

Lee County
Department of Community Development
Planning Section



State Housing Initiative Partnership Program (SHIP)
Program Manual for Non-Profit
Sponsors



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Introduction:

The SHIP program provides funds to eligible local governments as an incentive to create partnerships that produce and preserve affordable homeownership and multifamily housing. The program is designed to serve very low, low and moderate income families.

SHIP funds are distributed by the Florida Housing Finance Corporation (FHFC) on an entitlement basis to all 67 counties and 52 Community Development Block Grant (CDBG) entitlement cities in Florida based on population. SHIP dollars may be used to fund emergency repairs, new construction, rehabilitation, down payment and closing cost assistance, impact fees, construction and gap financing, mortgage buy-downs, short-term acquisition of property for affordable housing, matching dollars for federal housing grants and programs, homeownership counseling, and other activities as required by legislative action. The strategies funded by Lee County are set forth in the Local Housing Assistance Plan (LHAP).

The purpose of the Lee County State Housing Initiatives Partnership (SHIP) Program is to: help meet the housing needs of very low, low and moderate income households; to expand production of and preserve affordable housing; and further the housing element of the Lee Plan as it relates to affordable housing. Lee County's SHIP program provides funding and technical assistance to non-profit housing development organizations and down payment/closing cost assistance to qualified homebuyers.

This manual is intended to provide an overview of the SHIP program and to outline procedures for participating in the program. The Lee County SHIP ordinance created the Lee County Local Housing Assistance Program and the Lee County Affordable Housing Trust Fund for administering Lee County's SHIP program. The Lee County SHIP program is established in accordance with Section 420.907, Florida Statutes (F.S.) and Chapter 67-37.007 Florida Administrative Code (F.A.C.).

The procedures outlined in this manual are written for non-profit organizations that partner with implementation of Lee County's SHIP program. It is intended to provide a step-by-step guide; beginning with applying for available funds, close-out packets, and managing the client file.

SHIP Program Governance and Requirements:

Funding: Funds are allocated on a population based formula. The minimum allocation is \$350,000.00 per county. When available, funds are disbursed at least quarterly to eligible communities from documentary stamp revenues deposited into the Local Government Housing Trust Fund. Total actual disbursements are dependent upon documentary stamp collections and state allocation.

Targeted Population: The SHIP program serves households with area median incomes (AMI) that are categorized as very low (at or below 50% AMI), low (at or below 80% AMI), moderate (at or below 120% AMI), and incomes up to 140% AMI.

Statutory Requirements: In order to participate, Lee County is required to adopt a Local Housing Assistance Program (LHAP) by ordinance; develop a LHAP and housing incentive strategy; amend land development regulations or establish local policies to implement the incentive strategies; form partnerships and combine resources in order to reduce housing costs; and, ensure that rent or mortgage payments within the targeted areas do not exceed 30 percent of the area median income limits, unless authorized by the mortgage lender.

Targeting Requirements of Funds: Each year the SHIP State distribution must be spent as follows:

SHIP Statutory Minimums	Funding %*	Strategy Compliance	SHIP Statutes
Homeownership	65%	Homeownership Projects	Reserved for homeownership of affordable housing by eligible persons. F.S. 420.9075(5)(a)
Construction	75%	Homeownership & Rental Projects	Reserved for construction, rehabilitation, or emergency repair of affordable eligible housing. F.S. 420.9075(5)(c)
Very Low	30%	Homeownership & Rental Projects	Reserved for projects that will serve very low or low income persons. F.S. 420.9075(g)(2)
Low	30%	Homeownership & Rental Projects	
Special Needs	20%	Homeownership & Rental Projects	Reserved for projects that to serve persons with special needs as defined in F.S.420.004; F.S 420.9075(5)(d)
*The statutory compliance minimum will not add up to 100%			

SHIP regulations specify the type of housing eligible an ineligible for funding.

Types of homes are eligible for SHIP funds:

- a. SHIP funds assist only housing meeting the standards of Chapter 533, F.S. SHIP funds may also be used to assist mobile homes or manufactured housing constructed after 1994 and expenditures are limited to 20% of the overall allocation for activity.
- b. Types of homes ineligible for SHIP funds: Mobile or manufactured housing that meets the National Mobile Homes Construction and Safety Standards promulgated by HUD. This program is administered in Florida by the Department of Highway Safety and Motor Vehicles, and is not affiliated with the Manufactured Buildings Program. A Manufactured Home bears 2" x 4" metal rectangular red certification label located on the rear roadside corner of each module.

Maximum Purchase Price or Value: The sale price of a home constructed or rehabilitated with SHIP funds must not exceed 90% of the Average Area Purchase Price established by the U.S. Department of Treasury or determined by the most recent 12-month period for which sufficient statistical information is available.

Lee County's current Income, Rent and Purchase Price Limits can be found on Lee County's webpage at: <https://www.leegov.com/dcd/planning/ah>.

SHIP Mortgage Terms: SHIP funds are awarded to non-profit sponsors as a deferred loan secured by a recorded subordinate mortgage and note with the following terms:

Interest Rate: 0%

Forgiveness: Loans are forgiven after the specified date provided the owner maintains the home as a principal residence.

15 Years: New Construction, Purchase Assistance without Rehab, Purchase Assistance with Rehab, Disaster Repair/Mitigation, Rehabilitation Rental, New Construction Rental, Special Needs Rental, Disaster Repair/Mitigation Rental

10 Years: Owner Occupied Rehabilitation, Special Needs

5 Years: Foreclosure Prevention

Grants: Rental Assistance (Tenant), Rapid Re-Housing-Rental

Repayment: Not required as long as the loan is in good standing.

Default: The loan will be determined to be in default and the outstanding balance will be due and payable if any of the following occur during the loan term: sale, transfer, or conveyance of property; conversion to a rental property (if a homeowner property); loss of homestead exemption status; or, failure to occupy the home as a primary residence.

In cases where the qualifying homeowner dies during the loan term, the loan may be assumed by a SHIP eligible heir who will occupy the home as their 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.

If the home is foreclosed by a superior mortgage holder, the county will make an effort to recapture funds through the legal process if it is determined that adequate funds may be available to justify pursuing a recapture.

Local Housing Assistance Plan (LHAP):

LHAP:

The LHAP describes the methods (housing strategies) by which Lee County will expend the SHIP funds allocated to the county. Generally, the LHAP is submitted once every three years and covers funding for three fiscal years. The LHAP can be amended at any time.

Housing Strategies:

The Statute provides flexibility to local governments to determine the use of SHIP program funds. Lee County's strategies are found in the most recently adopted LHAP.

Grant Program:

Advertising of Funding Availability:

A notice of SHIP funding availability must be advertised at least 30 days before the beginning of the application period in a newspaper of general circulation and periodicals serving ethnically and racially diverse populations unless a waiting list of applicants exists that will exhaust all allocated funding. The advertisement shall:

- Identify the amount of the distribution projected to be received from the State for the fiscal year.
- List the beginning and end date of the application period.
- Provide the name of the local plan contact person and other pertinent information including where applicants may apply for assistance.

The advertisement may also include information that local governments deem necessary such as:

- An estimated amount of SHIP local housing distribution per strategy.
- Income set asides for each strategy along with applicable income limits.
- A description of the selection criteria for each strategy.
- The maximum housing value limitation for each strategy.

This is in compliance with 430.975(4)(b), F.S. and 67-37.005 (6)(a), F.A.C.

Eligible Applicants:

Applicants are required to be IRS recognized non-profit organizations or government agencies and must specialize in housing, community development, or supportive housing for people with special needs. For rental strategies, the applicant must specialize in rental housing.

Application for Funding:

The application is posted on the County website when the grant is advertised and prior to the application due date.

Applications will be evaluated and scored based on criteria identified in the application. The maximum number of points an applicant can receive is 100.

Application:

The current application form is available online at <http://www.leegov.com/dcd/planning/ah> and will be e-mailed to the interested parties list.

Pre-Submittal Meeting:

Non-Profit Sponsors interested in submitting an application for the current SHIP funding cycle are required to schedule a pre-submittal meeting with staff to discuss their proposed project. The pre-submittal meeting will discuss the SHIP application requirements and any changes to the State requirements regarding eligibility and implementation.

Staff Recommendation:

Staff will complete a Grant Application Summary for the funding year to reflect the application ranking and staff recommendations.

AHAC Recommendation:

The staff ranking and recommendations are presented to the AHAC. The AHAC must make a recommendation to the BoCC.

BoCC Approval:

The recommendations from the AHAC will be taken to the BoCC for their approval.

Contract Award Process:

1. SHIP funds are awarded through an annual contract and disbursed on a reimbursement basis with the possibility of extensions in compliance with SHIP Statute and Rule. Non-profit sponsors that fail to comply with the SHIP Statute and Rule will be required to pay back the SHIP funds.
2. Prior to consideration of the award recommendations by the BoCC, two (2) copies of the contract are sent to the non-profit sponsor for signature. Both copies must be returned to staff along with a copy of insurance papers.
3. The insurance certificate must indicate a minimum of \$500,000 insurance. Lee County BOCC must be listed as an additional insurance certificate holder.
4. Executed contracts will be returned to each non-profit sponsor.
 - a. Homeownership new construction projects can spend the awarded funds upon execution of the contract by the BoCC.
 - b. Homeowner Rehab and Rental projects must process a SHIP mortgage and record it with the Clerk of Courts before spending the SHIP award. Note – the original SHIP mortgage is returned to Lee County with the close-out package.
 - c. Rental projects must also submit a “SHIP Rental Sources and Uses” to document all funding used on the project (Appendix D, page D7).
 - d. After all paperwork and requirements are completed, the sponsor is required to spend 10% of the award within the first 6 months and 25% within the first year. A waiver will be granted if the sponsor can document that the contract will be completed by the deadline without requiring a contract extension.
5. Contracts are not deemed completed until a qualified homebuyer, homeowner or a rental applicant is living in the unit and a close-out package is submitted to Lee County. See sponsor close-out process below.
6. Each agency can have a maximum of three SHIP contracts open at the same time. This requirement may be waived if the agency can demonstrate capacity, skills, and adequate staff to complete the projects.

