



HOMEBUYER ASSISTANCE PROGRAMS

Lender Manual

Introduction

The Pasco County Community Development Department (PCCD) has been helping residents of Pasco County purchase and make needed home repairs since 1992. PCCD uses state funding to assist residents. Currently, PCCD receives State Housing Initiative Partnership (SHIP) funds annually to provide assistance.

Who is eligible?

The funds administered by PCCD are governed by state regulations. Individuals and families served with Individuals and families served with State Funds (SHIP) must be at or below 120% AMI.

The PCCD Down Payment Assistance Program (DPA) is intended to serve first-time homebuyers as defined by the Department of Housing and Urban Development (HUD). A first-time homebuyer is defined as an individual who has not had ownership in a principal residence during the 3-year period prior to application for assistance.

Pasco County Loans

Down Payment assistance is offered as a no-interest loan. The loan will remain 0% as long as the home remains owner occupied and homesteaded.

- For very low and low-income homebuyers, payback will begin after a 5-year deferral period has been completed.
- For moderate-income homebuyers, payback will begin immediately.

If the borrower converts the house to a rental unit, or if they vacate or sell the home, the loan immediately becomes due for payback. Payback terms may convert to 240 months at a 6% interest rate per the terms specified in the mortgage and promissory note.

What types of homes are eligible?

Down Payment Assistance may be used for purchase of single-family homes, townhomes, villas and condominiums located anywhere in Pasco County with a maximum sales price of \$275,000.



What types of homes are not eligible?

- Mobile or manufactured homes
- Purchases in special flood hazard areas
- Sinkhole homes, homes with other documentation of ground settlement activity, including those that have been remediated

What assistance is available and does the borrower have any expense?

Pasco County Community Development currently offers one homebuyer program: the Down Payment Assistance Program (DPA). The program requires the buyer to contribute to or invest in the purchase of the property based on the household’s verified income AMI eligibility category as listed below.

The borrower’s minimum investment can include the earnest money deposit; amount paid for appraisal, home inspections, and other expenses the borrower pays to finalize the closing. Each item must be documented on the final closing statement as paid outside closing. **Proof of payment must be provided and may not be placed on credit card.**

Note: Family gifted amounts and seller’s contribution may not count towards minimum contribution.

Down Payment Assistance Program may be used to assist with purchasing any eligible home within the Pasco County limits.

With or without FHFC Bond Assistance	Maximum Amount of Assistance	Minimum contribution by homebuyer	Loan terms	Payment
Very Low Income	\$50,000	\$500	30 years	\$138.89 per month
Low Income	\$35,000	\$1,250	15 years	\$194.45 per month
Moderate Income	\$25,000	\$1,500	10 years	\$208.34 per month

How is income eligibility determined?

The DPA program follows the same income definitions as 24 CFR Part 5 (see Attachment I HUD Definition of Income). **All members of the household must be included in the income and asset calculations, not just the person(s) on the loan.** While each member of the household’s income is included, if they are not on the title of the house or the loan application (if not married), neither their debt nor their income will be considered in the determination as to whether they qualify for the loan and/or they have to make immediate payments. Their information will only be used to determine household income and asset cap eligibility.



INCOME GUIDELINES AS OF May 2023

Income Level	30% AMI	50% AMI	80% AMI	120% AMI
# of people in the household	Extremely Low	Very Low	Low	Moderate
1	\$18,250	\$30,450	\$48,650	\$73,080
2	\$20,850	\$34,800	\$55,600	\$83,520
3	\$24,860	\$39,150	\$62,500	\$93,960
4	\$30,000	\$43,450	\$69,500	\$104,280
5	\$35,140	\$46,950	\$75,100	\$112,680
6	\$40,280	\$50,450	\$80,650	\$121,680

*Income guidelines are published by HUD and the State of Florida annually and are subject to change without prior notice.

If an applicant is married, whether or not they are currently living in the same household or not, incomes and assets of **both** parties must be considered in order to determine eligibility. In addition, **both** parties must sign the mortgage and note regardless of if the spouse is on title or the loan application.

Verification of Income and Assets

All household income and assets listed on the application, including any income or assets disclosed during the application process must be third party verified.

NOTE: Applicants may not have more than **\$20,000** in liquid assets.

***** **Back-end Ratio may be no more than 41%*******

Homebuyer Education (HBE) Class

To begin the process of applying for PCCD DPA, potential homebuyers must attend Pasco County’s approved HUD Certified Homebuyer Education Class.

This is an 8-hour class as required by HUD. Effective April 2019, there will be a ten-dollar fee per person to attend the HBE class. The \$10.00 fee paid receipt may be used towards the homebuyers’ required minimum investment when receiving PCCD DPA. (Currently the fee is being waived - 04.2023)

Potential homebuyers may register online at <https://suncoasthousingconnections.org/homebuyer-education-classes/>.

