

SUPPORTIVE HOUSING AND HOMELESS PROGRAMS

SECTION 8 HOMEOWNERSHIP HANDBOOK



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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 people with disabilities who have low-incomes think about for very long. It's often an impossible dream, especially in today's Colorado 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.

Supportive Housing and Homeless Programs is a public housing agency located within the Colorado Department of Human Services. SHHP administers HUD housing programs for more than 2300 people with disabilities and other special needs around the state. However, because the recipients are often people who need more than just a roof over their heads, the programs provide more than just subsidized assistance. SHHP's strength and success lies in its partnerships with more than 70 local service providers. This partnership puts the word "supportive" in our name.

These local agencies' housing coordinators administer subsidized housing assistance which includes tenant counseling, maintaining a landlord database, and building collaborative, long-standing relationships at a local level. They also offer SHHP's 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, budget assistance, health and employment assistance. These local coordinators will continue to make flexible housing and case management services available after a Section 8 participant purchases a home.

Since 1977 SHHP had offered only rental assisted housing programs. However, in 1993 in response to consumers' requests, Supportive Housing and Homeless Programs (SHHP) and the Colorado Housing Assistance Corporation (CHAC) were co-applicants for HUD HOPE 3 funds to provide homeownership opportunities for people with disabilities. During the past seven years, HOPE 3 has assisted approximately 50 individuals and families with mental disabilities in buying their own homes.

Unfortunately, the HOPE 3 program ended, but a successor program with limited funds has assisted approximately 30 more people purchase homes in various communities across the state. Other low-income individuals and families with disabilities have been able to purchase homes with assistance of service providers, family, advocates, lenders, and others.

The purchases were not always easy, but the successes of so many gave hope that even more low-income people with disabilities could buy homes of their own.

As HOPE 3 was ending, SHHP developed a task force to explore additional opportunities for consumers. The HERO (Homeownership Education and Resource Opportunities) Alliance is made up of lenders, non-profit agencies, city, state and federal officials, real estate professionals and others. They meet monthly to investigate new ways to offer educational and financial assistance to people with serious permanent disabling conditions in buying their own homes.

The ability to use Section 8 assistance should prove to be a key resource in purchasing a home for low-income 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 Colorado'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 Colorado Department of Human Services housing authority Supportive Housing and Homeless Programs (SHHP) received permission from HUD in January 2000 to begin a one-year, statewide Section 8 homeownership demonstration program for people with disabilities based on HUD's proposed rule published April 30, 1999. Its goal is to expand homeownership opportunities for SHHP's Section 8 participants by assisting them in transitioning from rental assistance to homeownership using Section 8 rental assistance. SHHP estimates that 10 - 20 individuals and families will 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 SHHP. Current Section 8 participants who are interested in homeownership and meet SHHP/HUD program requirements are eligible to apply for the program. This handbook, along with SHHP's administrative plan, will provide the information that an agency and participant need to navigate the process. Since this is a demonstration program, SHHP may at some time in the future modify the demonstration program to incorporate sections of the final rule. (Note: HUD published the Section 8 Homeownership Program Final Rule in the September 12, 2000 Federal Register).

The Section 8 homeownership program builds on what was learned in the SHHP and Colorado Housing Assistance Corporation (CHAC) HOPE 3-homeownership program and from other homeownership programs for people with disabilities.

- The roles of the federal Department of Housing and Urban Development (HUD) and the Colorado Housing and Finance Authority (CHFA)

The Section 8 homeownership program is a collaborative effort between the State of Colorado's Department of Human Services (CDHS), the federal Department of Housing and Urban Development (HUD) and the Colorado Housing and Finance Authority (CHFA).

The state's housing agency Supportive Housing and Homeless Programs (SHHP) administers a large HUD Section 8 rental assistance program for people with disabilities and other special needs; in April 1999, HUD issued a proposed rule that allowed Section 8s to be used for homeownership; the Colorado Housing and Finance Authority created a new loan program (*HomeAccess*) to provide very low-income people with mental and physical disabilities who cannot qualify for a mortgage with existing disability loan products the opportunity to own their own home. Together these agencies are offering the Section 8 homeownership program.

Because of the collaborative effort between three major agencies, participants must comply with all three agencies' 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 the 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 by staff from the three agencies.

