HOUSING OPPORTUNITY PROGRAM
PASCO COUNTY
COMMUNITY DEVELOPMENT DIVISION

Pasco County and the State of Florida want to help you become a homeowner. For a very short period, funds are available to help you take advantage of a special federal income tax refund for first-time homebuyers.

Who is eligible for this program?

You must be a first-time homebuyer to participate in this program. That is defined as not having a principal interest in a residential dwelling for the last three years.

The maximum income for a single-filer or head of household is $75,000. A married couple who files a joint return can have an income of no more than $150,000. Income is defined by what is listed on your 2008 tax return as adjusted gross income. Your current income will also be verified, and you cannot earn more than what is listed above.

You must attend a County-sponsored Homebuyer class in order to receive assistance, and before you sign a contract to buy a home.

What kind of home can I buy?

Any type of home is eligible for this program, including single-family homes, condominiums, and villas. These homes can be new or existing. Mobile homes and manufactured homes are not eligible under this program. The maximum sales price cannot exceed $240,000.

How do I apply for assistance?

In order to apply for assistance, you must apply through one of the partner financial institutions that have signed agreements with the County. Lenders must agree to certain requirements of the program, and sub-prime loans are not allowed. When you apply for a mortgage loan at one of these financial institutions, they will make an initial determination on whether you are eligible for Pasco HOP funds. If you are, they will reserve funds in your name with the Community Development Division. You do not apply through the County for these funds.

You must act quickly – this program expires December 1, 2009.

How much County money can I borrow?

You cannot borrow more than the Internal Revenue Service allows. Currently, that is $8,000 or 10% of the purchase price, whichever is less. If there is any money due to the IRS or if you are subject to any garnishments, you are not eligible for this program.

Do I have to put any of my own money into the purchase?

You do have to put some of your own money into the purchase of the house. We do not differentiate between your down payment, closing costs, or other pre-paid items. The amount required is $500.

Do I have to pay these Pasco County funds back?

One of the reasons that Pasco County was provided these funds by the State of Florida is that the State wants to assist as many homebuyers in the purchase of a home as possible. They want the money paid-back quickly in order to help other homebuyers. All recipients will be required to start making loan repayments 18 months after the closing of your home. The interest rate will match the interest rate that is in the first mortgage. If you pay back the loan after 18 months, you will have to pay an additional 10% of your loan as a penalty.

However, if the loan is paid-off within 3 months, there will be no interest payments or penalties. Pasco County has arranged with the Pasco County United Way's Prosperity Campaign to assist you in re-filing your 2008 taxes so you receive your refund quickly. Details of the procedures will be provided when you receive your individual counseling. If you pay-off the loan between 3 and 18 months, you will have to pay it off with interest.

For further information contact the Community Development Division at (727) 834-3445 in New Port Richey; (352) 521-4274, ext. 3445 in Dade City; or (813) 996-7341, ext. 3445 in Land O'Lakes or visit our web site at: www.pascocountyfl.net/menu/index/cdevindex.htm

Please return to: Community Development Division
5640 Main Street, Suite 200
New Port Richey, FL 34652

PASCO COUNTY HOME BUYERS PROGRAM
LETTER OF UNDERSTANDING
January 22, 2009

This agreement is for the purpose of setting procedures for the Pasco Home Buyers Program. This program is being funded with State and Federal money and administered by the Pasco County Community Development Division.

County Funding:

Pasco County will provide funds to aid home buyers in purchasing primary residences. The County will fund the "gap" between what the financial institution requires as a down payment.

The funds Pasco County will provide will be in the form of 0% loans. This is defined in the Home Buyer Assistance Manual (attached as Exhibit 1).

Loans and Loan Position:

The loan of the financial institution must be larger than Pasco County's loans. Pasco County will take no lower than second position. This may be waived by the Pasco County Community Development Manager.

Client Information to be Shared with County:

The financial institution must present to the County a copy of the following documents and information:

1. Application
2. Income and Employment Verification
3. Credit Information
4. Property Appraisal
5. Sales Information
6. Title Report
7. Estimated Housing Costs

Once the County is in receipt of this information and any other information required by the funding source, a decision will be made on the loan within three working days.

Eligible Housing:

Eligible housing shall be defined by the source of funding to the homebuyer.

Home Buyers Selection Process:

Home buyers must be approved by the financial institution for the loan before an application is submitted to the County for processing. Their only deficit must be the lack of funds needed for the "gap".

Once the home buyer is chosen, the financial institution must call the Community Development Division to check on fund availability. If funds are available, the Community Development Division will reserve the funds for the client until the application is reviewed. If the application is rejected, the reserved funds are placed back into the larger fund.

