



## **Indian River County**

### **GUIDELINES AND PROCEDURES FOR IMPLEMENTING STRATEGIES OF LOCAL HOUSING ASSISTANCE PLAN (LHAP)**

#### **STATE HOUSING INITIATIVES PARTNERSHIP (SHIP) PROGRAM**

**FY 2024-2025**

**FY 2025-2026**

**FY 2026-2027**



**Equal Housing Opportunity**

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## **PURPOSE AND INTENT**

This document outlines and provides the guidelines and operating procedures for implementing assistance strategies of the Indian River County Local Housing Assistance Plan as established by the Indian River County Board of County Commissioners via Ordinance 93-13; pursuant to the requirements of the State of Florida State Housing Initiatives Partnership (SHIP) Program statute 420.907-420.9079 and Rule Chapter 67-37, Florida Administrative Code (FAC).

The purpose and intent of this document is to provide consistent and clear guidelines and operating procedures for implementing assistance strategies identified in the Indian River County Local Housing Assistance Plan.

## **SECTION I: PROGRAM DETAILS**

Program details are provided in the Local Housing Assistance Plan. However, a more detailed implementation guideline and operating procedure are provided in this document.

- General Loan Application Process**

During the application acceptance period, each applicant creates an account on the Neighborly Software page which generates a Case ID number after submission of a preliminary application.

At the end of the application acceptance period, staff will conduct reviews based on the priorities identified in the Local Housing Assistance Plan and this document. When an applicant's Case ID number is reached, it may be adjusted to achieve any established funding priorities established in the LHAP; staff will send the applicant an email, letting him or her know that they should complete their application in the Neighborly portal. A complete application and all required documents must be submitted on Neighborly within 4 weeks.

For complete applications, staff will verify the household's income and assets and then send a conditional award (eligibility) letter to the applicant, indicating the household's information and informing the applicant that a specific amount of the funds is reserved for him for 90 days. The conditional award letter identifies what is needed for an application to be ready for the Loan Review Committee review. The Loan Review Committee consists of three members: the Indian River County Community Development Director or his designee, a financial institution representative or his or her alternates, a member of the Indian River County Board of County Commissioners or his or her designee, who shall serve as chairman of the Loan Review Committee. The completed applications will then be submitted to the County's SHIP Program Loan Review Committee (LRC).

After the Loan Review Committee approval, staff will send a Loan Review Committee approval letter to the applicant and notify them that the loan must be closed within 90 days. The Loan Review Committee approval letter specifies steps and documents needed prior to scheduling a loan closing.

Mortgage documents and promissory notes are then prepared, and a closing is scheduled. At the closing, the applicant signs all appropriate documents that will be recorded, and then funds are expended according to each strategy.

For rehabilitation loans, staff sends a notice to proceed to the contractor after the recorded documents are returned from the county courthouse. The contractor then pulls building permits and completes the work. The appropriate jurisdiction's building department inspector inspects the completed work. The contractor sends the county or the housing inspector, if a major rehabilitation project, the final invoice, final contractor affidavit, contractor final waiver of lien, sub-contractor final waiver of lien (if applicable), approved final inspection(s), and a final satisfaction from the owner.

Staff will prepare and record a Satisfaction of Mortgage for loans that are paid back and for loans that terminate after the affordability timeframe.

- **Local Loan/Applicant Requirements**

Eligible persons or sponsors applying for participation in the County's SHIP Program, in addition to State requirements, shall comply with the following local requirements:

- a. Asset Verification

Total household assets (cash or non-cash items that can be converted to cash), not including IRA, Keogh, and similar retirement savings accounts of an eligible household applying for SHIP assistance, shall not exceed twenty thousand dollars (\$20,000.00).

- b. Income Verification / Banking Documents

All applicants will be required to provide 2 months of the most current consecutive paystubs and 3 months of the most current consecutive banking statements.

- c. Credit Verification

- 1. Credit Requirement for Purchase Assistance Loans

For applicants applying for both a SHIP purchase assistance loan and a loan from a financial institution, the applicable financial institution shall determine whether each applicant's credit is satisfactory based on the applicable financial institution's credit standards. Applicants who received a purchase assistance loan but foreclosed on the first mortgage are not eligible to re-apply for another SHIP purchase assistance loan.

- 2. Credit Requirement for Rehabilitation and Impact Fee Loans

Applicants for rehabilitation and impact fee loans will be deemed to have satisfactory credit if the applicable title search report shows that there is no active lien, judgment, or foreclosure action against the applicant or the applicant's property.

No credit requirements shall apply for rehabilitation loans to very low and low-income households using SHIP funds as a match for CDBG funds, Residential Construction Mitigation Program (RCMP) funds, or other state and federal

housing funding.

All applicants must be current on their mortgage loans and property taxes.

c. Home Inspection

The applicable financial institution shall determine what type of home inspection is needed for applicants applying for SHIP funds and a loan from a financial institution. The financial institution shall arrange for the inspections through their established procedures and shall be responsible for all approval contingencies.

For Purchase Assistance loans, the following inspections for all existing housing units five years or older are recommended:

- i. Termite Inspection
- ii. Roof
- iii. Plumbing system
- iv. Electrical system
- v. Heating and air conditioning system

All inspections must be performed by public service licensed inspectors, registered or certified residential, building, general contractors, or licensed trade contractors as appropriate. The county's staff shall review home inspection reports requested by the county to determine the condition of the home.

Based on the results of the home inspection reviewed by the bank or the county, one of the following three actions will be taken:

- i. If the home is in good condition, the purchase assistance loan application will be submitted to the loan review committee for approval; or
- ii. If the home needs some rehabilitation work, the applicant may receive a combination of purchase assistance and a rehabilitation loan. A combined purchase assistance and rehabilitation loan application will be submitted to the loan review committee for approval; or
- iii. If the home is in excessive disrepair and cannot be fixed, the loan application will not be approved.

Home inspection charges are considered to be eligible closing cost expenses and payable through SHIP funds. In cases where the county requests a home inspection, but due to the home's condition, a purchase assistance loan cannot be approved, the home inspection cost will be paid through the administration portion of SHIP funds.

