

Procedures Manual and System User Guide

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Introduction

This Procedures Guide and User Manual provides basic process flow information and instructions for navigating the updated MHDC Loan Management System and outlines required forms and basic submission procedures. It should be used as a supplement to the First Place and Next Step Operations manuals, which outline specific program policies. The instructions contained within this guide are intended for loan professionals employed by an approved MHDC Certified Lending institution.

For all First Place and Next Step program eligibility questions and other detailed program policy information, please review the most recent Operations Manuals on the [MHDC website](#).

MHDC Process Flow Overview

1. Onboarded Institution profiles are preloaded in the loan system
2. Individual approved users create a system login
3. Users upload or enter borrower and loan information
4. Users select the appropriate program and lock the rate
 - a. The MHDC Compliance package and Reservation Lock Form is delivered automatically via the Communications tab
5. Automatic conditions are assigned
6. Users upload required documentation in the Conditions and Documents tabs
7. MHDC review begins after all automatic conditions contain an upload/response
8. Users monitor communications/system statuses within the system
9. An approval notice is automatically delivered via the communications tab after the submission has been approved

Training and Onboarding

To access the MHDC Loan Management System, the lending professional must be employed by an approved MHDC Certified Lending Institution and complete individual onboarding. To initiate individual onboarding, the lending professional's manager should submit a User Invite Request within the portal or email lender.certifications@mhdc.com. This request will specify the appropriate permission group for the user (see user [permission settings](#)). MHDC will then contact the individual with the appropriate training steps for the requested permission group. Typically, this includes reviewing online training materials, confirming completion, and passing a certification

test. Once these steps are completed, MHDC will approve the User Invite Request in the portal. Borrowers and other individuals will not be granted access.

All inquiries for onboarding and training should be emailed to lender.certifications@mhdc.com.

Minimum Institution Eligibility Requirements

- 2- year continuous brick and mortar presence in Missouri
- Approved to originate Housing Finance Agency Products with MHDC's Master Servicer

Institution Onboarding Procedures

1. Complete an onboarding application
 - a. A designated lending institution representative must email lender.certifications@mhdc.com to request instructions
2. Submit the completed application and supporting documents
3. Sign the Certified Lending Institution Agreement(s) and additional forms
4. Receive a Formal Approval
5. Onboard staff through MHDC's lending professional training

Agent Onboarding

1. Email lender.certifications@mhdc.com for new onboarding instructions
 - a. A lending institution admin may also send a new user request to MHDC within the Loan Management System
2. Review Training Videos and Guides on the MHDC website
3. Complete the Certification Test with a passing score
4. Receive an invite to create login credentials in the MHDC loan system

System Navigation

Creating a Login

Each new approved user will receive an email invite with a link for creating a login. After receiving the invite, users should follow the link and set a password. Logins may only be associated with the business email account assigned by the certified lending institution where the system invite was received.

Passwords may be reset by clicking the "Forgot Password?" link on the login page or within the system through "My Settings > Reset Password."

System Layout

Once logged in, the user will be directed to the system dashboard. From the system dashboard, a user may:

- Start a new application (create a new lock)
- View the application pipeline
- View details for all available MHDC programs and funding sources
- Navigate to system settings (Options vary depending on user permission level)

After the initial loan information (“Creating a new application”) has been completed, users will see a series of tabs detailed below:

- Overview
 - Provides general overview information including lender/user information, loan numbers, and statuses
- Fannie Mae 3.4
 - Contains all the loan information, which may be auto-populated from a Fannie Mae 3.4 upload. Generally, this tab is in the exact order as the 1003.
- Activity Log
 - Provides detailed information regarding loan application activity.
- Conditions List
 - After a rate is locked, automatic conditions for required documents are applied. All MHDC required compliance documents will be uploaded here.
 - Any additional conditions will appear and be responded to in this section.
 - **See below for file submission and review process details.**
- Communications
 - Users will find essential communications on this tab including: the delivered MHDC Compliance Package and Reservation Lock Form, conditions notices, and approval notices
 - The chat function within the system also allows reviewers and lenders to communicate short, file specific messages.
 - **See below for loan detail updates/lock extension requests and conditions communication processes.**
- Documents
 - MHDC Ad-Hoc forms may be downloaded and submitted here once after they’ve been completed.
- Fees
 - Any assessed MHDC fees will appear in this section (e.g. transfer fees from First Place to Next Step), as applicable. This section will commonly be blank.
- Rate Locks
 - After the loan information has been updated and completed, the user will select the appropriate program (i.e. Fannie, Freddie, Gov’t, DPA, Non-DPA, etc.) to select the rate.

