

COLORADO DIVISION OF HOUSING

SECTION 8 HOMEOWNERSHIP PROGRAM

PROGRAM GUIDELINES

1. INTRODUCTION

On October 18, 2008 the U.S. Department of Housing and Urban Development (HUD) released Federal Register Part II, 24 CFR Part 982, creating the final rule of the Section 8 Homeownership Program. Under this program, participating families may become homeowners and the voucher may be applied toward the family's portion of a mortgage, rather than as rental assistance. The Homeownership Program provides families the opportunity to become more self-sufficient as first-time homeowners in their local communities. Acting as the Public Housing Authority (PHA) that administers Section 8 vouchers with local housing agencies (HAs) for the balance of the State of Colorado, Colorado Division of Housing (CDOH) first offered the Homeownership Program to local HAs in 2000. The Homeownership Program is a voluntary activity for the HAs that contract with CDOH, and participating HAs agree to abide by the Homeownership Program Guidelines, contained in this document, along with any other Federal and State regulations. For more information on the Federal Regulations, see 24 CFR 982 part 625-642.

2. OVERVIEW

CDOH is offering this homeownership program to CDOH's eligible participants who are interested in purchasing their own homes. CDOH's homeownership program is completely voluntary and provides participants freedom of choice. At no time will CDOH directly or indirectly limit a voucher family's opportunity to select among available units by limiting the use of homeownership vouchers to particular units, neighborhoods, developers or lenders. Homeownership assistance is a special housing option for families that receive Housing Choice Voucher Program tenant-based assistance. CDOH has chosen to offer the Section 8 Homeownership Program to its current participants who are interested in homeownership and meet the program requirements as specified in this plan. The goal of the program is to expand homeownership opportunities to CDOH's Housing Choice Voucher Program participants by assisting them in transitioning from rental to homeownership using the Housing Choice Voucher Program.

3. ELIGIBLE CRITERIA

A. QUALIFIED PARTICIPANTS MAY FREELY CHOOSE

Qualified participants may freely choose whether to continue with their rental assistance or request homeownership assistance. The homeownership program is voluntary and limited to families who are eligible under terms expressed in CDOH's guidebook.

B. RECEIVED VOUCHER FOR ONE YEAR

If a family wishes to pursue the homeownership option, a family must:

- Meet the general requirements for participation in the CDOH's Housing Choice Voucher (HCV) Program;

- Have received CDOH HCV Program assistance for a minimum of one year (12 consecutive months);

C. BE IN GOOD STANDING

Families in good standing (the family has not violated any Housing Choice Voucher Program regulations or policies, does not have a current re-payment agreement, and has not had repeated lease violations or evictions for cause, etc.) with the HCV Rental Program are eligible to apply for the Homeownership Program. Participants must maintain compliance with all family obligations and meet all additional eligibility criteria as specified in this guidebook. All civil rights laws applicable to the Rental Program are applicable to the Homeownership Program. The family must sign the statement of homeowner obligations and program guidelines, and must be able to comply with the additional special requirements for homeownership assistance as specified in this briefing packet and CDOH's administrative plan. Preferences are given to those who work, are participating in CDOH's Family Self-Sufficiency and/or other education programs.

D. FIRST TIME HOMEBUYER

This program is for first-time homebuyers with CDOH Housing Choice Voucher Program assistance. The family must be a "first time home buyer", which includes a person with any ownership interest in a residence within three years prior to applying for homeownership. 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. The household may not include any person who had an ownership interest in the last three years, with the exception of ownership in a cooperative unit or a lease-to-own program. A first time home buyer may be a person who has had an ownership interest in a previous residence, but is now a displaced homemaker or has been displaced due to domestic violence.

E. DETERMINE ELIGIBILITY

Once HA has determined an applicant is eligible according to CDOH/HUD requirements, the HA will provide the applicant with a Housing Choice Voucher Program homeownership certificate declaring the applicant's eligibility for this program. The certificate 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 Housing Choice Voucher Program homeownership certificate provides the real estate and lending professionals information that they need to assess the applicant's Housing Choice Voucher Program 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.

F. CERTIFICATION OF ELIGIBILITY

The certificate will estimate CDOH's housing assistance payment made on behalf of the recipient, the unit size, and other pertinent information. The certificate must be presented to the approved program lenders who will assist the applicant in purchasing a home.

G. MAXIMUM HOUSING ASSISTANCE PAYMENT

The Housing Assistance Payment (HAP) may be paid for a maximum period of 15 years if the initial mortgage has a term that is at least 20 years. The maximum HAP term for a shorter loan is 10 years. CDOH may not establish shorter or longer maximum terms. The maximum term for homeownership assistance applies to any member of the household who has an ownership interest in the unit during any time that homeownership payments are made, or is the spouse of any member of the household who has an ownership interest in the unit at the time homeownership payments are made.

For disabled and elderly families, the HAP may be paid through the term of the mortgage. In the case of an elderly family, this applies only if the family is elderly (age 62+) at the time of qualification for the Homeownership Program. If during the term of the mortgage, a disabled family ceases to qualify as disabled, the maximum term for non-disabled families becomes applicable from the date homeownership assistance began.

4. INCOME REQUIREMENTS

Unlike the HCV Rental Program, a family must meet the income requirement only upon *initial* qualification for the Homeownership Program to determine eligibility for a homeownership voucher. A family's income may increase at future re-certifications, as may their portion of the tenant payment, but they still may be considered eligible to receive assistance.

To qualify for the Homeownership Program, the family must demonstrate they have sufficient income to pay their portion of the homeownership expenses not covered by the HAP subsidy.

- A. For non-elderly/ disabled families, one or more adult members of the family who will have an ownership interest in the unit, the income must:
 - 1. At a minimum: be continuously employed during the year before beginning the Homeownership Program at least at minimum wage for 30 hours per week hours per year (i.e. $\$7.02 \times 30 \times 52 = \$10,591/\text{year}$).
 - 2. However, CDOH *recommends* that the family's income be at least twice the voucher payment standard (i.e. 2 Br PS: $\$909 \times 2 = \$1,800/\text{month} \times 12 \text{ months} = \$21,600/\text{year}$).
- B. For elderly/ disabled families, the income must:
 - 1. At a minimum: be at least the monthly Supplemental Security Income (SSI) benefit for an individual living alone (or paying his/ her share of food and housing costs) multiplied by 12 (i.e. $\$630 \times 12 = \$7,560/\text{year}$).
 - 2. Determine whether an elderly or disabled family meets the minimum requirement, welfare assistance shall be included only for those adult elderly or disabled family members who will own the home.
 - 3. The disregard of welfare assistance income only affects the determination of minimum annual income used to determine if a family initially qualifies for

homeownership assistance in accordance, but does not affect the determination of income-eligibility for admission to the Program.

