

SECTION 8 HOMEOWNERSHIP PROGRAM

1.0 INTRODUCTION

This administrative plan has been prepared as an addendum to the existing Section 8 Administrative Plan.

This Plan addresses those areas that are pertinent to only the Homeownership Program. Areas not addressed herein may be found in the overall plan.

So as to avoid restating the applicable laws, the following is the list of written guidelines in descending order of authoritativeness:

42 U.S.C. 1437 et .seq.
24 CFR 982 et. seq.
HUD requirements
Homeownership Administrative Plan
Section 8 Administrative Plan

2.0 PURPOSE

A. The Section 8 Homeownership Program (“Program”) of the Delaware Metropolitan Housing Authority (DMHA) permits participants who (1) meet the general requirements for admission into the DMHA Section 8 Housing Choice Voucher Program, including participants with portable vouchers, and (2) satisfy the additional special requirements for homeownership assistance described herein, the option of purchasing a home with their Section 8 assistance rather than renting.

The specific objectives of this program are:

Expansion of housing opportunities for low-income, handicapped and disabled DMHA families.

Permitting DMHA families to acquire appreciable assets, moving toward the goal of economic self-sufficiency and eventual independence from the government assistance programs.

B. Participants for the program must be on the wait list for the voucher program and must have a current up-to-date application to deem eligibility for the Homeownership Program; may not owe DMHA or any other Housing Authority an outstanding debt; and must meet the other minimum eligibility criteria set herein.

- C. All civil rights law applicable to the Section 8 voucher program is applicable to the program. DMHA will comply with all equal opportunity and nondiscrimination requirements imposed by contract or federal and state law.

3.0 HOUSEHOLD ELIGIBILITY REQUIREMENTS

Participation in the Program is voluntary. Each Section 8 home ownership participant must meet the general requirements for admission to the Section 8 Housing Choice Voucher Program as set forth in DMHA Administrative Plan. Such Section 8 family also must be “eligible” to participate in the homeownership program. The additional eligibility requirements for participation in DMHA’s Section 8 homeownership program include that the family must: (A) be a first-time homeowner or have a member who is a person with disabilities; (B) with the exception of elderly and disabled households, meet a minimum income requirement without counting income from “welfare assistance” sources; (C) with the exception of elderly and disabled households, meet the requisite employment criteria; (D) all applicants and participants in the Section 8 Housing Choice Voucher Program shall be deemed eligible for participation in the Homeownership Program; (E) have fully repaid any outstanding debt owed to DMHA or any other Housing Authority; (F) not defaulted on a mortgage securing debt to purchase a home under the homeownership option; (G) not have any member who has a present ownership interest in a residence at the commencement of homeownership assistance; and, (H) agree to participate in a mandatory post purchase Individual Savings Account program for repairs and maintenance.

A. First-Time Homeowner.

Each Section 8 family, except families with a disabled member, must be a first-time homeowner. A “first-time homeowner” means the no member of the household has any present ownership interest in a residence during the three years preceding commencement of homeownership assistance. However, 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 homeowner” for purposes of the Section 8 homeownership option. A member of a cooperative (as defined in (CFR 982.4) also qualifies as a “first-time homeowner”.

“Present ownership interest” means that no member of the household had an “interest in the home” including title to the home or any lease or other right to occupy the home. It does not include the right to purchase title to the residence under a lease-purchase agreement.

.B. Minimum Income Requirement.

(1) Amount of Income.

At the time family begins receiving homeownership assistance, the head of household, spouse, and/or other adult household members who will own the home, must have a gross annual income at least equal to the Federal minimum hourly wage multiplied by 2000 hours.

(2) Exclusion of Welfare Assistance Income.