Nondiscrimination:

The financial institution agrees not to discriminate on the basis of race, creed, religion, color, age, sex, marital status, familial status, national origin, or handicap.

Other Requirements:

Loans must meet all Sadowski Act, HOME, and Neighborhood Stabilization Program requirements.

Selection of Clients:

If home buyers meet all criteria, they may or may not be selected as a loan recipient. This shall depend on fund availability and limitations on the amount of funds each income group may receive.

Closing:

The Community Development Division will supply mortgage and promissory note documents. The financial institution must procure for the County title insurance on its loan.

Statement of Compliance:

The lender agrees to comply with the bank regulators' guidance for non-traditional mortgages (see, Statement on Subprime Mortgage Lending issued by the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Department of the Treasury, and National Credit Union Administration, available at http://www.fdic.gov/regulations/laws/rules/5000-5160.html).

Program Involvement (Check with one or both that apply):

_____ Homebuyer Assistance Program (HAP): The Lender will participate in the HAP, which provides homebuyer financing to households to purchase homes.

_____ Purchase-Rehab Program (PRP): The Lender will participate in the PRP, which will allow the County to finance the repairs on the home after the household purchases the property. The County will manage the construction, pay construction draws, and ensure that the home meets all necessary standards to meet the Pasco County Community Development Homebuyer and Rehabilitation Programs Minimum Housing Standards.

Lenders may put their own limits on their involvement with these programs.

_____
Financial Institution (Signature)

_____
Pasco County Community Development Division

_____
Print Name of Signatory

_____
Print Name of Financial Institution

Address_____

_____
Phone Number

_____
Fax Number or E-mail

FLORIDA HOMEBUYER OPPORTUNITY PROGRAM

Florida Homebuyer Opportunity Program

Better known as:

FHOP

First Time Homebuyers Tax Credit

- Federal Government Program
- First Time Homebuyers (not owned a home in last 3 years)
- Will receive money by filing tax return – either amended 2008 or when filed for 2009

It is a FACT that many people who could benefit from the Tax Credit cannot afford to buy a house without the money UPFRONT.

FHOP is SHIP Money

- Designed by the Florida Legislature to help people take advantage of the First Time Homebuyers Tax Credit.
- Second Mortgage to help First Time Homebuyers obtain tax credit money up front so that they can afford to buy a house.

Program Guidelines

- Maximum loan is $8,000 or 10% of sales price, whichever is lower.
- Income—Up to $75,000 for a single person, $150,000 for a couple.
- Must take homebuyers class
- Must use approved lender
- Must put at least $500. into the transaction

How to use our program

- Client takes Homebuyer Class
- Client signs contract and is approved by lender.
- Lender sends us reservation and/or loan package
- We approve loan
- Individual counseling at CCCS.
- Five days for check
- Our loan is second mortgage signed at closing

The Pasco Mortgage

- Interest is the same as first mortgage.
- Penalty is 10% of Pasco mortgage.
- If loan is paid off within 3 months there will be NO penalty or interest.
- If loan is paid off after 3 months but before 18 months interest will be charged.
- If loan is not paid off within 18 months, the penalty will be added and repayment must begin.

THE PURPOSE IS TO TURN THE MONEY OVER AND HELP MORE PEOPLE.

Information for Lenders

- Package must also include 2008 tax return.
- Still need 3rd party verifications of income and assets.
- Can pre-approve cases pending our receipt of State Funds.
- Send packages A.S.A.P. because we expect a rush in November.

PASCO COUNTY COMMUNITY DEVELOPMENT
HOMEBUYER ASSISTANCE PROGRAMS

LENDER'S MANUAL
July 13, 2009

Introduction

Pasco County started the Homebuyer Assistance Program (HAP) in 1992. Funding became available when the State of Florida authorized the State Housing Initiatives Partnership (SHIP) Program, giving local communities a guaranteed funding source for housing. Pasco County, seeing that the renters could not save the required down payment, and knowing that homeowners made for a safer and more stable community, made that a priority for the SHIP Program. Now Pasco County has been awarded Neighborhood Stabilization (NSP) Funds from HUD and our Homebuyer Assistance Money is coming from that fund.

Who is eligible?

The HAP is available to families earning less than 120% of the median income for the Tampa Bay area. NSP requires that 25% of all funds be spent on families earning less than 50% of the median income.

TABLE ONE: INCOME LEVELS

All members of the household must be included in the income calculation, not just the persons on the loan. Minors under 18 do not have their incomes included.

This is not a first time home buyer program – there is no restriction on prior ownership, and the applicant can own a house at the time of application.

