

# Welcome Home Program Guidelines

## Frequently Asked Questions

### 1. What is the Welcome Home Program?

The Welcome Home Program promotes home ownership opportunities through the sale of vacant homes that are currently owned by SHRA.

### 2. Who is Eligible?

Eligible buyers are individuals and families whose income is at or below 80 percent of the area median income adjusted for family size (see chart below) as determined by the United States Department of Housing and Urban Development (HUD). As of April 1, 2020, the 80 percent area median income figures are as follows:

Household Size	80% of Area Median Income (Maximum Allowed)
1	\$48,350
2	\$55,250
3	\$62,150
4	\$69,050
5	\$74,600
6	\$80,100
7	\$85,650
8	\$91,150

### 3. What other qualifications do I need to buy one of these homes?

- ✓ Purchasers shall occupy the home as their primary residence and be a first-time homebuyer;
- ✓ Purchasers must have an acceptable credit history according to current lending practices and have an established source of continuing income for at least two (2) years;
- ✓ Purchasers must have an acceptable rental history for the preceding twelve consecutive months;

- ✓ Purchasers must have adequate income to be able to pay monthly housing expenses including the mortgage principal and interest, real estate taxes, fire insurance, flood insurance, and an allowance for maintenance and utilities. The total of all these expenses cannot exceed 35 percent of your gross monthly income; and
- ✓ Purchasers must complete a homebuyer counseling/education program through an approved homebuyer education organization.

**4. What is a first-time homebuyer?**

First-Time homebuyer means that neither the purchaser nor spouse has owned a home during the last three years, with the following exceptions: a displaced homemaker who worked primarily without pay and who owned a home with a previous spouse; and a purchaser with minor children for whom the purchaser has custody or joint custody who is divorced or legally separated but while married owned a home with a previous spouse.

**5. What properties are eligible?**

The properties are vacant single-family two, three, four and five bedroom homes owned by SHRA that will be rehabilitated and made available for sale.

**6. Are there any occupancy standards for Agency housing?**

In order to prevent over-crowding in Agency assisted housing, you can have no more than the following number of people living in a home with the bedroom sizes listed below:

<u>Bedroom Number</u>	<u>Maximum Household Size</u>
1	2
2	4
3	6
4	8
5	10

**7. What will the purchase price be?**

The purchase price of each home will be determined by the lesser of the appraised value of the home after it's been renovated or the preset affordable sales price.

**8. How much is the First Mortgage Loan Amount?**

The first mortgage loan amount must be affordable to a low-income household. In addition, the monthly housing expense on this principal amount cannot exceed 35 percent of the applicant's gross monthly income. The amount of the first mortgage must be maximized to the extent possible while remaining affordable. The participant must meet lender's qualifying criteria of income, credit history, etc.

9. **What types of First Mortgages are there?**  
Loans may be FHA or conventional. The first mortgage lender must have an impound account for the payment of taxes and insurance.
10. **Are there any First Mortgage restrictions?**  
The first mortgage must have a minimum thirty year fixed-rate term. Interest rates and fees must be consistent with (or lower than) the current market conditions. The first mortgage program must fully document borrower income and assets.
11. **Are there any down payment requirements?**  
Buyers must contribute at least one percent (1%) of the total purchase price from their own resources (other than grants or gifts) towards the down payment.
12. **Are there any additional Agency Programs that I might qualify for?**  
Additional Agency Homebuyer Assistance programs may be utilized subject to availability. These include the Mortgage Credit Certificates (MCC) Program and CalHome First Time Homebuyer Program. Information about these programs can be found on our website at [www.shra.org](http://www.shra.org), and click on the "Housing" followed by "Homebuyer Programs" tabs.
13. **What is the application process?**  
The applicant should work with a lender from the SHRA approved lender list to be pre-qualified for mortgage financing. The approved lender list can be found on our website at [www.shra.org](http://www.shra.org), and click on the "Housing" followed by "Homes for Sale" tabs. The applicant will be required to complete a Program Application form which will be submitted to SHRA along with the Purchase and Sale Agreement. As part of qualifying for their first mortgage financing, the applicant will be required to provide proof of program eligibility to SHRA.
14. **Are there any other terms and/or conditions?**  
There is an initial affordability resale restriction which will expire 5 years after the initial property transfer from SHRA to the eligible homebuyer.
15. **What are the governing laws that regulate this home buyers program?**  
The laws that regulate this program are United States Code Title 24 HUD, 24 CFR Part 906.



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