

**Framingham Housing Authority  
Section 8 Homeownership Program  
Administrative Plan**

The intent of the Framingham Housing Authority (“FHA”) Housing Choice Voucher Homeownership Program is to provide low-income families who have been receiving Section 8 Rental Assistance the option of utilizing this assistance to purchase a home.

The implementation of this option will provide eligible voucher holders the ability to expand their housing opportunities beyond the rental market and use their assistance to purchase homes in the community.

Participation in the Program is strictly voluntary. All participating families must meet the HUD established requirements for admission and participation in the Housing Choice Voucher Rental Program prior to exercising the homeownership option.

Families who wish to exercise the homeownership option must meet all regulatory and discretionary program requirements as set forth in this document.

**Eligibility Requirements for Participation**

The FHA will not provide homeownership assistance to a family unless it determines that the family satisfies all of the following initial requirements at commencement of homeownership assistance for the family:

- The family has been receiving Section 8 Rental Assistance, in good standing, through the FHA for a minimum of one year.
- The family satisfies HUD’s definition of a first-time homeowner
- The family satisfies the minimum income requirement (Fed minimum wage x 2000 hours)
- The family satisfies the employment requirement (Not less than 30 hrs/week for one year)
- The family has not defaulted on a mortgage securing debt to purchase a home under the homeownership option
- Except for cooperative members who have acquired cooperative shares prior to commencement of homeownership assistance, no family member has a present ownership interest in a residence at the commencement of homeownership assistance for the purchase of a home
- Except for cooperative members who have acquired cooperative shares prior to commencement of homeownership assistance, the family has entered a contract of sale provision as outlined in this document.

### **First-time Homebuyer Requirement**

The Program is generally limited to first-time homebuyers and/or a family that owns or is acquiring a home under a FHA approved lease-purchase agreement or through the purchase of shares in a cooperative. (24CFR 982.4)

To qualify as a first-time homebuyer, the family shall not have had an interest in a residence of any family member for at least three years prior to the receipt of homeownership assistance. Additionally, no family member may have a present ownership interest in a second residence while receiving homeownership assistance.

A first-time homebuyer definition includes:

- A single parent or displaced homemaker that, while married, owned a home with his or her spouse or resided in a home owned by his or her spouse.
- A family that has a member who is disabled and the use of the homeownership option is needed as a reasonable accommodation.

### **Eligible Units**

The homeownership assistance may only be used for the purchase of a one unit property or single dwelling unit in a cooperative or a condominium; both units of a duplex and multi-family homes are not eligible units under the program. An eligible unit may be one that is either currently under construction or an existing structure.

The FHA will not approve the unit for purchase if the FHA has been informed by HUD or any other source that the seller has been disbarred, suspended or subject to limited denial of participation under 24 CFR Part 24.

### **Employment Requirement**

The statutory employment requirement stipulates that one or more adult members of the family that will own the home are currently employed on a full-time basis. He or she must work at least an average of 30 hours a week and has been continuously employed for a period of one year before the receipt of the homeownership assistance.

The employment requirement only applies at the time that the family initially receives homeownership assistance and does not apply to an elderly or disabled family. The FHA may in its discretion determine whether an interruption in employment is considered permissible in satisfying the employment requirement. The FHA may consider successive employment opportunities during the one-year period or self-employment.

The employment requirement does not apply to an elderly or disabled family. Additionally, if a family other than an elderly or disabled family includes a person with

disabilities, the FHA shall grant an exemption from the employment requirement if it determines that the exemption is needed a reasonable accommodation.

### **Income Requirement**

In order for a family to participate, the adult family members who will own the home must have gross income that is equal to 2,000 hours of annual full-time work at the prevailing Federal minimum wage.

The minimum income requirement will only be used in determining initial program qualification and not as continuing program requirement. The minimum income requirement will only be used again if the family purchases an additional home with Section 8 assistance.

The FHA will not provide homeownership assistance to a family, if welfare assistance is being used to satisfy the minimum income requirement. The FHA will only disregard welfare income as it applies in determining the family's eligibility for program participation. Welfare assistance income will continue to be counted in determining eligibility for admission to the HCVP, calculating the amount of the family's total tenant payment and in calculating the amount of monthly homeownership assistance payment for a family assisted under the homeownership option.

Welfare assistance of an elderly or disabled family will be used in determining the minimum income requirement for homeownership assistance. The use of welfare assistance in determining the minimum income requirement does not apply to families that include a disabled member other than the head of household or spouse.

### **Housing Counseling Requirement**

Once the family has been determined eligible to participate in the Program and prior to the commencement of assistance, the family must attend and satisfactorily complete a pre-assistance homeownership and housing counseling program provided for or approved by the FHA. The topics that are to be included in the homeownership and housing counseling program are:

- Home maintenance
- Budgeting and money management
- Credit counseling and credit repair
- How to negotiate the purchase price of a home
- How to obtain homeownership financing and loan preapprovals
- How to find a home
- Fair Housing information

The FHA may also require additional counseling after the commencement of homeownership assistance. If the FHA offers a post-purchase counseling program, it will have the discretion to determine whether the family is required to participate in this type of counseling.

