SHIP Down Payment Assistance Frequently Asked Questions

What exactly is SHIP down payment assistance?

The down payment assistance allows you to purchase an affordable home by providing a down payment on the home. The amount of your down payment assistance will be recorded as a mortgage with a specified term and a forgiveness at the end of that term. Don’t worry, there are no monthly payments, and if you live in the home the whole time, you will never have to pay it back. Your loan will be recorded as “satisfied” at the end of the term. If you sell the home before the end of the term, you will need to pay back some or all of the SHIP loan.

I keep hearing this assistance referred to as a loan. I thought it was a grant. Do I have to pay this money back?

There is real money being paid to secure your home through SHIP but you will not have to pay any money so long as you abide by the mortgage terms. If you move out before the end of the SHIP term, you may have to pay all or some of the SHIP loan back to our office.

Can I apply for SHIP Down Payment Assistance if I have owned a home in the past?

If you have not been the owner of a home in the most recent past three years, you may apply for SHIP down payment assistance.

Can I use SHIP Down Payment Assistance to purchase a mobile home/manufactured home?

You may purchase a mobile home or a manufactured home if it is five years old or less. The amount of assistance for these homes is limited to $10,000 due to the restrictions we have on spending SHIP funds on mobile/manufactured housing.

How long does the application process take?

After you and your significant other or spouse have completed the required homebuyer education course and credit counseling and have been pre-approved for a home loan, the application process to certify your eligibility can take between three to eight weeks. It depends on the complexity of applicant income and asset documentation as well as the current work load of the housing staff, who work on multiple housing assistance programs.
If I apply for and am certified eligible for SHIP down payment assistance in another city or county, can I use my award letter to purchase a home in Flagler County/Palm Coast?

No, but you may certainly apply through Flagler County. SHIP funding gives eligible jurisdictions the ability to design the assistance needed specifically for their communities.

Do I have to be an established resident of Flagler County for a certain amount of time before applying for SHIP assistance in Flagler County?

Absolutely not. You are welcome to apply for SHIP through Flagler County to purchase a home here, even if you have never lived here.

How long do I have to live in the home before I can rent it out to someone else?

You will need to maintain a homestead property tax exemption on your home for the entire term of your SHIP loan. You can only receive this property tax exemption if you physically reside in the home. The current term for our down payment assistance SHIP loans is 15 years. If you move out in that time, you will be considered to be in default of your loan and will need to pay back the amount of the SHIP loan that has not yet been forgiven.

Can I combine down payment assistance with rehabilitation assistance through SHIP?

Not currently. Each SHIP office submits a specific plan for assistance to their local governing boards and to the state agency, Florida Housing Finance Corporation, for approval every three years. Currently, we do not offer a down payment with rehab option in our approved plan (please review our Local Housing Assistance Plan). In short, we cannot combine these two deferred loan programs here in Flagler County; however, that may change in the future.

Is there a purchase price limit on the home I purchase with SHIP down payment assistance?

Yes. The state law governing SHIP assistance requires us to limit assistance to homes which are at 90 percent of the area market rate. Also, in Flagler County, our Local Housing Assistance Plan currently asks shoppers to find homes at or below $200,000. Also, please note that we are required to apply assistance to housing which is affordable for the applicant, and in Flagler County, your monthly mortgage (Principal, Interest, Taxes and Insurance, PITI), must be thirty-three percent (33%) or less of your gross monthly income. This requirement alone may limit the allowable purchase price of your new home.
What credit score do I need to be eligible for SHIP down payment assistance?

Currently, Flagler County Housing does not require any specific credit score for SHIP down payment assistance. You do have to have a pre-approval letter from a lender prior to applying for SHIP down payment assistance, and most lenders will require borrowers to have good credit scores. Also, one main requirement of SHIP assistance is that your eventual mortgage payments are less than 33% of your monthly income, and your total debt to income is less than 40% of your income (housing plus debt payments).

Do I need to take home buying classes before applying for SHIP down payment assistance, and if so, where do I find them?

Yes. We ask all potential homeowners to learn about the home buying process and to improve their credit scores by taking a home buyer’s education course provided by any HUD certified housing counseling agency. HUD requires an extensive certification process for nonprofit, private, and governmental agencies in order to provide this education, and it is very well worth it for any home shopper. You can find these classes on HUD’s website, or contact Mid Florida Housing Partnership at (386) 274-4441, or Volusia County Extension office at, 386-822-5778.

Is there a fee for the required HUD certified home buyers classes or credit counseling?

Sometimes. Find a HUD certified housing counseling agency that provides the training that best suits your needs. Ensure it is certified through HUD, and make a decision.

What happens to my home if I should pass away before the end of the SHIP term? Can I transfer ownership of my home to a trust if I have a SHIP loan on it?

This is a really common question, and it’s a good question to be asking. The terms of your SHIP mortgage may state that any successor to your home will need to be eligible for SHIP based on income or they will have to pay the remainder of the SHIP loan. So you might need to have some serious conversations about whether any heirs might want to keep the home and what they will need to do to satisfy the SHIP loan if that is the case. You cannot transfer the title of your property if you have a SHIP loan, even to a trust.

Who counts as a household member for SHIP down payment assistance?

You must include everyone living in your household on your SHIP application. Paid, non-relative care-takers do not count. You will let us know if people living in nursing facilities are considered household members. There are other nuances, but generally speaking, everyone living with you counts in the household.
I am currently separated from my spouse, how will this affect my SHIP application?

The state of Florida does not currently recognize separations as a legal marital status. SHIP down payment assistance requires all spouses to be on the SHIP application, so we would need that person to sign the application and provide income and asset documentation.

I live with my significant other; however, we are not married. Do we both need to provide our income and asset information to apply?

Yes. All adults living in the household will sign the application and provide required income and asset information. Married and unmarried partners will both be applicant and co-applicant to the SHIP loan if they currently reside together.

I am a single parent and I do not receive child support. How do I document this for SHIP eligibility?

If you are a single parent, you must provide a copy of the court order for child support. If you do not receive court-ordered child support, we need to document that by showing you have applied for child support enforcement. If you do not have a court order, you must indicate this on the application and sign the release of information for the SHIP office to verify whether you have a child support order.

I am self-employed. How do I show income to apply for SHIP down payment assistance?

You will have to provide two years of tax returns showing your earnings, complete with the Schedule-C. You will need to provide a most recent 12 month profit and loss statement. If you do not file taxes, there may be no way to properly document your income as required by state law for this assistance.

Does Social Security Disability Income count toward the income qualification?

Yes. We must count most sources of earned and unearned income sources as defined by 24 CFR 5.

Do you count SNAP benefits when calculating income eligibility?

No. We do not count benefits that you do not directly receive as cash income.
**Is SHIP down payment assistance taxable income?**

No. The IRS considers down payment assistance from tax exempt organizations and government agencies to be tax exempt.

**Where does the SHIP funding come from for this? Is it federal, state, local?**

The Sadowski Coalition explains that, “Doc stamp tax paid on all real estate transactions was increased in 1992. Those monies were dedicated to the state and local housing trust funds. 70% of monies went to the Local Government Housing Trust Fund for the SHIP program which funds housing programs in all 67 counties and larger cities while 30% of monies to the State Housing Trust Fund for Florida Housing Finance Corporation went to programs such as the State Apartment Incentive Loan (SAIL) program.”