



Welcome to the Philadelphia Field Office's Fourth Annual Homeownership Bulletin!

As part of our 2009 management plan goal, we featured a case study for a fictitious housing authority faced with challenges with their homeownership programs and we provided options to consider. This year we are featuring two housing authorities' creative approaches to assist low-income households to become and remain homeowners. Finally, we added a segment that addresses questions that you asked regarding Housing Choice Voucher homeownership program issues...

Dennis G. Bellingtier

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Homeownership Spotlight: Dover Housing Authority

Attaining homeownership seems like an impossible dream for many low-income workers making under \$10 an hour. But the Dover Community Partnership (DCP) made it possible for a local resident to live and work in Dover with an affordable home of their own.

The team got busy, undergoing an intensive planning process, funded in part by the Federal Home Loan Bank (FHLB) of Pittsburgh. They designated a 20-block area in downtown Dover as the DCP Zone.



To date, they have helped about a dozen families, four of whom were public housing and HCV participants, purchase their first home.

Besides getting families into homes of their own, the

DCP is intent on improving quality of life for all residents of the zone. They are a hub for other programs that focus on housing and community development. The DCP Zone's designation as a FHLB Blueprint Community has brought resources to the area, and given DCP staff the training needed to secure additional funds.

The DCP also works with Wesley College to develop a stronger relationship between the College and the surrounding community. Wesley now encourages employees to choose downtown Dover through a partnership with Delaware State Housing Authority's Live Near Your Work program.

DHA's Executive Director, Ami Sebastian-Hauer, is especially proud of her success stories - families that otherwise would not have been able to attain their dreams of homeownership. One of her participants was a low-income worker making \$8-10 an hour.

The first is a community land trust lease, in which the local entity - Diamond State Community Land Trust, purchases the land beneath the home and leases back to the buyer for 99 years at a nominal rate. This not only lowers the purchase price, but keeps the land affordable in accordance with Diamond State's mission.

On our recent visit to Dover, we took a tour with Ms. Sebastian-Hauer and DHA staff. Their pride was evident as they pointed out properties that had gone through the program. The properties - cheerfully painted, with manicured lawns and bright flowers - were bright spots in the neighborhood.



concluded. When you look at their results, it's hard not to agree.

You Asked... We Answered...HCV Homeownership Questions...

In this new feature, HUD staff address program questions posed by local housing authorities...

Why require a participant to put down a minimum of 3% of the sale price when the VA, Habitat for Humanity and USDA loans are usually 100% financing?

HUD does not require a minimum down payment for the Housing Choice Voucher Homeownership program. The PHA has the option to require a down payment, or to have no down payment requirements.

Why can't we allow seller financing? We would allow seller financing when the independent appraisal supports the sale price and the terms of the mortgage are reviewed, just like any other financing.

The regulations do not restrict seller financing. However, a PHA has the option to restrict the types of financing it will allow. Most PHAs do not allow seller financing since in many states it can border on predatory practices.

Why force participants to re-secure employment within 90 days or terminate their voucher after 6 months. This is not realistic in today's times.

Continuous employment for a non-elderly or non-disabled family is a local option and should be included in the local Administrative Plan. Most PHAs are now including the provision so that, in case of a job loss, the family is not dis-incentivized to work.

Our attorney stated we cannot give out tax advice and calculate the amount claimable on Schedule A. I still send out the IRS letters to all but limit the information to the HAP paid and the amounts used for repairs, maintenance, condo fees (if applicable) and utilities. We tell them to seek advice of a tax professional to get the amount claimable. Is this correct?

The PHA is not providing tax advice by informing the family of the IRS opinion and the prorated amount so they can properly file their taxes. It would not be of benefit to have the family get in trouble with the IRS and have to pay back taxes and penalties.

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Tips for Avoiding Foreclosure from www.hud.gov

Are your homeownership participants having trouble keeping up with their mortgage payments?

This is useful information that you could share your homeownership participants to avert foreclosure actions.

Contact your lender immediately and get in touch with a HUD-approved housing counseling agency. The toll-free number to find a counselor in your area is (800)569-4287. The TTY number for the hearing impaired is (800)877-8339.