- Targeted areas are automatically assigned based on input address information.
- The DPA amount will automatically calculate based on the input first loan amount.

User Permissions and System Settings

Depending on the assigned user permission group, users may navigate to “System Settings” and manage certain institution-level settings, including lender details, location/branch details, and user permission settings.

There are five primary permission groups assigned by MHDC as indicated by lending institution leadership, each with different levels of access.

- **Lender Admin (Full Access)**
 - Read/edit all applications for the institution
 - Create new applications (rate locks)
 - View details for MHDC programs and funding sources
 - Read/edit lender details
 - Read/edit branch location details
 - Read/edit communication center templates
 - Read/edit activity log templates
 - View and edit users and permission groups
 - Create help tickets
 - Read release notes
- **Lender Admin (View Only)**
 - Read all applications for the institution
 - View details for MHDC programs and funding sources
 - Read lender details
 - Read branch location details
 - Read communication center templates
 - Read activity log templates
 - View users and permission groups
- **Loan Officer (Lock)**
 - Create new applications and lock rates
 - Read/edit assigned applications, including access to all required documents and
 - View details for MHDC programs and funding sources
- **Loan Officer (No Lock)**
 - Create new applications but cannot lock a rate
 - Read/edit assigned applications, including access to all required documents and
 - View details for MHDC programs and funding sources

- **Operations**

- Read/edit all applications for the institution, including access to all required documents and
- Create new applications but cannot lock a rate
- View details for MHDC programs and funding sources

Rate Locks

To lock a rate, users must create a new application, provide required loan and borrower information, and select the appropriate program. To start a new application, navigate to the user dashboard and click “Start New Application.”

After clicking “Start A New Application” users will be presented with two options for creating a new rate lock:

- Manual
 - This option allows the user to manually input all loan information.
- Fannie Mae 3.4 Upload (recommended)
 - This option allows the user to populate most of the loan information from a Fannie Mae 3.4 file upload (full XML file format).

After the application is created, users must complete all required information on the “Fannie Mae 3.4” tab before the appropriate program can be selected and the rate fully locked (see “System Layout” above). The “Rate Locks” tab provides a summary of missing information with hyperlinks. Once all required information has been entered, MHDC programs will be available for selection on the “Rate Locks” tab.

Lock Extensions

When the closing and submission to MHDC cannot be completed within the active lock period, an extension may be requested within the MHDC loan management system without external communication.

To request a lock extension:

1. Navigate to the “Rate Locks” tab
2. Click on the “Request Lock Extension” link underneath the program information
3. Select the requested lock extension timeline and the reason for the request
4. Click “Request Lock Extension” to submit the request

Lock extension requests are automatically received after they have been requested and logged on the “Activity Log” tab.

All lock extension requests are granted at the discretion of MHDC, who reserves the right to deny any request. Loans that have not been approved by the end of the lock period will not be extended. Any request for extension may be subject to extension fees as determined by MHDC.

If a lock has expired and MHDC has not received a request for an extension, it will be canceled.

Locks do not need to be extended after the compliance documentation has been received by MHDC.

Loan Update Requests

Changes to the loan/borrower information (e.g. loan amount, borrower name, credit score etc.) may be requested within the MHDC's Loan Management System. Users may make update requests to the details on the "Fannie Mae 3.4" tab and submit them directly to MHDC without external communication (exceptions noted below). Change requests are automatically received after they have been requested and approved updates are logged on the "Activity Log" tab.

To make a change request:

1. Navigate to the Fannie Mae 3.4 tab and locate the appropriate section (e.g. Borrower Information, HFA Fields, etc.).
2. Open the section for edit and click the "Request Change" button
3. Update the fields with the corrected information
4. Click the "Request Changes" button
5. MHDC staff will actively review and approve changes
6. All approvals or denials will be logged in the "Activity Log" tab

Loans may not be changed to a new property address. If the applicant(s) chooses another property, their original approved lock must be canceled and a new lock created.

Locked loans cannot be transferred to another certified lender. If the applicant chooses to apply with another lender, the original approved rate lock must be canceled and a new lock created.

A lock may not be canceled to obtain a different rate.

