

STATE HOUSING INITIATIVES PARTNERSHIP PROGRAM SHIP PROGRAM MANUAL



Written by the Florida Housing Coalition
Sponsored by the Florida Housing Finance Corporation Affordable Housing Catalyst Program

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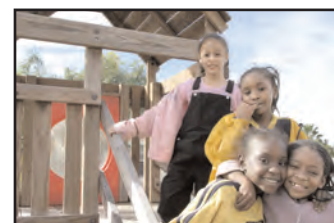
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INTRODUCTION

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INTRODUCTION

This Program Administration manual provides the local government administrator with the basic steps for administering Florida's State Housing Initiatives Partnership (SHIP) program. The manual provides references to passages outlining SHIP in the Florida Statutes and its corresponding Rule in the Florida Administrative Code. The manual also references HUD regulations related to income eligibility for housing assistance. Nonprofit and for-profit organizations that assist the local government with implementation of the local program by qualifying households for eligibility may also find this information useful in gaining additional insight into the overall processes involved, and may therefore increase their effectiveness in the local housing development process.

The step-by-step process outlined in the following pages is intended to be somewhat chronological: beginning with advertising the availability of funds, applicant intake and the income qualification process, file management and record keeping, tracking and reporting program accomplishments, and project close-out. The manual also includes a section on preparing for a program monitoring visit. While each local government has a unique approach to local program administration, this guide addresses the central issues that are most common in implementing the local program.

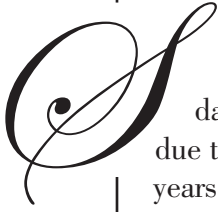
Sample forms to assist with program implementation are referenced throughout the document and are included in the Appendices.

The manual also references HUD regulations related to income eligibility for housing assistance.

MARKETING AND OUTREACH







MARKETING AND OUTREACH



SHIP requires that funds be advertised before taking applications for assistance (SHIP Rule 67-37.005 (6)(a)&(b), F.A.C). Funds must be advertised at least 30 days prior to taking applications. The exception to this is if funds are not available due to a waiting list. Advertising the availability of funds from multiple SHIP allocation years can be especially helpful for project sponsor-developers¹. In order to make a project feasible, they may require a larger amount of funds than can be made available from a single allocation year, and funds must be advertised before they can be provided to a sponsor-developer. (NOTE: Only funds in the currently adopted Local Housing Assistance Plan (LHAP) may be committed for multiple-year funding.)

The SHIP program requires advertising in a newspaper of general circulation and periodicals serving ethnic and diverse neighborhoods. At a minimum, the advertisement must contain:

Only funds in the currently adopted Local Housing Assistance Plan (LHAP) may be committed for multiple-year funding.

-  The amount of funds provided by the state for the fiscal year(s),
-  The beginning and ending date of the application period, if one exists, and
-  The name of the contact person and other pertinent information where applicants may apply for assistance (phone #, address, hours of operation).
-  Additional information may also be included in the advertisement, but these items are not *mandated* by SHIP program requirements. These might include an estimated amount of funds available per strategy, the maximum per unit award amounts, income set-asides for each strategy and local income limits, the maximum unit value, a description of the selection criteria and a statement that the SHIP local housing distribution may not be used to purchase, rehabilitate or repair mobile homes.

When advertising for sponsor-developers to assist with the implementation of local programs, many communities prefer an advertisement that is separate from the advertisement announcing housing services and strategies that the city or county government staff members implement in-house. Advertisements should include the selection criteria used to evaluate proposals from potential sponsors, and should include the total amount of funds available for the activity that requires a sponsor-developer.

When awarding funds for assistance to individuals, sponsor-developers, and providers of housing-related services, it is important for the local government to establish a fair and equitable process for selection. For awards to individual applicants, criteria are established by the program requirements, income set asides and local preference, such

¹The term “sponsor-developer” used throughout this document denotes nonprofit or for-profit contractors that are awarded funds for specific housing and construction activities. It does not refer to providers of housing-related services

MARKETING AND OUTREACH

as targeting to special needs populations or elderly. Eligibility for individuals is based upon annual household income and also sometimes by a first-come/first served or first-ready/first-served system. Some communities prefer to use a ranking and scoring system or a lottery system for selecting individual applicants. (See Step 3: Applicant Selection Procedures.)

When awarding funds to sponsor-developers, a selection process is established to solicit participation in the local program (Section 420.9075 (3)(a), Florida Statutes and SHIP Rule 67-37.005 (6)(b)7). A Request for Proposals (RFP) details the threshold criteria (minimum requirements for selection) and other desired qualifications. Local governments create their own unique requirements, which are based upon the project activities and other local preferences. These may include project feasibility, ability to proceed, project timetable, leveraging of funds, and past performance on similar projects. Funds are usually awarded using a ranking and scoring system. The criteria in the RFP serve as the basis for the scope of work to be included in the contract between the local government and the selected sponsor-developer.

The SHIP program requires that selection criteria for sponsor developers include a provision for preference to project sponsor-developers who employ personnel from the Work and Gain Economic Self-Sufficiency Program (WAGES) and the Workforce Development Initiatives Program.

Advertising for other services, such as for individual contractors to repair a specific unit in the local rehabilitation program, providers of credit and home ownership counseling services, or any other professional services needed in conjunction with administering the local program, should follow all local procurement procedures.

On occasion, a SHIP administrator may choose to not fund a housing strategy listed in the Local Housing Assistance Plan.

As stated previously, most communities advertise for sponsor-developers, contractors, and other providers of housing-related services by advertising in a local newspaper. However, it may be necessary to provide notice through other sources, such as by direct mailings to interested parties and contractors who may be qualified and have an interest in participating.

On occasion, a SHIP administrator may choose to not fund a housing strategy listed in the Local Housing Assistance Plan. A community might not fund a disaster recovery strategy, for example, until a disaster occurs and this type of strategy is needed. However, the administrator must complete the 30-day advertising period required by the SHIP Statute for a housing strategy before accepting applications for the type of assistance outlined in the strategy. In the case of a disaster strategy, the administrator will not want to delay the provision of SHIP assistance during a time of disaster. Therefore, advertise that the jurisdiction has a disaster strategy (along with any

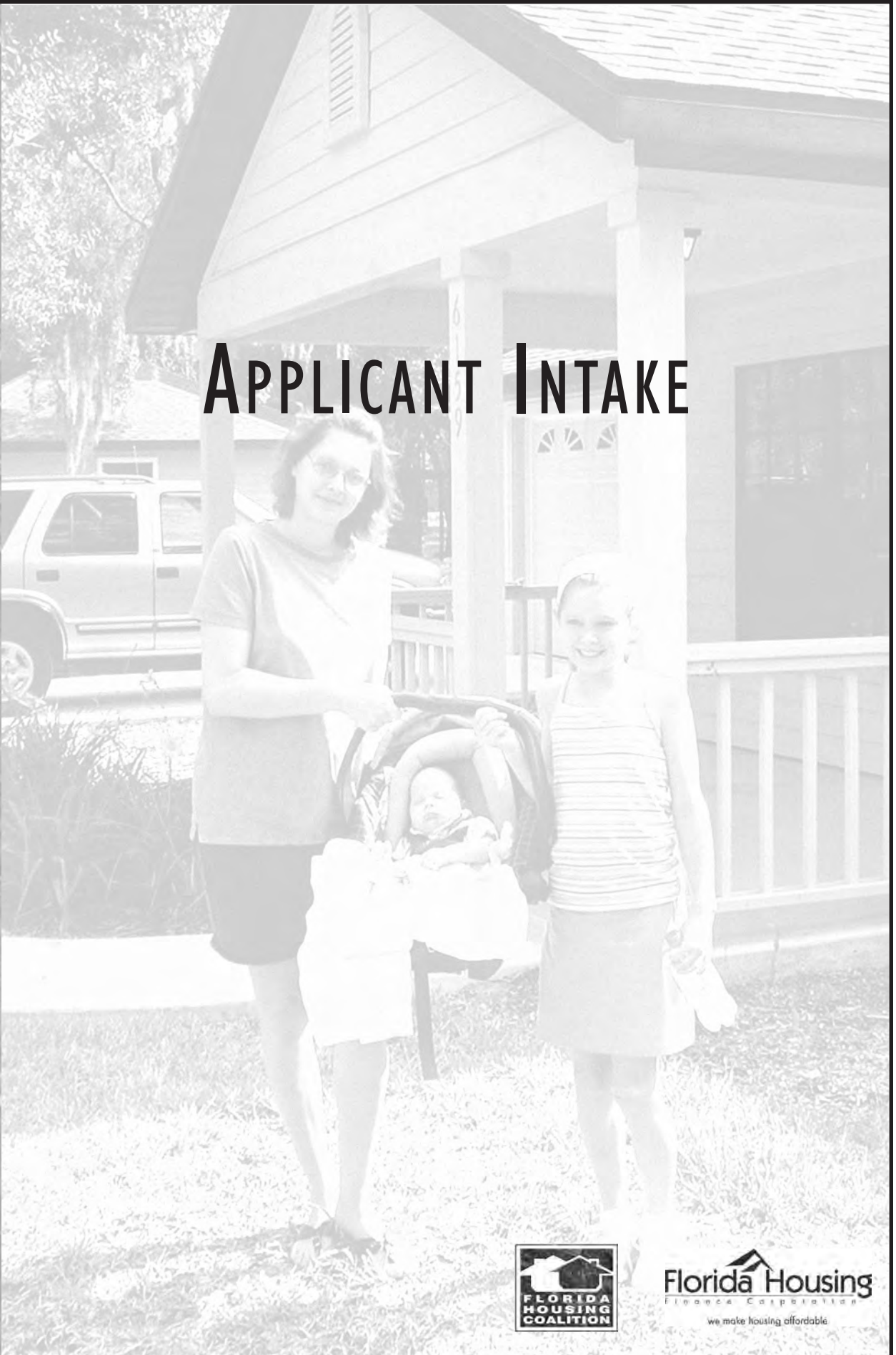
MARKETING AND OUTREACH

other unfunded strategies) when initially advertising the availability of SHIP funds. The advertisement should indicate which strategies are not currently funded, as well as any information about when it is anticipated that the strategies will be funded. In the case of a disaster strategy, for example, the advertisement might state that funds will be provided during a disaster. This will fulfill the 30 advertising requirement outlined in Florida Statutes.

Often it is necessary to market the local housing program at the neighborhood level. This type of outreach is important for new programs, as well as more established programs that are not reaching applicants in a certain community. Outreach at the neighborhood level includes posting and distributing flyers in neighborhood stores, post offices, community centers, churches, etc. Public service announcements on local television or radio stations can also be effective.

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APPLICANT INTAKE



Florida Housing
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APPLICANT INTAKE




Traditionally, local housing offices or nonprofit sponsors are the original point of contact for anyone seeking local program information and housing assistance. Many applicants are being referred to local down payment assistance programs via Realtors and lenders. Regardless of the initial point of contact, it is the responsibility of the program administrator to insure that applicant eligibility is correctly determined. Eligibility primarily refers to family income being within the prescribed program limits (see the definition of “eligible household” in Section 420.9071 (10), Florida Statutes).

It is important to ensure that the SHIP program does not discriminate against any class of potential applicants. All persons must be treated equally when serving affordable housing needs. The Fair Housing Act is the term commonly used to describe the provisions of Title VIII of the Civil Rights Act of 1968, as amended in 1988. The Act states that it is unlawful to discriminate on the basis of race, creed, color, religion, age, sex/gender, familial status, national origin, or handicap. In addition to what is covered under the federal act, Florida law also prohibits discrimination on the basis of marital status. This language must be included in the locally adopted Housing Assistance Plan. Many communities also include this information in all advertisements relating to the local affordable housing program. It is important for housing administrators to be familiar with fair housing laws, as well as the more subtle forms of discrimination.

It is important for housing administrators to be familiar with fair housing laws, as well as the more subtle forms of discrimination.




An informed applicant will help minimize future misunderstandings. To this end, applicants should be informed early in the process of the program’s income limits, benefits, stipulations for assistance, repayment terms (if applicable) and anticipated timeline from application to assistance. This information can be effectively conveyed via a fact sheet or program brochure and should be discussed during initial contact.

The application for assistance should contain all the necessary information to determine whether an applicant is eligible for SHIP assistance. At a minimum, an application for program assistance should contain the following items for all household members:

-  The number of people residing in the household including name, age, relationship to head of household, Social Security number, present address and home phone number;
-  Name and address of employer(s), work phone number(s), position title and number of years on job with employer;
-  Sources of annual income, including earned, unearned and asset income (this subject will be described in detail below);

APPLICANT INTAKE

It is common for applicants to misunderstand what items to count toward annual income.

-  A statement signed by the adults who reside in the household consenting to the disclosure of information for the purpose of verifying income and assets for determining income eligibility for program assistance.
-  A signed statement indicating that the applicant understands that all information provided is subject to Florida's public records laws.
-  A statement that it is a first degree misdemeanor to falsify information for the purpose of obtaining assistance.

Local governments may design their own application for assistance. However, a sample application for assistance can be found in **APPENDIX A**.

When scheduling the eligibility interview, inform the applicant of the necessary documents to bring to the interview. (review the document checklist provided in **APPENDIX C**.) It is always preferable to complete the application for assistance in a scheduled, face-to-face interview where the applicant can be prompted to provide accurate and comprehensive income and household information. It is common for applicants to misunderstand what items to count toward annual income. Housing administrators should review the application carefully to ensure that the applicant has provided all sources of income, including total household assets and asset income.

NOTE: Housing staff should maintain a waiting list for assistance. This waiting list should be sorted according to income limits (very low-, low-, moderate-and over income), as well as type of assistance requested (owner-occupied rehabilitation, purchase assistance, etc.). This will make it easier to assist applicants on a first-come, first-served, scoring and ranking, or lottery system, while complying with income targeting requirements for SHIP.

