

PHA Plans

Streamlined Annual Version

**U.S. Department of Housing and
Urban Development**
Office of Public and Indian
Housing

OMB No. 2577-0226
(exp. 08/31/2009)

This information collection is authorized by Section 511 of the Quality Housing and Work Responsibility Act, which added a new section 5A to the U.S. Housing Act of 1937 that introduced 5-year and annual PHA Plans. The full PHA plan provides a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA's mission and strategies for serving the needs of low-income and very low-income families. This form allows eligible PHAs to make a streamlined annual Plan submission to HUD consistent with HUD's efforts to provide regulatory relief for certain types of PHAs. Public reporting burden for this information collection is estimated to average 11.7 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Privacy Act Notice. The United States Department of Housing and Urban Development, Federal Housing Administration, is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Information in PHA plans is publicly available.

Streamlined Annual PHA Plan

for Fiscal Year: 2007

PHA Name: Archuleta County Housing Authority

NOTE: This PHA Plan template (HUD-50075-SA) is to be completed in accordance with instructions contained in previous Notices PIH 99-33 (HA), 99-51 (HA), 2000-22 (HA), 2000-36 (HA), 2000-43 (HA), 2001-4 (HA), 2001-26 (HA), 2003-7 (HA), and any related notices HUD may subsequently issue.

Streamlined Annual PHA Plan Agency Identification

PHA Name: Archuleta County Housing Authority
PHA Number: CO-081

PHA Fiscal Year Beginning: 01 / 2007

PHA Programs Administered:

Public Housing and Section 8 **Section 8 Only** **Public Housing Only**
Number of public housing units: Number of S8 units: Number of public housing units:
Number of S8 units:

PHA Consortia: (check box if submitting a joint PHA Plan and complete table)

Participating PHAs	PHA Code	Program(s) Included in the Consortium	Programs Not in the Consortium	# of Units Each Program
Participating PHA 1:				
Participating PHA 2:				
Participating PHA 3:				

PHA Plan Contact Information:

Name: Tami Miller Phone: 970-259-1086
TDD: 1-877-735-2929 Email (if available):
tmiller@swhousingsolutions.com

Public Access to Information

Information regarding any activities outlined in this plan can be obtained by contacting: (select all that apply)

PHA's main administrative office PHA's development management offices

Display Locations For PHA Plans and Supporting Documents

The PHA Plan revised policies or program changes (including attachments) are available for public review and inspection. Yes No.

If yes, select all that apply:

Main administrative office of the PHA
 PHA development management offices
 Main administrative office of the local, county or State government
 Public library PHA website Other (list below)

PHA Plan Supporting Documents are available for inspection at: (select all that apply)

Main business office of the PHA PHA development management offices

Other (list below)

Streamlined Annual PHA Plan

Fiscal Year 2007

[24 CFR Part 903.12(c)]

Table of Contents

[24 CFR 903.7(r)]

Provide a table of contents for the Plan, including applicable additional requirements, and a list of supporting documents available for public inspection.

A. PHA PLAN COMPONENTS

- 1. Site-Based Waiting List Policies
903.7(b)(2) Policies on Eligibility, Selection, and Admissions
- 2. Capital Improvement Needs
903.7(g) Statement of Capital Improvements Needed
- 3. Section 8(y) Homeownership
903.7(k)(1)(i) Statement of Homeownership Programs
- 4. Project-Based Voucher Programs
- 5. PHA Statement of Consistency with Consolidated Plan. Complete only if PHA has changed any policies, programs, or plan components from its last Annual Plan.
- 6. Supporting Documents Available for Review
- 7. Capital Fund Program and Capital Fund Program Replacement Housing Factor, Annual Statement/Performance and Evaluation Report
- 8. Capital Fund Program 5-Year Action Plan

B. SEPARATE HARD COPY SUBMISSIONS TO LOCAL HUD FIELD OFFICE

Form HUD-50076, PHA Certifications of Compliance with the PHA Plans and Related Regulations: Board Resolution to Accompany the Streamlined Annual Plan identifying policies or programs the PHA has revised since submission of its last Annual Plan, and including Civil Rights certifications and assurances the changed policies were presented to the Resident Advisory Board for review and comment, approved by the PHA governing board, and made available for review and inspection at the PHA's principal office;

For PHAs Applying for Formula Capital Fund Program (CFP) Grants:

Form HUD-50070, Certification for a Drug-Free Workplace;

Form HUD-50071, Certification of Payments to Influence Federal Transactions; and

Form SF-LLL & SF-LLL a, Disclosure of Lobbying Activities.

