

Involving Realtors and Lenders in the Purchase Assistance Process



sponsored by
Florida Housing Finance Corporation's Catalyst Program
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Our Thanks to the Florida Housing Catalyst Program



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Florida Housing Coalition
www.flhousing.org

The Florida Housing Coalition, Inc., is a nonprofit, statewide membership organization whose mission is to bring together housing advocates and resources so that all Floridians have a quality affordable home and suitable living environment.

The Coalition provides professional consultation services through training and technical assistance on affordable housing and related issues; supports community-based partnerships in leveraging resources; and advocates for policies, programs and use of funding resources that maximize the availability and improve the quality of affordable housing in Florida.

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Catalyst Training Schedule



The Coalition is Florida's affordable housing training and technical assistance provider.

* Florida Housing Coalition is currently acknowledged as the technical authority in Florida on affordable housing, community development and related issues, as a recognized for education, a provider of training, technical assistance, and an advocate at the state and national levels for programs in need of affordable housing.

Hotline: 1-800-677-4548
www.flhousing.org

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Catalyst Trainings



'Past Catalyst Trainings'

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What is SHIP?

- State Housing Initiatives Partnership Program
- Passed under the Sadowski Act in 1992
- Funded through documentary tax collections
- Contact legislators to request full funding of the trust fund
- Market program success stories to create awareness of the program and gain support

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Notice of Funding Availability

- Advertise in a newspaper of general circulation and periodicals serving ethnic and diverse neighborhoods
- At least 30 days before beginning application period.
- If funding unavailable due to a waiting list, no NOFA required.

SHIP fiscal year begins July 1



Documentation and eligibility based on 24 CFR part 5.609

- Application
- Bank statements
- Pension
- SSI
- Paystubs
- Tax returns

Local Government will request third party verifications for all Household Members

Review income inclusions and exclusions

https://www.hud.gov/sites/documents/DOC_35699.PDF



FLORIDA HOUSING FINANCE CORPORATION
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RESIDENT INCOME CERTIFICATION - HOME OWNER State Housing Initiatives Partnership (SHIP) Program

Effective Date: _____ Allocation Year: _____

A. Recipient Information (select one)

- a. Current homeowner
b. Home buyer Existing Dwelling Newly Constructed Dwelling

Local governments have 120 days from the first to the last verification to income qualify the applicant and issue an award letter.

They look at income and assets. They project income for the next 12 months by annualizing current circumstances.



HUD release: 3/30/2018
FHFC Posted: 4/9/2018
Effective: 4/1/2018

2018 Income Limits and Rent Limits Florida Housing Finance Corporation SHIP Program

County (Metro)	Percentage Category	Income Limit by Number of Persons in Household									
		1	2	3	4	5	6	7	8	9	10
Alachua County (Gainesville MSA)	30%	15,000	17,150	20,780	25,100	29,420	33,740	38,060	42,380	Refer to HUD	
	50%	25,000	28,550	32,100	35,650	39,200	41,400	44,250	47,100	49,910	52,760
	80%	39,000	45,050	51,350	57,650	61,650	66,200	70,750	75,300	79,850	84,410
	100%	49,000	56,500	64,000	71,500	75,500	80,000	84,500	89,000	93,500	98,000
Median: 71,300		40,000	46,500	53,000	59,500	63,500	68,000	72,500	77,000	81,500	86,000
	140%	70,000	79,500	89,000	98,500	107,500	117,000	126,500	136,000	145,500	155,000
Baker County (Baker County HRA, Jacksonville MSA)	30%	13,100	16,400	20,700	25,100	29,420	33,740	38,060	41,100	Refer to HUD	
	50%	21,800	24,900	28,000	31,100	33,600	36,100	38,600	41,100	43,540	46,020
	80%	34,800	39,800	44,800	49,750	53,750	57,750	61,700	65,700	69,660	73,645
	100%	42,200	48,700	55,200	61,700	66,640	71,580	76,520	81,460	86,400	91,340
Median: 42,200		41,040	46,720	52,400	58,080	63,760	69,440	75,120	80,800	86,480	92,160
	140%	61,040	69,720	78,400	87,080	94,080	101,080	108,080	115,080	122,080	129,080
Bay County (Panama City-Lynn Haven)	30%	13,300	16,400	20,780	25,100	29,420	33,740	38,060	41,750	Refer to HUD	
	50%	22,150	25,300	28,450	31,600	34,150	36,700	39,250	41,750	44,240	46,740



Set-Aside Compliance

Homeownership Set-aside

65% of Allocation + Recaptured Funds

Construction/Rehab Set-aside

75% of Allocation + Recaptured Funds

Income Set-aside

A) At least 30% of all Revenue for Very Low (50% AMI)

B) At least 60% for VLI and Low combined (80% AMI)



Purchase Assistance Strategy

City of Pembroke Pines

\$50,000 Very Low

\$40,000 Low

\$30,000 Moderate

15 year term

0% interest



Purchase Assistance Counseling

- Not required by SHIP rules but encouraged
- Outlined in the LHAP
- May Have specific requirements such as:
 - Eight hours
 - HUD approved counselor
 - Certificate not older than 12 months
 - Must be completed by all borrowers
 - classroom setting

Maximum Purchase Price

Homes may not exceed Maximum Purchase Price established in Local Housing Assistance Plan as determined by purchase contract.

