



BOARD OF COUNTY COMMISSIONERS

**Housing and Human Services**

2725 Judge Fran Jamieson Way

Building B, Suite 106

Viera, Florida 32940

**HOUSING AND HUMAN SERVICES DEPARTMENTAL POLICY**

**TITLE:** Brevard County Purchase Assistance Program Policy  
Home Investment Partnership (HOME)

**NUMBER:** HS-27

**CANCELS:** April 25, 2017

**APPROVED:**

**ORIGINATOR:** Housing and Human Services Department

**REVIEW:** As needed.

**I. OBJECTIVE**

This policy is designed to be utilized by the Housing & Human Services Department to implement the Purchasing Assistance Program as approved HOME Investment Partnership Program administered by HUD (U. S. Department of Housing and Urban Development).

These funds are to provide down payment and closing cost assistance to eligible applicants. The income of the eligible applicants must be below 80% of the median income in Brevard County. Assistance provided is in the form of a deferred loan whereby a lien is attached to the property for 10 to 15 years depending upon the amount of assistance at zero percent interest. The policy identifies authority levels for approval and eligibility restrictions, which may exceed federal and state requirements.

**II. DEFINITIONS AND REFERENCES**

- A. Titles I and II of the Cranston-Gonzales National Affordable Housing Act, Public Law 101-625, HOME Investment Partnership Program.
- B. 24 CFR Part 92, regulations, HOME Investment Partnerships Program.
- C. Procurement Policy, BCC-25 - Policy approved by the Board of County Commissioners establishing a procurement policy in accordance with Florida Statute.

- D. Appeal Procedure - Established procedure and Departmental Policy by which an applicant may make a complaint or appeal a decision made by the Housing and Human Services Department.
- E. Applicant - A person or household who submits a signed and completed Housing and Human Services Department application for assistance.
- F. AMI - Area Median Income - Means the median family income in Brevard County, Florida, adjusted for family size, as published annually by the U.S. Department of Housing and Urban Development.
- G. Assets - Assets are defined by Section 8 regulations 24 CFR Part 5 Subpart F 5.603(b). Actual or "imputed" income from assets is included in projected annual income.
- H. Debt - Any obligation that will hinder the Household's monthly mortgage payment, to include but not be limited to child care, car payments, loans, and child support.
- I. Default - A default shall be the occurrence of any of the following events, and upon that occurrence the Lender may, at the Lender's option, declare all sums secured by the Mortgage to be immediately due and payable.
  - a. Nonperformance by the Applicant or Borrower of any covenant, agreement, term or condition of the Mortgage, or of the Note, or of any other agreement made by the Applicant or Borrower with the Housing and Human Services Department in connection with such indebtedness, after the Applicant or Borrower has been given due notice, as described hereafter, by the Housing and Human Services Department of such nonperformance;
  - b. Failure of the Applicant or Borrower to perform any covenant, agreement, term or condition in any instrument creating a lien upon the mortgaged property, or any part thereof, which shall have priority over the lien of the Mortgage;
  - c. The Housing and Human Services Department's discovery of the Applicant or Borrower's failure in any application of the Applicant or Borrower to the Housing and Human Services Department to disclose any fact deemed by the Housing and Human Services Department to be material, or the making therein, or in any of the agreements entered into by the Applicant or Borrower with the Housing and Human Services Department (including, but not limited to, the Note and Mortgage) of any misrepresentation by, on behalf of, or for the benefit of the Applicant or Borrower; and
  - d. If property does not remain the principal residence of the Applicant or Borrower, or if all or any part of the property or an interest therein is rented, leased, sold or transferred by the Applicant or Borrower.

