

AFFORDABLE HOUSING OFFICE DEPARTMENTAL POLICY

SUBJECT: Hillsborough HomeSavers Program

EFFECTIVE DATE: November 14, 2008

PURPOSE: To offer eligible Hillsborough County homeowners an opportunity to avoid foreclosure and save their homes.

A. POLICY:

1. County funds may be available to provide a total of up to \$15,000 to income-qualified homeowners facing hardship. Assistance is offered to homeowners for the following situations:

- a. To bring their mortgage payments current prior to being foreclosed; and/or
- b. To refinance their existing "Adjustable Rate" or "Interest Only" mortgage to a fixed-rate mortgage.

2. A one-time, non-interest bearing loan will be provided, secured by a lien on the property.

3. Repayment is due upon the sale or transfer of ownership of the property.

4. *Foreclosure assistance:* The maximum amount of foreclosure prevention assistance shall be \$15,000, which shall cover such things as delinquent payments, legal fees, appraisals and other customary fees associated with bringing the loan current. Decisions regarding foreclosure assistance shall consider whether the homeowner has the ability to make the monthly mortgage payment based on limits established in this policy.

5. *Refinancing assistance:* The maximum amount for refinancing assistance shall be \$15,000, which shall cover closing costs and interest rate buy-downs. Decisions regarding refinancing assistance shall consider whether the homeowner has the ability to make the monthly mortgage payment based on limits established in this policy. Payments will be made directly to the lending institution or the title company. Eligible expenses include principal, interest, taxes, insurance, attorney's fees, late fees, appraisals, standard refinancing closing costs and other customary fees. The County funds will be in the form of a deferred payment loan secured to the property.

6. *Switching to a fixed rate mortgage:* Households with an adjustable rate or interest-only mortgage will be provided with an opportunity to refinance into a fixed rate mortgage. Decisions regarding switching to a fixed rate mortgage shall consider whether

the homeowner has the ability to make the monthly mortgage payment based on limits established in this policy. When refinancing to a fixed rate mortgage there will be no cash back to borrower. Within the \$15,000 total limit of the assistance, the County will allow a maximum of \$2,000 in paying off of other debts in legal judgments and collections only, if by paying off those debts it brings a borrower's total debt-to-income to 47% or below. Additionally, the existing lender must be willing to accept payment from the County to bring the mortgage current.

7. Funds are made available based on a first-come, first-served, first-eligible basis.

B. REQUIREMENTS: To qualify for the program, homeowners must:

1. Live in the home as their primary, homesteaded residence.
2. Have a hardship, defined as nonpayment of the first mortgage through no fault of their own to include such things as:
 - Loss of employment, through no fault of borrower(s)
 - Substantial decrease in household income, through no fault of borrower(s)
 - Death in family
 - Temporary or permanent disability that reduces income
 - Recent divorce that reduces income
 - Unforeseen emergency home repairs
 - Natural disaster
 - Escalation of payment on a ARM or IO loan to where it is unaffordable
 - The County's Affordable Housing Office reserves the right to waive the above requirements for any type hardship that may not be listed.
3. Have a maximum household income of 120% or less of Area Medium Income.
4. Be certified by a state- or HUD-approved housing counseling agency prior to approval that the borrower has the ability to make and maintain their current monthly mortgage payment before it recommends assistance.
5. Have a debt-to-income ratio of 47% or below. The County will assist up to \$2,000 in paying off other debts as a part of the loan when necessary to bring the debt-to-income ratio down to 47%.
6. Have a housing expense ratio not exceeding thirty-five percent (35%) on the front-end and forty-seven percent (47%) on the back-end of Total Debt-to-Income.
7. For refinancing assistance only, have a total "Housing Expense Ratio" above 40%. Housing Expense is defined as: Principal, Interest, Taxes, Insurance and Mortgage Insurance, if applicable. Eligible expenses include such things as: delinquent mortgage payments (principal, interest, taxes and insurance, attorney's fees, late fees and other

customary fees) and standard refinancing costs. Funds will be dispersed to a lender or title company in the form of a lien placed upon the borrower's home.

Locate a lender who agrees to the following terms: When refinancing, the new loan must be a fixed rate mortgage not to exceed forty (40) years, and the interest rate cannot be more than one (1) point above the "Fannie Mae 60-Day Rate". Lenders fees cannot exceed two (2) percent the loan amount. Borrowers are only allowed to pay a maximum of one half of a percent (½%) of any lender fees "Paid Outside of Closing" (POC).

C. PROCEDURE:

1. Referrals to this program are from certified state- or HUD-approved housing counseling agencies. Approved agencies offer in-depth counseling to address financial and personal issues that may affect a homeowner's ability to make the mortgage payments, intervention and advocacy with mortgage servicers or lenders, financial assistance in some cases, referrals to other community services, and assistance in accessing funds from other programs that can contribute to the homeowner's financial stability. The Housing Counseling agency will determine if the borrower has the ability to make and maintain their current monthly mortgage payment before it recommends assistance and provide a written referral.
2. Upon receiving the referral, the AHO Housing Counselor will review the submitted packet and complete the "HomeSavers Client File Checklist" to determine if Requirements listed above are met.
3. The AHO Housing Counselor will contact the client to attain permission to gather required verifications and information deficiencies for the file.
4. Upon completion of the "HomeSavers Client File Checklist", the file will be forwarded for management review for adequacy and completeness.
5. Applicants not meeting the Requirements above will be called and sent an adverse action letter explaining why they do not qualify for the program.
6. For applicant files meeting the Requirements, a Check Request (See Check Request policy) will be initiated and forwarded for processing.
7. Upon receipt of the check:
 - For Foreclosure Assistance, AHO will be responsible for sending payment(s) directly to the payee(s).
 - For Refinancing Assistance, AHO reviews the HUD disclosure and follows the loan closing procedure as outlined in the First Time Home Buyer Program policy.

APPROVED BY:

Bill A. [Signature]
Director

11/19/08
Date

Case # _____

HOMESAVERS PROGRAM CHECK LIST

Homeowner: _____

Property Address: _____

Telephone: Home () _____ Work () _____

Initial Application/Inquiry Date: _____

PRESETTLEMENT ACTIVITIES

Activity Description	Task Date	Date Received/ Completed	Comments
File Opened			
Initial Interview			
Foreclosure Status (Sale Date or Deadlines Pending)			
Budget Complete			
Request Info. from Servicer			
Receive Info. From Servicer			
Counseling Complete			
HC Application			
Credit Report			
Release Form Signed			
Verification of Income /Employment			
Paystubs Received			
Supporting Documents Received			
Hardship Letter			
Workout Package Complete			
Final Response			<input type="checkbox"/> Approved <input type="checkbox"/> Denied
Workout Papers Signed			
Case Closed			

SHIP Program

Index Code _____

Fiscal Year _____