

The Pasco County Community Development Update

VOLUME 13, ISSUE 1

NOVEMBER 2005

4 Big News Items in November:

- Release of \$\$\$\$ in January**
- New Maximum Purchase Price**
- New Shared Equity Penalty**
- Reduction of Maximum Fees and Interest Rates**

Funds Released January 4

Pasco County will release \$700,000 in Homebuyer Assistance Program (HAP) funds on January 4, 2006, at 10:00 AM.

The funds will be capped as follows:

\$200,000 for Moderate Income

\$500,000 for Low Income

There are no restrictions or caps for Very Low Income families, homebuyers in target areas, homebuyers of homes owned by Pasco Opportunity Program (POP) agencies, and new homes.

After the \$700,000 is fully reserved,

low and moderate clients will only receive a maximum of \$5,000. Rehabilitation funds for Purchase-Rehab clients are not affected by this restriction.

Remember, while we accept reservations by fax, some lenders come to our office and wait. Some real early.

To discourage that, we will take a page from Ticketmaster and give everyone a lottery number at 9:55 AM. No more than 3 reservations per lender, per ticket.

Shared Equity Penalty Takes Effect in New Year

Our homebuyer programs have helped assist over 2200 families. We are now experiencing a new problem: flipping. People are receiving assistance from Pasco County to buy a home, and then making a huge profit when they sell the house shortly thereafter. Now, making a profit is fine – it is the American way – but not by the way of a government subsidy. Also, the intention of the program is to increase homeownership and stabilize neighborhoods.

For that reason, the Board of County Commissioners has approved a “shared equity penalty”

**New Maximum
Purchase Price:
\$180,000.00**

This takes effect immediately. This is for both new and existing homes. This is still less than 85% of the average purchase price for the area.



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Leaders For Last Quarter

Lenders

Gibraltar Mortgage	5
Genesis Mortgage	4
Icon Mortgage	4

Realtors

Future Home Realty	5
Prudential Tropical Realty	4
Re/Max Advantage	4
Cahill Realty	4

Rehab Contractors

CB Wright Construction	7
Anclote Construction	5
Datona Contracting	3



Pasco County Community Development Division

is proud to support the United Way

Shared Equity (Continued from

If a homebuyer receives assistance from Pasco County to buy a home and sells it in less than 5 years, they will have to “share” some of that profit with the County, in addition to paying back the loan.

The rules are as follows:

A. If the homebuyer sells or transfers the home within the first three years of assistance from the County, the County shall share 50% of the appreciated sales price with the homebuyer, in addition to the loan balance due the County. If the homebuyer sells or transfers the home in the fourth and fifth year of assistance from the County, the County shall share 25% of the appreciated sales price with the homebuyer, in addition to the loan balance due the County.

B. If the homebuyer has performed any improvements on the property that required a building permit, that cost shall be added to the basis of the initial sales price in the determination of the shared equity.

C. If the homebuyer sells the property to a family member, spouse or ex-spouse, or any other friend or acquaintance, the Community Development Division may order an appraisal to determine if the sales price is equitable, and require the shared equity amount to be determined by that

valuation.

D. Appreciation is defined as the gain a homebuyer receives from the sale of their home, less any reasonable title and real estate costs.

E. Under no condition shall the shared-equity amount be more than double the original County assistance. For example, a home is purchased for \$90,000, with \$15,000 in assistance from the County. Two years later, the house is sold for \$110,000. After paying the first mortgage, the County loan, and title costs, the balance is \$17,000. An additional \$8,500 would be paid to the County, and the homeowner would receive \$8,500.

Lets say that before the property was sold a room was added, and it cost \$10,000. The proper permits were received to have it done, and the client has kept all of their receipts from the project. When they sell the house, they send us that information, and we now tell the title company that the shared equity penalty amount is \$3,500 (\$17,000 - \$10,000 = \$7,000; \$7,000 x 50% = \$3,500).

Now lets change the example. Real estate prices are really escalating. Instead of selling the house for \$110,000, they sell it for \$175,000 (this is happening now). After paying the first mortgage, the County loan,

New Pasco Housing Partnership Members

NEW LENDERS

- America’s Mortgage Brokers
- Broad Street Mortgage
- Embassy Mortgage
- Mortgage Network

NEW HOMEBUILDERS

- Westfield Homes

NEW REAL ESTATE

- Back Bay Realty
- Exec Realty
- Gail Small Inc.
- Kennard Realty
- Trans Maax Realty
- Wells Fargo Real Estate
- William T. Braden Realty

NEW REHAB CONTRACTORS

- Anclote Construction

and title costs, the balance is \$83,000. An additional \$30,000 would be paid to the County, and they would receive \$53,000.

Homeowners may want to refinance their loan to reduce the payments or to improve the home (we do not allow refinancing to pull money out of the home for any other purpose, such as paying off bills). Many times, the lender will pay-off the County’s loan as part of that transaction. While we will accept the pay-off and agree to subordinate our loan, the loan will not be satisfied until the five years has expired or the house is sold, whichever is first.