### **Financing**

All families that are selected to participate in the Program are required to secure their own financing. Voucher HAP funds may not be used to assist with financing costs such as down payment and closing costs. The proposed financing terms must be submitted to and approved by the FHA. The FHA shall determine the affordability of the proposed financing and may disapprove of the proposed financing or refinancing if it determines that the debt is unaffordable to the participating family.

The FHA will take into account family expenses such as childcare, unreimbursed medical expenses, homeownership expenses, and other family expenses as determined by the FHA when determining affordability.

The FHA may review lender qualifications and the terms of the loan before it authorizes the commencement of homeownership assistance. The FHA is not under any obligation to provide assistance if it determines that the lender or the loan terms do not comply with program requirements.

If the purchase of the home is financed with FHA mortgage insurance, the financing is subject to FHA mortgage insurance requirements.

The FHA will prohibit the following forms of financing:

- Balloon payment mortgages
- Variable interest rate loans
- Seller financing on a case by case basis
- Financing that the FHA determines is not feasible

### **Down Payment and Closing Costs**

The FHA will require that participants of the Program provide a 3% down payment towards the purchase of the home. One per cent of the down payment must come directly from the participant; the other 2% may come from other sources available to the participant.

The participant will also be responsible for the payment of the closing costs or settlement costs that are customarily incurred upon the sale of a property. Closing costs include title insurance fees, escrow fees, attorney costs and other necessary fees associated with the purchase of a home.

## **Home Inspections**

In accordance with 24 CFR 982.631, the FHA will require that the unit pass both a Housing Quality Standards (“HQS”) inspection that will be conducted by the FHA or its designee and an independent professional home inspector selected and paid for by the family.

The FHA will not require that the family use an independent inspector selected by the FHA or will the inspector be an employee, contractor or any other person under its control. The independent inspector must have a Certified Massachusetts State License and must be a member of ASHI (American Society of Home Inspectors) and be qualified to report on property conditions including major building systems and components including but not limited to:

- Foundation and structure
- Housing interior and exterior
- Roofing
- Plumbing
- Electrical
- Heating systems

The independent inspector must provide a copy of the inspection report to both the family and the FHA. The FHA will not commence with homeownership assistance for the family until the FHA has reviewed the inspection report of the independent inspector. The FHA shall have the discretion to disapprove the unit for assistance under the homeownership option because of information contained in the inspection report even if the unit complies with HQS and would be eligible for assistance under the FHA’s tenant-based voucher program.

## **Contract of Sale**

The FHA will not commence with assistance under the homeownership option until the family enters into a contract for sale with the seller and provides the FHA with a copy of the sales contract.

The contract of sale that is entered into between the seller and the family must include:

- The price and other terms of the sale by the seller to the purchaser
- That the purchaser has the right to arrange a pre-purchase inspection of the dwelling unit by an independent inspector selected by the purchaser
- That the purchaser is not obligated to purchase the unit unless the inspection is satisfactory to the purchaser
- The purchaser is not obligated to pay for any necessary repairs

- A certification from the seller that the seller has not been debarred, suspended or subject to a limited denial of participation under 24 CFR part 24.

### **Term of Assistance**

The maximum term of homeownership assistance shall be for 15 years if the term of the mortgage is 20 years or more. If the term of the financing is less than 20 years, the maximum term of assistance shall be 10 years.

The maximum term for assistance does not apply to elderly or disabled program participants. The exception to the term limitations for elderly participants only applies if the family qualified as an elderly family at the commencement of the homeownership assistance. In the case of a disabled family, the exception applies if at any time during the receipt of homeownership assistance the family qualifies as a disabled family.

If the family initially qualified as an elderly or disabled family at the commencement of the homeownership assistance and during the course of the homeownership assistance ceases to qualify as an exception family, the maximum term of assistance becomes applicable from the date that homeownership assistance originally commenced.

### **Amount of Assistance**

The amount of the Homeownership Assistance Payment shall be a sum equal to the lower of:

- The payment standard minus the total tenant payment or
- The family's monthly homeownership expenses minus the total tenant payment

The payment standard for the family is the lower of:

- The payment standard for the family unit size or
- The payment standard for the size of the home

The payment standard will never be less than the payment standard in effect at the commencement of the initial homeownership assistance.

If the home is located in an exception payment standard area, the FHA will use the appropriate payment standard for the exception payment standard area.

The FHA will use the same payment standard schedule, payment standard amounts and subsidy standards for the homeownership option as for the rental voucher program.