- J. Deferred Loan - A no-interest loan to an eligible Household that is forgiven without repayment upon satisfaction of all requirements of the Household's agreement with Brevard County. The Household has an option to repay the loan at any time within the 10 to 15-year lien period without penalties and interest accrual, assuming the loan is not in default at any time. Defaulted loans may be subject to interest penalties.
- K. Department - Housing and Human Services Department.
- L. Eligible Sponsor - A non-profit organization meeting the selection criteria set forth by the Brevard County Housing and Human Services Department who executes a contract to provide services to the Purchase Assistance Program.
- M. Fair Housing - Requirements for non-discrimination based on race, color, sex, disability, religion, familial status, or national origin in accordance with Federal Regulations found at 24 CFR 100-146 and State Law FS760.
- N. First Time Homebuyer - A first-time homebuyer is an individual who meets the criteria as defined in 24 CFR 93.2:
- An individual and his or her spouse who have not owned a home during the 3-year period prior to purchase of a home with assistance under this part.
  - an individual who is a displaced homemaker or single parent, as those terms are defined in 24 CFR 93.2.
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- (For the purpose of the program a "Home" is considered a conventional home, condominium or townhouse, or modular home.)
- O. General Property Improvements - These improvements include rehabilitation items that are not corrections of health and safety violations, but are improvements that place the unit in a readily maintainable condition.
- P. HOME - Home Investment Partnership Program administered by the U. S. Department of Housing and Urban Development.
- Q. Housing Counselor - A housing counselor is a professional who provides advice and guidance to individuals and households in order to assist them in improving their housing situation, and meeting the responsibilities of tenancy and homeownership.
- R. Household - "Household" includes all dwelling occupants to include, friends, legal spouse, children and relatives. Occupants not claiming the applicant dwelling as their primary residence should not be included in determination of eligibility if primary residency can be verified outside of the applicant's household

for a period of six months or greater prior to the application and the occupant is not a signatory on any deed or mortgage associated with the applicant dwelling.

- If the co-signor is not a spouse, and can document his/her residence at another location, then his/her income is not calculated, however, he/she must sign the security instrument with the County.

S. HUD - U.S. Department of Housing and Urban Development.

T. HUD-Approved Housing Counseling Agency- is a private and/or public nonprofit organizations that is exempt from taxation under section 501(a) pursuant to section 501(c) of the Internal Revenue Code of 1996, 26 U.S.C. 501(a) and 501(c)), and approved by HUD, in accordance with this Handbook and 24 CFR 5 214, to provide housing counseling services to clients directly, or through their affiliates or branches, and which meet the requirements set forth in this part.

U. Income - Projected annual income established in compliance with HOME regulations, specifically established at 24 CFR Part 5.609.

V. Liquid Assets - Liquid assets are those in the possession of the household seeking assistance, which can readily and promptly be turned into cash. Examples include, but are not limited to: Checking Accounts, Savings Accounts, Certificates of Deposit, Treasury Bonds, Money Market Funds, or Savings Bonds. Not included in the liquid asset calculation are funds not readily accessible or specifically resulting from lump sum pension distributions, or other 401K/IRA-type retirement fund accounts designed to enhance social security benefits. Applicant must provide documentation from fund management institution of identification of these assets as intended retirement enhancement funding.

W. Minimum Property Standards - Minimum Property Standards establish certain minimum standards for buildings constructed under various HUD programs. The Standards include specific requirements for the durability of such items as doors, windows, painting and wall coverings, kitchen cabinets, and carpeting. The standards ensure that the value of the home is not reduced by the deterioration of these components. (HUD Handbook 4910.1).

X. Modular home - Defined as a dwelling which meets the certification process specified in Section 553, Part IV, Florida Statutes and meets the local Building Department code for modular housing. The modular home must have an approved device or seal issued by the Department of Community Affairs.

Y. Pre-Purchase Housing Counseling– HUD Rule (12 U.S.C. 1701x(e)) establishes that HOME-assisted buyers receive counseling from HUD certified counselors employed by HUD-approved Housing Counseling agencies.

Z. Principal Residence - The Household must utilize the property as their primary residence, as established by eligibility for the State Department of Revenue

Property Tax Homestead Exemption. The household may not vacate the unit for more than 120 consecutive days in any one calendar year for any reason, other than a hospital or nursing home stay.

