

# Frequently Asked SHIP Questions

## State Housing Initiatives Partnership Program

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**QUESTION:** I have an applicant who has multiple transactions of cryptocurrency and investment accounts receiving and sending funds into the bank account. Can you clarify if cryptocurrency should be counted as an asset or income?

**ANSWER:** A cryptocurrency account should be treated as an asset and should be listed among assets on the RIC, where the cash value of the asset should be converted to real dollars. If an applicant provides a screenshot of their account balance from an online account, it will likely contain the cash value of the cryptocurrency. Use the cash value identified in a current screenshot as the cash value of the asset to be included on the RIC. If there is no cash value listed, determine “cash out” his/her “wallet” (the place where virtual currency can safely be stored) using a crypto exchange. Crypto converters can be found online and can be used to convert the cryptocurrency amount to real dollars using an exchange rate. If there are any costs incurred in converting the asset to cash (any fees for example) they should be subtracted to determine the cash value.

**QUESTION:** If a client currently works for the State of Florida or a local government and is eligible for the Florida Retirement System (FRS), is the retirement account counted as an asset? If so, what is the best way to verify this retirement asset?

**ANSWER:** FRS-enrolled employees do not have access to their retirement accounts unless they retire or their employment is terminated, regardless of their vestment status. Florida Housing’s monitoring staff request that SHIP staff identify the retirement accounts on an income certification form (also called a RIC). The cash value should be \$0.00 because the funds are inaccessible to the applicant.



**QUESTION:** If an applicant’s Social Security Award letter states that she is disabled and therefore receives SSI, is that sufficient documentation to show compliance with the Special Needs Set-Aside? Is any other documentation needed, like something from a medical provider?

**ANSWER:** The SHIP program’s Special Needs Set-Aside requires spending at least 20 percent of the annual SHIP allocation on “Persons with Special Needs,” defined in section 420.0004, Florida Statutes. While the definition addresses several types of special needs—including individuals with disabilities, youth aging out of foster care, and survivors of domestic violence—the key part of the definition related to your question is “a person receiving benefits under... the Supplemental Security Income (SSI) program.” The SS award letter that states that they receive Supplemental Security Income (SSI) is sufficient to document that the applicant’s assistance complies with the special needs set-aside.

**QUESTION:** Is seller financing allowed under the SHIP program?

**ANSWER:** Seller-financing has inherent risks, especially for homebuyers who may not understand the full details of the transaction. Use this as a guide to protect homebuyers from common pitfalls, such as balloon payments and excessively high-interest rates. **Administrators should consult with their City or County Attorney prior to assisting seller-financed transactions.** Follow these guidelines, along with all other state or local SHIP requirements, to use SHIP funds on seller-financed affordable units:

- ❖ **Fixed-Rate:** The seller-financed mortgage must provide for equal monthly payments on principal and interest for a term of up to 30-years. No balloon payments are allowed, and there cannot be prepayment penalties.

❖ **Interest rate:** A local government must set a reasonable maximum interest rate based on an established index such as but not limited to the 30-Year Fixed-Rate published by Fannie Mae, the Wall Street Journal Prime Rate, or the MIRS Transition Index for the most recent month prior to closing as published by the Federal Housing Finance Agency.

❖ **Ability to repay:** The local government must document that the buyer has the ability to repay the loan. The SHIP file must provide assurances that the buyer can repay the loan pursuant to local SHIP policies.

❖ **Deed conveyed at closing:** The seller must convey the deed to the buyer at closing. SHIP assistance is not available for transactions involving land installment contracts, contract for deeds, or similar legal mechanisms that only convey legal title to the buyer upon full satisfaction of the mortgage.

❖ **Property must be sold as fee simple:** Fee simple is a legal term that means full and irrevocable ownership of land, and any buildings on that land. The land is owned outright, without any limitations or restrictions, other than local zoning ordinances. However, a house purchased with financing from a Community Land Trust, where the land is leased and only title to the house is transferred, would be an exception.

❖ **Taxes and Insurance:** Local government must identify which party is responsible for paying any applicable taxes or insurance. Local policies will dictate whether escrow is required and what process is taken to confirm that taxes and insurance are paid in a timely manner.

❖ **Communication of the nature of the transaction:** Local government must ensure the buyer and seller understand the nature of the transaction. The SHIP office could show this by requiring the transaction to occur at a title company or real estate attorney's office with real estate professionals present to ensure both parties understand the nature of the transaction.

❖ **Financing compliance:** The parties must confirm that the financing complies with the Dodd-Frank Wall Street Reform and Consumer Protection Act requirements related to seller financing of residential dwellings and relevant Florida laws regarding loan origination.

❖ **No liens or encumbrances:** At time of closing, the property must be free and clear of all outstanding liens and encumbrances. This is to protect a buyer from purchasing property that the seller has encumbered.

❖ **Maximum purchase price:** The purchase price cannot exceed the current purchase price limits in the Local Housing Assistance Plan (LHAP).

❖ **Eligible housing:** The property must meet the definition of "eligible housing" in section 420.9071, Florida Statutes. The SHIP office must ensure the assisted units are safe and sanitary based on local policies and in accordance with SHIP requirements.

❖ **Purchase agreement:** The purchase agreement must expressly denote the terms of financing. This includes the interest rate, term, payment, and default provisions.

**MORE GUIDANCE IN TECHNICAL BULLETINS |** Florida Housing Finance Corporation provides SHIP-specific written guidance in Technical Bulletins. Some of the more recent bulletins have addressed the subjects of record retention, NOFA advertisements, and SHIP audit and monitoring requirements. You may access the bulletins on Florida Housing's Website [www.floridahousing.org](http://www.floridahousing.org). Find SHIP by selecting Programs and then Special Programs from the pull-down menu, advertisements, and SHIP audit and monitoring requirements.



**Michael Chaney** is a Technical Advisor for the Florida Housing Coalition with 27 years of experience providing technical assistance. Chaney co-wrote the Coalition's Disaster Preparedness Manual and has assisted the statewide network of SHIP administrators with disaster response, first during the 2004 hurricane season and most recently in response to Hurricanes Irma, Matthew, Hermine and Sally. Michael has offered foreclosure prevention training and has served as a Neighborworks instructor for Florida-based 5-day certification trainings for housing counselors. Mr. Chaney holds a Bachelor's degree from Loyola University in New Orleans and a Masters of Social Work Administration from Florida State University, where he has served as an adjunct faculty member of the housing department.