Housing and Community Development

First-Time Homebuyer Purchase Assistance Underwriting Guidelines

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CITY OF ST. PETERSBURG HOUSING AND COMMUNITY DEVELOPMENT
Homeowner Purchase Assistance Program Underwriting Guidelines

MISSION

The mission of the City of St. Petersburg's (the City) Housing and Community Development Department (HCD) is to develop viable urban communities by providing safe and affordable housing through a living environment that expands equity and economic opportunities for low-and moderate-income persons.

HCD's foundation is the Housing Opportunities for All plan that produces new affordable units, preserves existing affordable housing, and protects tenants.

It is the vision of HCD to be a leader that values effective communication, embraces diverse perspectives, promotes teamwork, and consistently applies innovative solutions, while fostering a culture of flexibility, sharing, and dependability.

HCD's value is to prioritize the needs of those we serve, leveraging their valuable input to deliver exceptional services, and becoming a catalyst for positive change in our community. We do so through our goals:

- Support underserved communities
- Ensure access to and income re the production of affordable housing.
- Promote homeownership.
- Advance sustainable communities

PURCHASE ASSISTANCE PROGRAM OVERVIEW

The city's Purchase Assistance Program is funded and governed by the following:

- Home Investment Partnership (HOME) Program – 24 CRF Part 92
- Florida State Housing Initiatives Partnership (SHIP) Program – Section 420-907 F.S., 67-37 F.A.C.
- Housing and Urban Development (HUD) General Program Requirements Title 24-Part 5
- South St. Petersburg Community Redevelopment Program (SSCRA)

The First-Time Home-Buyer Purchase Assistance Program assists low- to moderate-income households attain homeownership by providing loans for the payment of down-payment and closing costs. In accordance information used to make the decision must be supported by written documentation outlined in these guidelines and in conjunction with the HOME regulations at 24 CFR 92.254 and/or SHIP regulations at 420.907-9079. Local housing rules and laws which are specific to each program and funding source as described in the City's Housing and Community Development Program Guidelines and Chapter 17.5, Sec. 17.50 of the City's Code of Ordinances. In the absence of specific program eligibility requirements or in the event of a conflict or discrepancy the previsions contained in in these guidelines shall prevail. These policy guidelines and standards have been established to mitigate risks

of default and foreclosure that could result from deficient mortgage underwriting and loan features that hinder the home-buyer's ability to meet expenses associated with homeownership and will provide certain protections to ensure equitable treatment of low- and moderate-income households served by the city of St. Petersburg.

The underwriting guidelines describe program requirements and specify the role of the City of St. Petersburg and participating lenders. These underwriting guidelines are designed to determine an applicant's financial capacity for repayment of the down payment assistance and to determine the amount of down payment assistance required. When determining the amount of assistance, which is limited to gap financing, the lender's minimum down payment and reasonable closing costs will be considered.

First mortgage loans eligible for Purchase assistance include fixed rate, first mortgages with an interest rate that is no more than 1.5% above the "average prime offer rate" reported by the Federal Financial Institutions Examinations Council (www.ffiec.gov). The City of St. Petersburg does allow for co-signers. Co-signers need to be immediate family members and cannot be household members, nor are they able to take an ownership interest in the home being purchased. Documentation is required to verify co-signer maintains a separate address and is an immediate family member.

GENERAL REQUIREMENTS

Funding provided will be for down payment and closing cost assistance associated with the acquisition of an existing or newly constructed home. Applications will be reviewed on a first-come basis and processed on a first-qualified and complete application basis. Purchase assistance is available up to $75,000 to first-time homebuyers. Closing costs up to $5,000 may be available but are dependent upon the 20% purchase assistance and individual responsible for closing costs.

Eligible loans for assistance are fixed rate, first mortgages with an interest rate that is no more than 1.5% above the "average prime offer rate" reported by the Federal Financial Institutions Examinations Council (www.ffiec.gov).

