

Section 8
Housing Choice Voucher
Homeownership Program

**BRIEFING
HANDBOOK**



Missoula
HOUSING AUTHORITY

Program Guidelines

First mortgage lenders and families financing homes using voucher payments are advised of the following procedures and limitations of the voucher program:

- Use of a voucher is restricted to families who meet all applicable program eligibility requirements. Review and approval for a family to use a voucher for mortgage payment purposes requires an application and review process through MHA that takes up to one month to process.
- Voucher payments will be made directly to the family.
- Voucher payments are not guaranteed. Section 8 funding is subject to annual appropriations. Payment may be terminated because of insufficient funds from HUD to continue the program. Voucher payments may also be terminated if the family fails to meet MHA/HUD regulations.
- The amount of the payment may fluctuate. The voucher payment amount is directly related to family income and household composition. A change in income or household members will cause the amount of subsidy to increase or decrease. Voucher support will be terminated 180 days after income rises sufficiently to exceed program eligibility.
- Except for families that are determined to be elderly or disabled, homeownership voucher payments have a maximum term after which the voucher is terminated regardless of family income. For mortgages of 20 years or more, the maximum is 15 years. For all other mortgages, the term is 10 years.
- If the seller of the property is related to the buyer, defined as parent, child, grandparent, grandchild, sister, or brother of any member of the family, and the seller wishes to carry the contract for sale, the sales price may not be more than the value set by an independent appraisal.

- Families must contribute a minimum of 3% of the purchase price of the home with 1% of the purchase price coming from the family's own resources as part of the closing costs and/or down payment.
- Families may use special financing programs from non-profit sources.
- MHA must be notified of refinancing.
- MHA will file the necessary documentation to require loan servicers of these loans to inform MHA of any late payments and missed payments as soon as they occur. Lenders are also required to inform MHA of any changes in servicing institutions or purchase of loan by another institution.
- When the family has found a home to purchase, they must obtain specific approval from MHA for the use of the voucher for mortgage payments, based on documents submitted. MHA will then issue a Letter of Intent, a copy of which will be sent to the lender to confirm that the proposed financing package meets MHA and HUD requirements. Required documents include:
 1. Copy of signed buy-sell agreement
 2. Copy of Loan Estimate/Disclosure Statement
 3. Bank Loan Application
 4. Copy of Appraisal
 5. Copy of independent inspection report, unless it is new construction, in which case certification by the building inspector can substitute
- MHA does not have any liability to any party by the issuance of this Letter of Intent.
- The Letter of Intent is not a guarantee that the family will be able to purchase a home under this program. The family becomes a participant in the program when the purchase of a home is closed under the program's rules, regulations and policies, and mortgage payments begin.

- Families and lenders must submit copies of specific documents to MHA prior to closing. Required documents include:

1. Copy of required home inspections and verification that any deficiencies found in the home have been noted and arrangements negotiated to correct the deficiencies
2. Signed HQS inspection from MHA verifying that the home meets HQS standards
3. Copy of Title Report
4. Copy of Closing Disclosure (Settlement Statement)

- Families and lenders must submit a copy of the executed Settlement Statement to MHA to initiate the payment of homeownership vouchers to the family.

- MHA is under no obligation to the family, to any lender, or to any other person, to approve any purchase unless it meets all requirements as outlined in HUD regulations and MHA's administrative plan governing this program.

- Section 8 homeownership participants must comply with all homeowner obligations, HUD regulations, and MHA policies.

- Section 8 homeownership participants and lenders must sign a release allowing MHA and the lenders to exchange information regarding the loan.

- If the family has reason to believe that, in its search for suitable housing it has been discriminated against on the basis of age, race, color, religion, sex, disability, national origin, or familial status, the family may file a housing discrimination complaint with any HUD Field Office in person, by mail, or by telephone. MHA will give the family information on how to fill out and file a complaint.

- MHA complies with all Fair Housing regulations and provides reasonable accommodations to persons with disabilities.

FREQUENTLY ASKED QUESTIONS

What is the Section 8 homeownership program?

The Section 8 homeownership program is a program initiated in February 2001 by the Missoula Housing Authority (MHA). The program allows a person or family who is receiving HUD Section 8 assistance or public housing from MHA to get a special Section 8 voucher that can be used towards the purchase of a home.

What are the eligibility requirements?

