

Chapter 15

SPECIAL HOUSING TYPES

[24 CFR 982 Subpart M]

INTRODUCTION

The IHA may permit a family to use any of the special housing types. However, the IHA is not required to permit families receiving assistance in its jurisdiction to use these housing types, except that IHA must permit use of any special housing type if needed as a reasonable accommodation for a person with a disability. The IHA also may limit the number of families who receive HCV assistance in these housing types and cannot require families to use a particular housing type. No special funding is provided for special housing types.

IHA Policy

With the exception of the HCV Homeownership Program, Project-Based Vouchers utilizing SRO's as well as Shared Housing, families will not be permitted to use any special housing types, unless use is needed as a reasonable accommodation so the program is readily accessible to a person with disabilities.

This chapter consists of the following seven parts. Each part contains a description of the housing type and any special requirements associated with it. Except as modified by this chapter, the general requirements of the HCV program apply to special housing types.

Part I: Single Room Occupancy

Part II: Congregate Housing

Part III: Group Homes

Part IV: Shared Housing

Part V: Cooperative Housing

Part VI: Manufactured Homes (including manufactured home space rental)

Part VII: Homeownership

PART I. SINGLE ROOM OCCUPANCY

[24 CFR 982.602 through 982.605]

15-I.A. OVERVIEW

A single room occupancy (SRO) unit provides living and sleeping space for the exclusive use of the occupant but requires the occupant to share sanitary and/or food preparation facilities with others. More than one person may not occupy an SRO unit. HCV regulations do not limit the number of units in an SRO facility, but the size of a facility may be limited by local ordinances.

When providing HCV assistance in an SRO unit, a separate lease and HAP contract are executed for each assisted person, and the standard form of the HAP contract is used.

15-I.B. PAYMENT STANDARD, UTILITY ALLOWANCE, AND HAP CALCULATION

The payment standard for SRO housing is 75 percent of the 0-bedroom payment standard amount on the IHA payment standard schedule.

The utility allowance for an assisted person residing in SRO housing is 75 percent of the zero-bedroom utility allowance.

The HAP for an assisted occupant in an SRO facility is the lower of the SRO payment standard amount minus the TTP or the gross rent for the unit minus the TTP.

15-I.C. HOUSING QUALITY STANDARDS (HQS)

HQS requirements described in Chapter 8 apply to SRO housing except as modified below.

- *Access:* Access doors to the SRO unit must have working locks for privacy. The occupant must be able to access the unit without going through any other unit. Each unit must have immediate access to two or more approved means of exit from the building, appropriately marked and leading to safe and open space at ground level. The SRO unit must also have any other means of exit required by State or local law.
- *Fire Safety:* All SRO facilities must have a sprinkler system that protects major spaces. “Major spaces” are defined as hallways, common areas, and any other areas specified in local fire, building, or safety codes. SROs must also have hard-wired smoke detectors, and any other fire and safety equipment required by state or local law.

Sanitary facilities and space and security standards must meet local code requirements for SRO housing. In the absence of local code standards, the requirements discussed below apply [24 CFR 982.605].

- *Sanitary Facilities:* At least one flush toilet that can be used in privacy, a lavatory basin, and a bathtub or shower in proper operating condition must be provided for each six persons (or fewer) residing in the SRO facility. If the SRO units are leased only to men, flush urinals may be substituted for up to one half of the required number of toilets. Sanitary facilities must be reasonably accessible from a common hall or passageway, and may not be located

more than one floor above or below the SRO unit. They may not be located below grade unless the SRO units are located on that level.

- *Space and Security:* An SRO unit must contain at least 110 square feet of floor space, and at least four (4) square feet of closet space with an unobstructed height of at least five (5) feet, for use by the occupant. If the closet space is less than four (4) square feet, the habitable floor space in the SRO unit must be increased by the amount of the deficiency. Exterior doors and windows accessible from outside the SRO unit must be lockable.

Because no children live in SRO housing, the housing quality standards applicable to lead-based paint do not apply.

PART II. CONGREGATE HOUSING

[24 CFR 982.606 through 982.609]

15-II.A. OVERVIEW

Congregate housing is intended for use by elderly persons or persons with disabilities. A congregate housing facility contains a shared central kitchen and dining area and a private living area for the individual household that includes at least a living room, bedroom and bathroom. Food service for residents must be provided.

If approved by the IHA, a family member or live-in aide may reside with the elderly person or person with disabilities. The IHA must approve a live-in aide if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities.

When providing HCV assistance in congregate housing, a separate lease and HAP contract are executed for each assisted family, and the standard form of the HAP contract is used.

