

**HOUSING CHOICE VOUCHER**  
**HOMEOWNERSHIP PROGRAM**

On September 12, 2000, HUD released the final rule that will allow individuals and families to use Section 8 Vouchers for Homeownership. The new rule became effective on October 12, 2000.

The use of Section 8 vouchers for homeownership will give many Americans who have low incomes the opportunity to purchase their own homes. In addition, the use of Section 8 vouchers for homeownership will provide many new opportunities for people to contribute to our local economy. Homeownership will allow individuals and families to obtain loans from their local banks, hire members of their communities to perform maintenance and work on their homes, and pay property taxes that contribute to the purchase of local services enjoyed by community members. Homeowners express a feeling of greater safety, security, and belonging in their community.

The Pawtucket Housing Authority (PHA) is not federally-mandated to implement a Homeownership Program, but in the PHA's aspiration to expand homeownership opportunities to our participants, this program concurs with the PHA's mission statement; whereby, the PHA will establish programs that will educate, enhance and empower the lives of all the people in the community we serve.

There is no additional funding or separate funding for a Homeownership Program. In general, the funding for this program comes from the PHA's Annual Contributions Contract executed with HUD for the Section 8 Housing Voucher Program.

Homeownership Option:

- ◆ The homeownership option 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 the homeownership option must be an existing Section 8 participant who has been receiving housing assistance under the Section 8 Housing Voucher Program for at least one year.
- ◆ The PHA must approve a live-in aide if needed as a reasonable accommodation so that the program is readily accessible to and useable by persons with disabilities in accordance with 24 CFR 982.316.

The PHA will comply with the following requirements in managing its Homeownership Program:

- a. The PHA has established a minimum homeownership down payment requirement of at least 3 percent (3%) of the purchased price for participation in its Section 8 Homeownership Program and requires that at least one percent (1%) of the purchase price come from the family's personal resources;

- b. The PHA requires that financing for purchase of a home under its Section 8 Homeownership Program:
  - a. Be provided, insured, or guaranteed by the state or federal government;
  - b. Comply with secondary mortgage market underwriting requirements; or
  - c. Comply with generally accepted private sector underwriting standards;
- c. The PHA has demonstrated in its Annual Plan that it has the capacity to successfully operate a Section 8 Homeownership Program.

## **I. OUTREACH:**

Information regarding the Section 8 Homeownership program will be made available to:

1. New applicants at their initial briefing;
2. Current participants at their annual reexamination; and
3. Information will be posted in the Administrative Offices of the PHA.

## **II. GENERAL PROVISIONS:**

**The Section 8 Homeownership Program permits eligible participants in the Section 8 Housing Choice Voucher Program, including participants with portable vouchers who have been participants for at least one year, the option of purchasing a home with their Section 8 assistance rather than renting. The PHA Homeownership option is limited to five percent (5%) of the total number of housing choice vouchers administered by the Pawtucket Housing Authority. Disabled participants will not be subject to the 5% limit. IF applications exceed such 5% limit, participant in the Family Self-Sufficiency (FSS) program shall receive a priority for participation in the homeownership program.**

## **III. ELIGIBILITY REQUIREMENTS:**

### **A. INITIAL REQUIREMENTS:**

Before commencing homeownership assistance for a family, the PHA will determine that all of the following initial requirements have been satisfied:

1. The family is qualified (eligible) to receive homeownership assistance.
2. The unit is eligible
3. The family has satisfactorily completed the PHA program of required pre-assistance homeownership counseling.

## B. ELIGIBILITY REQUIREMENTS:

1. The PHA will not provide homeownership assistance for a family unless the PHA determines that the family satisfies all of the following initial requirements listed above at commencement of homeownership assistance for the family:
  - a. The family has been admitted to and has been a participant in good standing (i.e. has not violated any Section 8 program requirements) with the Section 8 Housing Choice Voucher Program.
  - b. The family has been assisted under the Section 8 program for at least one year, and does not owe the PHA or any other Housing Authority an outstanding debt.
  - c. The family satisfies any first-time homeowner requirements described below.
  - d. The family satisfies the minimum income requirement as described below.
  - e. The family satisfies the employment requirements as described below.
  - f. The family has not defaulted on a mortgage securing debt to purchase a home under the homeownership option as described below.
  - g. No family member has a present ownership interest in a residence at the commencement of homeownership assistance for the purchase of any home.
  - h. The family has entered a contract of sale as described below.