An individual or family must:

- Have a Section 8 voucher or be in public housing operated by MHA
- Have received the rental assistance from MHA for one year
- Be a participant in good standing (i.e., has not violated any program or lease requirements)
- Meet the HUD definition of first time homebuyer (i.e., means the participant has not had ownership interest in a home in the past 3 years)
- Have at least \$14,500 in income from non-welfare sources. Elderly and disabled can include welfare income in meeting this requirement.
- Households where head or spouse are receiving SSI do not need to meet the minimum income of \$14,500.
- Have worked a minimum of 30 hours per week for at least 12 months before date of application. Elderly and disabled do not need to meet this requirement
- Sign a Statement of Homeowner Obligations
- Satisfactorily complete pre-purchase homeowner counseling and classes before entering into a sales contract
- Provide a cash down payment of at least 1% of the purchase price from their own resources, or the minimum required by any special financing, whichever is greater
- Provide the lender and real estate professionals with all pertinent documentation
- Be able to comply with any additional special requirements for homeownership assistance as specified in MHA's Section 8 Homeownership Handbook and Administrative Plan.

How do I know if I'm ready for homeownership?

Owning a home is a big responsibility. It's important that you understand those responsibilities before you look at being a homebuyer. It is mandatory that you take an approved homeownership class prior to purchasing a home. You should also first clear up any credit problems and save enough money so you can make a down payment. MHA has a homeownership information packet available if you want to read more about the homeownership process.

What kind of paperwork must I fill out?

When you purchase a home there is a lot of paperwork that must be filled out. Some of the paperwork provides MHA, the lender and real estate professional information they need to make sure you're able to financially purchase a home. Other paperwork ensures you are treated professionally and are protected. It is very important that what you provide is accurate, complete and submitted quickly. Some of the information you will need to provide: evidence of your eligibility for this program; documentation of Income; credit or alternate credit information. Make sure you understand what you are signing. Don't be afraid to ask the lender, real estate professional and others questions to help you understand the process.

What bankers and real estate professionals can I use?

You may use any lender or real estate agent you wish. However, some lenders and real estate agents are more familiar with first-time homebuyer financing programs than others. It is helpful to contact a person who is familiar with these programs. You can ask lenders about their experience before you choose one with whom to work.

Do I have to have good credit?

You can't have bad credit! If you do, the homeownership counselor can instruct you on how to clean up your credit record. However, you may have never established a traditional credit record and that's okay, but the lender needs to know if you pay your bills on time. The lender will review your record of making timely rent, utility and other payments. This is called alternate credit.

What other costs are there?

You'll need to make a minimum down payment of 1% of the purchase price of the home. This will likely be in the range of \$1500-\$2000, depending on the cost of the home. You'll also have to pay for an appraisal, which may cost \$300 - \$400, and a professional inspection, which may be \$150. There may be other incidental expenses prior to your purchase as well.

Can my family help me buy the home?

In most cases, your family can help you purchase a home. Assisting with a down payment or other expenses or co-signing/co-borrowing on the loan might provide help. However, it's important to understand that under Section 8 regulations, a non-occupying co-borrower cannot own an interest in the home.

Can I have a roommate?

No. Under the standard family obligations for use and occupancy for the voucher program, no other person except members of the assisted family may reside in the unit except for a foster child or live-in aide. The individual or family may not sublease or have any rent income from the home under the family obligations.

Am I limited as to how much I may pay for a home?

The amount you are able to pay for a home depends on your total income and resources. The mortgage lender will consider your total income, your Section 8 assistance, and any other assistance you are receiving from a family member or agency. The lender will pre-qualify you for a loan based on income and other financial information. In addition, you may qualify for special first-time homebuyer financing programs. Each of these programs also requires that you apply and be approved for assistance. It is important to be pre-qualified for all loans and assistance with pre-qualification letters from each before you begin shopping for a home.

How long will I continue to receive Section 8 assistance if I use it for homeownership?

Homebuyers who receive 30-year mortgages for their home purchase are eligible for up to 15 years of Section 8 assistance. Those who receive mortgages for 20 years or less are eligible for up to 10 years of Section 8 assistance. Continued assistance depends on continued compliance with Section 8 regulations, including income limits. Even if the homebuyer still meets all requirements at the end of the time limit, Section 8 voucher assistance will be terminated. At the end of the 10 or 15 years, responsibility for payment of the mortgage will fall completely on the homebuyer with no further assistance from the MHA.

Elderly or people with disabilities are exempt by HUD from Section 8 subsidy time limits in this homeownership program. However, the length of time you receive Section 8 is dependent on many factors. Congress must approve funding for Section 8 renewals each year. You must remain eligible for Section 8 assistance. For example, you must be compliant with the rules and regulations, and be income-eligible to receive housing assistance payments.