Non-Profit Client Intake

It is the responsibility of each Sponsor to ensure that each client’s eligibility is correctly determined. Eligibility primarily refers to household income being within the prescribed program limits (see the definition of “eligible household” in Section 420.9071 (10), F.S.).

Selection of eligible households to occupy affordable housing units using SHIP must not discriminate against any applicant based upon any protected class included in any federal, state or local fair housing law. The sponsor must comply with Fair Housing Act and 760.20-760.37 F.S.

Client Intake Application:

The application for assistance should contain all the necessary information to determine whether a client household is potentially eligible for SHIP assistance. At a minimum, an application for program assistance should contain the following items for each household member:

- a. The number of people residing in the household including name, age, relationship to head of household, current address and phone number.
- b. Name and address of employer(s), work phone number(s), position title and number of years working for employer.
- c. Sources of annual income, including earned, unearned and asset income, and a statement signed by all of the adults who reside in the household consenting to the disclosure of information for the purpose of verifying income and assets for determining income eligibility for program assistance. If the client receives any form of Social Security, the sponsor must retain a current copy of their award letter.
- d. A signed statement indicating that the client understands that all submitted information is subject to Florida's public records laws.
- e. A statement that it is a first-degree misdemeanor to falsify information for the purpose of obtaining assistance.
- f. For self-employed applicants: The non-profit must obtain the profit and loss statement and two years of tax returns from the applicant in order to complete the income certification form.
- g. For applicants receiving Social Security payments: the non-profit must request a copy of the applicant's Social Security Award letter.

NOTE: Occasionally SHIP funds are leveraged with other funds that require an alternative income definition and application process. In such cases, contact the Florida Housing Coalition to confirm if the alternative application process collects the required SHIP details. This is necessary since some data may not be on an application form, but instead located on other documentation for SHIP assistance.

Client Management and Record Retention:

1. A separate file must be maintained for every client, regardless of whether the request for assistance was approved or denied. It is critical to the overall program accountability that there be sufficient and legible documentation. Documents should be secured within the file, and should be organized systematically. For instance, one section can hold the household's income eligibility information, one section can hold legal documents such as contracts and security agreements, and another section may be designated for information on the unit, such as appraisals, property tax records, and information on construction and rehabilitation.

2. Each rehabilitation project must obtain a minimum of 3 bids.
3. A Rental Income Certification Form must be submitted annually for each household at the time of re-certification. If a tenant moves out of a property, a Tenant Move-Out Form (Appendix D, page D10) must be submitted along with the new tenant's Rental Income Certification Form.
4. All sponsors that receive SHIP monies will be monitored by Lee County annually. The County staff member will need access to all client files. Lee County staff will notify the non-profit in advance with the date, time and files that the staff member will be monitoring.
5. Each year the non-profit must submit annually a bound copy of their single audit to the Lee County SHIP Administrator.

Sponsor Close-Out:

1. The minimum requirements for close-out depend upon the type of assistance awarded and the funding sources.
 - a. Homeownership New Construction and Down Payment Assistance (DPA) must provide a copy of the first mortgage loan closing documents, purchase contract and a signed Closing Disclosure Statement.
 - b. Homeowner Rehabilitation requires documentation that is fairly extensive for all aspects of the construction process.
 - c. When a homebuyer receives assistance from multiple funding sources, a signed Closing Disclosure Statement must identify all funding sources (ie. SHIP, HOME, CDBG, Bond, etc.).
 - d. Rental rehab requires the completed "SHIP Rental Sources and Uses" form (see Appendix D, page D7) and a copy of an income certification for each tenant.

2. The following strategies have a checklist (Appendix D, page D4). The checklist is a useful tool for all persons who access the file.

New Construction	New Construction Rental
Purchase Assistance with Rehab	Rehabilitation Rental
Purchase Assistance without Rehab	Rental Assistance - Rental
Owner Occupied Rehabilitation	Rapid Re-Housing- Rental
Foreclosure Prevention	

3. Sponsors that are awarded funds have the responsibility for maintaining clear and accurate files on project recipients and activities. Lee County will monitor the sponsor developer's files on a regular basis to ensure that all information needed for reporting is provided, that assistance is awarded to eligible persons, and, that all project activities conform to program requirements.

4. Lee County is ultimately responsible for program compliance. Sponsors are encouraged and, at times, required to attend SHIP training and workshops to ensure administration of the program in accordance with statutory requirements.
5. All housing records that document the award or expenditure of SHIP funds must be retained for 5 fiscal years after the file / loan has been satisfied. Records may be retained in electronic form. The standards for record keeping must comply with the Florida Administrative Code 1B-24.

Appendix A – Quick Reference for Client Intake

This appendix offers guidance about eligibility determination and the documentation of income, assets and other household details. The guidance pertains to the Section 8 income definition that is commonly used by SHIP administrators. However, SHIP allows for several methods of defining income which are listed in Section 420.9071 of the F.S. “Annual gross income” means the annual income as defined under the Section 8 housing assistance payments programs in 24 C.F.R. part 5; or the annual income as reported under the census long form for the recent available decennial census; or the adjusted gross income as defined for purposes of reporting under Internal Revenue Service Form 1040 for individual federal annual income tax purposes or as defined by standard practices used in the lending industry as detailed in the LHAP and approved by the corporation.

A. Determining Household Size

Prior to calculating the household’s income, it is important to properly identify the number of people in the household. It is essential to accurately determine household size, since the program eligibility is “adjusted for family size” (as defined in Section 420.9071 (1), F.S.). 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.

1. An eligible household is comprised of one or more natural persons determined by the county 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, a family member who is working in another state on assignment or who is on active military duty to be temporarily absent may be considered.
 - b. The HUD Handbook outlines how to address a **family member who is permanently confined to a hospital or nursing home**. In this situation, the family may choose to either include the absentee individual and 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 considered 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 client’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 legal claim of ownership of any house that the client purchases and most lending institutions will require the spouse to sign the mortgage. When a client 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 client has no plan to reunite with the estranged spouse. In cases of permanent separation, the client 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:
 - 1. Count the fiancé if his or her income is provided to a first mortgage lender to qualify the household to purchase a home.
 - 2. Count the fiancé 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 family members. HUD Handbook 4350.3 Chapter 3 states: “The owner must also count all anticipated children. Anticipated children include the following: Foster children who will reside in the unit,” Furthermore, the HUD Handbook 4350.3 Chapter 5 addresses the subject: “Payments received by the family for the care of foster children or foster adults is not counted.”
- h. Household member’s **children in joint custody** arrangements who are present in the household 50% or more of the time are counted as household members. 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 client.
- i. A client’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 or mortgage. The new address or location is considered the student’s principle 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 client’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. Tenants are not considered household members, while roommates are. Roommates share household expenses, while a tenant is an individual who has signed a rental agreement/lease with the homeowner. The tenant is not considered a household member, and his or her income is not aggregated with that of the other members. The rent paid to the homeowner by the tenant would be counted as homeowner income. This scenario is not found in the HUD 4350.3 publication because Section 8 tenants are not permitted to rent out rooms in their assisted apartments.

B. Income Qualification:

1. Include income from the following sources:
 - a. 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.
 - b. 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).
 - c. The first \$480 in earnings of a full-time student over the age of 18 who is not the head, co-head or spouse. Note: All of the full-time student's asset income is counted.
 - d. 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.
 - e. Also include any income of:
 - i. Children who are temporarily absent due to placement in a foster home.
 - ii. Children who are students who are away at school but who live with the family during school recesses.
 - iii. Emancipated minor(s), residing with the household as a member (and as a dependent), rather than the head, spouse or co-head.
 - iv. Income of temporarily absent family members who are still considered household.
 - v. Income of persons confined to a hospital or nursing home and considered a household member.
2. Do not include the following:
 - a. Any income of a live-in aide or attendant.
 - b. Any income attributable to the care of a foster child or adult. Foster adults are considered to be individuals with disabilities, unrelated to the tenant family, who are unable to live alone.
 - c. Any earned income from employment of minors, age 17 or under. However, unearned income attributable to the minor, such as child support, AFDC payments, and other benefits, are counted.
3. Annual Income Defined:
 - a. 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).
 - b. 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:

- I. 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
 - II. Annual income as reported under the Census long-form for the most recent available decennial Census; or
 - III. Adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for individual federal annual income tax purposes.
4. Annual income includes income from members currently in or intending to reside in the household. The following 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 in the income inclusion and exclusion section).
5. 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.
6. 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.
7. 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.

8. 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.

C. HUD Handbook 4350.3 Chapter 5 Exhibit 5-1: Income Inclusions and Exclusions 24 CFR 5.609(b) and (c)

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 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 sponsor in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:
 - i. The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus
 - ii. The maximum amount that the welfare assistance sponsor 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.

- iii. 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
 - iv. All regular pay, special pay, and allowances of a member of the Armed Forces, except as provided in paragraph (7) under Income Exclusions.
7. 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.)

D. INCOME EXCLUSIONS:

1. Income from employment of children (including foster children) under the age of 18 years; 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);
2. 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 paragraph (5) under Income Inclusions;
3. Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;
4. Income of a live-in aide, as defined in 24 CFR 5.403;
5. The full amount of student financial assistance paid directly to the student or to the educational institution (see Income Inclusions (7), above, for students receiving Section 8 assistance);
6. 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);
7. Amounts received under training programs funded by HUD (e.g., training received under Section 3);
8. 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);
9. 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;

- 10a. 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
- 10b. Incremental earnings and benefits resulting to any family member 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;
11. Temporary, nonrecurring, or sporadic income (including gifts);
12. 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);
13. Earnings in excess of \$480 for each full-time student 18 years or older (excluding the head of household and spouse);
14. Adoption assistance payments in excess of \$480 per adopted child;
15. Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump-sum amount or in prospective monthly amounts;
16. 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;
17. Amounts paid by a state sponsor 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
18. 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, and 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 Re Agent-product 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]);
19. 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. A divorce decree is a legal document mandating the payment of child support.
- b. A household that is not receiving court ordered child support has legal recourse to force payment of the support.
- c. 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 clients may be receiving non-court ordered child support.
- d. Some clients may be receiving non-court-ordered child support. 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.