County	90% Average Area Purchase Price
BAKER	303,882
BROWARD	317,647
CLAY	303,882
COLLIER	415,058
DUVAL	303,882
LAKE	255,176
MANATEE	264,706
MARTIN	291,176
MIAMI-DADE	317,647
MONROE	487,058
NASSAU	303,882
OKALOOSA	314,471
ORANGE	255,176
OSCEOLA	255,176
PALM BEACH	317,647
SARASOTA	264,706
SEMINOLE	255,176
ST. JOHNS	303,882
ST. LUCIE	291,176

Subject to change

Local government may establish a lower value limit

Maximum Value

Sales price" or "value" means

- In the case of acquisition of an existing or newly constructed unit, the amount on the executed sales contract.
- If building a unit on land they own sales price is determined by state certified appraiser based on the after construction value performed by a state-certified appraiser. The appraisal must include the value of the land must be dated within 12 months of the date construction is to commence.

Many ways to administer a Purchase Assistance program

- Local government: intake, counseling, program administration
- Contract out pre/post purchase education
- Select one nonprofit to fully implement purchase strategy
- Many nonprofits supply eligible buyers
- Working with lenders/realtors

SHIP Allows a Variety of Recapture Options

- Direct Payment Loans at Various Terms
- Deferred Payment Loans at Various Terms
- Combination Direct/Deferred Payment Loans
- Grants – typically not done for purchase assistance.

Types of SHIP Purchase Assistance

- Only Closing Costs: for buyers who fully qualify for amount of purchase price
**EXAMPLE: \$225,000 Sales Price
 \$225,000 First Mortgage**
- Also Down Payment & Principal Reduction: many buyers need GAP financing
**EXAMPLE: \$225,000 Sales Price
 \$190,000 First Mortgage
 \$35,000 SHIP fills the gap**

Types of SHIP Purchase Assistance

- Repairs when purchasing existing homes
- Down Payment, Closing Costs PLUS upfront subsidy (fixed or gap financing)
 - New construction (LG or Sponsor/Developer)
 - Repair included in Strategy
 - SHIP leveraged with donated materials, volunteer labor, and other financial subsidy
- Later assistance: Home Improvements or Foreclosure Prevention



Eligible Housing

- SHIP Statutory Definition of Eligible Housing: **“Real and personal property... intended for the primary purpose of providing... residential units”**
- Any New construction or Existing home
- Review LHAP



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Eligible Housing: Many Shapes & Sizes

- Townhomes, Condos, Modular Homes (built to FL Building Code), Mobile Homes after 1994



- Sometimes new construction on land owned by the applicant



Buyer Eligibility Varies Among Communities

- Attend class or credit counseling
- No recent foreclosure or bankruptcy
- Up to 140% of median
- Some only assist **First Time Homebuyers**
 - “Owning no home in the last 3 years”
 - “An individual who is a displaced homemaker and has only owned with a spouse”



More Examples of **1st Time Buyer**



- “A single parent who only owned with a spouse while married”
- “An applicant displaced as a result of a government entity purchasing their home”
- “One exception is noted: a homeowner is allowed if the property is owned only as a rental asset, not to live in.”



How Much Purchase Assistance?

- Assistance = difference between what target market can afford and housing cost
- No statutory or regulatory cap on maximum assistance amount
- Maximum award: driven by housing cost and what target market can afford



Definition of Affordable

- SHIP has a definition, but not a specific test.
- SHIP Definition: "Affordable" means that... monthly mortgage payments including taxes and insurance do not exceed 30 percent of that amount [on the income limits chart]"
- "...housing for which a household devotes more than 30 percent of its income shall be deemed affordable if the first institutional mortgage lender is satisfied

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Lenders Guidelines: One Method of Addressing Affordability



Define acceptable parameters for terms on 1st mortgage provided to SHIP buyer, like:

- Maximum interest rate
- Maximum amounts for specific fees

Encouraged to involve lenders in creating program guidelines

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Lenders Guidelines Examples

- '1% Origination maximum'
- 'No Mortgage Broker Fees'
- 'No Prepayment Penalty Loans'
- 'Must be a 30 year fixed rate loan'
- 'Combined Loan to Value cannot exceed ___%'
- 'Hazard Insurance Hurricane Deductible of 2%'



Questions

Miami-Dade County

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Public Housing and Community Development

