



THE HOUSING AUTHORITY OF WASHINGTON COUNTY

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How to buy your house through the **Washington County Housing Authority** **HOMEOWNERSHIP PLAN**

If you live in one of the twenty-two units the Washington County Housing Authority can sell to residents, your first step toward homeownership is to discuss your plans with the Family Self-Sufficiency Case Manager at Community Action Council. The Case Manager will help you set up appointments with CAC's Community Housing Counselor. The Community Housing Counselor will help you obtain a copy of your credit report, and will be able to calculate how much you can borrow based on your current income. The CAC Case Manager will also provide you with a copy of the Homeownership Plan and its two exhibits.

Your second step will be to obtain a letter from a lender that indicates that you appear to be qualified to borrow money. (You may estimate today's market value of your unit by looking at the current full assessment as shown in Exhibit I of the Homeownership Plan.) The Housing Authority will not order an appraisal of your home until we have a letter from a lender that indicates that you are financially ready to take on a home mortgage.

The next step is to arrange for an appraisal. The Housing Authority will accept an appraisal from anyone licensed by the Maryland Real Estate Appraisers Commission. (HUD no longer maintains a list of approved appraisers.) When you tell us which appraiser you wish to use, the Housing Authority will negotiate with the lender and the appraiser to obtain an appraisal satisfactory to all parties. In most instances the appraisal can be ordered by the Housing Authority and then assigned to the lender. Residents that are FSS participants may seek advance approval from the Family Self-Sufficiency Coordinating Committee to have their half of the appraisal cost taken from their FSS escrow account. Residents that are not FSS participants or who do not have adequate funds in their escrow account will be asked to deposit their half of the appraisal cost with the Housing Authority before the Authority orders the appraisal.

The Authority will enter into a Contract of Sale with the resident based on the appraised value. The form of the Contract of Sale is attached as Exhibit III. The Authority prefers that the deposit that accompanies a signed Contract of Sale be at least \$500.00. The Contract of Sale allows two months to complete paper work needed for the closing of your loan. The Contract of Sale gives the resident the right to have a termite inspection and/or a home inspection done at the resident's cost.

Related documents:

Washington County Housing Authority Homeownership Plan
Exhibit I, Properties Eligible for Sale to Residents
Exhibit II, Family Self-Sufficiency Action Plan and related materials
Exhibit III, Contract of Sale

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Opening doors to housing opportunity since 1978

Single Family Dwelling

CONTRACT OF SALE

THIS CONTRACT OF SALE, dated _____, 19__ between the Washington County Housing Authority (collectively called "Seller"), whose address is 44 N Potomac Street, Hagerstown, MD 21740, and _____ and _____ (collectively called "Buyer"), whose address is _____

1. The Property. The Seller sells to the Buyer, and the Buyer purchases from the Seller the fee simple real property located in _____ Maryland, and known as _____ improved by a _____ together with all improvements and all the rights and appurtenances thereto.

Included in the property hereby sold are all permanently attached fixtures and the following items, if any, now on the property: kitchen stove and oven, shades, screens, stormdoors and windows, Venetian blinds, curtain rods, awnings, shrubbery, light fixtures, T.V. aerial, dishwasher, garbage disposal, clothes washer, clothes dryer, window air conditioning units, and _____.

2. Purchase Price. The purchase price for the property is _____ Dollars (\$ _____), of which the Buyer has paid Dollars (\$ _____) at the signing hereof, the receipt of which the Seller acknowledges. The balance of the purchase price shall be paid by the Buyer to the Seller in cash at settlement.

3. Time and Place of Settlement. Unless the parties agree otherwise, settlement shall occur on or before _____ [Contract of Sale date + 60 days]

4. Financing Contingency. The Buyer's obligation to purchase the property is contingent upon the Buyer obtaining, from a lending institution, a commitment for a first purchase money mortgage loan, secured by the property, in the principal amount of not less than _____ Dollars (\$ _____), at an interest rate not to exceed _____ percent (____%) per annum, repayable in equal monthly installments of principal and interest over a period of not less than _____ years, and requiring the payment of not more than _____ points by the Buyer. The Buyer shall apply for such a commitment within twenty (20) banking days of the date hereof. The Buyer shall have the right to waive this contingency or to accept a commitment for a first purchase money mortgage loan in a lesser amount, at a higher interest rate, or requiring repayment over a shorter period of time. If the Buyer is unable to obtain such a commitment within sixty (60) days of the date hereof, then unless the Buyer has given the Seller prior written notice that this contingency has been waived, this Contract shall automatically become null and void and of no further force and effect and the Buyer shall forfeit all deposits paid hereunder.

5. *Termite Infestation or Damage.*

(a) The Buyer shall have the right to have the dwelling on the property inspected by a pest control company within thirty (30) days after the date of this Contract. The inspection shall be at the expense of the Buyer. If the inspecting company reports that the dwelling is infested by termites or other wood boring insects or that there are signs of material damage by reason of existing or past infestation, the Buyer may notify the Seller. To be effective, the notice must be in writing, must include a written report from the inspecting company and must be given within the sixty (60)-day period.

(b) If timely notice of infestation or damage shall be given by the Buyer, the Seller shall have thirty (30) working days after receiving the notice within which to give the Buyer written notice whether or not the Seller, prior to settlement, will treat any infestation and repair any material damage disclosed by the Buyer's notice. If the Seller gives the Buyer timely notice of the Seller's election to treat any infestation and repair any material damage, then the Seller shall provide satisfactory evidence of treatment and repair at settlement.