- **Don't ignore the problem**
The further behind you become, the harder it will be to reinstate your loan and the more likely that you will lose your house.
- **Contact your lender as soon as you realize that you have a problem**
Lenders do not want your house. They have options to help borrowers through difficult financial times.
- **Open and respond to all mail from your lender**
The first notices you receive will offer good information about foreclosure prevention options that can help you weather financial problems. Later mail may include important notices of pending legal action. Your failure to open the mail will not be an excuse in foreclosure court.
- **Know your mortgage rights**
Find your loan documents and read them so you know what your lender may do if you can't make your payments. Learn about the foreclosure laws and timeframes in your state (as every state is different) by contacting the State Government Housing Office.
- **Understand foreclosure prevention options.**
Valuable information about foreclosure prevention (also called loss mitigation) options can be found online at http://portal.hud.gov/portal/page/portal/HUD/topics/avoiding_foreclosure.
- **Contact a HUD-approved housing counselor**
The U.S. Department of Housing and Urban Development (HUD) funds free or very low-cost housing counseling nationwide. Housing counselors can help you understand the law and your options, organize your finances and represent you in negotiations with your lender, if you need this assistance. Find a HUD-approved housing counselor near you online at <http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm>, or call (800)569-4287 or TTY (800)877-8339.
- **Prioritize your spending**
After healthcare, keeping your house should be your first priority. Review your finances and see where you can cut spending in order to make your mortgage payment. Look for optional expenses--cable TV, memberships, entertainment--that you can eliminate. Delay payments on credit cards and other "unsecured" debt until you have paid your mortgage.
- **Use your assets**
Do you have assets--a second car, jewelry, or a whole life insurance policy--that you can sell for cash to help reinstate your loan? Can anyone in your household get an extra job to bring in additional income? Even if these efforts don't significantly increase your available cash or your income, they demonstrate to your lender that you are willing to make sacrifices to keep your home.
- **Avoid foreclosure prevention companies**
You don't need to pay fees for foreclosure prevention help--use that money to pay the mortgage instead. Many for-profit companies will contact you promising to negotiate with your lender. While these may be legitimate businesses, they will charge you a hefty fee (often two or three month's mortgage payment) for information and services your lender or a HUD-approved housing counselor will provide free if you contact them.
- **Don't lose your house to foreclosure recovery scams!**
If any firm claims they can stop your foreclosure immediately and if you sign a document appointing them to act on your behalf, you may well be signing over the title to your property and becoming a renter in your own home! Never sign a legal document without reading and understanding all the terms and getting professional advice from an attorney, a trusted real estate professional or a HUD-approved housing counselor.

For more information, click [here](#).



PHILADELPHIA FIELD OFFICE

Philadelphia Office of Public Housing
 The Wanamaker Building
 100 Penn Square East
 Philadelphia, Pennsylvania 19107-3380

T: 215.861-7599
 F: 215.656.3424

**Philadelphia
 Field Office Staff**

Dennis G. Bellinger...Director

Alice Jones...
Program Support Assistant

Judith Axler...Division Director

Monica Hawkins...
Division Director

Damien Allen... PHRS

John Concannon...
Federal Career Intern

Ivan Chavez... Engineer

Santo Duca... PHRS

Debra Gardner... Engineer

KC King... Engineer

David Kinnard... Financial Analyst

Trina Martin... PHRS

George McDowell... PHRS

Meaghan Messner...
Presidential Management Fellow

William Santiago... PHRS

Martina Washington... PHRS

Edward Williams... PHRS

Deanda Wilson... PHRS

Nancy Zawadsky...
Environmental Review Specialist

PHRS...
*Public Housing Revitalization
 Specialist*



HUD...
*Your partner in opening doors to
 homeownership opportunities!*

Do you have questions about implementing or enhancing your homeownership programs?

These websites have the answers... just follow the links!

[Public Housing Section 32 Homeownership Program](#)

A Public Housing Authority (PHA) may sell all, or a portion of, a public housing development to eligible residents or resident organizations, for purposes of homeownership.

[Housing Choice Voucher Homeownership Vouchers](#)

Assist first-time homeowners with their monthly homeownership expenses.

[FHA Loan Products](#)

[HUD Approved Housing Counseling Agency Listing](#)

[Pennsylvania Housing Finance Agency Housing Counseling Agencies](#)

Follow this link to the [Recovery Act Website...](#)

Delaware County HA Celebrates Homeownership Month

Contributed by Joe Facciolo, DCHA Homeownership Coordinator; email: JoeF@dcha1.org

Each year the Delaware County Housing Authority looks forward to celebrating Homeownership Month. This year we have two new homeowners, both of whom took advantage of the \$8,000 tax credit. In addition to these two successful closings, we continue with marketing the Homeownership program.



Our marketing strategy consists of brochures found on all Occupancy Specialists' desks, as well as a marketing table set up in our main lobby. As our families come through the doors of DCHA for their appointments, they see our marketing table displayed with valuable information on Credit, Savings, Budgeting and Homeownership. What is not seen, yet heard, is the lively upbeat music being played throughout the lobby. This music draws our families' attention to the marketing table and piques their interest to check out the valuable information being provided. Our families as well as our employees look forward to the annual Homeownership Celebration every year and we encourage our families to participate!

Note the Homeownership banner hanging in the lobby and the sign on the table that simply states BELIEVE. The Delaware County Housing Authority feels if we can encourage families to BELIEVE in themselves, they can certainly achieve the goal and dream of becoming a first time Homeowner!