



# **POLICIES, PROCEDURES, AND GUIDELINES FOR THE MISSISSIPPI HOME OF YOUR OWN PROGRAM**

## **GENERAL ELIGIBILITY**

The University of Southern Mississippi Institute for Disability Studies (IDS) Mississippi Home of Your Own Program will comply with 24 CFR Part 92.356 (b) which states “No persons who are an employee, agent, consultant, officer, or elected official or appointed official of the participating jurisdiction, State recipient, or subrecipient receiving HOME funds or who are in a position to participate in a decisionmaking process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a HOME-assisted activity, or have an interest in any contract, subcontract or agreement with respect theeto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure of for one year thereafter”.

## **INCOME ELIGIBILITY/AMOUNT OF ASSISTANCE**

The potential home buyer must be approved with a participating lender for a home loan and then financial assistance will be provided based upon availability and HUD’s HOME Program Income limits adjusted by household members (published annually). A low-income household must have an annual (gross) income that does not exceed 80 percent of median income for the area where the homeowner will be residing, adjusted for family size and based on upcoming 12 months. The MDA 2009 grant for the IDS program will be awarded to the eligible applicant accordingly using the Part 5 income definition:

<b>Below 50% to 80% income limits</b>	<b>\$15,000 grant</b>
<b>Over 80% income limit</b>	<b>\$0</b>

## **FINANCING**

All applicants must secure a mortgage through a financial institution/mortgage company/lender at a fixed interest rate. No adjustable interest rates or balloon notes are allowed. Interest rates and mortgage payments must be reasonable and affordable for low-income borrower. Taxes and insurance must be escrowed as part of the monthly mortgage payment. Buyers may refinance for a lower rate however cash out or home equity loans are not allowed during the affordability period with the exception that a prorated share of the HOME funds invested are repaid in full. Available financial assistance is first applied to the down payment requirement, with the remaining funds going towards closing costs not paid by the seller and principal reduction of mortgage.

Each applicant/household may receive no more than the amounts listed above, as determined by HUD’s HOME program income, for any combination of down payment/closing costs, principal reduction, home inspection, lead-based paint inspection, or homeowner’s warranty. Every effort will be made to provide assistance that best meets the individual needs of the applicant.

Financial assistance for the maximum amounts, as determined by household income, is *not* guaranteed if adequate funds are not available. In such cases, funding will be limited to available amounts, not to exceed amounts as listed in *Policies, Procedures, and Guidelines for the Home of Your Own Program*.

### **MISSISSIPPI HOME OF YOUR OWN PARTICIPANT ELIGIBILITY**

- Individuals with disabilities as defined by the Americans with Disabilities Act or families who have family members with disabilities living with them may be eligible
- Household income after expenses must be adequate to make monthly mortgage payments and it is recommended that some savings be available for the home ownership process
- Applicant(s) must be a low-income Mississippi resident purchasing his or her primary residence
- Individual's credit history must be good
- Program preference is first time home buyers as defined by HUD with exceptions, depending on source and availability of funds to eligible persons living in condemned housing, flood area buyout program participants, fleeing domestic violence, etc.

### **MISSISSIPPI HOME OF YOUR OWN APPLICANT SELECTION**

- The qualifying guidelines and requirements for the HOYO program are explained to a potential applicant
- A pre-qualification packet is mailed to an interested applicant, or the applicant may go to a participating lender to be pre-qualified for a mortgage loan
- When the pre-qualification packet is received back in the office, an in-house credit report is retrieved and packet information reviewed for completeness and feasibility of home ownership
- The potential applicant is contacted to discuss the information and counseled on possibility of home ownership
- A HOYO application is mailed to potential applicants deemed to have readiness after budget and credit counseling has been done and the applicant is recommended to attend a home buyer's education class. The homebuyer class will include housing education and fair housing information.
- The potential client is advised to a participating lender for loan approval

Applicants who are not able to be assisted will receive written notification that the household cannot be assisted and if applicable, a written credit action will be provided and any known resources to assist the applicant are included in the notification.

### **ELIGIBLE ACTIVITY/OWNERSHIP REQUIREMENT**

Home buyer assistance to eligible persons or families with disabilities to acquire existing or newly constructed properties for primary home ownership of principal residence. Applicants must obtain ownership of property through a fee simple title.

