

What is the Section 8 Homeownership Program?

The homeownership program provides an option to eligible families currently holding a Section 8 tenant based voucher to purchase a home and apply the subsidy toward their house payment.

Who is eligible?

KCKHA current tenant based voucher holders and those called from the waiting list who 1) complete a KCKHA eligibility assessment form 2) be a first time homeowner or have no ownership interest in a residence now or for the past three years 3) that one or more adult members who will own the home are employed continuously full-time (no less than 30 hours) for at least one year and earn at least \$14,500 **OR** are disabled families with minimum income of \$8,088 **OR** elderly families with sufficient income to qualify for a loan (welfare assistance cannot be used as a means of income qualification for the mortgage loan) 4) complete a basic financial education program or at least four hours of comparable training from an approved organization 5) qualify for a mortgage loan 6) complete an approved pre-homeownership training 7) execute a statement of homeownership obligations prior to receipt of assistance.

How do I get started?

First, complete the basic financial literacy class and then get your eligibility certificated. Clients have 180 days to shop for mortgage financing and property.

Where and what kind of home can I purchase?

The homeownership program is currently limited to areas within Wyandotte County, which includes Kansas City, Kansas; Bonner Springs, Kansas; Edwardsville and Piper. Portability is permitted to another jurisdiction, provided the receiving jurisdiction operates a Section 8 homeownership program for which the Section 8 homeownership applicant qualifies or authorizes KCKHA to administer the homeownership assistance in their jurisdiction. New or existing single-family homes, condominium, cooperatives, lofts, live/work units or manufactured homes may be purchased.

How much assistance will I receive toward my mortgage?

Like the tenant vouchers, the homeownership vouchers are administered at a rate called the payment standard and it includes an amount to assist with utility payments and maintenance and repair expenses. The rate is based on the family size and required number of bedrooms. The family pays 30% of their adjusted gross income and KCKHA subsidizes the balance of the payment standard or the mortgage amount, whichever is less. Should the family income decrease, the payment subsidy will increase. Should the family income increase, the payment subsidy will decrease. Subsidy payments can be made to the family or directly to the lender on behalf of the family at the discretion of the lender.

How long can I receive assistance under this program?

Assistance is unlimited for disabled families and elderly families that are determined elderly when the home is purchased. The maximum term limit for all other families is 15 years if the initial mortgage term is 20 years or more. All other mortgage notes have a maximum term of 10 years. Assistance will be terminated for failure to comply with program requirements or exceeding the income guidelines.

How do I find a home to buy?

Contact a local real estate agent who is familiar with the area in which you're interested. Let them know about the Section 8 homeownership program and share with them information in this brochure for realtors. Locate a home that best suits your needs remembering that unlike renting, you need to be committed to staying in the home for a term of years and you will be responsible for the maintenance and repairs of the home. Prior to closing, two kinds of physical inspections are required (in addition to and separate from any lender required inspections): an HQS inspection by the KCKHA and an independent professional home inspection by an inspector used in the private market by homebuyers.

How do I get a mortgage loan? What terms and expenses are acceptable?

Contact the financial/mortgage institution of your choice or call the Section 8 Office for a list. Complete the mortgage application and provide the lender with the information on your eligibility certificate. To qualify, the family must be able to provide at least 3% of the home's sale price as down payment with 1% coming from the family's personal resources.

Financing must be insured or guaranteed by state or Federal government and comply with secondary mortgage market underwriting requirements. One fixed-rate mortgages of at least 15 years with interest rates no greater than 1% above the local average for FHA, VA or conventional A-note mortgages will be approved. Loans with balloon payments, adjustable rate mortgages, pre-payment penalties, more than two discount points, fee amounts found to be excessive for tax service, loan process and underwriting will not be approved. Affordable or forgivable seconds are permitted.

Allowable expenses are 1) principle and interest on mortgage debt 2) mortgage insurance 3) real estate taxes 4) homeowner's insurance 5) homeowner association dues 6) KCKHA allowance for utilities. KCKHA reserves the final right of approval to ensure that the family is not subject to predatory loan terms.

After purchasing on the program, can I refinance or purchase another home?

A homeownership family may purchase another home with Section 8 assistance provided there is no mortgage loan default. The family must sell its current home in order to purchase another with homeownership assistance and reinvest the equity in another home. With the exception of the first time homebuyer requirement and training, all other requirements remain applicable to future purchases. The total time limit for assistance applies from the date of the first purchase and is cumulative.

A family may refinance their home to take advantage of lower interest rates, or better mortgage terms. Proceeds realized upon refinancing must be reinvested in the property

by way of improvements or renovation. Otherwise, they may be subject to a recapturing provision.

What do my lender and realtor need to know about this program?

First, have them review this entire brochure. Then, present them both with your valid certificate of eligibility for the program indicating the amount of assistance you are eligible to receive. The family is required to provide a minimum down payment of at least 3% (with at least 1% coming from the family's personal resources). Upon receipt of the estimated contract of sale, KCKHA will provide you with an estimated subsidy amount. This tax exempt Housing Assistance Payment (HAP) may be added to income and grossed up to add to stable income OR the HAPY may be deducted from the PITI. The resulting housing expense-to-income ratio is then calculated using the "net housing obligation" of the borrower. KCKHA reserves the final right of approval and requires copies of all executed documents and the independent inspection report. The KCKHA staff is available during business hours to assist you, your realtor, and your lender with this program.

Kansas City, Kansas Housing Authority



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*Creating Opportunities To
Achieve The
"American Dream"*



Kansas City, Kansas Housing
Authority
1124 North 9th Street
Kansas City, KS 66101
Phone (913) 281-3300
Fax (913) 279-3477
www.kckha.org