With the exception of elderly and disabled families, DMHA will disregard any “welfare assistance” income in determining whether the family meets the minimum income requirement. Welfare assistance includes assistance from Temporary Assistance for Needy Families (“TANF”); Supplemental Security Income (“SSI”) that is subject to an income eligibility test; food stamps; general assistance; or other welfare assistance specified by HUD. The disregard of welfare assistance income under this section affects the determination of minimum monthly income in determining initial qualification for the homeownership program. It does not affect the determination of income-eligibility for admission to the section 8 Housing Choice Voucher Program, calculation of the family’s total tenant payment, or calculation of the amount of homeownership assistance payments.

C. Employment History.

With the exception of disabled and elderly households, each family must demonstrate that one or more adult members of the family who will own the home at commencement of homeownership assistance is employed full-time (an average of 30 hours per week) and has been so continuously employed for one year prior to execution of the sales agreement. In order to reasonably accommodate a family’s participation in the program, DMHA will exempt a person who is elderly or who is disabled from this requirement. DMHA may also consider whether and to what extent an employment interruption is considered permissible in satisfying the employment requirement. DMHA may also consider successive employment during the one-year period and self-employment in a business. Every adult in a non-exempt household will have the requirement of either being a full time student or being employed full time (30 hours per week) or providing care to a child or disabled person full time or be elderly or disabled.

D. Applicants and Participants Eligibility

All applicants and participants in the Section 8 Housing Choice Voucher Program shall be deemed eligible for participation in the Section 8 homeownership program assuming they have met all the other eligibility requirements. Any participants from another jurisdiction may be eligible for the Section 8 homeownership program as long as they have gone through proper procedures for

transfer to DMHA with current and up-to-date necessary information. DMHA cannot accept applicants from other jurisdictions for eligibility in the homeownership program.

E. Repayment of Any Housing Authority Debts

Participants in the Section 8 Housing Choice Voucher Program shall be ineligible for participation in the Section 8 homeownership program in the event any debt or portion of a debt remains owed to DMHA or any other Housing Authority. Nothing in this provision will preclude Section 8 participants that have fully paid such debt (s) from participating in the Program.

F. Additional Eligibility Factors

(1) Elderly and Disabled Households

Elderly and disabled families are exempt from the employment requirements set forth in Section 3. C. above. Families who are considered elderly and disabled are also exempt from the \$10,300 yearly minimum income that non-elderly and non-disabled families must meet for eligibility, but will be reduced to the established national standard for disabled families. This minimum income standard for such families will be equal to the monthly Federal Supplemental Security Income benefit for an individual living alone (or paying his or her share of food and housing costs multiplied by twelve.

(2) Participation in FSS Program

Applicants, other than those who are elderly or disabled households, will be required to participate in DMHA Family Self Sufficiency (“FSS”) program. Fannie Mae allows FSS participation to be considered as a compensating factor for borrowers with less than 24 months of employment.

(3) Prior Mortgage Defaults

If a head of household, spouse, or other adult household member, who will execute the contract of sale, mortgages and loan documents has previously defaulted on a mortgage obtained through the Program, the family will be ineligible to participate in the Program.

(4) The family has not been in the “termination of assistance” process more than once in the last two years.

(5) The family has a statement of “certification” from a DMHA approved housing counseling program at the time of the homeownership briefing. “Certification” requires a current credit statement that meets the agency’s standard for completion.

- (6) Head of household and any other adult who is applying for a mortgage loan and/or will be on the deed will be determined before commencement of homeownership assistance.

4.0 FAMILY PARTICIPATION REQUIREMENTS

Once a family is determined to be eligible to participate in the program, it must comply with the following additional requirements: (A) complete a homeownership assistance application; (B) within a specified time, locate the home it proposes to purchase; (C) submit a sales agreement containing specific components to DMHA for approval; (D) allow DMHA to inspect the proposed home to assure that the dwelling meets appropriate housing quality standards; (E) obtain an independent inspection, from a DMHA approved inspector, covering major building systems; (F) obtain DMHA approval of the proposed mortgage (which must comply with generally accepted mortgage underwriting requirements);

And (G) enter into a written agreement with DMHA to comply with all of its obligations under the Section 8 program.

