The Housing Authority of the Birmingham District (HABD) Board of Commissioners, at the regularly scheduled board meeting, held on Monday, October 23, 2017 approved revisions to the Section 8 Administrative Plan, Exhibit C: Homeownership Option. Effective October 23, 2017, the new changes are effective to the Homeownership Option, Exhibit C.

Attached, you will find amendments to the updated policy changes. Items in black are current with no changes; items in red are added changes; and items with a line through them are items that will be deleted.

Comments and questions may be submitted in writing to the attention of:

Kangi Drake
Interim Vice President of Assisted Housing
1301 -25th Avenue North
Birmingham, AL 35204
EXHIBIT C

HOUSING AUTHORITY OF THE BIRMINGHAM DISTRICT
SECTION 8 HOME OWNERSHIP OPTION
ADDENDUM TO SECTION 8 ADMINISTRATIVE PLAN

ASSISTED HOUSING (HCV) HOMEOWNERSHIP OPTION

ADDENDUM TO SECTION 8 ADMINISTRATIVE PLAN

24 CFR: 982.625-982.643

The Housing Authority of the Birmingham District (HABD) hereby establishes a Section 8 tenant-based voucher homeownership option in Birmingham-Jefferson County, Alabama pursuant to the U. S. Department of Housing and Urban Development’s (HUD) Final Rule dated September 12, 2000. The HABD further allocates 1% of Housing Choice Vouchers (HCV) to the implementation of the Homeownership Program. The establishment of this program is consistent with the Authority’s Annual, Five Year Plan, and Strategic Plan.

Family Qualifications §24 CFR 982.627
Any Section 8 program participant or applicant who has been issued a Section 8 Housing Choice Voucher may utilize the subsidy to purchase rather than rent a home, subject to the following requirements:

1. The family must meet the general requirements for admission to or continued participation in the HABD Section 8 tenant-based programs outlined in the Section 8 Administrative Plan;

2. Current Section 8 program families must be in full compliance with their lease and the Section 8 Housing Choice Voucher program requirements and must terminate their current lease arrangement in compliance with the lease;

3. The head of household or spouse-family must not have previously defaulted on a mortgage securing debt to purchase a home under the homeownership option;

4. The family must be a “first time homeowner” (i.e.”... a family member must not have owned title to a principal residence in the last three years before commencement of homeownership assistance for the family under the homeownership program.”). “First time homeowner” also includes a single parent or displaced homemaker who, while married, owned a home with his or her spouse, or resided in a home owned by his or her spouse;

5. The family must enroll and complete in the HABD designated pre-purchase homeownership counseling programs and be deemed to be “mortgage ready” before a homeownership voucher will be issued, as pre-qualified or pre-approved for financing;
6. The head of household or spouse must be employed full-time (not less than an average of 30 hours per week) and have been continuously so employed during the year before commencement of homeownership assistance. Families in which the head of household or spouse is disabled or elderly are exempt from this requirement. Families with a disabled household member may request an exemption from this requirement as a reasonable accommodation that will be granted upon determination by HABD of the need to do so;

- Continuous employment may include interruptions of no longer than 30 days due to change in employment and will count as continuity during that year; HABD will evaluate on a case-by-case basis

- Self-employment income may be included as the family will have to provide documentation of verifiable taxable business

7. The annual gross income of the adult family members who will own the home at the commencement of homeownership assistance must be either of the following: equal to the federal minimum wage multiplied by 2,000 hours. The minimum income requirement only applies at the time the family receives homeownership assistance. Public assistance income may not be used to meet this requirement, except for households in which the head or spouse is elderly or disabled and households that include a disabled person other than head or spouse. (Public Assistance includes federal housing assistance or the housing component of a welfare grant; TANF assistance; SSI that is subject to an income eligibility test; food stamps; general assistance or other assistance provided under a Federal, state or local program that provides assistance to meet family living or housing expenses.)