## **SECTION II: LHAP ASSISTANCE STRATEGY DESCRIPTIONS, IMPLEMENTATION**

## GUIDELINES, AND OPERATING PROCEDURES

A. **Owner Occupied Rehabilitation Loans** (Code #3)a. Summary of the Strategy:

To fund all or a portion of the cost encountered in rehabilitating existing owner-occupied housing units or rehabilitation of acquired owner-occupied housing units in conjunction with purchase assistance loans.

b. Fiscal Years Covered: FY 2024-2025, FY 2025-2026, and FY 2026-2027c. Income Categories to be Served:

Very Low-Income Persons (Not to exceed 50% of median income)

Low-income persons (between 50-80% of median income)

d. Maximum Award:

|                |                  |                   |
|----------------|------------------|-------------------|
| Maximum award: | Very Low and Low | <u>\$ 100,000</u> |
|----------------|------------------|-------------------|

e. Terms, Recapture, Default:

Rehabilitation loans are deferred payment 10-year loans secured by a mortgage and note. The repayment of funds awarded as a rehabilitation loan is not required, except in cases where the assisted housing unit is sold, refinanced with cash-out prior to termination of the unit's affordable classification timeframe, or occupied by someone other than the original loan recipient. In cases where the unit is sold, refinanced with a cash-out, or occupied by someone else, the entire original loan amount must be paid back. There will be a 0% simple interest rate for rehabilitation loans. The entire loan amount will be forgiven after 10 years of occupancy for very low and low-income households. Program income funds will be deposited in the county's affordable housing trust fund. Eligible persons may repay the entire amount of the loan at any time. In the event of the death of the homeowner, an income-eligible heir may assume the county SHIP loan as long as the home is utilized as the household's homesteaded property (rehabilitation loans in conjunction with CDBG funding will be forgiven upon the death of the homeowner).

f. Recipient Selection Criteria:

Eligible applicants will be approved for assistance on a first-qualified, first-served basis subject to funding availability as may be adjusted per the LHAP based on ranking priorities. The following information for applicants will be checked/verified to confirm eligibility and for record management and reporting:

- i. Income
- ii. Employment
- iii. Assets

- iv. Disability Status
- v. Other information as deemed necessary to meet program requirements

First-time applicants will be given priority over previously assisted persons.

g. Other Rehabilitation Loan requirements:

The County's SHIP Program anticipates providing low-interest loans to eligible households to fund all or a portion of the cost encountered in rehabilitating existing or rehabilitating acquired housing units eligible for occupancy by eligible persons. Rehabilitation loans shall be provided consistent with the requirements of the county's minimum standards for the rehabilitation of residential properties document. Rehabilitation loans will not be awarded for work completed before the county loan approval. Licensed contractors must perform all rehabilitation work.

Rehabilitation loans may be awarded only for rehabilitation work activities that are identified in the county's designated inspector work write-up and include only items that are in poor condition and cannot be repaired. Rehabilitation loans may be awarded for the following rehabilitation work activities:

1. Roof (shingle or 5V metal), including replacement of all rotten wood
2. Plumbing work as needed
3. Electrical work as needed
4. Heating and air conditioning, including insulation and ceiling fans
5. Replacement of doors, garage doors, and windows, if in poor condition
6. Replacement of kitchen cabinets and countertops, if in poor condition, with plastic laminate type
7. Patching or replacement of drywall as needed
8. Painting, only as part of more significant rehabilitation work
9. Replacement of rotted siding
10. Replacement of bathroom tubs, lavatories, and sinks, as needed to bring the units to a safe and sanitary standard
11. Replacement of kitchen sinks as needed
12. Pressure wash, only to prepare for any allowed painting or repair
13. Driveway/culvert (only if no driveway exists)
14. Repairs to make a house accessible for a disabled member of a household
15. Repair or replacement of septic tank, lift station, drain field, or private well as required by the public health department
16. Termite repairs and treatment
17. Installation of Aluminum storm window shutters
18. Installation of gutters
19. Hurricane Mitigation work activities
20. Replacement of water heater as needed (including solar panels for a water heater)
21. Other repairs as required by the building department to bring the house up to the current minimum housing code
22. Replacement of stairs as needed
23. Application of green building standards to increase the energy efficiency of the unit
24. Repair of a permitted porch to make it safe
25. Replacement of range hood if existing one is not working; installation if no existing

26. Repair or replacement of existing smoke alarm and/or carbon monoxide alarm; installation if none existing
27. Plastic screen, metal screen, or metal mesh for soffit vents
28. Other needed rehabilitation work approved by the SHIP administrator
29. Replacement of flooring with the same existing flooring type (tile floor in a wet area such as kitchen and bathrooms only)
30. Mold and mildew remediation that is not covered by the homeowner's insurance.
31. Payment of an applicant's homeowners insurance deductible in conjunction with a SHIP rehabilitation job when an applicant can get insurance funds for some of the needed work and it is determined by the SHIP administrator that it is in the best interest of the SHIP program and the applicant to pay for the insurance deductible

Following rehabilitation work activities are **NOT** eligible for SHIP funding:

1. Appliances
2. Wood flooring
3. Sauna or Hot Tub
4. Tile floor or wall (except in wet areas such as kitchen and bathrooms)
5. Patio and porch addition
6. Painting which is not part of larger rehabilitation work
7. Building a garage or any house addition
8. Landscaping, sodding, and similar work
9. Any kind of cosmetic work
10. Swimming pool and similar facilities
11. Tile or slate roofing
12. Hardi plank siding unless replacing existing portions
13. Fence

Rehabilitation loan amounts shall be based upon a minimum of two written licensed contractor estimates for the exact same scope of work, identifying all necessary rehabilitation work and the expected costs of the rehabilitation work. One bid may be allowed at the discretion of the LHAP Administrator. Contractors' estimates for major rehabilitation work must be based on a work write-up prepared by the county-designated inspector. The applicant shall choose one of the contractors to complete the identified rehabilitation work provided that the contractor cost estimate does not exceed 110% of the estimate provided by the county-designated inspector. When there is no work write-up applicant must receive two comparable bids for the exact same job from two licensed contractors. In this case, the applicant shall choose one of the acceptable bids provided that the contractor's cost estimate does not exceed 5% of the average of all bids received.

Where the proposed rehabilitation is minimal or involves specific activities such as replacement of a septic tank, replacement of A/C, roof, window shutters, and other similar work, there may be no work write-up. In such cases, the applicant must contact licensed contractors, obtain at least two comparable bids for the exact same job, and submit the bids to the county.

Once the contractor estimate is selected and the rehabilitation loan amount including contingencies established, no additional funds may be awarded. The contractor estimate must identify all potential costs (including building permit fees) to be encountered in

completing the rehabilitation work. Change orders must be approved by the county designated inspector and/or local housing assistance program staff. The county will order a title search for each rehabilitation property. The county will use the title search results to ensure that all property taxes are current and that there are no delinquent liens or judgments against the property or the property owner(s). Any liens/mortgages identified on the county title search requires proof/documentation that the lien/mortgage is current.

The applicant or his contractor must obtain a building permit from the corresponding jurisdictional building department for all rehabilitation work activities. The funds for rehabilitation loans of less than \$5,000 shall be delivered upon completion of all rehabilitation work and a satisfactory final inspection by the corresponding jurisdictional Building Department and the county designated inspector or local housing assistance program staff that all required rehabilitation activities for the eligible housing unit are completed. Funds for rehabilitation loans of \$5,000.00 or more may be delivered in individual draws, not to exceed five draws total, based upon the completion of individual components of the rehabilitation work and inspection by the corresponding jurisdictional Building Department and the county designated inspector or the local housing assistance program staff. Each partial draw of funds shall not be less than \$5,000 and it shall be delivered upon completion of all rehabilitation work and a satisfactory final inspection by the corresponding jurisdictional Building Department and the county designated inspector or the local housing assistance program staff that all required rehabilitation activities for the eligible housing unit are completed. The contractor must submit an invoice, a copy of the final inspection report, signed and notarized contractor's final affidavit, contractor final waiver of lien, and sub-contractor's final waiver of lien (if any). Staff will make sure that the final draw is not less than \$5,000 by keeping track of all draw requests. Window replacements shall be considered major rehabilitation projects to allow for contractors to submit bids. No SHIP funds will be paid for any work completed prior to the county's notice to proceed.