15-II.B. PAYMENT STANDARD, UTILITY ALLOWANCE, AND HAP CALCULATION

The payment standard for an individual unit in a congregate housing facility is based on the number of rooms in the private living area. If there is only one room in the unit (not including the bathroom or the kitchen, if a kitchen is provided), the IHA must use the payment standard for a 0-bedroom unit. If the unit has two or more rooms (other than the bathroom and the kitchen), the IHA must use the 1-bedroom payment standard.

The HAP for an assisted occupant in a congregate housing facility is the lower of the applicable payment standard minus the TTP or the gross rent for the unit minus the TTP.

The gross rent for the unit for the purpose of calculating HCV assistance is the shelter portion (including utilities) of the resident's monthly housing expense only. The residents' costs for food service should not be included in the rent for a congregate housing unit.

15-II.C. HOUSING QUALITY STANDARDS

HQS requirements as described in Chapter 8 apply to congregate housing except for the requirements stated below.

Congregate housing must have (1) a refrigerator of appropriate size in the private living area of each resident; (2) a central kitchen and dining facilities located within the

premises and accessible to the residents, and (3) food service for the residents, that is not provided by the residents themselves.

The housing quality standards applicable to lead-based paint do not apply.

PART III. GROUP HOME

[24 CFR 982.610 through 982.614 and HCV GB p. 7-4]

15-III.A. OVERVIEW

A group home is a state-licensed facility intended for occupancy by elderly persons and/or persons with disabilities. Except for live-in aides, all persons living in a group home, whether assisted or not, must be elderly persons or persons with disabilities. Persons living in a group home must not require continuous medical or nursing care.

A group home consists of bedrooms for residents, which can be shared by no more than two people, and a living room, kitchen, dining area, bathroom, and other appropriate social, recreational, or community space that may be shared with other residents.

No more than 12 persons may reside in a group home including assisted and unassisted residents and any live-in aides.

If approved by the IHA, a live-in aide may live in the group home with a person with disabilities. The IHA must approve a live-in aide if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities.

When providing HCV assistance in a group home, a separate lease and HAP contract is executed for each assisted family, and the standard form of the HAP contract is used.

15-III.B. PAYMENT STANDARD, UTILITY ALLOWANCE, AND HAP CALCULATION

Unless there is a live-in aide, the family unit size for an assisted occupant of a group home must be 0- or 1-bedroom, depending on the IHA subsidy standard. If there is a live-in aide, the aide must be counted in determining the household's unit size.

The payment standard used to calculate the HAP is the lower of the payment standard for the family unit size or the prorata or prorated share of the payment standard for the group home size. The prorata or prorated share is calculated by dividing the number of persons in the assisted household by the number of persons (assisted and unassisted) living in the group home.

The HAP for an assisted occupant in a group home is the lower of the payment standard minus the TTP or the gross rent minus the TTP.

The utility allowance for an assisted occupant in a group home is the prorata or prorated share of the utility allowance for the group home.

The rents paid for participants residing in group homes are subject to generally applicable standards for rent reasonableness. The rent for an assisted person must not exceed the prorata or prorated portion of the reasonable rent for the group home. In determining reasonable rent, the IHA should consider whether sanitary facilities and facilities for food preparation and service are common facilities or private facilities.

15-III.C. HOUSING QUALITY STANDARDS

HQS requirements described in Chapter 8 apply to group homes except for the requirements stated below.

- *Sanitary Facilities:* A group home must have at least one (1) bathroom in the facility, with a flush toilet that can be used in privacy, a fixed basin with hot and cold running water, and a shower or bathtub with hot and cold running water. A group home may contain private or common bathrooms. However, no more than four (4) residents can be required to share a bathroom.
- *Food Preparation and Service:* Group home units must contain a kitchen and dining area with adequate space to store, prepare, and serve food. The facilities for food preparation and service may be private or may be shared by the residents. The kitchen must contain a range, an oven, a refrigerator, and a sink with hot and cold running water. The sink must drain into an approvable public or private disposal system.
- *Space and Security:* Group homes must contain at least one (1) bedroom of appropriate size for every two (2) people, and a living room, kitchen, dining area, bathroom, and other appropriate social, recreational, or community space that may be shared with other residents.
- *Structure and Material:* To avoid any threat to the health and safety of the residents, group homes must be structurally sound. Elevators must be in good condition. Group homes must be accessible to and usable by residents with disabilities.
- *Site and Neighborhood:* Group homes must be located in a residential setting. The site and neighborhood should be reasonably free from hazards to the health, safety, and general welfare of the residents, and should not be subject to serious adverse conditions, such as:
 - Dangerous walks or steps
 - Instability
 - Flooding, poor drainage
 - Septic tank back-ups
 - Sewage hazards
 - Mud slides
 - Abnormal air pollution
 - Smoke or dust
 - Excessive noise
 - Vibrations or vehicular traffic

- Excessive accumulations of trash
- Vermin or rodent infestation, and
- Fire hazards.