STEP 2A.

DETERMINING HOUSEHOLD SIZE

Even before beginning to count the household's income, it is important to properly count the number of people in the household. It is essential to accurately determine household size, since program eligibility is "adjusted for family size" (as defined in Section 420.9071 (1) of the Florida Statutes). The median income is based on a four-person household. The income eligibility level is lower for households having fewer than four people, and higher for households with more than four people.

DETERMINING HOUSEHOLD SIZE

An eligible household is comprised of one or more natural persons determined by the county or eligible municipality to be of very low income, low income or moderate income according to the income limits adjusted for family size. The HUD Handbook 4350.3 Chapter 3 Section 3-6 (E) outlines several scenarios and provides guidance on whether or not to count an individual as a household member. Whenever the handbook indicates that an individual is a household member, the individual's full income must be included in annual income:

TEMPORARILY ABSENT MEMBERS

Temporarily absent family members are still considered family members. For example, an administrator may consider a family member who is working in another state on assignment or who is on active military duty to be temporarily absent.

INDIVIDUAL PERMANENTLY IN A HOSPITAL OR NURSING HOME

The HUD Handbook outlines how to address a family member who is permanently confined to a hospital or nursing home. In this situation only, the family may choose to either include the absentee individual and thus his or her income, or exclude the absentee individual and his or her income. Individuals who are temporarily in a hospital or rehabilitation center are household members.

INCARCERATED INDIVIDUALS

Do not count individuals as household members if they are scheduled to be incarcerated during all of the next 12 months. Document in the applicant's file the length of time that these individuals are scheduled to be incarcerated. In Florida's

In Florida's prisons, information on the incarceration status of an individual and the person's anticipated date of release is public information.

prisons, information on the incarceration status of an individual and the person's anticipated date of release is public information. Obtain this information on the Internet at the Department of Corrections' website: www.dc.state.fl.us. On the home page, click on "Offender Search" and the sub-category "Inmate Population Information Search". Enter the person's full name and DC inmate number if known. You may search by other identifiers, including eye and hair color and age and height range. The more information provided, the better. It is possible to print a copy of the information available on the website. If additional written verification is needed, contact the Central Records office by phone (850) 488-1503 or fax (850) 413-8302 or by writing: Records Custodian, 2601 Blairstone Road, Tallahassee, FL 32399.

SEPARATED SPOUSE:

Florida law does not legally recognize separation. Furthermore, unless legally divorced, Florida's joint property laws will likely entitle the estranged spouse to legal claim of ownership of any house that the applicant purchases, and most lending

DETERMINING HOUSEHOLD SIZE

institutions will require the spouse to sign the mortgage. When an applicant is married and separated, count the estranged spouse as part of the household unless it

The local housing administrator may make the decision about a permanent separation and should obtain as many details as possible to document the SHIP recipient's file.

is possible to properly document that the separation is permanent. In some situations, it seems clear that the applicant has no plan to reunite with the estranged spouse. The local housing administrator may make the decision about a permanent separation and should obtain as many details as possible to document the SHIP recipient's file.

In cases of permanent separation, the applicant and the estranged spouse maintain separate residences and file separate tax returns. The Florida Housing Coalition and the Compliance Division at the Florida Housing Finance Corporation (call 850 488-4197) are available for consultation on this subject.

UNBORN CHILDREN:

Unborn children of pregnant women are considered household members.

FIANCÉ OR FIANCÉE:

The Compliance Office of the Florida Housing Finance Corporation has determined that any individual that is anticipated to be married to a household member in the future is not counted as a household member unless the marriage occurs before SHIP assistance is provided. A future marriage is an anticipated event, but not verifiable. Therefore, the fiancé cannot be counted as part of the household. There are two exceptions to this policy:

1. Count the fiancé if his or her income is provided to a first mortgage lender to qualify the household to purchase a home.
2. Count the fiancés as a household member including his or her income if he or she currently dwells within the household.

FOSTER CHILDREN:

Foster children are considered to only live temporarily with a family. Therefore, they are not counted as family members.

JOINT CUSTODY OF CHILDREN:

The HUD Handbook instructs administrators to count as household members children in joint custody arrangements who are present in the household 50% or more of the time. Properly document this custody with school records, court documents, or other records that indicate that the child's permanent address is with the applicant.

CHILDREN IN COLLEGE:

An applicant's children who are away in college or school should be counted as household members if they live with the family during school recesses.

DETERMINING HOUSEHOLD SIZE

LIVE-IN AIDE:

Aides are not counted as household members. An aide is a person who resides with one or more elderly persons, near-elderly persons, or persons with disabilities, and who is 1) determined to be essential to the care and well-being of the person; 2) is not obligated for the support of the person; and 3) would not be living in the unit except to provide the necessary supportive services.

A relative may be considered to be a live-in aide, but must meet the above requirements.

ROOMMATES, TENANTS:

Some families may rent a room of the house to a non-family member. Do not count tenants as household members. Properly document the landlord/tenant relationship by including a signed and completed rental contract in the applicant's file. Remember to count the tenant's rent as a source of income.

UNEMPLOYED ADULT HOUSEHOLD MEMBERS:

Some adults in the household may be currently unemployed. Remember to still count them as household members. Include any source of income that they do provide, including unemployment compensation. It is not necessary to fill out an "affidavit of unemployment" or similar form which indicates that a job is being sought. Sufficient documentation of the unemployed adult is included on the applicant's signed application. Simply remind the individual to let you know if a job is obtained before SHIP assistance is provided.

It is extremely important that applicants who are awarded funds can be proven, through thorough documentation, to be income eligible. Therefore, housing administrators, intake specialists, nonprofit organizations involved in the intake process, and first mortgage lenders must understand what counts toward anticipated annual gross income.

SEE SIDEBAR

INCOME INCLUSIONS/EXCLUSIONS FOR COMPUTING TOTAL ANNUAL HOUSEHOLD INCOME 

INCOME INCLUSIONS/EXCLUSIONS FOR COMPUTING TOTAL ANNUAL HOUSEHOLD INCOME

Source: HUD Handbook 4350.3, Chapter 5 Sections 5-6 (A-C) and 3-6 (E)

HOUSEHOLD MEMBERS WHOSE INCOMES SHOULD BE COUNTED WHEN COMPUTING TOTAL ANNUAL INCOME FOR THE HOUSEHOLD:

Annual income (both earned and unearned) of the head of the household, spouse or co-head and other adult members of the household, 18 years or older.

Annual income of individuals under the age of 18, who have entered into a lease under state law and are acting as the head, co-head or spouse for the household. Such persons are sometimes referred to as emancipated minors (e.g., a person under the age of 18 who is married).

The first \$480 in earnings of a full-time student over the age of 18 who is not the head, co-head or spouse. Note: All of the full-time student's asset income is counted.

Other income (any income that is not employment income, such as Social Security, SSI, AFDC benefits) of children under the age of 18 who are members of the household (dependents) as well as all adults.

ALSO INCLUDE ANY UNEARNED OR DIVIDEND INCOME OF:

Children who are temporarily absent due to placement in a foster home.

Children who are Students who are away at school but who live with the family during school recesses.

Emancipated minor(s), residing with the household as a member (and as a dependent), rather than the head, spouse or co-head.

Income of temporarily absent family members who are still considered household members.

Income of persons confined to a hospital or nursing home and considered a household member.

DO NOT COUNT THE INCOME OF THE FOLLOWING INDIVIDUALS:

Any income of a live-in-aid or attendant.




Any income attributable to the care of a foster child or adult. Foster adults are considered to be individuals with disabilities, unrelated to the tenant family, who are unable to live alone.

Any earned income of minors, age 17 or under. However, remember that unearned income attributable to the minor, such as child support, AFDC payments, and other benefits, are counted.

ANNUAL INCOME DEFINED



Annual income is a combination of the gross amounts, before any deductions, of earned, unearned and asset income of all household members. Annual income is income anticipated to be received in the 12-month period following initial determination of eligibility (or reexamination of income, for annual re-certification on rental properties). Source: 24 CFR Section 92.203(b)(1)(2)(3)

The SHIP Statute defines “annual gross income” in a fashion that provides local governments with the flexibility of determining annual income using one of three definitions. (*NOTE: The choice of methodology will result in slight differences in the needed file documentation.*) While each of these definitions shares similarities, there are slight variations in the following three methodologies:


-  **Most common:** “Annual income” as defined in Title 24 of the Code of Federal Regulations section 5.609 (commonly referred to as 24 CFR Part 5); or
-  Annual income as reported under the Census long-form for the most recent available decennial Census; or
-  Adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for individual federal annual income tax purposes.


NOTE: For the SHIP Program, local governments must choose one of the three methodologies for defining annual income, record the method in their Local Housing Assistance Plan (LHAP), and implement the method. Any changes in the methodology, which defines annual income, require a revision to the LHAP.

Annual income includes income from members currently or intending to reside in the household. This income manual will define and discuss income issues according to the most commonly used definition for annual income, defined under HUD 24 CFR Section 5.609. According to this source, income means all amounts, monetary or not, which:

-  Are received by or paid on behalf of the family head or spouse, even if temporarily absent from the unit, or to any other family member; and/or
-  Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and

ANNUAL INCOME DEFINED

 Are derived (during the 12-month period) from assets to which any member of the family has access; and

 Are not specifically excluded (as stated on income chart below).

To **annualize full-time employment**, multiply the type of wage by the following periodic amounts:

- Hourly wages by 2,080 hours;
- Weekly wages by 52;
- Bi-weekly (every two weeks) amounts by 26;
- Semimonthly (every half month) amounts by 24; or,
- Monthly amounts by 12.

To annualize income from anything **other than full-time employment**, multiply:

- Hourly wages times the number of hours the household expects to work annually; or,
- Average weekly wages times the number of weeks the household expects to work; or,
- Other periodic amounts (monthly, bi-weekly, etc.) by the number of periods a household member expects to work.

Annual wages should always reflect the entire 12-month period, regardless of the pay schedule. For example: a teacher is paid \$25,000 per year. Use the \$25,000 figure whether the payment is made in 12 monthly installments, nine installments or some other payment schedule.

Always use current circumstances to project income, unless verification forms indicate that an imminent change will occur over the course of the 12-month period.

Source: HUD Handbook 4350.3, Chapter 5, Section 5-4, Subsection A & B.

ANNUAL INCOME INCLUSIONS

ANNUAL INCOME INCLUSIONS DEFINED UNDER HUD 24 CFR SECTION 5.609(B) ARE:

- The gross amount (before any payroll deductions) of wages, salaries, overtime pay, commissions, fees, tips and bonuses, and any other compensation for personal services received by all eligible household members;
- The net income from the operation of a business or profession;
- Interest, dividends, and other net income of any kind from real or personal property;
- The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits;
- Payment in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay;
- Welfare or other need-based payments to families or individuals that are made under programs funded separately, or jointly by federal, state or local governments;
- Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling; and,
- All regular pay, special pay and allowances of a member of the Armed Forces.

ANNUAL INCOME EXCLUSIONS

THE MOST COMMON TYPES OF EXCLUDED ANNUAL INCOME:

- Income from employment of children (including foster children) under the age of 18 years;
- Payments received for the care of foster children or adults;
- Lump-sum additions to family assets, like inheritances or insurance payments;
- Reimbursement for the cost of medical expenses for any family member;
- Income of a live-in aid;
- The full amount of student financial assistance paid directly to the student or to the educational institution;
- The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;
- Income from HUD training programs;
- Temporary, nonrecurring or sporadic income (*including gifts*);
- Reparation payments paid by a foreign government to persons who were persecuted during the Nazi era;
- Income from earnings in excess of \$480 for each full-time student 18 years or older (excluding the head of household and spouse);
- Adoption assistance payments in excess of \$480 per adopted child;
- Deferred payments received in a lump sum from SS or SSI;
- Refunds or rebates for property taxes paid on the dwelling unit; or
- Services/equipment needed to keep a developmentally disabled family member at home.

ANNUAL INCOME DEFINED

Child support income deserves a word of explanation. In some cases, a household is not receiving child support, even though it is court ordered. The full amount of court ordered child support must be included in household income whether or not it is regularly received by the household. A divorce decree is a legal document mandating the payment of child support, a household that is not receiving court ordered child support has legal recourse to force payment of the support. Such a household can schedule a contempt of court hearing or contact the Department of Revenue's Child Support Enforcement office (the contact phone number is (800) 622-5437). Housing administrators can only omit child support as an income source when they document that a household has exhausted legal means for trying to obtain the support and is still not receiving the child support. Some applicants may be receiving non-court ordered child support. Use a "verification of cash contribution" form to document this income. If non-court ordered child support is not being received, it is simply not a source of income to be included in overall household income.

STEP 2C.

Some local SHIP jurisdictions choose to establish asset limits, a maximum value of assets that an applicant can possess and still be considered eligible for SHIP assistance.

CONSIDERATION OF ASSETS AND ANTICIPATED INCOME FROM ASSETS

Assets are items of value, other than necessary personal items, and are considered along with verified income in determining the eligibility of a household. Even if the applicant elects not to access the asset's principal or interest, the potential annual income that can be earned from assets is taken into consideration when calculating annual income. All asset income is considered, including asset income of minors. The income that could potentially be earned—or actually is earned—from assets is annualized based on what is anticipated to be received during the 12 months following eligibility determination.

The SHIP program does not set a limit on the value of assets that a household can possess. An applicant possessing many assets may still be eligible for SHIP assistance. For example, a person nearing retirement age may have thousands of dollars saved in retirement accounts. Such a person could still be assisted, as long as the income from his or her assets—along with other income sources—does not exceed SHIP's income limits. Some local SHIP jurisdictions choose to establish asset limits, a maximum value of assets that an applicant can possess and still be considered eligible for SHIP assistance. This is a local policy decision that must be written in the Local Housing Assistance Plan.

