



HOUSING AUTHORITY OF SAN ANGELO
HOUSING CHOICE VOUCHER HOMEOWNERSHIP PROGRAM
ADMINISTRATIVE PLAN
[24 CFR 982.625-982.643]
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HOMEOWNERSHIP PROGRAM ADMINISTRATIVE PLAN

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I. Introduction: Homeownership Program [24 CFR 982.625]

The Homeownership Program (HOP) is used to assist a family residing in a home purchased and owned by one or more members of the family. A family assisted under this option may be newly admitted or an existing participant in the HCV program. The PHA must have the capacity to operate a successful HCV homeownership program as defined by the regulations.

The Housing Authority of San Angelo (HASA) must determine whether it is reasonable to implement a HOP as a reasonable accommodation. The HASA will determine what is reasonable based on the specific circumstances and individual needs of the person with a disability. For example, the HASA may 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.

II. Size of Program

The HASA will set aside up to ten (10) Housing Choice Vouchers (HCV) at any given time for participants interested in the HOP. The revolving door concept will be used as a means of ensuring that there is a constant replenishment of participants in the HOP in order to keep the level of participation at 10 interested parties at any given time. For example, the HASA will issue new HOP vouchers until there are 10 HOP vouchers in use. In the event that a participant leaves the program or is terminated from the program, the next interested participant would then be issued a voucher.

III. Selection of Participants [24 CFR 982.626]

Unless otherwise specified, the HASA may limit homeownership assistance to families or purposes defined by the HASA, and may prescribe additional requirements for commencement of homeownership assistance for a family. Any such limits or additional requirements will be described in the HASA Administrative Plan. Participants for the HOP will be selected from interested participants who will be newly admitted or are already receiving rental assistance and who meet the eligibility requirements set by HUD and the HASA.

IV. Client Responsibilities

The client responsibilities under the HCV HOP remain the same as in the HCV Program, unless otherwise specified in this document.

V. Eligibility Requirements [24 CFR 982.627]

The family must meet all of the requirements listed below before the commencement of homeownership assistance.

- The family must have been admitted to the HCV program.
- The family must qualify as a first-time homeowner (i.e. no member of the family has had any ownership interest in a principal residence in the last three years). There may be exceptions to include: a divorced single parent; as defined in the HCV Homeownership federal regulations; or the family may be a co-operative member.
- In order to qualify, no family member may have previously defaulted on a mortgage obtained through the HOP and be barred from receiving future homeownership assistance.
- The family must meet the federal income requirement as follows:
 - The family must have a gross annual income equal to the federal minimum wage multiplied by 2000 based on the income of adult family members **who will own the home.**
 - For disabled families, the minimum income requirement is equal to the current SS/SSI monthly payment for an individual living alone multiplied by twelve (12) months.
 - For elderly or disabled families, welfare assistance payments for adult family members who will own the home will be included in determining whether the family meets the minimum income requirement. It will not be included for other families.
- The family must satisfy the employment requirements by demonstrating that one or more adult members of the family who will own the home at commencement of homeownership assistance is currently employed on a full-time basis (the term ‘full-time employment’ means not less than an average of 30 hours per week) and has been continuously so employed during the 12 months prior to the commencement of homeownership assistance.
 - A family member will be considered to have been continuously employed, even if that family member has experienced a break in employment, provided that the break in employment:
 - Did not exceed 30 calendar days; and
 - Did not occur within the 6 month period immediately prior to the family’s request to utilize the HOP; and
 - Has been the only break in employment within the last 12 calendar months.
 - The employment requirement does not apply to elderly and disabled families. In addition, if a family, other than an elderly or disabled family, includes a person with disabilities, the HASA must grant an exemption from the employment requirement if the HASA determines that it is needed as a reasonable accommodation.
- The family has not defaulted on a mortgage securing debt to purchase a home under the HOP.

- 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.
- Except for cooperative members who have acquired cooperative membership shares prior to the commencement of homeownership assistance, the family has entered a contract of sale in accordance with 24 CFR 982.631 (c).
- The HASA will impose the following additional requirements:
 - The family has had no family issues that violate HUD’s Housing Quality Standards (HQS) within the last 12 months.
 - No damages, beyond normal wear and tear, to a HASA assisted unit within the last 12 months.
 - No landlord complaints.
 - The family does not owe money to the HASA or to a landlord.
 - The family has not committed any serious or repeated violations of a HASA-assisted lease within the last 12 months that resulted in early termination of the lease or eviction.
- In an extension to this policy, the HASA will establish a preference for participants who currently reside in a HASA owned acquisition home. Under the conversion of these homes into the HCV program, these participants will have the option of purchasing their home and participating on the HOP. In this case, this allowance will overlook the first clause under this section that the applicant for HOP would have to be on the HCV program for a year.