The housing quality standards applicable to lead-based paint do not apply.

PART IV. SHARED HOUSING

[24 CFR 982.615 through 982.618]

15-IV.I. OVERVIEW

Shared housing is a single housing unit occupied by an assisted family and another resident or residents. The shared unit consists of both common space for use by the occupants of the unit and separate private space for each assisted family.

An assisted family may share a unit with other persons assisted under the HCV program or with other unassisted persons. The owner of a shared housing unit may reside in the unit, but housing assistance may not be paid on behalf of the owner. The resident owner may not be related by blood or marriage to the assisted family.

If approved by the IHA, a live-in aide may reside with the family to care for a person with disabilities. The IHA must approve a live-in aide if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities.

When providing HCV assistance in shared housing, a separate lease and HAP contract are executed for each assisted family, and the standard form of the HAP contract is used.

15-IV.B. PAYMENT STANDARD, UTILITY ALLOWANCE AND HAP CALCULATION

The payment standard for a family in shared housing is the lower of the payment standard for the family unit size or the prorata share of the payment standard for the shared housing unit size.

The prorata share is calculated by dividing the number of bedrooms available for occupancy by the assisted family in the private space by the total number of bedrooms in the unit.

The HAP for a family in shared housing is the lower of the payment standard minus the TTP or the gross rent minus the TTP. The utility allowance for an assisted family living in shared housing is the prorata share of the utility allowance for the shared housing unit.

The rents paid for families living in shared housing are subject to generally applicable standards for rent reasonableness. The rent paid to the owner for the assisted family must not exceed the pro-rata portion of the reasonable rent for the shared unit. In determining reasonable rent, the IHA should consider whether sanitary and food preparation areas are private or shared.

15-IV.C. HOUSING QUALITY STANDARDS

The IHA may not give approval to reside in shared housing unless the entire unit, including the portion of the unit available for use by the assisted family under its lease, meets the housing quality standards.

HQS requirements described in Chapter 8 apply to shared housing except for the requirements stated below.

- *Facilities Available for the Family*: Facilities available to the assisted family, whether shared or private, must include a living room, a bathroom, and food preparation and refuse disposal facilities.
- *Space and Security*: The entire unit must provide adequate space and security for all assisted and unassisted residents. The private space for each assisted family must contain at least one bedroom for each two persons in the family. The number of bedrooms in the private space of an assisted family must not be less than the family unit size. A 0-bedroom or 1-bedroom unit may not be used for shared housing.

PART V. COOPERATIVE HOUSING

[24 CFR 982.619]

15-V.A. OVERVIEW

This part applies to rental assistance for a cooperative member residing in cooperative housing. It does not apply to assistance for a cooperative member who has purchased membership under the HCV homeownership option, or to rental assistance for a family that leases a cooperative housing unit from a cooperative member.

A cooperative is a form of ownership (nonprofit corporation or association) in which the residents purchase memberships in the ownership entity. Rather than being charged “rent” a cooperative member is charged a “carrying charge.”

When providing HCV assistance in cooperative housing, the standard form of the HAP contract is used.

15-V.B. PAYMENT STANDARD, UTILITY ALLOWANCE AND HAP CALCULATION

The payment standard and utility allowance are determined according to regular HCV program requirements.

The HAP for a cooperative housing unit is the lower of the payment standard minus the TTP or the monthly carrying charge for the unit, plus any utility allowance, minus the TTP. The monthly

carrying charge includes the member's share of the cooperative debt service, operating expenses, and necessary payments to cooperative reserve funds. The carrying charge does not include down payments or other payments to purchase the cooperative unit or to amortize a loan made to the family for this purpose.

15-V.C. HOUSING QUALITY STANDARDS

All standard HQS requirements apply to cooperative housing units. There are no additional HQS requirements.

PART VI. MANUFACTURED HOMES

[24 CFR 982.620 through 982.624]

15-VI.A. OVERVIEW

A manufactured home is a manufactured structure, transportable in one or more parts, that is built on a permanent chassis, and designed for use as a principal place of residence. HCV-assisted families may occupy manufactured homes in two different ways.

(1) A family can choose to rent a manufactured home already installed on a space and the IHA must permit it. In this instance program rules are the same as when a family rents any other residential housing, except that there are special HQS requirements as provided in 15-VI.D. below.