The buyer should be willing and able to meet the following conditions before applying for a loan to assist with buying a home:

- First-time homebuyer only. The homebuyer may not be on any other residential property deed, to include rental housing and heir housing (succession planning).
- Contribute an amount equal to 1% of the sales price into the transaction including out-of-pocket expenses attributed to the transaction such as earnest money deposit, appraisal, credit report, and property inspection.
- Attend a first-time homebuyer educational training class provided by a HUD-approved housing counseling agency and receive a certificate of completion for that class.
- Purchase a modest housing unit with a sales price not exceeding $481,176 located within the city's municipal boundaries.

- Have the property inspected by a licensed home inspector to ensure compliance with the City's Quality Housing Standards and have all deficiencies cured prior to closing.
- Substantiate sufficient assets available to acquire the housing.
- Demonstrate the ability to sustain homeownership with sufficient residual income to meet anticipated and unanticipated expenses.
- Obtain a primary mortgage loan that is affordable over the term of the loan.
- Apply for and be approved for homestead exemption after the property is purchased. For information regarding tax exemptions, visit the Pinellas County Property Appraiser site.
- Maintain occupancy of the unit as a primary residence for the term of the Purchase Assistance subordinate mortgage loan or until the loan is paid, after which time the mortgage loan will be satisfied.
- City assisted homebuyers may not own real property, other than undeveloped land, at the time of application for purchase assistance.
- All property purchased with the City's Purchase Assistance Program must be covered with homeowner's insurance.
- Property located within FEMA designated Special Flood Hazard Area must obtain flood insurance coverage.

The city's Purchase Assistance Program is a "one-time" benefit to the household and the unit. A home-buyer recipient may receive a Barrier Free (BF) assistance loan at the time of property acquisition or within a reasonable time thereafter. There is no "pre-approval" for assistance. Assistance is not confirmed until the homebuyer has signed their commitment letter with the City.

To be eligible for Housing Down Payment Assistance, a homebuyer's total annual household income, as defined by the U. S. Department of Housing and Urban Development (HUD), cannot exceed the maximum annual income limit as adjusted for the number of occupants, related or not, residing within the residence (provided by HUD annually). Annual income is calculated by adding all sources of income from all household members over the age of 18 currently living in the home or will occupy the home within one year. Income includes salaries, child support, alimony, social security, income from pensions, public assistance, income-producing assets, or income from any other source. View the current income limits.

Assistance is prioritized for first-time homebuyer households with incomes of 80% and below the Area Median Income (AMI). Funding outside of the South St. Petersburg Community Redevelopment Area (SSCRA) for households with income between 81% and 140% of the AMI is limited.

Applicants denied because the household has been found to be "over the income limit," as defined by the Department of Housing and Urban Development (HUD), may not re-apply for assistance for a period of 12 months, unless an income changing event occurs within the 12-month waiting period. Income changing event may be, but is not limited to, one or more of the following events:

- Loss of a household member
- Divorce
- Loss of benefits
- Underemployment

If an applicant is presently delinquent on any Federal, State, or local government debt including, student loans, Small Business Administration (SBA) loans, income taxes and if a lien or judgment is filed against them, in such case, the applicant is not eligible for assistance until debts are cleared.

Incomplete applications, including required documents not uploaded into the Neighborly Purchase Assistance portal, documents uploaded with notes that the required document will be forthcoming, and documents that are mislabeled will result in the delay of processing the application. These delays could be significant due to the volume of applications received by HCD.

Should a loan application remain in the Purchase Assistance Program process with no activity for 121 days or longer, (e.g., conditions have not been met and/or there has been no response from the lender and the file has not moved forward), the application will be withdrawn from the system.

First-Time Homeowner
The homebuyer may not be on any other residential property deed, to include rental housing and heir housing (succession planning). A first-time homeowner is:

- A single parent who has only owned with a former spouse while married.
- An individual who is a displaced homemaker and has only owned with a spouse.
- An individual who has only owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations.
- An individual who has only owned a property that was not in compliance with State, local or model building codes and which cannot be brought into compliance for less than the cost of constructing a permanent structure.
- An individual that is on a signed deed for a vacation timeshare.

Assistance Terms
Purchase assistance is provided in the form of a subordinate mortgage loan not to exceed $75,000 and shall be made available to eligible homebuyers whose total household income does not exceed 80% of the Area Median Income (AMI) as defined by the U.S. Department of Housing and Urban Development for the St. Petersburg geographic area. The loan amount is determined by the property's sales price and costs associated with closing the transaction.