To determine income from assets, first calculate the cash value of the asset. This is what the applicant would receive if the asset were converted to cash. The cash value

CONSIDERATION OF ASSETS AND ANTICIPATED INCOME FROM ASSETS

of an asset is its market value minus reasonable costs to be incurred in converting the asset to cash. Expenses, which may be deducted, include:

- Penalties for withdrawing funds before maturity
- Broker/legal fees assessed to sell or convert the asset to cash
- Settlement costs for real estate transactions
- Loans on the asset. This includes any outstanding mortgage on a rental home.

(Source: HUD Handbook 4350.3 Chapter 5 Section 5-7 C)

The next step to determining income from assets is to identify assets that generate an actual, tangible income. Savings accounts and certificates of deposit generate interest, for example. Rental properties generate rent. For any such asset, document its rate of return and estimate the income that it will generate during the next 12 months.

Some assets, like jewelry or antique cars owned as an investment, do not produce an actual income. They will, however, appreciate in value. The SHIP program requires that administrators track this increase in asset value by calculating the “imputed income” for these assets. This calculation is a “passbook rate” formula created by the Department of Housing and Urban Development. Administrators must calculate imputed income by multiplying the cash value of an asset by 2 percent (0.02).

The HUD Handbook establishes the following policy for determining income from assets:


- A. If the asset value is \$5,000 or less, add together the amounts of actual asset income and include this with the total verified anticipated annual income for the household.
- B. When assets exceed \$5,000, add the greater of 1) the actual annual income to be derived from these assets, or 2) the cash value of the asset multiplied by the imputed amount (currently 0.02).

(Source: HUD Handbook 4350.3 Chapter 5 Section 5-7 F)

Use the worksheet on the Income Certification Form (**Appendix E**) to accurately calculate income from assets.

LIST OF ASSETS AND SUGGESTED METHODS OF CALCULATION

The following is a list from HUD Handbook 4350.3 Chapter 5, Exhibit 5-2:


-  **CASH HELD IN SAVINGS AND CHECKING ACCOUNTS, SAFE DEPOSIT BOXES, HOMES, ETC.** For savings accounts, calculate annual income to be earned


Administrators must calculate imputed income by multiplying the cash value of an asset by 2 percent (0.02).


CONSIDERATION OF ASSETS AND ANTICIPATED INCOME FROM ASSETS

using the current balance. For checking accounts, use the average balance for the last six months. If the assets are held in foreign countries, they are still counted as an asset. The applicant's lender must complete a verification of assets form that provides the cash value of the account and its rate of return, if there is one. The SHIP administrator multiplies the cash value of each account by its rate of return to calculate its actual income during the next 12 months.


If the person's main business is real estate, then any income earned should be considered as business income, not asset income.


 **REVOCABLE TRUSTS.** Include the cash value of any revocable trust available to the household. In cases where a trust fund has been established and the trust is not under the control of any member of the family, the value of the trust fund will not be considered an asset as long as the fund continues to be held in trust. Any income distributed from the trust fund should be counted when determining annual income. Furthermore, the administrator should contact the company that manages the trust to receive written documentation of the cash value of the trust and its rate of return. Multiply the cash value of each account by its rate of return to calculate its actual income.


 **EQUITY (such as property).** Take the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and reasonable costs (such as penalties, broker fees, etc.) that would be incurred in selling the asset. In the case of equity, there is no actual rate of return on the property. If the cash value of the property plus the value of the applicant's other assets is more than \$5000, multiply the total value of assets by the passbook rate of 2 percent to determine the imputed income from the assets. For homeowner rehabilitation assistance, equity in the family's primary residence is not considered. Further, if the person's main business is real estate, then any income earned should be considered as business income, not asset income.


 **STOCKS, BONDS, TREASURY BILLS, CERTIFICATES OF DEPOSIT, MONEY MARKET ACCOUNTS AND OTHER INVESTMENT ACCOUNTS.** The administrator should contact the company that manages the investment account to receive written documentation of the cash value of the account. In some cases, the company may also be able to state a rate of return. If a rate of return is available, multiply the cash value of each account by its rate to calculate its actual income. Sometimes a rate of return cannot be predicted for an investment account. In such instances, it is not possible to calculate the actual income from an asset. If the cash value of the investment account plus the value of the applicant's other assets is more than \$5000, multiply the total value of assets by the passbook rate of 2 percent to determine the imputed income from the assets.


CONSIDERATION OF ASSETS AND ANTICIPATED INCOME FROM ASSETS

 **INDIVIDUAL RETIREMENT ACCOUNTS, KEOGH ACCOUNTS, AND SIMILAR ACCOUNTS.** These are included because the holder has access to the funds, even though a penalty may be assessed. Determining the value and income from retirement accounts is similar to the process noted above for investment accounts. Contact the company managing the account(s) to learn the cash value, minus penalties, transaction fees, etc. Use the rate of return to calculate actual income of the asset. A rate of return may not be available, making it impossible to calculate the actual income from the asset. If the cash value of the account(s) plus the value of the applicant's other assets is more than \$5000, multiply the total value of assets by the passbook rate of 2 percent to determine the imputed income from the assets.

 **RETIREMENT AND PENSION FUNDS:** Include only amounts that the applicant has access to, less any penalties or transaction costs. Do not count as an asset any retirement account that an applicant must retire or resign from work to access. The income from these accounts is determined with the process outlined above for individual retirement accounts.


 **AT RETIREMENT, TERMINATION OF EMPLOYMENT OR WITHDRAWAL:** Periodic receipts from pension and retirement funds are counted as income and should be annualized. Lump sum receipts from pension and retirement funds are counted as assets. These receipts will either be invested or deposited in savings or checking accounts. Follow the procedures outlined above for determining income from the specific type of asset.


 **CASH VALUE OF LIFE INSURANCE POLICIES:** Do not include a value for term insurance, which has no cash value to the individual before death. The value and income from whole life insurance policies is determined with the process outlined above for individual retirement accounts.

 **PERSONAL PROPERTY HELD AS AN INVESTMENT.** This includes gems, jewelry, coin collections, boats, or antique cars held as an investment. Count the value of the asset as determined by an appraisal. Neither an applicant's personal jewelry (*such as a wedding band*), nor necessary property (*such as furniture or a car*) is considered assets. Personal property does not have a specific rate of return. Therefore, if the cash value of the account(s) plus the value of the applicant's other assets is more than \$5000, multiply the total value of assets by the passbook rate of 2 percent to determine the imputed income from the assets.

Lump sum receipts from pension and retirement funds are counted as assets.








CONSIDERATION OF ASSETS AND ANTICIPATED INCOME FROM ASSETS

 **LUMP SUM RECEIPTS OR ONE-TIME RECEIPTS.** These include inheritances, capital gains, one-time lottery winnings, victim's restitution, settlements on insurance claims (*including health and accident insurance, workers' compensation, and personal or property losses*), and any other amounts that are not intended as periodic payments. These receipts will either be invested or deposited in savings or checking accounts. Follow the procedures outlined above for determining income from the specific type of asset.

 **A MORTGAGE OR DEED OF TRUST HELD BY AN APPLICANT.** Payments on this type of asset are often received as one combined payment of principle and interest with the interest portion counted as income from the asset. This combined figure needs to be separated into specific principle and interest portions of the payment. This can be determined by referring to an amortization schedule that relates to the specific term and interest rate of the mortgage. The principle portion of the payment is a cash asset that will either be invested or deposited in savings or checking accounts. Follow the procedures outlined above for determining income from the specific type of asset.

ASSETS EXCLUDED FROM CONSIDERATION

Do not compute income from any of the following assets:

-  Necessary personal property such as clothing, furniture, cars, wedding ring, and vehicles specially equipped for persons with disabilities;
-  Interests in Indian trust land;
-  Term life insurance policies (i.e., where there is no cash value);
-  Equity in the cooperative unit in which the family lives;
-  Assets that are part of an active business (does not include rental properties held as investment and not as a main occupation);
-  Assets that are not effectively owned by the applicant (e.g., when assets are held in an individual's name but income earned accrues to someone else who is not a member of the household and this other person is responsible for income taxes incurred on income generated by the assets); and,
-  Assets that are not accessible to the applicant nor provide any income to the applicant.

CONSIDERATION OF ASSETS AND ANTICIPATED INCOME FROM ASSETS

Note: All applicant files and income documentation are subject to public purview according to Florida's Public Records Laws, Chapter 119, Florida Statutes.

EXAMPLE: CALCULATING INCOME FROM ASSETS

Mr. Smith has three assets: a checking account (\$800), a savings account (\$500) and a small rental property

STEP 1. First, calculate the cash value of the assets. The cash value of the checking and savings accounts are already known—remember that \$800 represents the six month average balance of the checking account. The cash value of the rental property is \$40,000: its assessed value of \$60,000 minus a \$20,000 mortgage.

STEP 2. The total value of Mr. Smith's assets is \$41,300. Since the sum of asset values exceeds \$5000, calculate both the actual and the imputed income of Mr. Smith's assets.

STEP 3. Calculate the actual income from the assets:

There is no actual income from the checking account, which does not have a rate of return.

The savings account has a 3% rate of return. Therefore, the actual income from savings is $\$500 \times 0.03 = \15 .

What is the actual income from a rental property? The monthly rent check. Mr. Smith charges \$400 a month, for a total of \$4800 in the next 12 months.

STEP 4. Calculate the imputed income of the assets. Always add the values of all the assets together before calculating the imputed income. Mr. Smith's assets total \$41,300. Two percent of this is \$826.

STEP 5. Compare the actual and the imputed incomes. Add the larger amount (*the actual income of \$4815*) to Mr. Smith's total verified anticipated annual income.

CALCULATING ANNUAL INCOME



Florida Housing
FINANCE CORPORATION
we make housing affordable

STEP 3.

CALCULATING ANNUAL INCOME

When the applicant completes the SHIP application, the local housing administrator should do a quick calculation of the applicant's total annual income and compare to the applicable income limits for jurisdiction and household size. (Use the Income Certification Form in **APPENDIX E** as a “worksheet”). If the applicant's total annual income is well above the income limits, the verification process may be unnecessary. At that time, inform the applicant that it appears that the total household income exceeds the program's limits, which would make the household ineligible for assistance.

When providing SHIP assistance, always use the most current income chart as provided annually by the Florida Housing Finance Corporation. Generally, these charts are updated in February or March every year.

EXAMPLE: COMPARING COMPUTED ANNUAL HOUSEHOLD INCOME WITH APPLICABLE INCOME LIMITS

The following chart represents the 2005 HUD income limits for DeSoto County:

City(County)	% of Median	1 Person	2 Person	3 Person	4 Person	5 Person
Bailey County	50%	\$15,100	\$17,300	\$19,450	\$21,600	\$23,350
	80%	\$24,200	\$27,650	\$31,100	\$34,550	\$37,300
Median: \$46,600	120%	\$36,240	\$41,520	\$46,680	\$51,840	\$56,040

Mr. and Mrs. Sanders have three children, all under the age of 18, who permanently reside with them. The Sanders applied for a SHIP down payment assistance loan so that they could purchase an existing, rehabilitated home through the local housing department.

The staff of the housing department reviewed the Sanders’ application for initial eligibility, and determined that the Sanders have an anticipated annual income of \$35,700. Housing staff determined that the Sanders’ income (\$35,700) is below the 80 percent income limit (\$37,300 for a family of five). They are eligible for SHIP assistance as a low-income household, contingent on availability of funds and number of applicants who were certified as eligible prior to the Sanders. Housing staff will proceed with the verification process.

If the applicant's total annual income is well above the income limits, the verification process may be unnecessary.

ASSESSMENT OF UNIT ELIGIBILITY, PROGRAM ELIGIBILITY AND AFFORDABILITY







ASSESSMENT OF UNIT ELIGIBILITY, PROGRAM ELIGIBILITY AND AFFORDABILITY



Concurrent to the income qualification process is the determination of unit eligibility. For assistance using SHIP funds, the unit must conform to the definition of “eligible housing” as defined in Chapter 420.9071(8) of the Florida Statutes. All SHIP-assisted units must comply with all Florida Building Code provisions outlined in Chapter 553 of the Florida Statutes. For this reason, SHIP funds cannot be used to purchase or rehabilitate mobile homes which are constructed to the HUD code..

Unit eligibility also considers the value of the unit. Section 420.9075 (4)(c) of the Florida Statutes indicates that “the sales price or value of new or existing eligible housing may not exceed 90 percent of the average area purchase price in the statistical area in which the eligible housing is located, which housing was purchased during the most recent 12-month period for which sufficient statistical information is available or, as established by the United States Department of Treasury.” The definitions section of the SHIP Statute outlines exactly how to determine the “sales price or value” of several types of units:

-  When a new or existing home is purchased, the value is the amount on the executed sales contract.
-  For households building a unit on land that they own, the sales price is determined by an appraisal performed by a state-certified appraiser. The appraisal must include the value of the land and the improvements using the after-construction value of the property and must be dated within 12 months of the date construction is to commence.
-  For existing units being rehabilitated without the creation of additional living space, the value is determined by a recent appraisal performed by a state-certified appraiser or the assessed value of the real property as determined by the county property appraiser.
-  For rehabilitated units that include the addition of new living space, value means the value of the real property plus the cost of the improvements.

The appraisal must include the value of the land and the improvements using the after-construction value of the property.

There are unit eligibility criteria that are specific to rehabilitation activities. First, consider whether the unit can be repaired up to the jurisdiction’s locally adopted standard at a cost that does not exceed the maximum per unit award that is stated in the Local Housing Assistance Plan. Also, if SHIP funds are used on a unit along with CDBG, HOME or other federal funds, the entire rehabilitated unit must be brought up to

ASSESSMENT OF UNIT ELIGIBILITY, PROGRAM ELIGIBILITY AND AFFORDABILITY

Housing Quality Standards or a more stringent local standard. Adherence to Federal lead-based paint standards is also required.