- Eligibility criteria

Qualified participants may freely choose whether to continue with their rental assistance or request homeownership assistance. SHHP's 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 SHHP's handbook.

If a family wishes to pursue the homeownership option, a family must meet the general requirements for participation in the SHHP's Section 8 tenant based program, received SHHP 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 SHHP's 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 SHHP policies.

Once SHHP has determined an applicant is eligible according to SHHP/HUD requirements, SHHP 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 SHHP’s 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.

- Outreach

SHHP will market this program to all housing coordinators who administer SHHP’s Section 8 rental assistance program at the local level and to the Section 8 recipients they serve. Because of the complexity of the homeownership program and the need to execute the program at the local level, SHHP will train housing coordinators on how this program differs from the Section 8 rental assistance program and on the real estate steps needed to assist consumers in purchasing their own homes.

- Income Requirements

Because this program is for persons with disabilities, the income and employment requirements are modified as allowed within the proposed rule. SHHP 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. SHHP 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. SHHP 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.

- Preferences

Preferences are given to those who work, are participating in SHHP's Family Self Sufficiency, welfare to work, and/or other education programs.

- Minimum Cash Downpayment or Equity Requirements

SHHP requires a minimum of an \$750 or 5% of assets, whichever is greater, as a downpayment by the participating family. Five percent down can come from cash assistance or family contribution or any source approved under FHA guidelines. SHHP works closely with non-profit agencies advancing the cause of homeownership 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. SHHP 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

A family has 180 days from the time SHHP issues a homeownership certificate to the family in which to find a home, secure financing and close on the purchase. SHHP 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 180 days.

- Homeownership counseling

SHHP realizes the importance of homeownership counseling for participants in this program. Specialized homeownership counseling tailored to special needs populations has been one of the principal ingredients in the success of homebuyers participating in the SHHP/CHAC HOPE 3 program. In this Section 8 homeownership program, all homebuyers must attend homeownership education classes that meet FHA guidelines and are provided by Colorado Housing Finance Authority (CHFA) approved agencies. The home ownership counseling class must be completed satisfactorily prior to signing the contract. The homebuyer may also complete post-purchase counseling if needed. All classes approved for this program will be tailored to participants' needs and disabilities.

- Eligible homes

A family may choose an existing home or one under construction. Newly constructed homes are eligible for assistance if the construction is finished when the family completes the purchase transaction. Signed contracts must not allow an increase in the home price without SHHP 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 SHHP. SHHP and the family may discuss the results of the inspection. The family and SHHP must determine if any pre-purchase repairs are necessary.

The home chosen by the family must also pass an initial SHHP/HUD Housing Quality Standards (HQS) inspection which is the same HQS inspection used for the rental assistance program. SHHP's trained local housing coordinators will conduct the HQS inspection when the home is 100% ready for occupancy. Because of the supportive service nature of this program, coordinators may also conduct HQS inspections on an annual basis for 2 years after purchase, and on an as-needed basis if a homeowner is experiencing problems maintaining their home.

- Financing and purchasing requirements

Lenders in this pilot program are Citywide Financial, Commercial Federal and US Bank . These lenders were selected by the Colorado Housing and Finance Authority (CHFA) based on their experience in lending for the disabled community and performing hardship loans, and for their ability to provide statewide coverage. For this pilot program, CHFA will buy the loans from the approved lenders and service the loans. SHHP will make the assistance payment directly to CHFA.

It is the responsibility of the family to secure its own financing for the home purchase from a lender approved by CHFA. SHHP will not directly or indirectly reduce housing choice for a family and a family may contact any lender it wishes as long as that lender has been approved for this program by CHFA. SHHP 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, therefore allowing the borrower to qualify for a higher first mortgage. The borrowers would then qualify on the remaining payment after the Section 8 is applied. By underwriting it 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 must consider public assistance, employment, or other income allowed in the Section 8 rental assistance program as income for the Section 8 homeownership program. Lenders must consider these sources of income when qualifying a family for a house payment. However, Section 8 housing assistance itself may be used as a direct reduction or “buydown” of the house payment 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.

CHFA/SHHP will review seller financing on a case-by-case basis. CHFA/SHHP requires a maximum loan to value consistent with FHA guidelines and prohibits balloon payments.