VI. Eligible Units [24 CFR 982.628]

In order for a unit to be eligible, the HASA must determine that the unit satisfies all of the following requirements:

- The unit must meet HUD’s “Eligible Housing” requirements. The unit may not be one of the following:
 - A public housing or Indian housing unit;
 - A unit receiving Section 8 project-based assistance;
 - A nursing home, board and care home, or facility providing continual psychiatric, medical, or nursing services;
 - A college or other school dormitory;
 - On the ground of penal, reformatory, medical, mental, or similar public or private institutions.

- The unit must already exist or be under construction at the time the family enters into the contract of sale.
- The unit is a one-unit property or single dwelling unit in a cooperative or condominium.
- The unit must have been inspected by the HASA and by an independent inspector designated by the family.
- The unit must meet the HQS as outlined in the HCV Administrative Plan.
- For a unit where the family will not own fee title to the real property, such as a manufactured home, the home must have a permanent foundation and the family must have the right to occupy the site for at least 40 years.
- For the HASA owned acquisition homes discussed in the previous section, all of the following conditions must be satisfied:
 - The HASA has informed the family, both verbally and in writing, that the family has the right to purchase any eligible unit and the family has freely selected the HASA owned unit without HASA pressure or steering;
 - The unit is not considered ineligible housing;
 - The HASA obtains the services of an independent agency to inspect the unit for compliance with HQS, review the independent inspection report, review the contract of sale, and determine the reasonableness of the sales price and any HASA provided financing. All of these actions must be completed in accordance with program requirements.
- The HASA must not approve the unit if the HASA has been informed that the seller is debarred, suspended, or subject to a limited denial of participation.

VII. HASA Search and Purchase Requirements [24 CFR 982.629]

The HASA has established the maximum time that will be allowed for a purchaser to locate, secure acceptable financing, and purchase a home as 180 calendar days from the date the purchaser is determined to be eligible for the HOP. The purchaser must notify the HASA before executing any documents for the purchase of the home.

From the date the purchaser is determined to be eligible for the HOP, the HASA will require updates from the purchaser every 30 days regarding the progress in finding and purchasing a home. If the purchaser is unable to purchase a home within the maximum time limit, the purchaser will be permitted to retain their rental assistance voucher and continue as an HCV Program participant.

VIII. Homeownership Counseling Requirements [25 CFR 982.630]

Before commencement of homeownership assistance for a family, the purchaser must attend and satisfactorily complete a HUD and HASA approved pre-assistance homeownership and housing counseling program.

The following topics will be included in the homeownership counseling sessions:

- Home maintenance (including care of the grounds);
- Budgeting and money management;
- Credit counseling;
- How to negotiate the purchase prices of a home;
- How to obtain homeownership financing and loan pre-approvals, 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, and transportation in the HASA jurisdiction;
- 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; 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.

IX. HOME INSPECTIONS

The HASA may not commence monthly homeownership assistance payments for a family until the HASA has inspected the unit and has determined that the unit passes according to HQS.

The HASA will not inspect the unit until the following:

- The family has selected and paid an independent, licensed professional inspector to inspect the unit. This independent inspector must be certified by the Texas Real Estate Commission. 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.
- Copies of the independent inspection report have been provided to the purchaser and the HASA. Based on the information in this report, the purchaser and the HASA will determine whether any pre-purchase repairs are necessary.

The HASA may not require the family to use an independent inspector selected by the HASA. The independent inspector may not be a HASA employee or contractor, or other person under control of the HASA.

The HASA reserves the right to disapprove the unit for homeownership assistance due to information contained in the report.

After the unit has passed the initial required HQS inspection conducted by the HASA, no other HQS inspections will be required on the unit.

X. CONTRACT OF SALE

Before commencement of monthly homeownership assistance payments to the family, a member or members of 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 HASA 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 a minimum of 10 days during the “Option Period”, with a maximum option fee payment of \$50.00;
- Provide that the purchaser is not obligated to buy the unit unless the inspection is satisfactory;
- Provide that the purchaser is not obligated to pay for necessary repairs; and
- Contain the seller’s certification that he or she has not been barred, suspended, or subject to a limited denial of participation from the HCV Program;
- Be accompanied by a Comparative Market Analysis prepared by the Realtor immediately after the buyer and seller have signed the earnest money contract; or a builder’s list, if the unit is a new home;
- Be accompanied by a signed Realtor Information Package provided by HASA, outlining the Realtor requirements for representation of a HCV home buyer.

XI. ELIGIBLE REALTORS AND DISAPPROVAL OF A SELLER

In order to participate in the program and before executing any earnest money contract or other related documents with a participant of the HASA HCV Homeownership Program HOP, realtors must attend a realtor orientation session explaining the program requirements sponsored by the HASA.