A. Home Ownership Counseling Program.

A family's participation in the Program is conditioned on the family attending and successfully completing a homeownership and housing counseling program provided or approved by DMHA prior to commencement of homeownership assistance. The homeownership and counseling program will cover home maintenance; budgeting and money management; credit counseling; negotiating purchase price; securing mortgage financing; finding a home; and the advantages of purchasing and locating homes in areas that do not have a high concentration of low-income families.

DMHA will require homeownership families to take post-purchase counseling if the Housing Authority deems necessary.

B. Purchasing a Home

Upon approval for the Program, a family shall have one hundred eighty (180) days to locate a home to purchase. A home shall be considered located if the family submits a proposed sales agreement with the requisite components to DMHA. For good cause, DMHA may extend a Section 8 family's time to locate the home for additional thirty (30) day increments. During a Section 8 participant's search for a home to purchase, their Section 8 rental assistance shall continue pursuant to the Administrative Plan. If a Section 8 participant family is unable to locate a home within the time approved by DMHA, their Section 8 rental assistance through the Section 8 housing choice voucher program shall continue. Once a home is located and a sales agreement approved by DMHA is signed by the family, the family shall have up to three (3) months, or such

other time as is approved by DMHA's Executive Director or set forth in the DMHA-approved sales agreement, to purchase the home.

C. Failure to Complete Purchase

If a Section 8 participant is unable to purchase the home within the maximum time permitted by DMHA, DMHA shall continue the family's participation in the Section 8 Housing Choice Voucher Program. The family may not re-apply for the Program until they have completed an additional year of participation in the Section 8 Housing Choice Voucher Program following the initial determination of their eligibility for the home ownership option.

5.0 ELIGIBLE UNITS

A. Type of Home.

An eligible family may purchase any of the following types of homes: a new or existing single-family home, a single dwelling unit in a condominium or cooperative, or a manufactured home to be permanently situated on a lot owned by the family or have the right to occupy the site for a period of at least 40 years and of which the home must have a permanent foundation in conformance with FHA mortgage insurance requirements and manufactured home lending industry practice.

Eligible families may also purchase units owned or substantially controlled by the DMHA. Such a transaction may only be done if:

- (1) the Housing Authority informs the family, both orally and in writing, that the family has the right to purchase any eligible unit and a DMHA-owned unit is freely selected by the family without the Housing Authority's pressure or steering;
- (2) the unit may not be ineligible housing;
- (3) the Housing Authority must obtain the services of an independent agency to perform the following functions:
 - Inspection of the unit for HQS compliance
 - Review the independent report
 - Review of the contract of sale
 - Determination of the reasonableness of the sales price and any PHA provided financing.

New homes must already be under construction at the time the family enters into the contract of sale to be accepted as eligible for purchase.

B. Location

The family may purchase a home in Delaware County, or in an Ohio county other than Delaware County, provided the Housing Authority in the receiving county operates a Section 8 homeownership program for which the Section 8 homeownership applicant qualifies or authorizes DMHA to administer the

homeownership assistance in such county. In the former case, a family's participation in the Section 8 homeownership program and policies of the receiving jurisdiction.

C. Home Inspections. Prior to the commencement of homeownership assistance, the home is subject to the following inspections:

- (1) DMHA must inspect the home and determine that the home meets housing quality standards.
- (2) In addition to satisfying HQS, the home must be inspected by an independent inspector designated by the family and approved by DMHA.
- (3) The independent inspection of existing homes must cover major building systems. DMHA will not pay for the independent inspection. A copy of the independent inspection report must be provided to DMHA. DMHA may disapprove the unit due to information contained in the report or for failure to meet federal housing quality standards.
- (4) DMHA will maintain a list of independent inspectors that meet the inspection standards set by the American Society of Home Inspectors, and other criteria established by DMHA.
- (5) All deficiencies must be repaired prior to purchase using the model of FHA required repairs.
- (6) After purchasing the home, the family will generally have two years of annual inspections to comply with the HQS. DMHA may at any time add years to the HQS inspections if it deems necessary.