1. Site-Based Waiting Lists (Eligibility, Selection, Admissions Policies)

[24 CFR Part 903.12(c), 903.7(b)(2)]

Exemptions: Section 8 only PHAs are not required to complete this component.

A. Site-Based Waiting Lists-Previous Year

1. Has the PHA operated one or more site-based waiting lists in the previous year? If yes, complete the following table; if not skip to B.

Site-Based Waiting Lists				
Development Information: (Name, number, location)	Date Initiated	Initial mix of Racial, Ethnic or Disability Demographics	Current mix of Racial, Ethnic or Disability Demographics since Initiation of SBWL	Percent change between initial and current mix of Racial, Ethnic, or Disability demographics

2. What is the number of site based waiting list developments to which families may apply at one time?
3. How many unit offers may an applicant turn down before being removed from the site-based waiting list?
4. Yes No: Is the PHA the subject of any pending fair housing complaint by HUD or any court order or settlement agreement? If yes, describe the order, agreement or complaint and describe how use of a site-based waiting list will not violate or be inconsistent with the order, agreement or complaint below:

B. Site-Based Waiting Lists – Coming Year

If the PHA plans to operate one or more site-based waiting lists in the coming year, answer each of the following questions; if not, skip to next component.

1. How many site-based waiting lists will the PHA operate in the coming year?
2. Yes No: Are any or all of the PHA’s site-based waiting lists new for the upcoming year (that is, they are not part of a previously-HUD-approved site based waiting list plan)?

- If yes, how many lists?
3. Yes No: May families be on more than one list simultaneously
If yes, how many lists?
4. Where can interested persons obtain more information about and sign up to be on the site-based waiting lists (select all that apply)?
- PHA main administrative office
 - All PHA development management offices
 - Management offices at developments with site-based waiting lists
 - At the development to which they would like to apply
 - Other (list below)

2. Capital Improvement Needs

[24 CFR Part 903.12 (c), 903.7 (g)]

Exemptions: Section 8 only PHAs are not required to complete this component.

A. Capital Fund Program

1. Yes No Does the PHA plan to participate in the Capital Fund Program in the upcoming year? If yes, complete items 7 and 8 of this template (Capital Fund Program tables). If no, skip to B.
2. Yes No: Does the PHA propose to use any portion of its CFP funds to repay debt incurred to finance capital improvements? If so, the PHA must identify in its annual and 5-year capital plans the development(s) where such improvements will be made and show both how the proceeds of the financing will be used and the amount of the annual payments required to service the debt. (Note that separate HUD approval is required for such financing activities.).

B. HOPE VI and Public Housing Development and Replacement Activities (Non-Capital Fund)

Applicability: All PHAs administering public housing. Identify any approved HOPE VI and/or public housing development or replacement activities not described in the Capital Fund Program Annual Statement.

1. Yes No: Has the PHA received a HOPE VI revitalization grant? (if no, skip to #3; if yes, provide responses to the items on the chart located on the next page, copying and completing as many times as necessary).
2. Status of HOPE VI revitalization grant(s):

HOPE VI Revitalization Grant Status	
a. Development Name:	
b. Development Number:	
c. Status of Grant:	
<input type="checkbox"/>	Revitalization Plan under development
<input type="checkbox"/>	Revitalization Plan submitted, pending approval
<input type="checkbox"/>	Revitalization Plan approved
<input type="checkbox"/>	Activities pursuant to an approved Revitalization Plan underway

3. Yes No: Does the PHA expect to apply for a HOPE VI Revitalization grant in the Plan year?
If yes, list development name(s) below:

4. Yes No: Will the PHA be engaging in any mixed-finance development activities for public housing in the Plan year? If yes, list developments or activities below:

5. Yes No: Will the PHA be conducting any other public housing development or replacement activities not discussed in the Capital Fund Program Annual Statement? If yes, list developments or activities below:

3. Section 8 Tenant Based Assistance--Section 8(y) Homeownership Program
(if applicable) [24 CFR Part 903.12(c), 903.7(k)(1)(i)]

1. Yes No: Does the PHA plan to administer a Section 8 Homeownership program pursuant to Section 8(y) of the U.S.H.A. of 1937, as implemented by 24 CFR part 982 ? (If "No", skip to the next component; if "yes", complete each program description below (copy and complete questions for each program identified.)