(2) HUD also permits an otherwise eligible family that owns a manufactured home to rent a space for the manufactured home and receive HCV assistance with the rent for the space. IHA may, but is not required to, provide assistance for such families.

15-VI.B. SPECIAL POLICIES FOR MANUFACTURED HOME OWNERS WHO LEASE A SPACE

Family Income

In determining the annual income of families leasing manufactured home spaces, the value of the family's equity in the manufactured home in which the family resides is not counted as a family asset.

Lease and HAP Contract

There is a separate Tenancy Addendum (Form 52642-a) and separate HAP Contract (Form 52642) for this special housing type.

15-VI.C. PAYMENT STANDARD, UTILITY ALLOWANCE AND HAP CALCULATION

Payment Standards

The FMR for a manufactured home space is generally 40 percent of the published FMR for a 2-bedroom unit or, where approved by HUD, the 40th percentile of the rental distribution of manufactured home spaces for the FMR area. The IHA may establish a payment standard for manufactured home spaces that is between 90-110 percent of the FMR for manufactured home spaces.

Utility Allowance

The IHA must establish utility allowances for manufactured home space rental. For the first 12 months of the initial lease term only, the allowance must include an amount for a utility hook-up charge if the family actually incurred a hook-up charge because of a move. This allowance will not be given to a family that leases in place. Utility allowances for manufactured home space must not include the costs of digging a well or installing a septic system.

Space Rent

The space rent is the sum of the rent to the owner for the manufactured home space, any charges for maintenance and management provided by the owner, and the utility allowance for tenant-paid utilities.

Housing Assistance Payment

The HAP for a manufactured home space under the housing choice voucher program is the lower of the payment standard minus the TTP or the (gross) manufactured home space rent minus the TTP.

Rent Reasonableness

Initially, and annually thereafter the IHA must determine that the rent for the manufactured home space is reasonable based on rents for comparable manufactured home spaces. The IHA must consider the location and size of the space, and any services and maintenance to be provided by the owner. By accepting the monthly HAP check, the owner certifies that the rent does not exceed rents charged by the owner for comparable unassisted spaces in the manufactured home park or elsewhere.

15-VLD. HOUSING QUALITY STANDARDS

Under either type of occupancy described in 15-VI. A above, the manufactured home must meet all HQS performance requirements and acceptability criteria discussed in Chapter 8 of this plan. In addition, the following requirement applies:

Manufactured Home Tie-Down

A manufactured home must be placed on the site in a stable manner, and must be free from hazards such as sliding or wind damage. The home must be securely anchored by a tie-down device that distributes and transfers the loads imposed by the unit to appropriate ground anchors to resist overturning and sliding.

PART VII. HOMEOWNERSHIP

[24 CFR 982.625 through 982.643]

15-VII.A. OVERVIEW [24 CFR 982.625]

The Independence Housing Authority (IHA) Section 8 Homeownership Program allows certain eligible participants in the Section 8 Housing Choice Voucher Program (HCV) the opportunity to purchase rather than rent a home with their voucher assistance. This program is authorized by the Final Rule published in the Federal Register on October 18, 2002 by the U. S. Department of Housing and Urban Development (HUD) implementing regulations found at 24 CFR Part 982. Participation in the homeownership program is voluntary.

The IHA's Homeownership Program is designed and intended to work in close concert with the First Time Home Buyer's Program administered by any of the cities in Independence, Blue Springs, Lees Summit and Raytown. Toward that end, families must be deemed eligible for any of the City's programs, in order to be deemed eligible under the IHA homeownership criteria. The IHA will be limiting the total number in the Homeownership program to fifteen (15) families at any given time.

HCV assistance provided to eligible Homeownership Program participants may be used to purchase the following types of homes within the city limits of Independence, Blue Springs, Lees Summit and Raytown: new or existing single-family dwelling units, condominiums, cooperatives, or manufactured homes (*pre-fabricated*). The IHA may also permit portability of Section 8 homeownership assistance to another jurisdiction, provided the receiving jurisdiction operates a Section 8 Homeownership Program for which the participant qualifies.

Housing Choice Voucher Rules Apply

With the exception of unique eligibility and “family obligation” procedures identified elsewhere in the chapter, IHA will administer the HCV Homeownership Program in accordance with all the policies and procedures contained in the HCV Administrative Plan and 24 CFR Part 982.

15-VII.B. FAMILY ELIGIBILITY [24 CFR 982.627]

Family Eligibility Requirements

Only current IHA voucher participants who meet the following eligibility criteria may be eligible for participation in the Homeownership Program: (participants with portable vouchers may qualify for the home ownership program, as long as they also meet all program eligibility requirements.

1. The family must complete all required homeownership counseling sessions and submit all required documents as described in this plan.