There are also unit eligibility criteria specific to using SHIP funds on rental units. The amount of monthly rent charged on the unit cannot exceed the rental limits for the community, as published annually by the Florida Housing Finance Corporation. Furthermore, the affordability of the rental unit must be maintained for at least 15 years (Source: SHIP Rule 67-37.007 (10)).

Some uncommon unit eligibility criteria apply to certain types of special needs housing. Typically when SHIP funds are used on group homes, temporary housing, or transitional housing, count each bed in the facility as a separate unit. These facilities are not considered home ownership units. They must comply with all the provisions in the SHIP

Rule relating to rental housing (Chapter 67-37.007 (10) F.A.C.). However, like all rental property, the sales price or value of group homes, temporary housing, or transitional housing may exceed the maximum sales price or value outlined in the Local Housing Assistance Plan.

Some local jurisdictions impose additional eligibility criteria on SHIP recipients that are not outlined in the SHIP Rule or Statute.

Determination of “program eligibility” must also occur concurrent to the income qualification process. Program eligibility considers if the assistance requested by the applicant is an eligible activity under both the state’s guidelines and the Local Housing Assistance Plan. An individual asking for

help paying rent should be denied assistance, for example, since state guidelines indicate that this is not an eligible SHIP expense. In addition, some local jurisdictions impose additional eligibility criteria on SHIP recipients that are not outlined in the SHIP Rule or Statute. For example, some local SHIP programs deny assistance to applicants who are not current on payment of all municipal taxes and fees.

Consideration of program eligibility must also account for the Income, Home ownership and Construction/Rehabilitation “Set Asides” outlined in Chapter 420.9075 (4)(a-d) of the Florida Statutes. The SHIP Rule and Statute include set aside requirements that dictate how SHIP funds must be spent. Regarding income, a minimum of 30 percent of the funds deposited into the local housing assistance trust fund must assist very-low-income persons, while an additional 30 percent must assist low-income persons. This must be considered when screening new applicants. The SHIP program could not currently help a moderate income applicant, for example, if the local jurisdiction’s funds are nearly depleted and if the jurisdiction had not yet complied with the Income Set Aside by expending at least 60% of SHIP funds on very low- and low-income households.

The same consideration applies to the Home Ownership and Construction/Rehabilitation Set Asides. At least 65% of the annual SHIP distribution must be devoted to

ASSESSMENT OF UNIT ELIGIBILITY, PROGRAM ELIGIBILITY AND AFFORDABILITY

homeownership (*as opposed to rental*) activities, while at the same time at least 75% of the distribution must be devoted to either new construction or rehabilitation activities. Therefore, if a SHIP program has already spent 35 percent of a certain year's allocation on non-home ownership activities, it could not provide assistance under a rental strategy from that particular year.

Finally, the program administrator must also perform an "affordability test" on recipients of SHIP purchase assistance, as well as those living in SHIP-assisted rental units. For SHIP-assisted rental units, the Florida Housing Finance Corporation annually publishes maximum levels of rent that can be charged. This establishes a standard of affordability for all SHIP-assisted renters. When assisting homebuyers, the program administrator should determine if the buyer's monthly mortgage payment is considered affordable as the term "affordable" is defined by the SHIP program in Section 420.9071 (2) of the SHIP statute. Consider if the applicant's housing costs exceed an amount representing 30% of the maximum monthly income allowed for the applicant's income category (*very low, low, or moderate income*). Remember that you may still help an applicant purchase a home if the monthly mortgage payment exceeds this 30% mark, so long as the first mortgage lender is satisfied that the arrangement is reasonable. At the same time, the SHIP administrator should also review the details of the mortgage terms as the homebuyer's advocate, to ensure that the loan is consistent with the community's lender guidelines.

Remember that you may still help an applicant purchase a home if the monthly mortgage payment exceeds this 30% mark, so long as the first mortgage lender is satisfied that the arrangement is reasonable.

INCOME VERIFICATION AND THE 120 DAY CLOCK



INCOME VERIFICATION AND THE 120 DAY CLOCK

As a condition of admission to a SHIP-assisted unit (*or continued occupancy of a SHIP-assisted rental unit*), the local government must obtain source documentation to verify each source of annual income. First, an executed release of information form must be obtained from all household members. This authorizes the release of information from any depository, employer, or federal, state or local agency.

The release form should state that the applicant permits the provision of any documentation from income sources for the purposes of determining or auditing the household's eligibility for housing assistance. This includes information such as earned, unearned and asset income; employment history; hours worked; frequency of pay; type of payment; commissions; bonuses; interest, etc.; on all members currently or intending to reside in the household. Only request information that is necessary to determine the household's eligibility for program assistance. A sample of a release form is attached at **APPENDIX B**.

IMPORTANT: Send release and verification forms directly to source (with a return envelope) via mail or facsimile. Do not send the forms through the applicant.

The three acceptable methods of verifying income are: (1) written third-party verification; (2) oral third-party verification; and, (3) documentation for self-employed applicants. Written third-party verification is the most reliable and preferred of the three types of income verification methods. Written third-party verification ultimately involves an income verification form mailed or faxed to the employer (or other income source) from the housing administrator. A sample verification form can be found in **APPENDIX D**. The verification form should request information about the amount of income that the applicant is anticipated to receive in the next 12 months.

Start the procedure for obtaining third-party verification by faxing or mailing an information request to the income source. State the reason for the information request and include a signed statement from the applicant authorizing the release of information. Include a section for the employer or other third-party source to provide the information requested. Provide space for a signature of the employer or other third-party source, along with their job title and date.

On occasions, the employer or other third-party source may not return the written verification form. Make additional attempts to obtain written verification by sending another form. Document all efforts in the notes section of the applicant file. At this point and as a last resort, the administrator can obtain the information required by calling the income source. If efforts to obtain oral verification also fail, use any written income infor-

INCOME VERIFICATION AND THE 120 DAY CLOCK

mation (include tax returns, pay stubs and bank statements) to document sources of income. This latter option involving pay stubs and tax returns should only be used as a last resort and on very rare occasions. Make a note in the applicant's file of all of your attempts to obtain third party verification.

Upon receiving the income verifications, date-stamp each one and compare information on the verifications with information on the application and make any necessary notations to enable accurate determination of income eligibility. Talk with the applicant if there are significant differences between the amounts reported on the application and the verification form. Ultimately, the administrator must rely on information from the third party source, but reviewing discrepancies may cause the administrator to call the third party to ask clarifying questions to ensure that income information is complete. Do not augment the third party information received with data on tax returns or pay stubs, which only provide historical—not current—information. The third party source provides the most accurate information available to estimate income that will be earned in the next twelve months.

Talk with the applicant if there are significant differences between the amounts reported on the application and the verification form.

The verification of employment form may indicate that the applicant will soon receive a raise. Determine when the raise will take effect during the next 12 months. Calculate employment income at the current pay rate until the estimated month of the raise. Calculate income at the higher pay rate for the remainder of the twelve-month period.

The information to be verified refers to the upcoming 12-month period. Always request information on income anticipated over the next 12 months from income sources and stress the importance of a timely reply.

In cases where an applicant is self-employed, the net income anticipated to be derived by the applicant is considered annual income and first-hand documentation is necessary (Source: HUD 24 CFR Section 5.609 Part 5 (b) (2), additional information provided in HUD Handbook 4350.3 Appendix 15, Section 15-C (H)). This is the only instance in which net income—instead of gross income—is used to determine eligibility. The applicant's net income will be calculated by subtracting expenses from gross income in the same manner permitted by Schedules C, E, or F of the IRS Tax Return Form 1040. Have the applicant provide copies of tax returns for one or two years. In addition, the applicant or his or her bookkeeper should supply an income and expense report (*also called a profit and loss statement, or a quarterly audited statement from a bookkeeper*) for at least the past three months. Use the amount of net income from this report to anticipate the amount of income for the business in the next 12 months. If the report indicates the net income generated in the past three months, for example, multiply this figure by 4 to estimate the income from the business in the next 12 months. If the net income from a business is negative, it must be counted as zero income.

INCOME VERIFICATION AND THE 120 DAY CLOCK

Sometimes an applicant's business is seasonal, with busy and slow months. The business income indicated in the income and expense report may not accurately estimate the income to be received in the next 12 month period. In such a case, ask the applicant to provide a signed statement stating why his or her income will be higher or lower in the next 12 months than you would estimate it to be based solely on the information in the income and expense report. The SHIP administrator should then verify this information by looking at the amount of business income reported on one or two years of the applicant's tax returns.

Except when addressing self-employed applicants, do not use the applicant's income tax return for verification of income if the selected methodology used is 24 CFR Part 5.

Completed income verification forms do not stay “fresh”, up-to-date, and accurate forever. Over time, a household's income can change—the applicant may, for example, get a raise, lose a job, or take a second job. The HUD Handbook 4350.3 recognizes that verification forms can only be considered accurate and current for a certain length of time:

“Effective Term of Verifications: Verifications are valid for 90 days from the date of receipt by the owner. For the next 30 days (days 91–120), the owner may update the verifications orally with the verification source.”

Source: HUD Handbook 4350.3, Chapter 5 Section 5-17 (B).

This HUD requirement is often referred to as the “120 day clock” policy, since it refers to the period of time during which third party income and asset verification forms are considered to be up-to-date and valid. The clock starts on the day when you receive the first of the applicant's verification form. If more than 120 days passes from this date to the day when you provide assistance, you must get a new and updated verification form. There are ways to “stop” the 120 day clock so that assistance does not have to be provided during this 120 day period. The following activities will enable you to turn your attention from getting current household income information to proceeding with the other activities involved in helping the applicant. The 120-day clock will stop when:

- I. The local government issues an award letter (also called a letter of commitment) to the applicant after a certification form has been executed. This letter will encumber SHIP funds to this specific household, or
- II. The local government and applicant both sign a construction contract to proceed with rehabilitation services on the applicant's home.

There are ways to “stop” the 120 day clock.

INCOME VERIFICATION AND THE 120 DAY CLOCK

Once an award letter is issued or a rehabilitation contract is executed, the 120-day clock stops. You do not have to obtain new, updated verification forms, even if you have not completed your assistance to the client within 120 days.

Remember that an applicant can also be fully assisted within the 120-day period. In some cases, it is possible to verify income, certify a household as income eligible, and then not issue a commitment letter, but assist an applicant and fully expend SHIP funds before 120 days expires. In such a case, the 120-day rule is moot.

On occasion, an application may provide information that the household size or income has changed since the 120-day clock stopped but before the applicant has fully received assistance. In such instances, contact the Florida Housing Coalition or the compliance office at the Florida Housing Finance Corporation to determine on a case-by-case basis whether or not to re-calculate the applicant's income and eligibility.

*Contact the Florida Housing Coalition or
the compliance office at the Florida
Housing Finance Corporation to determine
on a case-by-case basis.*

CALCULATION AND CERTIFICATION OF INCOME ELIGIBILITY



CALCULATION AND CERTIFICATION OF INCOME ELIGIBILITY

Use the income information from the third party verification forms to calculate the annual gross income for the household in the next 12 months. This information can be added to the three-page income certification form, which is included as **APPENDIX E** in this manual. A signed certification form must be obtained from the applicant in order for the eligibility process to be complete. Housing administrators cannot calculate and certify household income until all verifications are received and the housing administrator determines that the household is income eligible. The certification form must indicate the annual household income and family size and a statement regarding the completeness and accuracy of the information. The income certification form must be prepared by the housing administrator and then properly executed by both the applicant and the housing administrator or local government representative.

A signed certification form must be obtained from the applicant in order for the eligibility process to be complete.

HOUSING ASSISTANCE ACTIVITIES



HOUSING ASSISTANCE ACTIVITIES



nce the income-, program- and unit-eligibility processes have been completed and the applicant has been deemed eligible to receive assistance, housing assistance activities can begin. If the award is for purchase assistance, the first mortgage lender may require a commitment letter from the local government that specifies the amount of assistance. For rehabilitation of owner-occupied housing, the process of developing the work write-up, contractor selection and other related activities may begin.

NOTE: There should be a fair amount of coordination of all activities while the income-eligibility process is underway. For instance, it is not a good idea to proceed with the income-eligibility process without coordinating with the first mortgage lender to ensure credit worthiness and a firm commitment from the lender for the first mortgage. Similarly, the rehabilitation specialist should ensure that repairs to the unit are feasible and cost-effective. Likewise, providers of housing counseling services should ensure that the applicant is ready for home ownership and has already placed or will soon place a contract on a home. If sound practices for coordination and communication are in place, there will be fewer problems throughout the process and the applicant will be confident that his or her needs have been effectively addressed by the local program.

If the award is for purchase assistance, the first mortgage lender may require a commitment letter from the local government that specifies the amount of assistance.

FILE MANAGEMENT AND RECORD RETENTION



FILE MANAGEMENT AND RECORD RETENTION

A separate file should be maintained for every applicant, regardless of whether the request was approved or denied. It is critical to overall program accountability that there be sufficient and legible documentation. Documents should be secured within the file, and should be organized systematically. For instance, one section could hold the household's income eligibility information, one section can hold legal documents such as contracts and security agreements, and another section may be designated for information on the unit, such as appraisals, property tax records, and information on construction and rehabilitation.

RECORD RETENTION: As per the Florida Department of State, local governments shall retain an applicant's records and other relevant documentation for four years after the funds are expended. If the applicant receives 1992/93 funds, for example, the close out date for that allocation year is June 30, 1995. Records must be kept for four years from this date—until June 30, 1999.

For more information, see “The General Schedule for Local Governments GS1-L” located at the Florida Department of State’s web site www.dos.state.fl.us Click on the link for “Library and Info. Services.”