## C. FIRST-TIME HOMEBUYER REQUIREMENTS:

At commencement of homeownership assistance for the family the family must be any of the following:

1. A first-time homeowner: A family of which no member owned any present ownership interest in a residence of any family member during the three years before commencement of homeownership assistance for the family. The term “first-time homeowner” includes a single parent or displaced homemaker who, while married, owned a home with his or her spouse or resided in a home owned by his or her spouse.
2. A cooperative member: A family of which one or more members own membership shares in a cooperative.
3. A family of which a family member is a person with disabilities, and use of the homeownership option is needed as a reasonable accommodation so that the program is readily accessible to and usable by such person, in accordance with part 8 of 24 CFR.

## D. MINIMUM INCOME REQUIREMENTS:

1. At commencement of homeownership assistance for the family, the family will demonstrate that the annual income (gross income), as determined by the PHA in accordance with 24 CFR 5.609, of the adult family members who will own the home at commencement of homeownership assistance is not less than the Federal minimum hourly wage multiplied by 2,000 hours.

2. Except in the case of an elderly family or a disabled family, the PHA shall not count any welfare assistance received by the family in determining annual income under this section.

The disregard of welfare assistance income under the above paragraph only affects the determination of minimum annual income used to determine if a family initially qualifies for commencement of homeownership assistance in accordance with this section, but does not affect:

- a. The determination of income-eligibility for admission to voucher program;
- b. Calculation of the amount of the family's total tenant payment (gross family contribution); or
- c. Calculation of the amount of homeownership assistance payments on behalf of the family.

In the case of an elderly family or a disabled family, the PHA shall count welfare assistance in determining annual income.

3. A PHA will not establish a minimum income requirement in addition to the minimum income standard established by federal regulations.

#### E. EMPLOYMENT REQUIREMENTS:

1. Except as provided in paragraph E2 (below), the family must demonstrate that one or more adult members of the family who will own the home at commencement of homeownership assistance:
  - a. 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
  - b. Has been so continuously so employed full-time during the year before commencement of homeownership assistance for the family.
2. The PHA will have the discretion to determine whether and to what extent interruptions are considered to break continuity of employment during the year. The PHA will count successive employment during the year. The PHA will count self-employment in a business.
3. The employment requirement does not apply to an elderly family or a disabled family. Furthermore, if a family, other than an elderly family or a disabled family, includes a person with disabilities, the PHA will grant an exception from the employment requirement if the PHA determines that an exemption is needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities in accordance with part 8 of 24 CFR.

4. The PHA may also consider whether and to what extent an employment interruption is considered permissible in satisfying the employment requirement.

#### F. PROHIBITION AGAINST MORTGAGE DEFAULTS:

The PHA shall not commence homeownership assistance for a family if any family member has previously received assistance under the homeownership option, and has defaulted on a mortgage securing debt incurred to purchase the home.

### **III. ELIGIBLE UNITS:**

A. Initial Requirements: The PHA must determine that the unit satisfies all of the following requirements:

1. The unit is eligible as outlined in 24 CFR 982.352 (paragraphs (a)(6), (a)(7) and (b) of 982.352 do not apply).
2. The unit was either under construction or already existing at the time the PHA determined that the family was eligible for homeownership assistance to purchase the unit.
3. The unit is either a one-unit property or a single dwelling unit in a cooperative or condominium.
4. The unit has been inspected by a PHA inspector and by an independent inspector designated by the family.
5. The unit satisfies HQS.

B. PHA Disapproval of Seller: The PHA may not commence homeownership assistance for occupancy of a home if the PHA has been informed (by HUD or otherwise) that the seller of the home is debarred, suspended, or subject to a limited denial of participation under 24 CFR.

### **IV. ADDITIONAL PHA REQUIREMENTS FOR FAMILY SEARCH AND PURCHASE:**

1. The family will be given a maximum of 6 months to locate a home, and to purchase the home.
2. The PHA requires the family to report on the family's progress in finding and purchasing a home at least twice a month.
3. If the family is unable to purchase a home within 6 months, the PHA will issue the family a voucher to lease a unit.

