



# Bay County Purchase Assistance Program

## Realtor/Lender Guidance

### Summary

Bay County is currently accepting applications for the Purchase Assistance Program. Eligible homebuyers can receive up to \$50,000 towards purchasing a home located in Bay County. With feedback received from the community, a streamlined process engaging realtors, lenders, and homebuyers has been implemented to create homeownership opportunities within Bay County.

### Pre-Screening for Homebuyer Eligibility

Homebuyers applying to the Bay Purchase Assistance Program will be served on a first-qualified, first-served basis. Homebuyers interested in applying for Purchase Assistance should first work with lenders to determine initial eligibility and obtain a pre-approval letter in the amount of \$125,000 or greater prior to applying. Initial eligibility includes:

- **Homebuyer Education:** Prior to receiving assistance, applicants must complete a mandatory homebuyer education course. Applicants may apply; however, the course must be completed prior to closing on a home. Bay County, through the University of Florida, Institute of Food and Agricultural Sciences Extension (UF/IFAS), offers homebuyer education courses. To register, please contact the Bay County UF/IFAS Center at (850) 784-6105.
- **First-Time Homebuyer:** Applicants seeking Purchase Assistance from Bay County must be first-time homebuyers. According to the State Housing Initiatives Partnership (SHIP) Program, a first-time homebuyer is someone who has not owned a home within the last three (3) years anywhere in the U.S.
- **Income:** The Bay County Purchase Assistance Program is open to SHIP-income eligible homebuyers. Household income cannot exceed 80% of the Area Median Income (AMI) for Bay County, adjusted by family size and published annually by the Florida Housing Finance Corporation (FHFC). Households with an AMI not exceeding 120% may be assisted when funds are available.

The current Income Limits can be found online at:

[https://www.floridahousing.org/docs/default-source/developers-and-property-managers/compliance/limits/ship-and-hhrp---2024-combined-income-and-rent-limits-\(eff-4-1-2024\).pdf?sfvrsn=fe43f17b\\_1](https://www.floridahousing.org/docs/default-source/developers-and-property-managers/compliance/limits/ship-and-hhrp---2024-combined-income-and-rent-limits-(eff-4-1-2024).pdf?sfvrsn=fe43f17b_1)

To pre-screen for income eligibility, total the gross annual income of every household member aged 18 years and older, then refer to the applicable income category adjusted for family size. If the total household income exceeds 80% AMI for their household size, they



may or may **not** be eligible for Bay County's Purchase Assistance Program, please contact our office for funding availability.

- **Marital Status:** Single, married, and divorced are eligible categories of homebuyers. Under Florida Law, a separated spouse has legal rights to a home that is purchased during the marriage and all married individuals are required to sign the mortgage. Additionally, legal separation is not recognized under Florida Law. Therefore, homebuyers who are applying for Purchase Assistance must be either single, married or legally divorced.
- **Lender Approval:** Homebuyers interested in participating in the Bay County Purchase Assistance Program must submit documentation from a first mortgage lender showing they are pre-approved/pre-qualified for \$125,000 or greater prior to applying. Lenders must provide a first mortgage that is:
  - Fixed-rate loan.
  - Terms of 15, 20, 25, or 30 years.
  - FHA, VA, or conventional loan only.
  - Taxes and insurance must be escrowed.
  - No prepayment penalty.
  - No balloon mortgages.
  - No adjustable-rate mortgages.
  - No discount points.
  - Cash back at closing is not permitted.
  - Lenders can charge no more than a 1% loan origination fee; and/or no more than a 1% broker's fee.
  - Co-signers may be allowed as an assurance to the first mortgage provider that he or she will assume mortgage payments if the applicant fails to stay current on the mortgage. However, the co-signer should not be included on the title to the house.
- **Applicants must be able to provide \$2,000 at time of closing.** This can be in the form of a gift, proof of gift funding must be provided to housing staff prior to closing. The down-payment assistance awarded to the client by the county cannot be used to meet this requirement.
- **Next Steps:** If an interested homebuyer has progressed through the initial pre-screening and all initial criteria have been met, realtors/lenders should begin assisting the homebuyer(s) with collecting all the documentation required to apply for SHIP down-payment assistance. A list of applicant documentation has been attached as *Exhibit A* and a documentation checklist has been attached as *Exhibit B*.

Once all applicable documentation has been collected, the applicant can call Bay County Staff at (850) 215-2479 to apply or can apply in-person at the Bay County Government Center located at 840 West 11 Street (3<sup>rd</sup> Floor), Suite 3022, Panama City, FL 32401.