INCOME GUIDELINES AS OF March 19, 2009

		FAMILY SIZE					
		1	2	3	4	5	6
LOW INCOME	Hourly	$ 9.95	$ 11.39	$ 12.81	$ 14.23	$ 15.36	$ 16.51
	Monthly	$ 1,725.00	$ 1,975.00	$ 2,220.83	$ 2,466.67	$ 2,662.50	$ 2,862.50
	Annually	$ 20,700.00	$ 23,700.00	$ 26,650.00	$ 29,600.00	$ 31,950.00	$ 34,350.00
MOD/ MIDDLE INCOME	Hourly	$ 23.88	$ 27.33	$ 30.75	$ 34.15	$ 36.87	$ 39.62
	Monthly	$ 4,140.00	$ 4,737.50	$ 5,329.17	$ 5,920.00	$ 6,390.00	$ 6,866.67
	Annually	$ 49,680.00	$ 56,850.00	$ 63,950.00	$ 71,040.00	$ 76,680.00	$ 82,400.00

What kind of housing units are eligible?

Any type of home is eligible for this program, including single family homes, condominiums, villas, and mobile or manufactured homes. Mobile and manufactured home must be real property, and permanently affixed to the land. Homes must be located in targeted neighborhoods (see Map below)

The homes that are eligible are foreclosed. A foreclosed home is a home that has been foreclosed by the lender, and is still owned by the lender. Homes must also meet all county code and rehabilitation standards and Federal lead based paint rules. Necessary repairs will be completed after the closing, managed by the County, by licensed contractors unless it is a POP house. The maximum sales price cannot exceed $240,000 and the home must have a value of less than 95% of the appraised value, as obtained by the County.

What does the buyer have to put into the purchase?

The buyer must put some of their own funds into the purchase of the home. The amount that they put down depends on their income level.

Low Income-- $ 500.00
Moderate/Middle Income-- $ 1,250.00

This amount can be cash from the borrower or a gift from a family member. Also, if the lender requires the borrower to pay off debts as a condition of approval, those amounts can be used as part of the minimum investment. Seller contribution is not eligible.

Buyer may only go to courses through the County's counseling partner, Consumer Credit Counseling (CCC) Service, and only the ones that are sponsored by Pasco County. Other homebuyer classes are not eligible. This class is a 7 hour class broken into 2 parts, given at least twice a month in different areas of the county. Please contact them for more information:

(727) 845-5654

To make a reservation for a class, they must call:

(877) 854-1446

Additionally, homebuyers are required to go through an individual counseling session with CCCS after they have been approved by the County and before the closing/

How much can be borrowed?

Pasco County is available to fund the gap between what the borrower can put down and what the lender can lend. However, what can be lent is limited by the following:

TABLE TWO: CAPS ON LENDING

Low Income:	**Up to 50%**
Moderate/Middle Income:	**$ 20,000**

If your client is an essential service employee, they may qualify for an additional $10,000. Essential service workers are defined as government employees, School Board employees and other educational employees, including private education and higher education, law enforcement personnel, active and retired military and health care workers.

Families that are going through the Family Self Sufficiency Program through the Pasco County Housing Authority may have those amounts doubled, in addition to the amounts listed above. Additionally, Pasco County and the Pasco County United Way have teamed together to find the "Prosperity Campaign". This program helps families obtain the Earned Income Tax Credit (EITC) from the Internal Revenue Service. If a prospective homebuyer receives EITC funds through the United Way's program, and use all of those funds towards the purchase of your home, those funds will be matched by the County above and beyond the maximum amounts listed above.

Even though there are additional funds through both programs, the County assistance cannot be more than 50% of the sales price.

In the determination of the loan size, a lot of discretion is given to the lender. The lender must see what the maximum amount that the borrower can comfortably put down themselves, and the maximum amount that the lender can lend. Just because the borrower wants the maximum amount of County funds is not a sufficient reason to lend it to them. Also, if the lender can lend the full amount, and the borrower does not have excessive ratios, then it would not be necessary for the County to lend any funds to the borrower.

However, it should also be pointed out that it is not the County's goal to bleed a borrower's assets dry. It is recognized that a new homeowner will need some resources in their new home. Also, it is recognized that many senior households live off the interest of their accounts. Each homebuyer needs to be looked at individually if there are questions about this issue.

How and when to reserve funds

Before an application can be submitted, funds need to be reserved for the borrower by the lender. This is not done by the borrower. The lender must fax a reservation form to the County, at (727) 834-3450. Please see Appendix #2 for the form. Be sure to fill out the contact box so that our inspector can reach the realtor to do the inspection. Reservations must have signed contract attached.

Reservations may be done when the application is taken. If later the application is denied or cancelled, the lender will need to call the County to cancel the funds so the money can help other applicants. Reservations are good for 60 days.