- In the case of a disabled family, the monthly Federal Supplemental Security Income (SSI) benefit for an individual living alone multiplied by twelve

    Or

- In the case of other families, the Federal minimum wage multiplied by 2,000 hours

*Except in the case of an elderly family or disabled family, the PHA shall not count any welfare assistance received by the family in determining annual income

- The disregard of welfare assistance income only affects the determination of minimum annual income used to determine if a family initially qualifies for commencement of homeowner assistance but does not affect:

  - Calculation of the amount of the family’s total tenant payment
  - Calculation of the amount of homeownership assistance payments on behalf of the family
8. The program gives priority to Section 8 families who are enrolled in HABD’s Family Self Sufficiency Program.

*The family must meet and satisfy all the above listed initial requirements at commencement of homeownership assistance.

**Time Frame for Utilization of Assistance Under This Program**

**Time Frame to Purchase A Home** §24 CFR 982.629

The family will have a maximum of 180 days to find a home or to enter into a “Contract for Sale” for the purchase of a home.

If the family is unable to enter into a “Contract for Sale” before the end of the 180-day deadline, the family will be allowed to continue to utilize the voucher for rental assistance in a unit that meets the eligibility requirements for the Section 8 Voucher Program as outlined in the Section 8 Administrative Plan.

Any extension(s) beyond the 180 days to find a home or enter into a “Contract for Sale” must be approved by the HABD.

**Eligible Units** §24 CFR 982.628

The unit selected by the family must satisfy all the requirements outlined below:

1. The unit was under construction or already existing at the time the family was determined eligible for homeownership assistance to purchase the unit;

2. The unit is a one-unit property;

3. The unit complies with the Housing Quality Standards under the Section 8 Housing Choice Voucher Program. The unit has been inspected by a PHA inspector and by an independent inspector designated by the family. The inspector must be certified by the American Society of Home Inspectors.

4. The unit satisfies the Housing Quality Standards (HQS) Inspection

5. Homeownership assistance may be provided for the purchase of a home where the family will not own fee title to the real property on which the home is located ONLY if
(a) The home is located on a permanent foundation

AND

(b) The family has the right to occupy the home site for at least forty years

**Homeownership Counseling §24 CFR 982.630**

The family must attend and participate in the HABD designated pre-purchase homeownership counseling program which will include:

1. Home maintenance;

2. Budgeting and money management;

3. Credit counseling;

4. How to negotiate the purchase price of a home;

5. How to find a home, including the advantages of finding a home outside an area of concentration of low income families;

6. How to obtain homeownership financing, including loan preapprovals;

7. Information about the Real Estate Settlement and Procedures Act (RESPA).

**Portability §24 CFR 982.636**

Families that are determined eligible for homeownership assistance may exercise the homeownership option outside of HABD’s jurisdiction if the receiving public housing authority is administering a Section 8 homeownership program and is accepting new families into its Section 8 Homeownership Program. The family must attend the briefing and counseling sessions required by the receiving PHA.

**Permitted Ownership Arrangements**

The home ownership option may be utilized in a unit owned by the family, where one or more family members hold title to the home. Homes previously occupied under a lease-purchase agreement are eligible.

**Contract for Sale, and Home Inspections, and PHA Disapproval of Seller §24 CFR 982.631**

Participants in the homeownership option program must complete a “Contract for Sale” with the owner of the property to be purchased. HABD must be provided a copy of the contract for sale.

The Contract for Sale must:

1. Include the home’s purchase price and terms of sale;

2. Provide that the family will arrange for a pre-purchase inspection by an independent inspector selected by the family;
3. Provide the family is not obligated to buy the unit unless the inspection is satisfactory to the family;

4. Provide that the family is not obligated to pay for any necessary repairs to the unit;

5. Contain a certification from the seller that the seller has not been debarred, suspended, or subject to a limited denial of participation under part 24 of the federal regulations pertaining to this program.

