



# *Home Ownership Option*

Housing Choice Voucher

July 12, 2013

|   |    |
|---|----|
| Why should I buy, instead of rent? .....                    | 3  |
| Should I use a real estate broker? How do I find one? ..... | 3  |
| Eligibility Requirements .....                              | 4  |
| Counseling Requirements .....                               | 5  |
| Counseling Agencies.....                                    | 5  |
| Eligible Units .....  | 7  |
| Restrictions .....  | 7  |
| Search & Purchase Requirements .....                        | 8  |
| Inspection & Contract.....                                  | 8  |
| Financing.....  | 9  |
| Continued Assistance.....                                   | 9  |
| Assistance Payments .....                                   | 11 |
| Homeownership Expenses.....                                 | 11 |
| Portability .....   | 12 |
| Moving With Continued Assistance .....                      | 12 |
| Denial or Termination of Assistance.....                    | 12 |
| Realtors & Other Services .....                             | 13 |

## **Why should I buy, instead of rent?**

- **Answer:** You will love the feeling of having something that is all yours - a home where your own personal style will tell the world who you are. A thriving vegetable garden in the backyard, a tiled entryway, a yellow kitchen...when you own, you can do it all your way! However, there is more to owning a home than personal satisfaction. You can deduct the cost of your mortgage loan interest from your federal income taxes, and usually from your state taxes, too. Moreover, interest will compose nearly all of your monthly payment, for over half the number of years you will be paying your mortgage. This adds up to hefty savings at the end of each year. You are allowed to deduct the property taxes you pay as a homeowner. If you rent, you write your monthly check and it is gone forever. Another financial plus in owning a home is the possibility its value will go up through the years.

## **Should I use a real estate broker? How do I find one?**

- **Answer:** Using a real estate broker is a very good idea. All the details involved in home buying, particularly the financial ones, can be overwhelming. A good real estate professional can guide you through the entire process and make the experience much easier. A real estate broker will be well acquainted with all the important things you will want to know about a neighborhood you may be considering...the quality of schools, the number of children in the area, the safety of the neighborhood, traffic volume, and more. He or she will help you figure the price range you can afford and search the classified ads and multiple listing services for homes you will want to see. With immediate access to homes as soon as they are put on the market, the broker can save you hours of wasted driving-around time. When it is time to make an offer on a home, the broker can point out ways to structure your deal to save you money. He or she will explain the advantages and disadvantages of different types of mortgages, guide you through the paperwork, and be there to hold your hand and answer last-minute questions when you sign the final papers at closing. Moreover, you do not have to pay the broker anything! The payment comes from the home seller - not from the buyer.

Information copied from [www.hud.gov/buying/index.cfm](http://www.hud.gov/buying/index.cfm)

## **Eligibility Requirements**

(24 CFR 982.627)

The PHA will offer monthly homeownership assistance to applicant or participant families who contain at least one (1) adult family member who has been fully employed for at least one (1) year.

- The family must be eligible for the Housing Choice Voucher Program
- The family must qualify as a first-time homeowner, or may be a cooperative member
- In order to reflect local homeownership costs, Bossier Parish Section 8 Housing has established a minimum income standard of the FEDERAL MINIMUM WAGE x 2,080 hours (40 hours per week x 52 weeks per year). This standard applies to both disabled families and non-disabled families.

If the family proves that it has been pre-qualified or pre-approved for financing the family may use the Federally Established income limit of the FEDERAL MINIMUM WAGE x 2000 hours or for a disabled family the amount equal to the monthly SSI payment x 12.

- The family must meet the Federal minimum employment requirement which states that at least one adult family member must have been continuously employed for one year prior to homeownership assistance.

HUD regulations define “full time employment” as not less than an average of 30 hours per week.

Bossier Parish Section 8 Housing has further defined “full time employment” as a family member who has been continuously employed even if that family member has experienced a break in employment. The break in employment cannot exceed 30 calendar days and cannot occur within the nine (9) month period immediately prior to the family’s request to utilize the homeownership option. In addition, this has been the only break in employment within the past 12 calendar months.

- The Federal minimum employment requirement does not apply to elderly or disabled families.
- The family must not have had any family-caused violation of HUD’s Housing Quality Standards within the last (1) year.
- The family is not within the initial 1-year period of a HAP contract.
- The family does not owe money to the PHA

- The family has not committed any serious or repeated violations of the PHA-assisted lease within the past three (3) years.

