



Bay County
State Housing Initiatives Partnership
Program (SHIP)
Purchase Assistance Program
Realtor/Lender Guidance



UPDATED: 03/11/2022



Version History			
Date	Page #	Section	Change/Addition/Deletion
03/11/2022	6	Eligible Properties	Updated Purchase Price Limit of “ \$280,782 ” to “ \$311,980 ”



Summary

Bay County is currently accepting applications for the Purchase Assistance Program. Eligible homebuyers can receive up to \$50,000 towards purchasing a home 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 prior to submitting an application. Initial eligibility includes:

- **Homebuyer Education:** Prior to receiving assistance, applicants must complete a mandatory homebuyer education course. Applicants may submit an application; however, the course must be completed prior to purchasing a home. Bay County, through the University of Florida, Institute of Food and Agricultural Sciences Extension (UF/IFAS), offers monthly 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 years.
- **Income:** The Bay County Purchase Assistance Program is open to SHIP-income eligible homebuyers. Household income cannot exceed 140% of the Area Median Income (AMI) for Bay County, adjusted by family size and published annually by the Florida Housing Finance Corporation (FHFC).

The current Income Limits have been attached and labeled as Exhibit A, and they can be found online at:

[https://www.floridahousing.org/docs/default-source/developers-and-property-managers/compliance/limits/ship-and-hhrp---2021-combined-income-and-rent-limits-\(eff-4-1-2021\).pdf?sfvrsn=5b85f87b_2](https://www.floridahousing.org/docs/default-source/developers-and-property-managers/compliance/limits/ship-and-hhrp---2021-combined-income-and-rent-limits-(eff-4-1-2021).pdf?sfvrsn=5b85f87b_2).

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 the 140% AMI for their household size, they are ineligible for Bay County's Purchase Assistance Program.

- **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 that they have been pre-





approved or pre-qualified prior to submitting an application. 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.
- **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 collect all required documentation in preparation to complete an application. A list of applicant documentation has been attached as *Exhibit B* and a documentation checklist has been attached as *Exhibit C*.

Once all applicable documentation has been collected, an application can be submitted via ReHouseBay.org/apply or in-person at the Bay County Government Center located at 840 West 11 Street, Panama City, FL 32401.

If you are in need of assistance while completing an application, please contact Bay County Housing Manager, Tammy Harris, at (850) 215-2479.

Application Review Process

Bay County Purchase Assistance Program applications can be found at ReHouseBay.org/apply and the Bay County Government Center. 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 ReHouse Bay 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 that your application is processed quickly, all information should be submitted upfront.
2. Review of all submitted documentation and notes questions, comments, and/or documents that are missing.





3. 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), the application will be deemed ineligible.
4. If an application is deemed ineligible, a Case Manager will contact the applicant and will close out the file.
5. Case Manager will set up an interview with the applicant and will review the list of missing documentation.
6. Case Manager will conduct an Income Determination for the household in accordance with the guidance outlined in the HUD Handbook 4350.3.
7. 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.

Award Letter

An Award Letter is issued to applicants who have been deemed eligible by ReHouse Bay. The Award Letter outlines the amount of assistance awarded to the applicant(s), the terms of the deferred SHIP/HHRP 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/HHRP 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/HHRP eligible heir who will occupy the home as a primary residence. If the legal heir is not SHIP/HHRP 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. Signed first mortgage loan application (Form 1003)
- b. Underwriting & Transmittal Summary
- c. First mortgage loan commitment/Approval letter
- d. Home inspection report(s)/Re-inspection Report(s)
- e. Wood Destroying Organism (WDO) Report, if applicable
- f. Lead-Based Paint Test (if the home was built in 1978 or earlier)
- g. Appraisal by a licensed certified appraiser (purchase price must be equal to or less than the appraised value)





- h. Title policy (Bay County must be listed as an additional insured)
- i. Homeowner's Hazard and Flood Insurance Policy, if applicable (Bay County must be listed as second mortgagee)
- j. Closing Agent information
- k. CD Settlement Statement
- l. Copy of Certificate of Occupancy for new construction
- m. Sales contract
- n. Closing/Wiring instructions with current W9

