



ROUNDTABLE ORIENTATION FOR LENDERS, REALTORS, TITLE COMPANIES & HOUSING PARTNERS

**Presented By:
Palm Beach County
Department of Housing and Economic Development
Mortgage & Housing Investments (MHI)
September 2024**

AGENDA

- I. Introduction**
- II. Purpose**
- III. Program Description and Overview**
- IV. Processing/Underwriting**
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- XVIII. WHP Orientations**
- XIX. Processing/Underwriting**
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- XXI. Adjourn**

MEET THE MHI TEAM

Dorina Jenkins-Gaskin, Division Director III
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PURPOSE

- ▶ The purpose of this roundtable orientation is to educate all interested parties on the steps required to effectively process transactions involving the Purchase Assistance Housing Programs made available to income eligible homebuyers.
- ▶ Provide information about program requirements, file processing and closing procedures.

Purchase Assistance Program Description

Funding will be available to income eligible first-time homebuyers for purchase assistance with or without rehabilitation or new construction. SHIP/HOME funds will be awarded to assist with gap financing, lot acquisition; down payment; rehabilitation of the unit to be purchased; and closing costs.

- **Maximum Award** - Up to \$100,000 **(NOTE: Subsidy is reserved, not guaranteed.)**
- **Maximum Purchase Price** – \$568,557

Additional information:

- Applicant must secure a first mortgage **pre-approval** from a lender.
- Applicant may attend a pre-application orientation hosted by HED.
- Once income certified, applicants are required to attend a mandatory phase II orientation.
- Applicant may not currently own assets exceeding \$200,000 and/or combination of liquid and non-liquid assets exceeding the current purchase price limit
- Funds will be awarded as a 0% interest deferred payment loan secured by a recorded mortgage, promissory note and declaration of restrictions for 30-years. **The loan is forgiven at the end of the 30-year term.**
- **PBC Debt to Income Ratios are 35% max for housing payment and 45% max for all debts**
- The PBC loan will be in default if the property is sold, rented or failure to occupy home as primary residence

Processing/Underwriting

Borrower Required Contribution into Transaction- All borrowers are required to contribute at least **3.5%** (SHIP Program) **OR 2.5%** (HOME Program) of the purchase price and repairs. Gift funds may be used, however, the source of the applicant's contribution must be documented.

Commitment Letter- Must be issued from the lender. Broker letter will not be accepted.

Origination Fee-Maximum Mortgage/Brokers fees cannot exceed **1.75%** of the loan amount; combining fees such as application, loan origination, discount points, underwriting, mortgage rate lock, loan processing, broker rebate, administration, lender document prep and broker compensation cannot surpass the **1.75%**

Payment or Refinance of Personal Debt- DPA cannot be used to pay off or refinance debt.

Borrower Responsibilities- Documents Required from the Borrower

Most current paystub, most current bank statements, home inspection, WDO/termite inspection, lead inspection (if structure is built prior to 1978), septic tank and well water inspection report, paid-outside-of-closing receipts and HOA approval letter.

Processing/Underwriting (Cont.)

Documents Required from the Title Company:

- ▶ Title commitment (*1st and 2nd mortgage*)
- ▶ Closing Disclosure and HUD/ALTA Settlement Statement
- ▶ Closing Protection Letter (*1st and 2nd mortgage*)
- ▶ Survey and Invoice (*If applicable*)
- ▶ Wire instructions (*on bank or Title Company letterhead to include telephone number*)
- ▶ W-9 form (*2024 form or newer*)
- ▶ Homeowner Association Approval (*If applicable*)

NOTE: The following Palm Beach County Mortgagee Clause is required on Title Commitment, CPL, Survey and Homeowner's Insurance:

***❖ Palm Beach County, Mortgage and Housing Investments,
its successors and/or assigns ATIMA,
100 Australian Avenue, 5th Floor
West Palm Beach, FL 33406***

Making The Numbers Work (Processing/Underwriting)

Maximum Subsidy Reserved - The maximum subsidy is not guaranteed. Palm Beach County will only lend what is necessary to make the cost of the home affordable.

Lender/Underwriting Documents –**1003** and **1008** loan documents with qualifying ratios, conditional loan approval letter, appraisal, homeowners insurance, and flood insurance if applicable.