This new rule takes effect January 1, 2006.

Also, this is acceptable to FHA.

Milestones Achieved Last Quarter

- Over \$25 million in County funds have been lent, leveraging more than \$128 million in bank funds, for over \$148 million in sales.
- Over 90 homebuyers have been assisted in the City of Dade City, using more than \$900,000 in County funds.
- Over \$600,000 has been used in the City of Zephyrhills to help homebuyers.
- Over \$5 million in sales for homebuyer cases in the City of New Port Richey.
- Over 800 homeowner rehabilitation projects have been completed.
- Over \$1 million in rehabilitations have been completed in the City of New Port Richey.
- Over 150 homes have been saved from foreclosure using more than \$250,000 in County funds.
- Icon Mortgage has now completed over 220 loans, for more than \$15 million in sales.
- Bank of America has now used over \$800,000 in County funds.
- Gibraltar Mortgage has now used over \$1.4 million in County funds, lent more than \$2 million, for over \$3 million in sales.
- Genesis Mortgage has now completed over 30 loans, for more than \$3 million in sales.
- Mortgage Plus has now used

Clients enjoy a nice morning at AFIRE, a day center for developmentally disabled adults. Community Development Block Grant funds recently paid for a building addition to the facility in New Port Richey.



- over \$200,000 in County funds.
- AmSouth Bank has now used over \$800,000 in County funds.
- Bankers Mortgage has now used over \$100,000 in County funds.
- Pinellas Mortgage has now lent over \$1 million for more than \$1 million in sales.
- Wells Fargo has now lent over \$1 million.
- Elan Mortgage has now lent for over \$1 million in sales.
- Advisors Mortgage has now used over \$100,000 in County funds.
- Cornerstone Mortgage has now used over \$100,000 in County funds, lent more than \$1 million in its own funds, for over \$1 million in sales.
- Countrywide Home Loans has now used over \$800,000 in County funds.
- CB Wright Construction has now completed over \$1 million in housing rehabilitations—the first contractor to do so.
- Bob Larkin Construction has now completed over 10 rehabs for more than \$200,000.
- Cahill Realty has now sold over \$4 million in properties.
- ARPL Realty has now sold over \$1 million.
- Re/Max Advantage has sold over 210 properties for more than \$13 million in sales.
- Future Home Realty has now sold over 10 homes.
- Century 21 Palm Realty has now sold for over \$6 million .
- Prudential Tropical Realty has now sold over 210 homes.
- Florida Luxury Realty has now sold for over \$2 million .

The Community Development Update is an irregularly published newsletter designed to inform our partners about Pasco's housing and community development programs

Check out our website at www.pascocountyfl.net. Then hit the link for Departments, and then Community Development. You can see this and other issues of this newsletter at that site.

New Limit on Fees and Rates

Currently, Pasco limits the maximum fees and interest rates that lenders charge when Pasco funds are used for homebuyer assistance. That will change January 1, 2006. The new limit will be 5% for both maximum interest rates and fees.

HOME BUYER CLASSES

There have been some changes to the class schedules, so please review the list. All classes start at 6:00 PM and end at 9:00 PM.

- December 5 and 12 – First United Methodist Church of Hudson, 13123 US 19, Hudson
- January 12 and 19—Alice Hall Community Center, 38116 5th Avenue, Zephyrhills
- February 2 and 9—West Pasco Government Center, Board Chambers, 7530 Little Road, New Port Richey
- March 8 and 15—Dade City American Legion Hall, 37745 Church Avenue, Dade City
- April 20 and 27—West Pasco Government Center, Board Chambers, 7530 Little Road, New Port Richey
- May 11 and 18—Alice Hall Community Center, 38116 5th Avenue, Zephyrhills
- June 1 and 8 —West Pasco Government Center, Board Chambers, 7530 Little Road, New Port Richey

If you have any questions, call Consumer Credit Counseling at (800) 741-7040, ext 127.



Above is the Dade City Senior Center, with a brand new ramp for the handicapped, built with Community Development Block Grant funds.

LENDER TRAINING SCHEDULED

Three lender trainings have been scheduled:

- December 7, 1:00 PM - Historic Court House, 37918 Meridian Avenue, Dade City
- January 12, 10:00 AM—Community Development Office, 3rd Floor Conference Room, 5640 Main Street, New Port Richey
- February 10, 10:00 AM—Community Development Office, 3rd Floor Conference Room, 5640 Main Street, New Port Richey

Picture Unavailable

We will not show you a picture of what we did, but there is a good reason for that. Pasco County Block Grant funds funded the construction of a wall for the RAP House, which is a facility for youth runaways (and a confidential location), operated by the Youth and Family Alternatives. Block Grant and State Housing Initiative Partnership (SHIP) funds also assisted in 2000.