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.
- 2. Manufactured homes built after July 1994 are eligible for SHIP/HHRP assistance, but older mobile homes are not.
- 3. The housing must be in good condition and meet the local property standards prior to occupancy.
- 4. Property must be entirely used for residential purposes and properly zoned.
- 5. The sales price of the home may not exceed the SHIP/HHRP maximum sales price of \$311,980 for 2021.
- 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 his/her choice. The SHIP loan must be included on the title policy.
- b. The lender, realtor, or Title Company shall provide a copy of the first mortgage commitment as soon as possible and a Program Specialist shall assist the applicant with any conditions required for closing.
- c. ReHouse Bay staff shall work closely with the lender, realtor, buyer, and Title Company to ensure a smooth closing.
- d. ReHouse Bay staff shall review the preliminary loan documents a minimum of 3 business days prior to closing and all final documents within 24 hours prior to closing. Staff will also review the following:
 - 1. Purchase price – same on all documents
 - 2. Borrower 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/HHRP mortgages listed
 - 8. SHIP/HHRP loan amount is correct
 - 9. Additional funding to applicant from other sources is listed on closing documents and amount is correct





10. In cases where the applicant is receiving additional down payment/closing cost assistance from another funding source or agency, the SHIP/HHRP loans may take a subordinate position.
- e. If federal funds are combined with SHIP funds, Staff must pull a report on the Title Company from www.sam.gov to confirm that it is not on an Excluded Parties List (EPLS).
- f. ReHouse Bay staff prepare pay request packet. Backup documents that accompany the pay request include:
 1. Sales Contract
 2. Closing disclosure(s)
 3. SHIP/HHRP Mortgage & Promissory Note
 4. Closing/Wiring Instructions with current W9
 5. Proof of homeowner's insurance (Bay County listed as second mortgagee)
- h. Once approval is received, payment will be submitted to the Clerk's Office for processing. The Clerk's Office processes and wires payment. Pay requests must be submitted prior to the scheduled closing to ensure the payment is wired on time.
- i. Lender, realtor, or Title Company will submit the following information if not previously provided:
 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, closing may proceed. As a reminder, the documentation outlined in the Award Letter must be submitted to ReHouse Bay **10 business days prior to closing**. Please note that any delays in providing this documentation can affect the timeline associated with processing payment for the approved SHIP/HHRP Purchase Assistance amount.

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 36 hours 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 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/HHRP mortgage documents must be provided to ReHouse Bay staff within 30 days. Once all documents have been received, ReHouse Bay Staff will conduct a final review of the applicant's file for completeness. If any documents are missing, Staff will contact the applicant to obtain the missing documentation.





To confirm that the home remains the applicant's primary residence throughout the term of the SHIP/HHRP loan, ReHouse Bay 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/HHRP loan will be due to Bay County.

Applicants are permitted to sell their homes prior to the end of the SHIP/HHRP loan term. If an applicant would like to sell their home prior to the end of the SHIP/HHRP loan term, they must notify Bay County and obtain a payoff amount. Once the payoff amount is paid by the applicant, 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 THarris@baycountyfl.gov. You may also visit the Bay County Government Center, Collaborative Services Department, located at 840 West 11 Street, Suite 2700, Panama City, FL 32401.





Exhibit A
2021 Income Limits
Florida Housing Finance Corporation
SHIP and HHRP Programs

County (Metro)	Percentage Category	Income Limit by Number of Persons in Household									
		1	2	3	4	5	6	7	8	9	10
Bay County (Panama City MSA; Panama City-Lynn Haven- Panama Median: 67,200)	30%	14,150	17,420	21,960	26,500	31,040	35,580	40,120	44,400	Refer to HUD	
	50%	23,550	26,900	30,250	33,600	36,300	39,000	41,700	44,400	47,040	49,728
	80%	37,650	43,000	48,400	53,750	58,050	62,350	66,650	70,950	75,264	79,565
	120%	56,520	64,560	72,600	80,640	87,120	93,600	100,080	106,560	112,896	119,347
	140%	65,940	75,320	84,700	94,080	101,640	109,200	116,760	124,320	131,712	139,238

It is anticipated that this chart will be updated annually in March or April. At that point, this document will be updated to reflect the current income limits for Bay County.





Exhibit B

Application Documentation

Applicant Documentation:

- Driver's License, State-issued identification, or other comparable 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.
- Certificate of completion for homebuyer education course.

Income Documentation:

- Two months of paystubs, beginning with the most recent, including the pay period and gross wages.
 - If a household member cannot obtain two (2) months of 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 quarter 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 ReHouse Bay 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):

- Six (6) months' checking account statements beginning with the most recent.
- 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.





Exhibit C

Application Documentation Checklist

	Y	N	N/A	Notes
Pre-Eligibility				
First-Time Homebuyer (applicant has not owned a home within the last three years)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Household Income at or below 140% AMI for Bay County? (insert estimated AMI % in <i>Notes</i> column)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
If applicable, is applicant legally divorced?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Lender pre-approval?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Completed homebuyer education course?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Applicant Documentation				
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"> ● Birth Certificate (preferred); or <ul style="list-style-type: none"> ○ School Records with Parents'/Guardians' names and addresses, court-ordered letters of guardianship, divorce decree, or letters of adoption 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Lender pre-qualification/pre-approval document	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Homebuyer education course certificate of completion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Verification of Income (ALL household members 18+)				
Two months of 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	<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"/>	
Verification of Assets (ALL household members regardless of age)				
Six month's checking account statements	<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"/>	





Exhibit D

Applicant Income Eligibility Determination

The State Housing Initiatives Partnership (SHIP) program provides funds to local governments as an incentive to create partnerships that produce and preserve affordable homeownership and multi-family housing. The program is designed to serve very low- to moderate-income families.

