



U.S. Department of Housing and Urban Development  
Tampa Area Office  
501 East Polk Street, Suite 700, Tampa FL 33602-3945  
Tel: 813 228-2501 Fax: 813 228-2431 TDD: 813 228-2115

October 16, 1995

Ms. Dianne W. Morris  
Community Development Manager  
West Pasco Government Center; Suite 340  
7530 Little Road  
New Port Richey, FL 34654

Dear Ms. Morris:

We are very excited to be working closely with your Community Development Division on the secondary financing program that provides rehabilitation through HOPE funds. Bernadette Hutnick, of my staff, has been collaborating with George Romagnoli, in your office, outlining the monitoring of the escrow procedures for the loans which will utilize FHA-insured financing.

We will soon be receiving a Mortgagee Letter from Washington detailing how HOPE funds can work together with FHA's 203k rehabilitation program. As this program may be of great interest to your Department, a copy of this Mortgagee Letter will be forthcoming.

The Tampa Area Office welcomes the opportunity to work with local government agencies to promote expanded homeownership. In the past six-months, FHA has insured 246 loans in Pasco County with 65% of them to first-time homebuyers.

We are looking forward to working with your office in the future and definitely welcome your questions or comments. Please feel free to contact me at (813) 228-2504.

Sincerely,

A handwritten signature in cursive script, appearing to read "Nikki A. Spitzer".

Nikki A. Spitzer  
Director, Single Family Housing Division



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Tampa Area Office  
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September 29, 1995

Mr. George Romagnoli, AICP  
Community Development Housing Coordinator  
Community Development Division  
West Pasco Government Center, Suite 340  
7530 Little Road  
New Port Richey, FL 34654

Dear Mr. Romagnoli:

SUBJECT: Secondary Financing for Rehabilitation

The following information can be used to assist in clarifying the repair escrow procedures. It can be disseminated to FHA lenders who show interest in the purchase/rehab program provided by Pasco County which uses funds from the Home Investment Partnership Program and SHIP.

1. The funds for the repair escrow are allocated to the borrower at the time of closing. Note: Pasco County does not actually transfer the funds. They are set-aside for that particular borrower and Pasco County retains control of the disbursements.
2. The funds are broken out on the HUD-1 reflecting the dollar amount to be used for closing costs and the dollar amount for rehabilitation. Note: If funds are used specifically for closing costs, they can not be added into acquisition.
3. Pasco County retains control of the repair escrow account. It is the FHA lender's responsibility to monitor the draws etc. for rehabilitation in accordance with HUD Handbook 4145.1 Rev-2, Chapter 5 "Escrow Procedures". All of the information provided from Pasco County must be transferred to the HUD form 92300 before submitting it to our office. Note: When the loan is submitted for endorsement, the lender must attach a cover sheet to the front of the binder alerting the closing staff that after endorsement the case must be retained by FHA until the lender provides information supporting the escrow clearance and the final inspection.
4. When monitoring the escrow account, there are two points to be especially aware of: First, Pasco County will disburse payments for new repairs that are discovered during construction. In this instance, the secondary mortgage instrument would be amended to include these additional funds. This would not affect the qualifying of the borrower, as the repayment would not be increased, rather the time-frame for the payback would be extended. 2. In the case where there are rehabilitation funds remaining, the secondary mortgage instrument would be amended and

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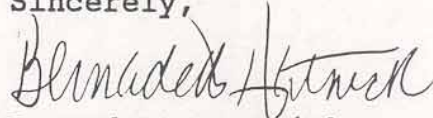
Pasco County would reduce the principal balance of the second mortgage. Note: In the case where the contractor under-bids on a specific repair item, Pasco County will not pay additional funds.

5. The repairs must be completed within a 30-60 day time frame.

Again, we look forward to working with your office in providing this additional avenue to achieving home ownership.

Please feel free to notify me at (813) 228-2026, if there are any questions.

Sincerely,

A handwritten signature in cursive script that reads "Bernadette Hutnick".

Bernadette Hutnick  
Underwriter