Rehabilitation loans can be leveraged with private funds, small city Community Development Block Grant (CDBG) funds, weatherization funds, and other state and federal programs as appropriate.

h. Additional Information:

i. Geographic Area

Rehabilitation loans may be made anywhere in the county, including all municipalities located within the county;

ii. Housing Unit Classification

Eligible housing units receiving rehabilitation loans must be owner-occupied single-family, or condominium residences. Mobile homes are not eligible; and

i. Residential Hurricane Mitigation:

The county will match SHIP funds with My Safe Florida Home Funds for hurricane-resistant retrofit improvements to owner-occupied site-built homes to reduce potential future hurricane damage. If applicable, the county shall advertise the availability of My Safe Florida Home funds, accept applications from very low, low, and moderate income homeowners with homestead exemptions for homes that have insured values not exceeding \$400,000. Applications will be reviewed on a first qualified, first-served basis. Applications, however, will be approved based on first application completed, first application to receive funding.

Eligible retrofit improvements work activities include the following:

1. Improving the strength of the roof deck attachment
2. Creating a secondary water barrier to prevent water intrusion
3. Improving the survivability of the roof covering
4. Bracing gable-ends in the roof framing
5. Reinforcing roof-to-wall connections
6. Upgrading exterior wall opening protections
7. Upgrading exterior doors

**B. Purchase Assistance with Rehabilitation Loans (Code #1)**

a. Summary of the Strategy:

To assist eligible persons with down payment and closing costs principal reduction associated with the purchase of a home.

b. Fiscal Years Covered: FY 2024-2025, FY 2025-2026, and FY 2026-2027

c. Income Categories to be Served:

Very Low-Income Persons (Not to exceed 50% of median income)

Low-Income Persons (between 51-80% of median income)

Moderate-Income Persons (between 81-120% of median income)

d. Maximum Award:

| Income Category | Purchase Assistance Portion | Rehab Portion | Max. Total        |
|-----------------|-----------------------------|---------------|-------------------|
| Very Low        | \$ 85,000                   | \$ 20,000     | <b>\$ 105,000</b> |
| Low             | \$ 65,000                   | \$ 20,000     | <b>\$ 85,000</b>  |
| Moderate        | \$ 45,000                   | \$ 20,000     | <b>\$ 65,000</b>  |

e. Terms, Recapture, Default:

Purchase assistance with rehabilitation loans is deferred payment 20-year loans for the purchase assistance portion and deferred payment 10-year loans for the rehabilitation portion, both secured by a mortgage and note whereby repayment of the entire loan amount occurs at the time that the eligible housing unit is sold, refinanced with cash out, or occupied by someone other than the original loan recipient. There will be a 0% simple annual interest rate for Purchase Assistance with Rehabilitation loans. After 20 years for purchase assistance and after 10 years for rehabilitation assistance; the original loan amount will be forgiven. Eligible persons may repay the entire amount of the loan at any time. In the event of the death of the homeowner, an income-eligible heir may assume the county SHIP loan as long as the home is utilized as the household's homesteaded property.

f. Recipient Selection Criteria:

Eligible applicants will be approved for assistance on a first qualified first served basis as may be adjusted per the LHAP based on ranking priorities, subject to funding availability. Applicants will have the following verified to confirm eligibility and for record management and reporting:

- i. Income;
- ii. Employment;
- iii. Assets;
- iv. First time Homebuyer Status;
- v. Credit Verification and/or approval from the financial institution that is granting the first mortgage;
- vi. Approval of first mortgage from a financial institution;
- vii. Attendance and completion of County's Homebuyer's Educational Workshop (receiving the Homebuyer's Educational Workshop Certificate). In addition, applicants that do not get loans through Habitat for Humanity will be required to complete a self-paced Homebuyer Education training, HomeView, through Fannie Mae at <https://www.fanniemae.com/education>; and
- viii. Disability Status.

g. Sponsor Selection Criteria:

N/A

h. Additional Information:

- i. Geographic Area

Purchase assistance with rehabilitation loans may be made anywhere in the

county, including all municipalities located within the county;

ii. **Housing Unit Classification**

All housing units shall be owner-occupied single-family or condominium residences;

iii. Purchase assistance loans can be given in combination with a rehabilitation or impact fee loan, for the purchase of existing homes or in combination with an impact fee/capacity charge loan for the construction of a new unit;

iv. As structured, the program does not require an applicant to provide a minimum monetary contribution towards the down payment or closing costs. This program policy, however, does not exempt an applicant from a financial institution's minimum monetary contribution requirement, if applicable;

v. No owner financing is allowed. All purchase assistance applicants must receive their first mortgage from a financial institution;

vi. Except as otherwise provided for herein, SHIP purchase assistance with rehabilitation funds shall not be provided to any household where for the household's first mortgage projected monthly housing cost, including mortgage principal, interest, taxes, and insurance, will exceed 30% of the household's gross income, or where the household's total debt will exceed 45% of the household's gross income. It is not, however, the intent of this plan to limit an individual household's ability to direct more than 30% of its income for housing if the first institutional mortgage lender is satisfied that the applicant household can afford mortgage payments in excess of the 30% benchmark. For that reason, the monthly housing cost to gross income ratio (front-end ratio) may be up to 40% as long as the back-end ratio does not exceed 45%. In such cases, the first mortgage lender must inform the county in writing of its determination. This determination must be based on specific characteristics applicable to the applicant, such as the applicant's short-term debts, the applicant having a good history of debt management, or other pertinent reasons. These requirements apply to all income categories. With the exception of very low and low-income Habitat for Humanity applicants, a household's monthly housing cost-to-income ratio (front-end ratio) shall not fall below 20%. Because Habitat for Humanity mortgages carry a 0% interest rate, Habitat for Humanity clients may have a monthly housing cost less than 20% of gross income. In the case of Habitat for Humanity clients, the front-end ratio may be as low as 17%.

Housing units constructed as new units, within one calendar year, substantially rehabilitated within one (1) calendar year prior to purchase, or units to be rehabilitated in conjunction with the purchase assistance loans shall be classified as constructed, rehabilitated, or repaired units;

Indian River County has a lending consortium consisting of local banks and financial institutions. Pursuant to the consortium's rules, consortium members

waive certain fees and charge interest rates close to the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation 30 to 60 day rate for principal mortgages provided to SHIP purchase assistance loan recipients. The maximum term of a first mortgage shall not exceed 30 years.