It's important to understand that you are responsible for the full mortgage payment if your Section 8 payment is withheld or terminated for any reason.

Once I have purchased a home under this program, must I still have a Section 8 recertification each year?

Yes. You will still need to submit all the paperwork for recertification each year and you will have to continue to conform to all the statements in the Statement of Homebuyer Obligations which you sign prior to purchasing a home. MHA policy also requires that you continue to report all changes in income or household composition within 10 days of the change, as these changes may affect the amount of your HAP subsidy.

Do I need to get my new home inspected?

Yes. There are actually two types of inspections that are needed. You will need to hire a professional inspector to inspect the home to identify physical defects and the condition of the major building systems and components. You will also need a HUD Housing Quality Standards (HQS) inspection, which is the same inspection made for the tenant-based Section 8 rental assistance program. MHA will provide this inspection, but you must request the inspection at least three weeks before the closing date for the home, to ensure that the inspection is completed and any problems with the home are corrected before closing. You may not close on a home that has not passed HQS inspection.

What happens to my home if I die?

This is a complicated question because so much depends on individual circumstances. The HUD Section 8 homeownership rule states: "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 members of the family in accordance with Section 8 regulations."

In other words, questions need to be asked: Is there a will? Are there remaining members of the family? Are there additional owners listed on the deed? Depending on the answers, the home may revert to those remaining members (as defined by Section 8 regulations) of the family who were residing in the home. The home may have to be sold: if no one is able to take title and payments are not made, the home may fall into foreclosure. The bottom line: if the homebuyer dies, MHA must be notified immediately by remaining members of the family.

Am I responsible for other expenses incurred as a result of purchasing a home?

Yes. You are responsible for all monthly homeownership expenses (for example: homeowner association dues) and for any expenses (for example: a new water heater, structural repairs, etc.) that you may have as a homeowner. You are also required to pay all utility costs for the home, such as gas, electricity, garbage, water, street lighting, or other ongoing costs.

What can I do if I have trouble paying my mortgage or maintaining my home?

You may be required to attend ongoing homeownership counseling. In your community there are experienced homeownership counselors who can help you save towards repairs and general maintenance of your home. In addition, there are some special financing programs at lower interest rates available to help with home repair/maintenance costs. There is also a foreclosure prevention counselor who can assist you in getting financial advice so you can avoid defaulting on your payments. It's important to understand that you are responsible for the debt incurred to purchase your home.

How do I make my mortgage payments to the lender?

You must make your payment to the lender servicing your first mortgage, and second mortgage if you have one, by the date specified in your mortgage agreement. Payments can be mailed, or delivered in person, or taken out of your checking account automatically. Automatic withdrawal requires you to place your portion of the mortgage payment in a bank that has automatic withdrawal capability. This allows the lender to withdraw your part of the payment each month electronically. You must ensure the funds are available for transfer to the lender prior to the date the lender will withdraw the funds. Typically, this is the same date every month.

Can I sell my home?

Yes.

Will purchasing a home makes me ineligible for other assistance programs such as food stamps, Medicaid or Medicare?

Not necessarily. You need to check with your service provider, who can determine whether homeownership will affect the other kinds of assistance you receive.

I've owned a very old trailer home for several years; does this make me ineligible as a first time homebuyer?

That depends on whether or not the trailer was ever permanently attached to a foundation. If it was attached, you're not a first-time homebuyer as lenders consider this a home. If it is not permanently attached, lenders consider it a motor vehicle, not a home.

Can I purchase a manufactured home?

Yes. However the home must meet certain standards and being permanently attached to a foundation is one of them. Lenders will also consider the age and condition of the home.

Can I continue to receive rental housing assistance while I search for a home? If I am not successful in buying a home, can I automatically and immediately return to a rental voucher?

The answer to both questions is Yes, provided you are still in compliance with all MHA and HUD regulations and policies. Your voucher rental assistance will continue until your home purchase closes. If you cannot find a home to purchase, your rental assistance will continue without interruption.

**Section 8 Housing Choice Voucher
Homeownership Program
Statement of Homeowner Obligations**

The following paragraphs describe your responsibilities under the Section 8 Housing Choice Voucher Homeownership 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 Homeownership Program.