E. Consideration of Assets:

- 1. **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 client 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 program does not set a limit on the value of assets that a household can possess. A client possessing many assets may still be eligible for SHIP assistance. For example, 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.
 - a. **Calculating income from assets.**
 - i. First calculate the cash value of the asset. This is what the client 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. This includes any outstanding mortgage on a rental home.
 - ii. The next step to determining income from assets is to identify assets that generate an actual, tangible income for example, Savings accounts and certificates of deposit generate interest. Rental properties generate rent. For any such asset, document the estimated actual income that it will generate during the next 12 months. Deduct any expenses anticipated to be incurred by the owner during the next 12 months such as property taxes and property insurance payments.
 - iii. Because some assets do not produce an actual income, but appreciate in value, the SHIP program requires that administrators track the increase in asset value by calculating the “imputed income” for assets. This calculation is a “passbook rate” formula created by the Department of Housing and

Urban Development. Administrators must calculate imputed income by multiplying the cash value of an asset by 0.06 percent.

3. The HUD Handbook establishes the following policy for determining income from assets:
 - a. If the asset value is \$5,000 or less, add together 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 1) the actual annual income to be derived from these assets, or 2) the cash value of the asset multiplied by the imputed amount currently 0.06%.
4. Assets and Calculation methods: The following is a list from HUD Handbook 4350.3 Chapter 5, Exhibit 5:
 - a. 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 client's lender must complete a verification of assets form that provides the cash value of the account and its rate of return, if there is one. 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.
 - b. 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.
 - c. 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.
 - d. Stocks, bonds, treasury bills, CD, Money Market and other investment accounts: The administrator should contact the company that manages the investment account to 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 client's other assets is more than \$5,000, multiply the total value of assets by the passbook rate of 0.06 percent to determine the imputed income from the assets.
 - e. 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 client's other assets is more than \$5,000, multiply the total value of assets by the passbook rate of 0.06 percent to determine the imputed income from the assets.

f. Retirement and pension funds: Include only amounts that the client has access to, less any penalties or transaction costs. Do not count as an asset any retirement account that a client must retire or resign from work to access. The income from these accounts is determined with the process outlined above for individual retirement accounts.

1. At retirement, termination of employment OR withdrawal of funds:

- i. 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.
- ii. 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.
- iii. 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 a client'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 client's other assets is more than \$5,000, multiply the total value of assets by the passbook rate of 0.06 percent to determine the imputed income from the assets.
- iv. 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.
- v. 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.

F. Assets Excluded from Calculation:

- a. Necessary personal property such as clothing, furniture, cars, wedding ring, and vehicles specially equipped for persons with disabilities;
- b. Interests in Indian trust land;
- c. Term life insurance policies (i.e., where there is no cash value);
- d. Equity in the cooperative unit in which the family lives;

- e. Assets that are part of an active business (does not include rental properties held as investment and not as a main occupation);
- f. Assets that are not effectively owned by the client (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,
- g. Assets that are not accessible to the client nor provide any income to the client.

G. Final Income Calculation:

When the client completes the SHIP application, the sponsor should do a calculation of the client's total annual income and compare to the applicable income limits for jurisdiction and household size. If the client's total annual income is well above the income limits, the verification process may be unnecessary. At that time, inform the client 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, always use the most current income limits chart as provided annually by the Florida Housing Finance Corporation and available at <https://www.leegov.com/dcd/planning/ah>. Generally, these charts are updated in March or April every year.

H. Income Verification:

- a. As a condition of admission to a SHIP-assisted unit (or continued occupancy of a SHIP-assisted rental unit), provide documentation to verify each source of annual income.
- b. First, an executed release of information form must be obtained from all adult household members. This authorizes the release of information from any depository, employer, or federal, state or local sponsor.
- c. The release form should state that the client permits the provision of any documentation from income sources for the purposes of determining or auditing the household's eligibility for housing assistance. This includes information such as earned, unearned and asset income, employment history, hours worked, frequency of pay, type of payment, commissions, bonuses, interest, etc., on all members currently or intending to reside in the household. Only request information that is necessary to determine the household's eligibility for program assistance.
- d. Send release and verification forms directly to source (with a return envelope) via mail, facsimile or E-Mail. Do not send the forms through the client.
 - i. The three acceptable methods of verifying income are:
 1. written third-party verification;
 2. oral third-party verification; and,
 3. documentation for self-employed clients.

I. Third-party Verification:

1. Written third-party verification is the most reliable and preferred of the three types of income verification methods. Written third-party verification ultimately involves an income verification form mailed or faxed to the employer (or other income source) from the housing administrator. The verification form should include information about the amount of income that the client is anticipated to receive in the next 12 months.
 - a. Start the procedure for obtaining third-party verification by faxing or mailing an information request to the income source.
 - b. State the reason for the information request and include a signed statement from the client authorizing the release of information.
 - c. Include a section for the employer or other third-party source to provide the information requested.
 - d. On occasions, the employer or other third-party source may not return the written verification form. Make additional attempts to obtain written verification by sending another form. Document all efforts in the notes section of the client file.
 - e. At this point and as a last resort, the sponsor can obtain the information required by calling the income source.
 - f. If efforts to obtain oral verification also fail, use any written income information (include tax returns, pay stubs and bank statements) to document sources of income. When using paystubs use the most recent 4 to 6 consecutive pay stubs. This option involving pay stubs and tax returns should only be used as a last resort and on very rare occasions. Make a note in the client's file of all of your attempts to obtain third party verification.
 - g. Upon receiving the income verifications, date-stamp each one and compare information on the verifications with information on the application and make any necessary notations to enable accurate determination of income eligibility.
 - h. Defined in Section 5-13 of HUD Handbook 4350.3, Chapter 5 states that tenant provided documents such as "the work number" are considered 3rd Party Verifications and can be used if dated within last 120 days.
 - i. Talk with the client if there are significant differences between the amounts reported on the application and the verification form. Ultimately, the sponsor must rely on information from the third party source, but reviewing discrepancies may cause the sponsor to call the third party to ask clarifying questions to ensure that income information is complete.
 - j. Do not augment the third party information received with data on tax returns or pay stubs, which only provide historical—not current—information. The third party source provides the most accurate information available to estimate income that will be earned in the next twelve months.

- k. The verification of employment form may indicate that the client will soon receive a raise. Determine when the raise will take effect during the next 12 months. Calculate employment income at the current pay rate until the estimated month of the raise. Calculate income at the higher pay rate for the remainder of the twelve-month period.
 - l. The information to be verified refers to the upcoming 12-month period. Always request information on income anticipated over the next 12 months from income sources and stresses the importance of a timely reply unless it cannot be obtained.
 - m. In cases where a client is self-employed, the net income anticipated to be derived by the client is considered annual income and first-hand documentation is necessary (Source: HUD 24 CFR Section 5.609 Part 4 (b) (2), additional information is provided in HUD Handbook 4350.3 (11/2013) chapter 5-6 (H)). This is the only instance in which net income—instead of gross income—is used to determine eligibility. The client’s net income will be calculated by subtracting expenses from gross income in the same manner permitted by Schedules C, E, or F of the IRS Tax Return Form 1040. Have the client provide copies of tax returns for one or two years. In addition, the client or his or her bookkeeper should supply an income and expense report (also called a profit and loss statement, or a quarterly audited statement from a bookkeeper) for at least the past three months. Use the amount of net income from this report to anticipate the amount of income for the business in the next 12 months. If the report indicates the net income generated in the past three months, for example, multiply this figure by 4 to estimate the income from the business in the next 12 months. If the net income from a business is negative, it must be counted as zero income.
 - n. Sometimes a client’s business is seasonal, with busy and slow months. The business income indicated in the income and expense report may not accurately estimate the income to be received in the next 12 month period. In such a case, ask the client to provide a signed statement stating why his or her income will be higher or lower in the next 12 months than you would estimate it to be based solely on the information in the income and expense report.
 - o. The sponsor should then verify this information by looking at the amount of business income reported on one or two years of the client’s tax returns.
 - p. Except when addressing self-employed clients, do not use the client’s income tax return for verification of income if the selected methodology used is 24 CFR Part 5.
 - q. Verification of Income policy in the HUD Handbook 4350.3 was updated in 2013 to allow for ‘tenant provided income’. It must be generated by a third-party source dated within last 120 days. This is considered third-party verification although in the possession of the client.
2. Third-party verification from source (written)
- a. An original or authentic document generated by a third party source that is dated within 120 days from the date of receipt by the client. Such documentation may be in possession of the client and commonly referred to as client-provided documents. These documents are considered third-party verification because they originated from a third-party source.

Examples of client-provided documentation that may 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.

- b. Sponsor's must consider the following when using tenant provided documentation:
 - i. 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.
 - ii. Is the documentation complete? Agencies may not accept pay stubs to document employment income unless the client provides the most recent four to six, consecutive pay stubs to illustrate variations in hours worked. Actual paychecks or copies of paychecks should never be used to document income because deductions are not shown on the paycheck.
 - iii. Is the document an unaltered original? The greatest shortcoming of client-provided documents as a verification source is their susceptibility to undetectable change through the use of high quality copying equipment. Documents with original signatures are the most reliable. Photocopied documents generally cannot be assumed to be reliable.
 - iv. Written documentation sent directly by the third-party source by mail or electronically by fax, E-Mail or internet.

