

The Housing Authority of Billings

SECTION 8 HOMEOWNERSHIP HANDBOOK

For HAB and MDOC Section 8 participants



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TABLE OF CONTENTS

| | |
|--|----|
| Introduction | 1 |
| Overview of the Section 8 homeownership program | 2 |
| Roles of HUD and HAB | 3 |
| Eligibility criteria | 3 |
| Income requirements | 4 |
| Preferences | 4 |
| Minimum cash downpayment/equity requirements | 4 |
| Continuing rental assistance | 4 |
| Homeownership counseling | 5 |
| Eligible homes | 5 |
| Inspections | 5 |
| Financing and purchasing requirements | 5 |
| Contract of sale | 6 |
| Second mortgage program | 6 |
| Maximum homeownership assistance term | 6 |
| HAB policy for payment of HAP to lender | 6 |
| Homeownership expenses | 7 |
| Portability | 7 |
| Sale of home | 7 |
| Mortgage default | 7 |
| Denial to move or termination of assistance | 7 |
| Supportive services | 8 |
| HAB responsibilities | 8 |
| Section 8 homebuyer responsibilities | 9 |
| Lender responsibilities | 10 |
| HAB Responsibilities | 10 |
| Underwriting guidelines | 10 |
| Forms | 14 |
| • Application for Section 8 Homeownership Assistance | |
| • Homebuyer Checklist | |
| • Certification of Section 8 Homeownership Eligibility | |
| • Statement of Homeowner Obligations | |
| • Program Guidelines | |



INTRODUCTION

It's called the "American Dream." The dream is often a small bungalow surrounded by a white picket fence or a townhome close to shopping and a job. Although homeownership is at a record high, the dream of purchasing one's own home isn't one that most low income people and people with disabilities who have low-incomes think about for very long. It's often an impossible dream, especially in today's Montana real estate market. But the dream has come true for some and we want to make it a reality for others. This handbook is written with the hope it will assist more low-income people with special needs to learn the process of purchasing a home using a new HUD homeownership resource, Section 8 rental assistance.

The Housing Authority of Billings (HAB) administers subsidized housing assistance which includes tenant counseling and building collaborative, long-standing relationships at a local level. We also offer HAB housing participants a menu of flexible services to enable them to have the support they need to succeed. These services include, but are not limited to, case management, counseling and budget assistance. The Residents Initiatives Coordinator (RIC) will continue to make flexible housing and case management services available after a Section 8 participant purchases a home.

The ability to use Section 8 assistance should prove to be a key resource in purchasing a home for low-income persons in the FSS program and persons with disabilities. Buying one's own home is never easy. Financial and credit checks have to be made, homeownership counseling classes taken, and never-ending paperwork must be completed. There are real estate professionals, lenders, inspectors, appraisers and a myriad of others who actively participate in the process. Finding a home in Montana's tight housing market is difficult. Buying a home is obviously not for the faint-hearted or the impatient. Hopefully, this handbook will serve as an effective roadmap for those who want to take the path to homeownership.



OVERVIEW OF THE SECTION 8 HOMEOWNERSHIP PROGRAM

The Housing Authority of Billings (HAB) received permission from HUD in January 2003 to begin a Section 8 homeownership program for low income people participating in the Families for Self Sufficiency (FSS) program and people with disabilities based on HUD's proposed rule published April 30, 1999. Its goal is to expand homeownership opportunities for Section 8 participants by assisting them in transitioning from rental assistance to homeownership using Section 8 rental assistance. HAB is the local field agent for the Montana Department of Commerce (MDOC) Section 8 program and as such will administer the Section 8 Home Ownership program for them locally. HAB estimated that 3 individuals and families with vouchers from MDOC and up to 5 individuals and families with vouchers from HAB would purchase homes under this program within the first 12-15 months.

Homeownership assistance offers families a new and special housing option for families that receive Section 8 tenant-based assistance from HAB. Current Section 8 participants who are interested in homeownership and meet HAB or MDOC and HUD program requirements are eligible to apply for the program. This handbook, along with HAB's administrative plan and the MDOC administrative plan, will provide the information that a participant needs to navigate the process.