- AA. Qualified Mortgage: To ensure responsible lending, the senior Mortgage must be a Qualified Mortgage under the requirements from the Consumer Financial Protection Bureau (CFPB) outlined in 12 CFR 1026.43(e). Qualified Mortgages, among other features, limit total points and lender fees to reasonable levels. Qualified Mortgages also strictly limit pre-payment penalties and contain many other features intended to protect consumers.
- BB. Rehabilitation - All HOME assisted units must meet, at a minimum, the Standard Housing Code approved by Brevard County and the Program's written rehabilitation standards. Properties must meet local codes, including zoning regulations.
- CC. Standard Housing Code - Minimum standards for basic equipment and facilities for all buildings intended for occupancy by owner-occupants. Adopted standards are prepared by HUD: Housing Quality Standards and the Southern Building Code Congress International, Inc. and adopted by the Board of County Commissioners. This is also the minimum standard for rehabilitation performed with HOME Program Funds.
- DD. Subordination - the process of placing, ranking, or positioning a mortgage as secondary to the primary mortgage. The Purchase Assistance Program will remain in second or third position.
- EE. Satisfaction - a document recorded with the Clerk of Court removing lien(s) from the property.
- FF. Underwriting - Determining a borrower's ability and willingness to repay a mortgage debt to limit the probability of default and collection actions, and examine the property offered as security to determine if it is sufficient collateral.

### **III. DIRECTIVES**

#### **A. Program Administration**

The Brevard County Housing and Human Services Department shall be responsible for the administration and monitoring of the Purchase Assistance Program. At the discretion of the Department, an eligible Sponsor may be selected based upon criteria outlined in Brevard County's Board of County Commissioner approved Citizen Participation Plan.

#### **B. Eligibility**

1. Must be a first-time homebuyer as defined by 24 CFR Part 93.2.

2. Applicants must submit a signed and dated application provided by the Housing and Human Services Department. Income eligibility must be verified based on the regulations of the applicable funding source (HOME, CDBG, etc.) and BOCC approved policies. As funds become available, applicants will be asked to confirm completion of the Purchase Assistance Program Workshop.
3. The applicant must meet income guidelines of no more than 80% of the Brevard County Metropolitan Statistical Area (MSA) median income as provided annually by U.S. Department of Housing and Urban Development.
4. The applicant must occupy residence as a principal residence for the affordability period (as defined by 24 CFR 92.254(a)(4)) and specified in in Section III G.2.
5. The applicant must attend the Pre-Purchasing Counseling Workshop and receive a Certification within one year prior to closing.
6. The applicant may not receive assistance from another down payment assistance program except the Florida Housing Finance Corporation or Brevard County Housing Finance Authority whereby the Department would take a junior mortgage position. Other assistance programs authorized by an instrument of government may be considered by the Department. In these situations, third position may be taken when funds are approved by the Brevard County Board of County Commissioners. The Purchase Assistance Program must only be used to subsidize the remainder of the assistance needed to qualify applicants at the established affordability ratios. At no time will an applicant exceed the maximum amount of assistance determined by the Income Certification and allowed by the applicable state or federal rule(s).
7. Federal Housing Administration, Veterans Administration and Fannie Mae underwriting guidelines will be utilized when determining debt-to- income ratios. Brevard County will utilize the definition of "Affordable" provided in Chapter 420, Florida Statutes, State Housing Initiatives Partnership Program that states:

"... monthly rents or mortgage payments including taxes and insurance do not exceed 30 percent of that amount which represents the percentage of the median annual gross income for the households... However, it is not the intent to limit an individual household's ability to devote more than 30 percent of its income for housing, and 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 that the household can afford mortgage payments in excess of the 30 percent benchmark."

8. If Household is disqualified due to being over-income, the disqualification period will be 6 months from day of notice. At that time, the applicant/household may re-apply when the Program is open to new applicants.
9. The Household's liquid assets may not exceed \$15,000. Liquid assets are defined as, but not limited to: savings accounts, checking accounts, certificates of deposit, treasury bonds, money market funds, savings bonds, etc.
10. Ineligible Applicants will be counseled on the Department approved Appeal Procedure.
11. Applicants determined to be ineligible due to falsification of application will be disqualified from the Program for two years.
12. Applicants may be assisted only one time for the Purchase Assistance Program.

