



**Frequently Asked Questions**

**1. What is the Housing Choice Voucher Homeownership Program?**

This program is designed to assist families in reaching the dream of homeownership, while having the security of the Section 8 Program. The program allows the monthly assistance payment to be used to cover mortgage and other homeownership costs.

**2. How do I know if I am ready for Homeownership?**

Owning a home is a huge responsibility and understanding that responsibility is essential to your success as a homeowner. That is why it is mandatory that you attend Homeownership Counseling prior to purchasing a home. The classes will provide you with information you need to help you decide if homeownership is for you. You should also clean up any credit issues and begin saving for a down payment.

You can get a better idea if you are ready for homeownership by asking yourself the following questions:

- Do I have a steady source of income?
- Have I been employed on a regular basis for the last year?
- Is my income reliable?
- Do I have a good record paying my bills?
- Do I have money saved for a down payment?
- Am I financially ready for home repair costs?

### 3. What are the eligibility requirements?

- Must be a current MaineHousing Section 8 Housing Choice Voucher participant in good standing for at least one full year.
- Must have an annual income of at least \$14,500, excluding welfare (except for families in which the head, spouse, or co-head is elderly or disabled). For families in which either head, spouse, or co-head is disabled and/or elderly the minimum annual income needs to be at least \$11,316. This minimum income requirement is based on all adults who will be on the mortgage, not just the Head of Household.
- One adult family member must be working full time, at least 30 hours per week. This minimum employment requirement does not apply to elderly or disabled families.
- Must have been continuously employed for the prior year. Must continue to work 30 hours per week as long as you are subsidized through this program unless you become disabled.
- Must qualify as a first time homebuyer, not owned a home within the past three years. Exception is made for single parent/displaced homemaker families that owned a home with a prior spouse.
- Must successfully complete HUD/MaineHousing-approved Homeownership Counseling prior to purchasing a home.
- Must have sufficient funds available to cover the cost of an independent home inspection (Typically \$500-\$1000). Verification is required.
- Must be able to secure financing independently for the purchase of the home. This will require that the applicant to have a good credit rating.
- Must complete Pre-Purchase Counseling with HCV Homeownership Coordinator.

<p><b>4. How do I obtain financing?</b></p>	<p>The family is responsible for securing its own financing. We anticipate that lenders will take into consideration the Section 8 Assistance you will be receiving, but we cannot mandate that they do so.</p>
<p><b>5. Are there any financing restrictions?</b></p>	<p>Yes. MaineHousing will prohibit the following forms of financing: Balloon Payment Mortgages, Variable Interest Rate Loans, Seller Financing, and predatory lending practices.</p> <p><b>MaineHousing has final approval as to whether the financing arrangement is affordable.</b></p>
<p><b>6. Do I have to have a down payment?</b></p>	<p>You may be required to have a down payment. This can range from 1% to 5% of the purchase price depending on type of financing.</p>
<p><b>7. What other costs are there?</b></p>	<p>You will have to pay for an appraisal, which will cost around \$300 and a professional inspection, which will cost from \$300-\$500.</p> <p>There may be other incidental expenses prior to your purchase such as; credit report fee, prepaid insurance, taxes, attorney fees and title fee. Depending on how you finance your home these costs may be rolled into the mortgage or your lender may require that you pay for them out-of-pocket. Typically, these expenses range from \$1500 to \$3000, in addition to your down payment.</p>
<p><b>8. How does the Lender determine how much I can pay for a home?</b></p>	<p>The amount you are able to pay for a home depends on your total income and resources. The mortgage lender will consider your debt-to-income ratio, which is a comparison of your gross (pre-tax) income to housing and non-housing expenses. Non-housing expenses include such long-term debts as cars, student loans, alimony or child support. The lender also considers cash available for down payment and closing costs, credit history, etc. The lender will pre-qualify you for a loan based this information. It is important to have this pre-qualification before you begin shopping for a home. <b>MaineHousing will not allow you to pay any more then 40% of your monthly adjusted income towards your total housing expense.</b></p>

<p><b>9. How long will I continue to receive Section 8 Homeownership Assistance?</b></p>	<p>Families are eligible to receive homeownership assistance for a maximum of 15 years if the mortgage is 20 years or more and 10 years for loans with terms less than 20 years. For families in which the head of household, spouse, or co-head is elderly or disabled, the homeownership assistance continues for the life of the loan. Continuation with the program requires that you must remain eligible for Section 8 assistance and comply with all the rules, regulations and family obligations.</p> <p><b><u>If your Section 8 assistance is terminated for any reason, you are responsible for the full mortgage payment.</u></b></p>
<p><b>10. Can I lose my Section 8 Homeownership Assistance?</b></p>	<p>Yes. You are subject to the same Family Obligations as in the Rental Voucher Program. You must be re-certified each year.</p> <p>Your homeownership assistance will be terminated if the family is dispossessed from the home due to a judgment or order of foreclosure.</p>
<p><b>11. Once I have purchased a home will I still have an annual re-certification every year?</b></p>	<p>Yes. You will need to submit all the paperwork for re-certification each year and you will have to continue to conform to all the Section 8 rules and regulations.</p>
<p><b>12. Do I need to get my home inspected?</b></p>	<p>Yes. There are two required inspections. You must hire a professional home inspector prior to closing and the Housing Authority will provide a HQS inspection. Subsidy cannot begin until the unit passes this inspection.</p>
<p><b>13. Can I sell my home?</b></p>	<p>Yes, a borrower can sell as long as the loan is paid in full. MaineHousing must approve any sale that is for less than balance owed on property.</p>

<p><b>14. How does MaineHousing help pay the mortgage?</b></p>	<p>The Housing Authority will execute a “Statement of Homeowner Obligations”.</p> <p>The Housing Authority will make payments directly to the buyer; in turn the homeowner will make the mortgage payment.</p> <p>The assistance will be the lower of:</p> <ol style="list-style-type: none"> <li>1. Payment standard minus the Total Tenant Payment, or</li> <li>2. Monthly Homeownership expenses minus Total Tenant Payment.</li> </ol>
<p><b>15. How is my monthly payment calculated?</b></p>	<p>Depending on the total homeownership expenses, the monthly payment is typically 30% - 40% of adjusted gross income.</p>
<p><b>16. Can I build a home?</b></p>	<p>The program is for existing single family homes. New construction is not allowed.</p>
<p><b>17. How long do I have to use this program?</b></p>	<p>Once approved, you will have a one year approval term. There is one opportunity to use the option every 24 months. This means once your year has expired, you must wait a year before being eligible to apply again.</p>
<p><b>16. Who do I contact for more information?</b></p>	<p>Nicole Sayers  HCV Department  26 Edison Drive  Augusta, ME 04330  (207)624-5744</p>