For SHIP purchase assistance with rehabilitation loans, the number of points, which may be charged by the financial institution providing the first mortgage, shall be as follows:

- For conventional loans, up to one (1) point may be paid from SHIP funds. If a lender does not charge any points on a principal mortgage associated with a SHIP purchase assistance loan, the lender may increase the interest rate on the first mortgage up to a maximum of 1 percentage point above the maximum interest rate referenced above
- For FHA loans, a maximum of one (1) point may be paid from SHIP funds
- For "bond program" loans only, more than one (1) point may be paid from SHIP funds;

For applicants to be eligible to receive SHIP funds for a purchase assistance with rehabilitation loan the first mortgage loan must be a fixed rate loan. No loan requiring a balloon payment is acceptable for any income group;

For all purchase assistance with rehabilitation loans a copy of the first mortgage title insurance must be provided to SHIP office; and

Purchase assistance loans may be leveraged with loans from financial institutions, USDA Rural Development, Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), Community Workforce Housing Innovation Pilot Program (CWHIP), and other applicable State or Federal Programs.

- vii. Maximum purchase price shall not exceed 90% of the average area purchase price as established by the U.S. Treasury Department and published by Florida Housing Finance Corporation.
  - Maximum purchase price for new and existing single-family homes and condos is \$400,000.
- viii. Subordination of SHIP mortgages associated with first mortgage refinancing shall be subject to the following requirements.

No existing SHIP mortgage will be subordinated to a refinanced first mortgage unless the following requirements are met:

| Requirements for a Refinanced First Mortgage |  |  |   |
|--|--|--|---|
| Maximum Term Allowed                         | Maximum Interest Rate Allowed  | Maximum First Mortgage Amount Allowed  | Maximum Points Allowed  |
| 30 Years                                     | Must be a fixed rate loan, and interest rate must be lower than the existing first mortgage interest rate. | Not to exceed the original first mortgage amount. Any available equity up to the original mortgage amount may be used for closing costs associated with the refinancing.<br><br>No cash out to applicant | For purchase assistance loans up to 1 point allowed<br><br>For other loans up to 2 points allowed |

ix. Partial Loan Payment

The county's Loan Review Committee (LRC) will review all requests for partial loan payments on a case-by-case basis. However, the county will not accept any partial loan payment less than 35% of the original loan, unless it is proven that it is in the best interest of the county to accept a partial loan payment of less than 35%.

x. SHIP maximum subsidy for Purchase Assistance Down Payment and Closing Costs shall be capped at 35% for Moderate Income households (120% of the AMI) and 45% for Very Low- and Low-Income households (up to 80% of the AMI) of the purchase price of the home including cost of land.

C. **Purchase Assistance without Rehabilitation Loans** (*Code #2*)

a. Summary of the Strategy:

To assist eligible persons with down payment and closing costs principal reduction associated with the purchase of a home. Purchase assistance loans without rehabilitation are intended to be used by applicants who find new homes that do not need any rehabilitation.

b. Fiscal Years Covered: FY 2024-2025, FY 2025-2026, and FY 2026-2027

c. Income Categories to be Served:

Very Low-Income Persons (Not to exceed 50% of median income)

Low-Income Persons (between 51-80% of median income)

Moderate-Income Persons (between 81-120% of median income)

d. Maximum Award:

|                        |           |
|------------------------|-----------|
| Very Low-Income Person | \$ 85,000 |
| Low-Income Person      | \$ 65,000 |
| Moderate-Income Person | \$ 45,000 |

e. Terms, Recapture, Default:

Purchase assistance loans are deferred payment 20-year loans secured by a mortgage and note whereby repayment of the entire loan amount occurs at the time that the eligible housing unit is sold, refinanced with cash out, or occupied by someone other than the original loan recipient. There will be a 0% simple annual interest rate for Purchase Assistance loans. After 20 years the original loan amount will be forgiven. Eligible persons may repay the entire amount of the loan at any time. In the event of the death of the homeowner, an income-eligible heir may assume the county SHIP loan as long as the home is utilized as the household's homesteaded property.

f. Recipient Selection Criteria:

Eligible applicants will be approved for assistance on a first-qualified, first-served basis as may be adjusted per the LHAP based on ranking priorities, subject to funding availability. Applicants will have the following verified to confirm eligibility and for record management and reporting:

- ix. Income;
- x. Employment;
- xi. Assets;
- xii. First-time Homebuyer Status;
- xiii. Credit Verification and/or approval from the financial institution that is granting the first mortgage;
- xiv. Approval of the first mortgage from a financial institution;
- xv. Attendance and completion of County's Homebuyer's Educational Workshop (receiving the Homebuyer's Educational Workshop Certificate). In addition, applicants that do not get loans through Habitat for Humanity will be required to complete a self-paced Homebuyer Education training, HomeView, through Fannie Mae at <https://www.fanniemae.com/education> ; and
- xvi. Disability Status.

g. Sponsor Selection Criteria:

N/A

**h. Additional Information:****i. Geographic Area**

Purchase assistance loans may be made anywhere in the county, including all municipalities located within the county;

**ii. Housing Unit Classification**

All housing units shall be owner-occupied single-family or condominium residences;

**iii. Purchase assistance loans can be given in combination with an impact fee/capacity charge loan for the construction of a new unit;****iv. As structured, the program does not require an applicant to provide a minimum monetary contribution towards the down payment or closing costs. This program policy, however, does not exempt an applicant from a financial institution's minimum monetary contribution requirement, if applicable;****v. No owner financing is allowed. All purchase assistance applicants must receive their first mortgage from a financial institution;****vi. Except as otherwise provided for herein, SHIP purchase assistance funds shall not be provided to any household where for the household's first mortgage projected monthly housing cost, including mortgage principal, interest, taxes, and insurance, will exceed 30% of the household's gross income, or where the household's total debt will exceed 45% of the household's gross income. It is not, however, the intent of this plan to limit an individual household's ability to direct more than 30% of its income for housing if the first institutional mortgage lender is satisfied that the applicant household can afford mortgage payments in excess of the 30% benchmark. For that reason, the monthly housing cost to gross income ratio (front-end ratio) may be up to 40% as long as the back-end ratio does not exceed 45%. In such cases, the first mortgage lender must inform the county in writing of its determination. This determination must be based on specific characteristics applicable to the applicant such as the applicant's debts being short term, the applicant having a good history of debt management, or other pertinent reasons. These requirements apply to all income categories. With the exception of very low and low-income Habitat for Humanity applicants, a household's monthly housing cost-to-income ratio (front-end ratio) shall not fall below 20%. Because Habitat for Humanity mortgages carry a 0% interest rate, Habitat for Humanity clients may have a monthly housing cost less than 20% of gross income. In the case of Habitat for Humanity clients, the front-end ratio may be as low as 17%;**

Housing units constructed as new units, within one calendar year, and substantially rehabilitated within one (1) calendar year prior to purchase shall be classified as new units;

Indian River County has a lending consortium, consisting of local banks and financial institutions. Pursuant to the consortium's rules, consortium members waive certain fees and charge interest rates close to the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation's 30- to 60-day rate for principal mortgages provided to SHIP purchase assistance loan recipients. The maximum term of a first mortgage shall not exceed 30 years.