The County's loan program

The County's funds are given in the form of low interest loans, which may be deferred if the payments are not affordable to the homebuyer. The interest rate is 0%. The loans can be amortized up to 30 years. Normally, the County's payback loans will not increase the client's ratios beyond 28%, on the front end and 38% on the back-end.

If the loan payment cannot get under those ratios, the loan can then be deferred for 5 years. No payments are made. At the end of five years, the loan payments will begin. The client will know what the payments will be and when they will have to start paying before initial loan signing. The information will be given to the originator when the loan is approved and also CCCS will have that information to discuss with the client at their one-to-one appointment before closing

If the borrower converts the house to a rental unit, or if they vacate the house, the loan becomes immediately due in full.

FHA loans are the only ones that are assumable.

Recapture Affordability Provisions

Pasco County will recapture at the time of re-sale or payoff the value of the house at purchase (from the appraisal ordered by the county) minus the contract price.

The cost of permitted home improvements completed without county assistance, shall be deducted from this amount.

THE NSP PURCHASE/REHAB PROGRAM

Introduction

All homes purchased through the NSP Program must be brought to Pasco County Rehabilitation Standards. These are higher than County Code and FHA Standards.

Process and TimeLine

- Homebuyer attends County-sponsored homebuyer education class.
- Homebuyer signs contract for home and is approved by first lender.
- Lender sends reservation form to County.
- Within 5 days, home is inspected by County staff.
- If necessary, lead based paint assessment is completed.

If No repairs are necessary:

- County approves application package.
- County contracted appraiser completes appraisal.
- Homebuyer meets with homebuyer counselor.
- Lender signs anti-predatory statement, if necessary.

- Pasco County approves final HUD
- Mortgage package e-mailed to title company.
- Homebuyer assistance money is wired to title company.
- Closing occurs.

If Repairs are necessary:

- Loans will close with funds held in escrow by County at closing for repairs.
- Construction will be managed by County staff.
- Homebuyer may select contractor by competitive bidding or not (bid price must be acceptable.)
- Bid process will begin immediately upon approval.
- County will pay for homebuyers to live in another location during repairs as a grant.
- Lender loan plus County loan cannot be more than 100% LTV (after rehab value).

THE PASCO OPPORTUNITY PROGRAM (POP)

Introduction

The POP Program assists homebuyers to purchase homes that are owned by certain non-profit agencies that have either purchased and rehabilitated them or built them. These houses are all over the county. A list of agencies and houses is available from our office.

What kind of units are eligible?

The only units available are those listed.

What does the buyer have to put into the purchase?

$500 for low income and $1,250 if moderate/middle income.

How much can be borrowed from the County?

See "Caps on Lending" Page 2.

How and when to reserve funds

This is done the same way as the HAP.

The County's Loan Program

The loan rules are the same as the HAP. This program is approved by FHA.

The County's portion will be at 0% interest either deferred for five years, payback or a combination of the two designed to keep the clients ratio at or under 28% front end and 38% back end. If the loan payment cannot get under those ratios, the loan can then be deferred for 5 years. No payments are made. At the end of five years, the loan payments will begin. The client will know what the payments will be and when they will have to start paying at initial loan signing.

If the borrower converts the house to a rental unit, or if they vacate the house, the entire loan becomes due and owing immediately.

PART FIVE: THE PROSPERITY CAMPAIGN

Introduction

The United Way of Pasco County, in conjunction with the IRS offers free tax preparation for Pasco County Residents. Residents who qualify for and receive Earned Income Tax Credit through the United Way, can use their refund towards the purchase of a house.

What kind of units are eligible?

The same as listed under the HAP Program.

What does the buyer have to put into the purchase?

Their EITC money and tax refund or at least $500.00 for very-low and $1,250.00 for low income, whichever is higher.

How much can be borrowed from the County?

The county will match the EITC and tax refund money and also lend the amount listed on page 2. In no case can the amount lent be more than 50% of the sales price. "Match " means bring to closing. Some of the tax refund money may be used towards the purchase of the home and, if documented and approved by the county, it will still be eligible for match.

How and when to reserve funds

This is done the same way as the HAP. Applicants must have a letter from United Way of Pasco documenting their inclusion in the program and the amount of their EITC and refund. This must be included with the package or the reservation

The County's Loan Program

The loan rules are the same as the HAP. This program is approved by FHA.

The County's portion will be at 0% interest either deferred for five years, payback or a combination of the two designed to keep the clients ratio at or under 28% front end and 38% back end. If the loan payment cannot get under those ratios, the loan can then be deferred for 5 years. No payments are made. At the end of five years, the loan payments will begin. The client will know what the payments will be and when they will have to start paying at initial loan signing.