Changes to the loan type and interest rate require an update to the program. See "Program Transfers" section below.

Program Transfers

Generally, users may request certain transfers from one MHDC program to another within the MHDC Loan Management System without external communication.

Allowable Program Transfers:

- From Fannie Mae to Freddie Mac
- From Freddie Mac to Fannie Mae
- From First Place DPA to First Place Non-DPA
- From First Place Non-DPA to First Place DPA
- From Next Step DPA to Next Step Non-DPA
- From Next Step Non-DPA to Next Step DPA

To request a Program Change:

5. Navigate to the “Rate Locks” tab
6. Click on the “Request Update” link underneath the program information
7. Select the new program
8. Click “Request Update” to submit the request

Change requests are automatically received through the system after they have been requested and logged on the “Activity Log” tab.

Exceptions:

Requests for transfers from government to conventional or from First Place to Next Step must be received in writing by emailing homeownership@mhdc.com. Loans may not be transferred from conventional to government or from Next Step to First Place.

All program transfer requests are granted at the discretion of MHDC, who reserves the right to deny any request. Any program transfer may be subject to fees as determined by MHDC.

Cancellation Requests

Users may request an application (lock) cancellation through the MHDC loan portal without external communication.

1. Navigate to the “Overview” tab
2. Click “Request Cancellation” at the bottom
3. Type the reason for cancellation
4. Click “Request Cancellation” to submit

Cancellation requests are automatically received through the system after they have been requested and logged on the “Activity Log” tab.

Review and Approval

Review Statuses

All MHDC application submissions follow a basic workflow for review and approval that includes a series of stages or statuses as outlined below.

- 1. Application Created (Rate Not Locked)**
 - a. This status appears when a new application has been created in the loan management system but the rate has not yet been locked.
- 2. Rate Locked (Ready for Document Uploads)**
 - a. This status appears when the rate has been locked. MHDC will review and provide approval once all required documents have been uploaded.
- 3. Under Review**
 - a. This status appears when the submitted documentation has been assigned to an MHDC reviewer and is actively under review.
- 4. Conditions**
 - a. This status appears when one or more conditions have been discovered with the submitted compliance package or related documentation during the MHDC review process.
- 5. File Approved**
 - a. This status appears when all conditions have been cleared and the submitted compliance package has been approved by an MHDC reviewer.
- 6. Purchased**
 - a. This status appears when the submitted compliance package has been approved by MHDC and the loan has been purchased by the Master Servicer.
- 7. Funded**
 - a. This final status appears after the loan has been purchased by MHDC from the Master Servicer.

Other Important Statuses

- 8. Cancelled**
 - a. This status appears when a loan has been canceled by MHDC, the submitting lender, or the Master Servicer.
- 9. Suspended**
 - a. This status appears when the submitted compliance package is missing key review information such as the MHDC Form 520. The file has been determined to be unreviewable until key information is provided.

Submission and Review

In addition to the loan closing documents submitted to the Master Servicer, the appropriate program compliance package and supporting documents must be provided to MHDC via the Loan Management System. After a rate has been locked, the appropriate MHDC compliance package will be automatically delivered via the communications tab, and automatic conditions will be applied.

Once each initial condition field contains a response, MHDC review will begin. The Loan Management system provides automatic notifications to MHDC staff. Users do not need to notify MHDC or click a “submit” button.

Forms should be uploaded in the appropriate upload field on the Conditions tab for review. Paper files with original signatures DO NOT need to be mailed to MHDC.

All applications require the following documentation:

- MHDC Compliance Package and Form 515 or 715
- Sales Contract (with Addendums)
- Final Loan Application (1003)
- Income Documentation
- Warranty Deed
- Mortgage Note
- Closing Disclosures
- Ad-Hoc Forms (as applicable)

Depending on individual borrower circumstances, additional MHDC program forms may be required that are not part of the MHDC Compliance Package. These can be downloaded in the “Ad-Hoc Forms” upload field on the “Documents” tab. Wherever possible, MHDC program forms automatically populate with borrower/loan information from the “Fannie Mae 3.4” tab.

Users must also make loan applications and deliver the full closed loan files (not the MHDC compliance package) to the Master Servicer through its HFA Lender Portal (see “Master Servicer” below).

Users may not make any changes, corrections, or additions to MHDC documents. Hand-printed documents will not be accepted.