### **Application Review Process**

Once an application has been successfully submitted, a Case Manager will be assigned to the application and will initiate the review process. If all required documentation has been





included with the application, the review process is anticipated to take 7 business days. If any documentation is missing, the review process may be delayed until all required documentation has been received by Bay County Staff. The review process includes:

1. Review of the application to ensure all applicable fields have been completed and all signatures have been obtained. If any of the information is missing, the application will be returned for completion. Please note that delays in providing all information needed can affect the timeline for reviewing the application. To ensure your application is processed timely, all information should be submitted upfront.
2. Staff will review all submitted documents and notate questions, comments, and any documents that are missing.
3. Case Manager will set up an interview with the applicant and will review the list of missing documents with the them.
4. Case Manager will conduct an Income Determination for the household in accordance with the guidance outlined in the HUD (Housing & Urban Development) Handbook 4350.3.
5. If eligible, an Award Letter will be issued to the applicant outlining the amount of assistance awarded to the applicant and any other applicable terms and conditions associated with the Purchase Assistance Program.
6. If an applicant is deemed ineligible, a case manager will contact the applicant, provide the applicant with an Ineligible Letter and closeout the file.
7. Case Manager will confirm first-time homebuyer status via public records and property search. If it is determined that an applicant is not a first-time homebuyer (owned a home within the last three years anywhere in the U.S.), the application will be deemed ineligible.

### **Award Letter**

An Award Letter is issued to applicants who have been deemed eligible by HUD and Bay County Housing Staff. The Award Letter outlines the amount of assistance awarded to the applicant(s), the terms of the deferred SHIP loan, and the expiration date.

Eligible applicants can receive up to \$50,000 in Purchase Assistance. The assistance provided will be a loan secured by a mortgage and note in subordinate position and recorded in Bay County with the Clerk of the Court. The loan is non-interest bearing with 10% of the loan forgiven annually beginning in year 6. As long as the applicant maintains ownership and the home is not sold, rented, and resides in the property as a primary residence for 15 years, the loan will be forgiven, and a satisfaction of mortgage will be recorded in Bay County with the Clerk of the Court. If a default occurs, the outstanding balance of the loan must be repaid. The SHIP loan will be determined to be in default if any of the following occurs during the loan term:

- Sale, transfer, foreclosure, or conveyance of property;
- Conversion to a rental property;
- Loss of homestead exemption status or failure to occupy the home as primary residence;
- Applicant fails to maintain homeowner's insurance on the property; In cases where the qualifying homeowner(s) die(s) during the loan term, the loan may be assumed by a SHIP eligible heir who will occupy the home as a primary residence. If the legal heir



is not SHIP eligible, or chooses not to occupy the home, the outstanding balance of the loan will be due and payable to Bay County.

The Award Letter remains active for 60-days before expiring. A 30-day extension may be granted on a case-by-case basis. Applicants must provide the below documentation within the 60-day timeframe specified in the Award Letter, and **10 business days prior to closing**:

- a. Purchase contract
- b. Preliminary Closing Disclosure (CD), Bay County Housing does not pay doc stamps or intangible tax and cannot pay any first lender fees. Down-payment assistance must be listed in Section L. of the CD.
- c. Appraisal by a licensed certified appraiser, appraised value must meet or exceed home purchase price.
- d. Home inspection report(s)/Re-inspection Report(s) including: full inspection, summary report, 4-point and wind mitigation reports (required for new construction homes).
- e. Wood Destroying Organism (WDO) Report, (not required for new construction homes).
- f. Homebuyer's Education Class Certificate offered through Bay County UF/IFAS Center.
- g. First mortgage loan commitment/Approval letter
- h. Title commitment policy with Bay County BOCC, 840 W. 11<sup>th</sup> St., Panama City, FL 32401, listed under Schedule A, Section C for the amount of down-payment assistance provided by the County.
- i. Closing Agent information; contact persons email, wiring instructions and W9.
- j. Homeowner's Hazard Insurance and Flood Insurance Policy, if applicable (Bay County must be listed as second mortgagee as listed above).
- k. Underwriting & Transmittal Summary (FHLMC Form 1077 or FNMA Form 1008).
- l. Signed first mortgage loan application (Form 1003).
- m. Copy of Certificate of Occupancy for new construction.

### **Eligible Properties**

Assisted housing must be located within Bay County. The property must be owner-occupied and remain the purchaser's primary residence for the term of the affordability period. The following are considered eligible properties:

1. The property may be an existing single family, townhouse, condominium, or one side of a duplex which will be owner-occupied as a primary residence. No income-property purchases are allowable, if this happens, the client will be found in immediate default.
2. Manufactured homes built after July 1994 are eligible for SHIP assistance and must be real property home/land purchase. Mobile homes built prior to July 1994 are not eligible.
3. The housing must be in good condition and meet local property standards prior to occupancy and have county/city permits on file for all work conducted.
4. Property must be entirely used for residential purposes and properly zoned. Income property purchased with county grant funds will be found in immediate default.
5. The sales price of the home may not exceed the SHIP maximum sales price for year being purchased. (Housing staff can provide this information).
6. The sales price of the home must be equal to or less than the appraised value.