INCOME ELIGIBILITY

Income eligibility is determined by projecting the total household income during the upcoming 12 months based on the paystubs and other forms of income (listed in **INCOME INCLUSIONS**) of all persons 18 years of age and older in a household (except those as listed under **HOUSEHOLD SIZE** below). The projected household income will then be compared to the current Area Median Income (AMI) adjusted for household size identified in the most current annual income limits for Bay County to determine income eligibility.

AREA MEDIAN INCOME (AMI)

The Department of Housing and Urban Development (HUD) releases annual updates to its income limits by area. For the SHIP/HHRP programs, the release includes the AMI and income limits that are 30%, 50%, 80%, 120%, and 140% of the AMI adjusted for household size. For the County's SHIP/HHRP program, 140% is the maximum in its income eligibility determinations. Bay County uses HUD AMI for the Panama City-Lynn Haven-Panama City Beach, FL HUD Metro Area FMR Area income data.

HOUSEHOLD SIZE

Household size is used for calculating the total household income to determine income eligibility because the income limits are adjusted for household size. It is essential to accurately determine household size, since program eligibility is "adjusted for family size" (as defined in Section 420.9071 (1) of the Florida Statutes). The median income is based on a four-person household. The income eligibility level is lower for households having fewer than four people, and higher for households with more than four people.

An eligible household is comprised of one or more natural persons determined by the county or eligible municipality to be of very low-income, low-income, or moderate-income according to the income limits adjusted for family size. The HUD Handbook 4350.3 Chapter 3 Section 3-6 (E) outlines several scenarios and provides guidance on whether or not to count an individual as a household member. Whenever the handbook indicates that an individual is a household member, the individual's full income must be included in annual income:

- a. **Temporarily absent family members** are still considered family members. For example, an administrator may consider a family member who is working in another state on assignment or who is on active military duty to be temporarily absent.
- b. The HUD Handbook outlines how to address a **family member who is permanently confined to a hospital or nursing home**. In this situation only, the family may choose to either include the absentee individual and thus his or her income, or exclude the absentee individual and his or her income. Individuals who are temporarily in a hospital or rehabilitation center are household members.
- c. Do not count **individuals as household members if they are scheduled to be incarcerated** during all of the next 12 months. Document in the applicant's file the length of time that these individuals are scheduled to be incarcerated. In Florida's prisons, information on the incarceration status of an individual and the person's anticipated date of release is public information. Obtain this information on the Internet at the Department of Corrections' website: www.dc.state.fl.us.
- d. Florida law does not legally recognize **marital separation**. Furthermore, unless legally divorced, Florida's joint property laws will likely entitle the estranged spouse to a legal claim of ownership of any house that the applicant purchases and most lending institutions will require the spouse to sign



the mortgage. When an applicant is married and separated, count the estranged spouse as part of the household unless it is possible to properly document that the separation is permanent. In some situations, it seems clear that the applicant has no plan to reunite with the estranged spouse. The local housing administrator may make a determination about a permanent separation and should obtain supporting documents and include them in the SHIP recipient's file. In cases of a permanent separation, the applicant and the estranged spouse maintain separate residences and file separate tax returns.