C. ELIGIBLE PROPERTY

1. Property must be located within Brevard County.
2. Property must be owner occupied or vacant.
3. New or existing property may not exceed Maximum Purchase Price limits established by the U.S. Department of Housing and Urban Development.
4. Property can be a house, townhouse, condominium, modular home or other type of dwelling that can be conveyed by title to be separate from other attached units. Owner association fees must be added to the mortgage payment when determining the final monthly payment.
5. Property and dwelling must meet the Standard Housing Code, Housing Quality Standards and/or any Department approved standards that may exceed the above-listed standards.

D. INELIGIBLE PROPERTY

1. Manufactured homes or mobile homes are ineligible for the program.
2. Property with a resident renter will be deemed ineligible for assistance.

E. FUNDING ALLOCATION

The Purchase Assistance Program is designed to increase the level of affordable home ownership for very low (0-50% AMI) and low (51-80% AMI), income households. Funding for the program is allocated by HOME. The HOME Program

regulations require all agencies receiving monies use Section 8 program income definitions and guidelines.

**F. MARKETING**

Brevard County will take affirmative marketing steps to provide information and attract eligible persons from all racial, ethnic, and gender groups. A wide range of marketing strategies will be implemented to ensure that eligible persons living County-wide have a reasonable opportunity to be informed about the Purchase Assistance program opportunities being carried out by Brevard County.

On an annual basis, the County will review its marketing efforts to assess strategy effectiveness.

**G. AVAILABLE ASSISTANCE**

1. At no time will an applicant exceed the maximum amount of assistance determined by the Income Certification and allowed by the applicable state or federal rule(s).

<b>INCOME LEVER</b>	<b>ASSISTANCE</b>	<b>LIEN TERMS</b>
0-50% Median Income	\$1,000 - \$33,000	15-year forgivable mortgage
51-80% Median Income	\$1,000 - \$20,000	10-year forgivable mortgage

2. Lien terms will be determined by total amount of assistance provided. Assistance may not exceed 35% of the purchase price of the home including the cost of land.

<b>LIEN PERIOD</b>	<b>ASSISTANCE AMOUNT</b>		<b>ANNUAL DEPRECIATION</b>
10 Years	Up to \$20,000		1/10 of Loan Amount
15 Years	Over \$20,000		1/15 of Loan Amount

**H. LOAN ASSISTANCE**

0% to 80% Median Income Level - assistance provided is in the form of a deferred loan at a zero percent interest rate. The loan must be repaid in full in accordance with the BOCC approved recapture guidelines when the unit is sold, transferred, or is no longer the principal residence of the applicant or spouse during the affordability period. The repayment funds will be utilized to assist other purchase assistance applicants. Future assistance from any of the Department's programs



is prohibited until any outstanding debt is paid or the default is cured.

I. APPLICANT'S CASH OBLIGATION

The assistance offered through the Purchase Assistance Program will help families who do not have enough money for down payment and closing cost expenses to purchase homes. Households who are 0% to 50% of median income must provide a minimum of \$500 of their own funds for down payment and closing costs. Households 51% to 120% of median income must provide a minimum of \$1,000 for down payment or closing costs.

J. INTAKE/ASSESSMENT

Eligible applicants are processed in a first qualified, first served basis. Complete application packages are reviewed for initial income and asset eligibility, which may include credit report review and preliminary review of debt ratios.

K. PRE-PURCHASE COUNSELING WORKSHOP

1. Attendance and completion of the designated Brevard County Pre-Purchase Counseling Workshop is mandatory. Applicants not fulfilling this requirement will not be eligible to receive funds under this Program. The course is designed to educate the applicant on the program's rules and regulations and all aspects of home ownership, fair housing, and post purchase counseling.
2. Applicants attending the Pre-Purchase Counseling Workshop who have special needs/requests must notify the Housing and Human Services Department office or designee 48 hours in advance.
3. The guidelines, procedures, and policies are available upon request from the Housing and Human Services Department to all interested eligible sponsor applicants, including the process for selection.