## Pre-Closing

- a. Applicants can select a title company of their choice. The SHIP loan must be included on the title policy under Schedule A, C, and under Section L of the CD.
- b. The lender, realtor, or title company shall provide a copy of the first mortgage CD as soon as possible.
- c. Bay County staff shall work closely with the lender, realtors, buyer, and title company to ensure a smooth closing.
- d. Bay County staff shall review the preliminary loan documents a minimum of 10 business days prior to closing and all final documents 3-days prior to closing. Staff will also review the following:
  1. Purchase price - same on all documents
  2. Borrowers and Sellers name(s) - same on all documents
  3. Property address - same on sales contract and appraisal
  4. First mortgage amount
  5. Cash due at closing
  6. Applicant cannot receive cash back
  7. SHIP mortgages listed
  8. SHIP loan amount is correct
  9. Additional funding to applicant from other sources is listed on closing documents and amount is correct. Proof of "Gift Funds" must be provided to staff 10 days prior to closing.
  10. In cases where the applicant is receiving additional down payment/closing cost assistance from another funding source or agency, the SHIP loans may take a subordinate position. When Florida Housing Finance Corp. funding is being used in conjunction with county funds, the county can be listed in third position.
- e. If federal funds are combined with SHIP funds, Staff must pull a report on the Title Company from [www.sam.gov](http://www.sam.gov) to confirm that it is not on an Excluded Parties List (EPLS).
- f. Bay County staff will prepare a payment request packet. Backup documents that must accompany the payment request include:
  1. Sales Contract
  2. Preliminary Closing disclosure
  3. Appraisal
  4. Wiring Instructions with current W9
  5. Proof of homeowner's insurance (Bay County listed as second mortgagee)
- g. Once approval is received, payment will be submitted to the Bay County Clerk of Court Office for processing. Their office will process and wire payments. Payment requests must be submitted 3 business days prior to the scheduled closing to ensure the payment is wired on time.



h. Lender, realtor, or title company is responsible for submitting the following documents:

1. First Mortgage Loan Commitment/Approval Letter
2. Signed 1003 loan application
3. Loan Estimate and Closing Disclosures
4. Appraisal
5. Sales Contract
6. Closing agent information
7. Inspection Report

### **Closing**

Upon notification of a closing date and receipt of all documentation outlined in the Award Letter the closing may proceed. As a reminder, the documentation outlined in the Award Letter must be submitted to Bay County Housing Staff **10 business days prior to closing**. Please note that any delays in providing this documentation will affect the timeline associated with processing payment for the approved SHIP Purchase Assistance funds, and may result in pushing the closing date out.

The applicant(s) must have homeowner's insurance on the property. All homeowners with homes located in a designated flood zone must obtain and maintain a flood insurance policy for the term of the loan. Proof of insurance must be provided 3-business days prior to closing. Bay County must be shown as a loss payee on the insurance policy as follows:

Bay County Board of County Commissioners  
840 West 11<sup>th</sup> Street  
Panama City, FL 32401

### **Post-Closing**

After closing is completed, the executed closing statement, recorded security documents, deed title policy, and all executed first mortgage and SHIP mortgage documents must be provided to Bay County staff within 30 days. Once all documents have been received, Bay County staff will conduct a final review of the applicant's file for completeness. If any documents are missing, staff will contact the title company to obtain the missing documentation.

To confirm that the home remains the applicant's primary residence throughout the term of the SHIP loan, Bay County staff will utilize public records to determine whether the home remains in the applicant's name(s) and that there is a homestead exemption tied to the home. If at any point the home is no longer the applicant's primary residence, sold, or transferred, the pro-rated balance of the SHIP loan will be due to Bay County.

Applicants are permitted to sell their homes prior to the end of the SHIP loan term. If a SHIP homeowner would like to sell their home prior to the end of the SHIP loan term, they must notify Bay County and obtain a payoff amount. SHIP homeowners are also permitted to refinance, only to lower their mortgage payment. Under the SHIP Program, homeowners cannot refinance to



receive cash back. Once the payoff amount is paid, Bay County will issue a satisfaction of mortgage in Bay County with the Clerk of the Court. To obtain a payoff amount from Bay County, please contact Bay County Housing Program Manager, Tammy Harris, at (850) 215-2479 or via email at [tharrisbaycountyfl.gov](mailto:tharrisbaycountyfl.gov). You may also visit the Bay County Government Center, Collaborative Services Department, located at 840 West 11 Street, (3<sup>rd</sup> Floor) Suite 3022, Panama City, Florida 32401.