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2. The family must financially qualify for IHA-approved financing of the home within two years after graduation from the Homeownership Counseling classes and must be financially capable. at the time of purchase of providing at least 3% of the purchase price as a minimum homeowner down payment and/or to pay toward closing costs. One source of said funds may be any of the City's First Time Home Buyer's Program down payment assistance, if they have the program available. But in any case, the family must provide a minimum of \$500 of their own money to pay toward the purchase transaction. IHA shall review lender qualifications and the loan terms before authorizing home ownership assistance.
 3. The head of household, spouse and other adult family members must qualify as first-time home buyers as follows:
 - a. No member of the household has had an ownership interest in any residence during the three years prior to selection for the home ownership program, or
 - b. The head of household is a single parent or displaced homemaker who, while married, owned a home with a spouse (or resided in a home owned by a spouse) is considered a first-time home owner for purposes of the Section 8 Homeownership Program, or
 - c. The head of household or spouse is a person with disabilities.
 4. At the time the family is determined eligible for the Homeownership program, the head of household, spouse, and/or other adult household members or elderly families who will own the home must have a combined gross annual income of at least \$15,000.00. Disabled participants must receive at least \$603.00 per month. (At least SSI for a family of one x 12 months)
 5. For non-elderly or non-disabled families, the IHA shall not count any type of welfare assistance received by the family in determining annual income for eligibility. The disregard of welfare assistance income in this section only affects the determination of minimum annual income used to determine if a family initially qualifies for the home ownership assistance and does not affect the calculation of the amount of the family's total tenant payment or home ownership assistance payments, except in the case of an elderly or disabled family, In the case of an elderly or disabled family, the IHA shall count welfare assistance in determining annual income for Homeownership Program eligibility purposes.
 6. Each family must demonstrate that one or more adult members of the family who will own the home is employed full-time (not less than an average of 30 hours per week) and

has been continuously employed during the twelve calendar months immediately preceding selection for the Homeownership Program. However, in the case of an elderly or disabled family, the IHA will waive the employment requirement and consider income from all sources in evaluating whether the household meets the minimum income required to purchase a home through the Homeownership Program. The IHA may also consider whether and to what extent an employment interruption (such as a seasonal layoff) is considered permissible in satisfying the employment requirement. The IHA may also consider self-employment to determine sufficient employment history.

7. Applicants for and new participants in the Section 8 Housing Choice Voucher Program shall not be eligible for participation in the Homeownership Program until successful completion of an initial Section 8 HCV lease term of 12 months and then shall be eligible only after the participant's first annual recertification in the Section 8 Housing Choice Voucher Program. Nothing in this provision will preclude Section 8 participants who have completed an initial lease term (12 months) in another jurisdiction from participating in this Section 8 Homeownership Program.
8. Participants in the Housing Choice Voucher Program shall be ineligible for participation in the Section 8 Homeownership Program if any debt or portion of a debt remains owed to the IHA or any other Federally-funded housing provider. Additionally, participants who are in violation of their family obligations while receiving Federal housing assistance shall be ineligible for participation in the Homeownership Program.
9. Prospective participant families shall be required to repay any current civil judgment or order, or court approved mediation agreement prior to being considered eligible for Homeownership Program participation. The IHA may allow exceptions for extraordinary medical expenses after conducting an internal review.
10. If the head of household, spouse or other adult household member who will execute the contract of sale, mortgage and loan documents has previously defaulted on a mortgage obtained through any jurisdiction's Section 8 Homeownership Program, the family will be ineligible to participate in the IHA's Homeownership Program.

15-VII.C. SELECTION OF FAMILIES [24 CFR 982.626]

Approval of Family Participation

The IHA shall have the sole authority to approve or disapprove a family's continued participation in the Homeownership Program when the required educational steps have been completed. The IHA will issue the family a written notice of approval /disapproval within ten (10) business days after notice of educational training completion from the provider(s).
Upon receipt of written

approval, the family may begin searching for a home to purchase and applicable financing from an approvable source(s).

Locating a Home

Once a family has been approved to search for a home, they shall have sixty (60) days to locate a home to purchase. A home shall be considered located if the family submits an accepted purchase or sales agreement along with a bank or lender commitment to the IHA. For good cause, the IHA may extend a participant's time to locate the home for up to two (2) additional thirty (30) day increments, or longer on a case by case basis.