The minimum requirements for documentation of award depend upon the type of assistance awarded and the funding source. For instance, units that have received rehabilitation require documentation that is fairly extensive for all aspects of the construction process. Awards for purchase assistance will need to have copies of the first mortgage loan closing documents, purchase contract and HUD 1 settlement statement.

Every file should contain a section of notes and a file checklist, which tracks the efforts and progress of obtaining necessary documents. The checklist is a useful tool for all persons who must have access to the file. The sample checklist attached as **APPENDIX F** will assure that the housing administrator has all of the documents required for a complete case file. However, this checklist may be modified to accommodate a local government's need for additional documentation.

Sponsor-developers who are awarded funds have the responsibility for maintaining clear and accurate files on project recipients and activities. The local government should monitor the sponsor-developers files on a regular basis to ensure that all information is collected that will be needed for reporting. The local government housing administrator should also review the file documentation to ensure that assistance is awarded to eligible persons and that all project activities conform to program requirements.

FILE MANAGEMENT AND RECORD RETENTION

All SHIP applicant records must be retained for 4 years. This includes “Housing Applications: Non-participating”, which are completed applications from citizens who later choose not to participate in the housing program. Such applications have no activity on them and the individual has expressed no continuing interest in the program. The applications may become inactive because of changes in eligibility requirements, lack of interest, inability to locate a home or secure financing, relocation of applicant, or a failure to update the application by a given deadline. Retention for non-participating applications is four fiscal years provided applicable audits have been released.













All SHIP applicant records must be retained for 4 years.

HOMEBUYER TRAINING AND COUNSELING ACTIVITIES



HOMEBUYER TRAINING AND COUNSELING ISSUES

Homebuyer education and counseling is strongly encouraged by private lenders because they know that the chance of default or delinquency is greatly decreased by preparing buyers for homeownership. Homebuyer education not only increases loan investment quality, but also homebuyer satisfaction. Training can be offered by private lenders, affordable housing sponsors, and other providers of counseling and training. A core curriculum for the training would enable participants to:

-  View home ownership as a viable housing option;
-  Prepare for the loan approval process;
-  Understand and identify predatory lending practices that should be avoided;
-  Understand the issues involved in qualifying for a loan;
-  Address any inaccuracies or deficiencies in their credit report;
-  Identify the important elements of home selection;
-  Search for a home that is affordable over the long term;
-  Know about financing and closing processes;
-  Understand how to avoid mortgage delinquencies, defaults, and foreclosures;
-  Have basic knowledge of home maintenance and energy efficiency practices;
-  Learn good saving and budgeting habits; and,
-  Know what to do in the event of a tropical storm or hurricane.

Post purchase counseling and training is also valuable. Some communities sponsor “home buyer clubs” that have ongoing participation in the form of newsletters, maintenance refreshers, and social get-together. These clubs can contribute to foreclosure prevention efforts.

Credit counseling is not the same as homebuyer education. Credit counseling involves credit repair. Many affordable housing programs have problems finding qualified buyers not so much because there are few low-income buyers, but rather because so many lower income people have damaged credit due to unpaid consumer

HOMEBUYER TRAINING AND COUNSELING ISSUES

debts, unpaid medical bills, and late payments for utilities and other loans. Credit counseling is offered by various nonprofit agencies that work with each consumer to identify bad debts and begin a repayment plan. The credit counselors contact the creditors and negotiate repayment arrangements and assist the consumer to set a budget and begin the process of clearing the bad debt. After a process of debt repayment is underway, it is time to begin homebuyer training and to consider buying a home. Credit counseling is also important for homeowner rehabilitation projects, since the lender or affordable housing provider will risk lien foreclosure if there are other liens in place, such as for water, sewer, or garbage.

It is important for affordable housing programs to carefully consider the type of education and counseling that would be compatible with the activities funded under their program. For example, a program that prioritizes homeowner rehabilitation should focus on maintenance training. Programs that focus on a continuum of care from homelessness to self-sufficiency will need to involve a higher degree of social services in their curriculum.

The training may or may not be mandatory. Courses should involve a commitment of at least three sessions and should be offered during times that are convenient to working people. A manual should be provided. The cost of the training should be minimal. SHIP funds can be used to sponsor the course.

An effort should be made to accommodate special needs persons and incorporate training materials specifically designed for non-English speakers.

Credit counseling is also important for homeowner rehabilitation projects, since the lender or affordable housing provider will risk lien foreclosure.

TRACKING AND REPORTING



TRACKING AND REPORTING

The SHIP Rule requires that each SHIP jurisdiction “develop a tracking system to ensure that the local housing distribution funds disbursed from the local housing assistance trust fund are at all times expended in accordance with the set-aside requirements... and time restraints.” (SHIP Rule 67-37.015 (1))

The administrator must also collect demographic information on each applicant to be included in the SHIP annual report. Other required information includes the value and types of assisted units and the amount of funds used in assisting each unit. In some communities, a case summary form is included in the file.

The automated tracking system developed for the SHIP program can be a very useful tool for maintaining encumbrance, expenditure, and demographic information. Input for the system includes all of the information needed for completion of the SHIP Annual Reports (due annually on September 15). By entering the information on a regular basis, the annual reporting process becomes substantially less cumbersome. The tracking systems also keeps running totals for the statutorily mandated income and construction set asides, enabling the program administrator to spot potentially problematic trends. (A File Checklist is included as **APPENDIX G.**)

While it is extremely important to accurately track expenditures of local housing program trends, it is just as important to track expenditures for administering the program. The SHIP program has clearly defined eligible administrative expenses stated within its Rule

The Single Audit Act subjects state financial assistance that is provided to non-state entities to the same type of auditing required for federal assistance.

(see 67-37.007 “Uses of and Restrictions Upon SHIP Local Housing Distribution Funds for Local Housing Assistance Plans”). All administrative costs must be in conformance with OMB Circular A-87: Cost Principles for State, Local and Indian Tribal Governments or A-122: Cost Principles for Nonprofit Organizations. Generally speaking, administrative costs may include salaries and benefits for housing personnel, training and

travel related expenses for increasing the capacity of the local program staff, and office expenses and overhead that are directly related to operating the local housing program. Administrative funds can be tracked on a monthly basis either manually or using a computerized spreadsheet program.

The tracking system and the annual reports generated by each SHIP jurisdiction must comply with the requirements of Florida’s Single Audit Act (SAA). In 2000, the Florida Legislature created the SAA to establish uniform state audit requirements for state financial assistance provided by state agencies to nonstate entities to carry out state projects. The Single Audit Act subjects state financial assistance that is provided to non-state entities to the same type of auditing required for federal assistance.

TRACKING AND REPORTING

In practice, compliance with the SAA means that a local SHIP administrator's tracking system and annual reports must exactly match the information recorded in the local city or county's general ledger. For example, if the tracking system indicates that Ms. Smith was provided with \$5460 of rehabilitation assistance from the 05/06 SHIP allocation, then the community's finance department records must also have an identical record of this transaction. SHIP administrators, therefore, are required to regularly reconcile their tracking system with the local finance department's general ledger. Meet with the director of your finance department to create a process that will ensure compliance with the single audit act. Remind your finance department of the requirements of the SAA—which are outlined in Section 215.97 of the Florida Statutes—and work together to regularly reconcile and update your respective records.

SHIP administrators, therefore, are required to regularly reconcile their tracking system with the local finance department's general ledger.

PROJECT CLOSEOUT



PROJECT CLOSEOUT

There are no specific closeout requirements for SHIP. Local governments complete an annual report, which details the program accomplishments, program encumbrances and expenditures, and demographic data on each assisted household.

Most communities award funds to applicants in the form of a direct or deferred payment loan, with terms and conditions that must be maintained after the award. Usually, a security agreement is executed and recorded to be legally bound to the property. It is strongly suggested that local governments seek legal counsel before adopting any locally created terms and conditions on SHIP funds.

It is strongly suggested that local governments seek legal counsel before adopting any locally created terms and conditions on SHIP funds.

COMPLIANCE ISSUES AND MONITORING



COMPLIANCE ISSUES AND MONITORING

When preparing for a compliance-monitoring visit, housing administrators should review all applicant and program files for completeness of documentation. Special attention should be given to ensure that the income eligibility documentation is mathematically accurate and legible. All files should be orderly and systematically organized. All financial information relevant to the transaction should be easily found, and the files should have copies of invoices and proof of payment. The files should be accessible and a comfortable space should be provided for a thorough file review. Copies of advertisements and contracts should also be available. For a list of the file documents needed for each file, please refer to **APPENDIX F**.

Special attention should be given to ensure that the income eligibility documentation is mathematically accurate and legible.

APPLICATION FOR HOUSING ASSISTANCE AND ASSET ADDENDUM



APPLICATION FOR HOUSING ASSISTANCE

Type of Assistance: _____

Annual Income: \$ _____
Income Category (VL, LI, MI): _____

Applicant/Co-Applicant General Information	Applicant	Co-Applicant
Full Name:		
Social Security #:		
Date of Birth/Age:		
Street Address:		Phone:
City:		State/Zip:
Mailing Address:		Phone:
City:		State/Zip:

Other Household Members:

Name(s)	Social Security #	Date of Birth/Age	Relationship to Applicant

Is Applicant, Co-Applicant, or any other household member, age 18 or older, a full-time student? If yes, please list: _____

Does Applicant/Co-Applicant own a home? Yes ___ No ___ Monthly rent/mortgage: \$ _____

If No, type of unit to be purchased? ___ existing unit ___ newly constructed unit

Applicant/Co-Applicant Employment Information:

Employee Name:	Employer Name:
Position:	Supervisor:
Address/Phone:	Time Employed:
Pay Rate:	Pay Frequency:
Annual Income (gross salary, overtime, tips, bonuses, etc.): \$ _____	

Employee Name:	Employer Name:
Position:	Supervisor:
Address/Phone:	Time Employed:
Pay Rate:	Pay Frequency:
Annual Income (gross salary, overtime, tips, bonuses, etc.): \$ _____	

NOTE: Attach additional sheets as necessary for all household members 18 years and over

AUTHORIZATION FOR THE RELEASE OF INFORMATION



AUTHORIZATION FOR THE RELEASE OF INFORMATION

I _____, the undersigned, hereby authorize _____ to release without liability, information regarding my employment, income, and/or assets to _____, for the purposes of verifying information provided as part of determining eligibility for assistance under the _____ program. I understand that only information necessary for determining eligibility can be requested.

Types of Information to be verified:

I understand that previous or current information regarding me may be required. Verifications that may be requested are, but not limited to: employment history, hours worked, salary and payment frequency, commissions, raises, bonuses, and tips; cash held in checking/savings accounts, stocks, bonds, certificated of deposits, Individual Retirement Accounts, interest, dividends; payments from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, unemployment, disability or worker's compensation, welfare assistance, net income from the operation of a business, and alimony or child support payments.

Organizations/Individuals that may be asked to provide written/oral verifications are, but not limited to:

Past/Present Employers
Banks, Financial or Retirement Institutions
State Unemployment Agency
Welfare Agency

Alimony/Child Support Providers
Social Security Administration
Veteran's Administration
Other: _____

Agreement to Conditions:

I agree that a photocopy of this authorization may be used for the purposes stated above. I understand that I have the right to review this file and correct any information found to be incorrect.

Signature of Applicant/

Printed Name

Date

Co-applicant

Printed Name

Date

Note: This general consent may not be used to request a copy of a tax return. If one is needed, contact your local IRS office for Form 4506, "Request for Copy of Tax Return" and prepare and sign separately.

APPLICANT'S DOCUMENT CHECKLIST



APPLICANT'S DOCUMENT CHECKLIST

Dear Applicant:

On _____ you have an appointment with _____
to determine eligibility for _____ assistance.

For Existing Home Owner (Rehabilitation Assistance), please bring items **A through E** to your appointment. **For Home Buyer Assistance**, please bring items **A and B only**.

A. Completed Application Form

B. Proof of Property Ownership (this may include a copy or original of one of the items below):

Warranty Deed
Quit-Claim Deed
Long-term Lease

Homestead Exemption
Tax Records
Life Estate

C. Proof that you are current in your property taxes to the city (this may include a copy or original of one of the items listed below):

Property tax payment receipt from the city
Cancelled check to the city for property taxes
Affidavit certifying payment of property taxes
Mortgage statement from lenders indicating taxes were paid

D. Proof of hazard insurance (which may include a copy of your home owner's insurance or fire insurance policy).

E. Proof of number of dependents claimed by bringing your Federal Income Tax Return and one of the following:

Birth certificate on which the parent/applicant's name is listed
School records, which provide the parent/applicant's name and address
Court-ordered letter of guardianship
Divorce decree
Letter of adoption
Social Security Card

Should you have any difficulty in obtaining any of the above documents, please contact _____ at phone number _____ for assistance.

THIRD-PARTY VERIFICATIONS



we make housing affordable.

THIRD-PARTY VERIFICATION OF EMPLOYMENT

State and/or Federal Regulations require us to verify employment history and income information for the person that has provided authorization below, in order to determine their eligibility for program assistance. Your cooperation in providing the requested information below is most appreciated. A self-addressed return envelope is enclosed or you may fax to: _____

Authorization:

I hereby authorize the release of requested information. A copy of the executed "Authorization for the release of Information" is attached which indicates my agreement with the release of information requested for the sole purpose of determining eligibility for program assistance.