2. Program Description: see attached

a. Size of Program

Yes No: Will the PHA limit the number of families participating in the Section 8 homeownership option?

If the answer to the question above was yes, what is the maximum number of participants this fiscal year?

b. PHA-established eligibility criteria

Yes No: Will the PHA's program have eligibility criteria for participation in its Section 8 Homeownership Option program in addition to HUD criteria?
If yes, list criteria: see attached

- c. What actions will the PHA undertake to implement the program this year (list)?
1. Work with interested voucher participants through our Homeownership component of the Housing Counseling Program.
 3. Capacity of the PHA to Administer a Section 8 Homeownership Program:

The PHA has demonstrated its capacity to administer the program by (select all that apply):

- Establishing a minimum homeowner downpayment requirement of at least 3 percent of purchase price and requiring that at least 1 percent of the purchase price comes from the family's resources.
- Requiring that financing for purchase of a home under its Section 8 homeownership will be provided, insured or guaranteed by the state or Federal government; comply with secondary mortgage market underwriting requirements; or comply with generally accepted private sector underwriting standards.
- Partnering with a qualified agency or agencies to administer the program (list name(s) and years of experience below):
 1. Colorado Division of Housing – 5 years
 2. Wells Fargo Bank – 15 years
- Demonstrating that it has other relevant experience (list experience below):
 1. Housing Solutions is the management agent for the Archuleta County HA. Housing Solutions is also a HUD designated Housing Counseling Agency and in that capacity we offer Homeownership Counseling for all Voucher participants interested in pursuing that option. Wells Fargo Bank has also offered to underwrite the Voucher Homeownership Program for families choosing to work with them locally.

4. Use of the Project-Based Voucher Program

Intent to Use Project-Based Assistance

Yes No: Does the PHA plan to “project-base” any tenant-based Section 8 vouchers in the coming year? If the answer is “no,” go to the next component. If yes, answer the following questions.

1. Yes No: Are there circumstances indicating that the project basing of the units, rather than tenant-basing of the same amount of assistance is an appropriate option? If yes, check which circumstances apply:
 - low utilization rate for vouchers due to lack of suitable rental units
 - access to neighborhoods outside of high poverty areas
 - other (describe below:)
2. Indicate the number of units and general location of units (e.g. eligible census tracts or smaller areas within eligible census tracts):

5. PHA Statement of Consistency with the Consolidated Plan

[24 CFR Part 903.15]

For each applicable Consolidated Plan, make the following statement (copy questions as many times as necessary) only if the PHA has provided a certification listing program or policy changes from its last Annual Plan submission.

1. Consolidated Plan jurisdiction: (provide name here)

2. The PHA has taken the following steps to ensure consistency of this PHA Plan with the Consolidated Plan for the jurisdiction: (select all that apply)
 - The PHA has based its statement of needs of families on its waiting lists on the needs expressed in the Consolidated Plan/s.
 - The PHA has participated in any consultation process organized and offered by the Consolidated Plan agency in the development of the Consolidated Plan.
 - The PHA has consulted with the Consolidated Plan agency during the development of this PHA Plan.
 - Activities to be undertaken by the PHA in the coming year are consistent with the initiatives contained in the Consolidated Plan. (list below)
 - Other: (list below)

3. The Consolidated Plan of the jurisdiction supports the PHA Plan with the following actions and commitments: (describe below)

6. Supporting Documents Available for Review for Streamlined Annual PHA Plans

PHAs are to indicate which documents are available for public review by placing a mark in the “Applicable & On Display” column in the appropriate rows. All listed documents must be on display if applicable to the program activities conducted by the PHA.