The family must:

1. Have been receiving Section 8 or public housing rental assistance through MHA for a minimum of one year.
2. Be a program participant in good standing; i.e., the family has not violated any lease or program requirements.
3. Meet HUD first-time homebuyer criteria.
4. Meet all eligibility criteria as specified in MHA's administrative policy.
5. Enter into this Statement of Homeowner Obligations Agreement as prescribed by HUD, and comply with provisions within this agreement.
6. Comply with all lender requirements.
7. Attend homeownership counseling as required prior-to-purchase and post-purchase, which is offered by qualified counseling providers.
8. Secure the family's first mortgage financing through an approved lender
9. Be able to make the monthly mortgage payment.
10. Sign a release allowing MHA and the lenders to exchange information on the borrower.

11. Provide a cash down payment of at least 3% of the purchase price with 1% from their own resources.
12. Enter into a signed buy-sell agreement within 120 days unless an extension is granted by MHA.
13. When requesting an extension of the expiration date for home search, report on progress in locating a unit as required by MHA and housing counselor.
14. Enter into a sales contract with the seller.
15. Secure an independent, professional home inspector to inspect the home and provide a copy of the report to MHA.
16. Acknowledge that termination of assistance for failure to comply will follow the termination process as stated in HUD Section 8 rental assistance regulations and MHA's Section 8 Housing Choice Voucher Administrative Plan.
17. Acknowledge that the family becomes obligated for the whole mortgage payment in event of termination of assistance.
18. Comply with all Section 8 Housing Choice Voucher family obligations, including:
 - A. The family must reside in the unit, and it must be the family's only residence. The family must provide any information or certification requested by MHA to verify that the family is living in the unit, and must notify MHA promptly, in writing, of any absence from the unit longer than 30 days. The family must cooperate with MHA for the purpose of verifying that the family resides in the unit.
 - B. The family must supply required information necessary in the administration of the program to the MHA, including social security numbers, release of information forms, and evidence of citizenship or eligible immigration status. The family must comply with requirements for annual or interim reexamination of family income or family composition as described in Chapter 12 of the Administrative Plan, and provide any information required for verification.

C. In addition, the family must supply any information required by MHA concerning:

- i. Any mortgage or other debt incurred to purchase the home, any refinancing of debt (including information needed to determine whether the family has defaulted on the debt and the nature of the default), and information on any satisfaction or payment of the mortgage debt.
- ii. Any sale or other transfer of any interest in the home.
- iii. The family's homeownership expenses.

D. Any information supplied by the family must be true and complete.

E. The composition of the assisted family residing in the unit must be approved by the MHA. The family must promptly inform the MHA of the birth, adoption or court-awarded custody of a child. The family must request MHA approval to add any other family member as an occupant of the unit. No other person may reside in the unit (except for a foster child or live-in aide.) The family must promptly notify the MHA if any family member no longer resides in the unit within 10 days of the change.

F. If the MHA has given approval, a foster child or a live-in aide may reside in the unit. If the family does not request approval or MHA approval is denied, the family may not allow a foster child or live-in aide to reside with the assisted family.

G. Members of the household may engage in legal profit-making activities in the unit, but only if such activities are incidental to primary use of the unit as a residence by members of the family.

H. The family must not sublease or let the unit.

I. The family must not assign or transfer the unit.

J. The members of the family must not commit fraud, bribery or any other corrupt or criminal act in connection with the programs.

K. The members of the family may not engage in drug-related criminal activity or violent criminal activity.

L. An assisted family, or members of the family, may not receive Section 8 tenant-based assistance while receiving another housing subsidy, for the same unit or for a different unit, under any duplicative (as determined by HUD or in accordance with HUD requirements) federal, State or local housing assistance program.

M. The family must comply with the terms of any mortgage securing debt incurred to purchase the home (or any refinancing of the debt.)

i. The family must notify the MHA within 10 days of missing a mortgage payment.

ii. **The family must attend foreclosure counseling within 30 days of missing a mortgage payment or homeownership assistance may terminate.**

N. The family must include contract conditions in any Offer to Purchase that give MHA a reasonable time to inspect the home for compliance with HUD's Housing Quality Standards, to review a professional home inspection report obtained by the family, and to review and approve documents required before closing.

O. In the event of a default on the mortgage obligation, family must cooperate with MHA and the lender to minimize any loss to the lender in order to maintain eligibility to continue as a participant in the Section 8 Housing Choice Voucher Program.

P. During the time the family receives homeownership assistance, no family member may have any ownership interest in any other residential property.