J. The 120 Day Rule for Third- Party Verification:

1. Completed income verification forms do not stay "fresh," up-to-date, and accurate indefinitely. Over time, a household's income can change—the client may, for example, get a raise, lose a job, or take a second job. The HUD Handbook 4350.3 recognizes that verification forms can only be considered accurate and current for a certain length of time.
2. "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." (HUD Handbook, 4350.3, Chapter 5, Section 3, Paragraph 5-17, B (1-2)).
3. Agencies may stop the 120 day clock by encumbering SHIP funds before the 120 days have expired. "Encumbered" is defined in 67-37.002 (7), which states that "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."
4. Once the sponsor has committed SHIP funds to the client, the 120 day clock stops and you can continue to provide assistance. The sponsor must re-verify an client's income if 120 days have elapsed between the time when the sponsor received completed verification forms and the time of encumbrance of SHIP funds.
5. After the sponsor and the client sign the income certification form and the sponsor issues a letter of commitment, the sponsor will no longer have to actively ask any income eligibility questions. However, someone may approach the sponsor with information that household size or income has changed since the certification form was signed. For example, a client may tell you that she or he has received a raise at work, or a lender may tell the sponsor about a part time job that the client reported in the mortgage application, but not the SHIP application. If the sponsor receives such information, the sponsor is obligated to re-calculate and re-certify that the client's household is eligible for assistance until such point as the sponsor provides down payment assistance at closing or until the sponsor initiates the rehabilitation work.

K. Calculation and Verification of Income:

1. Use the income information from the third party verification forms to calculate the annual gross income for the household in the next 12 months.
2. A signed certification form must be obtained from the client in order for the eligibility process to be complete. Agencies cannot calculate and certify household income until all verifications are received and the sponsor determines that the household is income eligible.
3. The certification form must indicate the annual household income and family size and a statement regarding the completeness and accuracy of the information.
4. The income certification form must be prepared by the sponsor and then properly executed by both the client, household members over 18, and the sponsor's housing administrator.
5. The effective date of the income certification is the date the last person signs the income certification. Also, the income certification is a legal document establishing income eligibility. White out should not be used to make changes to this document. Cross out the incorrect information and write in the correct information.
6. The homeowner and the sponsor's housing administrator should both initial and date the changes. The income certification should be signed by the homeowner in front of the sponsor's housing administrator.
7. If the income certification is mailed to the homeowner for signature, the SHIP administrator should require that the signature be notarized before the document is returned to the SHIP administrator.
8. A signed certification form must be obtained from the client in order for the eligibility process to be complete.

Appendix B - Program Eligibility and Feasibility

A. Homeownership Units:

1. Concurrent to the income qualification process is the determination of unit eligibility. For assistance using SHIP funds, the unit must conform to the definition of “eligible housing” as defined in Chapter 420.9071(8), F.S. All SHIP-assisted units must comply with all Florida Building Code provisions outlined in Chapter 553, for this reason, SHIP funds cannot be used to purchase or rehabilitate mobile homes.
2. Unit eligibility considers the value of the unit. Section 420.9075 (5)(c), F.S. indicates that “The sales price or value of new or existing eligible housing may not exceed 90 percent of the average area purchase price in the statistical area in which the eligible housing is located. Average area purchase price may be calculated for any 12-month period beginning not earlier than the fourth calendar year prior to the year in which the award occurs or as otherwise established by the United States Department of the Treasury.” The definitions section of the SHIP Statute outlines exactly how to determine the “sales price or value” of several types of units:
 - a. When a new or existing home is purchased, the value is the amount on the executed sales contract.
 - b. For households building a unit on land they own, the sales price is determined by an appraisal performed by a state-certified appraiser. The appraisal must include the value of the land and the improvements using the after-construction value of the property and must be dated within 12 months of the date construction is to commence.
 - c. For existing units being rehabilitated without the creation of additional living space, the value is determined by a recent appraisal performed by a state-certified appraiser or the assessed value of the real property as determined by the county property appraiser.
 - d. For rehabilitated units that include the addition of new living space, value means the value of the real property plus the cost of the improvements.
3. There are unit eligibility criteria that are specific to rehabilitation activities. First, consider whether the unit can be repaired up to the Lee County adopted standard at a cost that does not exceed the maximum per unit award that is stated in the LHAP. Also, if SHIP funds are used on a unit along with CDBG, HOME or other federal funds, adherence to all applicable federal requirements, including but not limited to federal lead based paint standards is also required. When combining different funding sources, the strictest rule will apply.

B. Rental Units:

1. There are also unit eligibility criteria specific to using SHIP funds on rental units. The amount of monthly rent charged on the unit cannot exceed the rental limits for the community, as published annually by the Florida Housing Finance Corporation and available <https://www.leegov.com/dcd/planning/ah>. Furthermore, the affordability of the rental unit must be maintained for at least 15 years (SHIP Rule Chapter 67-37.007 (10) F.A.C.). However, any loan or grant in the original amount of \$10,000 or less shall not be subject to these annual monitoring and determination of tenant eligibility requirements.

C. Special Needs Housing:

1. Some uncommon unit eligibility criteria apply to certain types of special needs housing. Typically when SHIP funds are used on group homes, temporary housing, or transitional housing, count each bed in the facility as a separate unit. These facilities are not considered home ownership units. They must comply with all the provisions in the SHIP Rule relating to rental housing (Chapter 67-37.007 (10) F.A.C.). However, like all rental property, the sales price or value of group homes, temporary housing, or transitional housing may exceed the maximum sales price or value outlined in the LHAP.

D. Affordability Test:

1. The sponsor must also perform an “affordability test” on recipients of SHIP purchase assistance, as well as those living in SHIP-assisted rental units.
 - a. For SHIP-assisted rental units, the Florida Housing Finance Corporation annually publishes maximum levels of rent that can be charged. This establishes a standard of affordability for all SHIP-assisted renters.
 - b. When assisting homebuyers, the program administrator should determine if the buyer’s monthly mortgage payment is considered affordable as the term “affordable” is defined by the SHIP program in Section 420.9071 (2) of the SHIP Statute.
 - c. Consider if the client’s housing costs exceed an amount representing 30 percent of the maximum monthly income allowed for the client’s income category (very low, low, or moderate income). Monthly rents or mortgage payments including taxes and insurance do not exceed 30 percent of that amount which represents the percentage of the median annual gross income for the households as indicated in Sections 420.9071, F.S. In those instances, that the monthly housing payment including taxes and insurance may increase above 30 percent of the households gross income and the household’s total debt including the monthly housing payment, may increase to 41 percent of the household’s gross income, an exceptions to these ratios may be granted on a case by case basis, with compensating factors which may include but is not limited to items such as homeowner association fees.

F. Housing Assistance Activities:

1. Once the income, program and unit eligibility processes have been completed and the client has been deemed eligible to receive assistance, housing assistance activities can begin. If the award is for purchase assistance, the first mortgage lender may require a commitment letter from the local government that specifies the amount of assistance.
2. For rehabilitation of owner-occupied housing, the mortgage needs to be recorded before any rehabilitation work starts. Then the process of developing the work write-up, contractor selection and other related activities may begin.
3. For home purchase assistance, there should be coordination of the income-eligibility process. For instance, it is a good idea to coordinate with the first mortgage lender to ensure credit worthiness and a firm commitment from the lender for the first mortgage. Similarly, the rehabilitation specialist should ensure that repairs to the unit are feasible and cost-effective.

4. Providers of housing counseling services should ensure that the client is ready for home ownership and has already placed or will soon place a contract on a home. If sound practices for coordination and communication are in place, there will be fewer problems throughout the process and the client will be confident that his or her needs have been effectively addressed by the local program.
5. If the award is for purchase assistance, the first mortgage lender may require a commitment letter from the local government that specifies the amount of assistance.

Appendix C - Glossary of Housing Terms

1. Adjusted for Family Size — Adjusted in a manner that results in an income eligibility level that is lower for households having fewer than four people, or higher for households having more than four people. The base income is based upon a formula established by the U.S. Department of Housing and Urban Development.
2. Administrative Expenditures — Those expenditures directly related to implementation of the Local Housing Assistance Plan.
3. Affordable — Monthly rents or monthly mortgage payments including taxes and insurance that do not exceed 30 percent of that amount which represents the percentage of the median annual gross income for the households. The SHIP statutory definition of affordable states, however, that it is not the intent of the SHIP program to limit an individual household's ability to devote more than 30 percent of its income for housing. Housing for which a household devotes more than 30 percent of its income shall be deemed affordable if the first institutional mortgage lender is satisfied that the household can afford mortgage payments in excess of the 30 percent benchmark.
4. Americans with Disabilities Act (ADA) — Provides federal civil rights protection to individuals who are physically or mentally disabled. The ADA prohibits discrimination against the disabled in employment, public services, public accommodations, and telecommunications. Entities that are covered by the ADA must make reasonable accommodation, which involves adapting programs, facilities, or work places to allow disabled individuals to participate in the program of services.
5. Amortization — A plan for paying off a financial obligation by making periodic installment payments over a set period of time, at the end of which the loan balance is zero. Often mortgages have a 30-year amortization, requiring the borrower to make 360 equal monthly payments.
6. Appreciation — The value of property due to improvements made to the property or surrounding area/neighborhood by the owner or other parties, including the government and/or more general market forces. Commonly, and incorrectly, used to describe an increase in value through inflation.
7. Audit — An examination of the financial or administrative records of an organization or governmental entity to ensure that they are complete and accurate.
8. Back-End Ratio — (i.e., debt ratio) a calculation used by the lender to determine if the amount of income less debt is sufficient to afford the monthly payment. It is calculated by taking the monthly mortgage payment (PITI) and dividing it by the sum of the gross monthly income minus the total monthly debt payments of the client. The maximum ratio varies depending on the loan and program applied for.
9. Balance Sheet — A financial statement showing a “snap-shot” of the assets, liabilities and net worth (fund balance) of an organization on a given date.
10. Cash Flow — Revenue less expenditures over a set period of time.
11. Closing — The final procedure in a real estate sale, in which property ownership is transferred in exchange for an agreed upon payment.
12. Collateral — Assets pledged to secure a loan.