D. Seller.

The seller of the home may not be debarred, suspended, or subject to a limited denial of participation under 24 CFR part 24.

E. Limitation of Choice

DMHA will not limit homeownership assistance to particular units, neighborhoods or developers.

F. Lease-Purchase is not an option for this Program.

6.0 SALES AGREEMENT

Participants will be provided with a "Realtor Fact Sheet" which they should provide to the real estate agent as early in the purchase process as possible. The

Realtor Fact Sheet will provide the real estate agent with information regarding the terms required by DMHA to be in the sales agreement.

Before commencement of homeownership assistance, the family must enter into a sales agreement with the seller of the home, a copy of which must be provided to DMHA. The sales agreement must (I) specify the price and other terms of the sale, (ii) allow the family to arrange for a pre-purchase independent inspection by an independent inspector selected by the family pursuant to Section 5; (iii) provide that the family is not obligated to purchase unless such inspections are satisfactory to the family; (iv) provide that the family is not obligated to pay for any necessary repairs; and (v) contain a seller certification that the seller is not debarred, suspended, or subject to a limited denial of participation under 24 CFR part 24.

The sales agreement will also provide DMHA with the right to (I) inspect the dwelling and determine that it meets HQS; (ii) review and approve the independent inspection report; and (iii) review and approve the financing terms and requirements.

7.0 FINANCING REQUIREMENTS

A. General

DMHA may not require participants to use a certain lender or a certain type of financing. However, financing for purchases under this Program must generally be insured or guaranteed by the state or federal government and comply with secondary mortgage market requirements or comply with generally accepted private sector underwriting standards.

B. Terms

The proposed loan terms must be submitted to and approved by DMHA prior to closing. DMHA will determine, in its sole discretion, the affordability of the family's proposed loan terms and whether they are appropriate for current market conditions. In making such determination, DMHA may take into account other family expenses, including but not limited to child care, unreimbursed medical expenses, education and training expenses, homeownership expenses and the like. Certain types of financing, including but not limited to, balloon payment mortgages, unless convertible to a variable rate mortgage, are prohibited and will not be approved by DMHA. If a mortgage is not FHA-insured or VA-guaranteed, DMHA will require lenders to comply with generally accepted mortgage underwriting standards consistent with HUD/FHA, Ginnie Mae, Fannie Mae, Freddie Mac, RHS, the Federal Home Loan Bank or other generally accepted private sector underwriting requirements. DMHA will not approve any lending that it determines, in its

sole discretion, to be abusive or predatory. Also, DMHA will not approve sub-prime terms in lending. Seller financing will be considered by DMHA on a case-by-case basis.

C. Down Payment Requirements

DMHA will let the market determine the down payment. The family may use its IDA or FSS account for such purposes. The family may also receive down-payment assistance through other means such as county or city programs. In addition, the seller may also contribute to down payment and closing costs requirements. DMHA anticipates that the secondary or private market will further dictate creditworthiness and minimum down payment requirements.

D. HUD Grant

HUD has proposed allowing families to use their homeownership assistance as a single down payment grant. A down payment assistance grant is applied to the down payment for purchase of the home. If a family receives a down payment grant, DMHA may not make monthly assistance payments for the family.

The amount of the down payment grant will be based on the income of the family at the time of the grant and will be equal to the lower of the payment standard minus the total tenant payment times twelve.

The down payment assistance grant must be applied toward the purchase price of the home. At the sole discretion of DMHA, families may use a portion of their down-payment assistance grant towards “reasonable and customary” closing costs. In the case of mortgage with FHA insurance, however, the existing rules for FHA mortgage insurance “allowable fee, charges and discounts” apply. DMHA will provide the down payment and closing cost funds at the time of the closing on the property – after review and approval of the independent inspector’s report.