Q. The homeownership option does not require annual HQS inspections, however MHA will offer to inspect the home on a periodic basis (no more than once per year), with appropriate notice, with the intent of referring the family to programs that may be able to assist them with the cost of repairs and maintenance of the home.

Definition of Key Terms

Appraisal: The lender requires an appraisal of the property's current market value. The cost of appraisal is the responsibility of the homebuyer.

Assumable mortgage: A buyer can "take over" a seller's mortgage by buying seller's equity. Mortgages are assumed more when interest rates are higher than those locked into existing fixed- rate mortgages.

Certificate of Eligibility: After approving the individual's/family's initial paperwork for eligibility, MHA issues the applicant a Certificate of Eligibility.

Closing costs: The down payment, fees, and taxes paid when property is officially sold. With a minimum down payment, buyer costs are usually around 6 percent to 10 percent of the purchase price depending on loan type and amount.

Co-borrower/co-signer: These terms are often used interchangeably. Under MHA's Section 8 program, a co-borrower is a family member living in the unit whose income and debts, along with the borrowers, are included in calculating qualifying income.

Under MHA's Section 8 program, a non-occupying co-signer can sign the Note, which makes them obligated to repay the loan should the borrower default. A co-signer does not take title to the property but simply adds strength and support to the loan. The co-signer cannot sign the Deed of Trust or the Warranty Deed. Only the Section 8 purchaser may hold title to the Property while the purchaser receives Section 8 assistance. A good example of a co-signer is a parent who co-signs on the Note so a son or daughter can purchase a home.

Down payment: The individual/family is required to pay from their own resources a minimum of 3% of the purchase price or the amount required by special financing programs, (whichever is greater) towards a down payment.

Eligibility: The individual family must be a first-time homebuyer; have received MHA public housing or Section 8 rental assistance for at least 1 year; be a MHA tenant or Section 8 participant in good standing; and meet minimum work and income requirements. The applicant must have good credit or a record of established alternate credit history.

Equity: The money value of a property beyond any mortgage or liabilities existing on it.

FHA mortgage: Government sponsored mortgage that requires as little as 3 percent down. More lenient with consumer debt and credit problems; allows use of gift or grant/loan for down payment.

First-time homebuyer: HUD's definition for this program is that a first-time homebuyer has not had ownership in a home in the past 3 years.

Fixed rate mortgage: Loan interest rate never changes. Advantages: no change in principal/interest payment. Good for buyers whose income will remain steady, who plan to stay more than three years or who expect interest rates to rise.

HAP subsidy: The monthly Housing Assistance Payment paid on the family's behalf by the MHA.

Home inspections: The participant must have two inspections completed for this program - a home inspection completed by a professional inspector before purchasing the home and a HUD Housing Quality Standards (HQS) inspection provided by MHA. The cost of the professional inspection is the responsibility of the homebuyer. The home may not be purchased until it passes the HUD HQS inspection.

Homeownership education: The participant must complete both homeownership counseling and the certified homebuyer class prior to purchasing a home and send a copy of the awarded certificate to MHA.

Homeowners insurance: MHA encourages Section 8 homebuyers to purchase homeownership insurance for their personal property. In addition, lenders require insurance on the home itself. (See below)

Insurance: Lenders require that buyers purchase insurance on a home. This safeguards the lender's loan on the property.

Lenders: The program requires that the participant qualify for a loan through a bank, mortgage company, or savings and loan. The lenders will pre-qualify the participant and underwrite and close the loan.

Lien: A legal document filed at the time of closing that requires repayment of an amount of money lent to the borrower as part of the financing to purchase the home. The lien is a claim against the value of the home. The repayment will be taken from the proceeds of the future sale of the property. The homebuyer may not claim any income from the future sale of the property until all of the liens have been paid.

Pre-qualify: Lenders will pre-qualify participants based on the income and information provided by the applicant and MHA. A pre-qualification letter specifies what amount the mortgage company is willing to lend the homebuyer to purchase a home, but is not a guarantee that the lender will make the loan. Most sellers want to see a letter from the lender that specifies the amount the buyer may borrow.

Prevention of mortgage default: In order to prevent a default on mortgage payments, the Section 8 homebuyer must sign a release of information form allowing MHA to exchange information on the participant's mortgage payments. The lender servicing the loan must notify MHA immediately if there are problems with a participant's payments. MHA requires the homebuyer to immediately meet with a foreclosure counselor regarding any late payments.