- 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.

- Second mortgage program

Based on need, CHFA’s Home Finance Division may provide funds to assist borrowers with down payment assistance. The second mortgage would be due in full upon sale or refinancing of the property, transfer of title, death of the borrower (although there are survivor rights), and when the home is no longer the family’s primary residence.

- Co-borrower/co-signer

These terms are often used interchangeably. Under SHHP’s Section 8 program, a co-borrower is a family member living in the unit whose income and debts, along with the borrower’s, are included in calculating qualifying income.

Under SHHP’s Section 8 program, a non-occupying co-signer can sign the Note, which makes the co-signer obligated to repay the loan should the borrower default. A co-signer does not take title to the property but simply adds strength and support to the loan. The co-signer cannot sign the Deed of Trust or the Warranty Deed. Only the Section 8 purchaser may hold title to the property while the purchaser receives Section 8 assistance. A good example of a co-signer is a parent who co-signs on the Note so a son or daughter can purchase a home.

- Home warranty

CHFA will provide a one-year home warranty for existing construction. The Section 8 buyer is encouraged to renew this warranty.

- Maximum homeownership assistance term

The maximum homeownership assistance term is 30 years (360 months).

- SHHP policy for payment of the HAP to the family or lender

Since Section 8 funding is subject to annual appropriations, SHHP cannot guarantee that assistance will be available for 30 years.

SHHP 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 CHFA via an electronic housing assistance payment (HAP) to CHFA on behalf of the buyer. CHFA will access the participant's portion from the participant's bank account. CHFA will combine SHHP's HAP payment and the participant's portion of the payment for the total mortgage payment.

- Homeownership expenses

Homeownership expenses are considered to be the amount paid by the family for the principle, interest, taxes and insurance (PITI) plus SHHP's utility allowance standard and if needed the mortgage insurance premium expenses as determined by SHHP.

- Portability

Since SHHP is a statewide Public Housing Agency (PHA), portability within the state is allowed and is administered by SHHP. 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.

- Recapture

Under certain circumstances (e.g., sale or refinancing), SHHP may recapture a percentage of the housing assistance payments made. It is imperative that the owner notifies SHHP of any sale or refinancing plans.

- Sale of home

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

- Mortgage default

SHHP 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 SHHP 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. SHHP will be in monthly contact with CHFA to ensure all participants are current in payments. The family must sign an agreement to allow CHFA and SHHP to share information regarding the homeownership process and documents. If, at some point, a participant is delinquent in making a payment SHHP will notify the participant's sponsoring agency to 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, SHHP 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, SHHP 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 SHHP's administrative plan. Failure to comply with scheduled mortgage payments and/or policies and regulations in SHHP's administrative plan and CHFA or HUD/FHA regulations may initiate normal foreclosure processes.

- Supportive services

SHHP's program strengths and successes lie in its partnerships with more than 70 local service providers. This partnership puts the "supportive" in SHHP's name. The local agencies' housing coordinators provide SHHP'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, budget assistance, health and employment assistance. The housing coordinators go beyond just administering the homeownership program at the local level. They 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.

SHHP will also provide continuing monitoring of the Section 8 homeownership program and supportive services provided to buyers. SHHP 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. SHHP provides briefing packets to prospective buyers, lenders, and others and ensures HQS inspections, homeownership counseling, and other requirements of the program are completed satisfactorily.

Supportive Housing and Homeless Programs' responsibilities. SHHP 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 SHHP's Section 8 tenant based program
 2. have received SHHP 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 SHHP's administrative plan
- assess the buyer's ability to provide \$750 or 5% of assets, whichever is greater, of 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 SHHP's utility allowance schedule applicable to SHHP's Section 8 rental assistance program
- use SHHP'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, SHHP will use the appropriate payment standard for the area
- issue the lender a final estimate of SHHP housing assistance payment before closing
- make housing assistance payments to CHFA 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 an electronic housing assistance payment (HAP) to CHFA on or before the first of every month on behalf of the participant. CHFA will take SHHP's HAP payment and the participant's portion of the payment for the total mortgage payment
- notify CHFA 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 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
- not allow any recapture provisions in the sales contract unless there are recapture provisions associated with the family's home financing
- 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 SHHP 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 SHHP's administrative plan
- enter into a Statement of Homeowner Obligations Agreement prescribed by SHHP 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 CHFA approved lender requirements and FHA regulations
- attend homeownership counseling prior to purchase and post-purchase (if necessary), which is offered by CHFA qualified counseling providers
- secure the family's own financing through a CHFA 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 electronically to CHFA every month between the 1st and 5th of the month
- sign a release allowing SHHP and CHFA to exchange information on the loan
- provide a cash downpayment of at least \$750 or 5% of assets, whichever is greater
- find and close on a home within 180 days (after homeownership certificate is issued) unless waived by SHHP
- report on progress in locating a unit at such intervals and times as determined by SHHP
- enter into a sales contract with the seller