5. PREFERENCES

Preferences are given to those working and are participating on the FSS program.

6. MINIMUM DOWN PAYMENT

The family must provide a minimum down payment of the lesser of \$3,000 or 3% of the purchase price, \$1,000 of which must be provided from the family's own assets. Elderly and disabled households must provide at least \$750 for a Downpayment.

7. CONTINUING RENTAL ASSISTANCE

A family has 120 days from the time HA 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 HA to extend the certification of eligibility for a new 120-day search period. If the family still has not closed within the extended time frame, the family may request re-certification of eligibility by submitting a new Application for Housing Choice Voucher Program Homeownership Assistance form to HA. If family income or composition information changes during the certified search period, the HA will provide CDOH with updated HUD form 50058 information and verify this information for the agency's file.

CDOH may rescind the homeownership program for this family if they fail to execute the closing within this time frame. The family would not lose their rental assistance if they fail to find a home within the certified search period.

8. HOMEOWNERSHIP COUNSELING

CDOH realizes the importance of homeownership counseling for participants in this program. In this Housing Choice Voucher Program homeownership program, all homebuyers must attend homeownership education classes that meet FHA guidelines and are approved housing counseling agencies. All families with members must complete pre-purchase homeownership counseling prior to executing a purchase contract. These classes will contain information on home maintenance, budgeting and money management, credit counseling, negotiating the purchase price of a home, financing a home, and finding a home in an area that does not have a high concentration of low-income families.

9. ELIGIBLE HOMES

The family may purchase following types of housing, granted they pass HQS inspection:

- Single-family homes;
- Townhomes, duplexes and condominiums;

- Modular/ manufactured units, where the family will not own fee title to the real property. However, the family must have the right to occupy the site for a period of at least forty years and the home must have a permanent foundation. For more info, see §982.628(b);
- Units under construction at the time of sale. The unit only needs to be under construction at the time the family enters into the contract of sale and not at the time the HA determines eligibility;
- Land lease units;
- Cooperative membership, where assistance is paid on behalf of a cooperative member, but there is no requirement that the cooperative enter into any agreement or direct relationship with the HA that provides assistance for the cooperative member. The cooperative agreement defines the division of maintenance obligations between the member and the cooperative entity;
- Self-Help housing;

10. INSPECTIONS

The family must hire an independent, professional home inspector to inspect the home selected by the family to identify physical defects and the condition of the major building systems and components.

The family selects the professional home inspector and the family selects 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 inspection report must be provided to the HA. The HA and the family may discuss the results of the inspection. The family and HA must determine if any pre-purchase repairs are necessary.

The home chosen by the family must also pass an initial CDOH/HUD Housing Quality Standards (HQS) inspection that is the same HQS inspection used for the rental assistance program. The HA will conduct the HQS inspection. The HA is encouraged, but not required to conduct annual unit inspections while the family is receiving homeownership assistance. In the event of HQS failure, the HA will work with the family to correct the issues that caused the unit to fail HQS inspection.

12. FINANCING AND PURCHASING REQUIREMENTS

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

Lenders and HA will coordinate information regarding sources of income when qualifying a family for a house payment.

There is no prohibition against using local or state Community Development Block Grants (CDBG) or other subsidized financing in conjunction with the Housing Choice Voucher Homeownership Program.

HA will review seller financing on a case-by-case basis. CDOH requires a maximum loan-to-value consistent with FHA guidelines and allows balloon payments in accordance with CHFA Home Access program requirements.

CDOH may disapprove proposed financing, refinancing or other debt if CDOH determines that the debt is unaffordable, or the loan terms do not meet CDOH's qualifications. In making this determination, CDOH may take into account other family expenses, such as childcare, unreimbursed medical expenses, homeownership expenses, and other family expenses.

A. UNDERWRITING SECTION 8 HOMEOWNERSHIP LOANS FOR PEOPLE WITH DISABILITIES

1. The HUD/FHA developed a "mortgage-offset" model for underwriting loans which allows the borrower to qualify for a higher first mortgage. The borrowers would then qualify on the remaining payment after the Housing Choice Voucher Program is applied. Originating lenders will use this method of underwriting FHA loans for disabled participants only.
2. Disabled homebuyers under this program may also choose to use a CHFA-approved private mortgage insurer, United Guaranty, Inc. (UGI), to underwrite their Section 8 homeownership loans. UGI utilizes the mortgage-offset method of underwriting these loans.
3. In addition, disabled homebuyers under this program may also purchase their homes by securing a conventional uninsured mortgage loan. Underwriting for this type of loan will employ the mortgage-offset method as well.

B. UNDERWRITING SECTION 8 HOMEOWNERSHIP LOANS FOR NON-DISABLED FAMILIES

1. Those non-disabled borrowers who require a FHA-insured loan are subject to the FHA underwriting guidelines of Mortgagee Letter 2001-20. Under these guidelines, the monthly Housing Choice Voucher Program subsidy is treated as income in determining the homebuyer's qualifying ratios. The amount of the subsidy may be "grossed up" by 25% and added to the borrowers' income from employment and/or other sources in calculating the qualifying ratios.
2. Non-disabled homebuyers under this program may also use UGI as the CHFA approved private mortgage insurer, and thus utilize the mortgage-offset method of underwriting their loans.
3. In addition, non-disabled families who purchase their homes using a conventional uninsured mortgage loan will also utilize the mortgage-offset model of underwriting.

C. PAYMENT METHODS FOR PARTICIPANTS WITH DISABILITIES (Home Access Loans)

CDOH will make the assistance payment directly to CHFA in the form of an Electronic Funds Transfer (EFT) for disabled families utilizing Home Access loans. CHFA will electronically withdraw the amount of the homeowner's mortgage payment from the family's account each month.

D. PAYMENT METHOD FOR NON-DISABLED PARTICIPANTS

CDOH will make the assistance payment in the form of a hard copy check made payable to CHFA or other lender in care of the borrower, and mailed to the borrower. These homeowners will send CDOH's check, along with a personal check for their amount of mortgage payment to CHFA or other lender.

It is CDOH's intent to eventually have one payment method for both elements of its voucher homeownership program. CDOH will work with CHFA and other lenders to this end after the non-disabled voucher homeownership option is implemented.