Inspection of Properties
The city requires a full housing inspection to be submitted by the lender. Four-point inspection reports cannot replace a full inspection. After receipt of application from lender, the city submits the housing inspection report to the Housing and Community Development Department Rehabilitation Housing Coordinator to ensure the home meets all program necessary requirements. The city reserves the right to reject all houses that do not meet the necessary program requirements. All repairs mut be completed prior to the approval of loan funding. No loans will be approved, and no funds will be wired without an approval memo from the city's Rehabilitation team.

For newly built properties, a Certificate of Occupancy is acceptable in lieu of the inspection report. The Certificate of Occupancy must be approved and dated within 6 months of closing to be considered**.** If

applying for Purchase Assistance and the new home is located on a city's Affordable Lot Disposition property, you may not submit a Purchase Assistance application until the potential homebuyer has been income certified for the property. The income qualification must occur prior to entering a purchase contract**.**

Housing Counseling
Homebuyers are required to attend an 8-hour HUD-approved Homebuyer Education Workshop. The Housing Counseling must be independent, expert advice provided by a HUD certified housing counselor employed by a HUD approved Housing Counseling Agency. For a list of HUD-approved pre-purchase workshops, visit HUD Housing Counseling Services.

A Certificate of Completion will be required prior to closing. Certificate of Completion is valid for twenty-four (24) months. For Down Payment Assistance provided with HOME funds, a one-on-one financial fitness session will be required in addition to the 8-hour workshop.

Certificates of Completion of the first-time home-buyer educational class from an on-line provider may be acceptable if a homebuyer cannot personally attend a locally offered class for reasons of health accessibility or location. Flexibility as to the deliver method for one-on-one counseling (in-person, phone, or internet) is acceptable. However, Housing Counseling must be individualized to ensure the guidance and advice provided is tailored to the client's specific needs including, barriers to achieving homeownership, a financial affordability analysis, an action plan and follow-up communication to meet the consumers' loan range goals. The content and process of housing counseling must meet the standards outlined in 24 CFR part 214.300.

The following local HUD approved housing counseling agencies are eligible providers:

Tampa Bay Neighborhood Housing Services
727-442-4155 x106
St. Petersburg Neighborhood Home Solutions
727-821-6897

Hazard/Flood Insurance Requirements
Insurance escrowed in first mortgage loans must include the City as a lienholder on the policy and the policy must be sufficient to protect the City's interest in the property. Advance amounts due for future payment of insurance and real estate taxes must be deposited into an escrow account by the first mortgage lender.

Fair Housing Act
In accordance with the Federal Fair Housing Act, or Title VIII of the Civil Rights Act of 1968, as amended in 1988. Neither the first mortgage lender, nor City, will discriminate on the basis of race, color, religion, sex (including gender identity and sexual orientation), disability, familial status, age, or national origin.

Welfare Reform Act and Immigration Status

1. When using Federal HOME funds, which are subject to verification requirements of the Welfare Reform Act (WRA), to be eligible for benefits under the WRA all household members must be either a U.S. Citizen, a U.S. non-citizen national or a "qualified alien" as described as follows:
2. An alien lawfully admitted for permanent residence under the Immigration and Nationality Act (INA)
3. An alien granted asylum under section 208 of INA.
4. A refugee admitted into the U. S. under Section 207 of the INA
5. An alien paroled into the U. S. under Section 212(d)(5) of the INA for at least one year.
6. An alien whose deportation is being withheld under section 243 (h) of the INA as in effect prior to April 1, 1997, or whose removal is being withheld under Section 241(b)(3) of the INA.
7. An alien granted conditional entry pursuant to Section 203(a)(7) of the INA as in effect prior to April 1, 1980
8. An alien who is Cuban or Haitian entrant as defined in Section 501(e) of the Refugee Education Assistance Act of 1980 o.
9. An alien who (for whose child or parent) has been battered or subjected to extreme cruelty in the U.S. and otherwise satisfied the requirements of § 431© of the Act.
10. An applicant whose household does not meet the eligibility requirements under the Welfare Reform Act is ineligible for federally funded city loan programs.
11. All applicants must submit evidence of citizenship or eligible immigration status according to the provisions set forth in the Code of Federal Regulations (CFR) Title 24 Housing and Urban Development (A) Subtitle A, Part 5, Subpart E General HUD Program Requirements §5.500 -
12. §5.528 and Title 42 – Public Health and Welfare, §1436a: Restriction on use of assisted housing by non-resident aliens.