If the borrower converts the house to a rental unit, or if they vacate the house, the entire loan becomes due and owing immediately.

THE SECTION 8 FAMILY SELF-SUFFICIENCY PROGRAM

Introduction

Pasco County Housing Authority offers the Family Self-Sufficiency Program to qualified Section 8 participants. When they graduate from that program they have earned a lump sum of money that can be used to purchase a home.

What kind of units are eligible?

The same as listed under the HAP Program.

What does the buyer have to put into the purchase?

Their family self-sufficiency lump sum amount.

How much can be borrowed from the County?

The county will match the Self Sufficiency money and also lend the amount listed on page 2. In no case can the amount lent be more than 50% of the sales price. "Match " means bring to closing. Some of the money may be used towards the purchase of the home and, if documented and approved by the county, it will still be eligible for match.

How and when to reserve funds

This is done the same way as the HAP. Applicants must have a letter from the Housing Authority documenting their inclusion in the program and the amount of their grant. This must be included with the package or the reservation

The County's Loan Program

The loan rules are the same as the HAP. This program is approved by FHA.

The County's portion will be at 0% interest either deferred for five years, payback or a combination of the two designed to keep the clients ratio at or under 28% front end and 38% back end. If the loan payment cannot get under those ratios, the loan can then be deferred for 5 years. No payments are made. At the end of five years, the loan payments will begin. The client will know what the payments will be and when they will have to start paying at initial loan signing.

If the borrower converts the house to a rental unit, or if they vacate the house, the entire loan becomes due and owing immediately.

THE APPLICATION

Application Package Requirements

The Application Package needs to be submitted to Pasco County Community Development at:

5640 Main Street, Suite 200
New Port Richey, FL 34652

Do not fax your packages.

The Application Package submitted must contain the following:

1) County Application and Checklist
2) Signed Application for first mortgage (1003 is acceptable and preferred)
3) Good Faith Estimate
4) Real Estate
5) Appraisal (not necessary for NSP)
6) Credit Report
7) Verifications of Income and Assets
8) CCC Education Certificate

Each of these items will be discussed: All except the contract and CCCS certificate must be dated not more than 90 days prior to submitting the application.

County Checklist

The County Checklist was established due to the great variety of application forms submitted by lenders. The purpose of this form was to aid the County in summarizing the loan package and for reporting. All the charts that are used in the program: Income Limits, Caps on Assistance, and Minimum Investment are on the form as a double check for the lenders. Some other key areas on the form:

1) Homebuyer/Purchase Rehab Boxes – The Purchase Rehab box should ONLY be marked if the County is funding the repairs.
2) Appraisal Amount – This is the value of the property, not the cost of the appraisal.
3) Buyer Contribution – This must be at least the amount required by the Minimum Investment Box.
4) Front End Costs (Page 3) – This will help determine whether the loan is a payback or deferred loan
5) Type of Loan – FHA, Fannie Mae, or portfolio. VA loans are considered portfolio.

THE LOAN AMOUNTS AND PAYMENT AMOUNTS ENTERED ON OUR CHECKLIST MUST BE THE SAME AS THE CORRESPONDING NUMBERS ON THE 1003 AND GOOD FAITH ESTIMATE.

Application (1003 is preferred)

The file must contain a signed application for the first mortgage. **All** of the family's income needs to be listed. The only dependents listed should be the ones who will reside in the home. Must be dated within 90 days of application to county.

Good Faith Estimate

Must be signed and dated within 90 days of application to county. Loan amounts and payments must match those on 1003 and Pasco County application and check list.

Real Estate or Building Contract

Be sure to include the entire document in the file.

Appraisal

Only an appraisal from a licensed, certified appraiser may be used. Valuations by real estate professionals are not allowed. Must be dated within 90 days of application to county.

Credit Reports

Include the latest credit report in the file. The County uses the credit reports to determine whether its loan will be payback or deferred. Must be dated within 90 days of application to county.

The credit report is not used for underwriting, however we will not fund any client with a higher than 50% ratio on the front or back end.

Verification of Income and Assets

If there is any item that causes problems in obtaining County loan approval, it is this. The verification process that the County uses is mandated by the Department of Housing and Urban Development and the Florida Housing Finance Corporation. Deviations are not allowed. Using stated income is not allowed. Every income and asset source for everyone living in the household must be verified by a third party source. First, however, income and assets need to be identified.

All the verifications must be less than three months old.

Definition of Annual Income

Annual Income is defined as the gross amount of income of all adult household members (excluding employment income of minors) that is anticipated to be received during the coming 12-month period. Income information provided by participating households must be verified, and files must include documentation of each participating household's income eligibility.

