

**LEON COUNTY HOUSING SERVICES DEPARTMENT  
IMPACT FEE PRIVISO FUNDING  
FORECLOSURE PREVENTION &  
DOWN PAYMENT AND CLOSING COST ASSISTANCE  
PROGRAM GUIDELINES**

**Program Summary:**

Funds received from the State Housing Trust Fund, as directed through the Florida Housing Finance Corporation and the subsequent Impact Fee Proviso, were allocated for utilization toward foreclosure prevention assistance for the primary residence of Leon County single-family homeowners and down payment and closing cost assistance for first-time homebuyers in Leon County.

In accordance with the Local Housing Assistance Plan (LHAP), as amended January 29, 2009, to include Foreclosure Prevention Program Guidelines, Leon County Housing Services Department will administer this special program that offers Mortgagors the opportunity to prevent foreclosure of their homes, and first time homebuyers a source of financial assistance to purchase their first home. This special program meets the goal of all Leon County Housing Programs which is to increase and preserve the supply of affordable housing units within the unincorporated areas of Leon County.

**FORECLOSURE PREVENTION PROGRAM:**

**Program Description:**

The purpose of this program is to bring mortgage(s) completely up to date.

The County will provide up to \$7,500 in foreclosure prevention assistance to qualified Leon County residents to bring current the existing first mortgage for their primary residence. Assistance will be approved for the amount required to bring the mortgage current after other relief measures have been exhausted, credit counseling, and refinancing costs, where applicable. Applicants will be considered on a first come, first qualified basis.

Applicant(s) must demonstrate proof of Extraordinary Hardship. Assistance will be provided where an extraordinary hardship exists and has been demonstrated through adequate documentation, resulting in the delinquency on the first mortgage. If the applicant(s) has a variable rate mortgage, they must agree to modify or refinance to a fixed rate mortgage.

Extraordinary hardship is defined as situations such as:

- Loss of employment, through no fault of the applicant; however, the applicant has regained employment or can demonstrate program approved income.
- Substantial decrease in the household income, through no fault of the applicant(s)
- Temporary or permanent disability that reduces income
- Changes in the household composition that reduces income
- Demonstrated medical hardship
- Weather events such as fire, hurricane, or other natural disaster, resulting in unforeseen home repair bills not covered by the Federal Emergency Management (FEMA)
- Substantial increase to the mortgage payment due to participation in an adjustable rate mortgage or “ramp up” mortgage
- Substantial increase to payments due to escrow shortages.

**Operational Programmatic Categories (Action Oriented):**

- A. Pre-screen
- B. Intake – Interview
- C. Verification (Loan Modification Request if Applicable)
- D. Approval – Award Notification and Next Step
- E. Training/Education Component (Certificate of Completion Required for Closing)
- F. Closing
- G. Recorded

Staff Required: (Leon County Housing Services Department has enough staff and experience to handle the processing of applicants for the Foreclosure Prevention Program:

- a. Intake Specialist (Kim Tober – Administrative Associate V)
- b. Verification of Data Processor (Geraldine Green – Housing Services Specialist)
- c. Lender Modifications Negotiator (Lamarr Kemp – Housing Services Coordinator)
- d. Assistance Loan Closing Manager (Lamarr Kemp – Housing Services Coordinator)
- e. Records Recording (Kim Tober – Administrative Associate V)

## PROGRAM GUIDELINES

### ELIGIBILITY REQUIREMENTS:

- Applicant must be delinquent at least 60 days, and have received notification in writing from their lender the foreclosure proceedings have been initiated.
- Applicants must be the property owner(s) and the property for which assistance is being requested must be their primary residence.
- Property types include: single family homes, condos and town homes. Mobile homes are ineligible.
- The just market value of the home for which foreclosure prevention assistance is being requested cannot exceed \$204,000.
- Applicant(s) being qualified as very low, low, or moderate income at the time foreclosure assistance is requested.
- Applicant must provide proof of residency in the unincorporated area of Leon County.