Income - Palm Beach County projects income going forward 12 months

Borrower(s) Required Housing Expense For Front-End Ratios:

- ▶ Very-Low Income Category **25%-27%**
- ▶ Low Income Category **28%-30%**
- ▶ Moderate Income Category **31%-35%**
- ▶ **Total Housing Max Ratio** **35%**

Borrower(s) Total Debt Back-End Ratios:

- ▶ **Total Debt Ratio** **45%** (all ratios over require the Director's approval)

HOMEBUYER INSPECTION REQUIREMENTS

All inspections are required to protect the homebuyer. The homebuyer is responsible for costs incurred and these costs will be credited, **not** refunded, towards the minimum contribution.

- ❑ Independent private home inspection;
- ❑ Wood Destroying Organism (Termite Inspection);
- ❑ Lead Based Paint Inspection (properties built prior to 1978);
- ❑ Well Water and septic tank inspection (if applicable)

PALM BEACH COUNTY INSPECTION PROCESS

- ❑ The County Inspector will schedule the UPCS Inspection with the necessary parties when convenient for all. **NOTE:** There is no cost for the Uniform Physical Condition Standards (UPCS) Inspection
- ❑ Once requested, it can take up to ten (10) business days to receive an inspection report.
- ❑ If the property passes inspection, the file moves forward with processing for closing
- ❑ If the property fails inspection (with required corrections), the seller maybe required to complete the repairs prior to closing (or) the repairs may be added to the borrower's rehabilitation component (**only if entire subsidy is not used for the purchase**)
HOME fund repairs cannot exceed \$5,000.00

NOTE: DO NOT request a re-inspection until **ALL** failed items have been addressed

PALM BEACH COUNTY INSPECTION PROCESS (Cont.)

- ❑ If required rehabilitation/repairs per county UPCS inspection exceed \$10,000.00 (SHIP), a scope of work will be developed and bid for work to be completed by an approved contractor. The bid process may take up to 3-4 weeks.
- ❑ A scope of work and bid for work will be provided by an approved contractor.
- ❑ When bid is awarded, the file will proceed with processing for closing.
- ❑ If required rehabilitation/repairs per County UPCS inspection is below \$10,000.00 (SHIP), at least two (2) estimates can be submitted from licensed and insured contractors for review and approval by PBC staff

Property Selection

Eligible properties are:

- New construction or existing single-family homes (excluding mobile homes);
- Condominiums and/or townhomes will be considered based upon lender approval;

NOTE: If rehabilitation is necessary, the repair amount shall be set-aside, until the work is completed.

***Total funding amount shall not exceed the maximum allowable award.**

- Investor owned properties, first must be approved by the first mortgage lender; the appraisal must line up with the sale's price; all improvements and repairs must be documented. Contracts will be reviewed on a case-by-case basis.
- The selected property must be located in Palm Beach County, and meet all applicable building codes. Deficiencies must be corrected prior to, or as part of the purchase transaction. In the case of new construction, a Certificate of Occupancy (CO) is required prior to occupancy.

NOTE: If the property is located *Boca Raton, Boynton Beach, Delray Beach, Wellington or West Palm Beach*, the applicant **MUST** first seek funding from that city. If no funding is available, applicants **MUST** submit written documentation from that city stating no funding is available for purchase assistance for their income category.

*If the applicant seeks to use land, land improvements or any other equity that is not considered cash as the required match, then staff of HED shall review the subsidy request.

Process Overview

Getting Started

- Complete & submit online Application and required documents
- Income Certification
- Maximum Subsidy Reserved

Contract Submittal

- Property Selection
- Submit Executed Contract w/Cover Form
- Provide Proof of Earnest Deposit
- County Inspection Process/Report
- Borrower minimum contribution

Processing

- Title Documents
- Underwriting Documents
- Borrower Responsibilities

2024 Annual Income Limits

FY 2024 Area Median Family Income \$104,000

Number of Persons in Household	Extremely Low Income (30%)	Very Low Income (50%)	Low Income (80%)	Moderate Income (120%)	Moderate Income (140%)
1	\$22,550	\$37,500	\$60,000	\$90,000	\$105,000
2	\$25,750	\$42,850	\$68,550	\$102,840	\$119,980
3	\$28,950	\$48,200	\$77,100	\$115,680	\$134,960
4	\$32,150	\$53,550	\$85,650	\$128,520	\$149,940
5	\$36,580	\$57,850	\$92,550	\$138,840	\$161,980
6	\$41,960	\$62,150	\$99,400	\$149,160	\$174,020
7	\$47,340	\$66,400	\$106,250	\$159,360	\$185,920
8	\$52,720	\$70,700	\$113,100	\$169,680	\$197,960
9	Refer to HUD	\$74,970	\$119,952	\$179,928	\$209,916
10		\$79,254	\$126,806	\$190,210	\$221,911