### **Determination of Homeownership Expenses**

The FHA has adopted the following homeownership expenses for the homeowner. These expenses are:

- Principal and interest on initial mortgage debt
- Principal and interest on the refinancing of the mortgage debt
- Mortgage insurance premiums required to finance the purchase or refinancing of the home
- FHA allowance for utilities
- Real estate taxes
- Public assessments on the home
- Home insurance costs
- Allowance for maintenance expenses
- Allowance for costs of major repairs and replacements
- Principal and interest of debt incurred to finance major repairs or HC accessibility

If the home is a cooperative or condominium, homeownership expenses may include cooperative or condominium operating charges or maintenance fees assessed by the condominium or cooperative homeownership association.

At its discretion, the FHA will pay homeownership payments either directly to the first mortgage lender or to the family. If the FHA opts to pay the lender directly and the assistance payment exceeds the amount due the lender, the FHA will pay any excess directly to the family.

### **Portability of Homeownership Assistance**

A family may qualify to move and purchase a home outside of the FHA's jurisdiction with continued homeownership assistance if the receiving PHA is administering a voucher homeownership program and is accepting new homeownership families.

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.

### **Continued Assistance Requirements – Family Obligations**

The FHA will provide homeownership assistance only while the family is residing in the Home. If the family moves out of the house, the FHA will not continue with homeownership assistance after the month that the family moves out. The family may not convey or transfer the home to any entity or person other than a member of the assisted family while receiving homeownership assistance.

The family must comply with any post purchase counseling requirements in effect at the time of the commencement of the homeownership assistance. Additionally, the family must comply with the terms of any mortgage securing debt incurred to purchase or refinance the home.

The family must supply the FHA any information that it deems necessary in the administration of the homeownership program.

### **Denial or Termination of Homeownership Assistance**

The FHA will terminate homeownership assistance and shall deny voucher rental assistance if the participating household is found to be in violations of the provisions set forth in 24 CFR 982.552 (Grounds for denial or termination of assistance) and in 24 CFR 982.553 (Crime by family members). The FHS may also deny or terminate assistance for violation of participate obligations as described in 24 CFR 982.551 (Obligations of participant).

The FHA will terminate voucher homeownership assistance for any member of the family receiving homeownership assistance that is dispossessed from the home pursuant to a judgement or order of foreclosure on any mortgage.

The FHA may in its discretion permit the family to move to a new unit with continued voucher rental assistance. However, the family must be denied assistance if:

- ◆ The family defaulted on an FHA insured mortgage and
- ◆ The family fails to demonstrate that it conveyed title to the home, as required by HUD and that the family has moved from the home within the period established or approved by HUD.

### **Administrative Fee**

The FHA shall be paid the administrative fee described in 24 CFR 982.152 (b) for each month that homeownership assistance is paid by the FHA on behalf of the participant family.

## **STATEMENT OF HOMEOWNER OBLIGATIONS**

To be eligible to participate in the FHA Homeownership Program the family must agree to adhere to the following program participant's Statement of Homeowner Obligations. I hereby agree to adhere to the following obligations of the Section 8 Housing Choice Voucher Program.

- To be a Section 8 participant in good standing in the FHA Section 8 program.
- To have no ownership interest in other property.
- To meet eligibility criteria as described in the Section 8 Homeownership Program Administrative Plan Amendment.
- To secure financing through a lender acceptable to the FHA.
- To provide a down payment of at least (3%) of the purchase price, with 1% of the down payment supplied from the family's own resources.
- To be able to make monthly payment of the family's portion of the mortgage payment.
- To enter into a "Purchase and Sale Agreement" for the home within 180 days of receiving a homeownership voucher, provided the financing commitment has not expired prior to that date.
- To enter into this Statement of Homeowner Obligations Agreement and comply with its provisions.
- To sign a certification form stating that they will comply with the "Statement of Homeowner Obligations" annually at the family's re-certification appointment.
- To sign a release allowing the FHA to exchange information with the lender and the lender with the FHA.
- To sign an acknowledgment form that the family will continue to comply with the appropriate provisions of the HUD Section 8 Rental Assistance regulations, family obligations and the FHA's Section 8 rental assistance and homeownership administrative plans.
- To sign an acknowledgment form that the family becomes obligated for the whole mortgage payment in the event of termination of assistance.
- To agree that the family may not enter into an agreement to sell or refinance the home unless the FHA has first approved the sale or refinance.
- To agree to use the home as the family's own residence.
- To agree to supply any information to the FHA regarding any mortgage or other debt incurred to purchase the home, any refinancing of such debt, any satisfaction or payment of the mortgage debt, and any sale or other transfer of any interest in the home.
- To agree to notify the FHA before the family moves out of the home.
- To agree that during the period the family receives homeownership assistance, no family members may have any ownership interest in any other residential property.
- To comply with applicable rules of the Housing Choice Voucher Program such as the requirements contained in the "Family Obligations" including to fully report household income and composition annually at the re-certification appointment.

THIS STATEMENT IS SIGNED UNDER THE PAINS AND PENALTIES OF PERJURY.

HEAD: \_\_\_\_\_ DATE: \_\_\_\_\_

CO-HEAD \_\_\_\_\_ DATE: \_\_\_\_\_