List of Supporting Documents Available for Review		
Applicable & On Display	Supporting Document	Related Plan Component
	<i>PHA Certifications of Compliance with the PHA Plans and Related Regulations and Board Resolution to Accompany the Standard Annual, Standard Five-Year, and Streamlined Five-Year/Annual Plans;</i>	5 Year and Annual Plans
xx	<i>PHA Certifications of Compliance with the PHA Plans and Related Regulations and Board Resolution to Accompany the Streamlined Annual Plan</i>	Streamlined Annual Plans
	<i>Certification by State or Local Official of PHA Plan Consistency with Consolidated Plan.</i>	5 Year and standard Annual Plans
xx	Fair Housing Documentation Supporting Fair Housing Certifications: Records reflecting that the PHA has examined its programs or proposed programs, identified any impediments to fair housing choice in those programs, addressed or is addressing those impediments in a reasonable fashion in view of the resources available, and worked or is working with local jurisdictions to implement any of the jurisdictions’ initiatives to affirmatively further fair housing that require the PHA’s involvement.	5 Year and Annual Plans
xx	Housing Needs Statement of the Consolidated Plan for the jurisdiction(s) in which the PHA is located and any additional backup data to support statement of housing needs for families on the PHA’s public housing and Section 8 tenant-based waiting lists.	Annual Plan: Housing Needs
	Most recent board-approved operating budget for the public housing program	Annual Plan: Financial Resources
	Public Housing Admissions and (Continued) Occupancy Policy (A&O/ACOP), which includes the Tenant Selection and Assignment Plan [TSAP] and the Site-Based Waiting List Procedure.	Annual Plan: Eligibility, Selection, and Admissions Policies
	Deconcentration Income Analysis	Annual Plan: Eligibility, Selection, and Admissions Policies
	Any policy governing occupancy of Police Officers and Over-Income Tenants in Public Housing. <input type="checkbox"/> Check here if included in the public housing A&O Policy.	Annual Plan: Eligibility, Selection, and Admissions Policies
xx	Section 8 Administrative Plan	Annual Plan: Eligibility, Selection, and Admissions Policies
	Public housing rent determination policies, including the method for setting public housing flat rents. <input type="checkbox"/> Check here if included in the public housing A & O Policy.	Annual Plan: Rent Determination
	Schedule of flat rents offered at each public housing development. <input type="checkbox"/> Check here if included in the public housing A & O Policy.	Annual Plan: Rent Determination
	Section 8 rent determination (payment standard) policies (if included in plan, not necessary as a supporting document) and written analysis of Section 8 payment standard policies. <input type="checkbox"/> Check here if included in Section 8 Administrative Plan.	Annual Plan: Rent Determination

List of Supporting Documents Available for Review		
Applicable & On Display	Supporting Document	Related Plan Component
	Public housing management and maintenance policy documents, including policies for the prevention or eradication of pest infestation (including cockroach infestation).	Annual Plan: Operations and Maintenance
	Results of latest Public Housing Assessment System (PHAS) Assessment (or other applicable assessment).	Annual Plan: Management and Operations
	Follow-up Plan to Results of the PHAS Resident Satisfaction Survey (if necessary)	Annual Plan: Operations and Maintenance and Community Service & Self-Sufficiency
xx	Results of latest Section 8 Management Assessment System (SEMAP)	Annual Plan: Management and Operations
	Any policies governing any Section 8 special housing types <input type="checkbox"/> Check here if included in Section 8 Administrative Plan	Annual Plan: Operations and Maintenance
	Public housing grievance procedures <input type="checkbox"/> Check here if included in the public housing A & O Policy	Annual Plan: Grievance Procedures
xx	Section 8 informal review and hearing procedures. <input checked="" type="checkbox"/> Check here if included in Section 8 Administrative Plan.	Annual Plan: Grievance Procedures
	The Capital Fund/Comprehensive Grant Program Annual Statement /Performance and Evaluation Report for any active grant year.	Annual Plan: Capital Needs
	Most recent CIAP Budget/Progress Report (HUD 52825) for any active CIAP grants.	Annual Plan: Capital Needs
	Approved HOPE VI applications or, if more recent, approved or submitted HOPE VI Revitalization Plans, or any other approved proposal for development of public housing.	Annual Plan: Capital Needs
	Self-evaluation, Needs Assessment and Transition Plan required by regulations implementing Section 504 of the Rehabilitation Act and the Americans with Disabilities Act. See PIH Notice 99-52 (HA).	Annual Plan: Capital Needs
	Approved or submitted applications for demolition and/or disposition of public housing.	Annual Plan: Demolition and Disposition
	Approved or submitted applications for designation of public housing (Designated Housing Plans).	Annual Plan: Designation of Public Housing
	Approved or submitted assessments of reasonable revitalization of public housing and approved or submitted conversion plans prepared pursuant to section 202 of the 1996 HUD Appropriations Act, Section 22 of the US Housing Act of 1937, or Section 33 of the US Housing Act of 1937.	Annual Plan: Conversion of Public Housing
	Documentation for required Initial Assessment and any additional information required by HUD for Voluntary Conversion.	Annual Plan: Voluntary Conversion of Public Housing
	Approved or submitted public housing homeownership programs/plans.	Annual Plan: Homeownership
xx	Policies governing any Section 8 Homeownership program (Section _____ of the Section 8 Administrative Plan)	Annual Plan: Homeownership
	Public Housing Community Service Policy/Programs <input type="checkbox"/> Check here if included in Public Housing A & O Policy	Annual Plan: Community Service & Self-Sufficiency
	Cooperative agreement between the PHA and the TANF agency and between the PHA and local employment and training service agencies.	Annual Plan: Community Service & Self-Sufficiency
	FSS Action Plan(s) for public housing and/or Section 8.	Annual Plan: Community Service & Self-Sufficiency
	Section 3 documentation required by 24 CFR Part 135, Subpart E for public housing.	Annual Plan: Community Service & Self-Sufficiency
	Most recent self-sufficiency (ED/SS, TOP or ROSS or other resident services grant) grant program reports for public housing.	Annual Plan: Community Service & Self-Sufficiency
	Policy on Ownership of Pets in Public Housing Family Developments (as required by regulation at 24 CFR Part 960, Subpart G). <input type="checkbox"/> Check here if included in the public housing A & O Policy.	Annual Plan: Pet Policy
xx	The results of the most recent fiscal year audit of the PHA conducted under the	Annual Plan: Annual Audit

