

**PASCO COUNTY
HOMEBUYER ASSISTANCE PROGRAM**

PROGRAM POLICY STATEMENT

The Pasco County Homebuyer Assistance Program is directed toward assisting low and moderate income renters achieve the American dream of home ownership. By creating more homeowners, stable neighborhoods and communities are created and long-term housing costs are reduced.

SECTION ONE: HOMEOWNER ELIGIBILITY

- A. Homebuyers must have very low, low, or moderate incomes. These are defined as follows:
1. "Very low-income person" means one or more natural persons or a family, not including students, that has a total annual adjusted gross household income that does not exceed 50 percent of the median annual adjusted gross income for households within the metropolitan statistical area, or within the County, whichever is greater.
 2. "Low-income person" means one or more natural persons or a family, not including students, that has a total annual adjusted gross household income that does not exceed 80 percent of the median annual adjusted gross income for households within the metropolitan statistical area, or within the County, whichever amount is greater.
 3. "Moderate-income person" means one or more natural persons or a family, not including students, that has a total annual adjusted gross household income that is less than 120 percent of the median annual adjusted gross income for households within the metropolitan statistical area, or within the County, whichever is greater.
- B. Eligible borrowers must be persons with very low, low, or moderate household incomes. The applicant must own the property at the closing of the loan and occupy the unit upon completion of the project.
- C. This program is principally funded through the State Housing Initiatives Partnership Program (SHIP). However, funds may come from other sources which have different eligibility rules. If that occurs, those rules shall supersede any rule in this policy statement. This also applies when these loans are used in connection with the secondary market.
- D. For the purpose of determining program eligibility, the annual income as defined by the Section 8 Program (24 C.F.R. Part 813) shall be used.
- E. In determining loan repayments, the following shall be deducted from their annual income:

1. Where a household can substantiate medical expenses which exceed three percent of the annual income, or where amounts paid by the family for care of minors under 13 years of age, or for the care of disabled or handicapped family household members (but only where such care is necessary to enable a family member to be gainfully employed, and the amount allowable shall not exceed the amount of income from such employment), such expenses shall be deducted from the family gross earnings to establish the "Annual Income for Eligibility".
 2. For each dependent, \$480 may be deducted from family income.
 3. For each family member of the age of 62 or over, \$400 may be deducted for family income.
- F. Total household income for loan eligibility shall be all income of all members of the household from all sources. This income may differ from ability to support loan payments, which includes only the income of persons with security interest in the property.
- G. A borrower must have a satisfactory credit rating. A waiver of this requirement may be authorized by the Community Development Manager.

SECTION TWO: FINANCIAL INSTITUTION ELIGIBILITY

- A. Any financial institution regulated by the Federal Reserve Bank, Office of the Controller of Currency, Federal Deposit Insurance Corporation, or Office of Thrift Supervision may participate in the Homebuyer Assistance Program. Other corporations may participate if approved by the Community Development Manager or his/her designee.
- B. Financial institutions must sign a Letter of Understanding with the Community Development Division (acting on behalf of the Board of County Commissioners) detailing the process and information exchange needed for each case, and agreeing to the requirements of the funding source.

SECTION THREE: ELIGIBLE UNITS

- A. Residential units may be located anywhere within Pasco County, Florida.
- B. The purchase price of the unit cannot exceed the limits as set by the Florida Housing Finance Corporation.
- C. Assisted unit types may include the following:
1. Single-family residences.
 2. Condominiums.
 3. Villas.

- D. A manufactured building or modular homes that meet the definitions of F.S. 553.
- E. Mobile homes are ineligible for this program.
- F. All assisted units must be decent, safe, and sanitary.

SECTION FOUR: HOMEOWNER SELECTION

- A. Applicants will be proposed to the Community Development Division by participating financial institutions. The financial institutions shall convey to the Community Development Division the following copies of documents and information:
 - 1. Application and income verifications.
 - 2. Credit information.
 - 3. Estimated housing costs.
 - 4. Appraisal information.
 - 5. Sales information.
- B. The Community Development Division or its designee will review all documents and decide upon loan approval within three working days, if all documents have complete information.

SECTION FIVE: LOAN INFORMATION

- A. Pasco County will provide fixed-rate second mortgages to assist homebuyers purchase property. The County will fund the gap between what the homebuyer can put down and what the financial institution requires to be put down.
- B. The interest rate shall be zero percent.

If the property is located in a Board of County Commissioners designated target area, the interest rates shall be zero percent and deferred for five years.