Determining whose income to count

(A) Count all anticipated income of all adult household members age 18 and over.

(B) The following income is not counted:

- Income of live-in aides. If a household includes a paid live-in aide (whether paid by the family or a social service program), the income of the live-in aide, regardless of its source, is not counted. A related person can never be considered a live-in aide;
- Income attributable to the care of foster children. Foster children are not counted as family members when determining family size to compare with the Income Limits. Thus, the income a household receives for the care of foster children is not included; and
- Employment income of minors. Employment income of minors (age 17 and under) is not counted. However, unearned income attributable to a minor (e.g., child support, AFDC payments, and other benefits paid on behalf of a minor), must be counted.

(C) Family members living apart from the family also require special consideration:

- Temporarily absent family members. The income of temporarily absent family members is counted in Annual Income -- regardless of the amount the absent member contributes to the household. For example, a construction worker employed at a temporary job on the other side of the state earns $600/week. He keeps $200/week for expenses and sends $400/week home to the family. The entire amount ($600/week) is counted in the family's income;
- Adult students living away from home. If the adult student (over the age of 18) is counted as a member of the household in determining the Income Limit used for eligibility of the family, the student's income must be counted in the family's income. An example is a student who spends holidays and summer recess in the household while pursuing a full-time education. If proof is given that child is a full time student only $489 of their earned income is counted.
- Permanently absent family member. If a family member is permanently absent from the household (e.g., a spouse who is in a nursing home), the head of household has the choice of either counting that person as a member of the household and including income attributable to that person as household income, or specifying that the person is no longer a member of the household.

Income Inclusions

1. All wages and salaries, overtime pay, commissions, fees, tips, bonuses, and other compensation for personal services (before any payroll deductions);

2. Net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness cannot be used as deductions in determining net income; however, an allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession is included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the Family (there is a special County form that must be completed, and the last two years of tax forms must be included with the package;

3. Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness cannot be used as a deduction in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (2) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the Family. Where the Family has Net Family Assets in excess of $5,000,

Annual Income includes the greater of the actual income derived from Net Family Assets or a percentage of the value of such Assets based on the current passbook savings rate, as determined by HUD (currently, that is 2%);

4. All gross periodic payments received from Social Security, SSI, welfare, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum payment for the delayed start of a periodic payment (except Social Security);*

5. Payments in lieu of earnings, such as unemployment, worker's compensation and severance pay (but see paragraph (3) under Income Exclusions);

6. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling. Alimony and child support amounts awarded as part of a divorce or separation agreement are included as income unless the applicant (1) certifies that the income is not being provided, and (2) takes all reasonable legal actions to collect amounts due. For example: filing with the Child Support Enforcement Office, State of Florida, Department of Revenue; and

7. All regular pay, special pay, and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the Family, spouse, or other person whose dependents are residing in the unit (see paragraph 6 under Income Exclusions);

Income Exclusions

1. Income from employment of children (including foster children) under the age of 18 years;

2. Payments received for the care of foster children;

3. Lump-sum additions to Family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (but see paragraph 5 of Income Inclusion);

4. Educational Scholarships

Calculating Income

Lenders should assume that today's circumstances will continue for the next 12 months, unless there is verifiable evidence to the contrary. For example, if a head of household is currently working for $7.00/hour, 40 hours/week, the agency should assume that this family member will continue to do so for the next year. Thus, estimated earnings will be $7/hour x 2,080 hours, or $14,560.

This method should be used even when it is not clear that this type of income will continue in the coming year. For example, if a family member has been receiving unemployment benefits of $400/month for 15 weeks at the time of income certification. It is unlikely that the family member will continue on unemployment for another 52 weeks, but because it is not known whether or when the family member will find employment, the local agency should use the current circumstances to anticipate Annual Income. Income would therefore be calculated as follows: $400/month x 12 months or $4,800.

The exception to this rule is when documentation is provided that current circumstances are about to change.

Treatment of Assets

In general terms, an asset is a cash or non-cash item that can be converted to cash (Note: it is the income earned -- e.g., interest on a savings account -- not the asset value that is counted in Annual Income.)

Actual Income from Assets

In general, the income counted is the actual income generated by the asset (e.g., interest on savings or checking account). The income is counted, even if the household elects not to receive it. For example, although an applicant may elect to reinvest the interest or dividends from an asset, the interest or dividends is still counted as income. As with other types of income, the income included in Annual Income is the income that is anticipated to be received from the asset during the coming 12 months

Assets Valued at $5,000 or Over

For most assets, calculating income from the assets is straight forward. Special rules have, however, been established to address situations in which the assets produce little or no income. This rule assumes that a household with assets has an increased payment ability, even if its assets do not currently produce income. (For example, a household that owns land that is not rented or otherwise used to produce income.)
Rather than require the household to dispose of the property, the rule requires that an "imputed" income be calculated based on a Passbook Rate that is applied to the cash value of *all* assets. (The Passbook rate is established periodically by HUD which is currently 2 percent.)

