

PASCO COUNTY, FLORIDA
INTEROFFICE MEMORANDUM

TO: Honorable Chairman and Members of the Board of County Commissioners DATE: 1/28/11 FILE: CD11-360

THRU: Michael Nurrenbrock OMB Director SUBJECT: State of Florida Hardest Hit Program

FROM: George Romagnoli, AICP Community Development Manager REFERENCES: All Commission Districts

It is recommended that the data herein presented be given formal consideration by the Board of County Commissioners.

DESCRIPTION AND CONDITIONS:

The Federal Government allocated to the State of Florida \$1,057,839,381 to help with people suffering from delinquent mortgage payments. The Florida Housing Finance Corporation was directed by the United States Treasury Department to create and administer foreclosure prevention assistance programs that address the unique issues of the state. The State wants local government State Housing Initiative Partnership (SHIP) offices to be the principal contact with consumers on this program.

Florida Housing's two programs under the HFA Hardest Hit Funds are:

Unemployment Mortgage Assistance Program (UMAP) - Loan funds can be used to pay monthly mortgage and escrowed mortgage-related expenses (i.e., property taxes, homeowner insurance, and mortgage insurance) until the homeowner can resume payments or for up to 18 months whichever occurs first. This is for homeowners (borrower and co-borrower), through no fault of their own, who are currently unemployed or underemployed. Homeowner must meet eligibility and program underwriting guidelines and must complete a hardship affidavit.

Mortgage Loan Reinstatement Payment Program - Loan funds can be used to bring the past-due first mortgage current up to six months will be paid. This is for homeowners (borrower and co-borrower), through no fault of their own, who were unemployed or underemployed. These funds will be used to bring a delinquent mortgage current for a homeowner who has returned to work or recovered from underemployment and can now resume the monthly mortgage payment(s) based on his/her new income.

The funds are used to pay the monthly first mortgage payment or the first mortgage arrearage and will be disbursed by Florida Housing directly to the loan servicer on behalf of the homeowner. The funds will be in the form of a 0% interest, non-recourse, and deferred-payment forgivable loan which will subordinate to current mortgages. The loan will be forgiven over a 5 year period starting at month 24, at a rate of 20% per year provided the homeowner remains in the home.

The loans from both of these programs must be paid back if the home is sold, refinanced, or is no longer owner-occupied prior to the maturity date. Florida Housing will agree to subordinate the loan for homeowners who refinance their first mortgage to receive more favorable loan terms. If a homeowner refinances their loan to consolidate debt or receives cash out, the homeowner would be required to repay the loan according to the loan terms.

The County, which will have the role of Hardest Hit Fund Advisor, will be required to verify that all information entered into CounselorDirect (which is an internet based software that the client contacts before any other action) is accurate. The Advisor will be required to gather and assemble the information which will be used to make eligibility determinations.

Starting the second month after the initial eligibility determination was completed the homeowner must supply necessary documentation to the Advisor for continued assistance under UMAP. For example, if the first mortgage payment made on behalf of a homeowner was a February payment, the homeowner would need to supply the required information to the Advisor in time to make April's payment. The Advisor will need to recalculate each month the homeowners Income. The homeowner must remain within eligibility guidelines to continue receiving UMAP assistance.

If the County does these programs, it will receive \$2,400 as an initial start-up cost, \$250 for each determination of whether a client is eligible, \$100 once a loan closes, and \$75 per month per client for monthly management. It is unclear how much in revenue this could generate, but we estimate \$100,000.00.

ALTERNATIVES AND ANALYSIS:

1. The Board may approve the County's participation in this program.
2. The Board may disapprove participation in this program.

RECOMMENDATION AND FUNDING:

The Community Development Division recommends that the Board of County Commissioners authorize the Community Development Division to participate in the Hardest Hit Program. The County Attorney is reviewing the Contract with the Florida Housing Finance Corporation, and approval is pending their approval of the documents. If the County Attorney approves the documents, authority is requested for the Chairman to sign the contract for the program, and any other related documents the State requires.

Funding and revenues for this program will go through fund B158.

ATTACHMENTS:

1. Contract under review by County Attorney
2. Orientation Power Point of Program

GR/GR