

OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT

FORECLOSURE PREVENTION PROGRAM

I. **Background**

The Foreclosure Prevention Program provides loans to eligible households to pay approved costs necessary to allow a household to prevent foreclosure. Prior to receiving assistance, the applicant must have received case management services from a HUD certified credit counselor, from an agency already receiving financial assistance from Sarasota County for financial counseling through the grants in aid program or an attorney representing Gulf Coast Legal Services or Legal Aid of Manasota. After receiving assistance the household must have an affordable mortgage defined as being a fixed rate mortgage with the household paying no more than 31% of their gross income for the mortgage, insurance and taxes. The household must demonstrate that by receiving the Foreclosure Prevention funds that they have the ability to make future mortgage payments and remain in the home.

II. **Eligible Applicants**

To be eligible to receive assistance, the applicant must meet the following conditions:

1. The total household income of all residents that will reside in the home must be less than 80% of median income for Sarasota County as determined by the Department of Housing and Urban Development (HUD), adjusted by household size.
2. The applicant must have received at least 4 hours of credit counseling from a HUD certified credit counselor, an agency already receiving financial assistance from Sarasota County through the grants in aid program for financial counseling or an attorney representing Gulf Coast Legal Services or Legal Aid of Manasota. The 4 hours may include group, telephone or individual counseling.
3. The applicant must demonstrate a hardship that caused the homeowner to be delinquent on their mortgage. Examples of a hardship include, but are not limited to:
 - a. A temporary loss of employment
 - b. A significant, unexpected medical expense
 - c. A significant, unexpected housing expense
 - d. A change in household composition
4. The applicant must be a U.S. Citizen or a permanent resident alien.
5. The applicant must demonstrate the ability to keep any mortgages on the property current after receiving the assistance.

6. If any of the applicants have a bankruptcy, it must be fully discharged before receiving assistance.
7. The applicant must own the delinquent property and have a current homestead exemption.

III. Program Requirements

All program funds must be used to assist existing homeowners in preventing foreclosure by paying up to 3 months past due or delinquent housing costs as specified in Section IV. All funds must be used in compliance with the State Housing Initiatives Partnership (SHIP) or Community Development Block Grant (CDBG) rules, depending upon the funding source.

IV. Use of Funds

Eligible expenses include delinquent mortgage payments (principal, interest, taxes and insurance), late fees, recording fees, special assessments, liens placed on the property, processing fees, and other customer fees associated with delinquent mortgages and modification of mortgage expenses and escrow shortages, and such other closing costs as the Director of the Office of Housing and Community development may deem necessary and reasonable to provide foreclosure prevention assistance.

V. Eligible Properties

All properties assisted with foreclosure prevention funds must meet the following requirements:

1. The property must be located in Sarasota County.
2. The home must be owner occupied and have a homestead exemption in the name of the applicant.
3. The property must be a single family residence, condominium, cooperative or town home.
4. The just market value of the property may not exceed \$300,000 as determined by the Sarasota Property Appraiser.
5. The home may not be a mobile home as defined by state law.
6. Following the receipt of assistance, the property may not have any judgments or liens with the exception of a hospital or mortgage lien.

VI. Maximum Assistance

The maximum amount of assistance is \$5,000. The amount of assistance that will be provided is the minimum amount necessary to permit an

applicant to restructure their mortgage or monthly payment so that the household members are able to remain in the home.

VII. Terms and Conditions

The Foreclosure Prevention Assistance will be provided to the homeowner as a loan, with a 0% interest rate. A lien will be placed on the property for the full amount of the loan, payment of which will be deferred until the home is sold, transferred, the applicant is no longer the primary occupant of the home or 5 years has elapsed since the receipt of the loan, whichever occurs first. If the Foreclosure Prevention Assistance loan has not been paid by the fifth year anniversary of receipt of the loan, the applicant must repay the loan amount in its entirety, enter into a monthly repayment plan or apply to have the loan deferred for an additional 5 years. The decision on whether the applicant will repay the full amount, enter into monthly repayments or have the loan deferred for an additional 5 years will be made by the Director of the Office of Housing and Community Development based upon the applicant's ability to pay.

VIII. Application Process

Applications will be accepted when funds are available and following public advertising on a first come, first served basis until all funds are expended. The actual application must be submitted by a HUD certified credit counselor, from an agency already receiving financial assistance from Sarasota County for financial counseling through the grants in aid program or an attorney representing Gulf Coast Legal Services or Legal Aid of Manasota. The HUD counseling agency, financial counselor or attorney must work with the first mortgage lender to make the mortgage affordable to the household. A mortgage is considered affordable when the mortgage, taxes and insurance do not exceed 31% of the applicant's gross family income. Sarasota County funds will only be utilized as a last resort if a gap in funding exists.

IX. Evaluation and Underwriting

The Director of the Office of Housing and Community Development is authorized to approve eligible applicants in conformance with the SHIP and / or CDBG regulations consistent with these policy guidelines.

The assistance will only be provided if the participating household has a fixed rate mortgage or is able to modify any adjustable rate mortgage to a fixed rate mortgage. Balloon mortgages or negatively amortized mortgages must be modified to a regularly amortized mortgage loan.

X. Closing Process

When all conditions have been met, the Office of Housing and Community Development will coordinate a closing. The Office of Housing and Community Development will prepare the mortgage and note to protect the program's financial contribution.

XI. Administration of the Program

The Director of the Office of Housing and Community Development will administer the Foreclosure Prevention Program consistent with these policies. In the event an affected party believes that the Office of Housing and Community Development is not interpreting these policies correctly, the affected party must request a meeting with the Director to discuss and seek resolution of the conflict.

If, following a meeting with the Director, the issue remains unresolved, the affected party will have the ability to appeal the Director's decision to the City / County Management Staff as defined in the Interlocal Agreement for the Cooperative Administration of Housing and Community Development Programs. The written appeal must be filed with the Director within 15 days of the meeting with the Director. The affected party must, in writing, describe the issue and the reason they believe the interpretation is not accurate. The City / County Management Staff will consider the request, within 45 days, and make a final decision. **The decision of the City/County Management Staff is final and may not be further appealed.**

XII. Conflicts with State and Federal Law

In the event these policies are found to conflict with State or Federal law or the rules of the Florida Housing Finance Corporation, now or in the future, the State or Federal law or rules of the Florida Housing Finance Corporation will take precedence. The Director of the Office of Housing and Community Development is authorized to amend these policies to the extent necessary to make these policies consistent with state or federal law or the rules of the Florida Housing Finance Corporation. Within five working days of making any changes to these policies, the Director must notify the City / County Management Staff with a description of the changes made to these policies and the reason for any changes.

XIII. City / County Management Staff Approval Authority

The City/ County Management Staff is authorized to evaluate and approve any request that deviates from these guidelines if such a request

demonstrates that it is in the best financial interest of the Office of Housing and Community Development program.