E. 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.

F. SECOND MORTGAGE

CHFA's Home Finance Division or other down payment assistance programs 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 and when the home is no longer the family's primary residence.

G. MAXIMUM HOMEOWNERSHIP ASSISTANCE TERM– Participants with Disabilities

The maximum homeownership assistance term will be governed by the term of the loan for participants with disabilities.

H. MAXIMUM HOMEOWNERSHIP ASSISTANCE TERM – Non-disabled Participants

The maximum homeownership assistance term for non-disabled families under this program is 15 years if the term of the loan is 20 years or longer, or 10 years otherwise.

I. NON-OCCUPANT CO-SIGNER AND UNRELATED BORROWER

Non-occupant co-signers are permitted to add strength and stability to the borrower. Unrelated co-borrowers are permitted if they are part of the assisted household (one family); the home must be their primary residence.

J. CDOH POLICY FOR PAYMENT OF HAP TO FAMILY OR LENDER

Since Housing Choice Voucher Program funding is subject to annual appropriations, CDOH cannot guarantee that assistance will be available for the term of the loan. CDOH 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 as outlined in the "Finance and Purchasing Requirements" section of this guidebook. In regard to loans secured through the United States Department of Agriculture/Rural Development, USDA/RD will access the participant's portion corresponding to this mortgage debt from the participant's bank account. This portion will be in addition to the participant's mortgage payment.

K. HOMEOWNERSHIP EXPENSES/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 allowances are considered to be CDOH's utility allowance standard, a repair/reserve amount equal to 1/2% of the purchase price of the home, and any homeowner association dues.

L. SALE OF HOME

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

M. RECAPTURE OF VOUCHER HOMEOWNERSHIP ASSISTANCE

CDOH shall not impose or enforce any requirement for the recapture of voucher homeownership assistance on the sale or refinancing of a home purchased with assistance under the Housing Choice Voucher Homeownership Program. However, program participants may be subject to IRS recapture provisions, and those of any other lenders who CDOH partner with.

N. MORTGAGE DEFAULT

Lenders have questioned what will happen to the home if the participant stops making payments. CDOH will be in monthly contact with CHFA and all other Lenders to ensure all participants are current in payments. The family must sign the Statement of Homeowner Obligations. This allows CHFA /Lender and CDOH to share information regarding the homeownership process and documents. If at some point, a participant is delinquent in making a payment, CDOH will notify the participant's HA to see if the matter can be resolved.

Per HUD's final rule, CDOH may not provide homeownership assistance for a family if any member was an adult member of a family at the time such family received assistance under the homeownership option and defaulted on the mortgage securing the purchase of the home. CDOH, in its discretion, may permit the family to move to a new unit with continued voucher rental assistance. Any decision to

deny rental assistance is based on Housing Choice Voucher Program rental assistance regulations and policies as addressed in that section of the administrative plan.

13. PORTABILITY

Generally, the portability procedures for the rental voucher program apply to the Homeownership Program and the administrative responsibilities of the initial and receiving PHA are not altered except that some administrative functions do not apply to the homeownership option (for example: issuing a voucher or executing the tenancy addendum). Typically, once a family is determined to be eligible for the Homeownership Program by the initial HA, the family may purchase a unit outside of the initial HA's jurisdiction, if the receiving HA is administering a voucher homeownership program and is accepting new homeownership families.

The receiving HA may absorb the homeownership family or bill the initial HA using the normal billing process. As with the rental program, all of the receiving PHA's administrative policies are applicable to the homeownership family. The family will be required to attend the briefing and counseling sessions required by the receiving HA. The receiving HA, not the initial HA, will determine whether the financing and the physical condition of the unit are acceptable for purchase.

14. DENIAL TO MOVE OR TERMINATION OF ASSISTANCE

As with the case of rental assistance, homeownership assistance for a family terminates automatically 180 days after the last housing assistance payment on behalf of the family. The exception would be due to extreme hardship for the family.

If the family defaults on the mortgage or the home is lost to foreclosure, homeownership assistance will be terminated upon sale of the property and the adult members of the family will not be eligible to participate in the Homeownership Program in the future.

It is at the discretion of each agency to issue an HCV Rental Program voucher to a family that has defaulted on the Homeownership Program. If a rental voucher is issued, the HCV Rental Program guidelines would once again to the family.

If a family is out of compliance on the family obligations of the Homeownership Program, the HA shall follow the same termination policy as the HCV Rental Program.

Upon death of a family member who holds, in whole or in part, title to the home or ownership of cooperative membership shares for the home, homeownership assistance may continue pending settlement of the decedent's estate, notwithstanding transfer of title by operation of law to the decedent's executor or legal representative, so long as the home is solely occupied by remaining family members in accordance with §982.551(h).

15. HOUSING AGENCY (HA) CONTRACTOR RESPONSIBILITIES:

- A. Notify all eligible and incoming families that the Homeownership Program is available;
- B. Provide Homeownership Program Guidelines to interested families;

- C. Provide guidance how the family can fulfill the family obligations listed in this plan by approving eligibility application, determining voucher subsidy payment and developing a time line to achieve goals;
- D. Meet with the lender and family to include the amount of Section 8 subsidy payment in determining the mortgage payment;
- E. Send the work-up documents to the CDOH Asset Manager for final review;
- F. Form partnerships with lenders, brokers, and Downpayment Assistance providers in the local community;

16. CDOH RESPONSIBILITIES

- A. Provide information on homeownership through its briefing packet;
- B. Ensure the Section 8 participant is aware there is choice in choosing the homeownership option or voucher assistance;
- C. 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 CDOH s Section 8 tenant based program;
 - 2. Have received CDOH Section 8 rental assistance for a minimum of one year;
 - 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 CDOH's administrative plan;
- D. Assess the buyer's ability to provide a minimum \$750 borrower contribution toward down payment (participant with a disability), or \$1,000 (non-disabled participant);
- E. Determine initial affordability of the home based on financing package and any inspection repair costs;
- F. Issue a Section 8 homeownership eligibility certificate;
- G. Use CDOH's utility allowance schedule applicable to CDOH's Section 8 rental assistance program;
- H. Use CDOH'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, CDOH will use the appropriate payment standard for the area. After the initial PS is established, the PS to determine assistance at recertification is the greater of the PS at the commencement of occupancy or the current PS that the family is eligible for.
- I. Issue the lender a final estimate of CDOH housing assistance payment before closing;
- J. Make housing assistance payments to CHFA or other 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);
- K. Make an electronic housing assistance payment (HAP) to CHFA or other lender on or before the first of every month on behalf of the participant with a disability. CDOH will make HAP payment to CHFA or other lender for non-disabled participants via a hard copy check mailed in care of borrower; borrower will send family's portion of payment with CDOH's check to CHFA. A third option is to set up a sweep account in which the HAP and the families portion is deposited and the lender than sweeps the account on the agreed upon date;