PURCHASE ASSISTANCE UNDERWRITING

Household Size

When determining household size, individuals that will reside or intend to reside in the household are all counted to include:

- Temporarily absent members
- Individual permanently in a hospital or nursing home
- Incarcerated individuals
- Separated Spouse
- Unborn children
- Fiancé, unless currently living in the household or income is provided to a first mortgage lender.
- Joint custody of children present in the household 50% or more.
- Children in college
- Unemployed adults

The verification of household composition requires copies of valid photo identification for all adult household members and birth certificates for all children under the age of 18.

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Married Applicants

When the applicant is married and the spouse does not intend to reside in the home, documentation of permanent alternate residence must be provided from the absent spouse (IE: Lease Agreement, photo ID and a recent utility bill to verify residency). If the spouse is also a co-signer their income must be included to determine eligibility. Pinellas County requires that in the case of married applicants both parties must execute the Pinellas County mortgage regardless of whether the spouse intends to reside in the home, or whether the spouse is on the title or the lender's loan application.

Income Verification

The City of St. Petersburg uses the most common methodology for determining annual income defined by the Housing Opportunity through Modernization Act of 2017 (HOTMA) found in Title 24 of the Code of Federal Regulations, 24 CFR Part 5 and 24 CFR Part 891. Always use current circumstances to project income, unless verification forms indicate that a significant change will occur over the next 12-month period. Note: Do not count foster children or foster adults as household members.

Calculating Household Income

Income limits vary by family size. When determining household income, all household members are counted, regardless of who is determined eligible/qualified for the first mortgage loan. All household income of persons 18 years and older, who will reside in the property, must be included.

Household income must be at or below 140% of area median income (AMI). AMI and Income Limits by Family Size are published annually.

The following are included as income:

1. Gross Income
   a. Total earnings before deductions
2. Social security, annuities, insurance policies, income payments from retirement funds and pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (e.g., Black Lung Sick benefits, Veterans Disability, Dependent Indemnity Compensation, payments to the widow of a serviceman killed in action) unless otherwise noted in this section.
3. Payments in lieu of earnings
   a. Unemployment, disability compensation, worker's compensation, and severance pay, unless otherwise noted in this section.
4. Net income from operation of business or profession
5. Temporary Case Assistance
6. Periodic and determinable allowances
   a. Alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling.
   b. Gifts may not exceed $20,000.
7. All regular pay, special pay, and allowances of a member of the Armed Forces unless otherwise noted in this section.

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Income Exclusions

1. Income from employment of children (including foster children) under the age of 18 years.
2. Payments received for the care of foster children or foster adults (usually persons with disabilities unrelated to the tenant family, who are unable to live alone).
3. Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or property losses, except as provided in paragraph (5) under Income Inclusions.
4. Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
5. Income of a live-in aide, as defined in 24 CFR 5.403.
6. The full amount of student financial assistance paid directly to the student or to the educational institution.
7. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire (e.g., in the past, special pay included Operation Desert Storm).
8.
    a. Amounts received under training programs funded by HUD (e.g., training received under Section 3).
    b. Amounts received by a person with a disability that are disregarded for a limited time for purposes of supplemental security income eligibility and benefits because they are set- aside for use under a Plan to Attain Self-Sufficiency (PASS).
    c. Amounts received by a participant in other publicly assisted programs that are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program.
    d. Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed $200 per month) received by a resident for performing a service for the owner, on a part-time basis, that enhances the quality of life in the project. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, and resident initiative coordination. No resident may receive more than one such stipend during the same period of time; or
    e. Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training programs not affiliated with a local government) and training of a family member as a resident management staff person. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives and are excluded only for the period during which the family member participates in the employment training program.
9. Temporary, nonrecurring, or sporadic income (including gifts).
10. Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.
11. Earnings more than $480 for each full-time student 18 years or older (excluding the head of household and spouse).