### CRITERIA:

- Qualified applicants meeting all of the program criteria are eligible to receive foreclosure prevention assistance once.
- Applicant(s) must have received in writing, from their lender, a denial of default resolution, forbearance, or payment arrangement.
- Applicant(s) must be credit worthy or must be enrolled in budgeting, credit repair, credit counseling, and foreclosure prevention courses, and must have sufficient income required to maintain their mortgage after foreclosure assistance is received.
- The applicant will be required to demonstrate the steps they are taking to resolve their situation.
- If approved to receive assistance, the applicant(s) must demonstrate:
  - Their ability to keep the mortgage payments current
  - The enrollment in a credit counseling/credit repair/budgeting/foreclosure prevention course(s) offered by an approved local provider and obtain a "certificate of completion" in each.

### **Terms and Default**

The amount of assistance provided will be subject to a subordinate mortgage on the property in the amount of the subsidy. This will be a 0% interest, Deferred Payment Loan, forgivable in five years if the owner(s) maintain the home as a principle residence. If ownership of the property changes prior to the five years, the entire amount of the mortgage is due and payable to the County. Payment is made only upon the first to occur of any of the following events, which shall be deemed a default on the agreement on the part of the Owner: (1) the Owner sells, transfers or disposes of the assisted unit (by either sale, transfer, bankruptcy or foreclosure, etc.); (2) the Owner no longer occupies the unit as his/her principal residence; (3) the Owner dies, or if a married couple, the survivor dies; (4) the Owner refinances the home without having met the conditions for exemption (see policies and procedures manual).

### **Advertising and Outreach**

Advertising and outreach of program availability and guidelines to the community as a whole will begin in accordance with LHAP policy including publishing a Notice of Funding Availability 30 days prior to the application period. Advertising and outreach materials and activities will consist of:

1. Public Notice Advertisement.
2. Program Brochure
3. Flyers
4. Seminar Schedule
5. Press Release
6. PSA's to Print Media, Radio, and Television.
7. Staff Telemarketing Campaign to Lenders.
8. Cable Public Broadcast Channel (Infomercial)

The availability of funds will also be made known to the public through a diverse, multi-faceted effort to reach very low-, low- and moderate- income clients. Outreach can include:

1. Advertisements, feature articles, and/or information releases in local newspaper, newsletter, radio, or television media.
2. Announcements and flyers through lending institutions, churches, business and professional organizations, community centers, social service agencies, non-profits and/or neighborhoods.
3. Public hearings and announcements through televised Board of County Commission meetings.
4. Displays and handouts at local housing fairs, showcases or other special events.

5. Identification of potential clients through code enforcement agencies, human service agencies, and other such contacts.

**DOWN PAYMENT AND CLOSING COST ASSISTANCE.**

**I. Program Description:**

This Local Housing Assistance Plan (LHAP) sets forth the plans for Leon County's Affordable Housing Assistance Program guidelines for providing financial assistance to first-time homebuyers toward down payment and closing costs toward the purchase of their first home. Leon County Housing Services Departments shall administer this program. This Program is generally governed by *Section 420.907-9097, Florida Statutes* and *Chapter 67-37, Florida Administrative Code*.

Location of the Affordable Housing Program in the Department of Housing Services benefits housing clients. The County Housing Services Program can provide contacts and referrals to clients who require support services that are funded through dollars allocated through the Community Human Services Partnership. This Partnership, composed of the County, City and United Way, provides a comprehensive and coordinated process for distributing funds to local social service agencies.

The goal of the Leon County Impact Fee Proviso Funding for down payment and closing cost assistance is to increase and preserve the supply of affordable housing units within the unincorporated areas of Leon County. All housing units assisted with the Impact Fee Proviso Funding must be purchased by very low-, low- and moderate-income persons. The Leon County Down Payment and Closing Cost Assistance Program shall encompass an Affordable Housing Strategy of Down Payment Assistance for Existing Units With and Without Repair.