L. SELECTION OF HOUSE/INSPECTION

Once the applicant has completed the Pre-Purchase Counseling Workshop, all of the pending information is verified, and the applicant has been notified of funding availability, the applicant is ready to begin the search for a house. If the applicant decides to build or purchase an existing unit, he/she can do so as long as the property is in Brevard County. The total sales price may not exceed the amount determined by the counselor or Eligible Sponsor, and if necessary, the seller must execute a Brevard County provided addendum to the contract. The inspection must include a determination of what repairs or improvements are needed to follow Standard Housing Code Standards. Inspection of the property will only be performed if all utilities are turned on. The roof must have a minimum five-year life expectancy determined by County approved Inspection and be in working order.

1. New Construction - If the house has been constructed within the last 12 months, a copy of the certificate of occupancy (CO) is required and must be received by the Housing and Human Services office before closing and prior to assistance being provided, a County approved inspection may still be required.
2. Existing Unit - If the house is an existing unit, the home is required to be inspected by the Department or designee to determine that the house meets the Standard Housing Code Standards.
3. Inspection Process - Additional inspection(s) above the County's required inspection of the home is the responsibility of the homebuyer.

M. AGREEMENT

- A. Approval of Mortgage - Upon approval of the first mortgage by the primary lending institution, the applicant shall sign an agreement that stipulates the rules and regulations governing the assistance, recapture restrictions, and/or transfer of property.
- B. All eligible applicants must demonstrate adequate insurance coverage including flood insurance, if so required, for the duration of the lien.
- C. The requirements within a commitment letter will be later bound by eligible a mortgage lien placed on the property. The mortgage shall not incur interest, if no default occurs.
- D. The length of the mortgage period is determined by the total amount of funding used for down payment and closing cost assistance.
- E. Death of the Borrower - Housing Client as used herein shall mean the Borrower. Upon the death of the Borrower during the mortgage period, the mortgage balance shall become due in full, unless at the time of the borrower's death an eligible spouse or family member desires to reside in the home (family member includes domestic partner, provided that the individual can establish proof of residency in the home for a period of at least six months prior to the death of the Borrower).
  - a. If an eligible family member wishes to assume the existing mortgage, the family member shall have 180 days to make a written request to the Director of the Housing and Human Services Department to assume all of the obligations specified in the Borrower's mortgage. If a written request to assume the mortgage is not made within 180 days, Brevard County shall declare the Borrower's estate to be in default, and will require repayment of the mortgage balance. Repayment shall occur within ninety days of the declaration of default, or at the time the property is refinanced, sold or transferred, whichever is soonest.

b. However, if within 180 days an eligible family member submits a written request to the County to assume the mortgage, the family member must demonstrate proof of legal title to the property and meet the current income and assets qualifications of Brevard County.

- i. If the property does not have to undergo Probate, the family member shall have ninety days to assume the mortgage. If ninety days pass and the family member has not assumed the mortgage and note, Brevard County shall declare a default and will require repayment of the mortgage balance. Repayment shall occur within ninety days of the declaration of default, or at the time the property is refinanced, sold or transferred, whichever is soonest.
- ii. If the property must undergo Probate, the family member shall have ninety days from the date of acquiring clear title to the property, and have been determined income-eligible by the County, to assume the mortgage. If ninety days pass and the family member has not assumed the mortgage and note, Brevard County shall declare a default and will require repayment of the mortgage balance. Repayment shall occur within ninety days of the declaration of default, or at the time the property is refinanced, sold or transferred, whichever is soonest.

F. Default of the Borrower - In the event the County declares a default and ninety days pass without repayment to the County, the following shall occur: (a) the mortgage balance shall be frozen at the balance in place on the date of the Borrower's death; (b) the mortgage balance will cease to depreciate at the annual rate; and, (c) interest shall accrue at 5% per annum. Provided, however, that accrued interest plus the mortgage balance at the time of the Borrower's death shall not exceed the amount of the Mortgage Note last executed by the Borrower. The lien will continue against the property until repayment plus interest is satisfied.

