

Key SHIP Concepts Eligible Housing

SHIP Statutory Definition: "Real and personal property... intended for the primary purpose of providing... residential units"



 New construction or Existing homes

Townhome, Condo, Modular Home built to FL Building Code, Mobile Home after 1994



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Types of SHIP Purchase Assistance

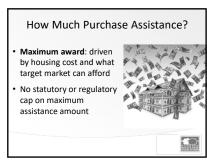
Only Closing Costs: for buyers who fully qualify for amount of purchase price \$225,000 Sales Price \$225,000 First Mortgage

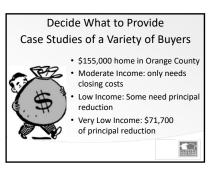
Also Down Payment & Principal Reduction: many buyers need GAP financing EXAMPLE: \$225,000 Sales Price \$190,000 First Mortgage \$35,000 SHIP fills the gap

Very Low Income (VLI)
Purchase Example
\$120,000 Purchase Price
and Closing Costs
Sources to pay for this house
\$80,000 First Mortgage
(monthly payment \$655)
\$10,000 SHIP Purchase Assistance
\$10,000 HOME Purchase Assistance
\$4500 Individual Development Account
\$15,000 Family contribution
\$500 Church contribution

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Definition of Affordable • SHIP Definition: "Affordable" means that... monthly mortgage payments including taxes and insurance do not exceed 30 percent of that amount [on the income limits chart]" • "...housing for which a household devotes more than 30 percent of its income shall be deemed affordable if the first institutional mortgage lender is satisfied



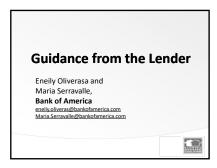


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Challenges for Some VLI Buyers



The Lender Perspective

- Lender's role with assisting VLI Buyers
- It takes longer to assemble mortgage applications for some VLI buyers. Why should a lender be interested?
- · How can local government buyer programs work best with Lender's products?

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Our Approach

- It's a partnership. We are part of a team that has to be on the same page - buyers, sellers, lenders, realtors, title agents and the City.
- Be proactive; communicate; provide as much information as possible.
- Our role is to guide the homebuyer through the process and to serve as the liaison for all
- The purpose of the program is not just to meet SHIP encumbrance and expenditure deadlines. It's about helping people achieve affordable homeownership.

Program Overview

- Accept applications on ongoing basis, use a waiting list system. Ongoing outreach to lenders, realtors, housing authorities, other local governments and nonprofit agencies to help meet set-aside requirements.
- · High cost area, affordable unit type is condominium. Assist all income categories: subsidy range is \$25,000 -\$95,000, based on

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More Program Overview

- Applicants need \$2,500 in verified accounts for the last three months, to confirm buyer minimum contribution of 1% and to ensure buyers have actual savings
- Funds are leveraged with first mortgages provided by a lender. Maximum ratios of 35% and 45%; additional lender funds for closing costs.
- Usually SHIP funds comprise less than 50% of mortgage financing. However, to ensure affordability for VLI applicants, the City may provide the majority of financing - sometimes up to 70% of the purchase price.

Our Purchase Assistance Process

- Applicants complete a homebuyer class, obtain first mortgage pre-approval, submit complete SHIP application.
- City file review and third party verifications.
- SHIP Income Certification (with 30 days to provide loan documentation).
- Obtain and review full loan documents (1003,1008/loan estimate); loan types/lender options.
- · If satisfactory, SHIP approval letter is issued and funds are encumbered for the applicant for 60 days; approval includes affordability information (maximum price/payment information and loan estimate).
- Coordinate with realtors and buyers during proper to ensure property is eligible and contract execution/extensions (if needed).

Our Purchase Assistance Process

- Lender appraisal and underwriting/property review process; buyer home inspection; coordinate with title company regarding closing requirements.

 Lender and City final review; prepare for closing; buyer final walk-through; City closes SHIP loan; title company closes first mortgage.
- cross Irist mortgage.

 Rehab work completed. Requires homeowner to obtain three written estimates for all items over \$250, obtain proof of contractor license, insurance and permits, and to review/approve work completed prior to paying contractor before requesting SHIP relimbursement.
- Scope of ongoing home maintenance is narrowed by HOA responsibility and HOA fees are included in the affordability calculation.

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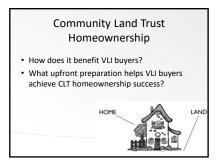
Post Purchase Protections On an annual basis, we review public records to confirm ownership, occupancy/homestead exemption and status of property. City mortgage and note include a clause restricting further encumbrances on the property without City prior approval. City has a loan subordination policy that establishes the criteria for subordination for refinances to help ensure continued affordability. Ongoing availability for SHIP homeowners for questions related to property ownership including property taxes, insurance, first mortgage matters, property maintenance, refinancing or sale of property.

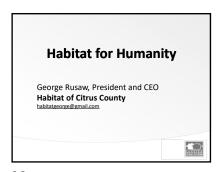




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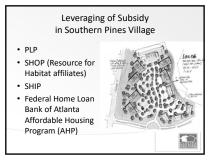


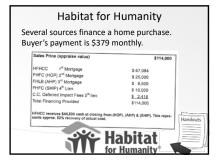




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