- secure an independent, professional home inspector to inspect the home and a HUD Housing Quality Standards inspection; and submit the reports to SHHP
- 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 SHHP'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

Lender responsibilities. Lenders must:

- be an approved Colorado Housing Finance Authority (CHFA) lender
- comply with SHHP and CHFA's 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 SHHP)
- consider Section 8 housing assistance paid by SHHP as a direct reduction or buydown of the house payment and not as a source of income
- submit a Good Faith Estimate to SHHP prior to closing
- report any late (payment not received within 15 days of due date) payment to SHHP

The sponsoring agency's 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

Underwriting Guidelines

- Applicant has met SHHP'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)

- \$750 or 5% of assets, whichever is higher, is minimum downpayment
- 5% down can come from cash assistance or family contribution
- Education classes required: 4 hours pre-purchase; 2 hours one-on-one and 4 hours post-purchase counseling
- 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.

**Colorado Department of Human Services
Supportive Housing and Homeless Programs**

**PRE-QUALIFYING APPLICATION
Section 8 Homeownership Program**

To be completed by the buyer and submitted to housing coordinator/SHHP:

Service Provider _____ Contact Person-

Borrower _____ Social Security Number _____

If there is a co-borrower please complete the following:

Co-borrower _____ Social Security Number _____

Borrower's current address (include city, state, zip, county)

Borrower's

Previous address if less than 2 years _____

Current phone _____ Fax _____ E-mail _____

Relationship between borrower and co-borrower? Spouse ____ Other _____

Explain _____

Name and address of current landlord (include city, state, zip and phone number)

Borrower's monthly housing rent? _____ Borrower's payment _____ SHHP's
payment _____

Is borrower a first time homebuyer? Yes _____ No _____

(please
explain) _____

Does borrower need accessible unit? Yes ____ No ____ Explain _____

Does borrower have any additional financial assistance? ____ Yes ____ No

If yes, specify _____

INCOME, ASSETS AND OBLIGATIONS

If more room is needed, please use extra sheets as necessary.

To be completed by the buyer and submitted to Housing Coordinator/SHHP.
Complete a separate sheet for borrower and co-borrower.

Borrower _____ Co-borrower _____ Co-signer _____

Sources of borrower's income

Source _____ Amount per month _____

Source _____ Amount per month _____

Source _____ Amount per month _____

Source _____ Amount per month _____

Employer _____

Address _____

Phone, fax, e-mail _____

Your position _____ Years on job _____

Total monthly income _____

Current Section 8 housing assistance payment _____

Assets

Does borrower have a checking account? Yes _____ No _____ Amount _____

Does borrower have a savings account? Yes _____ No _____ Amount _____

Obligations

Does borrower have a credit card(s)? Yes _____ No _____ Owed _____

Does borrower have installment loans? Yes _____ No _____ Owed _____

Other information

Does borrower have any outstanding judgments? Yes _____ No _____

specify _____

Has borrower declared bankruptcy within the past 7 years? Yes _____ No _____

specify _____

Is the borrower financially responsible for child support or alimony? Yes _____

No _____

specify _____

Is the borrower a defendant or plaintiff in a lawsuit? Yes _____ No _____

specify _____

Is any portion of your downpayment borrowed? Yes _____ No _____

Amount _____ From whom _____

Is the borrower a co-maker or endorser on a note? Yes _____ No _____

specify _____

Is the borrower presently delinquent or in default on any debt or loan, mortgage,
financial obligation, bond or loan guarantee? Yes _____ No _____

Signature _____ Date _____

HOMEBUYER CHECKLIST

This form is for the borrower's use. It does not have to be completed and returned to SHHP.

