

**SANTA FE COUNTY
HOUSING AUTHORITY BOARD
RESOLUTION NO. 2019 - 3 HB**

**A RESOLUTION APPROVING THE SANTA FE COUNTY HOUSING
AUTHORITY'S HOMEOWNERSHIP POLICY**

WHEREAS, Santa Fe County Housing Authority (SFCHA) shall adopt a written policy that establishes policies and procedures for homeowners participating in the Homeownership Program; and

WHEREAS, a Homeownership Policy is necessary to provide guidance to staff and participants in the Homeownership Program; and

WHEREAS, having a Homeownership Policy in place keeps the SFCHA in compliance with state law and federal regulations; and

WHEREAS, the SFCHA shall administer the Homeownership Policies in accordance with SFCHA Policies;

NOW, THEREFORE, BE IT RESOLVED by the Santa Fe County Housing Authority Board hereby adopts the SFCHA's Homeownership Policy for the Homeownership Program, attached hereto as Exhibit A.

PASSED, APPROVED, AND ADOPTED THIS 29 **DAY OF** January, 2019.

SANTA FE COUNTY HOUSING AUTHORITY BOARD

By: Anna T. Hamilton
Anna T. Hamilton, Chair

ATTEST:

Geraldine Salazar Date: 1-29-2019
Geraldine Salazar, Santa Fe County Clerk



SFC CLERK RECORDED 01/30/2019

APPROVED AS TO FORM:

R. Bruce Fredrick
R. Bruce Fredrick, Santa Fe County Attorney

COUNTY OF SANTA FE)
STATE OF NEW MEXICO) ss

HOUSING RESOLUTION
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Hereby Certify That This Instrument Was Filed for
Record On The 30TH Day Of January, 2019 at 10:22:03 AM
and Was Duly Recorded as Instrument # 1877877
In The Records Of Santa Fe County



Witness My Hand And Seal Of Office
Geraldine Salazar
Deputy County Clerk, Santa Fe, NM

HOMEOWNERSHIP
(24 CFR 982.625 through 982.643)

Overview [24 CFR 982.625]

The Santa Fe County Housing Authority (SFCHA) HCV Homeownership Program is designed to expand homeownership opportunities for voucher participants. This Program will assist Housing Choice Voucher (HCV) participants to transition from rental assistance to homeownership using their voucher assistance.

The HCV Homeownership Program is available to all voucher holders who meet the minimum qualifications set forth in this plan and who have the ability to independently secure a mortgage loan.

With the exception of unique eligibility and “family obligation” procedures identified elsewhere in the chapter, SFCHA will administer the HCV Homeownership Program in accordance with all the policies and procedures contained in the HCV Administrative Plan and 24 CFR Part 982.625

FAMILY ELIGIBILITY [24 CFR 982.627]

Participation in the HCV Homeownership Program is voluntary. Each participant must meet the general requirements for admission to the HCV rental program as set forth in the SFCHA’s Section 8 Administrative Plan. The family must also meet all eligibility requirements of the HCV Homeownership Program listed below before the commencement of homeownership assistance.

General Requirements

- Only current participants in the HCV rental program who have received assistance for at least one full year from SFCHA may apply for the Homeownership Program. All participants must be enrolled in the FSS/ROSS program for a minimum of 1 year.

If a program participant is a “port in” to the SFCHA jurisdiction and wants to enroll in the Homeownership Program, SFCHA must be able to absorb the port in and the participant must reside in our jurisdiction and participate in the HCV rental program administered by SFCHA for one year to be eligible for the Homeownership Program.