Families will be given the choice of down payment assistance or monthly assistance.

E. Reapplying for Tenant Based Assistance

Families who have received down payment assistance through the homeownership option who have broken an obligation can retain eligibility for tenant-based voucher assistance, with a couple of additional restrictions (and assuming the family is eligible under all other defined eligibility criteria). The family may receive tenant-based assistance if no member of the applicant family retains any interest in the dwelling purchased with homeownership assistance, and more than 18 months have

passed since the family received the down payment assistance.

8.0 FAMILY OBLIGATIONS

Assistance may only be paid while the family is residing in the home. If the family moves, DMHA may not continue homeownership assistance. The family or lender is not required to refund assistance for the month when a family moves out.

A family must execute the Statement of Family Obligations agreeing to comply with all family obligations under the Section 8 program and DMHA homeownership program. These obligations under (i) attending and completing ongoing homeownership counseling; (ii) complying with the mortgage terms; (iii) not selling or transferring the home to anyone other than a member of the assisted family who resides in the home while receiving homeownership assistance; (iv) supplying all required information to DMHA, including but not limited to, annual verification of household income and notice of change in homeownership expenses; (v) notice of move-out; (vi) notice of mortgage default; and (vii) not obtaining a present ownership interest in another residence while receiving homeownership assistance. In addition, the family must agree not to refinance or incur additional debt secured by the home without prior written approval by DMHA.

The family will be required to maintain ongoing “full-time” employment (30 hours per week). Except for disabled and elderly households, each household must demonstrate that each person 18 years or older is either employed full-time, or is a full-time student, or is providing care to a child or disabled person on a full-time basis.

9.0 MAXIMUM TERM OF HOME OWNERSHIP ASSISTANCE

Except for disabled and elderly families, a family may receive Section 8 homeownership assistance for a term not to exceed 10 years from the closing, unless the initial mortgage incurred to finance the home has a term of 20 years or longer, in which case the maximum term is 15 years. Families that qualify as elderly at the commencement of homeownership assistance are not subject to a maximum term limitation. Families that qualify as disabled at the commencement of homeownership assistance, or at any time during the provision of homeownership assistance, are not subject to a maximum term limitation. If a disabled or elderly family ceases to qualify as such while receiving homeownership assistance, the appropriate maximum term becomes applicable from the date homeownership assistance commenced; provided, however, that such family will be eligible for at least 6 additional months of homeownership assistance after the maximum term becomes applicable. These maximum term limits apply to any member of the household who has an ownership interest in the home during any time that homeownership payments are made, or is a spouse of any member of the household who has an ownership interest during the time homeownership payments are made. If the family has received assistance for

different home, or from other housing authorities, the total of such assistance terms is subject to the maximum term limitation.

10.0 AMOUNT OF ASSISTANCE

The amount of the monthly assistance payment will be based on three factors: (i) the voucher payment standard for which the family is eligible; (ii) the monthly homeownership expense; and (iii) the family's household income. DMHA will pay the lower of either the payment standard minus the total family contribution ("TFC") or the family's monthly homeownership expenses minus the TFC. The family will pay the difference.

A. Determining the Payment Standard

The voucher payment standard is the fixed amount DMHA annually establishes as the "fair market" the rent for a unit of a particular size located within the DMHA jurisdiction. In the homeownership program, the initial payment standard will be the lower of either (1) the payment standard for which the family is eligible based on family size; or (2) the payment standard which is applicable to the size of the home the family decides to purchase. The payment standard for subsequent years will be based on the higher of (1) the payment standard in effect at commencement of the homeownership assistance; or (2) The payment standard in effect at the most recent regular reexamination of the family's income and size. The initial payment standard, for purposes of this comparison, will not be adjusted even if there is a subsequent decrease in family size. DMHA will request HUD approval of a higher payment standard, up to 120% of the published Fair Market Rent limit, where warranted as a reasonable accommodation for a family that includes a person with disabilities.