## **Counseling Requirements**

(24 CFR 982.360)

The family must attend and complete HUD/PHA approved course on homeownership. The course must include the following topics:

- Home Maintenance, includes care of grounds
- Budgeting and money management
- Credit Counseling, including;
  - Negotiating the purchase price of home
  - How to obtain financing and loan pre-approvals, including types of financing that are available and the pro's and con's of the different types of financing
  - How to find a home, includes information about the opportunities of owning your own home, schools, and transportation
  - The advantages of purchasing a home located outside high poverty concentration areas
  - Information about RESPA, Truth-in-lending laws, how to avoid loans with oppressive terms and conditions.

## **Counseling Agencies**

(24 CFR 982.630)

This list was obtained, in part, from  
**[www.hud.gov/offices/hsg/sfh/hcc/states/louisiana.txt](http://www.hud.gov/offices/hsg/sfh/hcc/states/louisiana.txt)**

CONSUMER CREDIT COUNSELING AGENCY

8575 Business Park Dr.

Shreveport, LA 71105-5655

Phone: (225) 923-2227

Toll-Free: (800) 364-5595

Fax: (225) 726-7912

Website: **[www.moneymanagement.org](http://www.moneymanagement.org)**

Type of Counseling: HECM Counseling, Default/Foreclosure Counseling, Pre-purchase Counseling

Shreveport Urban Renaissance Corporation

520 Olive, Suite B203

Shreveport, LA 71104

Phone: (318) 678-8788

Fax: (318) 678-8780

E-mail: [ithomas730@bellsouth.net](mailto:ithomas730@bellsouth.net) or [wbaker03@bellsouth.net](mailto:wbaker03@bellsouth.net)

Type of Counseling: Pre-purchase, Post-purchase, Default, Homebuyer Education, Rental Counseling

Volunteers of America of North Louisiana

360 Jordan Street

Shreveport, LA 71101

Phone: (318) 221-2669

Fax: (318) 222-6370 or 318-429-7502

E-Mail: [ybartley@voanorthla.org](mailto:ybartley@voanorthla.org)

Type of Counseling: Pre-purchase Counseling, Homebuyer Education, First-time homebuyer classes

No More Limits Incorporated

1823 Pinehill Road

Shreveport, LA 71107

Phone: (318) 222-0526

E-mail: [nomorelimits@excite.com](mailto:nomorelimits@excite.com)

Type of Counseling: Homebuyer Education, Pre-purchase, Post-purchase

Affiliate of: Mission of Peace Housing Counseling Agency

CADDO COMMUNITY ACTION AGENCY

4055 Saint Vincent Ave

Shreveport, LA 71108-2542

Phone: (318) 603-4371

Fax: (318) 861-4958

Type of Counseling: HECM Counseling, Default/Foreclosure Counseling, Rental Counseling, Pre-purchase Counseling

And,

Bossier Housing Authority

805 E First Street

Bossier City, LA 71111

Phone: (318) 549-1556

Fax: (318) 549-1559

Contact: Andrew Burns, ext. 20

Email: [aburns@thehabc.org](mailto:aburns@thehabc.org)

Type of Counseling: First-time Homebuyer/ownership (pre-purchase) training. Certificate is awarded which may enable you to qualify for down-payment assistance through the Bossier Community Development Block Grant (CDBG) or Caddo CDBG programs.

## **Eligible Units**

(24 CFR 982.628)

Any unit that already exists or is under construction at the time the family is determined to be eligible for homeownership assistance.

The unit is a one-unit property or a single dwelling unit in a cooperative or condominium.

The unit has been inspected by the PHA and by an independent inspector designated by the family.

The unit must meet HUD Housing Quality Standards (HQS).

The unit may be a manufactured home if the home has a permanent foundation and the family has the right to occupy the site for at least 40 years.

The unit **must not** be any of the following:

- A public housing or Indian housing unit;
- A unit receiving Section 8 project-based assistance;
- A nursing home, board and care home, or facility providing continual psychiatric, medical, or nursing services;
- A College or other school dormitory;
- On the grounds of a penal, reformatory, medical, mental or similar public or private institution

The PHA will not approve the seller of the unit if the PHA has been informed that the seller is debarred, suspended, or subject to a limited denial of participation. The PHA may disapprove the seller for any reason provided for disapproval of an owner in the voucher program.

## **Restrictions**

(24 CFR 982.625)

A family may receive only one form of homeownership assistance. A family that includes a person who was an adult member of a family that previously received either form (down-payment assistance / monthly homeownership payments) may not receive the other form from any PHA.

Any family member who was an adult member of a family that previously defaulted on a mortgage obtained through the homeownership option is barred from receiving future homeownership assistance.

## **Search & Purchase Requirements**

(24 CFR 982.629)

The deadline for locating a home to purchase will be 60 calendar days from the date the family's eligibility for the homeownership option is determined.