List of Supporting Documents Available for Review		
Applicable & On Display	Supporting Document	Related Plan Component
	Single Audit Act as implemented by OMB Circular A-133, the results of that audit and the PHA's response to any findings.	
	Other supporting documents (optional) (list individually; use as many lines as necessary)	(specify as needed)
	Consortium agreement(s) and for Consortium Joint PHA Plans <u>Only</u> : Certification that consortium agreement is in compliance with 24 CFR Part 943 pursuant to an opinion of counsel on file and available for inspection.	Joint Annual PHA Plan for Consortia: Agency Identification and Annual Management and Operations

PHA Name:	Grant Type and Number Capital Fund Program Grant No: Replacement Housing Factor Grant No:	Federal FY of Grant:
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Section 8 Homeownership Guidelines

INTRODUCTION

On October 30, 2000, The U.S. Department of Housing and Urban Development (HUD), released Federal Register Part IV, 24 CFR Parts 5, 903, and 982, forming the creation of the Section 8 Home Ownership Voucher program final. That Final Rule went into effect, November 15, 2000.

The Colorado Division of Housing and the Archuleta County Housing Authority, in their discretion, are making Section 8 homeownership available to eligible families.

General Rules

HUD has set out regulations that must be included in these written guidelines. There are regulations the housing agencies must follow, and there are regulations the participating families must follow. The ultimate goal is to provide opportunities for families to become first time homeowners and remain stable homeowners in their community.

A. ELIGIBILITY

Home ownership assistance offers families a new housing option. Current Section 8 participants who are interested in home ownership and meet program requirements are eligible to apply for this program.

Income Requirements

Qualified participants may freely choose whether to continue with their rental assistance or request home ownership assistance; this is a voluntary program. If a family decides to pursue the home ownership option, the family must meet the general requirement for participation in the Section 8 tenant-based program, be current a Section 8 tenant-based voucher participant, and be in good standing. Policy states that a family must have been a Section 8 participant for at least a year and continuously employed for at least a year before applying. However, all participating families must be informed of the availability of this program. Current families can be mailed notification, and incoming families will be told of this option during the voucher briefing.

The family must meet, at a minimum, the income eligibility for the Section 8 program. To qualify for the homeownership option, the family must demonstrate sufficient income to meet a minimum income standard, which is intended to assure that a family will have sufficient income to pay homeownership and other family expenses not covered by the Section 8 subsidy.

The HUD rule states that a family may not receive homeownership assistance unless the family demonstrates that gross monthly income is at least two times the voucher "payment standard" or an "other amount established by HUD. HUD establishes a national minimum income requirement that is equal to 2,000 hours of annual full-time work at the Federal minimum wage. (One fte equals 2,080 hours annually.) This requirement does not apply to elderly households or households that include a person with disabilities.