## **Exhibit A**

### **Application Documentation**

#### **Applicant Documentation:**

- Driver's License, State-issued identification, or other comparable state issued form of photo identification for every household member 18 years and older.
- Social security card for every household member.
- Proof of family size if dependents are claimed — must include at least one of the following:
  - Birth Certificate (preferred)
  - School records with parents'/guardians' names and addresses
  - Court-ordered letters of guardianship
  - Divorce decree
  - Custody or adoption agreement
- Mortgage pre-qualification/pre-approval document in the amount of \$125,000 or greater.
- Certificate of completion for homebuyer education course offered through Bay County UF/IFAS Center.

#### **Income Documentation:**

- Most recent two consecutive pay stubs, including the pay period and gross wages.
  - If a household member cannot obtain two (2) paystubs (e.g., new employment), a written statement from the employer identifying the start date, pay amount, and pay frequency can be accepted if paired with paystubs.
  - If a household member is unemployed at the time of application submission, but has accepted new employment, a written statement from the employer (e.g., offer letter) identifying the start date, pay amount, and pay frequency can be accepted.
- Annual Social Security Income/Social Security Disability statement identifying the monthly gross benefits.
- Retirement/Pension statement identifying the monthly gross payments.
- Unemployment compensation statement identifying the monthly gross benefits.
- Court-ordered child support statement/document identifying the amount received monthly.
  - If a household member is receiving child support that is not court-ordered, a written statement/document from the household member certifying the monthly amount received can be accepted.
- Documentation detailing any other forms of income.
- Most current IRS 1040 including a Schedule C, E, or F, and a Profit and Loss Statement for the last six months for self-employed individuals with business income.
- If a household member aged 18 and older states that they do not have any income, a Zero Income Certification will be provided by a Bay County Case Manager for signature.
  - Note, only the first \$480 in earnings of a full-time student aged 18 years and older who is not the head, co-head, or spouse will be included in the income calculation; however, the above income documentation requirements still apply.

#### **Asset Documentation (applies to all household members regardless of age):**

- Last months' checking account/Cash App statement
- Most recent savings account statement identifying the interest rate associated with the account.





- If a household member cannot obtain a savings account statement that identifies the interest rate associated with the account, a document from the applicant's bank identifying the interest rate associated with the savings account can be accepted if paired with the most recent savings account statement.
- Most recent 401(k) or similar retirement account statement identifying the current balance and cash value of the account, after early withdrawal penalties and fees, if the amount was withdrawn.
  - If a household member cannot obtain a statement identifying the current balance and cash value of the account, after early withdrawal penalties and fees, a document from the applicant's 401(k)/retirement account provider identifying early withdrawal penalties and fees can be accepted if paired with the most recent statement.
  - If a household member states that they cannot access the 401(k)/retirement account (does not have access to and cannot withdraw account balance), a statement/document from the account provider confirming the funds cannot be accessed/withdrawn is required.
- Most recent Direct Express statement showing the current balance of the account.
- Most recent Securities (stocks/bonds/dividends) statement.
- Other documents may be requested as needed to determine income eligibility.



## Exhibit B- Application Documentation Checklist

	Y	N	N/A	Notes
<b>Applicant Documentation</b>				
Driver's license or photo I.D. (ALL household members 18+)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social Security Card (ALL household members)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
For Each Dependent:				
<ul style="list-style-type: none"> <li>Birth Certificate, School Records with Parents'/Guardians' names and addresses, court-ordered letters of guardianship, divorce decree or letters of adoption</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pre-Approval Letter <i>(Required for First-Time Homebuyers Assistance. The Pre-Approval loan amount must be \$125,000 or greater in order to apply.)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Homebuyer education course certificate of completion <i>(Required for First-Time Homebuyers Assistance)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Verification of Income (ALL household members 18+)</b>				
Most Recent Two Consecutive Paystubs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social Security/Disability Award Letter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Unemployment Benefits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Retirement/Pension Income	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Child Support Documents	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Self-Employed Income (Past 2 years of tax returns with Schedule C)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Alimony Income	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other Income (Enter income type in <i>Notes</i> column)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Zero Income (enter household member's name(s) in <i>Notes</i> column)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Verification of Assets (ALL household members regardless of age)</b>				
Most recent checking account statement (Includes Cash App accounts)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Most recent savings account statement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Most recent 401(k)/retirement account statement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Most recent Direct Express statement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Most recent Securities (stocks/bonds/dividends) statement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Zero Assets (enter household member's name(s) in <i>Notes</i> column)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	