- Except for cooperative members who have acquired cooperative membership shares prior to the commencement of homeownership assistance, the family has entered a contract of sale in accordance with 24 CFR 982.631 (c)
- The family has not defaulted on a mortgage securing debt to purchase a home under homeownership option

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- An applicant must be in good standing with their landlord and SFCHA with regard to their family obligations.
- The family must satisfy the prerequisite of being in “good standing” prior to receiving a *Pre-Qualifying Application* for the Homeownership Program. For the purposes of the Homeownership Program, “good standing” is defined as meeting all the conditions prior to and during the homeownership shopping period, as outlined below.
- A landlord reference(s) 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 *S8HOP-Landlord reference letter*. All verifications will be completed via third-party written or oral communication with applicant’s landlord.
 - Within the past year, the family has met all the HUD and SFCHA family obligations under the HCV program.
 - Within the past year and throughout the homeownership shopping period, the family may not owe SFCHA or any other housing authority any outstanding debt nor enter into a repayment agreement. A participant may become eligible to apply for the HCV Homeownership Program on the anniversary date of full payment of the debt, subject to meeting the other conditions of good standing.
- An applicant must be a “first-time homeowner.”

To qualify as a “first-time homeowner,” the assisted family may not include any person with a “present ownership interest” in a residence during the three years before the commencement of homeownership assistance for the family. Cooperative membership shares acquired prior to the commencement of homeownership assistance are exempt from this rule. A single parent or displaced homemaker who, while married, owned a home with his or her spouse, or resided in a home owned by his or her spouse, is considered a “first-time homeowner.”

Other conditions also apply to “first-time homeowner” definition:

- No family member may have a present ownership interest in a second residence while receiving homeownership assistance.
- If SFCHA determines that a disabled family requires home-ownership assistance as a reasonable accommodation, the first-time homeowner requirement does not apply.

- SFCHA will not commence homeownership assistance for a family if any family member has previously received assistance under the homeownership option, and has defaulted on a mortgage securing debt incurred to purchase the home.
- An applicant must demonstrate a minimum down payment of at least three percent (3%) or more. One percent (1%) of the purchase price of the property must come from the family's personal resources.
- An applicant must meet the minimum income standards defined below:
 - For a family whose head of household or spouse is an individual that experiences permanent disability, the standard is equal to the monthly Federal Supplemental Social Security Income (SSI) benefit for an individual living alone (or paying his or her share of food and housing costs) multiplied by twelve.
 - For non-disabled working families, the minimum income standard is the Federal Minimum Wage multiplied by 2,000 hours.

For the purposes of program eligibility, welfare assistance may only be counted as income in cases where the applicant meets the definition of an elderly or disabled family.

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

- An applicant must attend and satisfactorily complete a First-time Homebuyers Training Class with a HUD-approved housing counseling agency.

Employment Obligations

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 and an annualized income, will be considered continuously employed for purposes of HCV Homeownership program eligibility and subsequent employment requirements.

- The applicant head of household, spouse, or adult that will be on the mortgage document 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 Federal Minimum Wage times 2,000 hours during the preceding 12 months.
- The applicant head of household, spouse or adult 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 SFCHA ‘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.

SFCHA 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 eight consecutive weeks.

Documentation of the initial employment requirement for the HCV Homeownership program will be completed using *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 *Voucher Choice Homeownership Program Work Certification* at annual reexamination.

Lenders may require participants to demonstrate a work history showing 40 hours per week of full-time, continuous employment for no less 24 months.

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

Application Process

During the interview with the Homeownership Coordinator, the Coordinator will explain the HCV Homeownership Program in detail and go over the eligibility process with the family. If the family meets the initial qualifications than an application for participation is completed. The application includes information on income, assets, obligations, and family composition.

Application Attachments

1. Documentation of attendance at a HUD-approved Homeownership Training Pre-Purchase Housing Class. Partner agencies will be available to provide one-on-one counseling services specifically targeted for home buyers.
2. A signed S8HOP-*Landlord Reference Letter*.
3. If applicable, *Disability Verification Form*, if not on file.
4. If applicable a *Verification of Need for Special Unit or Reasonable Accommodation*, if not on file.
5. The applicant must document household composition for all individuals who will reside in the household.