Any minimum income requirement will only be applied to determine initial qualification to purchase a particular home, not as a continuing requirement that must be maintained so long as the family is receiving assistance under this option. However, the family will still be re-certified on an annual basis as long as the family is receiving a Section 8 homeownership voucher.

Income must come from sources other than welfare assistance. The requirement to disregard welfare assistance income only applies in determining whether a family has the minimum income to qualify for homeownership assistance. However, welfare assistance income is counted for other program purposes in determining income-eligibility for admission to the rental voucher program. Welfare assistance can be included for qualifying elderly or families with disabled persons.

Minimum Down Payment

The homeownership participating family is required to have a minimum down payment to purchase a home under this program. The total minimum down payment required will be 3% of the sales price or \$3,000; whichever amount is less. Of this total, the family must apply no less than \$1,000 of their own funds to the down payment. The remainder of the required down payment may include loans from local down payment assistance programs, from grants, gifts from family, friends, or other agencies. Exception to this requirement will only be made on a case-by-case basis when a housing counselor or agency receives a written request for exception for the family.

B. FAMILY AND PHA REQUIREMENTS

General Requirements

Participating families must complete a homebuyer education class. These classes may be provided by a mortgage lending institution or a non-profit housing agency. A homebuyer education class should include, but is not limited to the following subjects:

- Home maintenance
- Budgeting money and money management
- Credit counseling
- How to negotiate the purchase price of the home
- Basic lender underwriting policies and options

Participating families must hire an approved independent inspector to inspect the home they wish to purchase. The family must provide a copy of the inspector's report, which will be kept in the family file. Any "findings" on the inspection report will be discussed prior to the any offer to purchase the home.

The family must secure its own financing for the home. A list of qualified lenders will be available to the family. The family must be a "first time homebuyer", which is an individual who has had no ownership in a principal residence during the 3-year period ending on the date of purchase (closing date) of the property. A first-time homebuyer includes any individual that has only owned with a former spouse whiled married. A first-time homebuyer would also include an individual who has only owned a principal residence not permanently affixed to a permanent foundation, or a property that was not in compliance with state, local or model building codes and cannot be brought into compliance for less than the cost of constructing a permanent structure.

The family and the PHA will sign a statement of homeowner obligations. If the Head of Household and/or spouse has a previous default on a Section 8 assisted mortgage, they are barred from any future Section 8 home ownership assistance.

Applying

Families eligible for purchasing a home under the program should make an appointment with the PHA to fill out the homeownership application. As part of the application there will be a plan of action which can include such items as improving credit, creating a budget, etc. and will be flexible enough to be created on a case-by-case basis according to the families needs. The application process will take from one to four weeks to complete. This application is NOT the loan application.

Creating a Timeline Together

When the application has been submitted and preliminary financing has been established, the family and the PHA must schedule an appointment to create a timeline. The timeline will include all steps the family must take to get to home ownership, and may include follow up activity after the purchase of the home. The timeline will generally be from 60 to 180 days and may be extended for up to 60 days as long as all requirements are being met. If the family decides to remain in the rental voucher program, after exhausting a search to purchase, there is no penalty. Failure to purchase a home in the required time does not prohibit a family from remaining in the Section 8 rental assistance program or from reapplying for homeownership at a later date.

If after the purchase of the home the family experiences difficulty maintaining their new home, or making the mortgage payment, the family must report to the PHA immediately. At that time, the PHA may determine that the family must take part in further credit and post-purchase counseling.

Qualifying and Financing

The participating family must qualify for a home loan. The family must find a lender and apply for a homeownership loan. To qualify for a home loan, the families must be informed about how their credit rating effects their application. This is an important step. If there is a need to improve the credit rating for the family, this should begin at least one year before the family actually applies for a home loan. Non-occupant co-signers who are related to the borrower are permitted to add strength and stability to the borrower. Un-related co-borrowers are also permitted, but they must be considered part of the homeowner's household, have an owner's interest in the home, and must reside in the home.

Certain forms of financing are not allowed. The housing agency disallows predatory lending such as 100% financing or an ARM with a balloon payment. Second mortgages are allowed, such as down payment assistance loans.

Underwriting

It is anticipated that mortgage lenders will consider the Section 8 assistance when underwriting the loan. If the purchase of a home is financed with FHA-insured mortgage financing, such financing is subject to FHA mortgage insurance credit underwriting requirements. Otherwise, the underwriting standards of the individual lender and/or

financing program will apply in cases where financing for purchase of the home is not FHA-insured. Lenders should be made aware of this regulation and can help the family understand how this impacts financing the home.