The roles of the federal Department of Housing and Urban Development (HUD) and the Housing Authority of Billings (HAB)

The Section 8 homeownership program is a collaborative effort between the Housing Authority of Billings and the federal Department of Housing and Urban Development (HUD).

The state's housing agency (HAB) administers a large HUD Section 8 rental assistance program for low income people participating in FSS and people with disabilities and other special needs; in April 1999, HUD issued a proposed rule that allowed Section 8 to be used for homeownership. This was the Section 8 homeownership program.

Because of the collaborative effort between major agencies, participants must comply with both agency's requirements. Every effort has been made to insure these requirements are compatible and can be addressed in the simplest way possible by those participating in this process. However, not all rules, regulations and policies may be included in this handbook.

In case unforeseen questions and situations arise in which a determination must be made on issues pertaining to this Section 8 homeownership program, a careful review of all policies and regulations will be completed and a determination made.

- **Eligibility criteria**

Qualified participants may freely choose whether to continue with their rental assistance or request homeownership assistance. The Section 8 briefing packet contains information on the homeownership option which explains the program is voluntary and limited to families who are eligible under terms expressed in the handbook.

If a family wishes to pursue the homeownership option, a family must meet the general requirements for participation in the Section 8 tenant based program, received Section 8 rental assistance for a minimum of one year, and be a participant in good standing (the family has not violated any Section 8 program regulations or policies). The family must sign the statement of homeowner obligations and must be able to comply with the additional special requirements for homeownership assistance as specified in this handbook and the Section 8 administrative plan.

This program is for first-time homebuyers. A first-time homebuyer is defined by HUD as any person who has not owned a present ownership interest in the residence of any family member in the last three years. HUD allows authorization to permit Section 8 homeownership assistance for "any other family" as the HUD Secretary may prescribe, that is for a family other than a first-time homebuyer. An exemption may be made under circumstances identified in this plan or by subsequent HUD first time homebuyer interpretations or changes in Section 8 policies.

Once it has been determined that an applicant is eligible according to agency/HUD requirements, HAB will provide the applicant with a Section 8 homeownership certificate declaring the applicant's eligibility for this program. The certificate of eligibility is not a guarantee that the applicant will be able to purchase a home, but merely specifies that the applicant can begin the home purchasing process. The Section 8 homeownership eligibility certificate provides real estate and lending professionals information that they need to assess the applicant's Section 8 income qualifications.



Other considerations such as the housing market, the applicant's credit history, current income, ability of the applicant to fulfill these requirements will determine ultimate results.

The certificate of eligibility will estimate the housing assistance payment made on behalf of the recipient, the unit size, and other pertinent information. The certificate must be presented to the homeownership professionals who will assist the applicant in purchasing a home.

- **Income Requirements**

Because this program is for low income persons and persons with disabilities, the income and employment requirements are modified as allowed within the proposed rule. HAB will review all income and other pertinent information to ensure the participant is likely to fulfill the homeownership obligations under the Section 8 homeownership program and there is a high likelihood for success. HAB will count as income any income allowed under the Section 8 rental assistance program, including benefits as income, in calculating gross family contribution and monthly housing assistance payments. HAB will consider other factors which would allow the family to afford the home, such as financial gifts and grants, the cost and location of the home, etc. Lenders will conform to income requirements as specified under FHA regulations and policies. Income from food stamps and roommates will not be counted as income but can be used as compensating factors if well documented by the lender. **Minimum requirement = \$10,300**

Unless elderly or disabled

**Continuous employment for 1 year
at 30 hours a week**

- **Preferences**

Preferences are given to those who are participating in the Family Self Sufficiency program or elderly or disabled Section 8 Participants.

- **Minimum Cash Downpayment or Equity Requirements**

HAB requires a minimum of 3% as a down payment by the participating family. Of the 3% at least 1% must be from the family assets. The other 2% down can be from any source approved under FHA guidelines. HAB works closely with non-profit agencies advancing the cause of home ownership for persons with disabilities. These agencies have been successful in accessing funds for downpayment, closing and other expenses. Funding from Community Development Block Grants and other federal, state, or local funding is not prohibited. HAB anticipates that participants in the Section 8 homeownership program, or their advocates, may apply for additional funding from these resources.

