

Section 8 to Homeownership Interview

What is the Section 8 to Homeownership Program?

- Voucher subsidy can be used towards a mortgage payment rather than for rent
- By combining voucher and income, will allow you to afford more house
- Length of assistance
 - 15 years for working families
 - 30 years for elderly or disables families

Qualifications

- Section 8 for at least one (1) year
- Earned income of \$14,500.00 annually or receive SSI Disability or Social Security
- Employed full time (30 hours per week) for one (1) year at present job with a two (2) year work history
- At least two (2) years from bankruptcy discharge date
- Must be first time homebuyer
 - No ownership in a principal residence in the past three (3) years
- Family is ***not*** eligible if
 - Any family member has previously received homeownership assistance and defaulted on a mortgage
 - Any family member is not in good standing with JCHA

How does the program work?

- You pay 30% of your income towards the mortgage payment
- KHRA pays the remaining portion of the payment based on the voucher size you hold
- Example
 - Monthly income = \$674.00 per month SSI
 - One child
 - Two bedroom voucher = \$547
 - Estimate utilities = \$125

\$8,088 (annual income)
- 480 (per child)
\$7,608 / 12 = \$634 per month

\$634 x 30% = \$191 (Your monthly mortgage payment)

\$547 (2 Bed Voucher Amount)
- 125 (Estimated utilities)
\$422 (Total available to go towards mortgage)

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- 191 (Your monthly contribution)
\$231 (Amount paid by JCHA towards monthly mortgage payment)

Please keep in mind this is an example; each case is different depending on income, dependents and voucher size

Requirements

- Must attend pre-homeownership counseling
- Pay for an independent inspection
 - Costs approximately \$300 to \$350 based on size and age of home
- Attend a Homebuyer Education Workshop
- Pay for down payment and closing costs. Grants are sometimes available.
- Attend a post-homeownership workshop within six (6) months of closing

Partnership

- JCHA has partnered with a housing non profit organization to help assist you through the process
- Eastern Eight CDC specializes in affordable housing for low to moderate income households.
- Eastern Eight staff will provide homebuyer education in Johnson City and surrounding areas
- Eastern Eight staff will also sit down with you one-on-one to help you determine mortgage loan and grant programs available for the type of home you need/want and location you want to live

Process

- Initial interest interview
- Complete application materials, including a credit release allowing us to release credit information to Eastern Eight CDC
- Credit review – After completing the application, Eastern 8 will pull your credit. Although your credit does not have to be perfect, all negative information needs to be cleaned up.
- If your credit indicates that you will be ready to purchase a home within the next six months, you will be invited to attend a Homebuyer Education workshop.
- If your credit indicates that you have some items to clear up or pay off on your credit report, you will continue to meet with Eastern 8 staff to work on cleaning up your credit report. Once your credit issues have been resolved, you will be invited to attend a Homebuyer Education workshop.
- After attending the Homebuyer Education workshop, you will meet with an Eastern Eight housing counselor to review your loan options. At this time, your income, debts and voucher amount will be used to determine how much house you can afford. Note that depending on where you want to live and whether you want to buy an existing or purchase a newly constructed home will have an impact on how much money you will be eligible for. ***You will decide which loan will be most appropriate for your family.***

- Select a lender – based on your family’s needs and wants you will select the lender that offers the best deal for you
- Apply for a home loan
- JCHA must approve the terms of your loan before you may go forward
- Loan approval
- Find a house or lot if you are doing new construction
- JCHA Housing Quality Standards inspection completed
 - Must be performed before you write a contract for the home
 - Determines if the house is decent, safe and sanitary
- Sign purchase agreement to buy home(approved by JCHA)
- Independent inspection completed
- Loan closing
- Move in

Eligible Units

- Single family homes (existing or new construction)
- Condominium
- Townhouse

Program Requirements after Home Purchased (Should be reviewed up front, but would also be good to review at the closing and then again at the post-homeownership counseling sessions)

- Must occupy home as primary residence
- Must re-certify income annually
- Maintenance – YOU are now responsible for all maintenance to the home. YOU are the landlord so if your home fails the HQS inspection you could lose your voucher.
- Comply with terms of mortgage
- Report changes in family income and composition to JCHA staff
- Comply with other family obligations under the Housing Choice Voucher Program
- Notify JCHA and Eastern Eight if you plan to sell or move out of the home
- Notify JCHA and your lender if you cannot make the monthly mortgage payment
- If you at any time fall behind on your mortgage, you must contact JCHA immediately
- You are allowed to refinance your home, but you must contact JCHA BEFORE doing so to avoid losing your assistance
- You are permitted to sell you home, but please contact JCHA prior to the sale.

Please contact Vivian Clayman @ 423-926-3225 if interested in the Section 8 to Homeownership Program