All eligible units must be located within the unincorporated areas of Leon County and must meet the requirements of *Chapter 553, Florida Statutes* in accordance with *Section 420.9071(8), Florida Statutes*. No mobile homes shall be assisted with Impact Fee Proviso Funding.

This Leon County Impact Fee Proviso Funding for down payment and closing cost assistance shall be made available to the public and its availability shall be advertised 30 days prior to the application period in the *Tallahassee Democrat* and other newspapers or periodicals which serve ethnic and diverse neighborhoods. The advertisement shall be formatted to meet the requirements set forth in *Chapter 67-37.005(6)*. In addition, the County shall publish a Notice of Funding Availability 30 days prior to the application period. In cases where there is a waiting list, no Notice of Funding Availability shall be advertised.

**Support Services:** Support services are provided through a variety of local housing and social service agencies (Sponsors) such as the Tallahassee Urban League, the Tallahassee Lenders' Consortium, Telephone Counseling and Referral Service, American Red Cross,

Leon County Health Department, and the Consumer Credit Counseling Agency. All Support Services shall be obtained through a Request for Proposal "RFP" methodology, requesting agencies to provide the following support services:

- a. Credit Counseling
- b. Credit Curing/Repair
- c. Homebuyer Pre- and Post Purchase Education, and,
- d. Referrals to appropriate agencies to solve family, work or personal problems interfering with an individuals' ability to qualify for housing assistance.

**Reaching Out to Sponsors:** The County will advertise the availability of Housing Assistance Program funds at least 30 days prior to the beginning of the application period. Interested non-profit or for-profit agencies must submit a written Request for Proposal to the Housing Services Department Director. Agencies shall be selected based on the selection criteria delineated under the Affordable Housing Strategies of Down Payment Assistance for Existing Units Without Repair and Down Payment Assistance for Existing Units Needing Repair. In reviewing proposals from potential sponsors, the County will consider criteria appropriate for each proposal such as, but not limited to:

- Relevance of proposals for the purposes of the housing strategy and LHAP program
- Applicable experience of the firm.
- Compliance with certification, licensing, or other professional or administrative requirements.
- Financial ability to provide services.
- Previous experience and record in working in target areas or with targeted clients.
- Performance under previous contracts with the county.
- Financial benefits provided to the affordable housing program and clients
- Proof of administrative or operational systems required to provide services.
- Ownership or control over property or infrastructure.
- Sufficiency of proposed plans to provide services.
- Knowledge of and experience with the LHAP program.
- Employment of Welfare to Work clients (WAGES)

## II. Affordability

**Income Limits:** The income limits for eligible recipients as defined in this Plan are those official statistics published by the U. S. Department of Housing and Urban Development as adjusted for family size. These income limits are incorporated into this plan by reference. Very-low income is 50% or less of median family income, low income is 51% to 80% of median family income, and moderate income is 81% to 120% of median family income.

**Monthly Housing Payment Allowable for Affordability:** Affordable shall mean that monthly housing payments including principle, interest, taxes and insurance shall not exceed 30% of an amount representing the percentage of the median gross annual income for households. It is not intended to limit a household's ability to devote more than 30% of its income for housing as long as the first mortgage lender is satisfied that the household can afford mortgage payments in excess of the 30% benchmark.

**Maximum Sales/Purchase Price of Assisted Units:** The maximum sales/purchase price of assisted units may not exceed \$204,000 for new or existing houses for Leon County.

## III. Advertisement and Outreach

Advertising and outreach of program availability and guidelines to the community as a whole will begin in accordance with LHAP policy including publishing a Notice of Funding Availability 30 days prior to the application period. Advertising and outreach materials and activities will consist of:

1. Public Notice Advertisement.
2. Program Brochure
3. Flyers
4. Seminar Schedule
5. Press Release
6. PSA's to Print Media, Radio, and Television.
7. Staff Telemarketing Campaign to Lenders.
8. Cable Public Broadcast Channel (Infomercial)

**Reaching Out to Clients:** The County through the affordable housing and other internal programs, and through the use of sponsors, will reach out to identify potential eligible clients. The availability of funds will be made known to the public through a diverse, multi-faceted effort to reach very low-, low- and moderate- income clients. Outreach can include:

1. Advertisements, feature articles, and/or information releases in local newspaper, newsletter, radio, or television media.