- **Continuing rental assistance if the family does not find a suitable house to buy**

A family has 120 days from the time HAB issues a homeownership certificate to the family in which to find a home, secure financing and close on the purchase. If the family hasn't closed within this time frame, the family may make a written request to HAB to extend the certification of eligibility for a new 120-day search period. If the family still hasn't closed within the extended time frame, the family may request re-certification of eligibility by submitting a new Application for Section 8 Homeownership Assistance form to HAB. If family income or composition information changes during the certified search period, the HAB will updated HUD form 50058 information and verify this information for the agency's file.

HAB may rescind the homeownership program for this family if it fails to execute the closing within this time frame. The family would not lose its rental assistance if it fails to find a home within the



certified search period.

- **Homeownership counseling**

HAB realizes the importance of homeownership counseling for participants in this program. Specialized homeownership counseling tailored to special needs populations will be one of the principal ingredients in the success of homebuyers participating in the HAB Home Ownership program. In this Section 8 homeownership program, all homebuyers must attend homeownership education classes that meet FHA guidelines. The home ownership counseling class must be completed satisfactorily prior to signing the contract. The homebuyer will also complete post-purchase counseling if needed. All post-closing classes and educational strategies approved for this program will be tailored to participants' needs and/or disabilities. HAB will provide participants with a list of approved education sources.

- **Eligible homes**

A family may choose an existing home or one under construction. Newly constructed homes are eligible for assistance if the home is under construction at the time HAB determines that the family is eligible for homeownership assistance to purchase the unit. The term "under construction" means that the basement or the footings/slab has been poured. Signed contracts must not allow an increase in the home price without HAB approval.

- **Inspections**

The family must hire an independent, professional home inspector to perform a visual inspection and produce a written report of the condition of the property for the buyer. The purpose of this examination is to describe observable major defects that require repairs. This is not a Housing Quality Standards inspection.

The family selects the professional home inspector and the family may select only a contractor that fits within normal professional standards; for example: a licensed contractor, architect or certified single family home inspector. A copy of the independent inspection report must be provided to HAB. HAB and the family may discuss the results of the inspection. The family and HAB must determine if any pre-purchase repairs are necessary.

The home chosen by the family must also pass an initial HAB/HUD Housing Quality Standards (HQS) inspection which is the same HQS inspection used for the rental assistance program. HAB's trained inspectors will conduct the HQS inspection when the home is 100% ready for occupancy. Because of the supportive service nature of this program, the RIC may periodically conduct visits to homeowners to provide pro-active support and on an as-needed basis if a homeowner is experiencing problems maintaining their home.

- **Financing and Purchase requirements**

It is the responsibility of the family to secure its own financing for the home purchase from a lender approved by HAB. HAB will not directly or indirectly reduce housing choice for a family and a family may contact any lender it wishes. HAB will provide a lender list and their local contacts to those who are eligible for the program.

Borrowers with Section 8 assistance may use this rental assistance to help them qualify for a



mortgage. This assistance may be applied directly against their mortgage payment, if the borrowers secure a conventional uninsured mortgage loan. This allows borrowers to qualify for a higher first mortgage. The borrowers would then qualify on the remaining payment after the Section 8 is applied. By underwriting this way, the family will have other sources of income for other bills, living expenses and the amount of the remaining mortgage payment after the Section 8 assistance reduction has been applied.

Lenders and HAB will coordinate information regarding sources of income when qualifying a family for a house payment. However, Section 8 housing assistance may be used as a direct “buy-down” of the house payment (i.e. for a conventional uninsured loan purchase) and not as a source of income.

There is no prohibition against using local or state Community Development Block Grants (CDBG) or other subsidized financing in conjunction with the Section 8 homeownership program.

HAB will review seller financing on a case-by-case basis. HAB requires a maximum loan to value consistent with FHA guidelines.

- **Contract of sale**

The family enters into a contract of sale with the seller. The family becomes obligated for the whole mortgage payment in event of termination of assistance.