All documentation is subject to independent verification by SFCHA program staff. The Program Coordinator will review the file for discrepancies or omissions. If, at any time throughout the process, the Program Coordinator sees a discrepancy in reported income, assets, or family share, he/she shall report it to the Housing Program Assistant (HPA). The HPA shall perform an interim reexamination, resolve whether further action is necessary, and report the outcome to the Program Coordinator.

- If, in the course of a loan application, a loan originator, or other third party, documents income not previously reported to SFCHA, SFCHA will conduct an interim reexamination of income. Should the reexamination result in a debt or proposed repayment agreement, SFCHA shall retain sole discretion to withdraw the family from participation 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 SFCHA will reconsider them for participation in the HCV Homeownership Program.

SFCHA must determine what is reasonable based on the specific circumstances and individual needs of a person with a disability. SFCHA must approve a live-in aide if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities.

Eligible Units [24CFR 982.628]

Eligible home must be located within the respective geographic boundaries that govern the HCV rental program.

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

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- A new or existing home.
- A single-family home;
- A condominium; the unit must be a one-unit property or a single dwelling unit in a cooperative or condominium.
- A home in a planned use development, a cooperative, a loft or live/work unit;
- A manufactured home, if situated on a privately owned site and the home must have a permanent foundation. (This will be subject to the lender's discretion as to whether to approve this type of home.)

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. Newly constructed homes are eligible for assistance when the construction is 100% complete, provided a "Certificate of Occupancy" is issued before the family completes the purchase transaction.

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

- SFCHA informs the family, both orally and in writing, that the family has the right to purchase any eligible unit and a SFCHA-owned unit is freely selected by the family without SFCHA pressure or steering;
- The unit is not an eligible housing unit; The unit may not be any of the following:
 - A Public housing or Indian housing unit;
 - A unit receiving Section 8 project-based assistance;
 - A nursing home, board and care home, or facility providing continual psychiatric, medical or nursing services.
 - A college or other school dormitory;
 - On the grounds of penal, reformatory, medical, mental, or similar public or private institutions.
- (i) SFCHA inspects the unit for compliance with Housing Quality Standards (HQS), reviews the independent inspection report performed by an independent inspector designated by the family, reviews the contract of sale, determines the reasonableness of the sales price and any SFCHA provided financing. All of these actions must be completed in accordance with program requirements. SFCHA may 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 HCV Program.

SFCHA must not approve the unit if the SFCHA has been informed that the seller is debarred, suspended, or subject to limited denial of participation.

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 in to contract for sale. However, SFCHA shall not commence homeownership assistance for the family for that unit, unless and until either:

- (ii) The responsible entity completed the environmental reviews 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
- (iii) HUD performed an environmental review under 24 CFR part 50 and notified SFCHA in writing of environmental approval of the site prior to commencement of construction;

ADDITIONAL SFCHA REQUIREMENTS FOR SEARCH AND PURCHASE [24 CFR 982.629]

It is the family's responsibility to find a home that meets the criteria for voucher homeownership assistance. The SFCHA may establish the maximum time that will be allowed for a family to locate and purchase a home, and may require the family to report on their progress in finding and purchasing a home.

DETERMINING "MORTGAGE READY" APPLICANTS HOMEOWNERSHIP COUNSELING [24 CFR 982.630]

Homeownership Counseling

SFCHA will require a First-Time Homebuyers Training Certificate provided by a HUD-approved trainer prior to issuance of the Homeownership Voucher. A HCV applicant must attend and satisfactorily complete the pre-counseling program. The counseling program covers the topics listed below. Applicants who SFCHA determines are not yet "mortgage ready" may be required to obtain additional information on any of the following issues:

- 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;
- Advantages of purchasing a home in an area that does not have a high concentration of low-income families and how to locate homes in such areas;
- Information on fair housing, including fair housing lending and local fair housing enforcement agencies; and
- Information about the Real Estate Settlement Procedures Act (12 U.S.C. 2601 et seq.) (RESPA), State and Federal truth-in-lending laws, and how to identify and avoid loans with oppressive terms and conditions;
- Home maintenance (including care of the grounds)
- Taxes, pro-ration of taxes if assisted by the program;
- Inspection criteria, HQS requirements, special requirements in the contract for sale;

SFCHA may adapt the subjects covered in pre-assistance counseling (as listed) to local circumstances and the needs of individual families. SFCHA may also offer additional counseling after commencement of homeownership assistance (ongoing counseling). SFCHA shall have discretion to determine whether the family is required to participate in the ongoing counseling.

