; and, utility allowances per the HA's Housing Choice Voucher Program schedule of utility allowances. Homeownership expenses for a cooperative or condominium may include, in addition to the above, operating expenses or maintenance fees assessed by the homeowner association. Expenses for housing in which the family does not own fee title to the property, such as a manufactured home, may include land lease payments.

C. Determining the Total Family Contribution

The TFC is that portion of the homeownership expense that the family must

pay. It is generally 30% percent of the family's monthly-adjusted income, plus any gap between the payment standard and the actual housing cost. All family income (including public assistance) will be counted to determine the family's monthly-adjusted income for purposes of determining the amount of assistance.

D. Payment to Family or Lender.

The HA will provide the lender with notice of the amount of the housing assistance payment prior to close of escrow and will pay the HA's contribution towards the family's homeowner expenses directly to the lender, unless otherwise required by the lender. The family will be responsible to submit its share of the mortgage payment to the lender when it is due.

5. TERMINATION OF SECTION 8 HOMEOWNERSHIP ASSISTANCE

A. Grounds for Termination of Homeownership Assistance

- (1) A family's failure to comply with its obligations under the HA's Section 8 Program homeownership policies may result in the termination of homeowners' assistance. These policies are outlined below and in the HA's Administrative Plan.

A family's homeownership assistance may be terminated in the following circumstances: (1) the family fails to comply with its obligations under the Section 8 Program, the homeownership policies, or if the family defaults or fails to comply with the terms of the mortgage incurred to purchase and/or refinance the home; (2) the family is dispossessed from the home due to a judgment or order of foreclosure; (3) the family fails to attend and complete any required ongoing homeownership and housing counseling classes; (4) the family fails to provide the HA with written notice of any sale or transfer of any interest in the home, any plan to move out of the home prior to the move, the family's household income and homeownership expenses on an annual basis, any notice of mortgage default received by the family; and any other notices which may be required pursuant to the HA homeownership policies. Except as otherwise provided in this section and/or the HA Administrative Plan, the family may not convey or transfer the home to any entity or person other than a member of the assisted family while receiving homeownership assistance.

- (2) Occupancy of Home.

Homeownership assistance will be provided as long as the family

resides in the home. If the family moves out of the home, the HA will not continue homeownership assistance commencing with the month after the family moves out.

(3) Changes in Income Eligibility.

A family's homeownership assistance may be changed or discontinued in the month following annual recertification of the household income, but participation in the Section 8 Program shall continue until such time as there is not assistance payment for a period of six consecutive months. .

(4) Maximum Term of Homeownership Assistance.

Except for the regulations regarding disabled and elderly families, a family may receive Section 8 Homeownership assistance for not longer than ten (10) years from the date of close of escrow unless the initial mortgage incurred to finance purchase of the home has a term that is 20 years or longer, in which case the maximum term is 15 years. Families that qualify as elderly at the commencement of homeownership assistance are not subject to a maximum term limitation. Families that qualify as disabled families at the commencement of homeownership assistance or at any time during the provision of homeownership assistance are not subject to a maximum term limitation. If a disabled family or elderly family ceases to qualify as disabled or elderly, the appropriate maximum term becomes applicable from the date homeownership assistance commenced; provided, however, that such family shall be eligible for at least six additional months of homeownership assistance after the maximum term becomes applicable. The time limit applies to any member of the household who has an ownership interest in the unit during any time that homeownership payments are made, or is a spouse of any member of the household who has an ownership interest.

B. Procedure for Termination of Homeownership Assistance.

A participant in the Section 8 Homeownership Program shall be entitled to the same termination notices and informal hearing procedures as set forth in the Administrative Plan of the HA for the Section 8 Housing Choice Voucher Program.

6. CONTINUED PARTICIPATION IN THE SECTION 8 HOUSING CHOICE VOUCHER PROGRAM

A. Default on FHA-Insured Mortgage.

If the family defaults on an FHA-insured mortgage, the HA may, at its discretion, and subject to the availability of funding, permit the family to move with continued Section 8 Housing Choice Voucher rental assistance if the family demonstrates that it has (a) conveyed title to the home to HUD or its designee, as required by HUD; (b) moved from the home within the period established or approved by HUD; and, (c) left the home in good condition.

B. Default on non-FHA-Insured Mortgage.

If the family defaults on a mortgage that is not FHA-insured, the HA may, at its discretion, and subject to the availability of funding, permit the family to move with continued Section 8 Housing Choice Voucher rental assistance if the family demonstrates that it has (a) conveyed title to the home to the lender, to the HA or to its designee, as may be permitted or required by the lender; (b) moved from the home within the period established or approved by the lender and/or the HA; and, (c) left the home in good condition.

7. THE HA ADMINISTRATIVE FEE

For each month that homeownership assistance is paid by the HA on behalf of the family, the HA shall be paid the ongoing administrative fee described in 24 C.F.R. §982.152(b).

8. WAIVER OR MODIFICATION OF HOMEOWNERSHIP POLICIES

The Director of the HA shall have the discretion to waive or modify any provision of the Section 8 Homeownership Program or policies not governed by statute or regulation for good cause or to comply with changes in HUD regulations or directives.