Maximum income limits for the HOME First Time Homebuyer Program

PRE-CLOSING PROCESS

- ❑ Submittal of Contract Documents
 - ❑ Applicants name on ALL required documents **must match** the official identification (i.e. Drivers License or State issued ID) provided at income certification.
 - ❑ **A minimum of forty-five (45) days is required** from receipt of the executed contract, a fully completed correct contract cover form, a private Home Inspection, a WDO/Termite inspection, earnest money deposit receipt and Escrow letter from Title Company
- ❑ Submittal of Title Documents
- ❑ Submittal of Lender Documents
- ❑ Once staff is in receipt of all required documents listed above, staff will begin to process file to meet the program guidelines.
- ❑ Next, the file is submitted for Notice to Proceed (NTP) with the final subsidy amount.
- ❑ The NTP will be sent to the lender. Upon distribution of the NTP, five (5) business days are required to close the file.

Notice To Proceed

After all documents are received and approved, a Notice to Proceed is issued.

- ▶ The Notice to Proceed (NTP) notifies ALL parties that Palm Beach County is ready to begin the **Closing** process.
- ▶ PBC requires a minimum of **five (5)** business days from the issuance of the Notice to Proceed to close the file.

NOTE: Prompt submittal of documents is in the best interest of all parties and gives closing staff sufficient time to meet closing deadlines.

The Closing Process

- ▶ The closer will send closing instructions to the lender and the title company.
- ▶ The closer will work closely with the closing agent of the title company to gather the necessary documents to help move the file to the finish line. During this part of the process, subsidy may be increased or decreased if necessary.
- ▶ County staff will review and approve the HUD-1/Settlement Statement and Closing Disclosure.
- ▶ Once final approval is received, the wire request and closing package will be prepared and routed for signatures to be submitted to the Finance Department.
- ▶ Once required signatures are received, staff will submit closing documents to Title Company.

The Wiring Process

- ▶ Once the applicants have closed, the following executed documents are to be submitted, via email, to the closer to begin the Wire Release Process:
 - ❑ Signed Final HUD-1 Settlement and Closing Disclosure
 - ❑ Copy of Borrower(s) funds to close
 - ❑ Signed PBC Mortgage, Note and Declaration of Restrictions
 - ❑ MHI Subordination Agreement
 - ❑ Copy of Warranty Deed and Survey
- ▶ **Timeline:**
 - ❑ If ALL the above executed documents are received after 1:00 pm, the wire released may take up to 48 hours.
- ▶ When the wire has been released, the Closer will notify the Title Company and send a copy of the wire.

NOTE: Please DO NOT contact Finance Department regarding an update on the Wire Release. Always contact the assigned Closer or MHI's Supervisor/Manager.

Delays with Processing/Closing

Loan Documents:

1. Housing/debt ratios not in compliance with program requirements
2. Incorrect insurance amount
3. Submitting a quote instead of an actual insurance binder
4. Having credit card debt on 1003 to be paid at closing
5. Amount of subordinate financing missing or different on the 1008/1003
6. Required County repairs per Uniform Physical Condition Standards (UPCS) Inspection Report
7. Earnest Deposit amount missing from 1003 (Details of Transaction-Other Credits)
8. “Other” no specific description of amount on 1003 (Details of Transaction-Other Credits)
9. Cash to Borrower is not allowed under any circumstances
10. Borrower does not have enough funds to close
11. Providing correct Final CD and HUD

SHIP funds “will not” be used to pay for per diem or any other activities if file does not close on time

Delays with Processing/Closing (Cont.)