For SHIP purchase assistance loans, the number of points, which may be charged by the financial institution providing the first mortgage, shall be as follows:

- For conventional loans, up to one (1) point may be paid from SHIP funds. If a lender does not charge any points on a principal mortgage associated with a SHIP purchase assistance loan, the lender may increase the interest rate on the first mortgage up to a maximum of 1 percentage point above the maximum interest rate referenced above
- For FHA loans, a maximum of one (1) point may be paid from SHIP funds
- For "bond program" loans only, more than one (1) point may be paid from SHIP funds;

For applicants to be eligible to receive SHIP funds for a purchase assistance loan the first mortgage loan must be a fixed rate loan. No loan requiring a balloon payment is acceptable for any income group;

For all purchase assistance loans a copy of the first mortgage title insurance must be provided to SHIP office; and

Purchase assistance loans may be leveraged with loans from financial institutions, USDA Rural Development, Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), Community Workforce Housing Innovation Pilot Program (CWHIP), and other applicable State or Federal Programs.

- viii. Maximum purchase price shall not exceed 90% of the average area purchase price as established by the U.S. Treasury Department and published by Florida Housing Finance Corporation.
  - Maximum purchase price for new and existing single-family homes and condos is \$400,000.
- viii. Subordination of SHIP mortgages associated with first mortgage refinancing shall be subject to the following requirements.

No existing SHIP mortgage will be subordinated to a refinanced first mortgage unless the following requirements are met:

| Requirements for a Refinanced First Mortgage |  |  |   |
|--|--|--|---|
| Maximum Term Allowed                         | Maximum Interest Rate Allowed  | Maximum First Mortgage Amount Allowed  | Maximum Points Allowed  |
| 30 Years                                     | Must be a fixed rate loan, and interest rate must be lower than the existing first mortgage interest rate. | Not to exceed the original first mortgage amount. Any available equity up to the original mortgage amount may be used for closing costs associated with the refinancing.<br><br>No cash out to applicant | For purchase assistance loans up to 1 point allowed<br><br>For other loans up to 2 points allowed |

xi. **Partial Loan Payment**

The county's Loan Review Committee (LRC) will review all requests for partial loan payments on a case-by-case basis. However, the county will not accept any partial loan payment less than 35% of the original loan, unless it is proven that it is in the best interest of the county to accept a partial loan payment of less than 35%.

ix. SHIP maximum subsidy for Purchase Assistance Down Payment and Closing Costs shall be capped at 35% for Moderate Income households (120% of the AMI) and 45% for Very Low- and Low-Income households (up to 80% of the AMI) of the purchase price of the home including cost of land.

**D. Owner Occupied Emergency Rehabilitation Loans (Code #6)**

a. Summary of the Strategy:

To fund all or a portion of the cost encountered for emergency repair of existing owner-occupied housing units to prevent further damage to the unit or to make it habitable with temporary repairs. This strategy shall be used in cases where the health department, a jurisdiction's building official, SHIP administrator, or designee determines that a structure or other items, such as a septic tank, is in such condition that it threatens the occupant's health or safety.

b. Fiscal Years Covered: FY 2024-2025, FY 2025-2026, and FY 2026-2027

c. Income Categories to be Served:

Very Low-Income Persons (not to exceed 50% of median income)

Low-Income Persons (51 to 80% of the county's median income)

Moderate-Income Persons (81-120% of median income)

d. Maximum Award:

The maximum monetary award for an emergency repair loan shall not exceed:

Up to \$35,000 per single family, condominium-housing unit, mobile home.

e. Terms, Recapture, Default:

Emergency rehabilitation loans are deferred payment 10-year loans secured by a mortgage and note. The repayment of funds awarded as an emergency rehabilitation loan is not required, except in cases where the assisted housing unit is sold, refinanced with cash-out prior to termination of the unit's affordable classification timeframe, or occupied by someone other than the original loan recipient. In cases where the unit is sold, refinanced with a cash-out, or occupied by someone else, the entire original loan amount must be paid back. There will be a 0% simple interest rate for emergency rehabilitation loans. After 10 years, the original loan amount will be forgiven. Program income funds will be deposited in the county's affordable housing trust fund. Eligible persons may repay the entire amount of the loan at any time. In the event of the death of the homeowner, an income-eligible heir may assume the county SHIP loan as long as the home is utilized as the household's homesteaded property (rehabilitation loans in conjunction with CDBG funding will be forgiven upon the death of the homeowner).

f. Recipient Selection Criteria:

Eligible applicants will be approved for assistance on a first qualified first served basis as may be adjusted per the LHAP based on ranking priorities, subject to funding availability. Applicants will have the following verified to confirm eligibility and for record management and reporting:

- i. Emergency needs identified by a building official, health department, or SHIP administrator
- ii. Income

First-time applicants will be given priority over previously assisted persons. Exceptions may be made for eligible property owners in cases where living conditions threaten the personal health and safety of the household. Property taxes must be current, and the property must not be in a foreclosure process.

g. Other Emergency Rehabilitation Loan Requirements:

The county's SHIP Program anticipates providing emergency rehabilitation loans to eligible, very low-income, low-income, and moderate-income households to fund all or a portion of the cost of emergency repair for existing single-family or condominium owner-occupied housing units. Emergency repair loans will not be awarded for repair work previously completed. All emergency repair work must be performed by licensed contractors. Applicants must first apply to their own home insurance for needed repairs.

Emergency rehabilitation loans may be awarded, if needed, for repair work activities that are essential to make a house safe for habitation and/or to prevent further damage to the house. Emergency repair loans may not be awarded in combination with purchase assistance loan assistance.

Emergency rehabilitations eligible for SHIP funding are limited to weatherization activities and repair activities to prevent further damage to the house. Weatherization refers to materials or measures and their installation, which are used to improve the thermal efficiency of a residence. SHIP funds may be provided for emergency repairs with at least two written licensed contractor estimates and an expedited approval process. The contractor with the lowest bid will be awarded the job.

Emergency rehabilitation loans may be awarded for the following rehabilitation work activities.

- i. Roof repair/replacement when there is a recently active leak; the insurance company is requesting roof replacement to maintain insurance; and shoring activities to protect and stabilize the housing unit
- ii. Plumbing work found to be unsafe by a jurisdiction's building official or his designee
- iii. Electrical work found unsafe by a jurisdiction's building official or his designee
- iv. Repair/replacement of septic tank, lift station, drain field, or private well as required by the public health department, SHIP Administrator, or designee
- v. Demolition of unsafe structures as determined by the jurisdiction's building official
- vi. Mold and mildew remediation that is not covered by the homeowner's insurance
- vii. Payment of an applicant's homeowners insurance deductible in conjunction with a SHIP rehabilitation job when an applicant can get insurance funds for some of the needed work and it is determined by the SHIP administrator that it is in the best interest of the SHIP program and the applicant to pay for the insurance deductible

For any other rehabilitation needs, the applicant may apply under regular rehabilitation loan assistance strategies.

Emergency rehabilitation loan amounts shall be based upon the lowest written licensed contractor estimate for the scope of work, identifying all necessary repair work and the expected costs of the repair work. Once the contractor estimate is selected and the emergency repair loan amount, including contingencies, is established, no additional funds may be awarded. The contractor estimate must identify all potential costs (including building permit fees) to be encountered in completing the repair work. Change orders must be approved by the county.