- e. **Unborn children** of pregnant women are considered household members.
- f. The Compliance Office of the Florida Housing Finance Corporation has determined that any individual that is anticipated to be married (**fiancé**) to a household member in the future is not counted as a household member unless the marriage occurs before SHIP assistance is provided. A future marriage is an anticipated event, but not verifiable. Therefore, the fiancé cannot be counted as part of the household. There are two exceptions to this policy:
 - i. Count the fiancé if his or her income is provided to a first mortgage lender to qualify the household to purchase a home.
 - ii. Count the fiancés as a household member including his or her income if he or she currently dwells within the household.
- g. **Foster children or foster adults** are counted as household members. The HUD Handbook 4350.3 Chapter 5 notes, however, that "payments received by the family for the care of foster children or foster adults are not counted" as part of household income.
- h. The HUD Handbook instructs administrators to count as household member's **children in joint custody** arrangements who are present in the household 50% or more of the time. Properly document this custody with school records, court documents, income taxes, or other records that indicate that the child's permanent address is with the applicant.
- i. An applicant's children who are **away in college or school** should be counted as household members if they live with the family during school recesses. Do not count children who are away at school who have established residency at another address or location as evidenced by a lease agreement. The new address or location is considered the student's principal place of residence.
- j. **Live-in Aides** are not counted as household members. An aide is a person who resides with one or more elderly persons, near-elderly persons, or persons with disabilities, and who is 1) determined to be essential to the care and well-being of the person; 2) is not obligated for the support of the person; and 3) would not be living in the unit except to provide the necessary supportive services. A relative may be considered to be a live-in aide but must meet the above requirements.
- k. Some adults in the household may be currently **unemployed**. Remember to still count them as household members. Include any source of income that they do provide, including unemployment compensation. It is not necessary to fill out an "affidavit of unemployment" or similar form which indicates that a job is being sought. Sufficient documentation of the unemployed adult is included on the applicant's signed application. Simply remind the individual to let you know if a job is obtained before SHIP assistance is provided.
- l. Some households include an individual renting a room. Count **tenants** as household members and count their income. Since the tenant's full income is included, do not count the rent the tenant pays. Nothing in the HUD Handbook 4350.3 provides instruction to not count tenants as household members. Instead, HUD's online "CPD income calculator" provides the following definition of Household: All the people who occupy a housing unit. A household includes the related family members and all the unrelated people who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household. Everyone occupying a housing unit, related or unrelated is a household member.



PROCEDURES FOR DETERMINING INCOME ELIGIBILITY

Bay County determines and projects annual income in compliance with 24 CFR Part 5. The following steps will be followed when determining income eligibility:

1. Bay County provides applicants with the application that identifies the required income and asset documentation.
2. Applicant submits application and required income documentation.
3. Bay County reviews and verifies all household and income documentation for authenticity, accuracy, and completeness.
4. Bay County calculates the projected annual income for the applicant's household during the next twelve (12) months.
5. Bay County compares the calculated income against the current HUD Income Limits for the Panama City-Lynn Haven-Panama City Beach, FL HUD Metro Area FMR Area.

ANNUAL INCOME DEFINED

Annual income is a combination of the gross amounts, before any deductions, of earned, unearned, and asset income of all household members. Annual income is income anticipated to be received in the 12-month period following initial determination of eligibility (or reexamination of income, for annual recertification on rental properties). Source: 24 CFR Part 5, Subpart F, Section 5.609.

The SHIP Statute defines "annual gross income" in a fashion that provides local governments with the flexibility of determining annual income using one of three definitions. While each of these definitions shares similarities, there are slight variations in the following three methodologies:

1. Most common: "Annual income" as defined in Title 24 of the Code of Federal Regulations section 5.609 (commonly referred to as 24 CFR Part 5); or
2. Annual income as reported under the Census long-form for the most recent available decennial Census; or
3. Adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for individual federal annual income tax purposes.

Bay County determines annual income as defined in 24 CFR Part 5.

Annual income includes income from members currently in or intending to reside in the household. This Appendix will define and discuss income issues according to the most commonly used definition for annual income, defined under HUD 24 CFR Section 5.609. According to this source, income means all amounts, monetary or not, which:

- a. Are received by or paid on behalf of the family head or spouse, even if temporarily absent from the unit, or to any other family member; and/or
- b. Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and
- c. Are derived (during the next 12-month period) from assets to which any member of the family has access; and
- d. Are not specifically excluded (as stated on the income inclusion and exclusion section starting on page 83).

To annualize full-time employment, multiply the type of wage by the following periodic amounts:



- a. Hourly wages by 2,080 hours;
- b. Weekly wages by 52;
- c. Bi-weekly (every two weeks) amounts by 26;
- d. Semimonthly (every half month) amounts by 24; or,
- e. Monthly amounts by 12.

To annualize income from anything other than full-time employment, multiply:

- a. Hourly wages times the number of hours the household expects to work annually; or,
- b. Average weekly wages times the number of weeks the household expects to work; or,
- c. Other periodic amounts (monthly, bi-weekly, etc.) by the number of periods a household member expects to work.

Annual wages should always reflect the entire 12-month period, regardless of the pay schedule. For example, a teacher is paid \$25,000 per year. Use the \$25,000 figure whether the payment is made in 12 monthly installments, nine installments, or some other payment schedule.

Always use current circumstances to project income, unless verification forms indicate that an imminent change will occur over the course of the 12-month period.

