

Purchase of a Principal Residence

I. Eligible persons

- a. Participant only (participant name must be on documentation)

II. Principal Residence includes:

- a. Principal Residence
- b. The purchase of land upon which the principal residence shall be immediately built
- c. Building a residence with a service contract
- d. Purchase of a housing cooperative or condominium

III. Principal Residence DOES NOT include:

- a. Vacation homes
- b. Rental properties
- c. Mortgage payments
- d. Rent-to-own residence
- e. Lease with an option to buy residences

IV. Required Documentation

- a. Loan Fee Worksheet from Lender
 - i. Must be issued by a bank or mortgage company. The Loan Fee Worksheet must include the estimated total closing costs, down payments, prepaid expenses, etc. The Loan Fee Worksheet cannot be issued by a realty company (unless the real estate agent is acting as the lender) and must have an expiration date in the future.
- b. Contract
 - i. Must include a closing date (or, alternatively, written certification from the mortgage company of the closing date); it must be issued no more than 90 days prior to the closing date; must be signed by the participant (buyer) and seller
- c. Service Contract

- i. Must provide an estimated completion date; must be signed by the participant (buyer) and the contractor
- d. Purchase of Land
 - i. For the construction of a principal residence, must provide an executed contract between participant (buyer) and the seller (which may include dates and amounts of periodic disbursements to the builder), a copy of the construction loan and a commitment letter from a bank or mortgage company

V. Examples/Notes

- a. Purchase of Land for Motor Home/Trailer
 - i. The purchase of land for purposes of maintaining a motor home/trailer as the primary residence shall be eligible when accompanied by one of the applicable documents noted in Section IV
- b. Rent-to-Own Arrangements
 - i. Rental payments or “lease with an option to buy” payments applied towards home ownership shall NOT be considered hardship eligible for the purchase of a principal residence.
 - 1. May be eligible for hardship if they are necessary to prevent eviction from principal residence
- c. Building One’s Own Primary Residence
 - i. Hardship distributions will NOT be eligible if the participant is building their own primary residence and are requesting a distribution to purchase materials/services without a service contract
- d. Credit Card Expenses
 - i. A hardship distribution will NOT be allowed for expenses that are charged to a credit card (hardships are not eligible for reimbursement purposes)