G. No mortgage is considered satisfied until a Satisfaction of Mortgage is recorded with the Clerk of Courts by the Housing and Human Services Department.

N. TYPES OF PRIMARY LOANS or QUALIFIED MORTGAGES and LOAN UNDERWRITING EXPECTATIONS

Underwriting for a loan or mortgage reevaluates the riskiness of a proposed deal or agreement. For a lender, the risk is of default or non-payment. The underwriter assesses income, liabilities (debt), savings, credit history, credit score, and more depending on an individual's financial circumstances. Mortgage underwriting typically has a "turn time" of a week or less.

1. FHA, VA, Conventional, Habitat for Humanity or other, fixed rate, Qualified mortgages under the requirements of the Consumer Finance Protection Bureau (CFPB) outlined at 12 CFR 1026.43(e) are eligible for assistance in the Purchase Assistance Program.
2. Lease-Purchase, Owner-Financed, or Adjustable Rate Mortgages are not allowed for use by a Purchase Assistance applicant participating in this Program.
3. Mortgages will be evaluated by the Eligible Sponsor and/or Department staff for affordability. A maximum of two points in Origination Fees and Discount Fees are allowable. Case by case consideration will be given when assistance is leveraged with Florida Housing Finance Corporation, Brevard Housing Finance Authority programs or the client is extremely low/very low income. Interest rates in excess of one percentage point above the average mortgage rate will be returned to the originating mortgage lender for re-negotiation of rate and may be subject to rejection of assistance to the applicant.
4. Total closing costs (excluding pre-paid charges) charged to the buyer may not exceed 5% of the loan amount.
5. Interest rates must be competitive and must not be a "Higher Priced" loan as defined by the Consumer Financial Protection Bureau (CFPB). Higher priced loans are those that exceed the Average Prime Offer Rate by more than 1.5% as of the date of the loan's rate lock.
6. Lending products should be fully amortizing 30-year fixed rate loans. Certain buyers may prefer a 15-year loan, and the Participating Jurisdiction will only consider such loans on an exception basis if it determines that the buyer's payment is sustainable and that the use of a shorter-term product does not require additional HOME assistance compared to a 30-year loan.

#### O. SETTLEMENT OR CLOSING

1. Once the loan for the first mortgage is approved and all pre-closing repairs have been completed, the closing agent must provide a Settlement Statement (HUD-1) prior to the closing date (copy of the appraisal report and notification of Brevard County named as Loss Payee on hazard insurance and/or flood insurance must be received before check can be issued). The Eligible Sponsor or Department staff will prepare the second mortgage and provide it to the closing agent on the settlement date. The second mortgage will contain the total amount for down payment and closing costs.

If using a sponsor, files must be forwarded to the County within 90 days of closeout.

2. The documents are to be recorded and certified by the closing agent through the Clerk to the Circuit Court.

P. SUBORDINATION OF COUNTY LIENS

1. A borrower requesting a subordination of the County's lien must make this request in writing, indicating the reason for the request. The County Manager or Designee must authorize any subordination requested. Staff will identify for the County Manager or Designee, the current status of the County's equity position, and the equity position if the subordination request is approved.
2. Requests, which include the receipt of cash from the refinancing transaction, will not be considered.
3. Requests that increase the affordability of the housing unit or assist a household with catastrophic medical expenses (for the lien holder or relative of the lien holder) not associated with consumer debt, shall be considered.
4. Applicants must not be in default of the County mortgage.
5. The Homeowner may be charged any recording fees necessary for the subordination.
6. Homeowners assisted under previous versions of this policy with total assistance amounts (prior to application of forgiveness) less than \$20,000 and lien terms exceeding those defined in Section III.G.2 may have, upon request, their lien terms adjusted to match those in current policy.