15-VII.D. ELIGIBLE UNITS [24 CFR 982.628]

Eligible Units

The unit selected by the Homeownership Program participant family must be either under construction or already existing at the time the IHA determined that the family is approved for home ownership assistance. The unit must be a one-unit property or a single dwelling unit in a cooperative or condominium. The Homeownership Program participant family must not purchase a home if the IHA has been informed (by HUD or otherwise) that the seller of the home is debarred, suspended, or subject to a limited denial of participation. The unit must be inspected by an IHA inspector and pass inspection according to the various city housing codes. The unit must be inspected by an independent inspector and incipient code violations identified by the independent inspector and the IHA. *The violation must be corrected within six (6) months of ownership.*

15-VII.E. ADDITIONAL IHA REQUIREMENTS FOR SEARCH AND PURCHASE [24 CFR 982.629]

Continuation of Rental Assistance During the Search

During a Homeownership Program participant's search for a home to purchase, their HCV rental assistance shall continue for their current residence, in accordance with the IHA Section 8 Housing Administrative Plan. If a Homeownership Program participant family is unable to locate a home within this time limit, they will be dropped from Homeownership Program participation and their Section 8 rental assistance through the Housing Choice Voucher Program shall continue.

Pre-purchase Requirements

The following steps must be taken after a potential purchase is found but before the purchase can be approved and finalized by the IHA. The family must:

1. submit a purchase or sales agreement (see Part J. Below) containing specific components to the IHA for approval,

2. allow the IHA and City Codes inspectors to inspect the proposed homeownership dwelling to assure that the dwelling unit meets applicable standards,
3. obtain an independent inspection covering major building systems as required by the plan,
4. obtain IHA approval of the proposed mortgage (which must comply with generally accepted mortgage underwriting requirements) As required by the plan; and
5. enter into a written agreement with the IHA to comply with all of its obligations under the Section 8 Homeownership Program as required by the Administrative Plan.

Time Limitations on Purchase Completion

Once a family has located a home to purchase and received approved financing, the family shall have another *sixty (60)* days to complete the purchase and to close the loan. If the family is unable to complete the purchase within the maximum time permitted by the IHA, the IHA may withdraw approval to participate in the Homeownership Program and shall continue the family's rental assistance in the HCV program. The family may not reapply for the Homeownership Program until the family has completed an additional year (12 months) of participation in the HCV program.

15-VII.F. HOMEOWNERSHIP COUNSELING [24 CFR 982.630]

Homeownership Counseling Program

Approval of a family's participation in the home ownership program is pre-conditioned on the family attending and successfully completing a homeownership and housing counseling program approved by the IHA prior to commencement of home ownership assistance. A family must also attend a credit counseling seminar before assistance may be offered. For the purposes of meeting this requirement, successful fulfillment of the educational requirements of any of the available City First Time Home Buyer's Program shall be deemed sufficient. IHA will be acquiring its Housing Counseling Certification as an Authority and have individuals certified within the organization.

15-VII.G. HOME INSPECTIONS, CONTRACT OF SALE, AND IHA DISAPPROVAL OF SELLER [24 CFR 982.631]

Initial Inspection

To assure the home complies with the IHA *housing quality standards*, homeownership assistance payments must not commence until the IHA has inspected and approved the home. Another inspection must also be completed by a professional home inspector selected by the

family and approved by the IHA. The independent 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 independent inspector must be qualified to report on property conditions, including major building systems and components and be certified to conduct home inspections. The independent inspector may not be the owner of the property, the IHA employee or contractor, or other person under control of the IHA. The independent inspector must provide a copy of the inspection report both to the family and to the IHA. The IHA may not pay any home ownership assistance for the family until the IHA has reviewed the inspection report of the independent inspector. The IHA shall have discretion to disapprove the unit for assistance under the Homeownership Program because of information in either the independent or IHA inspection reports.

Ongoing Inspections

Before the first annual HCV recertification, the home will be inspected by an IHA inspector and must pass inspection to continue receiving home ownership assistance. If the IHA determines there are problems with maintaining the home in a safe and decent manner, the IHA may require on-going inspections at annual recertification's for the next 3 years.

Purchase or Sales Agreement

Prior to execution of the offer to purchase, the financing terms must be provided by the family to the IHA for approval. The purchase agreement must provide for inspection by the IHA and the independent inspector and must state that the purchaser is not obligated to purchase unless the inspections and the mortgage financing terms are satisfactory to the IHA.

The contract of sale must: (1) specify the price and other terms of sale by the seller to the purchaser (2) provide that the purchaser will arrange for a pre-purchase inspection of the dwelling unit by an independent inspector selected by the purchaser (3) provide that the purchaser is not obligated to purchase the unit unless the inspection is satisfactory to the purchaser (4) provide that the purchaser is not obligated to pay for any necessary repairs (5) contain a certification from the seller that the seller has not been debarred, suspended, or subject to a limited denial of participation under 24 CFR part 24.