12. Adoption assistance payments more than $480 per adopted child.
13. Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump-sum amount or in prospective monthly amounts.
14. Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit.
15. Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or
16. Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the Federal Register and distributed to housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary.
17. Determinations of what are included and excluded forms of income are detailed above and in the Code of Federal Regulation: 24 CFR Part 5. In general, income from all household members is considered regardless of:
    a. The type of income received.
    b. Length of time income has been received.
    c. Whether the household member will take title to the property or be part of the mortgage transaction.
    d. Whether or not the household member actively contributes to household expenses.

Required Income Documentation

Two (2) of the most recent and concurrent pay stubs and two (2) of the most recent bank checking and savings statements are required. The city also requires a deposit explanation for any deposits over $100. This is provided to the lender through the Neighborly portal. Additional copies of cash app (including but not limited to Venmo, Zelle, Apple Cash) documentation may be required during underwriting.

An underwriter compares the information on the pay stubs information provided on the application and make any necessary notations to enable accurate determination of income eligibility. To determine annual gross income, the most recent earnings are averaged then times 52 for the annual total.

These documents are required to be less than 120-days old as it refers to the city's requirement "120-day clock" policy. This policy refers to the period of time during which income and asset verification are up-to-date and valid. The clock starts when the pay stubs and bank statements are received.

Employment Third Party Verifications

Third party verifications assist with verifying income and are required. Obtain third-party verifications by faxing, emailing, or mailing the request to the income source. The form should provide the reason for the request and the signed Authorization to Release statement from the

applicant.

The Verification of Employment (VOE) may indicate that overtime and/or bonus income is or is not likely to continue. If likely to continue, the overtime and/or bonus income shall be averaged over the time reported. If the VOE indicates such income not likely to continue, even though the reported year-to-date income figures include substantial overtime and/or bonus income. If the employer states that such income is no longer available to the employee, do not consider overtime and/or bonus income. The year-to-date income figures should be averaged and included in the income calculation if the employer states that overtime is available at the option of the employee.
If the employer or other third-party income source does not return the written verification form, two additional attempts to obtain the verification must be made by re-sending the form. If all three attempts fail, document the effort. If these attempts fail, source documentation is used to verify income (tax returns, pay stubs and bank statements).

Verification of Child Support

Annual income includes 'all amounts received,' not the amount that a family may be legally entitled to receive but which they do not receive." Several documents are available to verify child support income. Since Florida law requires child support payments to be sent by direct deposit to a checking or savings account or placed on a prepaid card, written deposit notices applicants receive from the bank account or prepaid card must be submitted as verification of payment. As a last resort, self-certification may be provided but only if other attempts to verify income have been unsuccessful. Documentation of the unsuccessful attempts must be included with the self-certification.

Anticipated Income from Assets

Assets are items of value, other than necessary personal items, and must be considered with the verified income to determine the eligibility of a household. All asset income is considered, including asset income of minors. The income that could potentially be earned, or is actually earned, from assets is annualized based on what is anticipated to be received during the 12 months following eligibility determination.

When assets are under $51,600, an asset self-certification is to be completed and signed by each applicant and submitted in the application portal as part of the asset verification documentation. Households with assets greater than $51,600, must include these assets as income. All deposits that are not wage/benefit income will need to be explained.

Assets include the following accounts:

- Checking / Savings / CD
- Stocks / Bonds
- Mutual Funds/ Money Market
- Real Estate Owned, collections, investments, lump sums, etc.
- Whole Life Insurance cash value
- Personal property held as investment.

Asset limits noted above and below DO NOT apply to the HOME program or LIHTC.

Determining Income from Assets

HUD Handbook has established the following policy:

- Passbook rate is .45%
- Staff will not calculate imputed income by multiplying the passbook savings rate unless the value of an applicant's assets exceeds $51,600.
- When assets exceed $51,600:
  - Add up income from any asset for which actual income can be calculated.
  - Calculate the imputed income for assets where actual income cannot be calculated.
  - Combine both amounts to account for income on assets valued over $51,600

Go Fund Me

GoFundMe accounts are to be monitored. If the Go Fund Me account plus the household's other assets total $51,600 or greater, the city will require that the Go Fund Me balance be deposited into a checking or other bank account, so that imputed income from assets may be properly calculated.