## **V. HOMEOWNERSHIP COUNSELING:**

1. Before commencement of homeownership assistance for a family the family must attend and satisfactorily complete the pre-assistance homeownership and housing counseling program required by the PHA.
2. The following is a list of the topics that will be incorporated into the housing counseling program:
  - a. Home maintenance (including care of the grounds);
  - b. Budgeting and money management;
  - c. Credit counseling;
  - d. How to negotiate the purchase price of a home;
  - e. 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;
  - f. How to find a home, including information about homeownership opportunities, schools, and transportation in the PHA jurisdiction;
  - g. 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;
  - h. Information on fair housing including fair housing lending and local fair housing enforcement agencies; and
  - i. Information about the Real Estate Settlement Procedures Act, state and Federal truth-in lending laws, and how to identify and avoid loans with oppressive terms and conditions.
4. The PHA will ensure that its counseling program is consistent with the homeownership counseling provided under HUD's Housing Counseling program.

## **VI. HOME INSPECTIONS AND CONTRACT OF SALE:**

1. HQS Inspection by PHA: The PHA may not commence homeownership assistance for a family until the PHA has inspected the unit and has determined that the unit passes HQS.
2. Independent Inspection: The unit must also be inspected by an independent professional inspector, which can be selected and paid for by the family.

The independent inspection must cover major building systems and components--including foundation and structure, housing interior and exterior, roofing, plumbing, electrical, and heating systems. The independent inspector must be qualified to report on property conditions, including major building systems and components.

The PHA will not require the family to use an independent inspector selected by the PHA. The independent inspector may not be a PHA employee or contractor, or other person under control of the PHA. However, the PHA may establish standards for qualification of inspectors selected by family lies under the homeownership option.

The independent inspector must provide a copy of the inspection report both to the family and to the PHA. The PHA may not commence homeownership assistance for the family until the PHA has reviewed the inspection report of the independent inspector. Even if the unit otherwise complies with the HQS (and may qualify for assistance under the PHA's tenant-based rental voucher program), the PHA shall have discretion to disapprove the unit for assistance under the homeownership option because of information in the independent inspection report.

### 3. Contract of Sale:

Before commencement of homeownership assistance, 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 PHA a copy of the contract of sale.

The contract must:

- a. Specify the price and other terms of sale by the seller to the purchaser.
- b. Provide that the purchaser will arrange for a pre-purchase inspection of the dwelling unit by an independent inspector selected by the purchaser.
- c. Provide that the purchaser is not obligated to purchase the unit unless the inspection is satisfactory to the purchaser.
- d. Provide that the purchaser is not obligated to pay for any necessary repairs.
- e. Contain a certification from the seller that the seller has not been debarred, suspended, or subject to a limited denial of participation under Part 24.

## **VII. FINANCING PURCHASE AND AFFORDABILITY OF HOME:**

The participant has the discretion to choose which Lender they use but the PHA must approve the financing before it is finalized. It is the responsibility of the family to secure its own financing for the purchase of the home. PHA will provide supportive services, but it is up to the family to obtain mortgage approval.

Participants may use 100% of their housing assistance payment to help them qualify for a mortgage. This assistance may be applied directly against their mortgage payment, therefore allowing them to qualify for higher first mortgage. Participants would then qualify on the remaining payment after the Section 8s is applied. By underwriting it this way, the family will have other sources of income for living expenses and the amount of the remaining mortgage payment after the Section 8 Assistance reduction has been applied.

The PHA will review seller financing on a case-by-case basis. The PHA requires a maximum loan to value consistent with FHA guidelines and prohibits balloon payments. The family may not re-finance, apply for an equity loan, or make any other loans against the home without PHA approval.

If the purchase of the home is financed with FHA mortgage insurance, such financing is subject to FHA mortgage insurance requirements. The PHA will review lender qualifications and the loan terms before authorizing homeownership assistance. The PHA may disapprove proposed financing, refinancing or other debt if the PHA determines that the debt is unaffordable, or if the PHA determines that the lender or the loan terms do not meet PHA qualifications. In making this determination, the PHA may take into account other family expenses, such as childcare, medical expenses not reimbursed, home-ownership expenses, and other family expenses as determined by the PHA.