B. Determining the Monthly Homeownership Expense

Monthly homeownership expense includes all of the following: principal and interest on the initial mortgage debt and any mortgage insurance premium (MIP) incurred to finance the purchase and any refinancing of such debt; real estate taxes and public assessments; homeowner insurance; maintenance expenses per DMHA allowance; costs of major repairs and replacements per DMHA allowance (replacement reserves); utility allowance per DMHA's schedule of utility allowances; principal and interest on mortgage debt incurred to finance major repairs; and replacements or improvements for the home including changes needed to make the home accessible. Homeownership expenses for a condominium may include homeowner association dues, fees or regular charges assessed, if any. Homeownership expenses for a cooperative member may only include DMHA approved

amounts for 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 major repairs, replacements, or improvements, including changes needed to make the home accessible

C. Determining the Total Family Contribution

The TFC is that portion of the homeownership expense that the family must pay. It is generally 30% percent of the family's adjusted income, plus any gap between the payment standard and the actual housing cost. All family income (including welfare assistance) will be counted to determine the family's adjusted monthly income for purposes of determining the amount of assistance.

D. Housing Assistance Payments

DMHA will provide the lender with notice of the amount of the housing assistance payment prior to closing. DMHA will have discretion on how Housing Assistance Payments are disbursed having prior arrangements been made with the lender institution involved.

E. Changes in Income Eligibility

The amount of a family's homeownership assistance may be changed in the month following annual recertification of the household income. Participation in the Section 8 Homeownership Program will continue until such time as the assistance payment is \$0 for a period of six (6) consecutive months.

11.0 PORTABILITY OF HOMEOWNERSHIP ASSISTANCE

A family qualified for homeownership assistance may purchase a home outside DMHA's jurisdiction as provided in Section 5.B, if the receiving PHA is administering a homeownership program and is receiving new families.

12.0 MOVES

A family who is receiving homeownership assistance may request permission from DMHA to move to a new home (1) with voucher rental assistance (in accordance with rental assistance program requirements) or (2) with voucher homeownership assistance (in accordance with homeownership program requirements) only one time in any one year period. The family may not receive assistance in a new home while any family member owns any title or other interest in the prior home. DMHA may deny permission to move if (1) DMHA determines it does not have sufficient funding to continue assistance; or (2) the family has been denied assistance.

13.0 DENIAL OR TERMINATION OF SECTION 8 HOMEOWNERSHIP ASSISTANCE

A. Failure to Comply with Family Obligations Under Section 8 Program or DMHA Homeownership Policies

A family's homeownership assistance may be terminated, and voucher rental assistance may be denied, if the family (1) fails to comply with its obligations under the Section 8 program, (2) fails to comply with DMHA homeownership policies, or (3) defaults on its mortgage.

B. Procedure for Termination or Denial of Homeownership Assistance

A participant in the Section 8 Homeownership Program will be entitled to the same termination or denial notice and informal hearing procedures as set forth in the Section 8 Plan.

C. Continued Participation in Section 8 Housing Choice Voucher Program

(1) Default on FHA-Insured Mortgage

If the family defaults on an FHA-insured mortgage, DMHA may permit the family to move with continued Section 8 Housing Choice Voucher Program assistance if the family demonstrates that it has (a) conveyed title to the home to HUD or its designee, as required by HUD; and (b) moved from the home within the period established or approved by HUD.

(2) Default on non-FHA-Insured Mortgage

If the family defaults on a mortgage that is not FHA-insured, DMHA may permit the family to move with continued Section 8 housing choice voucher rental assistance if the family demonstrates that it has (a) conveyed title to the home to the lender, to DMHA 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 and/or DMHA.

14.0 WAIVER OR MODIFICATION OF HOMEOWNERSHIP POLICIES

The Executive Director of DMHA will have the sole discretion from time to time to waive or modify any provision of the Section 8 Homeownership Program not governed by statute or regulation or to comply with changes in HUD regulations or directives.

