To: The Honorable Charlotte County Board of County Commissioners
The Affordable Housing Advisory Committee

From: Human Services Housing Division

Date: June, 2016

Subject: Charlotte County Housing /SHIP Loan Forgiveness Program Report

As asked for when the Board of County Commissioners approved the "Loan Forgiveness Program in 2013, this report will show on Attachment A, all SHIP loans forgiven since inception. Attachment B shows all SHIP loans that were paid off during the same period of time. All funds received in either category are recorded as Program Income and are deposited into the Charlotte County Affordable Housing Trust Fund as established by the Board in 1996. These funds are then utilized for the Charlotte County Housing Division programs as required by the funding parameters of the SHIP program.

Attachment A depicts each loan forgiven since program inception. The names are not included but a file number is included to protect the recipients. As of May 2016 there have been ten (10) loans forgiven, either partially or totally for hardship reasons. These reasons are also noted. The total amount of loans requested for forgiveness is $215,784.12. The Amount forgiven is $161,813.39 with $53,970.73 accepted for the indebtedness.

Attachment B shows the comparable loans paid off for the same time period. The names are not included as above. As of May 2016 there has been $567,741.92 in loans satisfied or paid off. The original loan amount totals was $571,371.92. The difference is due to unused funds being returned. These funds are also deposited into the Charlotte County Affordable Housing Trust Fund for appropriate uses.

The Loan Forgiveness Program is to be presented to the Board for determination of continuance, modification or termination. It is felt that the program has benefited community clients and in all cases, foreclosure would result that would been a more serious hardship in addition to the fact that the County usually does not receive any proceeds of the foreclosure process.

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LOANS PAID OFF NOT BY FOREGIVENESS