Verification of Self-Employment

If an applicant is self-employed, anticipated net income is considered annual income and first- hand documentation is necessary (Source: HUD 24 CFR Section 5.609 Part 5 (b)(2). This is the only instance when net income may be considered instead of gross income for determining eligibility. The applicant's net income is calculated by subtracting expenses from gross income in the same manner permitted by Schedules C, E, or F of the IRS Tax Return Form 1040. For rental property, copies of recent rent checks, lease and receipts for expenses, or IRS Schedule E will be required.

Self-employed household members must provide a profit and loss statement (at least 3 months) and two years of tax returns. Also count salaries paid by the business to any household member.

Certification of Household Income

Staff must not calculate and certify income until all verifications are received. Once received and the underwriting complete, a signed certification form must be obtained from the applicant for the eligibility process to be complete. The certification form must indicate the annual household income, family size, and a statement regarding the completeness and accuracy of the information. The income certification form must be prepared by city staff and properly executed by the applicant and the housing administrator or local government representative.

Non-Occupant Co-Borrowers

All individuals listed on the property deed are considered beneficial owners and must apply with the owner-occupant on the loan application. All individuals listed on the deed must provide the same income and asset documentation as the owner-occupant. All these incomes are included when calculating income eligibility for assistance.

Debt-to-Income Ratio

A ratio is the percentage comparing a household's total monthly cost to buy a home to monthly income before deductions (mortgage principal and interest, real estate taxes, mortgage insurance and homeowners association dues (HOA). As part of the underwriting process, the applicant file will

include the lending product and the maximum ratios for that product. Debt-to-Income Ratio is considered. Principal, interest, taxes, insurance, and association fees (PITIA) ratio must not be lower than 20% and total debt-to-income ratio must not exceed 43%.

Calculation of Housing Ratio (Front-End Ratio)

Monthly housing expense is calculated using:

- Monthly principal and interest of first mortgage.
- One-Twelfth (1/12) of annual hazard, flood, and mortgage insurance premiums.
- One -Twelfth (1/12) of annual real estate taxes.
- Monthly homeowner association dues, condominium maintenance fees, or other associated fees.

Monthly Debt-to-Income (Back-End)

Total monthly debt includes regular monthly charges paid by the applicant and is calculated using:

- Monthly housing expense (as calculated above).
- Payments on all revolving/installment debts regardless of balances, unless account is shown as closed on the credit report. Examples of revolving debt include credit cards and personal lines of credit. Examples of installment debt include auto loans, student loans, and personal loans. Installment debt with less than 10 months remaining will not be calculated in the overall debt-to-income ratio.
- Alimony or child support will also be included in overall debt.

To determine the debt-to income ratio, divide the total monthly debt by the household's gross monthly income. Households with debt-to income ratios that exceed 43% do not qualify.

Credit History

The city does not require a minimum credit score. Lenders are required to provide the credit report from their mortgage application. It must be for each applicant and must be dated within 60 days of the credit application. The credit report must be provided by an independent agency and should detail an applicant's credit worthiness. The report should include the account types, the date accounts were opened/closed, credit limits, loan amounts, payment history and account balances.

An applicant who has been credit approved by a First Mortgage Lender will be considered if the credit/title search does not uncover any of the following:

- Liens – Applicant may not receive assistance if there are existing mechanic and/or tax liens.
- Foreclosure or Short Sale – Applicant may not have been a defendant in a mortgage foreclosure or short sale proceeding within the past five years, unless the applicant has re-established a positive credit standing. If the foreclosure or short sale resulted in a loss to the Department, applicant is not eligible for assistance for 10 years.

HOME Subsidy Calculation (HOME FUNDS ONLY-THIS METHOD DOES NOT PERTAIN TO SHIP FUNDS)

HOME assistance will be provided after all other forms of down payment and closing costs assistance have been provided. This includes programs such as the Florida Bond/Florida Assist Programs. The shortfall between the lenders' required minimum down payment amount and these funds, will be

the eligible HOME assistance amount.

