

**PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS**

AGENDA ITEM SUMMARY

Meeting Date: April 3, 2012 Consent Regular
 Ordinance Public Hearing

Department: Department of Economic Sustainability

I. EXECUTIVE BRIEF

Motion and Title: **Staff recommends motion to approve:** a technical revision to the State Housing Initiative Partnership (SHIP) Program Local Housing Assistance Plan's Foreclosure Prevention Strategy.

Summary: The technical revision to the Foreclosure Prevention Strategy will allow an income eligible applicant to receive up to a maximum award of \$15,000. This increase is necessary because requests for assistance have consistently been exceeding the current maximum award of \$10,000. Palm Beach County is partnering with neighboring U.S. Department of Housing and Urban Development (HUD) approved housing counseling agencies to provide mortgage delinquency and default resolution counseling services to income certified families seeking foreclosure prevention assistance. The revision will allow for a \$500 project activity delivery fee for counseling agencies, and a direct assistance allocation up to \$14,500 to assist with delinquent mortgage payments, including late fees, attorney's fees, homeowners association fees, special assessments, other associated foreclosure costs, property taxes and homeowners insurance. This proposed revision will help reinstate additional loans at risk of foreclosure, and maintain affordable homeownership. **These are State SHIP grant funds which require no local match.** (B&HA) Countywide (TKF)

Background and Justification (or Policy Issues): On April 20, 2010, the Board of County Commissioners approved (R-2010-0619) the SHIP Local Housing Assistance Plan for Palm Beach County. Currently, the goal of the Foreclosure Prevention Strategy is to provide financial assistance to income eligible applicants to avoid foreclosure by paying delinquent mortgage payments: principal, interest, taxes, and insurance (PITI), including late fees, attorney's fees, homeowners association payments, special assessments, other foreclosure associated costs, homeowners insurance, up to the maximum \$10,000 award.

Attachments:

1. Amended Foreclosure Prevention Strategy in ~~strikethrough~~/underline format

Recommended By: Edward B. Brown 3/13/2012
Department Director Date

Approved By: Sharon Q. Brown 3-26-12
Assistant County Administrator Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2012	2013	2014	2015	2016
Capital Expenditures					
Operating Costs					
External Revenues					
Program Income					
In-Kind Match (County)					
NET FISCAL IMPACT					

# ADDITIONAL FTE POSITIONS (Cumulative)					
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Is Item Included In Current Budget? Yes _____ No _____

Budget Account No.:

Fund _____ Dept _____ Unit _____ Object _____ Program Code/Period _____

B. Recommended Sources of Funds/Summary of Fiscal Impact:

No fiscal impact

C. Departmental Fiscal Review:

Shairette Major
 Shairette Major, Fiscal Manager I

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Development and Control Comments:

[Signature] 3/16/2012
 OFMB
 3/16 JB

[Signature] 3/22/12
 Contract Development and Control
 3-21-12 Bid Preparer

B. Legal Sufficiency:

[Signature] 3/22/12
 Senior Assistant County Attorney

C. Other Department Review:

 Department Director

**Palm Beach County Local Housing Assistance Plan
Amended Strategy: FY 2007-2010 & 2010-2013**

Name of the Strategy: FORECLOSURE PREVENTION

1. **Summary of the Strategy:** Funding will be provided to income eligible single family owner occupied households who are facing foreclosure, to preserve and maintain homeownership within the targeted income groups. The goal of this strategy is to avoid foreclosure by paying the maximum award amount to assist with delinquent mortgage payments (PITI), including late fees, attorneys' fees, homeowners' association payments, special assessments, other foreclosure associated costs, property taxes, homeowners insurance, and mortgage delinquency and default resolution counseling.

Comment [d1]: 1. Page 17 D. Foreclosure Prevention Strategy (a): Plan text states that included in eligible awards are homeowners' association payments. (1st paragraph). However, in the 2nd paragraph, plan text states that "association fees" must be current and up to date. Suggest revising to differentiate between "association payments" and "association fees."

Funding for property taxes and homeowners insurance will be provided only if they are currently escrowed or will become escrowed as a result of receiving assistance.

2. **Fiscal Years Covered:** 2010-2011; 2011-2012; 2012-2013.
3. **Income Categories to be served:** Very Low, Low, and Moderate
4. **Maximum Award:** ~~\$40,000~~ \$15,000 for very low, low, and moderate income families. The amount awarded is what is needed to reinstate loans and maintain affordable homeownership.
5. **Terms, Recapture and Default.** Funding in the amount of ~~\$40,000~~ \$15,000 or less will be in the form of a deferred payment zero percent (0%) interest loan secured by a Mortgage and Promissory Note for a period of five (5) years, without amortization. No payment is required as long as the home remains the primary residence of the applicant. If the home is sold, title is transferred (voluntarily or involuntarily) or the home ceases to be the primary residence of the applicant during the term of the mortgage, the entire amount of the loan shall become immediately due and payable.

A subordination of this deferred payment mortgage will only be approved under the guidelines of the Subordination Policy established by Palm Beach County's SHIP Program.

6. **Recipient Selection Criteria.**
 - Income eligible applicants will be selected on a first-come, first qualified, first served basis, subject to funding availability.

1 Foreclosure Prevention Strategy
April 3, 2012 Amendment to LHAPs

- Applicants must be very low, low, or moderate income homeowners and the property must be owner-occupied.
- Applicants must verify the ability to avoid default by showing that the 1st mortgage lender is willing to stop foreclosure upon assistance being provided.
- The homeowner must demonstrate their ability to make future mortgage payments after assistance is received.
- The application process will include a review of the funding request and the cause of the delinquency. Applicant must prove that the delinquency is due to considerable loss of income, unexpected medical expenses, or unanticipated home repairs or costs associated with increases escrows.
- Participants can only receive assistance once.
- Fair Market Value of the property may not exceed the established maximum sales price.

Comment [d2]: 1. Page 19
Foreclosure Prevention Strategy
(f) Recipient Selection Criteria:
4th bullet; Suggest revising
sentence and adding unexpected
medical expenses as a cause for
delinquency. Restructure sentence
to delete "significant change in
family structure"; Sentence
should read "Applicant must prove
that the delinquency is due to
considerable loss of income,
unexpected medical expenses, or
unanticipated home repairs."
Last bullet has a typographical
error and should read "Fair
Market..."

7. **Sponsor Selection Criteria.** N/A

8. **Additional Information.** SHIP funds may be leveraged with other private funding and local funding