In its administrative discretion, the HASA may deny approval of a seller for the same reasons HASA may disapprove an owner under the regular HCV program [see 24 CFR 982.306(c)]. Seller may be disapproved if the Title is found to have any encumbrances.

XII. FINANCING [24 CFR 982.632]

The family is responsible for securing financing prior to beginning the process of applying for the HOP. The HASA has established financing requirements below and may disapprove proposed financing if the HASA determines that the debt is unaffordable.

The HASA may not require that families secure financing from one or more specified lenders, thereby restricting the family’s ability to secure favorable financing terms.

The HASA will prohibit the following forms of financing:

- Balloon payment mortgages
- Variable interest rate loans
- Seller financing

The HASA will require a minimum cash down payment of at least 3% of the purchase price and requires that at least 1% of the purchase price come from the family's personal resources.

XIII. CONTINUED ASSISTANCE [24 CFR 982.633]

Homeownership assistance may only be paid while the family is residing in the home. If the family moves out of the home, the HASA will not continue homeownership assistance after the month when the family moves out. The family or lender is not required to refund homeownership assistance for the month when the family moves out of the purchased unit.

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

The family must comply with the following obligations:

- The family must comply with the terms of the mortgage securing debt incurred to purchase the home or any refinancing of such debt.
- The family may not convey or transfer ownership of the home, except for purposes of financing, refinancing, or pending settlement of the estate of a deceased family member. Use and occupancy of the home are subject to CFR 982.551 (h) and (i).
- The family must supply information to the HASA or HUD as specified in CFR 982.551(b). The family must further supply any information required by the HASA or HUD concerning mortgage financing or refinancing, sale or transfer of any interest in the home, or homeownership expenses.
- The family must notify the HASA before moving out of the home.
- The family must notify the HASA if the family defaults on the mortgage used to purchase the home.
- No family member under assistance may have any ownership interest in any other residential property.
- The family must comply with the obligations of a participant family described in 24 CFR 982.551, except for the following provisions which do not apply to assistance under the HOP: 24 CFR 982.551 (c), (d), (e), (f), (g), and (j).

XIV. MAXIMUM TERM OF HOMEOWNERSHIP ASSISTANCE [24 CFR 982.634]

Except in the case of a family that qualifies as an elderly or disabled family, the maximum term allowed for homeownership assistance is no more than:

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

The maximum term described above applies to any family member who:

- Has an ownership interest in the unit during the time that homeownership payments are made; or
- Is the spouse of any member of the household who has an ownership interest in the unit during the time homeownership payments are made.

An elderly family is exempt from the maximum term of homeownership assistance if the family qualified as elderly at the start of homeownership assistance.

In the case of a disabled family, the exemption applies if the family qualifies as a disabled family at any time during receipt of homeownership assistance.

If the family ceases to qualify as an elderly or disabled family during the course of homeownership assistance, the maximum term becomes applicable from the date assistance commenced. However, such a family must be afforded at least six (6) months of homeownership assistance after the maximum term becomes applicable (provided the family is otherwise eligible to receive homeownership assistance).

If the family receives homeownership assistance for different homes or from different housing authorities, the total of such assistance terms is subject to the maximum term described in this part.

XV. HOMEOWNERSHIP ASSISTANCE PAYMENTS [24 CFR 982.635]

The monthly homeownership assistance payment is the lower of:

- The voucher payment standard minus the total tenant payment (TTP), or
- The monthly homeownership expenses minus the TTP

In determining the amount of the homeownership assistance payment, the HASA will use the same payment standard amounts and subsidy standards as those described in the Administrative Plan for the HCV Program. **The HASA will also use the applicable utility allowance schedule as those described in the Administrative Plan for the HCV Program in calculation of HAP. Furthermore, the utility allowance is always based on the size of the home bought by the family with homeownership assistance.**

The HASA will pay the homeownership assistance payments directly to the family, or, at the HASA's discretion, to the lender on behalf of the family.

Homeownership assistance for a family automatically terminates 180 calendar days after the last homeownership assistance payment is made. However, the HASA may grant relief from this requirement in those cases where automatic termination would result in extreme hardship for the family.

XVI. HOMEOWNERSHIP EXPENSES [24 CFR 982.635]

Some Homeownership expenses include allowances or standards determined by the HASA in accordance with HUD regulations. These allowances are used in determining expenses for all homeownership families and are not based on the condition of the home.