The applicant or his contractor must obtain a building permit from the corresponding jurisdictional Department of Health or Building Department for all repair activities. The funds for emergency rehabilitation loans of less than \$5,000.00 shall be delivered upon

completion of all repair work and a satisfactory final inspection by the corresponding jurisdictional Building Department that all required repair activities for the eligible housing unit are completed. Funds for emergency rehabilitation loans of \$5,000.00 or more may be delivered in individual draws, not to exceed three draws total, based upon the completion of individual components of the repair work and inspection by the corresponding jurisdictional Building Department or the local housing assistance program staff. Each partial draw, including the final draw of funds, shall not be less than \$5,000, and it shall be delivered upon completion of all repair work and a satisfactory final inspection by the corresponding jurisdictional Building Department and the county-designated inspector that all required repair activities for the eligible housing unit are completed. No SHIP funds will be paid for any work completed prior to issuance of the county notice to proceed.

Emergency rehabilitation loans may be leveraged with private funds, Community Development Block Grant (CDBG) funds, weatherization funds, HUD transitional housing funds, or other state and federal programs as appropriate.

h. Additional Information:

i. Geographic Area

Emergency rehabilitation loans may be made anywhere in the county, including all municipalities located within the county.

ii. Housing Unit Classification

Emergency rehabilitation loans are only available for owner-occupied single-family homes, condominiums, and mobile homes.

**E. Disaster Mitigation Loans (Code #5)**

a. Summary of the Strategy:

To fund all or a portion of the cost encountered for disaster-related repair of existing owner-occupied housing units to prevent further damage to the unit or to make it habitable with temporary repairs. This strategy shall be used in the event of a disaster declared by state or federal executive order. This strategy will be implemented only in the event of a disaster using any funds that have not yet been encumbered and/or additional disaster funds issued by the Florida Housing Finance Corporation.

b. Fiscal Years Covered: FY 2024-2025, FY 2025-2026, and FY 2026-2027

c. Income Categories to be Served:

Very Low-Income Persons (not to exceed 50% of median income)

Low-Income Persons (51 to 80% of the county's median income)

Moderate-Income Persons (81 to 120% of median income)

**d. Maximum Award:**

The maximum monetary award for a disaster mitigation repair loan shall not exceed:  
Up to \$30,000 per single family or a condominium-housing unit.

**e. Terms, Recapture, Default:**

Disaster mitigation repair loans are deferred payment 10 year loan secured by a mortgage and note. The repayment of funds awarded as a disaster mitigation repair loan is not required, except in cases where the assisted housing unit is sold, refinanced with a cash out prior to termination of the unit's affordable classification timeframe (10 years) or occupied by someone other than the original loan recipient. In cases where the unit is sold, refinanced with a cash out, or occupied by someone else, the entire original loan amount must be paid back. There will be a 0% simple interest rate for disaster mitigation repair 10-year loans. After 10 years the entire loan amount is forgiven. Eligible persons may repay the entire amount of the loan at any time. In the event of the death of the homeowner, an income-eligible heir may assume the county SHIP loan as long as the home is utilized as the household's homesteaded property.

**f. Recipient Selection Criteria:**

Eligible applicants will be approved for assistance on a first qualified, first served basis subject to funding availability. Applicants will be chosen per the following criteria:

- i. Disaster-related rehabilitation needs
- ii. Income Eligibility
- iii. Disability Status

To expedite approval process, a Disaster Self Certification of Income Form may be utilized.

**g. Other Disaster Mitigation Repair Loan Requirements:**

The county's SHIP program anticipates providing disaster repair 10 year loans to eligible, very low income, low-income, and moderate income households to fund all or a portion of the cost of disaster repair for existing single-family or condominium owner occupied housing units. Disaster repair loans will not be awarded for repair work previously completed. All disaster repair work must be performed by licensed contractors. Disaster loans may not duplicate repairs that may be done by the resident's homeowners insurance, FEMA, and similar assistances.

Disaster repair loans may be awarded if needed for repair work activities which are essential to make a house safe for habitation and/or to prevent further damage to the house. Disaster repair loans may not be awarded in combination with a purchase assistance loan. Disaster repair loans will be used in the event of a natural, state, or federally declared disaster.

SHIP funds may be provided for disaster associated repairs with only one written licensed

contractor estimate and expedited approval process.

Disaster repair loans may be awarded only for rehabilitation work activities related to a declared emergency or disaster. Disaster repair loans may be awarded for the following rehabilitation work activities.

- i. Purchase of emergency supplies for eligible households to weatherproof damaged homes;
- ii. Interim repairs to avoid further damage; tree and debris removal required to make the individual housing habitable;
- iii. Construction of wells or repair of existing wells where public water is not available;
- iv. Payment of insurance deductibles for rehabilitation of homes covered under homeowner insurance and homeowner association policies;
- v. Repair or replacement of septic tanks damaged through a disaster; or
- vi. Other activities as proposed by the county and approved by Florida Housing Finance Corporation.

For any other rehabilitation needs, the applicant may apply under regular rehabilitation loan assistance strategies.

Disaster repair loan amounts shall be based upon a written licensed contractor estimate for the scope of work, identifying all necessary repair work and the expected costs of the repair work. The applicant shall choose a licensed contractor to complete the identified repair work. Once the contractor estimate is selected and the disaster repair loan amount including contingencies is established, no additional funds may be awarded. The contractor estimate must identify all potential costs (including building permit fees) to be encountered in completing the repair work. Change orders must be approved by the county.

The applicant or his contractor must obtain a building permit from the corresponding jurisdictional Building Department for all repair activities. The funds for disaster repair 10 year loans of less than \$5,000.00 shall be delivered upon completion of all repair work and a satisfactory final inspection by the corresponding jurisdictional Building Department and the county designated inspector that all required repair activities for the eligible housing unit are completed. Funds for disaster repair 10 year loans of \$5,000 or more may be delivered in individual draws, not to exceed three draws total, based upon the completion of individual components of the repair work and inspection by the corresponding jurisdictional Building Department and the county designated inspector or the local housing assistance program staff. Each partial draw including the final draw of funds shall not be less than \$5,000.00 and it shall be delivered upon completion of all repair work and a satisfactory final inspection by the corresponding jurisdictional Building

Department and the county designated inspector that all required repair activities for the

eligible housing unit are completed. No SHIP funds will be paid for any work completed prior to issuance of the county notice to proceed.

Disaster repair loans may be leveraged with private funds, small city Community Development Block Grant (CDBG) funds, weatherization funds, HUD transitional housing funds, FEMA funds, or other state and federal programs as appropriate.

h. Additional Information:

i. Geographic Area

Disaster repair loans may be made anywhere in the county, including all municipalities located within the county.

ii. Housing Unit Classification

Eligible housing units receiving disaster repair 10 year loans must be owner-occupied single-family, or condominium residences. Mobile homes are not eligible.

**F. Impact Fee/Capacity Charge Loans (Code #8)**

a. Summary of the Strategy:

To assist income eligible persons with the cost of impact fees and/or water and sewer capacity charges for owner occupied housing units anywhere in Indian River County.

b. Fiscal Years Covered: FY 2024-2025, FY 2025-2026, and FY 2026-2027

c. Income Categories to be Served:

Very Low-Income Persons (Not to exceed 50% of median income).