Pre-Qualification with a HUD-Approved Lender

If the HCV Homeownership Program Coordinator determines that the family meets minimum eligibility criteria he/she will deliver a copy of the Pre-Qualification Application to the participant. These documents will assist the lender in determining the maximum sales price and loan amount in the pre-qualification process. The issuance of these documents 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 may determine a participant's ability to secure a home mortgage. All participants will qualify independently through a mortgage lender of their choice.

Homeownership Voucher

Once the family has completed the Homeownership Training and pre-qualified with a HUD-Approved Lender, the Homeownership Coordinator will issue a Homeownership Voucher so the applicant can begin shopping for a home to purchase.

SFCHA does on-going Homeownership Training with local realtors, and will have this list available should the family need assistance. It will be up to the family to interview these realtors and make a decision as to who they wish to work with.

Family Search and Offer to Purchase

At the time the *Homeownership Voucher* is issued, the family is placed in "home shopping status." The family has 180 days to locate and make an offer on a home, and secure a prequalification letter from their lender. The Program Coordinator may recommend three additional 30 day extensions not to exceed a total of 270 home shopping days. Additional 30-day extension are available on a case by case basis, subject to approval by the Santa Fe County Housing Authority director or her/his designee.

Changes in Family Size or Composition

All changes in family composition must be reported to the Housing Program Assistant and the HCV Homeownership Program Coordinator. The *Homeownership Voucher* will reflect the applicable subsidy standard SFCHA assigns to the family based upon the family size and composition. The final *Voucher Payment Breakdown* will be issued based upon the subsidy standard applicable on the date of closing.

Changes in the Payment Standards

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. SFCHA will reissue a revised *Total Tenant Payment Estimated Worksheet* and *Voucher Payment Breakdown* per the effective date of the new Payment Standard.

Occasionally, a buyer and seller may execute an Earnest Money Agreement prior to a decrease in payment standard, with the closing taking place after the effective date of a decreased payment standard. For families whose head of household, spouse or co-tenant experiences permanent disability, SFCHA may request HUD approval to use the payment standard in effect on the date the Earnest Money 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.

HOME INSPECTIONS, CONTRACT OF SALE, AND SFCHA DISAPPROVAL OF SELLER [24 CFR 982.631]

Eligible homes must be located within the boundaries of the HCV Homeownership Program.

Before commencement of homeownership assistance or receipt of a down payment assistance grant, the homeownership applicant must enter into a contract of sale, or earnest money agreement, with the home seller.

- SFCHA will provide the buyer with an *Addendum to the Residential Purchase Agreement*. Both the buyer and seller must execute the earnest money agreement and *Addendum*.

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.
- Provide that the purchaser is not obligated to purchase the unit unless the inspection is satisfactory to the purchaser and SFCHA.
- Provide that the purchaser is not obligated to pay for any necessary repairs; and contain a certification from the seller that the seller has not been debarred, suspended, or subjects to a limited denial of participation under CFR part 24.
- 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 SFCHA.

Disapproval of a seller

In its administrative discretion, SFCHA may deny approval of a seller for the same reasons a PHA may disapprove an owner under the regular HCV program [see 24 CFR 982.306 (C)]

HOME INSPECTIONS

Two home inspections are required prior to purchase: (1) A HQS inspection, and (2) an independent home inspection.

1. Independent Home 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 SFCHA 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. The unit must pass a termite or wood destroying organism report and any other requirements as determined by the State.

SFCHA may not require the family to use an independent inspector selected by SFCHA. The independent inspector may not be a SFCHA employee or contractor, or other person under the control of SFCHA. However, SFCHA has established standards for qualifications of inspectors selected by families under the HCV Homeownership Program.