The family must obtain financing for the home within 60 calendars days of the date eligibility for the homeownership option is determined.

The family must purchase the home within 60 calendar days of the date eligibility for the homeownership option is determined.

The PHA does not require periodic reports from the family regarding their progress on locating and purchasing a home.

If the family is unable to purchase a home within the maximum time limit the PHA will issue the family a voucher to lease a unit.

## **Inspection & Contract**

(24 CFR 982.631)

The unit must meet Housing Quality Standards. The unit must be inspected by an independent professional inspector selected and paid by the family.

The independent inspection must cover major building systems and components. The inspector must be qualified to identify physical defects and report on property conditions, including major building systems and components. These systems and components include, but are not limited to Foundation and Structure; Housing interior and exterior; Roofing; Plumbing, electrical, and heating systems.

The independent inspector must not be a PHA employee or contractor. The PHA will not require the family to use an independent inspector selected by the PHA, but the PHA has established the following standards for qualification of inspectors selected by the family: The inspector should, to protect you, the homebuyer, be certified with one or more nationally recognized Housing Inspection Industries such as:

NAHRIES Certified, website at <http://www.naries.org>, or

NIBI Certified, website at <http://www.nibi.com>, or

NAHI Certified, website at <http://www.nahi.org>, or

ASHI Certified, website at <http://www.ashi.org>

The inspector must have "Comprehensive Errors and Omissions Liability Insurance". The inspector must be licensed to operate in the State of LA.



Copies of the independent inspection report will be provided to the family and the PHA. Based on information in this report, the family and the PHA will determine whether any pre-purchase repairs are necessary.

- The PHA may disapprove the unit for homeownership assistance because of information contained in the report.

The family must enter into a contract of sale with the seller of the unit. A copy of the contract must be given to the PHA. The contract of sale must specify the price and terms of the sale, and provide that the purchaser will arrange for a pre-purchase independent inspection of the home. The contract must also:

- Provide that the purchaser is not obligated to buy the unit unless the inspection is satisfactory
- Provide that the purchaser is not obligated to pay for necessary repairs; and
- Contain the seller's certification that he or she has not been debarred suspended or subject to limited denial of participation.

## **Financing**

(24 CFR 982.632)

The family is responsible for securing financing. The PHA has established financing requirements and may disapprove proposed financing if the PHA determines that the debt is unaffordable.

The PHA may prohibit the following forms of financing:

- Balloon Payment Mortgages
- Variable Interest Rate Loans
- Seller financing on a case-by-case basis

The PHA will require a minimum cash down payment of three percent (3%) of the purchase price to be paid from the family's own resources.

## **Continued Assistance**

(24 CFR 982.633)

Homeownership assistance may only be paid while the family is residing in the home. The family or lender is not required to refund assistance payments for the month when the family moves out.

The family must comply with the following obligations:

- The family must comply with the terms of the mortgage securing debt incurred to purchase the home or any refinancing of such debt.
- The family may not convey or transfer ownership of the home, except for purposes of financing, refinancing, or pending settlement of the estate of a deceased family member. Use and occupancy of the home are subject to CFR 982.551 (h) **Use and occupancy of unit.**-(1) The family must use the assisted unit for residence by the family. The unit must be the family's only residence and (i) **Absence from unit.** The family must supply any information or certification requested by the PHA to verify that the family is living in the unit, or relating to family absence from the unit, including any PHA-requested information or certification on the purposes of family absences. The family must cooperate with the PHA for this purpose. The family must promptly notify the PHA of absence from the unit.
- The family must supply information to the PHA or HUD as specified in CFR 982.551 (b) (b) **Supplying required information.**-(1) The family must supply any information that the PHA or HUD determines is necessary in the administration of the program, including submission of required evidence of citizenship or eligible immigration status (as provided by 24 CFR Part 5) "Information" includes any requested certification, release or other documentation.
- The family must further supply any information required by the PHA or HUD concerning mortgage financing or refinancing, sale, or transfer of any interest in the home, or homeownership expenses.
- The family must notify the PHA before moving out of the home.
- The family must notify the PHA if the family defaults on the mortgage used to purchase the home.
- NO FAMILY MEMBER MAY HAVE ANY OWNERSHIP INTEREST IN ANY OTHER RESIDENTIAL PROPERTY.

Before commencement of homeownership assistance, the family must execute a statement in which the family agrees to comply with all family obligations under the homeownership option.