13. Community Action Sponsor (CAA) — CAAs were organized in the 1970s with the goal of eliminating the causes, conditions, and effects of poverty. A CAA may be a private, non-profit, tax-exempt corporation or a department within local government. CAAs may operate a variety of programs that serve low income and elderly residents of the community, including emergency home repair, weatherization, food distribution, employment counseling, homeless assistance, transportation and Head start. CAAs generally receive funding from a variety of federal, state, local, and private sources. Sometimes referred to as Community Action Program (CAP) agencies.
14. Community-based organization (CBO) — A nonprofit organization that has among its purposes the provision of affordable housing to persons who have special needs or have very low income, low income, or moderate income within a designated area, which may include a municipality, a county, or more than one municipality or county, and maintains, through a minimum of one-third representation on the organization's governing board, accountability to housing program beneficiaries and residents of the designated area. A community housing development organization established pursuant to 24 C.F.R. Part 92.2 and a community development corporation created pursuant to Chapter 290 are examples of community-based organizations.
15. Community Development Corporation (CDC) — A CDC is usually a local, non-profit entity organized to address long-term community revitalization by building affordable housing, assisting or starting small businesses, and creating jobs.
16. Community Housing Development Organization (CHDO) — Under the HOME Program, a CHDO is a private, non-profit, 501(c) (3) tax-exempt organization that has, among its purposes, the provision of decent, affordable housing to low and moderate-income persons. CHDOs must, among other things, have demonstrated capacity for carrying out activities funded with HOME funds, and must maintain at least one-third of its governing board's membership for residents of low income neighborhoods, other low income community residents, or elected representatives of low income neighborhood organizations. Further information can be found in the HOME Rule, 24 CFR, Parts 91 and 92.
17. Community Reinvestment Act (CRA) — Enacted by Congress in 1977, states that banks and savings institutions have an affirmative obligation to serve the public, and especially to help meet the deposit and credit needs of local communities in which they are chartered, including the needs of residents in low and moderate-income neighborhoods. Failure of an institution to meet these needs can result in a financial institution being unable to expand or merge with another lender.
18. Consolidated Plan — A plan developed by a local government that describes the needs, resources, priorities, and proposed activities to be undertaken with funds provided under various federal programs. A consolidated plan is required by HUD for all participating jurisdictions and grantees.
19. Credit Underwriting — A process used by lenders (including government lenders) to evaluate the feasibility of a development (i.e., whether project income will be sufficient to pay the loan and operating expenses).
20. Debt Service — Loan principal and interest payments.
21. Deed — A legal instrument that transfers property ownership from one party to another.
22. Default — The failure to make required payments on a financial loan secured by a first mortgage which leads to foreclosure and loss of property ownership.

23. Demographic Data — Information about the characteristics of human populations, including size, income, age, wealth, race, ethnicity, gender, housing conditions, etc.
24. Developmental Disability — Florida Statute 393 defines “developmental disability” as a disorder or syndrome which is attributable to retardation, cerebral palsy, autism, or spina bifida and which constitutes a substantial handicap that can be reasonably be expected to continue indefinitely.
25. Development of Regional Impact (DRI) — Large-scale developments that are required to undergo a comprehensive regional impact review prior to local government approval. The review process is coordinated by a Regional Planning Council (RPC).
26. Entitlement Jurisdiction-- This is used to describe a city or county that receives funding from the Community Development Block Grant program or the HOME Investment Partnership Funds program. These communities meet certain program requirements and are eligible or ‘entitled’ to receive funding under these programs.
27. Equity — The market value of real property, less the amount of existing debt or liens.
28. Essential Service Personnel — Pursuant to Chapter 2006-69, Laws of Florida, persons in need of affordable housing who are employed in occupations or professions in which they are considered essential service personnel, as defined by each county and eligible municipality within its respective local housing assistance plan pursuant to Section 420.9075(3) (a), F.S.
29. Extremely Low Income — This term describes a person or household that has an income that is below 30 percent of the area median income for a specific city or county. The term is described in more detail in the definitions section of the SHIP Statute.
30. Fair Housing Act — The Fair Housing Act makes it illegal to deny housing, refuse to rent, sell, or negotiate, or offer different terms and considerations because of race, color, religion, sex, national origin, handicap, or familial status. If you suspect violation of the Fair Housing Act or want more information, you may contact the U.S. Department of Housing and Urban Development, Fair Housing, 451 7th Street, SW, Washington, D.C. 20410, (800) 669-9777.
31. Fair Housing Ordinance (FHO) — A FHO is required of all localities participating in federal programs. It makes illegal any discrimination based on race, color, ancestry, religion, sex, national origin, familial status or handicap.
32. Federal Housing Finance Sponsor (FHFA) — The federal housing sponsor created in 2008 to take over the functions of the Office of Federal Housing Enterprise Oversight (OFHEO) and the Federal Housing Finance Board (FHFB). It oversees and regulates Freddie Mac and Fannie Mae, as well as the Federal Home Loan Banks.
33. Financial Statements — Written record of the financial status of an individual, organization or governmental entity. Statements commonly include income statement, balance sheet, cash flow statement, and if the organization is a non-profit, a funds balance statement.
34. Financing Fee — Money charged by a lender to originate a loan. The fees are based on a percentage of the loan amount, and one point is equivalent to 1 percent.
35. 501(c)(3) — Section of the Internal Revenue Code that addresses the requirements that an organization must meet in order to be considered a tax-exempt organization. Many people refer to agencies that have obtained a tax-exempt status as a “501(c)(3).”

36. Foreclosure — The legal process a lender uses to exercise its right to force the sale of a property to gain repayment of mortgage debt. Generally, lenders exercise this right when a borrower has failed to make timely payments. When money is borrowed to pay the purchase price of a home, the home is used as collateral for the loan and the evidence of that collateral is a mortgage recorded in the public records of the county where the real property is located. If the borrower fails to make the required payments on the mortgage, the lender brings a court action to take possession of the property in order get its loan repaid. That legal action in Florida is a judicial foreclosure.
37. Front-End Ratio—(i.e., income ratio) — A calculation used by the lender to determine if a client’s income is sufficient to afford the monthly payment. It is calculated by taking the monthly mortgage payment (principal, interest, taxes, and insurance) and dividing it by the gross monthly income of the client.
38. Grants — Gifts of money given by foundations, or federal or state government, without expectation of repayment.
39. Gross Income — See Annual (Gross) Income.
40. HOME Investment Partnerships Program (HOME) — The Home Investment Partnerships Program was enacted in 1990 as part of the Cranston-Gonzalez National Affordable Housing Act.
41. Home Ownership Activities — The use of the local affordable housing trust fund moneys for the purpose of providing owner-occupied housing.
42. Household — Individual, family, or group of individuals living together in a unit.
43. Housing Credits— A competitive federal program administered by the state, which grants income tax credit to developers who build or substantially rehabilitate affordable rental housing. The tax credits are used to raise project equity.
44. Inclusionary Zoning- This is a land use regulation that a city or county may use to require that a certain proportion or number of housing units are affordable in an otherwise market rate development. In this way, an apartment complex that is not considered an affordable apartment complex (such as one financed by the Florida Housing Finance Corporation) may have some units that are affordable.
45. Income Statement (Profit and Loss) — Summary of revenues, costs, and expenses for a business over a period of time.
46. Institutional First Mortgage Lender — Any financial institution or governmental sponsor authorized to conduct business in this state and which customarily provides service or otherwise aids in the financing of mortgages on real property located in this state.
47. Interest — The financing fee for a loan, usually calculated on a percentage of the amount loaned spread over the term of the loan.
48. Investor — An organization, corporation, individual or other entity that acquires an ownership position in a project, thus assuming risk of loss in exchange for anticipated returns.
49. Lease-up Period — The amount of time it takes for a building, such as multi-family housing, to reach a stable occupancy rate and income stream.

50. Leveraging — Using a small amount of funds to attract other funds, including loans, grants and equity investments. The premise of leveraging is to use public dollars in conjunction with private dollars to increase the number of affordable housing units that can be produced.
51. Liabilities — A general term encompassing all types of debts and obligations.
52. Lien — Recorded claim against a property whereby the property is security for a debt. Under certain circumstances, the holder of the lien is entitled to have the property sold to satisfy the debt. A lien is an encumbrance against the property.
53. Loan Guarantees — A pledge by a third party that, in case of default by the borrower, promises to repay all or a portion of the borrowed amount. State and local governments and non-profit intermediaries are often sources of loan guarantees, with the Federal Housing Administration (FHA) being one of the most well-known.
54. Loan-To-Value Ratio — The loan amount(s) as a percentage of the property's appraised value or sales price, whichever is less. For example, a loan amount of \$57,000 on a home that has a sales price of \$60,000 has a 95 percent loan-to-value ratio ($\$57,000/\$60,000$). A lender will use a loan-to-value ratio to determine the maximum amount it will lend on a property.
55. Local Housing Partnership — The implementation of the local housing assistance plan in a manner that involves the applicable county or eligible municipality, lending institutions, housing builders and developers, real estate professionals, advocates for low income persons, community-based housing and service organizations, and providers of professional services relating to affordable housing.
56. Low Income -- This term describes a person or household that has an income that is below 80 percent of the area median income for a specific city or county. The term is described in more detail in the definitions section of the SHIP Statute.
57. Market Value — The price a property would sell for in a competitive market when there has been a normal offering time, no coercion, arms-length bargaining, typical financing, and informed buyer and sellers.
58. Match —The commitment of non-federal funds to supplement HOME Investment Partnerships Program funds for affordable housing.
59. Mortgage — A temporary and conditional pledge of property to a creditor as security for the repayment of a debt. The borrower (mortgagor) retains possession and use of the property.
60. Mortgage Revenue Bonds (MRB) — State and local housing finance agencies (HFAs) sell tax-exempt bonds and use the money that is raised to lend to first-time homebuyers. Because buyers of these bonds accept a lower rate of return on their investment than if the bonds were taxable, HFAs can lend proceeds to the homebuyers at interest rates below conventional mortgage rates.
61. National Affordable Housing Act (NAHA) — In October 1990, Congress approved the National Affordable Housing Act, the most comprehensive housing legislation since 1974.
62. Neighborhood Housing Services (NHS) — NHS is a national network of locally funded and operated autonomous, self-help programs which are revitalizing declining neighborhoods.
63. Net Operating Income (NOI) — Gross profits minus operating expenses and taxes.