Signature of Applicant/ Print Name Date

Co-Applicant/Household Member Print Name Date

Please return information to:

Name: _____ Title: _____

Department: _____ Phone: _____

Address: _____

Please provide information about anticipated employment income during the next 12 months:

Position: _____ Length of Time Employed: _____

Pay Rate: _____ Pay Frequency (Hr, Wk, Mo): _____

Overtime Pay Rate: _____ Average Overtime Hours/Wk: _____

Total Annual Base Pay Earnings: \$ _____ Total Overtime Base Pay Earnings: \$ _____

Amount and Frequency of Other Compensation (bonus, raise, commission, tips): \$ _____

Vacation Pay (Y or N): _____ If yes, number of days: _____

Retirement Account (Y or N): _____ Amount Accessible to Employee: \$ _____

Total Gross Annual Income, including other compensation, for next 12 months: \$ _____

Signature of authorized representative: _____

Printed Name: _____ Title: _____

Date: _____ Phone: _____

WARNING: Florida Statute 817 provides that willful false statements or misrepresentation concerning income, asset or liability information relating to financial condition is a misdemeanor of the first degree, punishable by fines and imprisonment provided under Statutes 775.082 or 775.83.

NOTE: For ALL applicable Household Members 18 years or over, obtain a signed copy of this form for each verification to be completed. Send form directly to the appropriate employment source; do not send form through applicant. Upon receiving verification, date-stamp, and compare information to that received on application. Make any necessary notations, date and initial. If significant differences exist between amount reported and verified, obtain a written explanation from applicant and attach to file.

THIRD-PARTY VERIFICATION OF ASSET INCOME

(To Be Completed For All Household Members, Including Minors)

State and/or Federal Regulations require us to verify asset income information for the person that has provided authorization below, in order to determine their eligibility for program assistance. Your cooperation in providing the requested information below is most appreciated. A self-addressed return envelope is enclosed or you may fax to: _____

Authorization:

I hereby authorize the release of requested information. A copy of the executed "Authorization for the Release of Information" is attached which indicates my agreement with the release of information requested for the sole purpose of determining eligibility for program assistance.

Signature of Applicant	Print Name	Date
Co-Applicant/Household Member	Print Name	Date

Please return information to:

Name: _____ Title: _____
Department: _____ Phone: _____
Address: _____

Complete the (applicable) Sections below:

Institution Name: _____ Checking Account #: _____
Average Monthly Balance (last 6 months): \$ _____ Interest Rate: _____
Savings Account #: _____ Balance/Interest Rate: \$ _____, _____ %
Certificate of Deposit #: _____ Amount: \$ _____
Interest Rate: _____ Withdrawal Penalty: \$ _____
IRA, Keogh, Retirement Account #: _____ Amount: \$ _____
Interest Rate: _____ Withdrawal Penalty: \$ _____
Other Account #: _____ Amount/Interest Rate: \$ _____, _____ %
Signature of authorized representative: _____
Printed Name: _____ Title: _____
Date: _____ Phone: _____

WARNING: Florida Statute 817 provides that willful false statements or misrepresentation concerning income, asset or liability information relating to financial condition is a misdemeanor of the first degree, punishable by fines and imprisonment provided under Statutes 775.082 or 775.83.

NOTE: For ALL Household Members, including minors, obtain a signed copy of this form for each verification to be completed. Send form directly to depository institution; do not send form through applicant. Upon receiving verification, date-stamp, and compare information to that received on application. Make any necessary notations, date and initial. If significant differences exist between { amount reported and verified, obtain a written explanation from applicant and attach to file.

THIRD-PARTY VERIFICATION OF INCOME FROM BUSINESS

State and/or Federal Regulations require us to verify business income information for the person that has provided authorization below, in order to determine their eligibility for program assistance. Your cooperation in providing the requested information below is most appreciated. A self-addressed return envelope is enclosed or you may fax to: _____

Authorization:

I hereby authorize the release of requested information. A copy of the executed "Authorization for the Release of Information" is attached which indicates my agreement with the release of information requested for the sole purpose of determining eligibility for program assistance.

Signature of Applicant/	Print Name	Date
-------------------------	------------	------

Co-Applicant/Household Member	Print Name	Date
-------------------------------	------------	------

Please return information to:

Name: _____ Title: _____

Department: _____ Phone: _____

Address: _____

Complete the (applicable) Sections below:

Dates Business Transacted from: _____ Gross Income: _____

Expenses (Provide Amounts for Applicable Expenses):

Interest on Loans: \$ _____ Costs of goods/materials: \$ _____

Rent: \$ _____ Utilities: \$ _____

Wages/Salaries: \$ _____ Employee Contributions: \$ _____

Federal Withholding Tax: \$ _____ State Withholding Tax: \$ _____

FICA: \$ _____ Sales Tax: \$ _____

Other: \$ _____ Other: \$ _____

Straight Line Depreciation: _____ Total Expenses: \$ _____

Net Income: \$ _____

Signature of Authorized Representative: _____

Printed Name: _____ Title: _____

Date: _____ Phone: _____

WARNING: Florida Statute 817 provides that willful false statements or misrepresentation concerning income, asset or liability information relating to financial condition is a misdemeanor of the first degree, punishable by fines and imprisonment provided under Statutes 775.082 or 775.83.

THIRD-PARTY VERIFICATION OF REGULAR CASH CONTRIBUTIONS

(i.e. Rents income, Regular Family Assistance, Alimony, etc.)

State and/or Federal Regulations require us to verify regular cash contributions made to the person that has provided authorization below, in order to determine their eligibility for program assistance.

Your cooperation in providing the requested information below is most appreciated. A self-addressed return envelope is enclosed or you may fax to: _____

Authorization:

I hereby authorize the release of requested information. A copy of the executed "Authorization for the Release of Information" is attached which indicates my agreement with the release of information requested for the sole purpose of determining eligibility for program assistance.

Signature of Applicant/	Print Name	Date
Co-Applicant/Household Member	Print Name	Date

Please return information to:

Name: _____ Title: _____
Department: _____ Phone: _____
Address: _____

Complete the Sections below:

Type of Cash Contribution: _____ Amount: \$ _____
Frequency of Contribution (Wk, Mo): _____ Will Payments Continue (Y or N): _____

Signature of Authorized Representative: _____
Printed Name: _____ Title: _____
Date: _____ Phone: _____

WARNING: Florida Statute 817 provides that willful false statements or misrepresentation concerning income, asset or liability information relating to financial condition is a misdemeanor of the first degree, punishable by fines and imprisonment provided under Statutes 775.082 or 775.83.

NOTE: For ALL applicable Household Members 18 years or over, obtain a signed copy of this form for each verification to be completed. Send form directly to the appropriate person/agency; do not send form through applicant. Upon receiving verification, date-stamp, and compare information to that received on application. Make any necessary notations, date and initial. If significant differences exist between amount reported and verified, obtain a written explanation from applicant and attach to file.

THIRD-PARTY VERIFICATION OF SOCIAL SECURITY BENEFITS

State and/or Federal Regulations require us to verify Social Security Benefit income for the person that has provided authorization below, in order to determine their eligibility for program assistance. Your cooperation in providing the requested information below is most appreciated. A self-addressed return envelope is enclosed or you may fax to: _____

Authorization:

I hereby authorize the release of requested information. A copy of the executed "Authorization for the Release of Information" is attached which indicates my agreement with the release of information requested for the sole purpose of determining eligibility for program assistance.

Signature of Applicant	Print Name	Date
Co-Applicant/Household Member	Print Name	Date

Please return information to:

Name: _____ Title: _____
Department: _____ Phone: _____
Address: _____

Complete the Sections below:

Date of Birth: _____ Social Security #: _____
Type of Social Security Benefit: _____ Gross Monthly Amount: \$ _____
Type of Supplemental Security Benefit: _____ Gross Monthly Amount: \$ _____
Deduction for Medicare (Y or N): _____ If yes, Amount Deducted: \$ _____
Signature of Authorized Representative: _____
Printed Name: _____ Title: _____
Date: _____ Phone: _____

WARNING: Florida Statute 817 provides that willful false statements or misrepresentation concerning income, asset or liability information relating to financial condition is a misdemeanor of the first degree, punishable by fines and imprisonment provided under Statutes 775.082 or 775.83.

NOTE: For ALL applicable Household Members 18 years or over, obtain a signed copy of this form for each verification to be completed. Send form directly to the appropriate administration; do not send form through applicant. Upon receiving verification, date-stamp, and compare information to that received on application. Make any necessary notations, date and initial. If significant differences exist between amount reported and verified, obtain a written explanation from applicant and attach to file.

THIRD-PARTY VERIFICATION OF UNEMPLOYMENT BENEFITS

State and/or Federal Regulations require us to verify unemployment benefit income for the person that has provided authorization below, in order to determine their eligibility for program assistance. Your cooperation in providing the requested information below is most appreciated. A self-addressed return envelope is enclosed or you may fax to: _____

Authorization:

I hereby authorize the release of requested information. A copy of the executed "Authorization for the Release of Information" is attached which indicates my agreement with the release of information requested for the sole purpose of determining eligibility for program assistance.

Signature of Applicant/	Print Name	Date
Co-Applicant/Household Member	Print Name	Date

Please return information to:

Name: _____ Title: _____

Department: _____ Phone: _____

Address: _____

Complete the Sections below:

Are Benefits being paid now (Y or N): _____ If Yes, Gross Weekly Payments:\$ _____

Date of Initial Payment: _____ Duration of Benefits: _____

Claimant Eligible for Future Benefits (Y or N): _____ If Yes, provide # of weeks: _____

If No, Provide Date of Benefits Termination: _____

Signature of authorized representative: _____

Printed Name: _____ Title: _____

Date: _____ Phone: _____

WARNING: Florida Statute 817 provides that willful false statements or misrepresentation concerning income, asset or liability information relating to financial condition is a misdemeanor of the first degree, punishable by fines and imprisonment provided under Statutes 775.082 or 775.83.

NOTE: For ALL applicable Household Members 18 years or over, obtain a signed copy of this form for each verification to be completed. Send form directly to the appropriate agency; do not send form through applicant. Upon receiving verification, date-stamp, and compare information to that received on application. Make any necessary notations, date and initial. If significant differences exist between amount reported and verified, obtain a written explanation from applicant and attach to file.

SHIP INCOME CERTIFICATION



FLORIDA HOUSING FINANCE CORPORATION

227 North Bronough Street, Suite 5000 # Tallahassee, Florida 32301-1329
 (850) 488-4197 # Fax (850) 410-2510

RESIDENT INCOME CERTIFICATION - HOME OWNER

State Housing Initiatives Partnership (SHIP) Program

Effective Date: _____ Allocation Year: _____

A. Recipient Information (select one)

- a. _____ Current homeowner
- b. _____ Home buyer: _____ Existing Dwelling _____ Newly Constructed Dwelling

B. Subsidy Use (check all that apply)

<input type="checkbox"/>	Down Payment Assistance	<input type="checkbox"/>	Principal Buy Down
<input type="checkbox"/>	Closing Costs	<input type="checkbox"/>	Rehabilitation
<input type="checkbox"/>	Interest Subsidy	<input type="checkbox"/>	Emergency Repair
<input type="checkbox"/>	Loan Guarantee	<input type="checkbox"/>	Other

C. Household Information

Member	Names - All Household Members	Relationship	Age
1			
2			
3			
4			
5			
6			
7			

D. Assets: All household members including minors

Member	Asset Description	Cash Value	Income from Assets
1			
2			
3			
4			
5			
6			
7			
Total Cash Value of Assets		D(a) \$	
Total Income from Assets			D(b) \$
If line D(a) is greater than \$5,000, multiply that amount by the rate specified by HUD (applicable rate 2.0 %) and enter results in D(c), otherwise leave blank.		D(c)	\$

E. Anticipated Annual Income: Includes unearned income and support paid on behalf of minors.

Member	Wages / Salaries (include tips, commission, bonuses and overtime)	Benefits / Pensions	Public Assistance	Other Income	Asset Income
1					(Enter the greater of box D(b) or box D(c), above, in box E(e) below)
2					
3					
4					
5					
6					
7					
Totals	(a)	(b)	(c)	(d)	(e)
	\$	\$	\$	\$	\$

Enter total of items E(a) through E(e). This amount is the Annual Anticipated Household Income	\$
--	----

F. Recipient Statement: The information on this form is to be used to determine maximum income for eligibility. I/we have provided, for each person set forth in Item C, acceptable verification of current and anticipated annual income. I/we certify that the statements are true and complete to the best of my/our knowledge and belief and are given under penalty of perjury.

WARNING: Florida Statute 817 provides that willful false statements or misrepresentation concerning income and assets or liabilities relating to financial condition is a misdemeanor of the first degree and is punishable by fines and imprisonment provided under S 775.082 or 775.83.

Signature of Head of Household Date

Signature of Spouse or Co-Head of Household Date

G. SHIP Administrator Statement: Based on the representations herein, and upon the proofs and documentation submitted pursuant to item F, hereof, the family or individual(s) named in item C of this Resident Income Certification is/are eligible under the provisions of Chapter 420, Part V, Florida Statutes, the family or individual(s) constitute(s) a: (check one)

_____ **Very Low Income (VLI) Household** means individuals or families whose annual income does not exceed 50% of the area median income as determined by the U.S. Department of Housing and Urban Development with adjustments for household size
(maximum Income Limit \$ _____).

_____ **Low Income (LI) Household** means individuals or families whose annual income does not exceed 80% of the area median income as determined by the U.S. Department of Housing and Urban Development with adjustments for household size
(maximum Income Limit \$ _____).

_____ **Moderate Income (MI) Household** means individuals or families whose annual income does not exceed 120% of the area median income as determined by the U.S. Department of Housing and Urban Development with adjustments for household size
(maximum Income Limit \$ _____).

Based upon the _____ (year) income limits for _____ Metropolitan Statistical Area (MSA) or County, Florida.

Signature of the SHIP Administrator or His/Her Designated Representative:

_____ Date _____
(Signature)

Name _____ Title _____
(Print or type name)

H. Household Data (to be completed by Administrator or designee)

Number of Persons									
By Race / Ethnicity						By Age			
White	Black	Hispanic	Asian	American Indian	Other	0 - 25	26 - 40	41 - 61	62 +

Unit Information		
Number of Residents	Tenant Rent	Number of Bedrooms

Special Target / Special Needs				
(Check all that apply)				
Farm worker	Developmentally Disabled	Homeless	Elderly	Other

NOTE: Information concerning the race or ethnicity of the occupants is being gathered for statistical use only. No occupant is required to give such information unless he or she desires to do so, and refusal to give such information will not affect any right he or she has as an occupant.