Low-Income Persons (between 51-80% of median income).

Moderate-Income Persons (between 81-120% of median income) in conjunction with down payment/closing cost loans only.

d. Maximum Award:

The county provides loans for the actual amount of impact fees and capacity charges, not to exceed \$20,000 per unit for the cost of impact fees and/or capacity charges.

e. Terms, Recapture, Default:

Impact fee/capacity charge loans are deferred payment 10-year loans secured by a mortgage and note whereby repayment of the entire loan will be forgiven after 10 years of occupancy. There will be 0% simple annual interest rate for impact fee/capacity charge loans.

The repayment of funds awarded as an impact fee/capacity charges loan is not required, except in cases whereby the eligible housing unit is sold, occupied by someone other than the original loan recipient prior to termination of the unit's affordable classification timeframe, or refinanced with cash out prior to termination of the affordability timeframe. In these cases, repayment of the entire original loan amount is required.

Program income funds will be deposited in the county's affordable housing trust fund.

In the event of the death of the homeowner, an income eligible heir may assume the county SHIP loan as long as the home is utilized as household's homesteaded property (rehabilitation loans in conjunction with CDBG funding will be forgiven upon death of homeowner).

SHIP Deferred Payment Loans (DPL), in conjunction with CDBG funded projects, will be forgiven in 5 years or upon death of the homeowner, whichever comes first.

**f. Recipient Selection Criteria:**

Eligible applicants will be approved for assistance on a first qualified first served basis subject to funding availability. Applicants will be chosen per the following criteria:

- i. Income Eligibility
- ii. Employment Verification
- iii. Asset Verification
- iv. Homebuyer Status
- v. Disability Status

As needed, applicants may apply for a capacity charge loans when water or sewer service becomes available. First time applicants will be given priority over previously assisted persons. Exceptions may be made for eligible property owners in cases where living conditions threaten the personal health and safety of the household. Property taxes must be current and property must be free of code enforcement liens.

**g. Sponsor Selection Criteria:**

Non-profit organizations or for-profit developers may utilize this strategy only when the impact fee/capacity charge loan is a match for another housing program, such as the CDBG Program, Home Investments Partnership (HOME), Low Income Housing Tax Credit Program (LIHTC), State Apartment Incentive Loan Program (SAIL), Multi-Family Mortgage Revenue Bond Program, or other state and federal housing programs.

Non-profit organizations or for-profit developers eligible to participate in the local housing assistance program shall be selected according to the following criteria:

- i. Ability to proceed with the construction or rehabilitation activities and receive a certificate of occupancy within one year of the closing transaction date;
- ii. Number of units provided per year;

- iii. Ability to provide maximum leverage against SHIP funds;
- iv. The length of time the organization has been in Indian River County;
- v. Experience in the development of affordable housing;
- vi. The non-profit organization must be an entity with current 501(c)(3) tax-exempt status.

**h. Additional Information:**

i. **Geographic Area**

Impact fee/capacity charge loans may be made anywhere in the county, including all municipalities located within the county;

ii. **Housing Unit Classification;**

All housing units shall be owner-occupied; and

iii. Impact fee/capacity charge loans may be given in combination with purchase assistance or rehabilitation loans.

**G. New Construction Federal or State Programs Matching Loans (Code #21)**

a. **Summary of the Strategy:**

To assist non-profit organizations, and for-profit developers with matching funds needed to obtain federal or state housing programs funding for development of rental affordable housing projects.

b. **Fiscal Years Covered:** FY 2024-2025, FY 2025-2026, and FY 2026-2027

c. **Income Categories to be Served:**

Very Low-Income Persons (not to exceed 50% of median income)

Low-Income Persons (51 to 80% of the county's median income)

Moderate-Income Persons (81 to 120% of median income)

d. **Maximum Award:**

The maximum monetary award will be up to \$500,000 for each LIHTC project or it is capped at a maximum of \$100,000 per unit. These amounts may be administratively lowered by SHIP staff with Loan Review Committee approval if limited SHIP funds are available (due to a larger waiting/que list than funds available) and/or if a lower award amount will achieve the same point outcome for federal or state housing

programs funding for development of rental affordable housing projects.

e. Terms, Recapture, Default:

The federal and state programs matching loans are Deferred Payment Loans (DPL). The county will sign agreements with developers for performance of the loan. This DPL is secured by a recorded subordinate mortgage and note. The entire loan amount and interest accumulated will be forgiven after 15 years of compliance with federal and State housing program requirements. The compliance period for developments receiving SHIP funds as a match for any state and/or federal funds will be consistent with applicable state and federal fund requirements for 15 years of affordability. Monitoring of these developments will be done through the appropriate state or federal programs. The repayment of funds awarded as a matching loan is not required as long as the project is constructed and meets the federal or state housing program requirements, except in cases where the assisted housing has changed to a market rate prior to expiration of the affordability period. In that case, the entire original loan amount is due and payable.

There will be a 3% interest rate for matching loans.

Recaptured funds will be deposited in the county's affordable housing trust fund.

f. Sponsor Selection Criteria:

Non-profit organizations or for-profit developers eligible to participate in the local housing assistance program must submit a federal or state application to the appropriate agencies to qualify. Assistance will be provided to projects which receive an award of funds from a federal or state housing programs. Factors that may be considered in selecting the sponsor/developer may include, but is not limited to:

1. Capacity and Capability to Carry-out Project
2. Scale of Project/Utilization of Density Bonuses
3. Experience in Completing Similar Projects
4. Use of Personnel from Wages and Workforce Development Programs
5. Leveraging
6. Site Control
7. Neighborhood Compatibility with Area Redevelopment Plan
8. Creation of Mixed Income Communities
9. Recapture Provisions
10. Incorporation of Partnerships with Local Employers, Institutions, Hospitals and Schools
11. Incorporation of Transit-Oriented Design
12. Attractiveness of Design
13. Multistory Buildings Must Have Elevators and be ADA Compliant
14. Use of Green Building Techniques

g. Additional Information:

- i. Developers receiving assistance from both SHIP and the Housing Tax Credit (LIHTC) program shall be required to comply with the income, affordability and other LIHTC requirements. Similarly, any units receiving assistance from SHIP and other federal, State or local programs shall be required to comply with any requirements specified by the other program in addition to SHIP program requirements. In the event both programs have restrictions on the same issue, the more restrictive regulation shall take precedence. If one program is silent on an issue, the program with a regulation on the issue shall apply. 67-37.007(12) F.A.C.;
- ii. Geographic Area

Matching loans may be made anywhere in the county, including all municipalities located within the county.

- iii. Housing Unit Classification

Eligible housing units provided by federal or state housing funds may be rented or owner-occupied.

**H. Foreclosure Prevention (Code #7)**

a. Summary of the Strategy:

To assist income-eligible applicants to prevent foreclosure. This is a one-time assistance only. Applicants requesting assistance must be able to prove that their financial situation is temporary and is due to a change in the family status, including but not limited to serious medical illness, divorce or separation, death in the family, unforeseen home repair bills, a reduction in the number of scheduled work hours, increased insurance premiums, increased homeowner's association fees or a job loss that was not the fault of the recipient.

b. Fiscal Years Covered: FY 2024-2025, FY 2025-2026, and FY 2026-2027

c. Income Categories to be Served:

Very Low-Income Persons (Not to exceed 50% of median income).

