

EXHIBIT "H"

HOUSING & HUMAN SERVICES DEPARTMENTAL POLICY

TITLE: Brevard County Purchase Assistance Program Policy	NUMBER:	HS-007 - SHIP
	CANCELS:	January 11, 2014
	APPROVED:	April 25, 2017
	ORIGINATOR:	Housing & 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 by SHIP (State Housing Initiatives Partnership Program) administered by FHFC (Florida Housing Finance Corporation).

These funds are to provide down payment and closing cost assistance to eligible applicants. The income of the eligible applicants must be below 120% 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. Section 420.907 et seq. Florida Statutes, State Housing Initiatives Partnership Act.
- B. Administrative Rule or Emergency Rule (as determined by state, county or federal declaration) of the Florida Housing Finance Corporation, 67-37 et seq, State Housing Initiatives Partnership 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 15year 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 household that has not owned a home during the last three year period immediately prior to purchase with Purchase Assistance funds, with exception of a person determined to be a displaced homemaker, single parent, or currently owns a substandard unit that cannot be reconstructed on site. (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. 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.
- Q. Income – Projected annual income established in compliance with SHIP regulations, specifically established at 24 CFR Part 5.609.
- R. 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.

- S. 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)
- T. 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.
- U. 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.
- V. Rehabilitation – All 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. The SHIP Program further defines rehabilitation as repairs or improvements that are needed for safe for sanitary habitation, correction of substantial code violation, or the creation of additional living space.
- W. Repayable Loan – a zero percent interest loan to an eligible Household that is repaid over a 120 month period. The Household has an option to repay the loan at any time within the 10 years lien period without prepayment penalty. Defaulted loans may be subject to interest penalties.
- X. SHIP – State Housing Initiatives Partnership Program administered by the Florida Housing Finance Corporation.
- Y. Standard Housing Code – Minimum standards for basic equipment and facilities for all buildings intended for occupancy by owner-occupants. Adopted standards are prepared by the Department of Housing and Urban Development (HUD): Housing Quality Standards and the Southern Building Code Congress International, Inc. and adopted by the Board of County Commissioners.

- Z. 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.
- AA. Satisfaction – a document recorded with the Clerk of Court removing lien(s) from the property.

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 Local Housing Assistance Plans.

B. Eligibility

1. Must be a first time homebuyer as defined by Florida Statute 420.907
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 (SHIP) 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 120% of the Brevard County MSA median income as provided annually by U.S. Department of Housing & Urban Development or the Florida Housing Finance Corporation.
4. The applicant must occupy residence as a principal residence for the affordability period of 10 to 15 years.
5. The applicant must attend the Purchase Assistance 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. However, in consideration of escalating housing costs very low and low income applicants may utilize the Florida Housing Finance Corporation's Assistance Program(s) in conjunction with the Department's Program. Other assistance programs authorized by an instrument of government may be considered by the

Department. In these situations, third position can 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 \$8,000. 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 (to include lot) not to exceed 90% of the Area Median Purchase Price, as provided by Florida Housing Finance Corporation.
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

- a. Manufactured homes or mobile homes are ineligible for the program.
- b. 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), low (51-80% AMI), and moderate (81-120% AMI) income households. Funding for the program is allocated by the SHIP Program.

F. MARKETING

1. 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.
2. 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).

INCOME LEVEL	ASSISTANCE	LIEN TERMS
0-50% Median Income	\$15,001-\$25,000	15 year forgivable mortgage
51-80% Median Income	\$8,001 - \$15,000	10 year forgivable mortgage
81-120% Median Income	\$1,000 - \$8,000	10 year repayable mortgage

- 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.

LIEN PERIOD	ASSISTANCE AMOUNT	INCOME LEVEL	ANNUAL DEPRECIATION
10 years	Up to \$15,000	Very low income Low Income	1/10 of loan amount
15 years	Over \$15,000	Very low income Low Income	1/15 of loan amount

H. LOAN ASSISTANCE

- 81% to 120% Median Income Level - Assistance is in the form of a scheduled repayment loan made over a 10-year period at zero percent interest. The loan must be repaid in full in accordance with the BOCC approved recapture guidelines if 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.
- 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. HOUSING COUNSELING/HOME BUYER WORKSHOP

1. Attendance and completion of the designated Brevard County Purchase Assistance 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 Homebuyer Training 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 Purchase Assistance 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 be in compliance with applicable standards. Inspection of the property will only be performed if all utilities are turned on. The roof must have a

minimum five (5) 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

1. 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.
2. All eligible applicants must demonstrate adequate insurance coverage including flood insurance, if so required, for the duration of the lien.
3. 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.
4. The length of the mortgage period is determined by the total amount of funding used for down payment and closing cost assistance.
5. 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 (6) 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 (90) 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 (90) days to assume the mortgage. If ninety (90) 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 (90) 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 (90) 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 (90) 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 (90) days of the declaration of default, or at the time the property is refinanced, sold or transferred, whichever is soonest.

6. Default of the Borrower - In the event the County declares a default and ninety (90) 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.

7. 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 MORTGAGES

1. FHA, VA, Conventional, Habitat for Humanity or other, fixed rate, 20, 25, or 30-year mortgages 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 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 (1) 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.

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 amounts less than \$11,000 and lien terms exceeding 15 years may be satisfied upon request.

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. Certified letters will be sent to the applicants pulled requesting proof of residency (i.e. utility bill in their name). Also the local property appraiser's site will be checked to ensure that the client is listed as owner. If the applicant fails to return the requested information or the property appraiser's site does not list the client as owner, the County Attorney's office will be contacted for legal direction.

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.

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.


Chairman CURT SMITH

Brevard County Board of County
Commissioners

Approved by the Board on April 25, 2017

ATTEST:



Scott Ellis, Clerk