- M. Notify CHFA or other lender of any changes in payments after escrow adjustments;
- N. At least annually reexamine the homeowner's income and family composition to determine appropriate payments and make adjustments as necessary;
- O. 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;
- P. 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;
- Q. Not allow any recapture provisions in the sales contract unless there are recapture provisions associated with the family's home financing;
- R. Approve a live-in aide if needed and if a reasonable accommodation is requested in writing;
- S. Maintain a record of the families participating in the homeownership program and provide HUD with requested data;
- T. Assist the homeowner as much as possible to dispose of the home in event of foreclosure;
- U. Provide ongoing technical assistance to Contractors and lenders to help promote the Homeownership Program;

17. UNDERWRITING/LENDER RESPONSIBILITIES

UNDERWRITING GUIDELINES:

- A. Applicant has met CDOH's eligibility standards;
- B. Standard FHA guidelines prevail for the underwriting process (exception for Section 8 homeownership demonstration program for persons with disabilities);
- C. Down payment and other needed expenses may come from grants, loans or gifts per FHA guidelines;
- D. Co-signer is approved;
- E. 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);
- F. \$750 minimum borrower contribution toward down payment by participants with disabilities; \$1,000 by non-disabled participants;
- G. CHFA approved homebuyer education required: recommended 4 hours pre-purchase; post-purchase counseling;
- H. Required inspection by professional inspector (this is not an HQS inspection);
- I. Rehab dollars can be put into first mortgage;
- J. Repairs or rehab needed for disability may be included in the loan if value supports inclusion and falls under FHA guidelines;

LENDER:

- A. Be an approved CDOH lender;
- B. Comply with CDOH and CHFA's and other lender requirements for financing the purchase of a home assisted under this program;

- C. Comply with the basic mortgage insurance credit underwriting requirements for FHA insured single family mortgage loans (exception will be made for CDOH's demonstration status for underwriting Section 8 homeownership loans for families with members who are persons with disabilities);
- D. Consider all family income as income which qualifies the family for a house payment (excluding the Section 8 housing assistance payment made by CDOH, except when utilizing underwriting guidelines for FHA-insured loans);
- E. Consider Section 8 housing assistance paid by CDOH 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, when underwriting FHA loans for families with members who are persons with disabilities, or when underwriting using an approved private mortgage insurer);
- F. Submit a Good Faith Estimate to CDOH prior to closing responsibilities;
- G. Provide mortgage product appropriate for CDOH Section 8 homeowners;
- H. Provide second mortgage to eligible CDOH homeownership participants;
- I. Purchase and service loans after homebuyers close on their properties;
- J. Report any late (payment not received within 15 days of due date) payment to HA and CDOH;
- K. Work with HA and CDOH to resolve any issues that arise regarding homeowners' loans during the course of the mortgage term;

18. SECTION 8 HOMEOWNER RESPONSIBILITIES

In addition to the HCV Rental Program requirements, the family must also:

- A. Receive Section 8 rental assistance through CDOH for a minimum of one year;
- B. Be a Section 8 recipient in good standing; i.e., the family has not violated any Section 8 program regulations or policies;
- C. Be a first-time homebuyer as defined by HUD and FHA guidelines, except for cooperative members who have acquired cooperative membership shares prior to commencement of homeownership assistance, no family member has a present ownership interest in a residence at the commencement of homeownership assistance for the purchase of any home;
- D. Have not defaulted on a previous mortgage;
- E. Agree to use the home as their sole residence and have no homeownership interest in any other residence;
- F. Have an adult family member who is employed at least 30 hours per week and has been continuously employed for at least one year (for non-disabled/ elderly families);
- G. Have an adult family member whose income is at least the federal minimum wage X 30 hours per week hours per year (for non-disabled families) or who earns SSI or welfare (for disabled/ elderly families);
- H. Agree to use the home as their sole residence and have no ownership interest in any other residential property;
- I. Provide all requested documentation required to complete the application process, including signing a *Statement of Homeowner Obligations Agreement* and creating a timeline with milestones to achieve (see Addendum);
- J. Attend pre-purchase homeownership counseling prior offered by HUD-certified housing counselors;
- K. Provide a minimum down payment of the lesser of \$3,000 or 3% of the purchase price, \$1,000 of which must be provided from the family's own assets;

- L. Secure financing through an approved lender and comply with all lender Requirements;
- M. Find an approved broker and enter into a sales contract within 180 days of issuing the determination of subsidy, unless waived by the HA;
- N. Provide an update to HA Contractor on status of achieving milestones in timeline;
- O. Obtain an independent, 3rd party professional home inspection prior to closing;
- P. Make their portion of mortgage each month between the 1st and 5th of each month;
- Q. Supply all requested information to the HA;
- R. Notify HA before the family moves out of the home. If the family moves out of the home, the HA may not continue homeownership assistance after the month when the family moves out;
- S. Acknowledge that for failure to comply with Homeownership Program Guidelines will result in termination of assistance as stated in the rules and regulations and the CDOH Administrative Plan;
- T. Acknowledge that in event of termination of assistance, the family becomes obligated for the whole mortgage payment;

19. FAMILY APPLICATION PROCESS

A. Application & statement of homebuyer obligations

As soon as a family decides to consider purchasing a home using the Section 8 Homeownership Program, they should make an appointment with their HA contractor to fill out an application and determine eligibility. (See forms in Addendums **A-F**).

The application should include the timeline that the contractor and family create. It should include the milestones a family will need to achieve in order to demonstrate they are ready for the responsibility of homeownership and maintenance. The timeline should be customized to include milestones such as:

- Attending homebuyer education,
- Reviewing credit report and credit repair,
- Creating a household budget, and
- Attending home repair classes.
- Qualifying for downpayment assistance
- Finding a lender and qualifying for a mortgage
- Finding a broker and locating a home
- Reviewing home inspection report and negotiating repairs
- Closing on the home

The timeline should also take into consideration amount of time properties take to sell on the market (i.e. 60-180 days). As long as all requirements are being met, and it remains reasonable for all parties, the timeline may be extended for up to 60 days. During that time, the family's rental voucher is still valid.