15-VII.H. FINANCING [24 CFR 982.632]

Financing Requirements

The proposed financing terms must be submitted to and approved by the IHA prior to close of the financing. The IHA shall determine the affordability of the family's proposed financing. In

making such determination, the IHA may take into account other family expenses, including but not limited to child care, unreimbursed medical expenses, and other outstanding debts. Certain types of financing, including but not limited to, balloon payment mortgages, are prohibited and will not be approved. Seller-financed mortgages through land contracts shall not be approved. If a mortgage is not FHA-insured, the IHA will require the lender to comply with generally accepted mortgage underwriting standards consistent with those of HUD/FHA, Ginnie Mae, Fannie Mae, Freddie Mac, the Federal Home Loan Bank, or other private lending institutions. The IHA may disapprove proposed financing, refinancing or other debt if it is determined that the debt is unaffordable, or if the lender or the loan terms do not meet the qualifications as set forth by the IHA. The buyer must be capable of providing at least 3% of the purchase price for the down payment.

15-VII.I. CONTINUED ASSISTANCE REQUIREMENTS; FAMILY OBLIGATIONS [24 CFR 982.633]

Changes in Income Eligibility

A family's home ownership assistance may change during the annual recertification of the household income, and at other times according to the IHA's policy of interim changes, while the family is participating in the Homeownership Program. The majority of such changes are due to changes in family income. Such changes will necessarily prompt to commensurate changes in the family's out-of-pocket share of their housing expenses.

Participation in the Homeownership Program shall continue until such time as the assistance payment equals \$0.00 for a period of 180 consecutive days (6 months) and/or as limited according to the terms of the maximum term of Homeownership Assistance.

Compliance with Family Obligations

A family must agree in writing, to comply with all family obligations under the Section 8 Program and the IHA's home ownership policies. These obligations include (1) attending ongoing home ownership counseling, as required by the IHA; (2) complying with the mortgage terms; (3) not selling or transferring the home to anyone other than a member of the assisted family who resides in the home while receiving home ownership assistance and who is approved by the IHA; (4) not refinancing or adding debt secured by the home without prior approval by the IHA; (5) not obtaining a present ownership interest in another residence while receiving home ownership assistance; (6) supplying all required information to the IHA, including but not limited to annual verification of household income, notice of change in home ownership expenses, notice of move-out, and notice of mortgage default; (7) allowing inspections of the home and maintaining the unit in a decent and safe manner; and (8)

repairing any incipient code violations identified from the independent inspector's report within six (6) months of ownership.

15-VII.J. MAXIMUM TERM OF HOMEOWNER ASSISTANCE [24 CFR 982.634]
Maximum Term of Homeownership Assistance

Except in the case of a family that qualifies as an elderly or disabled household, the family members participating in the Section 8 Homeownership Program shall not receive home ownership assistance for more than (1) fifteen years, if the initial mortgage incurred to finance the home has a term of 20 years or longer; or (2) ten years in all other cases.

If the family qualifies as an elderly family (head of household or spouse is age 62 or over) at the time of initial home ownership assistance, the maximum term of assistance does not apply. If the family qualifies as a disabled family (head or spouse is a handicapped or disabled person as defined in HUD regulations) and continues to qualify as a disabled family, the maximum term of assistance does not apply. If during the course of homeownership assistance, the family ceases to qualify as a disabled or elderly family, the appropriate maximum term as set forth in the preceding paragraph becomes applicable from the date homeownership assistance commenced, provided, however, that such family shall be eligible for at least six additional months of home ownership assistance after the maximum term becomes applicable.

15-VII.K. HOMEOWNERSHIP ASSISTANCE PAYMENTS AND HOMEOWNERSHIP EXPENSES [24 CFR 982.635]

Amount of Assistance Calculation

The amount of the monthly assistance payment will be based on three factors: the voucher payment standard for which the family is eligible; the estimated monthly home ownership expense; and 30% of the family's adjusted gross monthly income (total tenant payment). The IHA shall pay a monthly home ownership assistance payment directly to the lender on behalf of the family that is equal to the lower of:

1. The payment standard minus the total tenant payment; or
2. The family's monthly home ownership expenses minus the total tenant payment.

Homeownership expenses for a homeowner may include principal and interest on mortgage debt, any mortgage insurance premium incurred to finance the home, real estate taxes, any public assessments on the property, home insurance, IHA allowance for maintenance expenses and costs of repairs and replacements; and the IHA utility allowance. All participants in the Homeownership Program shall be required to apply for the homestead tax exemption.

Payment to the Lender

The IHA will provide the lender with notice of the amount of the housing assistance payment prior to close of escrow. The IHA will send their portion of the mortgage payment to the family. The family will then be responsible for submitting the entire mortgage payment to the lender within the terms of the mortgage loan agreement.