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

2. Housing Quality Standards (HQS) Inspection

SFCHA will conduct an initial Housing Quality Standards (HQS) inspection to assess the condition of the home after the Independent Inspection. If necessary, SFCHA staff will meet with the family to go over the inspection results so the family can decide whether they want to purchase that home or continue to look for another.

A final HQS Inspection is required whenever the home is 100% ready for occupancy. The condition of the home must satisfy HQS standards before a sale may occur. No further HQS inspections are required. However, SFCHA reserves the right to conduct interim HQS inspections before continuing to provide yearly homeownership assistance if they choose. SFCHA may exercise this option if it has reason to believe that the unauthorized individuals are living in the household.

If the home does not pass the initial HQS inspection, then the Homeownership Program Coordinator will discuss with the purchasing family whether it would be more feasible to locate another home to purchase, or to have the needed repairs completed prior to the sale.

FINANCING AND AFFORDABILITY OF PURCHASE [24 CFR 982.632]

It is the responsibility of the family to secure financing for the home purchase. The issuance of the Homeownership voucher does not guarantee that a family has the ability to secure financing for a home purchase. The Homeownership Program Coordinator and/or partner agencies will provide guidance to potential home buyers to ensure they avail themselves of various down payment assistance programs, optimum loan packages, mortgage interest rates, and ways to avoid predatory lending practices.

SFCHA may establish requirements for financing purchase of a home under the homeownership option. 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.

SFCHA may not require that families acquire financing from one or more specified lenders, thereby restricting the family's ability to secure favorable financing terms.

Down Payment Requirement

The purchasing family is required to invest at least three percent (3%) of the purchase price of the home. This 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. [24CFR 982.625]

The buyer may acquire financing through any SFCHA approved lender. If the home is purchased using the FHA mortgage insurance, it is subject to FHA mortgage insurance requirements.

Qualified participants may use the value of rental assistance as a form of "income" to help them qualify for a mortgage. Their assistance may be applied directly against their mortgage payment, therefore enabling a borrower to qualify for a home purchase.

There is no prohibition against using local/state grants or other subsidized financing in conjunction with the HCV Homeownership Program. The program can be combined with a variety of mortgage loan products and other HUD programs to assist a potential home buyer in achieving the most favorable interest rate and terms of purchase.

Lending Partners

SFCHA may not influence a family's choice of lending options by limiting the use of homeownership assistance to particular units, neighborhoods, developers, lenders or require a family to use a set financing approach. However, HUD encourages local public housing authorities to develop partnerships with lenders to better serve the needs of families. SFCHA will counsel the family to avoid predatory lenders or lending practices. SFCHA will honor any financing package that arises from any lender approved by the SFCHA.

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 Homeownership Assistance Payment (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.

Loan Restrictions

Mortgages with balloon payments, interest only loans or variable interest rates are not allowed under this program. The buyer may not enter into a seller financing or lease-purchase agreement under this program.

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

SFCHA must approve any proposed refinancing of the property. A loan committee will be convened to review all requests for refinancing. The loan committee will be comprised of the Program Coordinator, Housing Director, and a representative of a partner community service agency.

Refinancing the property, without prior written approval from SFCHA may result in termination of the HCV Homeownership assistance. The family must request in writing a request for consideration for approval and provide the terms and conditions of any loan offer.

In making its determination, SFCHA will take into account the reason(s) for the request to refinance, as well as the current assets and liabilities of the family, and how the refinancing will

impact the total tenant payment. Homeownership assistance may continue if refinancing is approved, but will be limited to the remaining term on the initial mortgage loan.

CONTINUED ASSISTANCE: FAMILY OBLIGATIONS [24 CFR 982.633]

After a home is located, but before homeownership assistance can begin, the family and SFCHA 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, form HUD-52649*” will be reviewed and executed at the HCV homeownership orientation. A new *Mortgage Payment & Voucher Subsidy Breakdown* and a new *SFCHA Statement of Family Obligations* must be signed prior to any change in the housing assistance payment after closing.