Low-Income Persons (between 51-80% of median income).

d. Maximum Award:

The maximum award amount shall not exceed \$8,000.

e. Terms, Recapture, Default:

Foreclosure Prevention loans are a deferred payment of 2-year loans secured by a mortgage and note whereby repayment of the entire loan will be forgiven after 2 years of occupancy. There will be a 0% simple annual interest rate for impact fee/capacity charge loans.

The repayment of funds awarded as a foreclosure prevention loan is not required, except in cases whereby the eligible housing unit is sold, occupied by someone other than the original loan recipient prior to termination of the unit's affordable classification timeframe, or refinanced with cash out prior to termination of the affordability timeframe. In these cases, repayment of the entire original loan amount is required.

Program income funds will be deposited in the county's affordable housing trust fund.

In the event of the death of the homeowner, an income-eligible heir may assume the county SHIP loan as long as the home is utilized as the household's homesteaded property.

f. Recipient Selection Criteria:

Eligible applicants will be approved for assistance on a first qualified first served basis subject to funding availability. Applicants will be chosen per the following criteria:

- vi. Income Eligibility
- vii. Employment Verification
- viii. Asset Verification
- ix. Disability Status

First-time applicants will be given priority over previously assisted persons. Property taxes must be current, and property must be free of code enforcement liens.

g. Additional Information:

1. Property taxes and homeowner's insurance must be paid current unless these amounts were being escrowed as part of the mortgage payment.
2. The property shall have no other liens other than the first mortgage or previous SHIP, CDBG, or NSP liens.
3. No assistance will be provided to any property owner whose home is in the process of foreclosure or who has delinquent tax liens or other liens, with the exception of a previous SHIP, CDBG, or NSP lien against it.

**I. Demolition/Reconstruction (Code #4)**

a. Summary of the Strategy:

This strategy is designed to assist eligible homeowners with the demolition and reconstruction of the home when the cost of repairs exceeds the maximum level for assistance under the rehabilitation strategy and/or the condition of the home (health, safety, code issues) necessitates replacement (75% damaged). Structures that will be demolished and rebuilt are single family properties that are beyond repair and unsafe for human habitation as deemed by the County's Building Official. The property must meet the definition of an unsafe structure as defined by the Florida Building Code. Loans for reconstruction assistance may include costs related to all eligible construction hard and soft

costs associated with the project, short-term relocation costs, temporary storage, closing costs, and costs for inspections and work write-ups.

b. Fiscal Years Covered: FY 2024-2025, FY 2025-2026, and FY 2026-2027

c. Income Categories to be Served:

Very Low-Income Persons (Not to exceed 50% of median income)

Low-income persons (between 50-80% of median income)

d. Maximum Award:

Maximum award: Very Low and Low \$ 380,000

e. Terms, Recapture, Default:

Demolition/Reconstruction loans are deferred payment 20-year loans secured by a mortgage and note. The repayment of funds awarded as a demolition/reconstruction loan is not required, except in cases where the assisted housing unit is sold, refinanced with cash-out prior to termination of the unit's affordable classification timeframe, or occupied by someone other than the original loan recipient. In cases where the unit is sold, foreclosed, refinanced with a cash-out, or occupied by someone else, the entire original loan amount must be paid back. There will be a 0% simple interest rate for demolition/reconstruction loans. The entire loan amount will be forgiven after 20 years of occupancy for very low and low-income households. Program income funds will be deposited in the county's affordable housing trust fund. Eligible persons may repay the entire amount of the loan at any time. In the event of the death of the homeowner, an income-eligible heir may assume the county SHIP loan as long as the home is utilized as the household's homesteaded property.

f. Recipient Selection Criteria:

Eligible applicants will be approved for assistance on a first-qualified, first-served basis subject to funding availability as may be adjusted per the LHAP based on ranking priorities. The following information for applicants will be checked/verified to confirm eligibility and for record management and reporting:

- i. Income
- ii. Employment
- iii. Assets
- iv. Disability Status
- v. Other information as deemed necessary to meet program requirements

First-time applicants will be given priority over previously assisted persons.

g. Other Rehabilitation Loan requirements:

- i. When reconstruction is recommended, a completed preliminary inspection report, work write-up and cost estimate, with supporting documentation (a checklist or narrative stating deficiencies in the existing structure and photographs) must be submitted to the SHIP Administrator and Department Director for review before approval by the Loan Review Committee.
- ii. The intent of the reconstruction housing activity is to aid homeowners who otherwise might not be assisted due to the prohibitive cost of rehabilitating the existing home. Funding for a reconstruction home, if deemed the most cost-effective solution to the housing deficiencies, shall be offered by the Department.
- iii. Rehabilitation of a home that has been determined to need reconstruction is prohibited.
- iv. A reconstruction home does not necessarily have to match the existing home in terms of square footage, number of bedrooms and bathrooms. Per 24 CFR Part 982.401(d)(2) Housing Quality Standards – At a minimum, the dwelling unit must have a living room, kitchen area and a bathroom. It must have at least one bedroom or living/sleeping room for each two persons. Children of opposite sex, other than very young children, may not be required to occupy the same bedroom.
- v. The reconstruction home must provide all permanent residents of the home with safe, decent, and sanitary housing within the terms of State, Federal and Local Codes.
- vi. Reconstruction loan amounts shall be based upon a minimum of two written licensed contractor estimates for the exact same scope of work prepared by the county designated inspector, identifying all necessary rehabilitation work and the expected costs of the rehabilitation work. One bid may be allowed at the discretion of the LHAP Administrator. The applicant shall choose one of the contractors to complete the identified rehabilitation work provided that the contractor cost estimate does not exceed 110% of the estimate provided by the county-designated inspector.
- vii. Once the contractor estimate is selected and the reconstruction loan amount including contingencies established, no additional funds may be awarded. The contractor estimate must identify all potential costs (including building permit fees) to be encountered in completing the reconstruction work. Change orders must be approved by the county designated inspector and/or local housing assistance program staff. The county will order a title search for each reconstruction property. The county will use the title search results to ensure that all property taxes are current and that there are no delinquent liens or judgments against the property or the property owner(s). Any liens/mortgages identified on the county title search requires proof/documentation that the lien/mortgage is current.
- viii. The contractor must obtain a building permit from the corresponding jurisdictional

building department for all reconstruction work activities. Funds for reconstruction loans may be delivered in individual draws, not to exceed five draws total, based upon the completion of individual components of the reconstruction work and inspection by the corresponding jurisdictional Building Department and the county designated inspector or the local housing assistance program staff. The contractor must submit an invoice, a copy of the final inspection report, signed and notarized contractor's final affidavit, contractor final waiver of lien, and sub-contractor's final waiver of lien (if any). Staff will make sure that the final draw is not less than \$5,000 by keeping track of all draw requests. No SHIP funds will be paid for any work completed prior to the county's notice to proceed.

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