### **VIII. CONTINUED ASSISTANCE REQUIREMENTS:**

1. Occupancy of Home: Homeownership assistance may only be paid while the family is residing in the home. If the family moves out of the home, the PHA may not continue homeownership assistance after the month when the family moves out. The family or lender is not required to refund to the PHA the homeownership assistance for the month when the family moves out.
2. Family obligations. The family must comply with the following obligations.
  - a. Ongoing counseling. To the extent required by the PHA, the family must attend and complete ongoing homeownership and housing counseling.
  - b. Compliance with mortgage. The family must comply with the terms of any mortgage securing debt incurred to purchase the home (or any refinancing of such debt).
  - c. Prohibition against conveyance or transfer of home. (i) So long as the family is receiving homeownership assistance, use and occupancy of the home is subject to 24 CFR 982.551(h) and (i). (ii) The family may grant a mortgage on the home for debt incurred to finance purchase of the home or any refinancing of such debt. (iii) Upon death of a family member who holds, in whole or in part, title to the home or ownership of cooperative membership shares for the home, homeownership assistance may continue pending settlement of the decedent's estate, notwithstanding transfer of title by operation of law to the decedent's executor or legal representative, so long as the home is solely occupied by remaining family members in accordance with 24 CFR 982.551(h).
  - d. Supplying required information. (i) The family must supply required information to the PHA in accordance with 24 CFR 982.551(b). (ii) In addition to other required information, the family must supply any information as required by the PHA or HUD concerning: (A) Any mortgage or other debt incurred to purchase the home, and any refinancing of such debt (including information needed to determine whether the family has defaulted on the debt, and the nature of any such default), and information on any satisfaction or payment of the mortgage debt; (B) Any sale or other transfer of any interest in the home; or (C) The family's homeownership expenses.
  - e. Notice of move-out. The family must notify the PHA before the family moves out of the home.
  - f. Notice of mortgage default. The family must notify the PHA if the family defaults on a mortgage securing any debt incurred to purchase the home.

- g. Prohibition on ownership interest on second residence. During the time the family receives homeownership assistance under this subpart, no family member may have any ownership interest in any other residential property.
  - h. Additional PHA requirements. The PHA may establish additional requirements for continuation of homeownership assistance for the family (for example, a requirement for post-purchase homeownership counseling or for periodic unit inspections while the family is receiving homeownership assistance). The family must comply with any such requirements
  - i. Other family obligations. The family must comply with the obligations of a participant family described in 24 CFR 982.551. However, the following provisions do not apply to assistance under the homeownership option: 24 CFR 982.551(c), (d), (e), (f), (g) and (j).
3. Statement of homeowner obligations. Before commencement of homeownership assistance, the family must execute a statement of family obligations in the form prescribed by HUD. In the statement, the family agrees to comply with all family obligations under the homeownership option.

**IX. MAXIMUM TERM OF HOMEOWNERSHIP ASSISTANCE:**

1. Except in the case of a family that qualifies as an elderly or disabled family (see paragraph (3) of this section), the family members described in paragraph (2) of this section shall not receive homeownership assistance for more than:
- a. Fifteen years, if the initial mortgage incurred to finance purchase of the home has a term of 20 years or longer; or
  - b. Ten years, in all other cases.
2. Applicability of maximum term. The maximum term described in paragraph (1) of this section applies to any member of the family who:
- a. Has an ownership interest in the unit during the time that homeownership payments are made; or
  - b. Is the spouse of any member of the household who has an ownership interest in the unit during the time homeownership payments are made.
3. Exception for elderly and disabled families.
- a. As noted in paragraph (1) of this section, the maximum term of assistance does not apply to elderly and disabled families.
  - b. In the case of an elderly family, the exception only applies if the family qualifies as an elderly family at the start of homeownership assistance. In the case of a disabled family, the exception applies if at any time during receipt of homeownership assistance the family qualifies as a disabled family.
  - c. If, during the course of homeownership assistance, the family ceases to qualify as a disabled or elderly family, the maximum term becomes applicable from the date

homeownership assistance commenced. However, such a family must be provided at least 6 months of homeownership assistance after the maximum term becomes applicable (provided the family is otherwise eligible to receive homeownership assistance in accordance with this part).

- d. Assistance for different homes or PHAs. If the family has received such assistance for different homes, or from different PHAs, the total of such assistance terms is subject to the maximum term described in paragraph (1) of this section.