INCOME QUALIFICATION

When calculating household income, income from the following sources are included:

1. Annual income (both earned and unearned) of the head of the household, spouse or co-head and other adult members of the household, 18 years or older.
2. Annual income of individuals under the age of 18, who have entered into a lease under state law and are acting as the head, co-head or spouse for the household. Such persons are sometimes referred to as emancipated minors (e.g., a person under the age of 18 who is married).
3. The first \$480 in earnings of a full-time student aged 18 and older who is not the head, co-head or spouse. Note: All of the full-time student's asset income is counted.
4. Other income (any income that is not employment income, such as Social Security, SSI, AFDC benefits) of children under the age of 18 who are members of the household (dependents) as well as all adults.
5. Also include any income of:
 - a. Children who are temporarily absent due to placement in a foster home.
 - b. Children who are Students who are away at school but who live with the family during school recesses.
 - c. Emancipated minor(s), residing with the household as a member (and as a dependent), rather than the head, spouse or co-head.
 - d. Income of temporarily absent family members who are still considered household members.
 - e. Income of persons confined to a hospital or nursing home and considered a household member.

INCOME INCLUSIONS



1. The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
2. The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;
3. Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (2) above. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD;
4. The full amount of periodic amounts received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (e.g., Black Lung Sick benefits, Veterans Disability, Dependent Indemnity Compensation, payments to the widow of a serviceman killed in action). See paragraph (13) under Income Exclusions for an exception to this paragraph;
5. Payments in lieu of earnings, such as unemployment, disability compensation, worker's compensation, and severance pay, except as provided in paragraph (3) under Income Exclusions;
6. Welfare Assistance:
 - a. Welfare assistance received by the family.
 - b. If the welfare assistance payment includes an amount specifically designated for shelter and assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:
 - The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus
 - The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.
7. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling; and
8. All regular pay, special pay, and allowances of a member of the Armed Forces, except as provided in **INCOME EXCLUSIONS**.
9. For Section 8 programs only and as provided in 24 CFR 5.612, any financial assistance, in excess of amounts received for tuition, that an individual receives under the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.), from private sources, or from an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002)), shall be considered income to that individual, except that financial assistance described in this paragraph is not considered annual income for persons over the age of 23 with dependent children. For purposes of this paragraph "financial assistance" does not include loan proceeds for the purpose of determining income. (Note: This paragraph also does not apply to a student who is living with his/her parents who are applying for or receiving Section 8 assistance).

INCOME EXCLUSIONS

1. Income from the employment of children (including foster children) under the age of 18 years;
2. Payments received for the care of foster children or foster adults (usually persons with disabilities unrelated to the tenant family, who are unable to live alone);
3. Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or property losses, except as provided in **INCOME INCLUSIONS**;
4. Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;
5. Income of a live-in aide, as defined in 24 CFR 5.403;
6. The full amount of student financial assistance paid directly to the student or to the educational institution (see **INCOME INCLUSIONS** above, for students receiving Section 8 assistance);
7. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire (e.g., in the past, special pay included Operation Desert Storm);
8.
 - a) Amounts received under training programs funded by HUD (e.g., training received under Section 3);
 - b) Amounts received by a person with a disability that are disregarded for a limited time for purposes of supplemental security income eligibility and benefits because they are set-aside for use under a Plan to Attain Self-Sufficiency (PASS);
 - c) Amounts received by a participant in other publicly assisted programs that are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child-care, etc.) and which are made solely to allow participation in a specific program;
 - d) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the owner, on a part-time basis, that enhances the quality of life in the project. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, and resident-initiative coordination. No resident may receive more than one such stipend during the same period of time; or
 - e) Incremental earnings and benefits resulting from participation in qualifying state or local employment training programs (including training programs not affiliated with a local government) and training of a family member as a resident management staff person. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program.
9. Temporary, nonrecurring, or sporadic income (including gifts);
10. Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era. (Examples include payments by the German and Japanese governments for atrocities committed during the Nazi era);
11. Earnings in excess of \$480 for each full-time student 18 years or older (excluding the head of household and spouse);
12. Adoption assistance payments in excess of \$480 per adopted child;
13. Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump-sum amount or in prospective monthly amounts;
14. Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit;
15. Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or

16. Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the Federal Register and distributed to housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary. The following is a list of income sources that qualify for that exclusion:
- a. The value of the allotment provided to an eligible household under the Food Stamp Act of 1977 (7 U.S.C. 2017 [b]);
 - b. Payments to Volunteers under the Domestic Volunteer Services Act of 1973 (42 U.S.C. 5044(g), 5058) (employment through AmeriCorps, Volunteers in Service to America [VISTA], Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions);
 - c. Payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626[c])
 - d. Income derived from certain sub marginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 459e);
 - e. Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624[f]);
 - f. Payments received under programs funded in whole or in part under the Job Training Partnership Act (29 U.S.C. 1552[b]); (effective July 1, 2000, references to Job Training Partnership Act shall be deemed to refer to the corresponding provision of the Workforce Investment Act of 1998 [29 U.S.C. 2931], e.g., employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, veterans employment programs, state job training programs, career intern programs, AmeriCorps);
 - g. Income derived from the disposition of funds to the Grand River Band of Ottawa Indians (Pub. L. 94-540, 90 Stat. 2503-04);
 - h. The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U. S. Claims Court and the interests of individual Indians in trust or restricted lands, including the first \$2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands (25 U.S.C. 1407-1408);
 - i. Amounts of scholarships funded under title IV of the Higher Education Act of 1965, including awards under federal work-study programs or under the Bureau of Indian Affairs student assistance programs (20 U.S.C. 1087uu);
 - j. Payments received from programs funded under Title V of the Older Americans Act of 1985 (42 U.S.C. 3056[f]), e.g., Green Thumb, Senior Aides, Older American Community Service Employment Program;
 - k. Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in In Re Agentproduct liability litigation, M.D.L. No. 381 (E.D.N.Y.);
 - l. Payments received under the Maine Indian Claims Settlement Act of 1980 (25 U.S.C. 1721);
 - m. The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858q);
 - n. Earned income tax credit (EITC) refund payments received on or after January 1, 1991, including advanced earned income credit payments (26 U.S.C. 32[j]);
 - o. Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation (Pub. L. 95-433);
 - p. Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990 (42 U.S.C. 12637[d]);



17. Child support: In some cases, a household is not receiving child support, even though it is court-ordered. The full amount of court-ordered child support must be included in household income whether or not it is regularly received by the household.
- A divorce decree is a legal document mandating the payment of child support.
 - A household that is not receiving court-ordered child support has legal recourse to force payment of the support.
 - Such a household can schedule a contempt of court hearing or contact the Department of Revenue's Child Support Enforcement office (the contact phone number is (800) 622-5437). Housing administrators can only exclude child support as an income source when they document that a household has exhausted legal means for trying to obtain the support and is still not receiving the child support.
 - Some applicants may be receiving non-court-ordered child support. Program will use a "verification of cash contribution" form to document this income. If non-court ordered child support is not being received, it is simply not a source of income to be included in overall household income.

INCOME DOCUMENTATION

The following forms of income documentation are required to be submitted for each household member aged 18 years or older, if applicable:

- Two (2) months of paystubs including the pay period and gross wages.
 - If a household member cannot obtain two (2) months of 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 quarter for self-employed individuals with business income.
- If a household member aged 18+ states that they do not have any income, a Zero Income Certification form should be completed by the household member.
- If a household member aged 18+ states that they do not have any income, but the provided checking/savings account statements show regular deposits, an Explanation of Deposits form should be completed by the household member.

CONSIDERATIONS OF ASSETS

- Assets Defined:** Assets are items of value, other than necessary personal items, and are considered along with verified income in determining the eligibility of a household. Even if the applicant elects not to access the asset's principal or interest, the potential annual income that can be earned from





assets is taken into consideration when calculating annual income. All asset income is considered, including asset income of minors. The income that could potentially be earned—or actually is earned—from assets is annualized based on what is anticipated to be received during the 12 months following eligibility determination.

2. No Asset Limit: The SHIP/HHRP program does not set a limit on the value of assets that a household can possess. An applicant possessing many assets may still be eligible for SHIP assistance.
 - a. E.g., a person nearing retirement age may have thousands of dollars saved in retirement accounts. Such a person could still be assisted, as long as the income from his or her assets – along with other income sources – does not exceed SHIP’s income limits.

ASSET DOCUMENTATION

1. The following forms of documentation are required to be submitted for each household member with assets, regardless of age, if applicable:
 - a. Six (6) months’ checking account statements.
 - b. Most recent savings account statement identifying the interest rate associated with the account.
 - i. 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.
 - c. 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.
 - i. 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.
 - ii. 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 written statement from the household member confirming this statement is required.
 - d. Most recent Direct Express statement showing the current balance of the account.
 - e. Most recent Securities (stocks/bonds/dividends) statement.

CALCULATING INCOME FROM ASSETS

Program will calculate the cash value of an asset, or, what the applicant would receive if the asset were converted to cash. The cash value of an asset is its market value minus reasonable costs to be incurred in converting the asset to cash. Expenses which may be deducted include:

1. Penalties for withdrawing funds before maturity
 2. Broker/legal fees assessed to sell or convert the asset to cash
 3. Settlement costs for real estate transactions
 4. Loans on the asset.
 - a. E.g., outstanding mortgage on a rental home.
5. Program will then identify assets that generate an actual, tangible income. Savings accounts and certificates of deposit generate interest, for example. Rental properties generate rent. For any such



asset, Program will document the estimated actual income that it will generate during the next 12 months.