Continuous Reporting Requirements

SFCHA will reexamine the family’s income and composition on an annual basis.

After purchase of the home, the family must continue to adhere to the “HUD Statement of Homeowner Obligations” and the SFCHA Statement of Family Obligations in order to continue to receive the monthly HAP. The “HUD Statement of Homeowner Obligations” will be reviewed by the family and signed at each annual reexamination.

Working families are required to annually document continued compliance with the full-time work requirement of the program by annual completion of the *Voucher Choice Homeownership Program Work Certification.*

A family must disclose all changes in income within thirty (30) business days of the change 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 SFCHA approval. SFCHA 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.

SFCHA may require families who become delinquent on their mortgage payments to participate in additional homeownership and/or credit counseling classes.

SFCHA may deny or terminate assistance for violation of participant obligations as described in the “HUD Statement of Homeowner Obligations” or the SFCHA Statement of Family Obligations.

Continuous Employment Obligations

- The applicant head of household or spouse must remain continuously employed (no less than 30 hours per week) with countable income while participating in the program.

- During economic hard times SFCHA will have the option to allow individuals to work less than 30 hours a week on a case by case basis. Providing that it is the employer's option to reduce the work hours not the employees. The homeowner must provide SFCHA with written documentation from the employer showing the number of hours they will be working and the reason for the reduction in work hours.
- Part-time employment by both parties, totaling over 30 hours per week, does not constitute full-time employment by either party.
- An exception to this rule will be when there are 2 adult members of the family who own the home and are attending school the 30 hrs. of employment can be shared providing that both adult members are full-time students. Class schedules and completion of credit hours will be required at Annual Certifications.
- Families currently participating in the Homeownership Program that do not meet the employment criteria must obtain full-time employment no later than 60 days after their Annual Recertification. *A 60-day Notice to Correct will be given to them at Annual Certification or during an interim Certification whichever comes first.* Failure to correct the result in a correctable 30-day Notice of Termination.

For continued eligibility purposes, continuous employment is defined two ways. Continuous employment by the head, spouse, or co-head defined as full time employment (average of 30 hours per week) with no gap in employment lasting more than four weeks total (30 hours x 48 weeks=1440 hours). Or, countable earned income received by the head, spouse or co-head during the past year greater than the Federal Minimum Wage times 2000 hours. This amount may change in accordance with new Federal Minimum Wage rates.

The employment requirement is not applicable to elderly families or those who head of household or spouse experience permanent disability.

Mitigating Circumstances

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

SFCHA 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.

SFCHA will allow week-for-week substitutions whenever any of these benefits are received.

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 a 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 local Area coordinator recommendation to the HCV Program Coordinator. The Program Coordinator will convene a three-person committee to review any additional mitigating circumstances that prevent a participant's return to full-time employment within the time frames allotted. Determinations of the review committee are made on a case-by-case basis. Their decisions are subject to final approval by the SFCHA Housing Director.

Guest and Changes in Family Composition

All changes in family composition must be reported to SFCHA. 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. SFCHA 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 SFCHA may take appropriate action up to and including termination of assistance.

Other Continued Family Obligations

In addition to completing the HUD Statement of Homeowner Obligations, the participant must also complete SFCHA's Statement of Family Obligations and Purchase Agreement Addendum prior to the issuance of the homeownership voucher. In doing so, the participant is agreeing to comply with all family obligations under the HCV Homeownership Program, including but not limited to the following:

- The family must comply with the terms of any mortgage securing debt incurred to purchase the home or any refinancing of such debt.
- The family may not convey or transfer ownership of the home, except for purposes of financing, refinancing, or pending settlement of the estate of a deceased family member. Use and occupancy of the home are subject to 24 CFR 982.551 (h) and (i).