- **Maximum homeownership assistance term**

The maximum homeownership assistance term will be governed by the term of the loan.

- **HAB policy for payment of the HAP to the family or lender**

Since Section 8 funding is subject to annual appropriations, HAB cannot guarantee that assistance will be available for the term of the loan.

HAB pays the monthly homeownership assistance payment on behalf of the family that is equal to the lower of a) the payment standard minus the total tenant payment; or b) the family’s monthly homeownership expenses minus the total tenant payment. This housing assistance payment will be made directly to the lender via a housing assistance payment (HAP) to the lender on behalf of the buyer. The lender will access the participant’s portion from the participant. The lender will combine HAB’s HAP payment and the participant’s portion of the payment for the total mortgage payment.

- **Homeownership expenses and allowances**

Homeownership expenses are considered to be the amount paid by the family for the principle, interest, taxes and insurance (PITI) and if needed the mortgage insurance premium. Homeownership expenses are considered to be HAB’s utility allowance standard, a repair/reserve amount, and any homeowner association dues.

- **Portability**

Since MDOC is a statewide Public Housing Agency (PHA) and has the same jurisdiction as every



local housing authority in Montana, portability within the state is allowed per HUD regulations. If a family is eligible for portability to another state, the family may select a home in the jurisdiction of another PHA, if the receiving PHA is approving units under the Section 8 homeownership option. The receiving PHA may absorb the family into their Section 8 program or bill the initial PHA for the housing assistance payments. The receiving PHA will arrange for any necessary counseling. The receiving PHA homeownership policies will apply to the portable family.

- **Sale of home**

The family may not sell the home unless HAB has approved the sale.

- **Mortgage default**

HAB uses the same guidelines as FHA when a loan goes into default. That is, if a borrower has been foreclosed on and loses the home, the borrower must wait at least three years and reestablish good credit history (most likely rental history) before the borrower can get another mortgage loan. Also HAB requires that the borrower take homeownership education classes again and have a non-profit homeownership counselor work with the family before the family may reapply.

Lenders have questioned what will happen to the home if the participant stops making payments. HAB will be in monthly contact with the lender to ensure all participants are current in payments. The family must sign an agreement to allow the lender and HAB to share information regarding the homeownership process and documents. If, at some point, a participant is delinquent in making a payment HAB see if the matter can be resolved.

If a family has a mortgage default under this program, and wishes to begin the process of purchasing a home under the program again, HAB will convene a panel of lenders and providers to review the new application. The panel will review the circumstances to decide if the family may have another homeownership opportunity or if the family is entitled to receive rental assistance. Any decision to deny rental assistance is based on Section 8 rental assistance regulations and policies as addressed in that section of the administrative plan.

- **Denial to move or termination of assistance payments**

At any time, HAB may deny permission to move, or continue with housing assistance payments at the current location, in accordance with Section 982.552 including termination of assistance for violation of any family obligations described in Section 982.632 and as addressed in HAB's administrative plan.

Failure to comply with scheduled mortgage payments and/or policies and regulations in HAB's administrative plan and HUD/FHA regulations may initiate normal foreclosure processes.

- **Supportive services**

HAB's program strengths and successes lie in its partnerships with local service providers. This partnership puts the "supportive" in HAB's name. The Resident Initiatives Coordinator (RIC) will provide HAB's housing participants with a myriad of flexible services of choice to enable participants the best opportunities to succeed. These services include, to name a few, case management, counseling, and budget assistance. The RIC will go beyond just administering the



homeownership program at the local level. The RIC will provide tenant counseling and build collaborative, long-standing relationships with the participants and their community resources. They will continue to offer case management and other services after a Section 8 participant purchases a home.

HAB will also provide monitoring of the Section 8 homeownership program and supportive services provided to buyers. HAB maintains a close professional relationship with its agencies. It keeps agencies informed of HUD's rules and regulations and ensures each agency has up-to-date information and training. HAB provides briefing packets to prospective buyers, lenders, and others and ensures HQS inspections, homeownership counseling, and other requirements of the program are completed satisfactorily.

