

# **SINGLE FAMILY LEASE PURCHASE INFORMATION MANAGEMENT**



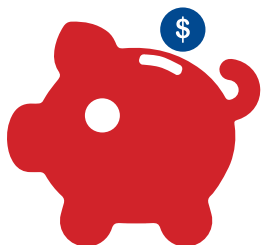
MISSISSIPPI HOME CORPORATION



# SINGLE FAMILY LEASE PURCHASE PROGRAM

## SUMMARY

In 1998, The Mississippi Home Corporation started the “My House, My Home Program” which linked the Low Income Housing Tax Credit with a lease-to-purchase option with certain housing developments. Since that time the Corporation has utilized the housing tax credit to finance the development of single family homes on a larger scale for families who would not otherwise achieve homeownership.



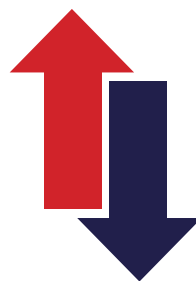
### Financing and Development

Each year applications are submitted for Low Income Housing Tax Credits through the Mississippi Home Corporation. Subject to a competitive process, applicants who meet eligibility, scoring and financial feasibility requirements are awarded tax credits to construct new and preserve existing Multifamily Housing and also build homes under the Single Family Lease Purchase Program. When construction of the homes is completed, they are leased-up and managed for 15 years by the ownership entity and property management company.



### Shared Responsibilities

During the 15 year rental period, the ownership entity and property management company are responsible for maintenance and mechanical repairs, pays the water bill in most cases and property taxes. However, residents are educated on how to maintain their homes and yards during the rental period.



### Preparation and Transition

The ownership entity and property management company counsels residents for up to 5 years prior to homeownership. In year 16 the homes are sold for the outstanding debt, granting significant equity to the homeowner. To help buyers, down payment and closing cost assistance along with low interest rate loans can further reduce the amount financed to purchase the homes.



### Application

Families apply to lease the homes during the 15 year rental period. Prospective residents must have incomes below 60% of area median income and must complete homeownership classes before moving in. An increase in income while in the homes during the 15 year rental period does not disqualify them from the program.