64. Non-profit Corporation — A corporation established under state law for purposes other than making profits that would be distributed to the owners, directors, members or officers.
65. Participating Jurisdiction (PJ) — The term given to any state or local government that HUD has designated to administer an allocation of HOME Investment Partnerships Program funds.
66. Personal Property — Major appliances, including a freestanding refrigerator or stove, to be identified on the encumbering documents.
67. Principal — The currently unpaid balance of a loan, not including interest.
68. Private Mortgage Insurance (PMI or MI) — Coverage that, in instances of default, guarantees a lender the partial payment of an outstanding loan balance.
69. Pro Forma — Projected annual income and expenses for a rental development for a given period (usually 15 years).
70. Property Tax Abatement — Reduction or exemption from ad valorem tax for a specified time period.
71. Public Housing Authority (PHA) — Created by local governments pursuant to Chapter 421, F.S., local PHAs develop, own, and operate public housing and administer Section 8 programs.
72. Purchase Option — The right to buy a property at a specified price within a specified time. A purchase option or “option to purchase” is different from a purchase and sale contract in that the option money is not refundable and is usually not credited toward the purchase price at closing.
73. Real Estate Owned (REO) — Property that is owned by a lender, usually acquired through a foreclosure, or through a deed in lieu of foreclosure.
74. Real Estate Settlement Procedures Act (RESPA) — RESPA requires that lenders give all borrowers of federally-related mortgage loans an estimate of settlement costs and a HUD-prepared booklet with information about real estate transactions, settlement services, cost comparisons, and relevant consumer protection laws.
75. Real Property — Land, including all things permanently attached to the land, such as buildings and infrastructure, commonly referred to as appurtenances.
76. Reconstruction — Rebuilding of a structure, usually on the same foundation as the existing housing which will be demolished.
77. Regional Planning Council (RPC) — RPCs provide planning and technical assistance to local governments on federal and state issues such as housing, growth management, emergency management, and intergovernmental coordination. The State of Florida has 11 RPCs.
78. Rehabilitation — Repairs or improvements which are needed for safe or sanitary habitation, correction of substantial code violations, or the creation of additional living space. Local plans may more specifically define local rehabilitation standards.
79. Rent Subsidies — Ongoing monthly rental assistance. The term does not include initial assistance to tenants, such as grants or loans for security and utility deposits.

80. Reserves — Funds held to pay future liabilities. Typical reserves include replacement reserve for major repairs, operating reserve for covering negative cash flow and contingency funds.
81. Rural Development (RD) - Formerly known as Farmers Home Administration. (FmHa) — Provides funding for mainly rural housing programs.
82. Secondary Market — Markets into which originating lenders sell their loans to investors who are seeking longer-term investments (e.g., Fannie Mae).
83. Section 504 — Section of the Handicapped Accessibility/Architectural Barriers Act that requires all public buildings to be designed, constructed, or renovated to provide access for physically handicapped persons.
84. Single Room Occupancy (SRO) — SROs provide housing for elderly, disabled, the working poor and others who, without SROs might otherwise be homeless. An SRO room typically has a sink, closet, and sleeping space. Bathroom, shower, and kitchen spaces are generally shared with others.
85. Strategic Plan — A plan of action that guides how a goal, such as developing affordable housing, will be accomplished.
86. Subordinated (Secondary or Tertiary) Debt — If more than one lender has a lien on a property, the subordinated debt is paid after the debt of lien holders in superior (or first) positions.
87. Sub Recipient — Means a person or non-state organization contracted by a SHIP eligible local government and compensated with SHIP funds to provide administration of any portion of the SHIP program.
88. Subsidy — Financial assistance in the form of government loans, grants, or other contributions that are used to make housing affordable.
89. Sweat Equity — The value of volunteer labor in producing affordable housing.
90. Targeting — Federal, state or local requirements of the CDBG Small Cities, HOME or SHIP Programs relating to the use of funds for units that assist certain income groups or fund particular activities (i.e. home ownership, hard construction costs, etc.). Can also be used to refer to a situation where funds are spent only in a specific geographic area.
91. Title Insurance Policy — Insurance paying monetary damages for loss of property from superior legal claims not accepted by the policy.
92. Unsecured — A loan that has no collateral pledged as security.
93. Very Low Income — This term describes a person or household that has an income that is below 50 percent of the area median income for a specific city or county. The term is described in more detail in the definitions section of the SHIP Statute.
94. Veterans Administration (VA) — A mortgage guaranty program begun after World War II to enable returning service personnel to purchase homes, offering 100 percent financing and requiring no down payment or insurance premium on the loan.
95. Welfare Transition Program — A program pursuant to the provisions of Chapter 2000-165, Laws of Florida.

Acronym/Abbreviation	Meaning
AGI	Annual Gross Income
AHC	Affordable Housing Advisory Committee
AHCP	Affordable Housing Catalyst Program
AHD	Affordable Housing Development
AMI	Area Median Income
AR	Annual Report
CAFR	Comprehensive Annual Financial Report
CBO	Community-Based Organization
CDBG	Community Development Block Grant
CHA	Certificate of Housing Affordability
CLT	Community Land Trust
COC	Continuum of Care Program
DCD	Department of Community Development
DEM	Department of Emergency Management
F.A.C.	Florida Administrative Code
FEMA	Federal Emergency Management Sponsor
FHC	Florida Housing Coalition
FHFC	Florida Housing Finance Corporation
FLHOP	Florida Homebuyer Opportunity Program
F.S.	Florida Statutes
HDGC	Housing Development Goals Chart
HHR	Hurricane Housing Recovery
HO	Homeownership
HOME	HOME Investment Partnerships Program
HOP	Home Ownership Pool Program
HOPE	Homeownership and Opportunity for People Everywhere
HUD	U.S. Department of Housing and Urban Development
LDC	Lee County Land Development Code
Lee Plan	Lee County Comprehensive Plan
LG	Local Government
LHAP	Local Housing Assistance Plan
MSA	Metropolitan Statistical Area
NOFA	Notice of Funding Availability
PITI	Principal, Interest, Taxes and Insurance
SAIL	State Apartment Incentive Plan
SHIP	State Housing Initiative Program
SHP	Supportive Housing Program
TA	Technical Assistance
TAP	Technical Assistance Provider

Appendix D – Blank Forms for Applicant Information

[Click Here](#) to access the State SHIP Program Manual. The following documents are included in Appendix H. If you find that this link is broken, please contact the Lee County SHIP Department.

1. Applicant's Document Checklist
2. Application for Assistance
3. Authorization for Release of Information
4. Resident Income Certification (Homeowner)
5. Resident Income Certification (Renter)
6. SHIP Rehabilitation Checklist
7. Third –Party Verification of Assets Income
8. Third – Party Verification of Employment
9. Third – Party Verification of Income from Business
10. Third – Party Verification of Regular Cash Contributions
11. Third – Party Verification of Social Security Benefits
12. Third – Party Verification of Unemployment Benefits
13. Verification of Child Support Payments
14. Verification of Pensions and Annuities
15. Verification of Verbal Verification
16. Verification of Veterans Benefits

The following SHIP forms are attached to this document:

17. Instructions for Documenting the Special Needs
17. Lee County Notice of Collecting Social Security Numbers
18. Lee County Public Records Statement
19. Lee County SHIP Program Completion Checklist
20. SHIP Rental Sources and Uses
21. Statement of Household Size
22. Tenant Move-Out Form
23. Zero Income Affidavit
24. Zero Income from Asset Affidavit



LEE COUNTY

SHIP AFFORDABLE HOUSING FUNDS

INSTRUCTIONS FOR DOCUMENTING THE SPECIAL NEEDS

Instructions

At least 20 percent of SHIP funding must be used to serve persons with special needs (as defined in 420.0004 Florida Statutes) with first priority to serve persons with developmental disabilities by providing home modifications, including technological enhancements and devices which will allow persons to remain independent in their own homes and maintain their homeownership.

Although there is a priority for persons with developmental disabilities, the fundamental requirement is to document that SHIP funds are used to provide rental or homeownership assistance to households that include one or more household members with special needs.

In order to track how the funds are targeted the agency receiving SHIP funds must:

- Identify applicants who are persons with special needs and
- Require supporting written documentation related to those households with persons with special needs. If the household is receiving financial assistance connected to the special needs that financial assistance must be counted when determining income eligibility.

All financial assistance related to any of the special needs categories must be reported as income and should be documented appropriately as part of the application process.

Remember to ask lots of questions:

Is the applicant receiving Family and Supported Living or the Developmental Disabilities Home and Community-Based Services Waiver? If so, please request documentation of the eligibility determination from the Agency for Persons with Disabilities.

Definition:

393.063 (12)F.S. - “Developmental disability” means a disorder or syndrome that is attributable to retardation, cerebral palsy, autism, spina bifida, or Prader-Willi syndrome; that manifests before the age of 18; and that constitutes a substantial handicap that can reasonably be expected to continue indefinitely.

420.0004 (13)F.S.- “Person with special needs” means an adult person requiring independent living services in order to maintain housing or develop independent living skills and who has a disabling condition; a young adult formerly in foster care who is eligible for services under s. [409.1451](#)(5); a survivor of domestic violence as defined in s. [741.28](#); or a person receiving benefits under the Social Security Disability Insurance (SSDI) program or the Supplemental Security Income (SSI) program or from veterans’ disability benefits.

420.0004 (7)F.S.- “Disabling condition” means a diagnosable substance abuse disorder, serious mental illness, developmental disability, or chronic physical illness or disability, or the co-occurrence of two or more of these conditions, and a determination that the condition is:

(a)Expected to be of long-continued and indefinite duration; and

(b)Not expected to impair the ability of the person with special needs to live independently with appropriate supports.

*****A survivor of domestic violence**

Contact Lee County prior to submitting any information.