Cash Value of an Asset

Assets have both a market value and a cash value. The market value of an asset is simply its dollar value on the open market. For example, a stock's market value is the price quoted on a stock exchange on a particular day, and a property's market value is the amount it would sell for on the open market. This may be determined by comparing the property with similar, recently sold properties. The costs associated with the sale of an asset can be subtracted before determining cash value.
An asset's cash value is the market value less reasonable expenses required to convert the asset to cash, including:

- **Penalties or fees converting financial holdings**. Any penalties, fees, or transaction charges levied when an asset is converted to cash are deducted from the market value to determine its cash value (e.g., penalties charged for premature withdrawal of a certificate of deposit, the transaction fee for converting mutual funds, or broker fees for converting stocks to cash); and/or

- **Costs for selling real property**. Settlement costs, real estate transaction fees, payment of mortgages/liens against the property, and any legal fees associated with the sale of real property are deducted from the market value to determine equity in the real estate.

ASSETS

A. Assets That Should Be Considered	B. Assets That Should Not Be Considered
1. Savings accounts and the average 6-month balance of checking accounts.	1. Necessary personal property, except as noted in 10.
2. Stocks, bonds, savings certificates, money market funds, and other investment accounts.	2. Interest in Indian trust lands.
3. Equity in real property or other capital investments. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and reasonable costs (such as broker fees) that would be incurred in selling the asset.	3. Assets that are a part of an active business or farming operation. (Note: Rental properties are considered personal assets unless real estate is the applicant's main occupation.)
4. The value of land, in excess of land allowable for housing production is an asset.	4. Assets not accessible to the family and that provide no income for the family. For example, an abused spouse who legally and jointly owns a house but (1) does not live in the house; (2) receives no income from ownership of the house; and (3) has no ability to sell the house.
5. Cash value of trusts that are available to the household.	5. Vehicles specially equipped for the handicapped.
6. IRA, Keogh, and similar retirement savings accounts,	

even though withdrawal would result in a penalty. 7. Contributions to company retirement/pension funds that can be withdrawn without retiring or terminating employment. This amount would be reduced by any penalty for early withdrawal. 8. Assets that, although owned by more than one person, allow unrestricted access by the applicant. 9. Lump-sum receipts, such as inheritances, capital gains, lottery winnings, insurance settlements, and other claims. 10. Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc. 11. Assets disposed of for less than fair market value during two years preceding certification or recertification	6. Equity in owner-occupied cooperation and manufactured homes in which the family lives. 7. Assets held in applicants' name but which are actually owned by someone else. a. Asset and income from asset accrue to someone else. b. The other person is responsible for paying taxes on income. c. Not to be confused with joint ownership. 8. Cash value of life insurance policies.

For applications, acceptable forms of verification for specific types of income situations are as follows:

1. Employment Income:

   a. Employment verification form completed by the employer or statement from employer on company letterhead; or
   b. If employment verification is unavailable, at least three check stubs or earnings statements showing the employee's name, gross pay per pay period, and frequency of pay may be accepted. Proof has to be shown by the lender that the Lender attempted to obtain a verification several times unsuccessfully.

2. Self-Employment Income:

   a. Accountant's or bookkeeper's statement of net income; or

   b. Audited or unaudited financial statement(s) of the business along with a notarized statement from the applicant giving the anticipated income for the 12 months following certification; or

3. Social Security, Pensions, Supplemental Security Income (SSI), Disability Income:

   a. A benefit verification form completed by the agency providing the benefits (this must be less than 4 months old); or

   b. An award or benefit notification letter prepared and signed by the authorizing agency.

4. Unemployment Compensation:
   a. A verifi cation form completed by the unemployment compensation agency; or
   b. Records from the unemployment office stating payment dates and amounts.

5. Alimony or Child Support Payments:
   a. A print-out from the court or state governmental agency through which payments are being made; or
   b. A notarized letter from the person paying support; or

c. A copy of a separation or settlement agreement or a divorce decree stating the amount and type of support payment schedule. If the document is not within the 90-day time frame, a notarized statement from the applicant stating current income; or

6. Recurring Contributions and Gifts:

   a. Notarized statement or affidavit signed by the person providing the assistance giving the purpose, dates, and value of the gifts; or

   b. A letter from a bank, attorney, or a trustee providing required verification; or

7. Unemployed Applicants:

   a. The income of unemployed applicants with regular income from any source, such as Social Security, pension, recurring gifts, etc., must be verified as covered previously.

   c. If the applicant is currently unemployed and claiming zero (0) income, he/she must provide evidence of current anticipated income for the certification year by executing an Unemployed Applicant's Affidavit.