Section 8 Homeownership Program responsibilities. HAB will:

- provide information on homeownership through its briefing packet
- ensure the Section 8 participant is aware there is choice in choosing the homeownership option or voucher assistance
- determine the eligibility of a Section 8 rental assisted family to participate in the Section 8 homeownership program which includes:
 1. a family must meet the general requirements for participation in the HAB's Section 8 tenant based program
 2. have received HAB Section 8 rental assistance for a minimum of one year, and
 3. be a participant in good standing (the family has not violated any Section 8 program regulations or policies)
 4. the family must also be able to comply with the additional special requirements for homeownership assistance as specified in this handbook and HAB's administrative plan
- assess the buyer's ability to provide a 3% down payment of which 1% comes from his/her own income
- determine initial affordability of the home based on financing package and any inspection repair costs
- issue a Section 8 homeownership eligibility certificate
- use HAB's utility allowance schedule applicable to HAB's Section 8 rental assistance program
- use HAB's payment standards (PS) applicable to Section 8 rental assistance program. The PS is based on the lower of the family size or the payment standard for the size of the home. If the home is located in an exception rent area, HAB will use the appropriate payment standard for the area
- issue the lender a final estimate of HAB housing assistance payment before closing
- make housing assistance payments to the lender based on the lower of total payment standard minus the participant's total homeownership payment (THP) or monthly homeownership expenses minus the total homeownership payment (THP)
- make a housing assistance payment (HAP) to the lender on or before the first of every month on behalf of the participant. The lender will take HAB's HAP payment and the participant's portion of the payment for the total mortgage payment
- notify HAB and HAB of any changes in payments
- at least annually reexamine the homeowner's income and family composition to determine appropriate payments and make adjustments as necessary



- determine if family can be issued a new voucher, or continue with their present rental voucher if suitable home and/or financing is not obtained by the deadline provided to family
- determine if family who has defaulted in this program will be allowed to reapply for the program
- determine any requirements for continuation of homeownership assistance based upon Section 8 rental assistance rules and policies as stated in its Section 8 administrative plan
- approve a live-in aide if needed and if a reasonable accommodation is requested in writing
- maintain a record of the families participating in the homeownership program and provide HUD with requested data
- assist the homeowner as much as possible to dispose of the home in event of foreclosure

Section 8 homebuyer responsibilities. The family must:

- have been receiving Section 8 rental assistance through HAB for a minimum of one year
- be a Section 8 recipient in good standing; i.e., the family has not violated any Section 8 program regulations or policies
- meet the HUD definition of first time homebuyer
- meet all eligibility criteria as specified in this handbook and HAB's or MDOC'S administrative plan (whichever is applicable)
- enter into a Statement of Homeowner Obligations Agreement prescribed by HAB and HUD and comply with provisions within that agreement.
- agree to use the home as their sole residence and have no homeownership interest in any other residence
- comply with all HAB and HAB approved lender requirements and FHA regulations
- attend homeownership counseling prior to purchase and post-purchase
- secure the family's own financing through a HAB approved lender under this Section 8 program
- be able to make their portion of the monthly payment
- be able to make their portion of house payment to the lender every month between the 1st and 5th of the month
- sign a release allowing HAB to exchange information on the borrower with the lender, originating lender, and realtor regarding the loan
- provide a cash downpayment of at least 3% of which 1% must be from the families resources
- find and close on a home within 120 days (after homeownership certificate is issued) unless waived by HAB
- report on progress in locating a unit at such intervals and times as determined by HAB
- enter into a sales contract with the seller
- secure an independent, professional home inspector to inspect the home at family expense
- secure a HUD Housing Quality Standards inspection; and submit the reports to HAB
- agree to maintain the condition of the home to comply with minimum HUD Housing Quality Standards (HQS)
- acknowledge that termination of assistance for failure to comply will follow termination process as stated in HUD Section 8 rental assistance regulations and HAB's or MDOC'S Section 8 rental assistance and homeownership administrative plans (whichever is applicable)
- acknowledge that family becomes obligated for the whole mortgage payment in event of termination of assistance



Lender responsibilities. Lenders will:

- be an approved lender
- comply with HAB requirements for financing the purchase of a home assisted under this program
- comply with the basic mortgage insurance credit underwriting requirements for FHA insured single family mortgage loans
- consider all family income as income which qualifies the family for a house payment (excluding the Section 8 housing assistance payment made by HAB, except when utilizing underwriting guidelines for FHA-insured loans)
- consider Section 8 housing assistance paid by HAB as a direct reduction or buydown of the house payment and not as a source of income (when utilizing a conventional uninsured type mortgage loan)
- submit a Good Faith Estimate to HAB prior to closing

HAB responsibilities

The agency must:

- provide information on Section 8 homeownership program to their Section 8 participants
- provide forms and assistance on as-needed basis to those who wish to participate
- conduct a Housing Quality Standard (HQS) inspection when the home is ready for occupancy
- Make assistance payment in accordance with HUD and HAB polices

Underwriting Guidelines

- Applicant has met HAB's eligibility standards
- Standard FHA guidelines prevail for the underwriting process
- Downpayment and other needed expenses may come from grants, loans or gifts per FHA guidelines
- Co-signer is acceptable
- Gross up of SSI and SSDI according to FHA guidelines
- Applicant must have good traditional credit; in the absence of traditional credit, alternate types of credit may be used according to FHA guidelines (e.g., rental payments of 12 months or more)
- 3% is minimum down payment
- 1% down must come from family contribution
- Education classes required: Must cover required education items; post-purchase counseling provided through annual homebuyer reunion classes and variety of post-closing education strategies
- Required inspection by professional inspector (this is not an HQS inspection)
- Rehab dollars can be put into first mortgage
- Repairs or rehab needed for disability may be included in the loan if value supports inclusion and falls under FHA guidelines.

FORMS

- **Application for Section 8 Homeownership Assistance**
- **Homebuyer Checklist**
- **Certification of Section 8 Homeownership Eligibility**
- **Statement of Homeowner Obligations**
- **Program Guidelines**





THE HOUSING AUTHORITY OF BILLINGS
APPLICATION FOR SECTION 8
HOMEOWNERSHIP ASSISTANCE

(TO BE COMPLETED BY THE SECTION 8 PARTICIPANT AND SUBMITTED TO THE HOUSING AUTHORITY OF BILLINGS)

Section 8 Participant Head of Household _____
Address: _____ zip code _____ Phone _____
Social Security Number _____

List all family members:

| | | |
|---------------|--------------------|-----------|
| 1. Name _____ | Relationship _____ | SS# _____ |
| 2. Name _____ | Relationship _____ | SS# _____ |
| 3. Name _____ | Relationship _____ | SS# _____ |
| 4. Name _____ | Relationship _____ | SS# _____ |
| 5. Name _____ | Relationship _____ | SS# _____ |

Are you a first time homebuyer? Yes _____ No _____

If not, please explain _____

Do any family members need an accessible unit? Yes _____ No _____

If you intend to have a co-borrower on your home loan, please complete the following:

Co-Borrower _____ SS# _____

Will you require down-payment assistance in order to buy a home? Yes _____ No _____

How long have you received rental assistance from the Section 8 Program?

More than 1 year ___ More than 2 years ___ More than 5 years ___ More than 10 years ___

Why do you want to become a homeowner? _____

Section 8 Participant Head of Household _____ Date _____

Resident Initiatives Coordinator _____

For office use only Admission date _____
Elderly _____ Disabled _____ FSS participant _____



HOME BUYER CHECKLIST

This form is for the borrower's use. It should not be completed and returned to HAB.

When you apply for a home mortgage loan, you (and the co-buyer if one is being used) will typically need to provide the lender the following information. Please ensure it is complete and up-to-date (within the past 90 days). Check with your lender regarding any additional information you may need to provide.