2. Announcements and flyers through lending institutions, churches, business and professional organizations, community centers, social service agencies, non-profits and/or neighborhoods.
3. Public hearings and announcements through televised Board of County Commission meetings.
4. Displays and handouts at local housing fairs, showcases or other special events.
5. Identification of potential clients through code enforcement agencies, human service agencies, and other such contacts.

#### **IV. Affordable Housing Strategies**

The specific strategies that produce affordable housing units are described in greater detail below. All Impact Fee Proviso Funding recipients shall be either very-low, low or moderate-income residents who live in the unincorporated areas of the county. At least 30% of program funds will be expended for low income recipients (80%, or below, the median area income). At least 30% of program funds will be expended for very low income recipients (50%, or below, the area median income). Very-low applicants may substitute for low income residents. Moderate income applicants (120%, or below, median area income) will not be considered for assistance until all qualified very low- and low-income applicants have been served.

Each service to be delivered through the Impact Fee Proviso Funding will be in the form of a deferred payment loan or grant to each recipient. Repayment of the deferred payment loans shall be required only upon the transfer of the title or upon refinancing as described under each strategy.

Eligible units shall be "stick-built" structures. Mobile Homes are not eligible. All activities described in the following strategy shall take place exclusively in the unincorporated areas of the County.

##### **(A) Down Payment Assistance for Existing Units Without Repair.**

The objective of this Strategy is to promote home ownership within unincorporated Leon County. Impact Fee Proviso Funding shall be used to assist very low, low and moderate income first-time home buyers (see below) with down payment and closing costs associated with the purchase of a home. The maximum award shall be \$7,500 and shall be in the form of a Impact Fee Proviso Funding deferred payment loan at 0%. The term of the Impact Fee Proviso Funding mortgage shall coincide with the first mortgage. Payment will be made during the term of the Loan only upon the first to occur of any of the following events: (1) home buyer sells, transfers or disposes of the assisted unit (by either sale, transfer, bankruptcy or foreclosure, etc.); (2) home buyer no longer occupies

the unit as his/her principal residence; (3) home buyer dies, or if a married couple, the survivor dies; or (4) if the home buyer refinances the home without having met the conditions for exemption (see policies and procedures manual).

*Applicants who are first time home buyers are those persons (and their spouse) who have not owned an interest in their dwelling in the past three years; is a displaced homemaker that has only owned with a spouse; is a single parent that has only owned a home with a former spouse while married; has only owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations; has only owned a property that was not in compliance with state, local, or model building codes and cannot be brought into compliance for less that cost of constructing a permanent structure.*

**(B) Down Payment Assistance for Existing Units Needing Repair.**

Impact Fee Proviso Funding shall be used to assist income-eligible first-time home buyers (see definition above) with down payment, closing costs, and/or to make necessary repairs to the home. The maximum award towards the purchase of an existing structure needing repair shall be \$15,000 for very low-income households and \$10,000 for low-income households. Moderate-income households shall be considered only after the list of very low- and low-income households has been exhausted. The maximum award to moderate-income households shall be \$7,500 towards the purchase of both an existing housing unit needing repair and a newly constructed housing unit. The award amounts include the down payment assistance with the balance to be applied toward the needed repairs.

Payment will be made during the term of the Loan only upon the first to occur of any of the following events: (1) home buyer sells, transfers or disposes of the assisted unit (by either sale, transfer, bankruptcy or foreclosure, etc.); (2) home buyer no longer occupies the unit as his/her principal residence; (3) home buyer dies, or if a married couple, the survivor dies; or (4) if the home buyer refinances the home without having met the conditions for exemption (see policies and procedures manual).