When considering the Housing Assistance Payment (HAP) as part of the family's ability to pay the mortgage, the lender may also consider the length of the loan and the length of the possible subsidy. With the exception of disabled or elderly families, the HAP may be paid for a maximum of fifteen (15) years if the initial mortgage incurred to finance purchase of the home has a term of twenty (20) years or longer. If the mortgage term is less than twenty years, the maximum HAP term is ten (10) years. For disabled and elderly families, there is no minimum or maximum term; the HAP may be paid indefinitely. In the case of the elderly family, this exception is only applied if the family qualifies as an elderly family at the start of homeownership assistance. In the case of a disabled family, this exception applies if at any time during receipt of homeownership assistance the family qualifies as a disabled family.

The maximum term for homeownership assistance 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 the spouse of any member of the household who has an ownership interest in the unit at the time homeownership payments are made.

If during the course of homeownership assistance, the family ceases to qualify as a disabled or elderly family, the maximum term becomes applicable from the date homeownership assistance commenced. However, such a family must be provided with at least 6 months of homeownership assistance after the maximum term becomes applicable (provided the family is otherwise eligible to receive such assistance.)

The family must participate in the annual reexamination of their household income, expenses and assets to continue to receive homeownership mortgage HAP. This is the same process as an annual re-certification for the rental HAP. If the family's income increases, the change in the HAP is determined at the annual recertification. If the family's income decreases, the PHA can use the interim method of certification to determine the HAP

There is no prohibition against using local, state or federal subsidized financing with this program. This can be in the form of down payment assistance and working with a housing counselor in qualifying for a primary mortgage. Housing counselors may also offer homebuyer counseling classes, a list of current participating lenders and real estate agencies.

Finding a Home

It is the responsibility of the family to find a suitable property. This needs to happen according to the timeline and should be part of the counseling given. Since the timing of all the pieces is crucial, it doesn't serve the family if they find the ideal home before they have considered financing it. There are two possible exceptions to this plan. The first is if the family has an ownership in a cooperative unit, the second is if the family has entered into (or will be entering into) a lease to own option in the current Section 8 rental unit.

Inspecting the Home

The Public Housing Agency (PHA) will perform a standard Housing Quality Standards (HQS) inspection on the prospective home. The house must pass the HQS inspection before the family can purchase the home. Subsequent HQS inspections will be determined according to the need of future inspections. For example, if after three years, the family has a track record of passing HQS and are working at maintaining the unit, they may be waived from further HQS inspections.

Prior to purchasing a home the family must hire and pay for an independent housing inspection to fulfill the homebuyer's required inspection. Qualified inspectors only will be used. The family must provide a copy of the inspector's report to be placed in the family file. The results of the findings in the inspection will be discussed prior to the buyer accepting the contract to purchase the home. If the inspection reveals potential or current problems with major systems, the PHA needs to discuss the costs of repair/replace that would be part of maintaining the unit.

Cooperative Membership

The homeownership option can be used to assist families in which one or more family members owns or is acquiring membership shares in a cooperative unit. This allows assistance for a family that already owns cooperative shares before commencement of Section 8 Homeownership Assistance, not just for a family that acquires cooperative shares for the first time with the support of this assistance.

Under this rule, assistance may be provided for a cooperative member either under the new homeownership option or under the special procedures for cooperative housing within the Section 8 tenant based rental program. Each form of assistance is designated as a separate special housing type under the Section 8 voucher program.

In the new homeownership option, assistance is paid on behalf of a cooperative member, but there is no requirement that the cooperative enter into any agreement or direct relationship with the PHA that provides assistance for the cooperative member. The cooperative is not asked to modify any ordinary requirement concerning assessment or collection of the cooperative carrying charge, maintenance of the unit or sanctions for violation of cooperative requirements. In addition, this rule modifies the allocation of maintenance responsibility between the cooperative and the family. The cooperative agreement defines the division of maintenance obligations between the member and the cooperative.

Lease-Purchase Agreements

Section 8 Homeownership Assistance is allowed for a family that purchases a home that is under a “lease-purchase” or “rent to own” agreement. The right to purchase title under a lease-purchase agreement does not constitute a prohibited “present ownership interest”. A family that holds an option to purchase may exercise that option and receive homeownership assistance.