- A home equity loan, loan modification or any refinancing may not be acquired without prior written consent of the SFCHA. A committee of three members will review the conditions of the proposed loan before approving the loan. The committee members will consist of the SFCHA Homeownership Program Coordinator, SFCHA Director and a certified Housing Counseling Agency.
- Agree to the continued employment requirement as stated in SFCHA's Administrative Plan.
- 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 SFCHA concerning financing, the transfer of any interest in the home, or the family's homeownership expenses.
- While receiving homeownership assistance, the family must notify SFCHA before the family moves out of the home.
- The family must, at annual reexamination, document that the family is current on mortgage, insurance, escrow account, 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 a 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 SFCHA, 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 SFCHA

- Agree that the family must immediately notify SFCHA of any late payment, delinquency notices, or default notices and must agree to participate in default counseling with a designated agency to become current.
- Agree to attend any identified financial, homeowner or post purchase counseling during time of assistance.
- Agree that should they itemize deductions for IRS taxing purposes, they shall deduct in accordance with the IRS opinion that provides for a prorated deduction of the interest on a homeownership mortgage and homeownership taxes.
- The family must comply with the obligations of a participant family describes in 24 CFR 982.551, except for the following provisions which do not apply to assistance under the homeownership option: 24 CFR 982.551 (c), (d), (e), (f), (g) and (j).

MAXIMUM TERM OF HOMEOWNERSHIP ASSISTANCE [24 CFR 982.634]

For working households, homeownership assistance is available for a maximum 15-year term for mortgages with a 20- year or longer term and a maximum 10-year term in all other cases. The term is calculated from the date of issuance of the first housing assistance payment on the initial mortgage loan.

Families that qualify as a disabled family at the commencement of homeownership assistance, or at any time during the provision of homeownership assistance, are not subject to the 15-year term limitation. Homeownership assistance is available for a disabled family as long as the family remains eligible for the program.

In the case of an elderly family, the maximum term is for as long as they are eligible, provided the family qualifies as an elderly family at the start of homeownership assistance. In the case of a disabled family, the exception applies if at any time during receipt of homeownership assistance the family qualifies as a disabled family.

If, during the course of homeownership assistance, the family ceases to qualify as a disabled 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.

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 initial mortgage loan.

HOMEOWNERSHIP ASSISTANCE PAYMENTS (HAP) AND HOMEOWNERSHIP EXPENSES [24 CFR 982.635]

While the family is residing in a homeownership unit, the HAP is equal to the lower of: (1) the payment standard minus the total payment, or (2) the monthly homeownership expenses minus the total tenant payment.

Payment Standard/Subsidy Standard

In determining the amount of the homeownership assistance payment, SFCHA will use the same payment standard schedule, payment standard amounts, and subsidy standards as those described elsewhere in this plan for the Housing Choice Voucher program.

For homeownership assistance, the payment standard for the family is the lower of: (1) the payment standard for the family unit size, or (2) the payment standard for the size of the home purchased (number of bedrooms in the house). At the annual anniversary, SFCHA will apply a payment standard that is the greater of: (1) the payment as calculated in 24 CFR 982.637, at the commencement of homeownership assistance, or (2) the SFCHA payment standard for the family unit size, used at its most recent annual anniversary. The SFCHA subsidy standards determine the bedroom-number the SFCHA assigns to the family based upon its size and composition. The initial subsidy standard applied to a homeownership family is the same standard used for the rental program. The *Voucher Payment Breakdown* will be issued based on the current subsidy and payment standards in effect on the date of closing.

The respective payment and subsidy standard applicable on the date of closing establishes the baseline payment and subsidy standards for the unit. The payment standard for subsequent years is the greater of: (1) the payment standard at the commencement of homeownership assistance, or (2) the payment standard at the most recent annual re-examination. Unlike the voucher rental program, the initial payment standard shall be the base for future housing payments. The payment standard shall not drop below the initial amount due to changes by HUD or due to changes in family composition.

SFCHA may pay the homeownership assistance payment directly to the family, or at the SFCHA's discretion, to a lender on behalf of the family. If the assistance payment exceeds the amount due to the lender, SFCHA must pay the excess directly to the family.

