

PROGRAM

HOMEOWNER VOUCHER PROGRAM (HOV)

Program Description

The HOV program allows Section 8 Voucher Holders with disabilities to utilize voucher subsidy as a source of income to repay a home loan.

Qualified heads of households or spouses with a disability, can apply for approval to participate in the HOV program, which compliments a mortgage loan with down payment assistance from the HOME Program of at least \$1,000.

Eligible Activities

Down Payment, Closing Cost(s), Rehabilitation for HQS, Accessibility Improvements

Eligibility

- ✓ Housing Authority or Rental Assistance with a Homeownership Program.
- ✓ Homebuyer class completed Finally Home! Program.
- ✓ Income at or below 80% of AMI.
- ✓ First time homebuyer.
- ✓ Must qualify under standard lending program, i.e. FHA, VA, Conventional or USDA.
- ✓ Non-retirement liquid assets in excess of \$5,000 must be used prior to HOME funds. For the elderly, non-retirement liquid assets in excess of \$10,000 must be used prior to HOME funds.
- ✓ No cash to borrower at closing.
- ✓ Current Section 8 Voucher Holder.
- ✓ Properties must be vacant or owner-occupied, no rental units (URA)(link)
- ✓ Uniform Relocation Act (URA) apply
- ✓ Property must be brought up to Housing Quality Standards (HQS).
- ✓ Lead-based paint requirements apply.

Eligible Applicants/Sponsors

Borrower (through an approved Lender/Sponsor) -Current Section 8 Voucher Holders with a physical or developmental disability. Household incomes of 80% or less of AMI.

Assistance Level

Assistance is based on need and the following income charts. Non-retirement liquid assets above \$3,000 or \$10,000 for Elderly must be utilized to reduce the deferred loan assistance.

60% and Below AMI	61 to 70% of AMI	71 to 75% of AMI	76 to 80% of AMI
Minimum \$1,000	Minimum \$1,000	Minimum \$1,000	Minimum \$1,000
Maximum \$20,000	Maximum \$15,000	Maximum \$7,500	Maximum \$5,000

Property Types

1-4 Single Family Unit, Manufactured Home titled as real estate and meeting HUD standards 24 CFR part 3280

Chapter 2:

Value Limits

HUD FHA Section 203(b) Limits for all jurisdictions.

Eligible Forms of Subsidy

Deferred Payment Loan (forgivable).

Repayment Obligation

For Deferred loans of \$15,000 or more, the term of the Recapture will be **ten (10) years**; If the Property is sold, or an event of default occurs during the first five (5) years the full amount of the Deferred loan will be recaptured; thereafter, the Outstanding Balance is determined according to the following schedule:

The Outstanding Balance shall be reduced by one-fifth (1/5) for each full year from year sixth (6) through ten (10) that the Owner both owns the Property and resides in the Property as Owner's principal place of residence and makes all payments due on loans secured by prior lien or liens on the Property.

For Deferred loans of \$14,999 or less, the term of the Recapture will be five (5) years; if the Property is sold, or an event of default occurs during the first five (5) years of ownership, the Outstanding Balance of the Funds shall be immediately due and payable to IHFA. The outstanding balance is determined according to the following schedule:

The Outstanding Balance shall be reduced by one fifth (1/5) for each full year that the Owner both owns the Property and resides in the Property as Owner's principal place of residence and make any payments due on loans secured by prior liens on the Property.

If the Property is sold, the Owner shall not be required to repay more than the proceeds (after deducting closing costs as approved by IHFA) from the sale of the Property less the repayment of any loans secured by liens prior to the Deed of Trust. If Owner owns the Property and the Property has been Owner's principal residence for the complete period of affordability, no funds need be repaid.

Subordination

IHFA will allow subordination of the HOME assistance in the case of a refinance to lower the borrower's current interest rate. Under no circumstances will IHFA subordinate when the borrower is taking cash out or paying off debts. The request for subordination must be submitted to IHFA for approval prior to loan closing.