**X. AMOUNT AND DISTRIBUTION OF MONTHLY HOMEOWNERSHIP ASSISTANCE PAYMENT:**

- A. While the family is residing in the home, the PHA shall pay a monthly homeownership assistance payment 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 homeownership expenses minus the total tenant payment.
- B. Payment standard for family.
  1. The payment standard for a family is the lower of: (a) The payment standard for the family unit size; or (b) The payment standard for the size of the home.
  2. If the home is located in an exception payment standard area, the PHA must use the appropriate payment standard for the exception payment standard area.
  3. The payment standard for a family is the greater of: (a) The payment standard (as determined in accordance with paragraphs (B)(1) and (B)(2) of this section) at the commencement of homeownership assistance for occupancy of the home; or (b) The payment standard (as determined in accordance with paragraphs (B)(1) and (B)(2) of this section) at the most recent regular reexamination of family income and composition since the commencement of homeownership assistance for occupancy of the home.
  4. The PHA must use the same payment standard schedule, payment standard amounts, and subsidy standards pursuant to 24 CFR 982.402 and 982.503 for the homeownership option as for the rental voucher program.
- C. Determination of Homeownership Expenses.
  1. The PHA shall adopt policies for determining the amount of homeownership expenses to be allowed by the PHA in accordance with HUD requirements.
  2. Homeownership expenses for a homeowner (other than a cooperative member) may only include amounts allowed by the PHA to cover: (a) Principal and interest on initial mortgage debt, any refinancing of such debt, and any mortgage insurance premium incurred to finance purchase of the home; (b) Real estate taxes and public assessments on the home; (c) Home insurance; (d) The PHA allowance for maintenance expenses; (e) The PHA allowance for costs of major repairs and replacements; (f) The PHA utility allowance for the home; and (g) 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 PHA determines that allowance of such costs as homeownership expenses is needed as a reasonable accommodation so that the homeownership option is readily accessible to and usable by such person, in accordance with Part 8 of 24 CFR.

3. Homeownership expenses for a cooperative member may only include amounts allowed by the PHA to cover: (a) The cooperative charge under the cooperative occupancy agreement including payment for real estate taxes and public assessments on the home; (b) Principal and interest on initial debt incurred to finance purchase of cooperative membership shares and any refinancing of such debt; (c) Home insurance; (d) The PHA allowance for maintenance expenses; (e) The PHA allowance for costs of major repairs and replacements; (f) The PHA utility allowance for the home; and (g) Principal and interest on debt incurred to finance 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 PHA determines that allowance of such costs as homeownership expenses is needed as a reasonable accommodation so that the homeownership option is readily accessible to and usable by such person, in accordance with Part 8 of 24 CFR.
  4. If the home is a cooperative or condominium unit, homeownership expenses may also include cooperative or condominium operating charges or maintenance fees assessed by the condominium or cooperative homeowner association.
- D. Payment to lender or family. The PHA must pay homeownership assistance payments either: (1) Directly to the family or; (2) At the discretion of the PHA, to a lender on behalf of the family. If the assistance payment exceeds the amount due to the lender, the PHA must pay the excess directly to the family.
- E. Automatic termination of homeownership assistance. Homeownership assistance for a family terminates automatically 180 calendar days after the last housing assistance payment on behalf of the family. However, a PHA has the discretion to grant relief from this requirement in those cases where automatic termination would result in extreme hardship for the family.

## **XI. PORTABILITY:**

- A. A family may qualify to move outside the initial PHA jurisdiction with continued homeownership assistance under the voucher program in accordance with this section.
- B. Subject to 24 CFR 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.
- C. In general, the portability procedures described in 24 CFR 982.353 and 982.355 apply to the homeownership option and the administrative responsibilities of the initial and

- receiving PHA are not altered except that some administrative functions (e.g, issuance of a voucher or execution of a tenancy addendum) do not apply to the homeownership option.
- D. 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 PHA.
  - E. Continued assistance under 24 CFR 982.637. Such continued assistance under portability procedures is subject to 24 CFR 982.637.