If, after exhausting a search to purchase a home, a family decides to remain in the rental voucher program, the HA may keep the family in the rental program. Failure to purchase a home in the required timeframe shall not prohibit a family from

remaining in the rental program or from reapplying for homeownership at a later date.

The application process should take from one to four weeks for the HA Contractor to complete, depending on the length of response time for third-party income verification. This application is not the loan application. The loan application will be conducted by the lender and may have additional criteria that the family must meet.

When a family submits an application to the HA contractor and has at least preliminary financing, the family, and the HA Contractor shall schedule an appointment to create a timeline.

2. Achieving Milestones

The family must successfully complete the following milestones:

A. Pre-purchase homebuyer counseling

Participating families must attend a Colorado Housing and Finance Authority (CHFA) online at <http://www.chfainfo.com/documents/HBECClassSchedule.pdf> See Appendix A for a list of HUD-approved agencies. Pre-purchase counseling should include, but is not limited to the following subjects:

- Home maintenance;
- Budgeting money and money management;
- Credit counseling;
- How to negotiate the purchase price of a home;
- How to find financing and loan preapprovals, including a description of types of financing that may be available, and the pros and cons of different types of financing;
- How to find a home, including information about homeownership opportunities, schools, transportation, and other amenities;
- Advantages of purchasing a home in an area that does not have a high concentration of low-income families and how to locate homes in such areas;
- Information on fair housing, including fair housing lending and local fair housing enforcement agencies; and
- Information about the Real Estate Settlement Procedures Act (12 U.S.C. 2601 *et seq.*) (RESPA), state and Federal truth-in-lending laws, and how to identify and avoid loans with oppressive terms and conditions;
- How to maintain your home; While not required, HA Contractors should recommend that the family participate in post-purchase, ongoing homeownership counseling;

B. Credit repair

In order to qualify for a loan with favorable terms, the applicant family must have a credit rating that demonstrates they are able to take on additional debt and pay their bills on time. The HA Contractor should work with the family early on to determine the status of a family's credit score and help the family take any steps they need to repair their credit. This involves:

- paying off outstanding debts;
- arranging payment plans to become current, and;
- clearing up any disputed matters on their credit report;

This step may take anywhere from a month up to a year, and the family should not proceed until other outstanding debts are paid down.

The HA Contractor may help the family pull a free copy of their credit report at <https://www.annualcreditreport.com/cra/index.jsp>. This does not include the credit score, which is available for an additional charge.

C. Statement of eligibility

When the HA Contractor has determined the family's credit is in good condition, the Contractor will issue the family a Statement of Eligibility letter. This document states the amount of HAP the family will be given and how much of the tenant portion the family can pay toward a house. The family shall present this document to the lender, who will use it to determine how much of a mortgage the family can afford.

D. Finding a Lender

Although the family must select a lender themselves, the HA Contractor may offer the family a list of qualified and/ or recommended lenders that meets the criteria established by these guidelines. Many lenders can do a preliminary pre-qualification over the phone or online. The Contractor may also disapprove certain lenders based on items such as debarred/ suspended license status, predatory lending practices or violation of fair housing laws. HA Contractors should be informed of which underwriting standards are being used to qualify a family.

E. Securing Financing: Underwriting a Loan

When qualifying a family for a loan, the lender will consider the amounts of the HAP, the tenant portion and other sources of funds that would be applied toward the down payment, closing costs and monthly payment. The lender should also consider the length of the loan term and the length of the HAP subsidy

The HAP may be paid for a maximum of fifteen (15) years **if** the mortgage has a term of at least twenty (20) years. If the mortgage term is less than twenty (20) years, the maximum HAP term is ten (10) years. The HA may not establish shorter or longer terms.

There is no minimum or maximum term for disabled and elderly families; the HAP may be paid through the term of the loan. To qualify as an elderly family,

the head or co-head of household would need to be elderly (age 62+) at the time the Homeownership HAP would begin.

If the purchase of the home is financed with FHA mortgage insurance, such financing is subject to FHA mortgage insurance requirements. The HA Contractor may review lender qualifications and the loan terms before authorizing homeownership assistance. The HA may disapprove proposed financing or other debt if the HA determines that the debt is unaffordable to the family, taking into account other family expenses, such as child care, unreimbursed medical expenses, homeownership expenses, and other family expenses.

Non-occupant co-signers are permitted to sign on behalf of the borrower. Unrelated co-borrowers are also permitted, but they must be considered part of the homeowner's household, have an owner's interest in the home, and must reside in the home.

F. Finding Downpayment Assistance

The minimum down payment must be the lesser of \$3,000 or 3% of the purchase price. Of that amount, the family must have a minimum of \$1,000 of their own funds for a down payment. The remainder of the required amount may come from family, friends, or down payment assistance programs.

If a family is participating in an Individual Development Account (IDA) Program, this account may be used as the family's contribution toward the down payment.

It is also recommended that families who are enrolled in the FSS Program use their FSS escrow account for their downpayment.

There are agencies that offer down payment assistance (DPA) to first time homebuyers. A local DPA agency may offer the following services:

- first time homebuyer counseling classes,
- recommended referrals of lenders and brokers
- financial counseling on understanding DPA plans

It is strongly advisable that the Section 8 contracting agency create a working relationship with local DPA agencies for the benefit of the families served. See Addendum B for a list of these agencies.

G. Finding a Realtor

It is the family's responsibility to find a realtor/ broker who will show them properties and help navigate the offer, inspection and closing process. Many brokers can come recommended from lenders and HAs. The HA Contractor may also disapprove certain brokers and not permit a family to use them based on items such as violation of fair housing laws.

H. Finding a Home

It is the responsibility of the family to find a home to purchase according to the timeline set by the family and the HA Contractor. This will happen after the family has been approved for a mortgage and has met with a broker to discuss. Families should consider the following factors:

- Price
- Size of home
- Type of house (condo, single family)
- Location to amenities (jobs, schools, social services, transportation)

CDOH and/or the HA Contractor agency may choose to disapprove a seller for the same reason provided in the HCV Rental Program, according to 24 CFR § 982.303 (a)) for the following reasons:

- Committing fraud; bribery;
- Committing any other corrupt or criminal acts in connection with any Federal housing program;
- Engaging in drug-related or violent criminal activity;
- Non-compliance with HUD's housing quality standards;
- Failure to meet State or local housing codes; and
- Failure to pay State or local real estate taxes, fines, or assessments.