Private mortgage insurance (PMI) and Mortgage Insurance Premium (MIP): Paid monthly by buyer to protect lender against buyer's default. For conventional loans, can be removed after 20 percent of a home's value is paid. For FHA/MBOH loans, can be removed after 5 years or after 20 percent of the home's value is paid, whichever is more. New rules require lenders to notify people when PMI/MIP is no longer needed.

Recapture: Under certain circumstances (i.e., the home is sold/refinanced) MHA may recapture a percentage of housing assistance payments.

Responsibility for total mortgage payment: if the homebuyer is no longer eligible to receive Section 8 assistance, the homebuyer is responsible for the entire mortgage payment.

Second mortgage: Based on a borrower's need, homebuyer may qualify for special financing programs to help cover the cost of down payment and closing costs, or to get a portion of the mortgage loan at a lower interest rate. These programs typically take the form of a second mortgage against the property.

Section 8 payment: MHA applies Section 8 rental assistance and homeownership regulations in assessing what assistance payment is made.

Special Financing Program: Homebuyers may qualify for special first-time homebuyer financing programs offered through local and state government and non-profit organizations. These programs typically must be repaid and require filing of a lien against the property which takes the form of a second or third mortgage.

Sole residence: The individual/family must use the home as their sole residence and may not have homeownership interest in any other home, nor may they collect rent from the use of the home by others.

EXAMPLE Certificate of Eligibility (Voucher)

A copy of this document, with attached Statement of Homeowner Obligations and Program Guidelines, is provided to the lender and the participant as verification of eligibility. It also verifies the start date of the initial 120-day home search period, and the expiration date of any extensions granted by MHA. Once a buy-sell agreement has been signed, and after all documents required for review have been received by MHA, a final Letter of Intent will be completed and sent to the lender to confirm that the proposed financing package has been approved.

Name: **HEAD OF HOUSEHOLD NAME**

Address: **MAILING ADDRESS**

Date Homeownership Education Class completed: **DATE**

Date Certificate of Eligibility issued: **DATE**

Expiration Date: 120 days from the issue date of this Certificate of Eligibility.

MHA policy allows up to three extensions. Each extension requires participation by the family in a minimum of one hour of one-on-one housing counseling. Maximum search time allowed by MHA policy, if family uses all extensions, is one year.

Approved extended expiration date(s): _____

Unit Size: **UNIT SIZE** Gross Annual Income: **\$0000000**

HAP Payment - Based on the participant's current income, allowable deductions, and household size, the maximum allowable Section 8 assistance is:

\$ PAYMENT STANDARD - TTP (estimate only)

Documents Required to Submit to Missoula Housing Authority

Homeward Homeownership Class Certification of Completion

Signed Buy-Sell Agreement

Loan Estimate/Disclosure Statement

Bank loan application

Home inspection report **

Appraisal

Title Report

Verification that home inspection deficiencies correct
(if applicable) **

Closing Disclosure (Settlement Statement)

EXAMPLE LETTER OF INTENT

Name of lending institution
Address
City, State Zip
Attn: Loan Officer

Dear **Officer**,

The Missoula Housing Authority has reviewed and approved the financing package submitted by **Name of Homeowner Voucher Participant** for purchase of the property at **Address of home being purchased**. MHA is issuing this **Letter of Intent** as confirmation of Homeowner's eligibility for homeownership voucher payments. MHA is under no obligation to the family, to any lender or to any other person, to approve a purchase unless it meets all requirements as outlined in HUD regulations and MHA's administrative plan governing this program.

This **Letter of Intent** is not a guarantee that the family will be able to purchase a home under this program. The family becomes a participant in the program when the purchase of a home is closed under the program's rules, regulations and policies, and mortgage payments begin.

The amount of the payment may fluctuate. The voucher payment amount is directly related to family income and household composition. A change in income or household members will cause the amount of subsidy to increase or decrease. Voucher support, by regulations, will be terminated 180 days after income increases sufficiently to exceed program eligibility. To initiate the payment of homeownership vouchers required documents include: Copy of signed MHA lien.

MHA will file a lien against the property as part of the closing. The lien can be subordinated in the future to a refinancing loan on the home. The fees for recording a junior lien should be included as part of the closing costs on the loan.

Sincerely,

Name
Title of MHA Representative

**Department of Housing and Urban
Development
Housing Choice Voucher Program
Administered by:**

**Missoula Housing Authority
1235 34th Street
Missoula, MT 59801
(406) 549-4113**



The Missoula Housing Authority complies with the Fair Housing Act and provides reasonable accommodations to persons with disabilities.