



Atlanta Homeownership Center
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(<http://www.hud.gov>)

Secondary Financing Approval for Government Agency

Approval Date: August 18, 2003

Approved for the Following Areas:

Pasco County, Florida

August 18, 2003

Mr. George Romagnoli
Pasco County Community
Development Division
7530 Little Road, Suite 3340
New Port Richey, FL 34654-5598

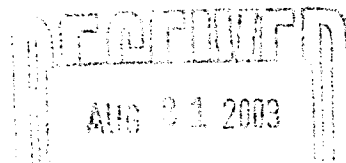
Dear Mr. Romagnoli:

We have reviewed your application for participation in FHA's nonprofit programs and are pleased to inform you that Pasco County has been recertified as a government agency to perform the following activity:

- Provider of Down Payment, Closing Cost, or Rehabilitation Assistance with a Secondary Lien

Pasco County may provide secondary financing assistance in conjunction with an FHA mortgage provided the following guidelines are met:

1. The FHA-insured first mortgage when combined with a second mortgage, as well as any other mortgages, grants, etc., may not result in cash back to the borrower. The sum of all financing may not exceed 100 percent of the cost to acquire the property, plus any normal prepaid expenses (except for 203k mortgages where the sum of all financing may not exceed 110 percent of the after-improved value).
2. The required monthly payment under both the insured mortgage and the second mortgage or lien, plus other housing expenses and all recurring charges, cannot exceed the borrower's reasonable ability to pay.



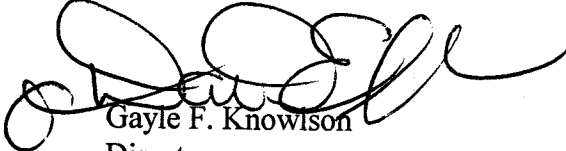
3. The source, amount, and repayment terms must be disclosed in the mortgage application and the borrower must acknowledge that he or she understands and agrees to the terms.
4. No fee may be charged to the borrower for their involvement in this down payment or closing cost assistance program.
5. Eligible Borrowers cannot earn more than 115% of the area's median income without prior approval from HUD.
6. If the funds are to be used in conjunction with the rehabilitation of the property, the subsequent lien must meet all of the criteria in 1-5 above.

Please provide a copy of this letter to any lender providing FHA financing for properties included in the approved homeownership program. This approval is limited to the geographic areas listed above. Any substantive changes that may affect the use of your Affordable Housing Plan with FHA insurance must be reported to this office for review and approval. Should you wish to expand into other areas, please refer to Mortgage Letter 02-01 for clarification or contact the individual listed below.

As a participant in FHA programs, your agency must maintain a working knowledge of all program policies and procedures. Enclosure 1 is a list of Mortgage Letters and Handbooks that contain basic program information. These publications are available on HUD's website at <http://www.hud.gov/offices/hsg/hsgroom.cfm>. Updates and changes are also posted on the website at <http://www.hud.gov/offices/hsg/sfh/hsgsingle.cfm>. You should check it regularly to keep apprised of all relevant program information. Agencies that do not adhere to program policies, procedures and limitations may be subject to temporary and/or permanent removal from the Approved Nonprofit Roster.

We appreciate your interest in FHA programs and your commitment to meeting the housing needs of low and moderate-income homebuyers. If we can be of further assistance, please call Monica McKayhan, Housing Program Specialist, at (888) 696-4687 extension 2638 David Ellison, Chief Field Operations Branch, extension.

Sincerely,



Gayle F. Knowlson
Director
Program Support Division

Enclosure

Enclosure 1

**Participation as a Provider of Secondary Financing
Nonprofit Approval/Recertification Guidance
(this information can be found on www.hud.gov)**

- Mortgagee Letter (ML) #94-02, Secondary financing for Nonprofit agencies
- ML 96-18, Single Family Production - Refinance Transactions, Property Inspections and Other Credit Policy Issues
- ML 96-21, Single Family Loan Production - Using 203(k) Rehabilitation Mortgage Insurance with Participation by State and Local Housing Agencies and Non-Profit Organizations
- ML 00-8, Nonprofit Agency Participation in Single Family FHA Activities
- ML 02-01, Nonprofit Participation in Single Family FHA Activities – New Requirements and Restrictions
- HUD-Handbook 4155.1, Revision 4, Change 1 - Mortgage Credit Analysis