Homeownership expenses include:

- Principal and interest on mortgage debt, any refinancing of such debt, and any mortgage insurance premium incurred to finance purchase of the home;
- Real Estate taxes and public assessments on the home;
- Home insurance;
- The HASA allowance for maintenance expenses;
- The HASA allowance for cost of major repairs and replacements;
- The HASA utility allowance used for the HCV Program;
- Principal and interest on mortgage debt incurred to finance costs for major repairs, replacements, or improvements for the home. If a member of the family is a person with disabilities, such debt may include debt incurred by the family to finance costs needed to make the home accessible for such person, if the HASA determines that allowance of such person, if the HASA determines that allowance of such costs as homeownership expenses is needed as a reasonable accommodation so that the HOP is readily accessible to and usable by such person;
- Land lease payments where a family does not own the fee title to the real property on which the home is located [24 CFR 982.628 (b)];
- For condominium unit, condominium operating charges or maintenance fees assessed by the condominium homeowner association.

Homeownership expenses for a cooperative member may only include amounts allowed by the HASA to cover applicable expenses listed above in addition to the following:

- The cooperative charge under the cooperative occupancy agreement, including payment for real estate taxes and public assessments on the home;
- Principal and interest on initial debt incurred to finance purchase of cooperative membership shares and any refinancing of such debt;
- Cooperative operating charges or maintenance fees assessed by the cooperative homeowner association.

XVII. PORTABILITY [24 CFR 982.636, 982.353 (b) and (c), 982.552, and 982.553]

General

A family may qualify to move outside the initial PHA jurisdiction with continued homeownership assistance under the voucher program in accordance with this section.

Portability of Homeownership Assistance

Subject to 982.353 (b) and (c), 982.552, and 982.553, a family determined eligible for homeownership assistance by the initial PHA may purchase a unit outside of the initial PHA's jurisdiction, if the receiving PHA is administering a voucher homeownership program and is accepting new homeownership families.

Applicability of HCV Program Portability Procedures

In general, the portability procedures described in 982.353 and 982.355 apply to the HOP, and the administrative responsibilities of the initial and receiving PHAs are not altered except that some administrative functions do not apply to the HOP (i.e. issuance of a voucher or execution of a tenancy addendum).

Family and PHA Responsibilities

The family must attend the briefing and counseling sessions required by the receiving PHA. The receiving PHA will determine whether the financing for 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 receiving PHA.

Continued Assistance Under 982.637

Such continued assistance under portability procedures is subject to 982.637.

XVIII. MOVING WITH CONTINUED ASSISTANCE [24 CFR 982.637]

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

The HASA may deny permission to move to a new unit with continued voucher assistance as follows:

- Lack of funding to provide continued assistance;
- In accordance with 24 CFR 982.637 regarding denial or termination of assistance; or

- In accordance with the HASA's policy regarding number of moves within a 12-month period.

The HASA must deny the family permission to move to a new unit with continued voucher rental assistance if:

- The family defaulted on an FHA-insured mortgage; and
- The family fails to demonstrate that:
 - The family conveyed, or will convey, title to the home as required by HUD, to HUD or HUD's designee; and
 - The family moved, or will move, from the home within the period established or approved by HUD.

XIX. DENIAL OR TERMINATION OF ASSISTANCE [24 CFR 982.638]

General

Termination of homeownership assistance is governed by the policies of the HCV Program contained in the Administrative Plan for the HCV Program.

Denial or Termination of Assistance under Basic Voucher Program

At any time, the HASA may deny or terminate homeownership assistance in accordance with 24 CFR 982.552 *Grounds for Denial or Termination of Assistance* or 24 CFR 982.553 *Crime by Family Members*.

Failure to comply with Family Obligations

The HASA may also deny or terminate assistance for violation of participant obligations described in 24 CFR 982.551 or 982.633 and in accordance with its own policy.

Mortgage Default

The HASA must terminate voucher homeownership assistance for any member of the 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. The HASA will permit such a family to move with continued voucher rental assistance. However, the HASA must deny such permission, if:

- The family defaulted on an FHA-insured mortgage; and
- The family fails to demonstrate that:
 - The family conveyed, or will convey, title to the home as required by HUD, to HUD or HUD's designee; and

- The family moved, or will move, from the home within the period established or approved by HUD.

The HASA will terminate homeownership assistance if the family violates any of the following family obligations:

- Transfer or conveyance of ownership of the home;
- Providing requested information to the HASA or HUD;
- Notifying the HASA before moving out of the home

XX. ADMINISTRATIVE FEES [24 CFR 982.639]

The ongoing administrative fee described in 982.152 (b) is paid to the PHA for each month that homeownership assistance is paid by the HASA on behalf of the family.

The HASA reserves the right to amend any of the provisions in this plan not governed by federal regulations, in order to allow a participant that would not otherwise qualify the opportunity to participate in the HCV HOP at the discretion of the HASA.