- ✓ **See form below and fill in the household name, address and SHIP contract number. Attach this form with the appropriate supplement form to the income certification form and to the request for reimbursement forms**
- ✓ **Check** the appropriate category and then refer to the attached supplement forms for the recommended questions and related information and supporting documentation to be obtained. (If you need additional information please contact Angela Dietrich, Phone: (239) 533-8389 E-mail: adietrich@leegov.com Lee Co. DCD/Planning Div. 1500 Monroe St. Ft Myers, FL 33901 or P.O. Box 398, Ft Myers, FL 33902.)
- ✓ **Agency** must retain all supporting documents in their client's file.

Lee County will use at least 20% of SHIP funds for special needs households, prioritizing funding for persons with developmental disabilities with an emphasis on home modifications, including technological enhancements and devices.

Head of Household Name: _____

Property Address: _____

SHIP Contract Number _____

Person with Developmental Disability *See Page 2 for supplement form*

Prioritize funding for persons with developmental disabilities

Receives Social Security Disability Insurance (SSDI) *See Page 3 for supplement form*

Receives Supplemental Security Income (SSI) *See Page 3 for supplement form*

Receives Veteran's Disability *See Page 3 for supplement form*

A young adult formerly in foster care *See Page 4 for supplement form*

Person with a disabling condition *See Page 5 for supplement form 5*

Diagnosable substance abuse disorder

Serious mental illness

Chronic physical illness or disability

None of the above – not a person with special needs

Provide the Appropriate Support Documentation

Supplement form: Person with Developmental Disability

Prioritize funding for persons with developmental disabilities

Head of Household Name: _____

Property Address: _____

SHIP Contract Number _____

Is one or more household members a person with a Developmental Disability* as defined in 393.063, F.S.?

Definition:

*393.063F.S.- *“Developmental disability” means a disorder or syndrome that is attributable to retardation, cerebral palsy, autism, spina bifida, or Prader-Willi syndrome; that manifests before the age of 18; and that constitutes a substantial handicap that can reasonably be expected to continue indefinitely.*

Supporting documentation: Request written documentation from the agency from which they have been determined eligible to receive services. This is expected to be the Agency for Persons with Disabilities in most cases, or in some cases, the Department of Children and Families.

If they are not currently receiving services, they will have to have been “determined eligible” to be placed on a waiting list. They must provide the written documentation.

For all others not receiving services and not on a waiting list, request written documentation that the person was referred by the following agency that serves persons with Developmental Disabilities (i.e. local APDs, ARCs and CILs).

Name of Agency: _____

- **Describe below the documentation obtained and contained in the agency’s case file**

Provide the Appropriate Support Documentation

Supplement form: Person Receives Social Security Disability Insurance (SSDI)

Supplement form: Person Receives Supplemental Security Income (SSI)

Supplement form: Person Receives Veteran's Disability

Head of Household Name: _____

Property Address: _____

SHIP Contract Number _____

A person receiving disability benefits from Social Security Disability Insurance (SSDI), the Supplemental Security Income (SSI) program or the Veterans Administration – Agencies **must** request an award letter from the Social Security Administration or the Veterans Administration indicating the monthly amount of disability benefits.

- **Describe below the documentation obtained and contained in the agency's case file**

Provide the Appropriate Support Documentation

Supplement form: A young adult formerly in foster care

Head of Household Name: _____

Property Address: _____

SHIP Contract Number _____

These applicants should be asked to provide written documentation that they are referred by their local Community-Based Care program and are receiving a stipend under the Road to Independence Program.

- **Describe below the documentation obtained and contained in the agency's case file**

Provide the Appropriate Support Documentation

☐ Supplement form Person with a disabling condition – per 420.0004(7) FS

Head of Household Name: _____

Property Address: _____

SHIP Contract Number _____

Diagnosable substance abuse disorder

Request written documentation from the agency from which they have been determined eligible to receive services. This will be a local service provider or Managing Entity that is under contract with Dept. of Children and Families.

Serious mental illness

Request written documentation from the agency from which they have been determined eligible to receive services. This will be a local service provider or Managing Entity that is under contract with Dept. of Children and Families.

Chronic physical illness or disability

Request written documentation from the agency from which they have been determined eligible to receive services. This is expected to be a community service provider or Managing Entity that is under contract with Dept. of Children and Families or a Local Center for Independent Living (CIL).

An Applicant may also receive services designed for frail elders that have a chronic physical illness or disability.

Is the Applicant receiving services under the following programs?

- Home Care for Disabled Adults;
- Community Care for Disabled Adults;
- Aged and Disabled Adult Medicaid Waiver;
- Alzheimer's Disease Initiative Respite/Special Projects;
- Alzheimer's Disease Initiative Memory Disorder Clinics;
- Channeling Waiver;
- Community Care for the Elderly;
- Home Care for the Elderly;
- Long-Term Care Community Diversion Pilot Program (Nursing Home Diversion);
- Older Americans Act Title III B Supportive Services;
- Older Americans Act Title III D Preventive Health Services;
- Older Americans Act Title III E Caregiver Support;
- Program of All-Inclusive Care for the Elderly (PACE);

Please request written documentation of the eligibility determination for these programs from the following:

- Department of Elder Affairs;
 - Area Agency on Aging (Regional);
 - Council on Aging (County);
- **Describe below the documentation obtained and contained in the agency's case file**

LEE COUNTY NOTICE OF COLLECTING SOCIAL SECURITY NUMBERS

Lee County collects your Social Security Number for a number of different purposes. The Florida Public Records Law (specifically Section 119.071(5), F.S.), requires the County to give you this written statement explaining the purpose and authority for collecting your Social Security Number.

Your Social Security Number is being collected for the purposes of the income certification for the County’s SHIP Program, which requires third-party verification of assets, employment, and income. In addition, this information may be collected to verify unemployment benefits, social security/disability benefits, bank verifications, and other related information necessary to determine income and assets and your eligibility for the program that is funded by local, federal, and/or state program dollars. Your Social Security Number will NOT be used for any other intended purpose other than verifying your eligibility for the County’s program.

Certification and Waiver of Privacy:

The applicant(s) certifies that all information in this application, and all information furnished in support of this application, is given for the purpose of obtaining funding under the SHIP program.

I/We understand that Florida Statute 817 provides that willful false statements or misrepresentations concerning income, asset, or liability information relating to financial condition is a misdemeanor of the first degree, punishable by fines and imprisonment provided under F.S. 775.082 and 775.083. I/we further understand that any willful misstatement of information will be grounds for disqualification. I/we certify that the application information period it true and complete to the best of my/our knowledge. I/we consent to the disclosure of information for the purpose of income verification related to making a determination of my/our eligibility for program assistance.

I/we agree to provide any documentation needed to assist in determining eligibility and are aware that all information and documents provided are a matter of public record. I/we here waive my/our rights under the privacy and confidentiality provision act, and give my/our consent to the City/County’s SHIP program, it’s agents, and contractors to examine any confidential information given herein. I/we further grant permission and authorize any bank, employer, or other public or private sponsor to disclose information deemed necessary to complete this application

<hr/> Printed Name of head of household	<hr/> Signature of head of household	<hr/> Date
<hr/> Printed Name of co-head of household	<hr/> Signature of co-head of household	<hr/> Date
<hr/> Printed Name household member (over 18 years)	<hr/> Signature household member (over 18 years)	<hr/> Date
<hr/> Printed Name household member (over 18 years)	<hr/> Signature household member (over 18 years)	<hr/> Date
<hr/> Printed Name household member (over 18 years)	<hr/> Signature household member (over 18 years)	<hr/> Date

LEE COUNTY PUBLIC RECORDS DISCLOSURE

I, _____, have read and understand the following statements.

1. The applicant understands that all information and documents provided are public records and as such are subject to Chapter 119 of the State of Florida’s public records law, with limited exemption for information deemed confidential under Florida law.
2. Florida Statute § 817 provides that willful false statements or misrepresentation concerning income, asset or liability information relating to financial condition is a misdemeanor of the first degree, punishable by fines and imprisonment provided under F.S. § 775.082 or § 775.083.
3. Title 18, § 1001 of the U.S. Code makes it a criminal offense to knowingly and willingly make fraudulent statements or misrepresentations of any material fact in the use of or obtaining the use of federal funds.

Information provided by the applicant that is not protected by Florida Statutes can be requested by any individual for their review. This is without regard as to whether or not you qualify for funding under the program(s) for which you are applying.

Printed Name of head of household	Signature of head of household	Date
Printed Name of co-head of household	Signature of co-head of household	Date
Printed Name household member (over 18 years)	Signature household member (over 18 years)	Date
Printed Name household member (over 18 years)	Signature household member (over 18 years)	Date
Printed Name household member (over 18 years)	Signature household member (over 18 years)	Date
Printed Name household member (over 18 years)	Signature household member (over 18 years)	Date
Printed Name household member (over 18 years)	Signature household member (over 18 years)	Date

LEE COUNTY SHIP PROGRAM COMPLETION CHECK LIST

<input type="checkbox"/> New Construction and /or DPA Homeowner (complete sections: I, III, IV, VII)
<input type="checkbox"/> Rehabilitation – Homeowner (complete sections: I, III, IV, VII)
<input type="checkbox"/> Education (complete sections: I,III, V, VII)
<input type="checkbox"/> Rental Complex (complete sections: II, III, VII)
<input type="checkbox"/> Rapid Re-Housing (complete sections: I, VI, VII, VIII)
<input type="checkbox"/> Rental Assistance (complete sections: I, VI, VII, VIII)
<input type="checkbox"/> Foreclosure (complete sections: I, IV, VII, IX)

This sheet should be visible in every Applicant’s File

Part I – Homeowner/ Tenant Information

Homeowner Name(s): _____
Address: _____
Strap #: _____
Unincorporated Area? Yes _____ No _____ Subdivision Name: _____
Annual Household Income: \$_____ [Extremely-Low:_____ Very Low:_____ Low:_____ Moderate:_____]
Age of Household Head: _____ Household Size: _____
Race (Please check):
_____ White _____ Black _____ Hispanic _____ Asian
_____ Amer. Indian _____ Other (please specify) _____
Special Needs: (Please check)
_____ Farmworker _____ Dev. Disabled _____ Person w/Special Needs
_____ Homeless _____ Other (please specify) _____