The following example illustrates the cost breakdown:

$160,000.00	Purchase Price
- 152,000.00	Lending institution first mortgage loan amount (Max loan applicant qualifies for)
8,000.00	Down Payment Required
+ 6,080.00	Estimated reasonable closing costs*
$14,080.00	Total first mortgage estimated down/payment and closing costs
- 1,000.00	County's Homebuyer required contribution
$13,080.00	Initial gap financing needed
$350.00	HOME Loan Closing Fees
$13,430.00	Calculated HOME funds needed
$13,430.00	Total HOME Down payment assistance loan

ASSISTANCE TERMS AND CONDITIONS

Eligible Use of Funds
Funds can be used for down payment, reasonable closing costs (not to exceed $7,500). The buyer may not receive any portion of these funds as cash back (including money paid toward earnest money deposit, application fee, appraisal, etc.)

Lender fees are limited to 4% of the mortgage amount. Fees include loan application fees, origination fees, document preparation fees, broker fees, points (excluding points charged for interest rate buydowns), underwriting/processing fees and other similar fees. It also includes yield spreads.

Assistance Amount
The amount of assistance is based on 20% of the sales price of the home to be purchased. The maximum loan amount is up to $75,000 (Cost associated with program requirements will be included in this amount to include but not limit to recording fees, title policy fees, and doc stamps.)

Borrower Minimum Investment
The household must contribute a minimum of 1% of their own funds to the transaction. The borrower's minimum contribution can include the following: earnest money deposit, appraisal fees, home inspection fees, and homeowner's insurance. Each item must be documented on the final Closing Disclosure as paid outside closing (POC). The 1% contribution may not be inclusive of gift funds, financed funding, the payoff of existing debt or collections.

Minimum Cash Reserves
There are no minimum cash reserves required.

REPAYMENT TERMS

Repayment terms are outlined in the following table. Loan payments are calculated using the total amount of financial assistance provided and applicable loan term.

Outside SSCRA

Income Level (AMI)	Payment & Terms
Very-Low Income Households (<50% AMI)	Full forgiveness of the loan after 10 years of monthly payments and continued occupancy.
Low-Income Households (51-80% AMI)	
Moderate-Income Households (81-120% AMI)	Provide 50% forgiveness of loan after 10 years of monthly payments and continued occupancy.

SSCRA

Income Level	Payment & Terms
Very-low Income Households (<50% AMI)	• Deferred Payment, full forgiveness after 10 years • Full repayment required if sold and non-affordable rate before end of term. • If sold at affordable rate, full forgiveness
Low-Income Households (51-80% AMI)	
Moderate-Income (81-120% AMI)	
Moderate-Income (121-140%)	• Five (5) year payment deferral • 50% of Repayment of loan in monthly payments over the remaining 5 years term • Full repayment required if sold and non-affordable rate before end of term. • If sold at affordable rate, full forgiveness

Closing Fees

The following fees are associated with and included in the HOME/SHIP down payment assistance loan:

- Doc Stamps and Intangible taxes, based on final loan amount.
- Recording fees; and,

- Title Fees, based on final loan amount and required endorsements.

Loan Application Submittal

Applications must be submitted by the lender. **THE BORROWER MAY NOT APPLY DIRECTLY FOR THIS PROGRAM**. Applications will be submitted through the City's Housing and Community Development Neighborly Participant Portal

Applications will be reviewed and processed on a first come, first **complete** application basis. Applications will be approved for funding on a first-qualified basis. If the first mortgage application is cancelled or the applicant no longer requires City assistance, the lender will need to notify the City as soon as possible. If the applicant decides to purchase an alternate home, for whatever reason, the original application must be cancelled and a new one submitted. Lenders may not charge any origination or other fees to the applicant for the application for or use of City down payment assistance.

All letters, affidavits, acknowledgments, the application, and other documentation must contain the original signature of all household members over the age of 18. Material misrepresentations, alterations and/or omissions from the initial loan application including, but not limited to, household size, income and asset information, loan details, may render all future re-submission ineligible for review and approval.

Applications 120 days old that have not been submitted will be removed from the Neighborly application portal. The submission of a new application would be required to apply for assistance.