PCCD is **unable** to register potential buyers for classes. Please be sure to direct questions about class availability to Suncoast Housing Connections.

For married couples, **both** persons are required to attend the class, regardless of 1st loan application. For unmarried individuals, both must attend, if on the loan.



Reservation of Funds

Reservations will be issued for the eligible property once all documents have been uploaded to Neighborly Software and verified by PCCD. Reservations will expire after 90 days if no closing occurs. If reservation expires, the reservation will be issued to the next eligible case.

Lender Application Submission

Once the potential homebuyer has a pre-qualification letter from one of PCCD's approved lenders, the potential homebuyer may start looking for a home to purchase. Once the potential homebuyer decides on a home to purchase and an inspection is completed, the approved lender will submit an application and the required documents through the Neighborly Software Program on behalf of the potential homebuyer.

Please note:

- The loan amounts and payment amounts must be the same as the corresponding numbers on the 1003 and the Loan Estimate.
- Pasco County's loan must be in 2nd lien, subordinate to the primary mortgage.
 - Pasco County will **ONLY** take 3rd lien position behind Florida Housing grants.
- All documents must be dated within **15 days** of application to the County.
- The lender application **must** be signed for the first mortgage.
- Lender fees and points may not exceed 4% of the loan amount.
- The entire Real Estate Contract must be submitted. Realtors may not charge any fees other than commission.
- Signed Letter of Understanding from both real estate agents for the DPA Program.
- A printed copy of the appraisal report must be submitted to the county. Only an appraisal from a licensed, certified appraiser may be used. Valuations by real estate professionals are not allowed.
- Include the latest credit report in the file for **all** parties that will be on title.
- Credit report is required for both people if married whether both are on the title or not.
- The buyer cannot receive cash back at closing.

ALL REQUIRED DOCUMENTS MUST BE SUBMITTED FOR APPLICATION TO BE PROCESSED.



Closing:

Once PCCD approves the borrower's loan package, the closing can be scheduled approximately one week thereafter.

- Only fixed rate 1st mortgages are allowed. No ARMS or Balloons.
- Lenders may not charge more than 4% of their mortgage amount for fees and charges. This includes broker fees, points, underwriting fees, and other similar fees. It also includes yield spreads. Fees are defined by the County.
- Pasco County's loan will be subordinate and will take second lien position behind the primary (1st) mortgage- exceptions may be made for grants from Florida Housing Finance Corporation or as approved by the Director of Community Development on a case-by-case basis.
- Realtors may not charge any fees except their commission, which cannot be higher than the normally accepted rate.
- The interest on the loan from the lender cannot be more than 1% above the average FHA rate as shown on the Freddie Mac Website.
- The homebuyer cannot take cash away from closing. Any extra money must be applied to principal reduction to the interest-bearing mortgage.

The closing must occur at least one week after approval as it takes approximately seven (7) business days for the County to issue a DPA check. After Pasco County has approved the Closing Disclosure, a representative of the lender, realtor, or title company may pick up the check.

Attachments:

- I. HUD Part 5 Definition of Income

DEFINITION OF INCOME

HUD – INCOME INCLUSIONS

1. The full amount of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services (before any payroll deductions).
2. Net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness cannot be used as deductions in determining net income; however, an allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue service regulations. Any withdrawal of cash or assets from the operation of a business or profession is included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.
3. Interest dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness cannot be used as a deduction in determining net income. An allowance for depreciation is permitted only as authorized in number 2 (above). Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income includes the greater of the actual income derived from net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.
4. The full amount of periodic payments received from Social Security, annuities, insurance policies, element funds, 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 payment (except Supplemental Security Income [SSI] or Social Security).
5. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (but see paragraph (3) under Income Exclusions).
6. Welfare Assistance. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income consists of:
 - the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus
 - the maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph is the amount resulting from one application of the percentage.
7. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling.
8. All regular pay, special day and allowances of a member of the Armed Forces.

Attachment I

HUD – 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 closing cost for personal or property losses (except for payments in lieu of earning – see number 5 of ‘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.
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.
8.
 - (a) Amounts received under training programs funded by HUD.
 - (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 that are made solely to allow participation in a specific program.
 - (d) Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded 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 under the laws of that government by persons who were persecuted during the Nazi era.
11. Earnings in excess of \$480.00 for each full-time student 18 years old or older (excluding the head of household or spouse).
12. Adoption assistance payments in excess of \$480.00 per adopted child.

13. For public housing only, the earnings and benefits to any family member resulting from the participation in a program providing employment training and supportive services in accordance with the Family Support Act of 1988, Section 22 of the 1937 Act, or any comparable federal, state or local law during the exclusion period.
14. Deferred periodic amounts from SSI and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts.
15. 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.
16. 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 this developmentally disabled family member at home.
17. 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 apply.