Q. SATISFACTION OF MORTGAGE

1. Upon satisfactory completion of the lien terms, a Satisfaction of Mortgage will be completed by the Department on behalf of the Board of County Commissioners and filed with the clerk of the court after review of the County Attorney and approval of the County Manager or Designee. The original Satisfaction of Mortgage will be mailed to the borrower.
2. A Homeowner seeking a satisfaction which includes a short payoff request (less than the total amount owed on the County's lien) must make this request in writing, indicating the reason for the request. Staff will identify for the County Manager or Designee, the current status of the County's equity position and any other applicable grant requirements. If all grant conditions are met and the reason for the request is acceptable, the

County will accepted as its payoff, an equal percentage as that being accepted by the First Mortgage Holder (i.e., First Mortgage Holder has a Lien of \$100,000 and accepts 50% or \$50,000; Brevard County has a lien of \$40,000 and accepts 50% or \$20,000).

3. If the First Mortgage Holder is a Federal or State lending entity (i.e., Freddie Mac, Fannie Mae, Federal Housing Authority (FHA), VA Administration, Florida Housing Finance Corporation etc.) and its guidelines set a maximum allowable payoff, The County will accept the maximum allowable payoff for satisfactory completion of the County's lien. In cases where multiple Federal or State Lending entities have an interest in the property, the County will take an equal share of the maximum allowable payoff ( i.e., FHA \$6,000; VA \$6,000 and Brevard County \$6,000).

#### R. FOLLOW-UP

Annually a sampling of case files will be pulled for monitoring. The local property appraiser's site will be checked to ensure that the client is listed as owner and has a Florida Homestead exemption showing it as the primary residence. If the property appraiser's site does not list the client as owner with an approved Florida Homestead exemption, the Homeowner will be sent a certified letter requesting proof of residency. Failure to comply will result in consultation with the County Attorney's office to determine remedies up to and including foreclosure.

#### S. REQUEST FOR DETERMINATION

When a request is received concerning the status of an existing mortgage lien, whether for purposes of subordination, satisfaction, bankruptcy, or other similar purpose, the Housing and Human Services Department will evaluate the mortgage lien and adopt the current, approved policy. This action may result in amortization of mortgage balance, reduction of lien term, or satisfaction of mortgage.

#### T. UNDERWRITING

##### Primary Loan Expectations

In order to ensure that home buyers receive quality loans that are sustainable over time, any buyer receiving HOME assistance toward their down payment receive a senior loan or first mortgage containing the following criteria:

1. The loan must be a "Qualified Mortgage" under the requirements of the Consumer Financial Protection Bureau (CFPB) as outlined in 12 CFR 1026.43(e). Qualified Mortgages, among other features, limit total points and lender fees to reasonable levels.

Qualified Mortgages also strictly limit pre-payment penalties and contain additional features intended to protect the consumer.

2. Interest rates must be competitive and must NOT be a higher priced loan as defined by the Consumer Financial Protection Bureau (CFPB). Loans that exceed the Average Prime Rate by more than 1.5% from the date of the loan rate lock are considered higher priced.
3. First Mortgage Loans should be fully amortizing 30-year fixed rate loans.
4. Loans must generally allow loan to value (LTV) ratios of at least 95%. While assisted buyers are not required to be approved for loan amounts equal to 95% of the purchase price, buyers who use more restrictive lending products (such as those limiting the LTV to 80%) will not receive HOME assistance toward their purchase if they can otherwise afford the monthly payment on a larger loan. Buyers should obtain the largest loan they can reasonably afford, and not be subsidized heavily just to avoid mortgage insurance on higher LTV lending products.

#### **IV. RESERVATION OF AUTHORITY**

The authority to issue or revise this Policy is reserved by the Chairman of the Brevard County Board of County Commissioners.

BOARD OF COUNTY COMMISSIONERS  
OF BREVARD COUNTY, FLORIDA

\_\_\_\_\_  
Rita Pritchett, Chair

As approved by the Board on \_\_\_\_\_.

ATTEST:

\_\_\_\_\_  
Rachel Sadoff, Clerk of Court