- _____ Two of your most recent paystubs. Include year to date (YTD) from your present employer(s) and/or documentation of any other forms of income. These are also needed for anyone else who will reside in your new home.
- _____ Documentation of Social Security benefits
- _____ One year documentation of child support payments
- _____ Bank statements for all accounts from last three months
- _____ W-2s and complete income tax returns for the last 3 years
- _____ Names, addresses, account numbers and balances of all checking and savings accounts.
- _____ Drivers license and social security card
- _____ Names, addresses, account numbers, balances and monthly payments on all installment debts; include charge cards, car loans, student loans, child care expenses and child support payments
- _____ Names and addresses of landlords for last 2 years
- _____ Complete divorce decree
- _____ Bankruptcy papers
- _____ Consumer Credit Counseling papers
- _____ Papers on any pending matter
- _____ Proof of immigration status if not U.S. citizen



The Housing Authority of Billings
Certification of Section 8 Homeownership Eligibility
LENDER NOTE: THIS IS AN ESTIMATE ONLY

***** PARTICIPANT NOTE: THIS IS NOT A LOAN COMMITMENT *****

This document is completed by HAB

Participant provides this to the lender as verification of eligibility. A final form, the "Homeownership Worksheet Calculations", will be completed after HAB obtains evidence of a signed contract, income verifications, utilities and underwriting criteria from the lender. HAB will review PITI and other homeownership expenses to determine HAB's monthly payment to the lender.

PARTICIPANT FAMILY NAME _____

UNIT SIZE (Number of bedrooms authorized for assistance) _____

GROSS ANNUAL INCOME (Sum of income below) _____

Sources:

- Pension _____
- Own Business _____
- Social Security _____
- Military Pay _____
- SSI _____
- TANF _____
- General Assistance _____
- Wages _____
- Child Support _____
- Unemployment Benefits _____
- Assets _____
- Other _____

HAP PAYMENT-Based on the participant's current income and monthly rental expenses, the maximum allowable Section 8 assistance which may be applied to mortgage payment is:
 \$_____ (estimate only)

COMMENTS _____

DATE OF ISSUE (Date certificate issued to family) _____

EXPIRATION DATE- 120 DAYS from the issue of the Certificate of Eligibility.
 Deadline for purchasing a home: _____

EXTENDED EXPIRATION DATE (Granted on case-by-case basis) _____

 Signature of Section 8 Official Date

 Signature of Participant Family Head of Household Date

NOTE: Your signature on this page signifies your agreement to the Statement of Homeowner Obligations and Program Guidelines.



STATEMENT OF HOMEOWNER OBLIGATIONS

The Family Must:

- have been receiving Section 8 rental assistance through HAB for a minimum of one year
- be a Section 8 recipient in good standing; i.e., the family has not violated any Section 8 program requirements
- meet HUD first time homebuyer definition
- meet all eligibility criteria as specified in this handbook and HAB's or MDOC'S administrative plan (whichever is applicable)
- enter into this Statement of Homeowner Obligations Agreement prescribed by HUD and comply with provisions within this agreement
- agree to use the home as their sole residence
- comply with all FHA lender requirements
- attend homeownership counseling prior-to-purchase and post-purchase
- secure the family's own financing through an approved lender
- be able to make the monthly payment of the family's portion of the mortgage
- allow their portion of the payment to be collected by the lender
- funds for withdrawal must be available between the 1st and 5th of the month
- sign a release (this form) allowing HAB to exchange information on the borrower with the lender, USDA/RD (where necessary) originating lender, and realtor regarding the loan
- provide a cash downpayment of at least 3% of which 1% must be from the family resources
- find and close on a home within 120 days unless waived by HAB
- report on progress in locating a unit at such intervals and times as determined by HAB
- enter into a sales contract with the seller
- secure an independent, professional home inspector to inspect the home and report to HAB
- agree to maintain the condition of the home to comply with minimum HUD Housing Quality Standards (HQS)
- acknowledge that termination of assistance for failure to comply will follow termination process as stated in HUD Section 8 rental assistance regulations and HAB's Section 8 rental assistance and homeownership administrative plans
- acknowledge that family becomes obligated for the whole mortgage payment in event of termination of assistance
- agree the family may not sell the home unless HAB has approved the sale.
- **the family has reported as of today's date – all income and expenses and household information of the household.**