15-VII.L. PORTABILITY [24 CFR 982.636, 982.637, 982.353(b) and (c), 982.552, 982.553]

IHA will permit portability of HCV homeownership assistance to another jurisdiction subject to IHA policies governing portability. The receiving jurisdiction must operate a HCV Homeownership Program for which the applicant qualifies and it must be willing to administer new homeownership families. In order to remain eligible for the program, the participant must sell the current home purchased under the HCV Homeownership Program and incur no mortgage default.

IHA will also accept families from another HCV Homeownership Program subject to IHA admission requirements for the homeownership program. It will administer the voucher if approved for homeownership.

Subject to the restrictions on portability included in HUD regulations and IHA policies, a family may exercise portability if the receiving PHA is administering a voucher homeownership program and accepting new homeownership families. The receiving PHA may absorb the family into its voucher program, or bill the initial PHA.

The family must attend the briefing and counseling sessions required by the receiving PHA. The receiving PHA will determine whether the financing, and the physical condition of the unit, are acceptable. The receiving PHA must promptly notify the initial PHA if the family has purchased an eligible unit under the program, or if the family is unable to purchase a home within the maximum time established by the PHA.

15-VII.M. MOVING WITH CONTINUED ASSISTANCE [24 CFR 982.637]

Transfer of Ownership Limitations

Except as otherwise provided in this Plan, the family may not convey or transfer any portion of ownership in the home to any entity, person, or persons other than a pre-approved member of the assisted family, while receiving home ownership assistance. The IHA shall terminate homeownership assistance at any time in accordance with Section 8 program rules and policies including but not limited to failure to comply with family obligations, crime by family members, misrepresentation of information or fraud.

Occupancy of the Home

Home ownership assistance will only be provided while the HOP-approved family resides in the home; The home must be the Homeownership Program family's sole residence. If the family moves out of the home, the IHA will discontinue home ownership assistance commencing with the month after the family moves out.

15-VII.N. DENIAL OR TERMINATION OF ASSISTANCE [24 CFR 982.638]

Termination of IHA HOP Assistance

Housing assistance payments under the Homeownership Program shall be terminated as follows:

1. automatically 180 calendar days after the last housing assistance payment on behalf of the family is made by the IHA due to increase in family income;
2. by the IHA for good cause as set forth below:
 - a. if the family fails to comply with its obligations under the Section 8 program, IHA home ownership policies, or if the family defaults on the mortgage.
 - b. if required, the family fails to attend and complete additional ongoing home ownership housing counseling classes, or to permit ongoing inspections.
 - c. the family fails to comply with the terms of any mortgage incurred to purchase and/or refinance the home.
 - d. the family fails to provide the IHA with written notice of any sale or transfer of any interest in the home, any plan to move out of the home, changes in the family's household income and home ownership expenses (on an annual basis), any notice of mortgage default received by the family, or any other notices which may be required by the IHA's home ownership policies

Procedures for Termination of Homeownership Assistance

A participant in the Homeownership Program who is terminated by the IHA for cause shall be entitled to the same termination notice and hearing procedures as set forth in the Administrative Plan for the IHA.

15-VII.O.DEFAULT

Continued Participation in Section 8 Housing Choice Voucher Program

If the family defaults on an FHA-insured mortgage, the IHA will permit the family to move with continued Section 8 Housing Choice rental assistance, as-long-as the family demonstrates that it has(a) conveyed title to the home to HUD or its designee as required by HUD, or will convey title to the home to HUD or HUD's designee as required by HUD, and (b) the family has moved from the home or will move within the period established or approved by HUD.

If the family defaults on a mortgage that is not FHA-insured, the IHA may permit the family to move with continued HCV rental assistance if the family demonstrates that it has (a) conveyed title to the home to the lender or to its designee, as may be permitted or required by the lender; and (b) moved from the home within the period established or approved by the lender.

However, the IHA shall not provide continued tenant-based assistance for occupancy of a new unit so long as any family member owns any title or other interest in the homeownership program unit.

15-VII.P. RECAPTURE

By regulation, IHA cannot recapture any of the HCV Homeownership assistance, unless there is an act of fraud or misrepresentation of a material fact. The HCV Homeownership recapture provision does not apply to any other program funds that may be used in the transaction.

15-VII.Q. INFORMAL HEARING [24 CFR 982.555]

An informal hearing will be provided for participants who are being terminated from the Program because of the family's action or failure to act as provided in 24 CFR 982.552. The rules and procedures set forth in the Administrative Plan, entitled "Informal Hearings," will apply.