When you apply for a home mortgage loan, you (and the co-buyer if one is being used) will need to provide the lender all of the following information. Please ensure it is complete and up-to-date (within the past 90 days).

_____ 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

COLORADO DEPARTMENT OF HUMAN SERVICES SUPPORTIVE HOUSING & HOMELESS PROGRAMS

Certification of Section 8 Homeownership Eligibility
LENDER NOTE: THIS IS AN ESTIMATE ONLY

This document is completed by SHHP and sent to the Housing Coordinator/Participant. Participant provides this to the lender as verification of eligibility. A final form will be completed after SHHP obtains evidence of a signed contract, income verifications, utilities and underwriting criteria from the lender. SHHP will review PITI and other homeownership expenses to determine SHHP's monthly payment to the lender.

PARTICIPANT FAMILY NAME _____

SPONSORING AGENCY _____

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	_____

SHHP 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- 180 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 SHHP 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 SHHP 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 SHHP's administrative plan
 - 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 CHFA and FHA lender requirements
 - attend homeownership counseling prior-to-purchase and post-purchase, which is offered by CHFA qualified counseling providers
 - secure the family's own financing through a CHFA 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 CHFA through a mandatory electronic withdrawal
 - funds for electronic withdrawal must be available between the 1st and 5th of the month
 - sign a release allowing CHFA and SHHP to exchange information on the borrower
 - provide a cash downpayment of at least \$750 or 5% of assets, whichever is greater
 - find and close on a home within 180 days unless waived by SHHP
 - report on progress in locating a unit at such intervals and times as determined by SHHP
 - enter into a sales contract with the seller
 - secure an independent, professional home inspector to inspect the home and report to SHHP
 - 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 SHHP'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 SHHP has approved the sale.
-
-

Signature

Date

PROGRAM GUIDELINES

- 1) Supportive Housing and Homeless Programs (SHHP) has determined that the above-named family is eligible to participate in the Section 8 homeownership program. Under this program, the family has 180 days to conduct a housing search to include contacting lenders and real estate professionals and locating an appropriate home for purchase.
- 2) During the initial or extended term of this certificate, SHHP may 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, SHHP will make its portion of monthly assistance payments on behalf of the family.
- 4) SHHP's payment, based on the program's regulations and policies, will be made by SHHP to the Colorado Housing and Finance Authority (CHFA) between the 1st and 5th of each month via electronic deposit.
- 5) The buyer is responsible for paying the family's portion of the mortgage to CHFA between the 1st and 5th of each month through electronic transfer of funds.
- 6) SHHP 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) SHHP 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 SHHP's administrative plan governing this program.
- 8) SHHP 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 CHFA begins receiving payments from both SHHP and the family.
- 11) Section 8 homeownership applicant and participant responsibilities. The individual/family shall:
 - Have received Section 8 rental assistance through SHHP 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 SHHP's administrative plan.
 - 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 CHFA approved lender requirements and FHA regulations.
 - Attend homeownership counseling prior to purchase and post purchase. Counseling is offered by CHFA qualified counseling providers.
 - Provide a cash down payment of at least \$750 or 5% of assets, whichever is greater.
 - Secure the family's own financing through a CHFA approved lender under this Section 8 Program.
 - Secure a HUD Housing Quality Standards (HQS) and independent, professional home inspections of the home.
 - Find and enter into a sales contract with the seller on a home within 180 days unless waived by SHHP.
 - Make the family's portion of house payment every month to the Colorado Housing and Finance Authority (CHFA) via electronic payment between the 1st and 5th of each month.
 - Sign a release allowing CHFA and SHHP to exchange information 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 SHHP'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, sex, disability, national origin, or familial status, the family may file a housing discrimination complaint with any HUD Field Office in person, by mail, or by telephone. SHHP 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 SHHP grants a written extension. If an extension is granted, the extension date must appear on the top of page one.
 - 14) **Agreement:** By signature above, the participant family agrees to all terms and conditions set forth in this homeownership assistance Document.

Signature

Date

I:Homeownership Handbook1 Revised 10/00, Last Updated by Daniel R Vachon on Thursday, 3 April, 2003 at 2:45 PM.