## **XII. MOVE WITH CONTINUED TENANT-BASED ASSISTANCE:**

- A. Move to new unit.
  - 1. A family receiving homeownership assistance may move to a new unit with continued tenant-based assistance in accordance with this section. The family may move either with voucher rental assistance (in accordance with rental assistance program requirements) or with voucher homeownership assistance (in accordance with homeownership option program requirements).
  - 2. The PHA may not commence continued tenant-based assistance for occupancy of the new unit so long as any family member owns any title or other interest in a prior home.
  - 3. The PHA may establish policies that prohibit more than one move by the family during any one-year period.
- B. Requirements for continuation of homeownership assistance. The PHA must determine that all initial requirements listed in 24 CFR 982.626 have been satisfied if a family that has received homeownership assistance wants to move to a new unit with continued homeownership assistance. However, the following requirements do not apply: (1) The requirement for pre-assistance counseling (24 CFR 982.630) is not applicable. However, the PHA may require that the family complete additional counseling (before or after moving to a new unit with continued assistance under the homeownership option). (2) The requirement that a family must be a first-time homeowner (24 CFR 982.627) is not applicable.
- C. When PHA may deny permission to move with continued assistance. The PHA may deny permission to move to a new unit with continued voucher assistance as follows: (1) Lack of funding to provide continued assistance. The PHA may deny permission to move with continued rental or homeownership assistance if the PHA determines that it does not have sufficient funding to provide continued assistance. (2) Termination or denial of assistance under 24 CFR 982.638. At any time, the PHA may deny permission to move with continued rental or homeownership assistance in accordance with 24 CFR 982.638.

### **XIII. DENIAL OR TERMINATION OF ASSISTANCE FOR FAMILY:**

- A. The PHA shall terminate homeownership assistance for the family, and shall deny voucher rental assistance for the family, in accordance with this section.
- B. Denial or termination of assistance under basic voucher program. At any time, the PHA 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).
- C. Failure to comply with family obligations. The PHA may deny or terminate assistance for violation of participant obligations described in 24 CFR 982.551 or 982.633.
- D. Mortgage default. The PHA must terminate voucher homeownership assistance for any member of 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 PHA, in its discretion, may permit the family to move to a new unit with continued voucher rental assistance. However, the PHA must deny such permission, if: (1) The family defaulted on an FHA-insured mortgage; and (2) The family fails to demonstrate that: (a) The family has conveyed title to the home, as required by HUD, to HUD or HUD's designee; and (b) The family has moved from the home within the period established or approved by HUD.

### **XIV. ADMINISTRATIVE FEES:**

The ongoing administrative fee described in 24 CFR 982.152(b) is paid to the PHA for each month that homeownership assistance is paid by the PHA on behalf of the family.

### **XV. RECAPTURE OF HOMEOWNERSHIP ASSISTANCE:**

- A. The PHA shall recapture a percentage of the homeownership assistance provided to the family upon the family's sale or refinancing of the home.
- B. Securing the PHA's right of recapture. Upon purchase of the home, a family receiving homeownership assistance shall execute documentation as required by HUD, and consistent with State and local law, that secures the PHA's right to recapture the homeownership assistance in accordance with this section. The lien securing the recapture of homeownership subsidy may be subordinated to a refinanced mortgage.
- C. Recapture amount for sales. In the case of the sale of the home, the recapture shall be in an amount equaling the lesser of:

- (1) The amount of homeownership assistance provided to the family, adjusted as described in paragraph (F) of this section; or
- (2) The difference between the sales price and purchase price of the home, minus:
  - (a) The costs of any capital expenditures;
  - (b) The costs incurred by the family in the sale of the home (such as sales commission and closing costs);
  - (c) The amount of the difference between the sales price and purchase price that is being used, upon sale, towards the purchase of a new home under the Section 8 homeownership option; and
  - (d) Any amounts that have been previously recaptured, in accordance with this section.

D. Recapture amount for refinancing. In the case of a refinancing of the home, the recapture shall be in an amount equaling the lesser of:

- (1) The amount of homeownership assistance provided to the family, adjusted as described in paragraph (F) of this section; or
- (2) The difference between the current mortgage debt and the new mortgage debt; minus:
  - (a) The costs of any capital expenditures;
  - (b) The costs incurred by the family in the refinancing of the home (such as closing costs); and
  - (c) Any amounts that have been previously recaptured as a result of refinancing.

E. Use of sales price in determining recapture amount. The recapture amount shall be determined using the actual sales price of the home, unless the sale is to an identity-of-interest entity. In the case of identity-of-interest transactions, the PHA shall establish a sales price based on fair market value.

F. Automatic reduction of recapture amount. The amount of homeownership assistance subject to recapture will automatically be reduced over a 10-year period, beginning one year from the purchase date, in annual increments of 10 percent. At the end of the 10-year period, the amount of homeownership assistance subject to recapture will be zero.