APPENDIX A: SECTION 8 HOME OWNERSHIP OBLIGATIONS

This form is to be signed by the home buyer(s) in the presence of the Delaware Metropolitan Housing Authority (DMHA) Home Ownership Program Coordinator. The Coordinator will explain any and all clauses which you, the home buyer(s), may not understand.

The following paragraphs describe your responsibilities under the Section 8 Home Ownership Program. If you or members of your household do not meet these responsibilities, through your actions or your failure to act, you may be terminated from the Section 8 Home Ownership Program.

1. **Family Obligations:** You must comply with all Family Obligations of the Section 8 Housing Choice Voucher Program, excepting only the prohibition against owning or having an interest in the unit. Family Obligations 982.551 (c), (d), (e), (f), (g), and (j) do not apply to the Section 8 Homeownership Program.
2. **Housing Counseling:** All participating family members, (i.e. those signing the Purchase offer and loan documents) must satisfactorily complete a DMHA provided or approved counseling program prior to commencement of home ownership assistance. DMHA will require any or all participating family members to attend additional housing counseling classes as a condition of continued assistance.
3. **Purchase Contract:** You must include contract conditions in any Offer to Purchase that give DMHA a reasonable time (a) to inspect the home for compliance with HUD's Housing Quality Standards; (b) to review and approved a professional home inspection report obtained by you from a DMHA approved inspector, and (c) approve the terms of your proposed financing. Advise your Realtor of these requirements.
4. **Mortgage Obligations:** You must comply with the terms of any mortgage incurred in the purchase of the property and must notify DMHA's Home Ownership Program Counselor within five (5) days of receipt of any late payment or default notice.
5. **Occupancy:** You must occupy the unit as your principal residence. You may not transfer, sell, or assign any interest in the property without DMHA's prior written consent. You may not rent or lease any part of the premises without DMHA's prior written consent. You must notify DMHA in writing at least 30 days prior to moving out of the house for a period of 30 days or longer or prior to any sale, transfer, assignment, lease or other form of alienation of the assisted property.

6. Maintenance: You must maintain the property in a decent, safe and sanitary manner. You must allow DMHA to inspect the property within one-week of a demand by DMHA to conduct an inspection. You must correct any notice of deficiency issued by DMHA with the time limit specified in the notice. If you fail too adequately maintain the property, DMHA may divert the maintenance and replacement reserves portions of the Home Ownership Assistance Payment to an escrow account to be used to pay for reasonable and necessary maintenance expenses.
7. Annual Re-examination: You must annually provide DMHA with current information regarding family income and composition in a format required by DMHA.
8. Refinancing: You must notify DMHA in writing of any proposal to refinance the original purchase mortgage or of any proposal to encumber the property with secondary financing and obtain DMHA written approval of such financing prior to executing any loan documents.
9. Default: In the event of a default on your mortgage obligation, you must cooperate with DMHA and lender to minimize any loss to the lender in order to maintain your eligibility to continue as a participant in the Section 8 Housing Choice Voucher Program.
10. Recapture: You must sign and record a lien, in a form required by HUD, securing DMHA's right to recapture a percentage of home ownership assistance provided to you upon your sale or refinancing of the home within a 10-year period after the purchase date. The amount of recapture shall be calculated in accordance with HUD regulations and shall be subject to automatic reduction in 10% increments annually beginning one year from the purchase date.

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By signing below, I attest that I have read and/or have read to me, and understood my obligations as a participant in the Section 8 Home Ownership Program and I

agree to abide by these responsibilities. I understand that DMHA may terminate my home ownership assistance if I violate any of these obligations, and that I may request an informal review of any proposed notice of termination prior to it becoming effective.

Signature of Head of Household

Date

Signature of Spouse or Other Adult

Date

Signature of Witness

Date