Final Approval

Upon final approval determination:

- Lender/Borrower(s) receives assistance funding commitment letter from the City;
- Title company submits closing documents and wiring instructions to the City;
- City submits funding, closing package and disclosures to Title Company; and,
- Wire transfer of funding occurs five (5) business days upon the receipt of closing documents, there are no exceptions to this timeframe.

Default Terms

Should any of the following occur during the terms of the loan, the remaining balance is due and payable:

- Sale of property (See Repayment Terms for details).
- Property is no longer homesteaded, as determined by the Property Appraiser.
- Property has been converted into a rental unit.
- Taxes and insurance are not current.

Refinance of the First Mortgage Loan (Subordination)

- The city may, at its discretion, subordinate its loan position to a refinance of a first mortgage for two reasons:
  - To reduce the borrower's monthly mortgage payment

- To provide the borrower funds to make repairs or improvements to the assisted property.
- The city will subordinate only to a fixed rate fully amortizing loan product with a minimum 2.0 point spread under the refinanced loan and a discount and origination fee of no more than three (3) points. All assisted dwellings must be owner-occupied for the life of the loan; no "cash-out" or debt consolidation refinances are permitted.

Exception: Applicant's experiencing a hardship or seeking an amendment to any portion of the terms of their loan agreement must contact the Housing and Community Development Department for prior approval.

Public Records Law

Financial information received by the city is subject to the Public Records Law and must be produced unless there is a statutory exemption for such information. These are exemptions within the Public Records Law that apply to some of the information received during the loan process. Bank account numbers and debit, charge and credit card numbers are exempt from public disclosure. See Section 119.07 (5) (b) Florida Statutes for full details.

The city has an Identify Theft Prevention Policy (Admin Policy #040702) which requires the city to protect customer identifying information as defined in the policy including names, addresses, telephone number, social security numbers, dates of birth, government issued driver's licenses or identification numbers and employer or taxpayer identification numbers.

The Fair Credit Reporting Act (FCRA) prohibits any person from obtaining a consumer report (credit report) for any purpose unless the consumer report is obtained for the purpose for which the consumer report is authorized, and the purpose is certified in accordance with FCRA.

Approval

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Avery Slyker, Ph.D., Assistant Director
Housing and Community Development

st.petersburg
www.stpete.org

Housing Down Payment Assistance Program Application Required Document Checklist

NEIGHBORLY UPLOAD ORDER

Assets Under $50,000

- ☐Asset Self Certification
- ☐Current checking account statement (all pages including the information page)
- ☐Current savings account statement (all pages including the information page)

Assets Over $50,000

- ☐Current checking account statement (all pages including the information page)
- ☐Current savings account statement (all pages including the information page)
- ☐Certificate of Deposit (CD) statement
- ☐Stock, life insurance, and bonds
- ☐Real Estate Owned – Proof of current market value of the property

Income

- ☐Two consecutive paystubs reflecting year-to-date earnings.
- ☐Verification of employment
- ☐Three months proof of receipt of child support

Self-Employed Income

- ☐Most recent year's Individual and business income tax returns (all pages and schedules)
- ☐A year- to- date profit and loss statement representing revenues and expenditures (Statement C)

Property to be Purchased

- ☐Complete housing inspection report
- ☐Property appraisal
- ☐Fully executed sales contract

Property to be Purchased -New Build

- ☐Certificate of Occupancy

Required Documents

- ☐Lenders Authorization to Release Information
- ☐First Mortgage Loan Commitment Letter
- ☐Resident Alien Status Evidence
- ☐Verification of Rental or Cancelled Checks, Money Orders, etc.
- ☐Signed Uniform Residential Mortgage Loan Application (1003)
- ☐ Form 1008 (FNMA)
- ☐Cancelled Check or Other Proof of Earnest Money Deposit
- ☐Homeowners and Flood Insurance Policies Declaration Page or Agents Insurance Binder
- ☐Homebuyer Education Program Certificate
- ☐First Mortgage Loan Commitment
- ☐Title Policy Commitment Letter
- ☐Birth Certificates for all dependents under 18
- ☐Lender Provided Credit Report
- ☐Third Party Verification of Employment (Everyone 18+)
- ☐School Transcripts for full-time student under 26