30 40 Year Notes

Date Funded	File #	Amount paid to HFC	Recorded Mortgage Amount	Unused Funds Returned	Date Funds Returned	Term	Loan Payoff Amount	Loan Payoff Date	Receivable Loan Balance	Strategy (i.e.Down Pmt, Foreclosure)
7/23/2007		$ 4,817.65	$ 4,817.65			30 yrs.	$ (4,817.65)	3/11/2014	$ -	FOR PREV
3/7/2008	1252/07	$ 25,500.00	$ 25,500.00			30 yrs.	$ (25,500.00)	10/1/2015	$ -	Down Payment Assist
3/7/2008	1252/07	$ 4,500.00	$ 4,500.00			30 yrs.	$ (4,500.00)	10/1/2015	$ -	Down Payment Assist
4/11/2008	1275/07	$ 30,000.00	$ 22,455.00			30 yrs.	$ (22,455.00)	10/19/2015	$ -	Down Payment Assist
4/11/2008	1275/07		$ 7,545.00			30 yrs.	$ (7,545.00)	10/19/2015	$ -	Down Payment Assist
5/14/2008		$ 5,000.00	$ 5,000.00			30 yrs.	$ (5,000.00)	9/17/2013	$ -	Foreclosure Prevention
6/26/2008	HAB 091/08	$ 30,000.00	$ 30,000.00			30 yrs.	$ (30,000.00)	2/10/2015	$ -	Habitat for Humanity
9/4/2008	R1155/08	$ 10,607.99	$ 10,607.99			30 yrs.	$ (10,607.99)	12/18/2014	$ -	Rehab Assist
8/13/2009	1321/09	$ 19,145.00	$ 19,145.00			30 yrs.	$ (19,145.00)	2/29/2016	$ -	Down Payment Assist
8/13/2009	1321/09	$ 855.00	$ 855.00			30 yrs.	$ (855.00)	2/29/2016	$ -	Down Payment/Rehab
8/24/2009	1318/09	$ 19,175.00	$ 19,175.00			30 yrs.	$ (19,175.00)	12/27/2013	$ -	Down Payment Assist
8/24/2009	1318/09	$ 825.00	$ 825.00			30 yrs.	$ (825.00)	12/27/2013	$ -	Down Payment/Rehab
8/28/2009	1327/09	$ 19,210.00	$ 19,210.00			30 yrs.	$ (19,210.00)	4/29/2016	$ -	Down Payment Assist
8/28/2009	1327/09	$ 790.00	$ 790.00			30 yrs.	$ (790.00)	4/29/2016	$ -	Down Payment/Rehab
9/29/2009	1324/09	$ 19,360.00	$ 19,360.00			30 yrs.	$ (19,360.00)	5/5/2014	$ -	Down Payment Assist
9/29/2009	1324/09	$ 640.00	$ 640.00			30 yrs.	$ (640.00)	5/5/2014	$ -	Down Payment/Rehab
12/3/2009	FOR83/09	$ 3,452.16	$ 3,452.16			30 yrs.	$ (3,452.16)	2/20/2015	$ -	Foreclosure Prevention
2/2/2010	1329/10	$ 19,435.00	$ 19,435.00			30 yrs.	$ (19,435.00)	2/12/2016	$ -	Down Payment Assist
2/2/2010	1329/10	$ 565.00	$ 565.00			30 yrs.	$ (565.00)	2/12/2016	$ -	Down Payment/Rehab
3/26/2010	R1246/10	$ 25,149.48	$ 25,149.48	$ (40.00)	6/8/2010	30 yrs.	$ (25,109.48)	9/28/2015	$ -	Rehab Assist
4/29/2010	R1246/10	$ 4,215.00	$ 4,215.00			30 yrs.	$ (4,215.00)	9/28/2015	$ -	Rehab Assist
3/29/2010	R1186/09	$ 24,495.00	$ 24,495.00	$ (120.00)	7/19/2010	30 yrs.	$ (24,495.00)	11/12/2015	$ (120.00)	Rehab Assist
6/28/2010	1355/10	$ 19,435.00	$ 19,435.00			30 yrs.	$ (19,435.00)	4/9/2015	$ -	DPA
6/28/2010	1355/10	$ 565.00	$ 565.00			30 yrs.	$ (565.00)	4/9/2015	$ -	Rehab Assist
3/7/2011	RH002/10	$ 23,327.00	$ 23,327.00	$ (80.00)		30 yrs.	$ (23,247.00)	12/31/2015	$ -	Rehab Assist
3/1/2011	RH009/11	$ 16,350.00	$ 16,350.00	$ (290.00)	2/25/2014	30 yrs.	$ (16,060.00)	2/25/2014	$ -	Rehab Assist
5/9/2011	DPA03/11	$ 21,275.00	$ 21,275.00			30 yrs.	$ (21,275.00)	8/8/2013	$ -	Down Payment Assist
5/9/2011	DPA03/11	$ 765.00	$ 765.00			30 yrs.	$ (765.00)	8/8/2013	$ -	Down Payment Assist
			$ 349,454.28	$ (530.00)			$ (349,044.28)			