The family must obtain an independent professional home inspection of the unit’s major systems at the family’s expense. The inspection must cover major building systems and components, including foundation and structure, housing interior and exterior, and the roofing, plumbing, electrical, and heating systems. The family must provide a copy of the inspection report to the HABD for review. The HABD will review the report to determine whether repairs are necessary prior to the family purchasing the home and to determine whether purchasing the home is in the family’s best interest. In making this determination, the HABD will take into consideration such factors as defective roof and heating systems that need immediate replacement at substantial cost. The inspector must be certified by the American Society of Home Inspectors.

HABD will conduct a Housing Quality Standards (HQS) inspection and will review the independent professional inspection of the unit’s major systems. HABD retains the right to disqualify the unit for inclusion in the home ownership program based on either the HQS inspection or the professional inspection report. Final contract approval will be reviewed by the President/CEO or designee.

The family must determine and document whether or not the unit is in an airport runway clear zone or an airfield clear zone. The family must determine and document whether or not the unit is in a flood hazard area. Units in flood hazard areas must be insured for flood damage.

HABD may deny approval of a seller for any reason provided under Section XV ‘HABD Disapproval of Owner’, located in this Administrative Plan.

**Financing Purchase of the Home and Affordability of Purchase** §24 CFR 982.632

The family is responsible for obtaining financing; rate and terms of the first mortgage are subject to review and approval by HABD. The HABD may review lender qualifications and the loan terms before authorizing homeownership assistance under this program. The HABD may disapprove proposed financing, refinancing, or other debt if the HABD determines the debt is unaffordable for the participant. In making this determination the HABD will take into account other family expenses, such as childcare, unreimbursed medical expenses, and other family expenses as determined by HABD. The first mortgage lender shall be a federally-regulated financial institution. Any other lenders (such as owner financed) must be specifically approved by HABD.

If the purchase of the home is financed with FHA mortgage insurance, financing is subject to FHA mortgage insurance requirements.
The family is required to pay a minimum down payment of at least 3% of the purchase price of the home for participation in the Homeownership Program, of which, at least 1% of the purchase price comes from the family’s personal resources. §24 CFR 982.625 (g)(1)

**Term of Homeownership Assistance** §24 CFR 982.634

The family shall not receive homeownership assistance for more than fifteen (15) years, if the initial mortgage incurred to finance purchase of the home has a term of 20 years or longer, or ten (10) years in all other cases.

The maximum term of homeownership assistance is as follows:

1. Fifteen (15) years, if the initial mortgage incurred to finance purchase of the home has a term of 20 years or longer

   Or

2. Ten (10) years in all other cases

The maximum term applies to any member of the family who has an ownership interest in the unit during the time that homeownership payments are made, or if the spouse of any member of the household who has an ownership interest in the unit during the time Homeownership payments are made.

**Exception for elderly and disabled:**

- **Elderly:** The exception only applies if the family qualifies as an elderly family at the start of homeownership assistance

- **Disabled:** The exception applies if at any time during receipt of homeownership assistance, the family qualifies as a disabled family

The maximum term does not apply to elderly and disabled families. In the case of an elderly family, the exception only applies if the family qualifies as an elderly family at the start of homeownership assistance. In the case of a disabled family, the exception applies if at any time during receipt of homeownership assistance, the family qualifies as a disabled family. If, during the course of homeownership assistance, the family ceases to qualify as a disabled or elderly family, the maximum term becomes applicable from the date homeownership assistance commenced. (The family will be provided at least 6 months of homeownership assistance after the maximum term becomes applicable, provided the family is otherwise eligible to receive homeownership assistance.) Section 8 assistance will only be provided for the months the family is in residence in the home.

The total assistance that a family can receive from either different PHAs or for different homes is subject to the limitations stated in the statement of homeowner obligations as outlined under this program.
The family is entitled to one move during any one-year period.

**Family Obligations §24 CFR 982.633**

Before commencement of homeownership assistance, the family must execute a “statement of homeowner obligations” in the form prescribed by HUD and HABD.