HUD added § 982.317 to describe the requirements for a lease purchase agreement. The HAP for a lease purchase unit may not exceed the rental HAP amount. (The amount that would be paid on behalf of the family if the rental unit was not subject to a lease purchase agreement.) Any “homeownership premium” included in the rent to the owner that would result in a higher subsidy amount than would otherwise be paid by the PHA must be absorbed by the family. Families are permitted to pay an extra amount of out-of-pocket to the owner for purchase related expenses. This expense must be excluded when the PHA determines rent reasonableness.

Lease-purchase agreements are considered rental, and all the normal tenant based rules are applicable. The family will be subject to the homeownership requirements at the time the family is ready to exercise the option to purchase the unit. At that time, the PHA will determine whether the family is eligible for the homeownership assistance. If the family is eligible for a homeownership voucher, the family will then arrange for an independent home inspection, attend counseling sessions, and obtain financing. Homeownership assistance will begin when the family purchases the home and after all the requirements for the homeownership option are met.

C. SECTION 8 SPECIFIC REQUIREMENTS

The HAP

The homeownership housing assistance payment will equal the lower of 1) the payment standard minus the total tenant payment or, 2) the monthly homeownership expenses minus the total tenant payment. In the 50058 page 14, section 15 is reserved for calculating the homeownership HAP. For purposed of this calculation, the homeownership expenses shall include the Principle Insurance and Taxes Insurance (PITI), the Mortgage Insurance Premium (MIP) (if necessary) and the same utility allowance used for an rental voucher.

Also included as allowances are monthly maintenance (line 15h) and monthly reserve for major replace/repair items (line 15j). Families are not required to bank these allowances in an escrow account, but should be strongly encouraged to maintain some set-aside for these items. An explanation of the replacement costs of major appliances should be part of the initial briefing and part of ongoing counseling.

These allowance amounts are not expected to fully cover real expenses, in the same manner that the utility allowance does not usually cover the true cost of utilities. The set aside cost estimate for replacements and repairs will be determined by housing type. These amounts will be used for the homeownership expenses as listed on the 50058. Reimbursement for such expenses is limited by the voucher subsidy formula.

The HAP payment will be sent directly to the lender, the company servicing the Loan (i.e.: CHFA) or to an account set up for the sole purpose of paying the mortgage. In the latter case, the family must agree to allow the lender to extract the mortgage payment electronically (using EFT) by a specific date each month.

Termination of Assistance

Homeownership assistance for a family terminates automatically 180 days after the last housing assistance payment on behalf of the family. The exception would be due to extreme hardship for the family.

If the family defaults on the mortgage or the home is lost to foreclosure, homeownership assistance will be terminated and the family will not be eligible for Section 8 homeownership assistance at any time in the future. A decision of whether to issue a rental voucher to a family that has defaulted on an assisted mortgage will be determined on a case-by-case basis. If a rental voucher is issued, the usual Section 8 rental voucher regulations would continue to apply.

Portability

A family determined eligible for homeownership assistance by the initial PHA may purchase a unit outside the initial PHA's jurisdiction, if the receiving PHA is administering a voucher homeownership program and is accepting new homeownership families. The receiving PHS may absorb the homeownership family or bill the initial PHA using the normal billing process. As in rental portable families, all of the receiving PHA's administrative policies are applicable to the homeownership family. The family will be required to attend the briefing and counseling sessions required by the receiving PHA. The receiving PHA, not the initial PHA, will determine whether the financing for and the physical conditions of the unit are acceptable.

D. OTHER GENERAL ITEMS

A homeownership family may purchase another home with Section 8 assistance provided there is no mortgage loan default. The family must sell its current home in order to purchase another with assistance. Any unit purchased with homeownership assistance must be the family's primary residence and may not be used as a rental unit by the family.

The family must inform the PHA of any decision to sell and the PHA must review this decision with the family.

§982.641 details the expenses that the PHA will include when determining the family's homeownership expenses.

After the Home Purchase

The participating family finally qualifies for the loan, puts the lending package in place, finds a home, passes the inspections and moves in. Now what? The PHA must allow the families the opportunity to participate in post-purchase counseling which would include the following:

- Continuing budget counseling classes
- Foreclosure prevention information
- Yearly financial recertification
- Maintaining the home as an investment