LOAN FORGIVENESS PROGRAM

FILE NUMBER	DATE OF LOAN	TYPE	AMOUNT	TERMS	DATE SATISFACTION RECORDED	AMOUNT ACCEPTED	LOSS	NOTES
R1287/07	9/6/2008	DP	$ 30,000.00	30 YRS.	5/21/2013	$ -	$ 30,000.00	Severe illness- cancer. Single mother of 2. Employment reduced to PT - Short Sale.
FOR68B/08	3/19/2009	HHRFP	$ 5,000.00	30 YRS.	12/11/2013	$ 500.00	$ 4,500.00	Severe illness. Unable to make payments, foreclosure pending without this shortsale.
FOR68A/08	3/19/2009	FP	$ 5,000.00	30 YRS.	12/11/2013	$ 500.00	$ 4,500.00	Took 10% each for this foreclosure prevention program.
HR1106/06	1/25/2007	RH	$ 30,000.00	15 YRS.	1/9/2014	$ 11,370.73	$ 18,629.27	Tax sale. New owner offered to settle for amount that was accepted.
HR1003/04	6/10/2005	RH	$ 13,171.00	15 YRS.	1/29/2014	$ 800.00	$ 12,371.00	Spouse deceased. Remaining HO is in her mid 80s. No ability to reach end of term or pay.
HR1003/04	8/30/2005	RH	$ 325.00	15 YRS.	1/29/2014	$ 100.00	$ 225.00	Spouse deceased. Remaining HO is in her mid 80s. No ability to reach end of term or pay.
HR1003/04	9/15/2006	RH	$ 7,960.00	15 YRS.	1/29/2014	$ 600.00	$ 7,360.00	Spouse deceased. Remaining HO is in her mid 80s. No ability to reach end of term or pay.
R160/96	2/8/2006	RH	$ 16,138.86	15 YRS.	3/25/2014	$ 4,000.00	$ 12,138.86	HO deceased. Title company made mistake when sold by estate. Didn't ID CC lein.
R626/02	7/23/2002	RH	$ 9,897.50	20 YRS.	10/3/2014	$ 1,000.00	$ 8,897.50	Expenses exced income due to insurance and taxes increasing - short sale.
R1147/08	7/24/2008	RH	$ 10,420.00	30 YRS.	11/6/2014	$ 6,000.00	$ 4,420.00	Death of Husband - Caring for a disabled grandson - moved out of state
R1184/08	6/18/2009	HHRRH	$ 29,625.76	30 YRS.	1/30/2015	$ 12,549.00	$ 17,076.76	HO deceased. Short sale by bank. Buyer offered to pay approx 42%.
R1184/08	7/30/2009	RH	$ 3,615.00	30 YRS.	1/30/2015	$ 1,551.00	$ 2,064.00	HO deceased. Short sale by bank. Buyer offered to pay approx 42%.
R1248/10	5/13/2010	RH	$ 24,631.00	30 YRS.	6/19/2015	$ -	$ 24,631.00	HO not able to take care of self. House to be sold to veteran.
995/06	6/28/2006	DP	$ 30,000.00	15 YRS.	2/12/2016	$ 15,000.00	$ 15,000.00	HO separated. Left state with minor children. Allowed for lease for 1 year and accpepted 50% of original amount
TOTALS			**$ 215,784.12**			**$ 53,970.73**	**$ 161,813.39**	

EXHIBIT "A"

POLICY FOR
LOAN FORGIVENESS PROGRAM

The Charlotte County Housing Division maintains approximately 2,500 files received when the Housing Corporation of Charlotte County, Inc. was dissolved, including active mortgages dating back to 1996 under the SHIP, HOME, CDBG, and HHR grant programs. Each file has one or more liens or mortgages, with terms varying from 5 to 30 years. Many of these encumbrances are now coming back to the County with foreclosures pending and/or in short sale. Many realtors and banks are contacting the County to offer a settlement for less than pennies on the dollar as a settlement of these loans.

Therefore, the following proposed policy, as approved by the Affordable Housing Advisory Committee for recommendation to the Board of County Commissioners and transmission to the Florida Housing Finance Corporation, shall be implemented.

Loan Forgiveness shall be based on a graduated settlement policy considering the following factors:

1. The length of the loan;
2. the amount of time elapsed since loan origination;
3. the amount of the loan; and
4. the original terms.

Loan Forgiveness guidelines:

A. Loans under $2,000.00 – accept the offered settlement amount.

B. Loans under $5,000.00 and less than 10 years in term – accept the offered settlement amount.

C. Loans under $5,000.00 and 10 years or more in term - 25% forgiveness for each year elapsed up to a limit of 75% after one half of the original term of the loan passes.

D. Loans of $5,001.00 up to the maximum allowable amount and terms as indicated:

1. 10 year term – 25% forgiveness up to 75% of total loan amount, for each of the three years over one-half of the term.
2. 15 year term – 15% forgiveness up to 75% of the total loan amount, for each of the five years over one-half of the term.
3. 20 year term – 10% forgiveness up to 60% of the total loan amount, for each of the six years over one-half of the term.

4. 30 year term – 10% forgiveness up to 70% of the total loan amount, for each of the seven years over one-half of the term.

In no case will settlement be accepted if the owner(s) being foreclosed upon is/are receiving any funds through the process. This Policy is for pending foreclosure homes that are in a period of short sale under the control of the owner, with approval of the lending institutions. The County is in a minor or subservient position to most loans being foreclosed by the lender. Should the property proceed to foreclosure, history shows that the County will receive no funds from the proceeds of the foreclosure, but there are legal and administrative costs associated. This Policy does not change any of the loan terms, it is a settlement policy to be used only if foreclosure is imminent. With satisfaction of these loans, the file will be closed with no further recourse by the owners.

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