Title Documents:

- ▶ Title documents missing/incorrect information
 1. Missing Palm Beach County's mortgagee clause
 2. Incorrect loan amount
 3. POC's added to the ALTA / HUD I Statement
- ▶ Wire Instructions
 1. Missing, incorrect or incomplete information
 2. Wire Instructions **not** on Bank Letterhead or Title Company Letterhead
 3. Wire Instructions missing Bank and/or Title Company's telephone number
- ▶ Title Company's delay in submitting completed W9 Form

To Whom It May Concern:

Re: ACH or Wire Transfer Information
(New Template and Non-Recurring)

In order to ensure the timely processing of your ACH or Wire transfer requests, please be advised that the following **wire instruction information is required** and should be included with your transfer request. **The wire instructions must be provided by the Beneficiary's bank on official bank letterhead. Please ensure that the wire instructions are the most up-to-date.**

Bank Name
Bank Address
Bank phone number
Bank ABA number (routing number) for wires

Beneficiary Account Name(s)
Beneficiary Address
Beneficiary Phone number
Beneficiary Account Number

Additionally, if the outgoing wire is **time-sensitive**, please indicate the **settlement date and time on your request.**

Regards,

BORROWER RESPONSIBILITY

- ❑ It is the sole responsibility of the borrower, ***not Palm Beach County*** to pay any and all fees associated with a contract or contract extension that surpasses an original closing date.



Purchase Assistance Housing Programs

Questions, Concerns, Answers
(Q & A)

What is Workforce Housing?



Workforce Housing Program (WHP) is a mandatory program that provides for the development of workforce housing units in all new residential developments within the unincorporated Palm Beach County (in the Urban Suburban Tier).

WHP is intended to serve the housing needs of people employed in the jobs that the general population of the community relies upon to make the community economically viable.

INCOME GUIDE

- Buyer must meet the following Household income ranges, and purchase a home in an approved development that does not exceed the sales price listed below.

2024	Low Income (60% - 80% AMI)	Moderate -1 Income (>80% - 100% AMI)	Moderate -2 Income (>100% - 120% AMI)	Middle Income (>120% - 140% AMI)
Household gross Income	\$62,400 - \$83,200	>\$83,200 – 104,000	>\$104,000 - \$124,800	>\$124,800 – 145,600
Sales Price	\$218,400	\$280,800	\$343,200	\$405,600
Maximum Subsidy Assistance	Up to \$58,968 or Up to 27%	Up to \$56,160 or Up to 20%	Up to \$51,480 or Up to 15%	Up to \$40,560 or Up to 10%
Minimum Buyer Contribution	2.5%	3.5%	3.5%	3.5%

* This chart is effective July 1, 2024 and may change annually and will affect buyers that are not already under contract.

** Maximum assistance is a percentage of the Sales Price

*** The final amount of assistance provided by the county will be determined by the program requirements, which include (but not limited to) underwriting criteria, household income and assets.

Workforce Housing Development Locations



Interested buyers must take part in a mandatory WHP introductory orientation.

Registration link for the orientation - <https://survey.pbcgov.com/s3/HED-Registration>



WHP 2024 Mandatory Orientations

Upcoming Virtual Orientations:

- **October 15, 2024 @ 2:00pm**
- **November 14, 2024 @ 10:00am**
- **December 12, 2024 @ 10:00am**

Log into this website to register:

<https://survey.pbcgov.com/s3/HED-Registration>

WHP Processing/Underwriting

Borrower Required Contribution into Transaction - Low income borrowers are required to contribute **2.5%** and all other borrowers are required to contribute at least **3.5%** of the Purchase Price.

Origination Fee - Maximum Mortgage/Brokers fees cannot exceed **1.75%** of the loan amount; combining fees such as application, loan origination, discount points, underwriting, mortgage rate lock, loan processing, broker rebate, administration, lender document prep and broker compensation should not surpass the **1.75%**

Refinance - DPA cannot be used to payoff or refinance debt.

Borrower Responsibilities - Documents Required from the Borrower
Most current paystub, most current bank statements and HOA approval letter (if applicable).

Borrower Housing Expense Ratios: The same for all income categories

- ▶ **Front-end (housing debt)** **30%-35%**
- ▶ **Back-end (all debt)** **48% (max)**

Workforce Housing Program (WHP)

Questions, Concerns, Answers
(Q & A)

ADJOURN

Thank You for Attending

Jonathan B. Brown

Department Director

Dorina Jenkins-Gaskin

MHI Division Director

Additional Questions Contact

Antoinette Prescott @ (561)233-3606,) Rommel Sankhi (561)233-3693
(OR) the Receptionist @ (561)233-3600
Email: HEDverify@pbcgov.org