The interest rates shall be fixed and be for a maximum term of up to 30 years.
- C. The following section from the Housing Rehabilitation Program Policy Statement is incorporated by reference: Section One:III:D, E, F, G, H, I, and IV.
- D. No County loan shall take a position lower than the second. No County loan may be of a higher amount than the first mortgage. These conditions may be waived by the Community Development Manager.

- E. If the homeowner converts the unit to rental property, he must immediately inform the Community Development Division. The loan will be converted to a payback loan at a rate of six percent or three points below the prime rate as determined by the Federal Reserve Bank, whichever is more, for a term of not more than 30 years.
- F. There shall be no prepayment penalty.
- G. Loans must meet all funding source regulations.
- H. All applicants must attend an approved homebuyer education class.
- I. In order to participate in the program, homebuyers must put down some of their own funds. The minimum requirements below may be exceeded by financial institution. The funds the homebuyer puts down may include closing costs.

<u>Sales Price and Closing Cost</u>	<u>Income Level</u>	<u>Minimum Down Payment</u>
Under \$40,000	Very Low	\$250
	Low	400
	Moderate	500
\$40,001-\$55,000	Very Low	\$ 300
	Low	450
	Moderate	650
\$55,001-\$70,000	Very Low	\$ 350
	Low	600
	Moderate	850
\$70,001-\$85,000	Very Low	\$ 400
	Low	750
	Moderate	1,000
Over \$85,000	Very Low	\$ 500
	Low	1,250
	Moderate	1,500

- J. There is a maximum level of assistance the County will fund. This is dependent on income level, and whether the house is categorized as existing or constructed.

Family Size	Very Low Income		Low Income		Moderate Income	
	Existing	New	Existing	New	Existing	New
1	\$40,000	\$50,000	\$15,000	\$20,000	\$10,000	\$15,000
2	45,000	55,000	18,000	25,000	13,000	15,000
3	50,000	60,000	21,000	25,000	18,000	20,000
4	55,000	65,000	24,000	30,000	21,000	25,000
5 or more	60,000	70,000	27,000	35,000	24,000	25,000

- K. Homebuyers that are participating in Family Self Sufficiency or other similar programs through the Pasco County Housing Authority shall receive additional funds of up to \$10,000.00 matched on a dollar for dollar basis upon the amount that has been saved in their escrow.
- L. Homebuyers that are participating in the Earned Income Tax Credit (EITC) Program through the Pasco County United Way shall receive additional funds of up to \$5,000.00 matched on a dollar for dollar basis upon the EITC they have received.

SECTION SIX: PURCHASE-REHAB PROGRAM

- A. This program is only available to all persons within the County participating jurisdictional boundary or within cities that have signed agreements with Pasco County for housing rehabilitation programs.
- B. The following sections from the Housing Rehabilitation Program, Program Policy Statement, are incorporated by reference: Section One, I.D1-3; E-F and M.-N.; Section One, Parts II, IV, V.D, and VI; and Sections Three and Four.
- C. Homebuyers are eligible for the Purchase-Rehab Program up to one year from closing.

SECTION SEVEN: TARGET AREA PROGRAMS

- A. The Community Development Division may create programs to promote home ownership in the target neighborhoods. The Division may buy lots and move houses to the sites, rehabilitate and sell them. This may be done in cooperation with not-for-profit agencies.
- B. Target Area homebuyers shall receive 50 percent financing at zero percent, deferred for five years for the purchase or construction of a home. All houses must meet the Pasco County Minimum Housing Code.
- C. Law enforcement officers which are defined as Sheriff Deputies, City policeman, Florida Highway Patrol Troopers, Correctional Facility guards, or similar positions as defined by

the Community Development Division shall receive the same benefits as described in Article B above, but it shall be forgiven at the end of three years if they remain law enforcement officers and owner-occupants of the property.

SECTION EIGHT: IMPACT FEE ASSISTANCE PROGRAM

- A. This program is available to all eligible income levels.
- B. Homebuyers will receive assistance to pay their impact fees at closing. The impact fee loan shall be zero percent, and due upon sale or vacation by the borrower of the property. This may be in addition to funds mentioned elsewhere in this statement.

SECTION NINE: CONSTRUCTION INTEREST ASSISTANCE

- A. Homebuyers may receive an additional amount of up to \$2,000.00 to pay for construction interest during new home construction. This shall be paid at closing and managed by the first mortgage lender.
- B. Only first mortgage lenders that agree to a special Letter of Understanding to handle these funds may participate.
- C. Any unused funds at construction completion shall be paid back to the County and credited towards the homebuyer's loan.
- D. Funds used shall be treated as a zero percent loan, deferred for five years, or due upon sale, or vacation of the property by the borrower, whichever comes first.