8. Bank Accounts:

   a. A Verification of Deposit form signed by a bank representative; or

   b. Six months of consecutive bank statements

9. Pension or 401-K accounts

   a. A verification formed by a pension representative; or

   b. A copy of the last quarterly statement.

Closing:

After approval, it takes a week to get a check so inform our processor of proposed closing date as soon as it is known.

HUD-1s and Truth-in-Lending statements must be reviewed by the County before any check is released.

After HUD and TIL are approved, housing professional may pick up the check and our loan package at our office in New Port Richey or they may be sent overnight or by courier to the title company. Under no circumstances can the homebuyer pick up the check or package.

Lenders may not charge more than 4% of their mortgage amount for fees and charges. This includes broker fees, points, underwriting fees, and other similar fees. It also includes yield spreads. Fees are defined by the County.

The interest on the loan from the lender cannot be more than 1% above the average FHA rate as shown on the HUD.gov Website.

The homebuyer may not take cash away from the closing. Any extra money must be paid to Pasco County as a principal reduction on their loan.

For More Information Visit our Website
www.pascocountyfl.net/menu/index/cdevindex.htm

S:\Community Development Documents\Web Documents\hap lender guide.doc

PASCO COUNTY COMMUNITY DEVELOPMENT DIVISION

HOMEBUYER ASSISTANCE PROGRAM
RESERVATION REQUEST FORM
July 31, 2009

Name of Borrower: _____

Property Address: _____

Name of Lender: _____

Lender Contact Person: _____

Telephone Number: _____

Facsimile Number or e-mail address: _____

Amount of Reservation: _____

Program:

☐ Neighborhood Stabilization Program (NSP)

☐ Florida Homebuyer Opportunity Program (FHOP)

Information necessary for county to inspect home (for NSP only)

BUYER'S NAME: _____

PHONE NO: _____

REALTOR CONTACT PERSON: _____

PHONE NO: _____

Fax Reservation form to the County at (727) 834-3450. This reservation is only good for 60 days and is NON-TRANSFERABLE TO OTHER LENDERS OR BORROWERS.

DO NOT WRITE BELOW THIS LINE: FOR INTERNAL USE ONLY
Date Received:

PASCO COUNTY COMMUNITY DEVELOPMENT DIVISION
NEIGHBORHOOD STABILIZATION PROGRAM

Homebuyer Program Application and Checklist
April 15, 2009

This application is for (check all that apply):
LIST HOMEBUYER ASSISTANCE AMOUNTS ONLY--REHAB TO BE DETERMINED

	Home Buyer Assistance Program	Amount	$
	Prosperity Campaign	Amount	$
	Family Self Sufficiency Program	Amount	$

Originating Financial Institution _____
Contact Person _____
Telephone Number _____
Facsimile Number _____
Lender (if Broker originated) _____

Namer of Home Buyer _____
Address of Property _____
City and Zip Code _____

Income Level (circle one) Low Moderate/Middle

	Eligible Income Levels by household size (annual income)						
Income Levels	1	2	3	4	5	6	7
Low	$ 20,700.00	$ 23,700.00	$ 26,650.00	$ 29,600.00	$ 31,950.00	$ 34,350.00	$ 36,700.00
Moderate/ Middle	$ 49,680.00	$ 56,850.00	$ 63,950.00	$ 71,040.00	$ 76,680.00	$ 82,400.00	$ 88,080.00

List all persons that will be living in the household. Their name MUST be listed, as does all info.

	Name	Age	Relationship to Head of Household
1			
2			
3			
4			
5			
6			
7			
8			
9			

Purchase Price $ _____
First Mortgage Amount $ _____
Appraisal Amount $ _____
Amount that is being put down by the buyer $ _____

In the Home Buyer Assistance Program, it is required that the buyer put some of their own funds down in order to purchase the property

Income Level	Minimum Down Payment
Low	$500
Moderate/Middle	$1,250

Projected Monthly Housing Costs

First Mortgage	$
Taxes	$
Insurance	$
Mortgage Insurance	$
Flood Insurance	$
Association Fees	$
Other (describe)	$

Loan is

	Portfolio
	FHA
	Fannie Mae
	Freddie Mac

Title Company

Name _____
Address _____
City _____
Phone _____
Fax Number _____

Seller's Realtor: _____

Name Company phone

Buyer's Realtor: _____

Name Company phone

Jurisdiction (circle one):

New Port Richey Unincorporated Pasco County