### **Maximum Term of Assistance**

(24 CFR 982.635)

Except in the case of elderly or disabled families, the maximum term of homeownership assistance is:

- 15 years, if the initial mortgage is 20 years or longer, or
- 10 years in all other cases

The elderly exception only applies if the family qualified as elderly at the start of the assistance. The disabled exception applies if, at any time during receipt of assistance, the family qualifies as disabled.

If the family ceases to qualify as elderly or disabled during the course of assistance, the maximum term becomes applicable from the date assistance commenced. The family will be afforded at least 6 months of assistance after the maximum term becomes applicable.

If the family receives assistance for different homes, or from different PHAs, the total is subject to the maximum term limitations.

### **Assistance Payments**

(24 CFR 982.635)

Assistance payments will be made *directly to the family or the family and the lender*.

The monthly homeownership assistance payment is the lower of the voucher payment standard minus the total tenant payment, or the monthly home-ownership expenses minus the total tenant payment

In determining the amount of the assistance payment, the PHA will use the same payment standard schedule, payment standard amounts and subsidy standards as those described in this plan for the HCV program.

The PHA will limit monthly homeownership assistance to a maximum of 25 families at any given time.

### **Homeownership Expenses**

(24 CFR 982.635)

Homeownership expenses include:

- Principal and Interest (P & I) on the mortgage debt
- Private Mortgage Insurance (PMI) Premium
- Taxes and Hazard Insurance (monthly escrow amounts)
- Utility Allowance used for the voucher program

- An amount for routine maintenance and/or major repairs/replacements commensurate with the age/condition of the home on a case-by-case basis, or
- Principal and interest (P & I) on debt for improvements

If the home is a cooperative or a condominium, expenses will also include operating expenses or maintenance fees assessed by the homeowner's association.

## **Portability**

(24 CFR 982.636, 982.353 (b) and (c), 982.552, 982.553)

Subject to the restrictions on portability included in the HUD regulations, the family may exercise portability if the receiving PHA is administering a voucher homeownership program and accepting new homeownership families.

The receiving PHA may absorb the family into its voucher program or may bill the initial PHA. The receiving PHA arranges for housing counseling and the receiving PHA's homeownership policies apply.

## **Moving With Continued Assistance**

(24 CFR 982.637)

A family receiving homeownership assistance may move with continued tenant-based assistance. The family may move with voucher rental assistance or with homeownership assistance. Continued tenant-based assistance for a new unit cannot begin so long as any family member holds title to the prior home.

- The PHA prohibits more than one move by family during any three (3) year period
- The PHA will deny permission to move with continued rental or homeownership assistance if there is insufficient funding to provide continued assistance
- The PHA will require the family to complete additional homeownership counseling prior to moving to a new unit with continued assistance

## **Denial or Termination of Assistance**

(24 CFR 982.638)

Termination of homeownership assistance is governed by policies for the Housing Choice Voucher Program. However, the provisions of CFR 982.551 (c) through (j) are not applicable to homeownership.

The PHA will terminate homeownership assistance:

- If the family is dispossessed from the home due to a judgment or order of foreclosure. In such cases the PHA will terminate program assistance and will not permit the family to move with tenant-based rental assistance
- For transferring or conveying ownership of the home
- For failure to provide information requested by the PHA or HUD
- For failure to notify the PHA before moving out of the home
- For any drug or criminal activity against people or property by any family member

## **Realtors & Other Services**

### **Real Estate Web Sites in Shreveport/Bossier**

Real Estate related web sites in the **Shreveport**-Bossier City area of Louisiana. ...  
sharner@shreveportremax.com; **RE/MAX** Realty One -- 318-752-2700 ...

The Shreveport Times has a website at [www.shreveporttimes.com](http://www.shreveporttimes.com) where you can find listings for real estate for sale.

There are many services provided by HUD on its website at [www.hud.gov](http://www.hud.gov)

Information about purchasing a home can be found at  
<http://www.hud.gov/buying/index.cfm>

Ginnie Mae®, one of the mortgage programs sponsored by the US Government has a website to help. The website address is <http://ginniemae.gov/pages/default.aspx>

Predatory Lending reports can be found at  
[www.hud.gov/offices/hsg/sfh/pred/predlend.cfm](http://www.hud.gov/offices/hsg/sfh/pred/predlend.cfm) and [HUD in Louisiana](#)

Multi-list realtors can show you property regardless of who lists the property for sale. Not all realtors are multi-list realtors.

Purchasing a home is/can be a daunting experience. The more background work you do, the less likely anyone will be able to take advantage of you. This purchase will probably be the largest purchase you will ever make.

Thank you for your interest in the Bossier Parish Section 8 Housing Homeownership Option of the Housing Choice Voucher Program.