- a. Expenses anticipated to be incurred by the owner during the next 12 months such as property taxes and property insurance payments will be deducted.
6. Because some assets do not produce an actual income, but appreciate in value, Program requires tracking the increase in asset value by calculating the “imputed income” for assets. This calculation is a “passbook rate” formula created by HUD. Program will calculate imputed income by multiplying the cash value of an asset by .06 percent, or the current HUD passbook rate.
7. The HUD Handbook establishes the following policy for determining income from assets:
 - a. If the asset value is \$5,000 or less, add the amounts of actual asset income and include this with the total verified anticipated annual income for the household.
 - b. When assets exceed \$5,000, add the greater of:
 - i. The actual annual income to be derived from these assets, or
 - ii. The cash value of the asset multiplied by the imputed amount currently .06%.

ASSET EXCLUSIONS

1. Necessary personal property such as clothing, furniture, cars, wedding ring, and vehicles specially equipped for persons with disabilities;
2. Interests in Indian trust land;
3. Term life insurance policies (i.e., where there is no cash value);
4. Equity in the cooperative unit in which the family lives;
5. Assets that are part of an active business (does not include rental properties held as investment and not as a main occupation);
6. Assets that are not effectively owned by the applicant (e.g., when assets are held in an individual's name but income earned accrues to someone else who is not a member of the household and this other person is responsible for income taxes incurred on income generated by the assets); and,
7. Assets that are not accessible to the applicant nor provide any income to the applicant.

ASSETS AND CALCULATION METHODS

The following is a list from HUD Handbook 4350.3 Chapter 5, Exhibit 5:

1. **Cash in checking, savings, etc.** For savings accounts, calculate annual income to be earned using the current balance. For checking accounts, use the average balance for the last six months. If the assets are held in foreign countries, they are still counted as an asset. The SHIP administrator multiplies the cash value of each account by its rate of return to calculate its actual income during the next 12 months.
2. **Revocable trusts.** Include the cash value of any revocable trust available to the household. In cases where a trust fund has been established and the trust is not under the control of any member of the family, the value of the trust fund will not be considered an asset as long as the fund continues to be held in trust. Any income distributed from the trust fund should be counted when determining annual income. Furthermore, the administrator should contact the company that manages the trust to receive written documentation of the cash value of the trust and its rate of return. Multiply the cash value of each account by its rate of return to calculate its actual income.
3. **Equity (such as property).** Take the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and reasonable costs (such as penalties, broker fees, etc.) that would be incurred in selling the asset. In the case of equity, there is no actual rate of return on the property. For homeowner rehabilitation assistance, equity in the family's primary residence is

not considered. Further, if the person's main business is real estate, then any income earned should be considered as business income, not asset income.

4. **Stocks, bonds, treasury bills, CD, Money Market and other investment accounts.** The administrator should receive written documentation of the cash value of the account. In some cases, the company may also be able to state a rate of return. If a rate of return is available, multiply the cash value of each account by its rate to calculate its actual income. Sometimes a rate of return cannot be predicted for an investment account. In such instances, it is not possible to calculate the actual income from an asset. If the cash value of the investment account plus the value of the applicant's other assets is more than \$5,000, multiply the total value of assets by the passbook rate of .06 percent to determine the imputed income from the assets.
5. **IRA, Keogh, etc.** These are included because the holder has access to the funds, even though a penalty may be assessed. Determining the value and income from retirement accounts is similar to the process noted above for investment accounts. Contact the company managing the account(s) to learn the cash value, minus penalties, transaction fees, etc. Use the rate of return to calculate actual income of the asset. A rate of return may not be available, making it impossible to calculate the actual income from the asset. If the cash value of the account(s) plus the value of the applicant's other assets is more than \$5,000, multiply the total value of assets by the passbook rate of .06 percent to determine the imputed income from the assets.
6. **Retirement and pension funds.** Include only amounts that the applicant has access to, less any penalties or transaction costs. Do not count as an asset any retirement account that an applicant must retire or resign from work to access. The income from these accounts is determined with the process outlined above for individual retirement accounts.
7. **At retirement, termination of employment OR withdrawal of funds.** Periodic receipts from pension and retirement funds are counted as income and should be annualized. Lump sum receipts from pension and retirement funds are counted as assets. These receipts will either be invested or deposited in savings or checking accounts. Follow the procedures outlined above for determining income from the specific type of asset.
8. **Cash value of life insurance.** Do not include a value for term insurance, which has no cash value to the individual before death. The value and income from whole life insurance policies is determined with the process outlined above for individual retirement accounts.
9. **Personal property held as investment.** This includes gems, jewelry, coin collections, boats, or antique cars held as an investment. Count the value of the asset as determined by an appraisal. Neither an applicant's personal jewelry (such as a wedding band), nor necessary property (such as furniture or a car) are considered assets. Personal property does not generate income at a specific rate of return. Therefore, if the cash value of the account(s) plus the value of the applicant's other assets is more than \$5,000, multiply the total value of assets by the passbook rate of .06 percent to determine the imputed income from the assets.
10. **Lump sum/one-time payments.** These include inheritances, capital gains, one-time lottery winnings, victim's restitution, settlements on insurance claims (including health and accident insurance, workers' compensation, and personal or property losses), and any other amounts that are not intended as periodic payments. These receipts will either be invested or deposited in savings or checking accounts. Follow the procedures outlined above for determining income from the specific type of asset.
11. **Mortgage or deed of trust held.** Payments on this type of asset are often received as one combined payment of principal and interest with the interest portion counted as income from the asset. This combined figure needs to be separated into specific principal and interest portions of the payment. This can be determined by referring to an amortization schedule that relates to the specific term and interest rate of the mortgage. The principal portion of the payment is a cash asset that will either be