The HA is responsible for complying with the authorities listed in §58.6 of this title requiring the purchaser to obtain and maintain flood insurance for units in special flood hazard areas, prohibiting assistance for acquiring units in the coastal barriers resource system, and requiring notification to the purchaser of units in airport runway clear zones and airfield clear zones.

I. Inspecting the home

Once the family has put a contract on the house, the family must hire an independent inspector to examine the home's major systems such as:

- Plumbing;
- Electrical;
- Foundation/ structure;
- Roof, and;
- Major appliances;

Although the HA Contractor cannot require the family to use a particular inspector, the contractor may provide recommendations and/ or establish professional standards for home inspectors.

The family shall provide the HA Contractor a copy of the inspector's report, which shall be kept in the family file. The contractor and the family must discuss the findings of this inspection before the family can proceed. If the inspection reveals potential or current problems with major systems, the HA Contractor needs to discuss the costs of repair/replacement with the family. This should also be discussed with the broker if the family wishes to negotiate a lower asking price or request that repairs be made prior to closing.

In addition, the HA Contractor is also required to perform a standard HQS inspection on the prospective home. The house *must* pass the HQS inspection before the family can purchase the unit.

J. Contract of Sale

Before monthly homeownership assistance payments can begin, the family must enter into a contract of sale with the seller of the unit to be acquired by the family. The family must give the PHA a copy of the contract of sale. The contract of sale must:

- Specify the price and other terms of sale by the seller to the purchaser;
- Provide that the purchaser will arrange for a pre-purchase inspection of the dwelling unit by an independent inspector selected by the purchaser;
- Provide that the purchaser is not obligated to purchase the unit unless the inspection is satisfactory to the purchaser;
- Provide that the purchaser is not obligated to pay for any necessary repairs;
- Contain a certification from the seller that the seller has not been debarred, suspended, or subject to a limited denial of participation;
- At The HA Contractor administrative discretion, the PHA may deny approval of a seller for any reason provided for disapproval of an owner in §982.306(c);

K. Closing

This is the event when the buyer purchases the home. It typically takes place at a Title company. Prior to closing the family must ensure the following:

- All requested repairs have been made to the house;
- Down payment assistance is available;
- Family has photo ID and social security cards;
- Family has transferred utilities to their name;
- Family has followed other closing instructions;

L. Servicing the Loan

Using Electronic Funds Transfer (EFT) CDOH will send the HAP directly to the lender, the company servicing the loan (i.e. CHFA), or to an account set up for the sole purpose of paying the mortgage. In the latter case, the family must agree to allow the lender to withdraw the mortgage amount electronically (using EFT) by a specific date each month. CDOH will not be responsible for any late fees or incomplete payment, including the July payment, which may be late due to the beginning of the State's fiscal year.

20. MAINTAINING A FAMILY'S INVESTMENT IN THEIR HOME

A. Post-purchase Counseling

If the contractor or another qualified agency offers continuing post-purchase counseling, the family is strongly encouraged to take part in this counseling. If at

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

B. Maintenance and Repair

The family is responsible to ensure their home is well maintained. The HA should be able to provide information about rehabilitation programs that will help the family maintain their home.

C. Recertification

Similar to the HCV Rental Program, the family must comply with the annual re-examination of their household income. The HA Contractor will make appropriate adjustments to the amount of HAP and TTP based on factors such as change in family income, taxes and insurance.

It is up to the policy of each participating HA to determine how often to perform an HQS inspection for the term that the family is assisted. If the unit well maintained and passes HQS, the HA may choose to perform the HQS inspection every second or third year.

D. Selling the Home

If the family wishes to sell their home and move to another unit, the family *must* sell its current home in order to purchase another with assistance, provided there is no mortgage loan default. The family must inform the Section 8 agency of any decision to sell and the agency must review this decision with the family.

E. Preventing Foreclosure

If the family is having trouble making monthly payments, they must contact the HA Contractor and the lender *immediately*. If this is addressed in the early stages of delinquency many lenders are able to arrange a workout plan to prevent foreclosure. If it appears that foreclosure is inevitable, the family may present the Public Trustee a deed-in-lieu of foreclosure and return to the HCV Rental program.

21. RESOURCES

FORMS

1. APPLICATION
2. RELEASE OF INFORMATION
3. CERTIFICATION OF SECTION 8 HOMEOWNERSHIP ELIGIBILITY
4. STATEMENT OF FAMILY OBLIGATIONS
5. PROGRAM GUIDELINES
6. HOMEOWNERSHIP FINAL APPROVAL LETTER
7. FILE CONTENTS CHECKLIST
8. FLOWCHART AND TIMELINE

APPENDIX

1. DIRECTORY

**COLORADO DIVISION OF HOUSING
SECTION 8 HOMEOWNERSHIP PROGRAM
FORM 1: APPLICATION FOR ASSISTANCE**

(TO BE COMPLETED BY THE SECTION 8 PARTICIPANT AND SUBMITTED TO CONTRACTOR)

Section 8 Participant Head of Household _____

Phone Number _____ **Email Address** _____

Social Security Number _____

List all family members:

1. _____	Relationship _____	SS# _____
2. _____	Relationship _____	SS# _____
3. _____	Relationship _____	SS# _____
4. _____	Relationship _____	SS# _____
5. _____	Relationship _____	SS# _____

Are you a first time homebuyer? Yes _____ No _____

Annual income \$ _____ Family Self-Sufficiency (FSS) Participant Yes _____ No _____

Family member(s) currently employed 30 hours or more per week, and number of hours employed during previous year (non-disabled applicants only)

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 Name _____ SS# _____

Will you require downpayment assistance in order to buy a home? Yes _____ No _____

How long have you received rental assistance from the Housing Agency?

More than 1 yr _____ More than 2 yrs _____ More than 5 yrs _____ More than 10 yrs _____

Section 8 Participant Head of Household

Date

Section 8 Coordinator

Date

COLORADO DIVISION OF HOUSING
SECTION 8 HOMEOWNERSHIP PROGRAM
FORM 2: AUTHORIZATION FOR RELEASE OF INFORMATION
(TO BE COMPLETED BY THE SECTION 8 PARTICIPANT AND SUBMITTED TO CONTRACTOR)

I, _____ (SS#): _____ (DOB) _____,
Co-applicant _____ (SS#): _____ (DOB) _____.

Hereby authorize the (Insert agency name here) to obtain and/or release all records, reports, homeownership counseling evaluations, and any other information pertinent to my possible participation in the Section 8 Homeownership Program through the Colorado Division of Housing (CDOH).