Part II – Project / Complex Information

Project/Complex Name: _____
Address: _____
Strap #: _____
Total Number of Units _____
_____ Efficiency Units _____ 1 Bedroom _____ 2 Bedrooms _____ 3 Bedrooms _____ 4 Bedrooms
_____ Other (Specify)
Unincorporated Area? Yes _____ No _____

Part III – SHIP Mortgage Information

Amount of SHIP Funds Encumbered \$ _____ Date Funds Encumbered _____
SHIP Mortgage Amount \$ _____ Mortgage Recorded: Instrument # _____
SHIP Grant Amount \$ _____ Total SHIP Funds \$ _____
Mortgage Modification (if applicable) Yes _____ No _____
Mortgage Modification Recorded Instrument # _____
Total SHIP funds Expended \$ _____

Part IV – Additional Mortgage Information

Total of Other Private Funds and Value of In-Kind Donation (specify source and amount) \$ _____
First Mortgage Amount \$ _____ Mortgage Recorded Instrument # _____
Owner/Buyer Contribution \$ _____ Total Project Cost \$ _____
Appraised Value \$ _____ Purchase Price \$ _____
Monthly mortgage payment – Principal, Interest, Taxes & Insurance (PITI) \$ _____
Does the Front End Ratio (monthly housing payments (PITI)) exceed the 30% affordability guideline?
Yes _____ No _____ (Actual _____%)
Does the Back End Ratio (total monthly long term household debt plus (PITI) exceed 41% affordability guideline?
Yes _____ No _____ (Actual _____%)
If yes, please attach a copy of the written approved exception.

Part V - Homeownership Support Services

Support Services: Pre-Homeownership _____ Foreclosure Counseling _____ Applicant Sponsor _____
Sponsor award amount _____
Other Public Funds (specify sources and amounts) _____

Part VI – Rental Assistance / Rapid Re-Housing

Rent \$ _____ Security Deposit \$ _____ Utility Deposit \$ _____
First and Last month's rent (rapid re-housing only) \$ _____
Amount of Assistance \$ _____ 12 month lease Yes _____ No _____
Case Manager's Name, Address and Phone # _____

Part VII – Please submit all the following forms that apply to your program.

- 1. Income Verification Form(s) # _____
- 2. Date of receipt of first Income Verification Form _____ *120 Day Clock Starts*
- 3. Income Certification Form
- 4. Special Needs Letter
- 5. Appraisal
- 6. Final Closing Disclosure
- 7. Title Insurance Policy
- 8. Proof of Property Ownership
- 9. Original Recorded SHIP Mortgage & Note
- 10. Copies of all other Recorded Mortgages & Notes
- 11. Certificate of Occupancy
- 12. Itemized List & Invoices for SHIP Subsidy
- 13. Proof of Counseling Sessions
- 14. Release of Liens
- 15. Social Security Statement (signed)
- 16. Public Records Statement (signed)

Part VIII – Please submit all the following forms.

- 1. Copy of signed 12 month lease
Date _____
- 2. Signed affidavit from the case manager

Part IX – Please submit all of the following forms.

- 1. Affidavit of Extraordinary Hardship from client
- 2. Client Affidavit of Resolution of Hardship certified by SHIP designated representative
- 3. Proof of Financial Solution (contact with lender about payment history, loss mitigation & cure of arrearage)

SHIP RENTAL SOURCES AND USES

ORGANIZATION _____
CONTRACT NO. _____

SHIP PROGRAM
RENTAL RECIPIENT PROFILE

Project/Complex Name _____
 Number of Units _____

SHIP Funds Provided: _____

Please attach copies of the Certificate(s) of Occupancy (C/O) or Certificate(s) of Completion (C/C) for all work requiring permits. # of Permits attached: _____

Sources and Uses of Funds
Calculating the Per Unit Project Funding Costs

A. Uses	Per Unit	Project Total	Notes
Land Costs	_____	_____	_____
Fees, Permits, & Studies	_____	_____	_____
Direct Construction Costs	_____	_____	_____
Indirect Construction Costs	_____	_____	_____
Rent-Up Costs	_____	_____	_____
Financing Costs	_____	_____	_____
Total Uses Cost	_____	_____	_____

B. Permanent Sources	Per Unit	Project Total	Notes
1st Mortgage	_____	_____	_____
HOME/SAIL	_____	_____	_____
Lee County SHIP Funds	_____	_____	_____
Other _____	_____	_____	_____
Other _____	_____	_____	_____
Equity Capital	_____	_____	_____
Developer Note	_____	_____	_____
Total Sources	\$ _____ -	\$ _____ -	_____

C. Construction Sources	Per Unit	Project Total	Notes
Construction and Bridge Loan	_____	_____	_____
HOME/SAIL	_____	_____	_____
Lee County SHIP Funds	_____	_____	_____
Other _____	_____	_____	_____
Other _____	_____	_____	_____
Deferred Costs	_____	_____	_____
Equity Capital	_____	_____	_____
Total Sources	\$ _____ -	\$ _____ -	_____

NOTE: Other funds include Weatherization, CDBG, REC, HOME, HOPE, Florida Fix, Mortgage Revenue Bonds etc. The Total Uses and Total Sources under A. B. and C. should add to the same amount.

STATEMENT OF HOUSEHOLD SIZE

This is to certify that _____person(s) is/are residing in the property that is going to be built, awarded down payment assistance, rehabilitated, rented, which is located at _____

By signing below, Applicant(s) requests that the _____(sponsor name)_____ review and verify this application for the purpose of determining eligibility to receive funding assistance through the Lee County’s Assistance Program. The Applicant acknowledges that such eligibility determination may include without limitation, the verification of income and assets, including deposits. The Applicant declares that he/she has read and understands the guidelines of the Program. Applicant authorizes Lee County Affordable Housing to use before and after photographs and/or videos of the property for promotional or information purposes. Applicant acknowledges and agrees that Applicant’s statements are true, correct, and complete to the best of his/her knowledge.

WARNING: Title 18, Section 1001 of the US. Code states that a person is guilty of a felony for knowingly and willingly making false or fraudulent statements to a department of the United States Government.

WARNING: Florida Statute 817 provides that willful false statements or misrepresentation concerning income and assets or liabilities relating to financial condition is a misdemeanor of the first degree and is punishable by fines and imprisonment provided under S 775.082 or 775.083.

<hr/> Printed Name of Applicant	<hr/> Signature Name of Applicant	<hr/> Date
<hr/> Printed Name of Co-Head	<hr/> Signature of Co-Head	<hr/> Date
<hr/> Print Name of Member (Over 18 Years)	<hr/> Signature of Member (Over 18 Years)	<hr/> Date
<hr/> Print Name of Member (Over 18 Years)	<hr/> Signature of Member (Over 18 Years)	<hr/> Date
<hr/> Print Name of Member (Over 18 Years)	<hr/> Signature of Member (Over 18 Years)	<hr/> Date
<hr/> Print Name of Member (Over 18 Years)	<hr/> Signature of Member (Over 18 Years)	<hr/> Date

TENANT MOVE-OUT FORM

Tenant Name(s): _____

Address: _____

Move-In Date: _____ (from original Income Certification)

Move-Out Date: _____

Actual Length of Stay: _____

Tenant's Signature

Date

Tenant's Signature

Date

Move-Out Staff's Signature

Date

Send Completed Form to:
Lee County SHIP Staff
E-mail: adietrich@leegov.com
Fax: 239-485-8344

WARNING: Florida Statute 817 provides that willful false statements or misrepresentation concerning income, asset or liability information relating to financial condition is a misdemeanor of the first degree, punishable by fines and imprisonment provided under Statutes 775.08 or 775.83.

ZERO INCOME AFFIDAVIT

Lee County SHIP Program

(To be completed by adult household members only)

A. Household Members Name: _____

B. I hereby certify that I do not individually receive income from any of the following sources:

- 1) Wages from employment (including commissions, tips, bonuses, fees, etc.),
- 2) Income from operation of a business,
- 3) Rental income from real or personal property,
- 4) Interest or dividends from assets,
- 5) Social Security payments, annuities, insurance policies, retirement funds, pensions, Supplemental Social Security Income (SSI), or death benefits,
- 6) Unemployment or disability payments,
- 7) Public assistance payments,
- 8) Periodic allowances such as alimony, child support, or gifts from persons not living in my household,
- 9) Sales from self-employed resources (Avon, Mary Kay, Shaklee, etc.),
- 10) Any other source not named above.

C. I currently have no income of any kind and during the next 12 months there is no change expected in my financial or employment status.

D. I will be using the following sources of funds to pay for my housing expenses and other necessities:

Signature of Applicant

Printed Name

Date

WARNING: Florida Statute 817 provides that willful false statements or misrepresentation concerning income, asset or liability information relating to financial condition is a misdemeanor of the first degree, punishable by fines and imprisonment provided under Statutes 775.082 or 775.83.

ZERO INCOME FROM ASSETS AFFIDAVIT

(To be completed by adult household members only)

A. Household Members Name: _____

B. I hereby certify that I do not individually receive income or dividends from any of the following sources such as:

- 1) Cash held in checking accounts,
- 2) Cash held in savings accounts,
- 3) Interest or dividends from assets,
- 4) Annuities,
- 5) Certificates of Deposit (CD),
- 6) Money market accounts,
- 7) Any other source not named above.

C. I currently have no asset income of any kind and during the next 12 months there is no change expected in my financial asset status.

Signature of Applicant

Printed Name

Date

WARNING: Florida Statute 817 provides that willful false statements or misrepresentation concerning income, asset or liability information relating to financial condition is a misdemeanor of the first degree, punishable by fines and imprisonment provided under Statutes 775.082 or 775.83.