**Occupancy:**

- Homeownership assistance may only be paid while the family is residing in the home. If the family moves out of the home, the PHA may not continue homeownership assistance after the month when the family moves out.

- The family or lender is not required to refund to the PHA the homeownership assistance received the month the family moves out.

To continue to receive homeownership assistance, a family must comply with the following family obligations:

1. The family must comply with the terms of any mortgage securing debt incurred to purchase the home, and any refinancing of such debt;

2. The family may not sell, convey, or transfer any interest in the home to any entity or person other than a member of the assisted family residing in the home subject to the approval of HABD. If the family chooses to sell the home, with the approval of HABD, the family may purchase another home while continuing to receive home ownership assistance toward the purchase of a new home;

3. The family may not place any additional lien or other encumbrance without prior written consent from HABD and the mortgage lender(s);

4. The family must supply required information regarding income and family composition for HABD to correctly calculate the total tenant payment and home ownership assistance;

5. The family must provide information on any mortgage or other debt incurred to purchase the home and any refinancing of such debt and any sale or other transfer of any interest in the home;

6. The family must notify HABD or its designee if the family defaults on a mortgage securing any debt incurred to purchase the home;

7. The family must notify HABD or its designee before the family moves out of the home;

8. The family must provide access to the home for purposes of inspection at reasonable times.
9. 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.

10. During the time the family receives homeownership assistance, no family member may have ownership interest in any other residential property.

**Determination of the Amount and Distribution of the Monthly Homeownership Assistance Payment**  
§24 CFR 982.635

While the family is living in the home, the HABD will pay a monthly homeownership assistance payment that is equal to the lower of

1. The payment standard minus the total tenant payment;  
Or  
2. The family’s monthly homeownership expenses minus the total tenant payment

the payment standard minus total tenant payment, or the family’s monthly homeownership expenses minus the total tenant payment. The payment standard for the family shall be the lower of the payment standard for the family unit size or the payment standard for the size of the home.

1. The payment standard for the family unit size  
Or  
2. The payment standard for the size of the home

If the home is located in an exception payment standard area, the payment standard for the family is the greater of

1. The payment standards determined in accordance with the previous paragraph at the commencement of homeownership assistance for the occupancy of the home  
Or  
2. The payment standard as determined in accordance with the previous paragraph at the most recent regular reexamination of family income and composition since the commencement of homeownership assistance for occupancy of the home

1. The payment standards determined in accordance with the previous paragraph at the commencement of homeownership assistance for the occupancy of the home  
Or  
2. The payment standard as determined in accordance with the previous paragraph at the most recent regular reexamination of family income and composition since the commencement of homeownership assistance for occupancy of the home
The same payment standard schedule, payment standard amounts and subsidy standards will be used for the home ownership option as for the rental voucher program.

**Homeownership Expense**
Homeownership expenses include principal and interest on mortgage debt, refinancing charges of mortgage debt, real estate taxes and other public assessments, insurance, maintenance and major repair expenses, and the HABD utility allowances schedule. The HABD will use its schedule for determining the allowance for maintenance expenses, major repairs, and replacements.

Housing assistance payments will be made directly to the mortgage lender on behalf of the family.

The assistance payment will be adjusted to reflect changes in the fair market rent payment standard accordingly.

If a family’s income increases to a point that they do not receive a housing assistance payment, eligibility for such payments will continue for 180 calendar days. At the end of a continuous period of 180 days without any assistance payments, eligibility for Section 8 assistance will automatically terminate.

**Lease to Purchase**
Lease-to-purchase agreements are considered rental property and subject to the normal tenant-based Section 8 rental rules. The family will be subject to the homeownership requirements at the time the family is ready to exercise the homeownership option under the lease-to-purchase agreement. However, the family will be encouraged to participate in the pre and post homeownership counseling to prepare the family for the homeownership program. Homeownership will begin when the family purchases the home and after all of the requirements of the homeownership option are met.