SECTION TEN: DELEGATION OF RESPONSIBILITY

The Pasco County Board of County Commissioners delegates to the County Administrator or his/her designee the ability to sign mortgages, promissory notes, releases of liens, letters of understanding, awards of notes, and any other documents necessary for the operation of the Homebuyer Assistance Program.

SECTION ELEVEN: MANUFACTURED HOUSING HOMEBUYER ASSISTANCE PROGRAM

- A. If certain funding is available, Pasco County may fund a Homebuyer Assistance Program for manufactured housing buyers.
- B. All requirements that are listed in Sections One, Two, Four, Five, and Ten of this document shall apply. This program is limited to first-time homebuyers, which is defined as someone who has not owned a home for the last three year.
- C. All applicants must be under 80 percent of the median income for the Tampa/ St. Petersburg/Clearwater SMSA.
- D. All manufactured housing units must be brand new.

- E. All assisted manufactured housing units must occur on lots that are zoned for manufactured housing, or on property larger than one acre and less than one and one-half acres. It cannot be in parks unless the homebuyer owns the land directly under the unit.
- F. Assistance is limited to \$10,000.00.
- G. This program will not be available in Pasco County target areas.
- H. Pasco County Community Development will set the sales price limit for units assisted and all units must be located within Pasco County or the cities that participate with Pasco County in the HOME Investment Partnership Program.

SECTION TWELVE: SHARED EQUITY PENALTY

- A. If the homebuyer sells or transfers the home within the first three years of assistance from the County, the County shall share 50 percent of the appreciated sales price with the homebuyer in addition to the loan balance due the County. If the homebuyer sells or transfers the home in the fourth or fifth year after assistance from the County, the County shall share 25 percent of the appreciated sales price with the homebuyer in addition to the loan balance due the County.
- B. If the homebuyer performed any permitted improvements on the property, that cost shall be added to the basis of the initial sales price and the determination of the shared equity.
- C. If the homebuyer sells the property to a family member, spouse, ex-spouse, or any other friend or acquaintance, the Community Development Division may order an appraisal to determine if the sales price is equitable and require the shared equity amount to be determined by that valuation.
- D. Appreciation is defined as the gain a homebuyer receives from the sale of their house, less any reasonable title and real estate costs.
- E. Under no conditions, shall the shared-equity amount be more than double the original County assistance.

SECTION THIRTEEN: NEIGHBORHOOD STABILIZATION PROGRAM (NSP)

- A. Homebuyers funded through the NSP shall not be exempt from the following requirements that were listed previously:
 - 1. Section Three: E (Prohibition of assistance for mobile homes).
 - 2. Section Five: A (The County will provide financing to assist homebuyers, not down payment assistance).
 - 3. Section Five: J (Levels of Assistance).

4. Section Six: C (Eligibility of Participants).
 5. Section Twelve: (Shared Equity Penalty).
- B. The following additional rules shall apply for using NSP funds:
1. For families with incomes between 51-120 percent of median income, the maximum amount of financing for homeownership shall be \$20,000.00.
 2. For families with incomes between 51-120 percent of median income, an additional \$10,000.00 in assistance shall be available, if needed, to essential service workers. Essential service workers are defined as follows:
 - (1) Government employees (except for Pasco County employees who work on the NSP).
 - (2) School Board employees.
 - (3) Other essential employees, including private and higher education.
 - (4) Law enforcement personnel.
 - (5) Active military and retirees.
 - (6) Healthcare workers.
 3. For families that earn 50 percent of the median income or less, the maximum amount of assistance shall be no more than 50 percent of the sales price of the home, not to exceed \$50,000.
 4. If families are using this program with the Purchase-Rehab Program (Section Six), the total loan amount cannot exceed 50 percent of the post-rehabilitation value and the total loan-to-value cannot exceed 100%.
 5. NSP funds can only be spent in areas approved by the Board of County Commissioners and the Department of Housing and Urban Development.
 6. Pasco County will recapture at the time of resale or pay off the amount of equity that is not mortgaged by the lender loan and the County loan combined, and what the homebuyer puts into the purchase, at the time of purchase. Appreciation is defined as the gain the homebuyer receives for the sale of the home, less any title and real estate costs. The cost of home improvements completed with Building Permits shall also be deducted from this amount. This amount shall not exceed the amount of cash available at closing.