FILE CHECKLIST FOR SHIP REHABILITATION OR PURCHASE ASSISTANCE



FILE CHECKLIST FOR SHIP REHABILITATION OR PURCHASE ASSISTANCE

General Documents	Date Received	Comments
Authorization for the Release of Information Form		
Income Verification Form(s)		
Income Certification Form		
Proof of Property Ownership (i.e. Deed or tax assessor document for rehabilitation assistance)		
Application for Program Assistance		
Letter of Commitment		
Lien Document with Recapture Provisions		
Rehabilitation Documents		
Initial Property Inspection		
Work Write-up and Cost Estimate		
Documentation of Contractor Eligibility or Licensure and Certification of Non-Debarment		
Contractor(s) Bid or Proposals		
Contractor/Home Owner or Home Buyer Contract		
Contractor Warranty Notice		
Work Inspection Reports		
Construction Payment Requests		
Certificate of Occupancy or Completion		
Final Payment Release		
Change Orders (if applicable)		
Purchase Assistance Documents		
HUD 1 Settlement or Loan Closing Statement		
Copy of First Mortgage Document		
Release of Liens (for any repairs performed)		
Title Policy for Title Insurance		
Final Inspection Report		

SHIP TRACKING FILE CHECKLIST



FILE CHECKLIST

(This is not designed to be used as a complete file checklist for the purpose of successfully completing a compliance monitoring review, but should be used only for the purpose of inputting data into the automated tracking system.)

<p>_____ Type of assistance (rehab, down payment assistance, etc.)</p> <p>_____ Maximum per unit award amount</p> <p>_____ Applicant name or project identifier</p> <p>_____ Amount of SHIP funds encumbered</p> <p>_____ Date SHIP funds encumbered</p> <p>_____ Applicants income level (VL,L, or M)</p> <p>_____ Contractor's draw request(s) – if applicable</p> <p>_____ Total amount of funds expended (sum of draws)</p> <p>_____ Expenditure date (date funds are <u>fully</u> expended and unit is occupied)</p>	INFORMATION FOR FORM 1
<p>_____ Street address and City name</p> <p>Yes _____ No _____ Unincorporated area</p> <p>_____ Age of head of household</p> <p>_____ Number of persons in household</p> <p>_____ Race</p> <p>_____ Special Needs</p> <p># of BR ____ Rent Rate ____ # of bedrooms and monthly rental rate – if applicable</p>	INFORMATION FOR FORM 2
<p>_____ SHIP loan amount</p> <p>_____ SHIP grant amount</p> <p>_____ Amount of other public funds in unit/project</p> <p>_____ Amount of private funds in unit/project</p> <p>_____ Owner contribution</p> <p>Yes _____ No _____ Home ownership activity</p> <p>Yes _____ No _____ Construction activity</p> <p>_____ Sales price or value</p>	INFORMATION FOR FORM 3

GLOSSARY OF HOUSING TERMS



GLOSSARY OF HOUSING TERMS

Note: Bold terms within definitions are also defined separately.

Adjusted for Family Size—Income limits that are either increased or decreased based on the number of persons in the **household** being assisted. For most housing programs, U.S. **HUD** determines the income limit for a family of four, and then increases the limit by a fixed amount for each additional person over four, or subtracts that fixed amount for each person less than four.

Affordability Period—The time period for which rent restrictions or resale restrictions apply to housing that has been assisted by government funding.

Affordable Housing—Housing is considered to be affordable if monthly housing cost does not exceed a certain percentage of a family's monthly income. The acceptable percentage usually ranges from 30-35 percent of a family's monthly income.

ADA - Americans with Disabilities Act—Provides federal civil rights protection to individuals who are physically or mentally disabled. The ADA prohibits discrimination against the disabled in employment, public services, public accommodations, and telecommunications. Entities that are covered by the ADA must make reasonable accommodation, which involves adapting programs, facilities, or work places to allow disabled individuals to participate in the program of services. (**HUD's** Access to Housing for Persons with Disabilities, (202) 708-3287).

Amortization—A plan for paying off a financial obligation by making periodic installment payments over a set period of time, at the end of which the **loan** balance is zero. Often **mortgages** have a 30-year amortization, requiring the borrower to make 360 equal monthly payments.

Annual (Gross) Income—Total income (earned, unearned and asset income) anticipated to be received by all persons who currently reside or intend to reside in a program assisted-unit for the coming 12-month period. When determining whether a **household** is income eligible, local governments, participating jurisdictions and project owners must use one of the following three definitions of annual income: (1) annual income as defined at 24 CFR section 5.609 (except when determining the income of a homeowner for an owner-occupied **rehabilitation** project, the value of the homeowner's primary residence may be excluded from the calculation of net family **assets**); or (2) annual income as reported under the Census long-form for the most recent available decennial Census; or (3) adjusted **gross income** as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for individual federal annual income tax purposes.

Annual Report—A yearly report of an organization's or government's **financial statements** and accomplishments.

Appraisal—In real estate, the estimate of the value of **real property**. The most common method for single-family units is the sales-comparison approach in which the estimate of value is obtained directly from experiences in the real estate market (see “**comparable**” below).

Appreciation—Increase in the value of property due to improvements made to the property or surrounding area/neighborhood by the owner or other parties, including the government and/or more general market forces. Commonly, and incorrectly, used to describe an increase in value through inflation.

Articles of Incorporation—Legal document submitted to a designated officer of the state for permission to commence business as either a for-profit or **non-profit corporation**. The articles of incorporation, or charter, state the purpose, rights and duties of the corporation.

Assets—Cash or non-cash item that can be converted to cash. Under most federally and state funded housing programs, the income from an asset, either actual or imputed, is included in a family’s total **household** income.

Audit—An examination of the financial or administrative records of an organization or governmental entity to ensure that they are complete and accurate.

Back-End Ratio—(i.e., debt ratio) A calculation used by the lender to determine if the amount of income less debt is sufficient to afford the monthly payment. It is calculated by taking the monthly **mortgage** payment (PITI) and dividing it by the sum of the gross monthly income minus the total monthly debt payments of the applicant. The maximum ratio varies from 32% to 40%, depending on the **loan** and program applied for. In other words, no more than 40% of the applicant’s income less debt should be set aside for the monthly **mortgage** payment.

Balance Sheet—A **financial statement** showing a “snap-shot” of the **assets**, **liabilities** and net worth (fund balance) of an organization on a given date.

Bond Money or Bond Program—See “**MRB** – Mortgage Revenue Bonds.”

Bylaws—The rules governing the internal affairs of an organization or governmental entity.

CAA - Community Action Agency—CAAs were organized in the 1970s with the goal of eliminating the causes, conditions, and effects of poverty. A CAA may be a private, non-profit, tax-exempt corporation or a department within local government. CAAs may operate a variety of programs that serve low income and elderly residents of the community, including emergency home repair, weatherization, food distribution, employment counseling, homeless assistance, transportation and Headstart. CAAs generally receive funding from a variety of federal, state, local, and private sources. Sometimes referred to as CAP (Community Action Program) agencies.

Cash Flow—Revenue less expenditures over a set period of time.

Catalyst Program - Affordable Housing Catalyst Program—The Catalyst Program, administered by the Florida **DCA**, Bureau of Community Development, provides training and technical assistance to local governments and community-based organizations to assist in developing capacity to undertake **affordable housing** and specifically in the implementation of the **CDBG** Small Cities, **HOME** and **SHIP** programs. (Catalyst Program, **DCA**, (850) 488-3581).

CDBG - Community Development Block Grant—The U.S. Department of Housing and Urban Development (**HUD**) administers two CDBG programs. Under the CDBG Entitlement Program, HUD provides funds directly to urban counties and metropolitan cities based on a population-based formula. The CDBG Small Cities Program, administered by the Florida **DCA**, Bureau of Community Development, awards **grants** on a competitive basis to non-entitlement counties, cities, and towns in Florida.

CDC - Community Development Corporation—A CDC is usually a local, non-profit entity organized to address long-term community revitalization by building **affordable housing**, assisting or starting small businesses, and creating jobs.

CHDO - Community Housing Development Organization—Under the **HOME** Program, a CHDO is a private, non-profit, **501(c)(3)** tax-exempt organization that has, among its purposes, the provision of decent, **affordable housing** to low- and **moderate-income** persons. CHDOs must, among other things, have demonstrated capacity for carrying out activities funded with HOME funds, and must maintain at least one-third of its governing board's membership for residents of low income neighborhoods, other low income community residents, or elected representatives of low income neighborhood organizations. Further information can be found in the HOME Rule, 24 CFR, Parts 91 and 92.

Closing—The final procedure in a real estate sale, in which property ownership is transferred in exchange for an agreed upon payment.

Collateral—Assets pledged to secure a **loan**.

Comparable—In the sales-comparison **appraisal** method, a property that closely resembles the property for which a value is being estimated. A comparable should closely resemble the subject property with respect to property rights, conditions of sale, market conditions, financing terms, location, and physical characteristics.

Compliance—The act of meeting requirements and conditions specified in statutes, rules and/or federal laws regarding the **CDBG** Small Cities, **HOME**, **SHIP**, or other state and federal housing programs.

Consolidated Plan—A plan developed by a local government that describes the needs, resources, priorities, and proposed activities to be undertaken with funds provided under various federal programs. A consolidated plan is required for all participating jurisdictions.

CRA - Community Reinvestment Act—enacted by Congress in 1977, states that banks and savings institutions have an affirmative obligation to serve the public, and especially to help meet the deposit and credit needs of local communities in which they are chartered, including the needs of residents in low- and **moderate-income** neighborhoods. Failure of an institution to meet these needs can result in a financial institution being unable to expand or merge with another lender.

Credit Underwriting—A process used by lenders (including government lenders) to evaluate the feasibility of a rental development, i.e., whether project income will be sufficient to pay the loan and operating expenses.

DCA - Department of Community Affairs—DCA fulfills three major roles in developing and implementing policy in the State of Florida, which are: housing and community development, emergency management, and resource planning and management. DCA's activities are accomplished through the following: providing technical assistance; planning projects; administering grant programs; reviewing plans, programs and developments; intergovernmental coordination; and, fostering public/private partnerships.

Debt Service—**Loan principal** and **interest** payments.

Deed—A legal instrument that transfers property ownership from one party to another.

Deferred Payment Loan—Funds provided to a borrower under terms that calls for repayment to be delayed for a certain length of time, until certain circumstances change, or a certain threshold is met. In housing programs, deferred payment **loans** are often used as a recapture mechanism. In home ownership programs the loans often become due when the assisted family sells the home. Under rental programs the loans often become due if the affordability requirements are breached. In most housing programs these loans have an **interest** rate of zero percent; in some communities interest does accrue.

Demographic Data—Information about the characteristics of human populations, including size, income, age, wealth, race, ethnicity, gender, housing conditions, etc.

Developmental Disability—Florida Statute 393 defines “developmental disability” as a disorder or syndrome which is attributable to retardation, cerebral palsy, autism, or spina bifida and which constitutes a substantial handicap that can be reasonably be expected to continue indefinitely.

DRI - Development of Regional Impact—Large-scale developments that are required to undergo a comprehensive regional impact review prior to local government approval. The review process is coordinated by a regional planning council (**RPC**). Among other considerations, the RPC must consider whether nonresidential DRIs ensure the availability of accessible housing for use by the employees of the development. The Adequate Housing Standard Rule, 9J-2.048 F.A.C. was adopted by **DCA** in 1993.

DSM - Demand Site Management—DSM programs are implemented by several utility companies in Florida and across the country to help commercial and residential utility customers improve the energy-efficiency of their homes and businesses. By reducing some demand for energy, these conservation programs help utilities avoid the costly production of new power plants. Florida’s private **investor**-owned utility companies (Gulf, Florida Power, Florida Power & Light, Tampa Electric) and several municipal utilities are required by regulation to offer DSM programs to their customers. They commonly offer educational materials, rebates on efficient materials like insulation, and **load management programs**.

EAR - Evaluation and Appraisal Report—This is a report that each local government must initially prepare five years after the adoption of its local government comprehensive plan to look at how the plan is working. It is required to be reviewed periodically thereafter. The EAR is intended to reflect changes in state policy on planning and growth management. The EAR must set forth the “actions” or “plan amendments” that are necessary to respond to changes in growth policies and updated information on local conditions.

Eligible Household—An individual, family or group of individuals living together as a unit, determined to be of very low- to **low-income** for participation in the **CDBG** Small Cities or **HOME** programs and ranging from very-low up to **moderate-income** for participation in the **SHIP** Program.

Engauge - The Energy Gauge—A Florida specific energy rating system that relies on computer software to calculate the energy-efficiency level of a building. Engauge estimates the annual energy costs of a house and suggests specific home improvements to increase the house’s level of efficiency.

Equity—The **market value** of **real property**, less the amount of existing debt or liens.

Fair Housing Act—The Fair Housing Act makes it illegal to deny housing, refuse to rent, sell, or negotiate, or offer different terms and considerations because of race, color, religion, sex, national origin, handicap, or familial status. If you suspect violation of the Fair Housing Act or want more information, you may contact the U.S. Department of Housing and Urban Development, Fair Housing, 451 7th Street, SW, Washington, D.C. 20410, 1-800-669-9777.

FHFC – Florida Housing Finance Corporation—The FHFC’s mission is as follows: (1) finance **affordable housing** for very low-, low-, and **moderate-income** people; and, (2) to stimulate the home building industry. The FHFC obtains funds through program revenues and by issuing bonds that are secured by **mortgages** taken in exchange for the FHFC’s **loans**. The FHFC also receives appropriations of federal grants and tax credits as well as Sadowski Act documentary stamp tax revenues to finance affordable single- and multi-family housing to be occupied by very low-, low-, and **moderate-income** persons (FHFC, 227 North Bronough Street, Suite 5000, Tallahassee, Florida 32301-1329 (850) 488-4197).