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Questions

Broward County

**MILDRED J. REYNOLDS, Housing & Community
Development Supervisor**

Environmental Protection and Growth
Management Department

**HOUSING FINANCE AND COMMUNITY
REDEVELOPMENT DIVISION**

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BROWARD COUNTY HOUSING FINANCE & COMMUNITY REDEVELOPMENT DIVISION

HOME BUYER PROCESS

INCOMING INQUIRIES

STEP 1	STEP 2	STEP 3
REFER TO HUD APPROVED COUNSELING AGENCY FOR 8 HOUR WORKSHOP RESULT: WORKSHOP CERTIFICATE	REFER TO LENDER FOR PREQUALIFICATION RESULT: PREQUALIFICATION LETTER	REFER TO LICENSED REALTOR RESULT: SIGNED REAL ESTATE CONTRACT

HOME BUYER PROCESS

STEP 4	STEP 5	STEP 6
REFER TO INITIAL LENDER WITH EXECUTED REAL ESTATE SALES CONTRACT FOR UNDERWRITING RESULT = LENDER ISSUES LOAN COMMITMENT	LENDER SUBMITS FULLY DOCUMENTED FILE TO COUNTY FOR (A) LOAN PRODUCT REVIEW AND (B) INCOME QUALIFICATION RESULT = COUNTY ISSUES AWARDS LETTER	COUNTY COORDINATES CLOSING WITH CLOSING AGENT AND LENDER RESULT = COUNTY SUBMITS LOAN CLOSING PACKAGE, CHECK OR WIRE FUNDS. CLOSED LOAN

CONTACTS

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Questions

Florida Community Bank

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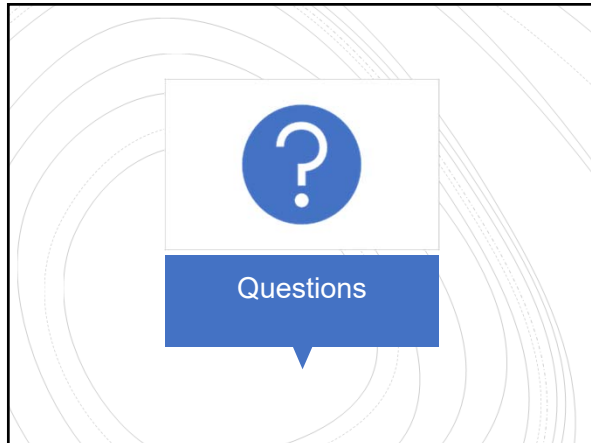
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Your Role as Lender Using Purchase Assistance

- What are the benefits?
- Possible roadblocks!
- Loan products
- Agency approved lender list
- Purchase assistance guidelines and qualifying the buyer
- Layering?
- Closing and how long it takes to get there?



Prag Realtors

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Dawn Williams-Bobo
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Cell: 754-366-1791

- 20 years in Real Estate
- Broker of a specialized team of agents focused on the First Time Homebuyer Program
- Trained by Neighborworks® of America
- Work with all subsidy sources: SHIP/HOME/CDBG
- Realtor® partner with many Non-Profits and Municipalities.



OUR EXPERIENCE

- Over 10 years of experience working with the program
- Helped hundreds of buyers realize their dream of home ownership utilizing these programs



HOW THIS PROGRAM HELPS BUYERS

- Can be used to close the gap between their loan amount and the sale price of the home.
- May assist buyers with closing costs.
- To increase the buyer's purchasing power in the market.



DETERMINING BUYER ELIGIBILITY

- Team effort: Realtor®, Lender, Counselor
- Utilize the Income Chart for a preliminary determination



PROGRAM CHALLENGES

- As market has seen an increase in home prices, the inventory of readily available homes in this price point has been limited.
- Sellers may be less accepting of the program contingencies.
- Ratios are challenging
- Capping of sales price



RECOMMENDATIONS

- Eligibility letter from subsidy sources
- Increase in ratios – aligned with FHA
- Increase sales price or remove if ratios are in alignment with program.



Questions

**Beyond SHIP:
More Sources of
Buyer Assistance**

FHFC Single Family Bond

- First Mortgage plus Down Payment Assistance
- 100% AMI
- First time buyer or purchase in target area
- www.floridahousing.org
 - Homebuyers and renters
 - First time homebuyer program
- <http://apps.floridahousing.org/StandAlone/FTHBWizard/FTHBWizardForm2.aspx>

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Florida Housing Mortgage Credit Certificate program

- Homeowners receive a dollar-for-dollar tax credit for up to 50% of the mortgage interest paid per year, capped at \$2,000 annually.
- First time homebuyers and eligible veterans
- Claim the credit as long as home remains principal residence & mortgage interest paid
- Find lenders per county:
<http://apps.floridahousing.org/StandAlone/singleFamilyWizards/Wizard.aspx>
- Details at www.floridahousing.org/MCC.

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