**Buying Another Home with Section 8 Assistance** §24 CFR 982.637
A homeownership family may purchase another home with Section 8 assistance provided there is no mortgage loan default. The family must sell the current home in order to purchase another home under this program. With the exception of the first-time homebuyer requirement, the family must meet all the other requirements for continued participation in the homeownership program, such as the employment threshold, obtaining an independent inspection of the home to be purchased, etc.

**Defaults** §24 CFR 982.638
If a family in the homeownership option defaults on their home mortgage loan, the family will not be able to use their Homeownership Voucher for rental housing but may re-apply for assistance under the HABD regular Section 8 Housing Voucher Program.
Denial or Termination of Assistance to the Family §24 CFR 982.638

As provided in the HABD Section 8 Administrative Plan, HABD may deny or terminate homeownership assistance:

(1) In accordance with Sec. 982.552 (Grounds for denial or termination of assistance)

(2) Sec. 982.553 (Crime by family members).

(3) HABD may deny or terminate assistance for violation of family obligations outlined in Sec. 982.551.

(4) Mortgage default
   - Family defaulted on an FHA-insured mortgage; and
   - Family fails to demonstrate that
     - Family has conveyed, or will convey, title to the home as required by HUD, to HUD or HUD’s designee and
     - The family has moved, or will move, from the home within the period established or approved by HUD

HABD must terminate voucher homeownership assistance for any member of a family receiving homeownership assistance that is dispossessed from the home pursuant to a judgment or order of foreclosure on any mortgage (whether FHA-insured or non-FHA) securing debt incurred to purchase the home, or any refinancing of such debt.

An assisted family, or members of the family, may not receive Section 8 tenant-based assistance while receiving another housing subsidy, for the same unit or for a different unit, under any duplicative federal, state, or local housing assistance program.

Obligations of the Family §24 CFR 982.633

The family must comply with the obligations of a participant family described in 982.551 as such also listed in Section XL- Family Obligations of this Administrative Plan

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 (including any requested certification, release or other documentation).

The family must supply any information requested by the PHA or HUD for use in a regularly scheduled reexamination or interim reexamination of family income and composition in accordance with HUD requirements.

The family must disclose and verify social security numbers and must sign and submit consent forms for obtaining information.

Any information supplied by the family must be true and complete.
The family is responsible for any HQS breach caused by the family.

The family must allow the PHA to inspect the unit at reasonable times and after reasonable notice.

The family may not commit any serious or repeated violation.

The family must notify the PHA and the owner before the family moves out of the unit or terminates the lease (N/A) on notice to the owner.

The family must promptly give the PHA a copy of any owner eviction notice.

The family must use the assisted unit for residence by the family. The unit must be the family’s only residence.

The composition of the assisted family residing in the unit must be approved by the PHA. The family must promptly inform the PHA of the birth, adoption, or court-awarded custody of a child. The family must request PHA approval to add any other family member as an occupant of the unit. No other person may reside in the unit (except for a foster child or live-in aide).

The family must promptly notify the PHA if any family member no longer resides in the unit.

Members of the household may engage in legal profit-making activities in the unit, but only if such activities are incidental to primary use of the unit for residency by members of the family.

The family must not sublease or let the unit.

The family must not assign the lease or transfer the 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 members of the family must not commit fraud, bribery or any other corrupt or criminal act in connection with the program.

The members of the family may not engage in drug-related criminal activity, or violent criminal activity.

An assisted family, or members of the family, may not receive Section 8 tenant-based assistance while receiving another housing subsidy, for the same unit or for a different unit, under any duplicative federal, state, or local housing assistance program. [MOVED under denial/termination of assistance]
HABD must terminate voucher homeownership assistance for any member of a family receiving homeownership assistance that is dispossessed from the home pursuant to a judgment or order of foreclosure on any mortgage (whether FHA insured or non-FHA) securing debt incurred to purchase the home, or any refinancing of such debt. (MOVED under denial/termination of assistance)