Signature

Date

Resident Initiatives Coordinator

Signature

Date



PROGRAM GUIDELINES

- 1) The Housing Authority of Billings has determined that the above-named family is eligible to participate in the Section 8 homeownership program. Under this program, the family has 120 days to conduct a housing search to include contacting lenders and real estate professionals, locating an appropriate home for purchase, and closing on that home. The family may request in writing an extension of an additional 120 days on the initial Certification of Eligibility.
- 2) During the initial or extended term of this certificate, HAB will require the family to report progress in locating a home at such intervals and times as determined.
- 3) If the lender agrees to finance the home purchase and the buyer closes on a contract with the seller, HAB will make its portion of monthly assistance payments on behalf of the family.
- 4) HAB's payment, based on the program's regulations and policies, will be made by HAB to the approved lender between the 1st and 5th of each month.
- 5) The buyer is responsible for paying the family's portion of the mortgage to the approved lender between the 1st and 5th of each month.
- 6) HAB determines the amount of the monthly housing assistance payment to be paid based on program regulations. Generally, the monthly housing assistance payment is based on the lower of the total payment standard minus the participant's total homeownership payment (THP) or monthly homeownership expenses minus the total homeownership payment.
- 7) HAB is under no obligation to the family, to any lender, or to any other person, to approve any purchase unless it meets all requirements as outlined in HUD regulations and HAB's or MDOC'S administrative plan governing this program (whichever is applicable)
- 8) HAB does not have any liability to any party by the issuance of this certificate of homeownership interest.
- 9) Section 8 funding is subject to annual appropriations.
- 10) This certificate is not a guarantee that the family will be able to purchase a home under this program. The family becomes a participant in the program when the purchase of a home is closed under the program's rules, regulations and policies, and the lender begins receiving payments from both HAB and the family.
- 11) Section 8 homeownership applicant and participant responsibilities. The individual/family shall:
 - Have received Section 8 rental assistance through HAB or MDOC for a minimum of one year.
 - Is a Section 8 recipient in good standing; i.e., the family has not violated any Section 8 program regulations or policies.
 - Is a first-time homebuyer as defined by HUD and FHA guidelines.
 - Meet all eligibility criteria as specified in the program handbook and HAB's or MDOC'S administrative plan (whichever is applicable).
 - Enter into a Statement of Homeowner Obligations Agreement and comply with provisions within that agreement.
 - Agree to use the home as their sole residence, nor other homeownership interest in any other home.
 - Comply with all approved lender requirements and FHA regulations.
 - Attend homeownership counseling prior to purchase and post purchase.
 - Provide a cash down payment of at least 3% of which 1% must be from family



resources.

- Secure the family’s own financing through an approved lender under this Section 8 Program.
- Secure a HUD Housing Quality Standards (HQS) professional home inspection of the home
- Secure a independent, private home inspection at the family’s expense
- Find and enter into a sales contract with the seller on a home within 120 days unless waived by HAB.
- Make the family’s portion of house payment every month to the approved lender between the 1st and 5th of each month.
- Sign a release (this form) allowing HAB to exchange information on the borrower with the lender and USDA/RD (where necessary) originating lender, and realtor regarding the loan.
- Acknowledge that termination of assistance for failure to comply will follow termination process as stated in HUD Section 8 rental assistance and homeownership rules and regulations and HAB’s’ administrative plan.
- Acknowledge that the family becomes obligated for the whole mortgage payment in event of termination of assistance.
- Agree to maintain the condition of the home to comply with minimum HUD Housing Quality Standards (HQS).

- 12) Illegal Discrimination: If the family has reason to believe that, in its search for suitable housing it has been discriminated against on the basis of age, race, color, religion, creed, sex, disability, national origin, martial status or familial status, the family may file a housing discrimination complaint with any HUD Field Office in person, by mail, or by telephone. HAB will give the family information on how to fill out and file a complaint.
- 13) Expiration and Extension: The certificate will expire on the date stated on the top of page one unless the family requests an extension in writing and HAB grants a written extension. If an extension is granted, the extension date must appear on page one of the certificate.
- 14) Agreement: By signature below, the participant family agrees to all terms and conditions set forth in this homeownership assistance document.

Head of Household Signature

Date

Resident Initiatives Coordinator Signature

Date

NOTES 
EQUAL HOUSING
OPPORTUNITY