The family is responsible for all monthly homeownership expenses not reimbursed by the housing assistance payment. Homeownership expenses include:

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- Principal and interest on the initial mortgage debt and any refinancing of such debt; and any mortgage insurance premium incurred to finance the purchase of the home;
- Real estate taxes and public assessments on the home;
- Home insurance;
- Cooperative or condominium operating charges or maintenance fees assessed by the condominium or cooperative homeowner association;
- The SFCHA allowance for maintenance expenses;
- The SFCHA allowance for cost of major repairs and replacement;
- The SFCHA utility allowance for the home; and
- Principal and interest on debt incurred to finance major repairs, replacements or improvements for the home. If a member of the family is a person with disabilities, such debt may include debt incurred by the family to finance costs needed to make the home accessible for such person, if the SFCHA determines that the allowance of such costs as homeownership expenses is needed as a reasonable accommodation so that the homeownership option is readily accessible to and usable by such person.
- Cooperative operative charges or maintenance fees assessed by the cooperative homeowner association.

PORTABILITY [24 CFR 982.636, 982.637, 982.353 (B) AND (C), 982.552, 982.553]

Subject to the restrictions on portability included in HUD regulations and the Public Housing Authority (PHA) policies, a family may exercise portability if the receiving PHA is administering a voucher Homeownership Program and accepting new homeownership families. 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. The receiving PHA may absorb the family into its voucher program, or bill the initial PHA.

The family must attend the briefing and counseling sessions required by the receiving PHA. The receiving PHA will determine whether the financing for, and the physical condition of the unit, are acceptable. The receiving PHA must promptly notify the initial PHA if the family is unable to purchase a home within the maximum time established by the PHA. SFCHA will also accept families from another HCV Homeownership Program subject to SFCHA admission requirements for the HCV Homeownership Program. It will administer the voucher if approved for homeownership.

MOVING WITH CONTINUED ASSISTANCE [24 CFR 982.637]

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.

SFCHA may deny permission to move to a unit with continued voucher assistance:

- If the SFCHA has insufficient funding to provide continued assistance.
- In accordance with 24 CFR 982.638 regarding denial or termination of assistance.
- In accordance with the SFCHA policy regarding number of moves within a 12-month period.

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

- The family defaulted (24 CFR 982.638 (d)) on an FHA-insured or non 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.
- Any family receiving homeownership assistance is dispossessed from the home pursuant to a judgment or order of foreclosure.

If a family request to return to rental assistance, SFCHA 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 Program. The family must sell the home before SFCHA provides rental assistance.

DENIAL OR TERMINATION OF ASSISTANCE [24CFR 982.638]

At any time, SFCHA, may deny or terminate homeownership assistance in accordance with HCV program requirements in 24CFR 982.552 (Grounds for denial or termination of assistance) or 24CFR 982.553 (Crime by family members).

SFCHA, may also deny or terminate assistance for violation of participant obligations described in 24 CFR Parts 982.551 or 982.633 and in accordance with its own policy.

SFCHA must terminate voucher homeownership assistance for any member of the family receiving homeownership assistance that is dispossessed from the home pursuant to a judgment or order to purchase the home, or any refinancing of such debt.

Occupancy of Home

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

Changes in Income Eligibility

SFCHA may adjust a family's homeownership assistance based upon changes in family income per policy listed in the rental program.

Participation in the HCV Homeownership Program shall continue until such times as the assistance payment amounts to zero for a period of six consecutive months. 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, SFCHA, reserves the right to extend the period past 180 days, should there be documented extenuating circumstances for an extension of time period. Such documented extenuating circumstances include but are not limited to:

- Death in the family
- Loss of employment
- Documentation of a medical or financial hardship beyond the control of the family for a member of the assisted household.

Refusal to Meet Continuous Work Requirement

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

INFORMAL HEARINGS (24 CFR 982.55)

An informal hearing will be provided for participants who are being terminated from the 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.

RECAPTURE

SFCHA 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.

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