Agencies that I authorize (Insert agency name here) to release information to and obtain information from include, but are not limited to:

- Colorado Housing and Finance Authority (CHFA);
- Lending Institutions;
- Creditors; and
- Home Inspectors;

Requests may involve, but are not limited to information regarding participation in and progress of:

- Home Finance Terms;
- Down Payment Assistance;
- Credit Reports;
- Homebuyer Education; and
- Home Inspections;

By signing this release, I am granting unlimited communication that will not be terminated until I am no longer considering, applying to, or participating in the CDOH, (Insert agency name here) Section 8 Homeownership Program.

Applicant Signature: _____

Date: _____

Co-Applicant Signature: _____

Date: _____

Housing Agency Section 8 Coordinator: _____

Date: _____

**COLORADO DIVISION OF HOUSING
SECTION 8 HOMEOWNERSHIP PROGRAM
FORM 3: Certification of Homeownership Eligibility**
(TO BE COMPLETED BY THE HA AND SUBMITTED TO CDOH ASSET MGR)

LENDER NOTE: THIS IS AN ESTIMATE ONLY

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

This document is completed by CDOH HA and sent to CDOH Asset Manger.

Participant provides this to the lender as verification of eligibility.

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

PARTICIPANT FAMILY NAME _____

HOUSING 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 _____

CDOH 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 CDOH

Official Date

Signature of Participant Family Head of Household

Official Date

**COLORADO DIVISION OF HOUSING
SECTION 8 HOMEOWNERSHIP PROGRAM
FORM 4: FAMILY OBLIGATIONS AND PROGRAM GUIDELINES**

(TO BE COMPLETED BY THE SECTION 8 PARTICIPANT AND SUBMITTED TO CONTRACTOR)

The Family Must:

- Receive Section 8 rental assistance through CDOH for a minimum of one year.
- Be a first-time homebuyer as defined by HUD and FHA guidelines, except for cooperative members who have acquired cooperative membership shares prior to commencement of homeownership assistance, no family member has a present ownership interest in a residence at the commencement of homeownership assistance for the purchase of any home.
- Have not defaulted on a previous mortgage.
- Have an adult family member who is employed at least 30 hours per week and has been continuously employed for at least one year (for non-disabled/ elderly families).
- Have an adult family member whose income is at least the federal minimum wage X 30 hours per week hours per year (for non-disabled families) or who earns SSI or welfare (for disabled/ elderly families).
- Agree to use the home as their sole residence and have no ownership interest in any other residential property.
- Provide all requested documentation required to complete the application process, including signing a this *Statement of Homeowner Obligations and Program Guidelines Agreement* and creating a timeline with milestones to achieve.
- Attend pre-purchase homeownership counseling prior offered by HUD-certified housing counselors.
- Provide a minimum down payment of the lesser of \$3,000 or 3% of the purchase price, \$1,000 of which must be provided from the family's own assets.
- Secure financing through an approved lender and comply with all lender requirements.
- Find an approved broker and enter into a sales contract within 180 days of issuing the determination of subsidy, unless waived by the HA.
- Provide an update to HA Contractor on status of achieving milestones in timeline.
- Obtain an independent, 3rd party professional home inspection prior to closing.
- Make their portion of mortgage each month between the 1st and 5th of each month.
- The family must supply all requested information to the HA
- Notify HA before the family moves out of the home. If the family moves out of the home, the HA may not continue homeownership assistance after the month when the family moves out
- Acknowledge that for failure to comply with Homeownership Program Guidelines will result in termination of assistance as stated in the rules and regulations and the CDOH Administrative Plan.
- Acknowledge that in event of termination of assistance, the family becomes obligated for the whole mortgage payment.

Applicant Signature: _____

Date: _____

Co-Applicant Signature: _____

Date: _____

**COLORADO DIVISION OF HOUSING
SECTION 8 HOMEOWNERSHIP PROGRAM
FORM 5: PROGRAM GUIDELINES**

(TO BE COMPLETED BY THE SECTION 8 PARTICIPANT AND SUBMITTED TO CONTRACTOR)

- 1) CDOH and HA have 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, CDOH 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, CDOH will make its portion of monthly assistance payments on behalf of the family.
- 4) CDOH's payment, based on the program's regulations and policies, will be made by CDOH to the Lender between the 1st and 5th of each month via electronic deposit (for families with members who are persons with disabilities). CDOH will pay other lenders via hard copy check made in borrower's name and mailed to borrower, to be included with homeowner's payment sent to Lender in the same time-frame (for non-disabled families).
- 5) The buyer is responsible for paying the family's portion of the mortgage to Lender between the 1st and 5th of each month through electronic transfer of funds, or via hard copy check as noted in #4.
- 6) CDOH 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) CDOH computes allowances for repair/reserve, any Homeowner Association dues, and utilities as part of its monthly housing assistance payment calculations. The family must maintain a repair/reserve fund for ongoing home maintenance, and pay any Homeowner Association dues and utilities.
- 8) CDOH 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 CDOH's administrative plan governing this program.
- 9) CDOH does not have any liability to any party by the issuance of this certificate of homeownership interest.
- 10) Section 8 funding is subject to annual appropriations.
- 11) 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 Lender begins receiving payments from both CDOH and the family.
- 12) Section 8 homeownership applicant and participant responsibilities. The individual/family shall:
 - Have received Section 8 rental assistance through CDOH 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 CDOH'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, and not have 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.
- Counseling is offered by qualified counseling providers.
- Provide a minimum borrower contribution toward down payment of \$750 (families with members who are persons with disabilities); provide a minimum borrower contribution toward down payment of \$1,000 (non-disabled families)
 - Secure the family's own financing through a 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 120 days unless waived by CDOH.
 - Make the family's portion of house payment every month to the Colorado Housing and Finance Authority (CHFA) via electronic payment (families with members who are persons with disabilities), or via hard copy personal check sent with CDOH 's hard copy housing assistance check (non-disabled families) between the 1st and 5th of each month.
 - set aside the equivalent of 1% of the purchase price of the home divided by 12 months as a monthly repair/reserve (e.g. \$100,000 purchase price X 1%, divided by 12 months = \$83 monthly repair/reserve). SHHP provides an allowance in the homeownership calculations based on this formula.
 - pay its own utilities, based on HUD utility allowances. CDOH computes the utility allowance as part of its homeownership calculations.
 - pay its own Homeowner Association dues, if the family purchases a unit with such dues. CDOH computes Homeowner Association dues as part of its homeownership calculations.
 - Sign a release (Statement of Homeowner Obligations) allowing CDOH to exchange information on the borrower with CHFA, USDA/RD other Lenders (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 CDOH '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).