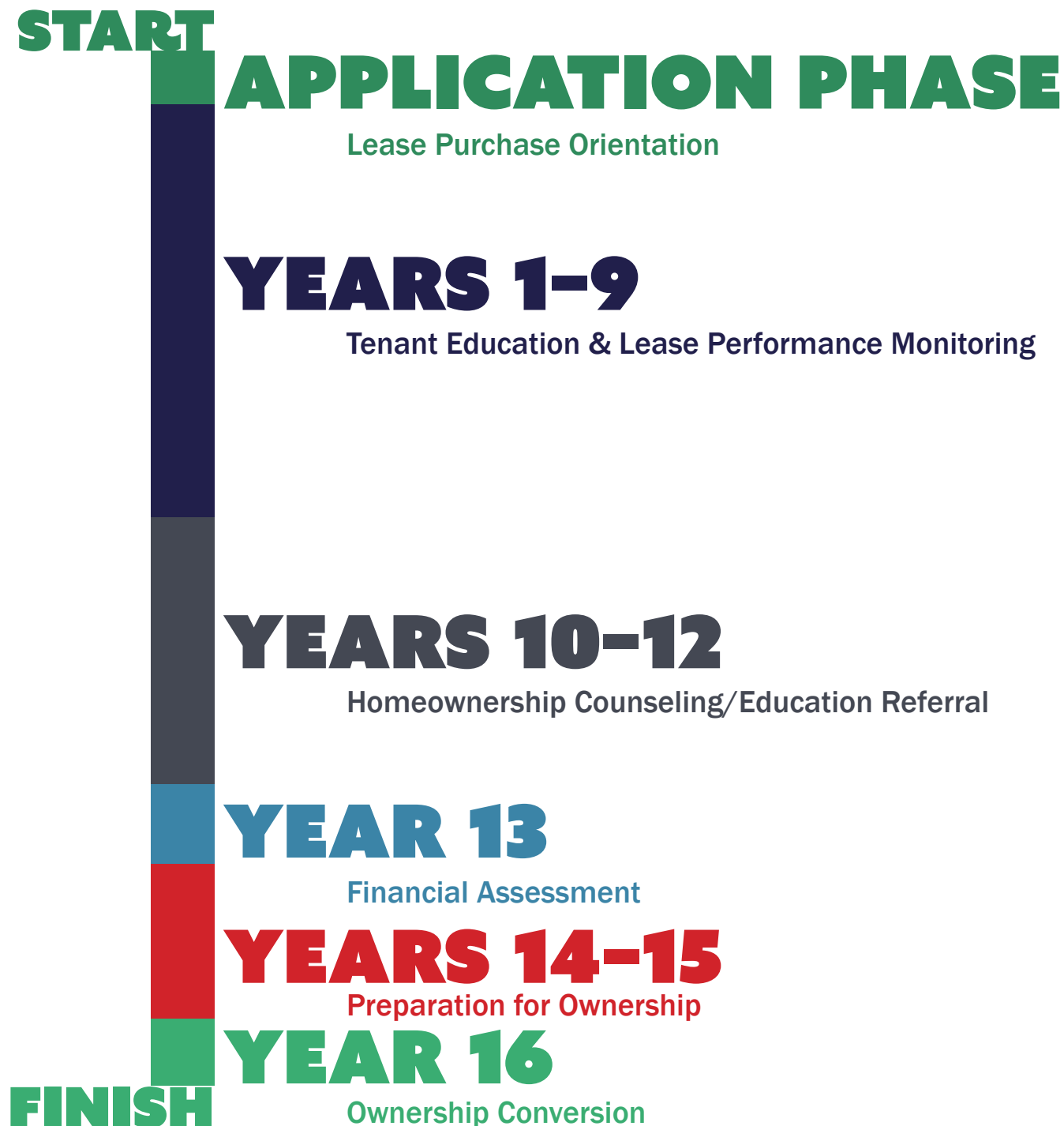


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## TIMELINE

The following program timeline during the 15 year rental period is suggested for a housing tax credit-financed lease purchase program.



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## APPLICATION PHASE

1. Lease purchase program orientation, utilizing 3 communication methods.
  - a. Written information, complete with applicant's signature acknowledging receipt of the information regarding the lease purchase process
  - b. Group orientation session on lease purchase process
  - c. One-on-one sessions between the Resident and the Property Manager or third party representative to determine specific plan of action to achieve the goal of homeownership of the home that will be leased during the specified rental period.

## YEARS 1 TO 9 – RESIDENT AND PROPERTY

Manager should focus on the following:

1. Financial education (budgeting, banking, saving tips, etc.)
2. Self-sufficiency skills (education, job training, chemical dependency, child care, etc.)
3. Maintenance workshops (acquire knowledge and skills to maintain home)
4. Property Manager monitors the performance of the household according to terms of the standard lease and lease addendum

## YEARS 10 TO 12

Property Manager or designated third party representative provides homeownership counseling and education referral information to residents.

## YEAR 13

Conduct financial assessment to determine if family will be able to qualify for a mortgage. Referrals should be made for at-risk families.

## YEARS 14 AND 15

1. At-risk families receive housing counseling assistance to qualify for a mortgage at the end of the 15 year rental period.
2. Conduct periodic financial assessment updates on families determined to be credit worthy in Year 13.
3. Families complete homebuyer education and housing counseling classes to qualify for mortgage and other forms of financial assistance such IDAs, down payment and closing cost funds.
4. Ownership entity submit Homeownership Plan to sell homes to residents in Year 16 and beyond to Mississippi Home Corporation for review and approval. Homeownership Plan should include Physical Needs Assessment to determine capital improvements needed prior to sale.

## YEAR 16

1. Ownership entity computes purchase price, prepares draft sales agreement and notifies the family through Right of First Refusal offer to exercise their option to purchase home.
2. Family obtains a mortgage (or pays cash) and takes title.
3. The Land Use Restrictive Covenant Agreement is released by the Mississippi Home Corporation.
4. Ownership entity pursues alternative exit strategies for homes not acquired by residents.



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## NOTES



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