### **PROPERTY ELIGIBILITY/PROPERTY TYPE/PROPERTY VALUE**

Principal residence must be located within geographic area of the participating jurisdiction and service areas of grant recipients. Eligible property types include single family property (one unit); a two-to-four property; condominium unit; manufactured home. All requirements must be

followed for property type. Sales price must not exceed 95% of the area median purchase price and FHA 203 (b) limits used to determine the area median purchase price.

Single family properties that will serve as the purchaser's principal residence is eligible, including a condominium or a manufactured home if the lender approves the purchase. All (new or existing) HOME-assisted units must be inspected for code compliance with local housing standards (i.e. Southern Standard Building Code or International Residential Code). Homes that were built prior to 1978 must have a lead based paint inspection and if there are unacceptable levels of lead in the paint there must be stabilized before federal funds can be used in the purchase. The buyer may have to have upfront costs for the home inspection and lead inspection if seller is not paying for these inspections.

### **SUBSIDY LIMITS/MULTIPLE FUNDING SOURCES**

Some applicants will receive funds from more than one source (i.e. MDA and Federal Home Loan Bank of Dallas). However, an applicant may not receive HOYO funds from MDA and FHLB unless there is an approved waiver for extenuating circumstances. This limitation exists to serve more consumers with grant funds. The aforementioned income limits in the income eligibility section will determine the maximum financial assistance package from MDA for such applicants. An average of a minimum of \$1000 in HOME funds must be invested in each assisted unit. The maximum HOME assistance per unit is determined by HUD.

### **PROPERTY STANDARDS**

Property must meet State and local housing quality standards and code requirements. If no such standards or codes apply, the property must meet Section 8 HQS or HUD's minimum housing standards. All codes and standards must be met at the time of occupancy. Inspections must be conducted by a certified housing inspector and housing units constructed prior to 1978 must be inspected by a certified lead based paint inspector. Lead-based paint inspections and home inspections can be paid at closing from HOME funds if the home is purchased, however the homeowner may have this up-front cost if the seller does not pay for these items as part of the contract.

### **AFFORDABILITY PERIOD**

Under the HOME Program the recapture Provision is adopted. The deed restriction, attached to the property to enforce recapture will be executed at loan closing and recapture guidelines adhered to by the home buyer. The deed restriction will be executed at loan closing and recapture guidelines adhered to by the home buyer. The lien also restricts the home buyer's ability to refinance during the period of affordability without approval. A ten-year deed restriction will be applied for HOYO applicants that receive the \$15,000 grant as required by the following guideline:

#### **Affordability guidelines:**

<\$15,000	5 years
\$15,000 - \$40,000	10 years
>\$40,000	15 years

## **NON-ELIGIBLE PROPERTY EXCLUSIONS**

HUD properties in disrepair for sale *cannot* be acquired under the HOYO program due to their regulation that HUD properties are sold “as is” and no repairs can be done by any party to the home prior to the purchase of the property *unless* home is repaired. Foreclosed properties *cannot* be acquired when the condition of the property is in disrepair *unless* home is repaired. Properties that need lead-based paint abatement *cannot* be acquired under the HOYO program due to the costly approach to abatement, unless abatement is provided by the seller or cost is determined not to be excessive. Properties in flood areas are only acceptable if the lender approves and the homeowner gets the flood insurance required by the lender.

## **GUIDELINES FOR THE ONE-YEAR HOMEOWNER’S WARRANTY**

HOYO staff will work with realtors and sellers to negotiate this cost as part of the closing costs to be paid by the seller. However, if the contract does not require the seller to pay for this cost, the warranty can be obtained from the grants funds as part of the buyer’s closing costs if the loan goes to closing. HOYO Staff retains the right to waive the policy requirement under extenuating circumstances.

## **PROJECT RECORD KEEPING**

The HOYO staff has complete files located at the main office of the Institute for Disability Studies at The University of Southern Mississippi available for audits and on-site reviews as necessary. The Mississippi Home Corporation will maintain the documents submitted to request cash for closing and executed documents submitted after loan closing.

AA/EOE/ADA

HOYO is an equal housing opportunity program

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