13) 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. CDOH will provide the family information on how to file a complaint.

14) 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 CDOH grants a written extension. If an extension is granted, the extension date must appear on page one of the certificate.

15) Agreement: By signature below, the participant family agrees to all terms and conditions set forth in this homeownership assistance Document.

Applicant Signature: _____

Date: _____

Co-Applicant Signature: _____

Date: _____

**COLORADO DIVISION OF HOUSING
SECTION 8 HOMEOWNERSHIP PROGRAM
FORM 6: HOMEOWNERSHIP APPROVAL LETTER**

(This sample document is completed by CDOH Asset Manager once the HAP is approved by The HCV Program Manager, and given to HA and the Lender Participant)

STATE OF COLORADO

DIVISION OF HOUSING

Kathi Williams, Director



Date:

To: Lender
Section 8 Contractor
CHFA (if being used)

From: Asset Manager
Autumn Gold, Supervisor

RE: Approval Letter for Family Name:

The Colorado Department of Local Affairs, Division of Housing (CDOH) administers a Housing Choice Voucher Section 8 Homeownership Program under the US Department of Housing and Urban Development regulations.

An examination of the request to use the Housing Assistance Payment (HAP) has been completed and the following is the determination

CDOH approves using (HAP) towards homeownership for:

Family Name:

ID #:

Property Address:

Assistance Payment:

HAP amount to go to Lender(s):

Payment (s) family is responsible for:

Homeowner's portion to go to Lender(s):

Effective date: _____

The homeowner is responsible for all of the utilities, homeowner's fees and maintenance.

If you have any questions regarding this determination please contact Asset Manger
303-866-XXXX, XXXX @state.co.us

**COLORADO DIVISION OF HOUSING
SECTION 8 HOMEOWNERSHIP PROGRAM
FORM 7: FILE CONTENTS CHECKLIST**

(This HA uses this to ensure that family has completed all the necessary documentation to ensure eligibility and compliance with the Program)

Date received

Form 1: Application	_____
Form 2: Release of Information	_____
Form 3: Certification of Section 8 Homeownership Eligibility	_____
Form 4: Statement of Family Obligations	_____
Form 5: Program Guidelines	_____
Form 6: Homeownership Final Approval Letter	_____
Form 7: File Contents Checklist	_____
Form 8: Flowchart and Timeline	_____
Proof of disability (if applicable)	_____
Homebuyer Education Workshop Certificate	_____
Credit Report	_____
Proof of Income	_____
Lender letter	_____
Good Faith Estimate	_____
Inspection Report (HQS & hired inspection report)	_____
Square footage disclosure	_____
Appraisal	_____
Earnest Money	_____
Utility Allowance	_____
Family Report 50058 (with Section 15)	_____
HAP Register Effective Date	_____

**COLORADO DIVISION OF HOUSING
SECTION 8 HOMEOWNERSHIP PROGRAM
FORM 7: FLOWCHART AND TIMELINE**

(TO BE COMPLETED BY THE SECTION 8 PARTICIPANT AND CONTRACTOR)

Family responsibility

**Housing Agency (HA) and
CDOH responsibility**

Interested family attends Homeownership Program briefing. This can be one-on-one or in a group.

Target date: _____

Achieved: _____

HA Counselor informs CDOH Asset Manager of each applicant family.

Achieved: _____

Each eligible family attends a one-on-one session with a HA Counselor. Family fills out the CDOH application and works with HA Counselor to create a timeline, assess credit report and repair, if necessary. Family signs the Statement of Homeownership Obligations.

Target date: _____

Achieved: _____

HA Counselor assists family to:

- Access credit report and repair credit, if necessary;
- Register for homebuyer education class;
- Identify Downpayment assistance;
- Identify potential lenders;

Achieved: _____

Family attends first- time homebuyer education. Family submits a copy of the Certificate of Completion to HA Counselor.

Target date: _____

Achieved: _____

HA Counselor submits the following to CDOH Asset Manager:

- Homebuyer education certificate;
- Credit report;
- Timeline;
- *Initial* draft of Homeownership 50058;
- Signed copy of statement of Homebuyer Obligations;
- Draft of Certificate of Eligibility with determination of HAP and TTP;

Achieved: _____

CDOH Asset Manager reviews documents and issues Certificate of Eligibility to HA Counselor on behalf of the family.

Achieved: _____

The family takes a Certificate of Eligibility to a lender and becomes qualified. Lender shall provide letter stating amount family is initially approved to borrow.

Target date: _____

Achieved: _____

The housing counselor must determine if standard lending practices are used. HA Counselor updates the family's file.

Achieved: _____

Family applies for down payment assistance with various agencies and submits award letters to HA Contractor.

Target date: _____

Achieved: _____

The HA Counselor updates calculations of the 50058 based on Downpayment assistance and submits to CDOH Asset Manager.
Achieved: _____

When the right home is found, the family makes an offer on the home and notifies the HA Counselor.

Target date: _____

Achieved: _____

Housing Counselor conducts the HQS at the same time as the professional inspection.

A copy of the professional inspection report is kept in the family file. HA Counselor works with family and lender to negotiate price if any repairs are required

When the offer is accepted and the house is under contract, the family sets appointment with a professional housing inspector to inspect home.

Target date: _____

Achieved: _____

The HA Counselor updates calculations of the 50058 based on and Good Faith Estimate submits to CDOH Asset Manager.
Achieved: _____

When the house is under contract, family requests Good Faith Estimate from lender. Family works with lender and broker to set a closing date.

Target date: _____

Achieved: _____

The HA Counselor submits final 50058 which reflects all expenses at time of closing along with any other pre-closing documentation to CDOH Asset Manager.

HA Counselor works with CDOH Finance team to ensure funds can be made through EFT.

Before closing the family meets with HA Counselor to review final calculations and ensure family has all funding secured and documentation ready for closing

Target date: _____

Achieved: _____

CDOH Asset Manager reviews updated documents
Achieved: _____

Family brings ID and certified funds to closing. Lender submits final Contract of Sale and HUD-1 Settlement Statement to family.

Target date: _____

Achieved: _____

HA Counselor requests that lender send a copy of the HUD-1 Settlement Statement and place in the family file
Achieved: _____

CDOH makes all monthly HAP payments to lender.

At annual recertification, family presents verification of requested items to HA Counselor.

Target date: _____

Achieved: _____

Housing Counselor conducts annual income certification and submits updated 50058 to CDOH Asset Manager and Finance team.

Achieved: _____