FHO - Fair Housing Ordinance—A FHO is required of all localities participating in federal programs. It makes illegal any discrimination based on race, color, ancestry, religion, sex, national origin, familial status or handicap.

Financial Statements—Written record of the financial status of an individual, organization or governmental entity. Statements commonly include **income statement**, **balance sheet**, **cash flow** statement, and if the organization is a non-profit, a funds balance statement.

Financing Fee—money charged by a lender to originate a **loan**. The fees are based on a percentage of the loan amount, and one point is equivalent to 1 percent.

501(c)(3)—Section of the Internal Revenue Code that addresses the requirements that an organization must meet in order to be considered a tax-exempt organization. Many people refer to agencies that have obtained a tax-exempt status as a “501(c)(3).”

Foreclosure—The legal process a lender uses to exercise its right to force the sale of a property to gain repayment of **mortgage** debt. Generally, lenders exercise this right when a borrower has failed to make timely payments.

Front-End Ratio—(i.e., income ratio) A calculation used by the lender to determine if an applicant’s income is sufficient to afford the monthly payment. It is calculated by taking the monthly **mortgage** payment (**principal**, **interest**, taxes and insurance) and dividing it by the gross monthly income of the applicant. The acceptable ratio for **affordable housing** is between 30-35%. In other words, no more than 30-35% of the income should be set aside for the monthly mortgage payment.

Grants—Gifts of money given by foundations, or federal or state government, without expectation of repayment.

Gross Income—See **Annual (Gross) Income**.

HOME - HOME Investment Partnerships Program—The Home Investment Partnerships Program was enacted in 1990 as part of the Cranston-Gonzalez National Affordable Housing Act. HOME funds are allocated on a needs-based formula to state and local governments designated participating jurisdictions (**PJs**) and require non-federal **match** of HOME dollars. The Florida Housing Finance Corporation (**FHFC**) administers the state’s HOME program. (HOME, FHFC, (850) 488-4197).

Household—Individual, family, or group of individuals living together in a unit.

HUD - U.S. Department of Housing and Urban Development—The department within the federal government that is mandated by Congress to create conditions for every family to have decent and **affordable housing**, to ensure equal housing opportunities for all, and to strengthen and enrich the nation’s communities. Offices are located at the national and state levels. HUD Locator for general information: (202) 708-1422; Affordable housing information center: (800) 998-9999. The State Coordinators' Office (serves South Florida): José Cintrón, Director, 1320 South Dixie Highway, 5th Floor, Coral Gables, Florida 33146-2911; (305) 662-4510; fax: (305) 662-4519; e-mail: Jose_Cintron@hud.gov; web site: http://www.hud.gov/local/fso/fso_home.html. The Jacksonville office (serves North and Central Florida): 301 West Bay Street, Suite 2200, Jacksonville, Florida 32202; (904) 232-2627; fax: (904) 232-3759; web site: http://www.hud.gov/local/jkv/jkv_home.html.

Income Statement (Profit and Loss)—Summary of revenues, costs and expenses for a business over a period of time.

Ineligible Household—An individual, family or group of individuals whose household characteristics or income prevent it from meeting the eligibility requirements of a program.

Interest—The **financing fee** for a **loan**, usually calculated on a percentage of the amount loaned spread over the term of the loan.

Investor—An organization, corporation, individual or other entity that acquires an ownership position in a project, thus assuming risk of loss in exchange for anticipated returns.

Lease-up Period—The amount of time it takes for a building, such as multi-family housing, to reach a stable occupancy rate and income stream.

Leveraging—Using a small amount of funds to attract other funds, including **loans**, **grants** and **equity** investments. The premise of leveraging is to use public dollars in conjunction with private dollars to increase the number of **affordable housing** units that can be produced.

Liabilities—A general term encompassing all types of debts and obligations.

Lien—Recorded claim against a property whereby the property is security for a debt. Under certain circumstances, the holder of the lien is entitled to have the property sold to satisfy the debt. A lien is an encumbrance against the property.

LIHTC - Low Income Housing Tax Credit—A competitive federal program administered by the state, which grants income tax credit to developers who build or substantially rehabilitate affordable rental housing. The tax credits are used to raise project **equity**.

Load Management Programs—Load management programs can contribute to **affordable housing** by reducing the customer's monthly utility bill, thereby creating more disposable **household** income. Some electric utilities use load management programs to reduce "peak demand" and work as follows: (1) certain times of the day and year, "peak demand" occurs, defined as a majority of utility customers simultaneously demanding a great deal of energy (such as on a weekday morning when households prepare for work and school); (2) using radio controllers, the appliances (i.e. water heaters, air conditioners) of program participants are turned off for fifteen minutes during peak demand periods; and lastly, (3) customers experience a reduction in their utility bill as a reward for program participation.

Loan—Loans are often referred to as debt financing and must be repaid according to a fixed payment schedule, generally with **interest**. Use of a **deferred payment loan** is common in **affordable housing**. In a deferred payment loan, funds provided to a borrower under terms that calls for repayment to be delayed for a certain length of time, until certain circumstances change, or a certain threshold is met. In housing programs, deferred payment loans are often used as a recapture mechanism. In home ownership programs the loans often become due when the assisted family sells the home. Under rental programs the loans often become due if the affordability requirements are breached. In most housing programs these loans have an interest rate of zero percent; in some communities interest does accrue.

Loan Guarantees—A pledge by a third party that, in case of default by the borrower, promises to repay all or a portion of the borrowed amount. State and local governments and non-profit intermediaries are often sources of **loan** guarantees, with the Federal Housing Administration (FHA) being one of the most well known.

Loan-To-Value Ratio—The loan amount(s) as a percentage of the property's appraised value or sales price, whichever is less. For example, a loan amount of \$57,000 on a home that has a sales price of \$60,000 has a 95 percent loan-to-value ratio (57,000/60,000). A lender will use a loan-to-value ratio to determine the maximum amount it will lend on a property.

Low-Income Person or Household—A person or **household** whose **annual (gross) income** does not exceed 80 percent of the area **median income**, as determined by **HUD**, with adjustments for smaller and larger families. Florida publishes these figures annually, and updated charts may be obtained from the Florida Housing Finance Corporation (**FHFC**).

Market Value—The price a property would sell for in a competitive market when there has been a normal offering time, no coercion, arms-length bargaining, typical financing, and informed buyer and sellers.

Match—The commitment of non-federal funds to supplement **HOME** Investment Partnerships Program funds for **affordable housing**.

Median Income—A determination made through statistical methods establishing a middle point for determining income limits. Median is the amount that divides the distribution into two equal groups: one group having income above the median and the other group having income below the median.

Moderate-Income Person or Household—A person or **household** whose **annual (gross) income** does not exceed 120 percent of the area median income, as determined by **HUD**, with adjustments for smaller and larger families. Florida publishes these figures annually, and updated charts may be obtained from the Florida Housing Finance Corporation (**FHFC**).

Mission Statement—A statement of purpose, or the assignment the organization or governmental entity is to carry out.

MRB - Mortgage Revenue Bonds—State and local housing finance agencies (HFAs) sell tax-exempt bonds and use the money that is raised to lend to first-time homebuyers. Because buyers of these bonds accept a lower rate of return on their investment than if the bonds were taxable, HFAs can lend proceeds to the homebuyers at **interest** rates below conventional **mortgage** rates.

Mortgage—A temporary and conditional pledge of property to a creditor as security for the repayment of a debt. The borrower (mortgagor) retains possession and use of the property.

NAHA – Cranston-Gonzalez National Affordable Housing Act—In October 1990, Congress approved the National Affordable Housing Act, the most comprehensive housing legislation since 1974. The legislation evolved from a process that began in September 1987, when Congress created the National Housing Task Force. The Task Force was charged with the responsibility of conducting a thorough study of the nation’s housing needs and injecting life back into federal housing policy. The **HOME** Investment Partnerships Program was enacted as a result of NAHA.

NHS - Neighborhood Housing Services—NHS is a national network of locally funded and operated, autonomous, self-help programs which are revitalizing declining neighborhoods. NHSs are **non-profit corporations** which: operate housing **rehabilitation** programs; offer financial counseling; refer residents to lenders or others about home improvement financing; conduct new construction and home repair inspection monitoring to assist homeowners in working with contractors; and, encourage community involvement to strengthen neighborhood pride through work with local organizations.

NOI - Net Operating Income—Gross profits minus operating expenses and taxes.

Non-profit Corporation—A corporation established under state law for purposes other than making profits that would be distributed to the owners, directors, members or officers.

One Hundred Twenty (120) Day Rule—This rule governs the SHIP program and refers the amount of time that income verification forms are current and up-to-date. **HUD** Handbook 4350.3 states “Verifications are valid for 90 days from the date received. If the information is orally updated by the source, these verifications may stand for an additional 30 days. You may not rely on verifications that are more than 120 days old.” Refer to the Income Qualification Manual, Step 5 “Income Verification and Certification” for more guidance on this rule.

PHA - Public Housing Authority—Created by local governments pursuant to Chapter 421, Florida Statutes, local PHAs develop, own, and operate public housing and administer Section 8 programs.

PJ - Participating Jurisdiction—The term given to any state or local government that **HUD** has designated to administer an allocation of **HOME** Investment Partnerships Program funds. There are currently 29 PJs throughout Florida in addition to the state PJ, the Florida Housing Finance Corporation (**FHFC**).

PMI - Private Mortgage Insurance (also referred to as MI)—Coverage that, in instances of default, guarantees a lender the partial payment of an outstanding **loan** balance. Traditionally, lenders require PMI in instances where the loan to value ratio is higher than 80 percent, however, lenders have been known to waive this requirement under their **affordable housing** programs. PMI premiums are included in a borrower's monthly **mortgage** payments. The amount can range anywhere from \$30-\$50 per month, depending in the loan amount. The insurance can be discontinued when an **appraisal** shows that the **loan to value ratio** has dropped below 80 percent. The cost of such an appraisal is the responsibility of the borrower.

Principal—The currently unpaid balance of a loan, not including interest.

Pro Forma—Projected annual income and expenses for a rental development for a given period (usually 15 years).

Property Tax Abatement—Reduction or exemption from ad valorem tax for a specified time period.

Purchase Option—The right to buy a property at a specified price within a specified time. A purchase option or “option to purchase” is different from a purchase and sale contract in that the option money is not refundable and is usually not credited toward the purchase price at **closing**.

RD - Rural Development (formerly known as Farmers Home Administration (FmHa))—Provides funding for mainly rural housing programs. Sometimes used by local governments to supplement **CDBG** projects. The state RD office is located in Gainesville. Initial inquiries should be made at the local RD office. See federal government listing in local telephone directory for U.S. Department of Agriculture or resources section of handbook.

Real Property—Land, including all things permanently attached to the land, such as buildings and infrastructure, commonly referred to as appurtenances.

Reconstruction—Rebuilding of a structure, usually on the same foundation as the existing housing which will be demolished.

Rehabilitation—The alteration, improvement or modification of an existing structure.

REO - Real Estate Owned—Property that is owned by a lender, usually acquired through a **foreclosure**, or through a **deed** in lieu of foreclosure.

Reserves—Funds held to pay future **liabilities**. Typical reserves include replacement reserve for major repairs, operating reserve for covering negative **cash flow** and contingency funds.

RESPA - Real Estate Settlement Procedures Act—RESPA requires that lenders give all borrowers of federally related mortgage **loans** an estimate of settlement costs and a **HUD**-prepared booklet with information about real estate transactions, settlement services, cost comparisons, and relevant consumer protection laws.

RPC – Regional Planning Council—RPCs provide planning and technical assistance to local governments on federal and state issues such as housing, growth management, emergency management, and intergovernmental coordination. The State of Florida has 11 RPCs.

Secondary Market—Markets into which originating lenders sell their **loans** to **investors** who are seeking longer-term investments (such as Fannie Mae).

SHIP - State Housing Initiatives Partnership Program—SHIP was the centerpiece of the William E. Sadowski Affordable Housing Act of 1992. SHIP is administered by the Florida Housing Finance Corporation (**FHFC**) and channels documentary stamp revenue to Florida's counties and **CDBG** entitlement cities for the express purpose of creating and preserving **affordable housing**. (SHIP, FHFC, (850) 488-4197).

Section 504—Section of the Handicapped Accessibility/Architectural Barriers Act that requires all public buildings to be designed, constructed, or renovated to provide access for physically handicapped persons.

SRO - Single Room Occupancy—SROs provide housing for elderly, disabled, the working poor and others who, without SROs might otherwise be homeless. An SRO room typically has a sink, closet, and sleeping space. Bathroom, shower and kitchen spaces are generally shared with others.

Strategic Plan—A plan of action that guides how a goal, such as developing **affordable housing**, will be accomplished.

Subordinated (Secondary or Tertiary) Debt—If more than one lender has a **lien** on a property, the subordinated debt is paid after the debt of lien holders in superior (or first) positions.

Subsidy—Financial assistance in the form of government **loans**, **grants**, or other contributions that are used to make housing affordable.

Sweat Equity—The value of volunteer labor in producing **affordable housing**.

Targeting—Federal, state or local requirements of the **CDBG** Small Cities, **HOME** or **SHIP** Programs relating to the use of funds for units that assist certain income groups or fund particular activities (i.e. home ownership, hard construction costs, etc.). Can also be used to refer to a situation where funds are spent only in a specific geographic area.

Title Insurance Policy—Insurance paying monetary damages for loss of property from superior legal claims not excepted by the policy.

Unsecured—A **loan** that has no **collateral** pledged as security.