(c) If the Seller does not give the Buyer timely notice of the Seller's election to treat any infestation and repair any material damage, then the Seller shall be deemed to have elected not to treat the infestation and repair the damage and the Buyer may declare this Contract null and void and of no further force and effect, in which event the Seller shall promptly refund to the Buyer all deposits paid hereunder. To exercise this privilege the Buyer must give the Seller written notice thereof within forty-five (45) days from the date of this Contract.

6. *Home Inspection.* The Buyer shall have the right at Buyer's expense to have the dwelling on the property inspected by a home inspection service or engineer within thirty (30) business days of the date hereof. The Buyer shall give the Seller a copy of the inspection report promptly upon receipt of the same. If the inspection reveals any material defects in the mechanical, electrical, or structural components of the dwelling, the Buyer shall have the right, exercisable by giving the Seller written notice thereof within forty-five (45) business days of the date hereof, to declare this Contract null and void and of no further force or effect, in which event the Seller shall promptly refund to the Buyer all deposits paid hereunder.

7. *Title to the Property.* At settlement, upon payment as above provided of the unpaid purchase money, a deed for the property containing covenants of special warranty and further assurance shall be executed at Buyer's expense by the Seller, which shall convey the property to the Buyer. The title conveyed to the Buyer shall be good and merchantable, free of liens and encumbrances except use, occupancy and similar restrictions of public record which are generally applicable to properties in the immediate neighborhood or subdivision in which the property is located, easements which may be observed by an inspection of the property, and such utility and other easements as do not materially adversely affect the fair market value of the property.

8. *Possession and Buyer's Right of Presettlement Inspection.* The Buyer shall be given possession of the property at settlement at which time the property shall be in substantially the same condition as on the date of this Contract.

9. *Settlement Adjustments.* Water charges and community association charges, if any, shall be adjusted and apportioned as of the date of settlement. All taxes, general or special, and all other public or governmental charges or assessments against the property which are or may be payable on an annual basis (including Metropolitan District or other benefit charges, assessments, liens or encumbrances for sewer, water, drainage, or other public improvements completed or commenced on or prior to the date hereof or subsequent thereto), are to be adjusted and apportioned as of the date of settlement and are to be assumed and paid thereafter by the Buyer, whether assessments have been levied or not as of the date of settlement except as otherwise required by law. The cost of all recordation and transfer taxes required by law shall be divided equally between the Seller and the Buyer. The cost of the title search, title insurance premiums and the cost of recording the deed to the property shall be paid by the Buyer. At settlement the Buyer shall reimburse the Seller for the cost of any fuel oil in tanks on the property on the date of settlement.

10. *Risk of Loss.* The property shall be held at the risk of the Seller until settlement hereunder. If prior to the time legal title has passed to Buyer, all or a substantial part of the property is destroyed or damaged, without fault of the Buyer, then this Contract, at the option of the Buyer, shall be null and void and of no further legal effect, and all monies paid shall be returned promptly by Seller to Buyer. If Buyer elects not to cancel this Contract, and settles upon the Property, the purchase price shall not be reduced and Buyer shall be entitled to the insurance proceeds. In the event it shall be determined by the Buyer that the property is inadequately insured by the Seller, Buyer shall have the right, at Buyer's option, and expense, to obtain such insurance, or additional insurance, as shall be satisfactory to Buyer. Upon the written request of the Buyer, the Seller shall immediately have all insurance policies on the property endorsed to protect all parties hereto, as their interest may appear, and shall continue the insurance in force during the life of this Contract. Buyer agrees to pay for any hazard insurance required by a lending institution.

11. *Buyer's Default.* If the Buyer defaults in the Buyer's obligation to purchase the property, the Seller shall have the right, at the Seller's election, to retain all deposits paid hereunder as liquidated damages and not as a penalty, and upon such election the parties shall be released from all further liability hereunder at law and in equity.

12. *Real Estate Commission.* Each party warrants to the other that it has not used the services of a real estate broker or agent in connection with this transaction. Each party agrees to defend, indemnify and hold the other party harmless for any claim for real estate commissions arising by reason of the indemnifying party's breach of this warranty. The provisions of this paragraph shall survive settlement and the delivery of the deed to the property or the termination of this Contract.

~~13. *Notice to Buyer Required by the Maryland Homeowners Association Act.* Attached as Addenda to this Contract are both the Notice and the Disclosure required by §11B-106 of the Real Property Article of the Annotated Code of Maryland.~~

14. *Miscellaneous Provisions.*

(a) This Contract contains the final and entire agreement between the parties and neither they nor their agents shall be bound by any terms, conditions or representations not

herein written.

(b) Time is of the essence of this Contract.

(c) The liability of any party to this Contract shall be both joint and several.

(d) The notices and statutory clauses attached hereto as exhibits _____ through _____ shall be deemed a part of this Contract.

(e) This Contract is binding on the parties and their personal representatives and assigns.

(f) If required by the lending institution providing financing to the Buyer, at settlement the Seller will not unreasonably refuse to execute an affidavit substantially similar to Fannie Mae Form 1009 stating, among other things, that the Seller has not paid any expenses relating to or in connection with the Buyer's purchase of the property (such as interest charges, real estate charges, hazard insurance premiums, initial mortgage insurance premiums, or funds to be used for the renewal of mortgage insurance premiums), except as specifically stated in the affidavit.

WITNESS the hands and seals of the parties.

WITNESS:

_____ (SEAL) _____ (SEAL)

_____ (SEAL) _____ (SEAL)
Seller

WITNESS:

_____ (SEAL) _____ (SEAL)

_____ (SEAL) _____ (SEAL)
Buyer