invested or deposited in savings or checking accounts. Follow the procedures outlined above for determining income from the specific type of asset.

FINAL INCOME CALCULATION

When the applicant completes the SHIP/HHRP application, County staff will conduct a calculation of the applicant's total annual income and compare it to the applicable income limits for jurisdiction and household size. If the applicant's total annual income is well above the income limits, the verification process may be unnecessary. At that time, the applicant will be informed that it appears that the total household income exceeds the program's limits, which would make the household ineligible for assistance.

When providing SHIP assistance, Bay County will always use the most current income limits chart as provided annually by the Florida Housing Finance Corporation and HUD. Generally, these charts are updated in March or April every year.

THIRD-PARTY VERIFICATION

Bay County utilizes the Verification of Income policy in the HUD Handbook 4350.3 to allow for 'tenant provided income'. It must be generated by a third-party source dated within the last 120 days. This is considered third-party verification although in the possession of the applicant. HUD Handbook 4350.3, Chapter 5 5-13: Acceptable Verification Methods b. Third-party verification from source (written):

1. An original or authentic document generated by a third-party source that is dated within 120 days from the date of receipt by the owner. Such documentation may be in possession of the tenant (or applicant), and is commonly referred to as tenant-provided documents. These documents are considered third-party verification because they originated from a third-party source.
2. Examples of tenant-provided documentation that will be used includes, but is not limited to, pay stubs, payroll summary report, employer notice/letter of hire/termination, SSA benefit letter, bank statements, child support payment stubs, welfare benefit letters and/or printouts, and unemployment monetary benefit notices.
3. Bay County will consider the following when using tenant-provided documentation:
 - a. Is the document current? Documentation of public assistance may be inaccurate if it is not recent and does not show any changes in the family's benefits or work and training activities.
 - b. Is the documentation complete? Bay County will not accept pay stubs to document employment income unless the applicant provides the most recent two months of consecutive pay stubs (four to six consecutive pay stubs) to illustrate variations in hours worked.

THE 120-DAY RULE FOR THIRD-PARTY VERIFICATION

Completed income verification forms do not stay current and accurate indefinitely. Over time, a household's income can change. HUD Handbook 4350.3 recognizes that verification forms can only be considered accurate and current for a certain length of time.

Verifications are valid for 120 days from the date of receipt by the owner. If verifications are more than 120 days old, the owner must obtain new verifications. The 120-day clock can be paused/stopped before the 120 days have expired by encumbering funds to an eligible applicant.

As defined in 67-37.002 (7), funds can be encumbered by "deposits made to the local affordable housing trust fund have been committed by contract, or purchase order, letter of commitment or award in a manner that obligates the county, eligible municipality, or interlocal entity to expend the encumbered amount upon





delivery of goods, the rendering of services, or the conveyance of real property by a vendor, supplier, contractor, or owner.”

To stop the 120-day clock, funds will most commonly be encumbered via an Award Letter issued after an applicant has been deemed eligible. Once an Award Letter has been issued to an applicant, the 120-day clock stops.

If 120-days have elapsed prior to the issuance of an Award Letter, Bay County will re-certify the applicant’s income. If an applicant states that there has been a change to household size or income since the income certification form was signed, the applicant’s income will be re-certified to determine eligibility.

INCOME ELIGIBILITY RECERTIFICATIONS

Income eligibility must be recertified under the following circumstances:

- The applicant has not started receiving SHIP/HHRP assistance until after the HUD annual income limits have been updated and become effective.
- The applicant has not received an Award Letter for SHIP/HHRP assistance within 120 days of the income certification effective date.
 - The effective date of the income certification is the date the last person signs the income certification.