Submission Procedures

After a rate is locked, the MHDC Compliance Package and Reservation Lock Form are automatically generated and delivered via the “Communications” tab. Automatic conditions are also applied for all required document submissions. Users must provide the required documentation and respond to all auto-generated conditions prior to the expiration of the rate lock.

To submit required compliance documentation:

1. Navigate to the “Conditions” tab
2. View the details of each listed auto-generated condition
3. Click the “Respond” button
4. Upload requested documents and/or provide a written response
5. Click “Respond” to submit

MHDC Ad Hoc forms (forms only required for specific borrower circumstances) may be downloaded, completed and uploaded for submission by navigating to the “Documents” tab.

Conditions

Additionally, During MHDC's review of the submitted compliance documentation, a reviewer may discover one or more conditions (errors or incompleteness) that must be corrected before approval and purchase. All conditions notifications occur within the MHDC Loan Management System on the “Conditions” and the “Communications” tabs.

To view and correct Conditions:

6. Navigate to the “Conditions” tab
7. View the details of each listed condition
8. Click the “Respond” button
9. Upload requested documents and/or provide a written response
10. Click “Respond” to submit

Users may submit questions concerning existing conditions by clicking the “Ask a Question” button or navigating to the “Communications” tab. The status of each submitted condition may be tracked on the “Conditions” tab.

Users will have 30 days to provide the requested corrections (conditions applied during the file review process), or the file will be rejected.

MHDC Forms and Required Documents

Compliance Package Forms (required on every submission)

The MHDC Compliance package automatically generates after a rate is locked and is delivered via the Communications tab. All forms contained within the compliance package must be completed and submitted to MHDC in addition to the other external required documentation (see below).

Form 505 – File Submission Checklist for the First Place Program

Form 705 – File Submission Checklist for the Next Step Program

Form 515 - Borrower’s Application Affidavit for the First Place Program

Form 715 – Borrower’s Application Affidavit for the Next Step Program

Form 520/720- Lender’s Certificate

Form 525 – Seller’s Affidavit

Form 535 - Mortgagor's Affidavit

Form 555 – Notice of Potential Recapture Tax

Form 560 - Notice to Mortgagors (for government loans only)

Form 570 - Addendum to Note (must **not** be attached to the note or submitted to the Master Servicer)

Form 580 – Tax Exempt Financing Rider

Form 590/790 – Income Source Worksheet

Required External Documentation (required for every submission)

- Sales Contract (with Addendums)
- Final Loan Application (1003)
 - Signed by the borrower and the lender
- Income Documentation
 - E.g. Paystubs with YTD totals, W2/Year-end paystub, or signed 3rd party VOE
 - See [Program Operations Manuals](#) for detailed information regarding income documentation and calculation
- Warranty Deed
- Mortgage Note(s)
 - Signed and executed first mortgage note
 - Signed and executed second mortgage note for DPA loans
- Closing Disclosures
 - Final Signed Mortgagor's Closing Disclosure
 - Final Signed Seller's Closing Disclosure

Ad Hoc Forms (required as applicable):

Form 516 – Certification of Non-Ownership Interest (First Place only)

- Must be signed by non-borrowing spouse who will live in the home

Form 522/722 – Certification of Zero Income

- Must be signed by the non-borrowing spouse and all other adult household member(s) who will be secondarily liable on the mortgage who do not have income

Form 523/723- Certification of Zero Income for Children

- Must be signed by the custodial parent in instances where one of the parents does not live in the home and income is not collected on behalf of the child (i.e. child support, Social Security, Disability, etc.)

Form 530 – Certification of Cost (First Place only)

- To be used in lieu of the Seller's Affidavit when no seller is involved. This document is used in specific cases where the borrower already owns the lot or land and will be obtaining a construction loan in their name.
- Not required for the Next Step program

Form 550/750 – Waiver of Martial Rights

- Legal document where one spouse is giving up their legal claim or ownership interest. Only the MHDC form 550/750 will be accepted.
- This form cannot be used if both parties intend to live together in the property.

Form 575/775 – Co-Signer Affidavit

- This form must be signed by the co-signer(s).

Form 585 – Mobile Home Certification (First Place only)

- To be used when the borrower owned a mobile home within the previous three years, but it was not permanently affixed and therefore not considered real property

Master Servicer

MHDC utilizes a Master Servicer for all loan products and originating lenders must sell all MHDC First Place/Next Step loans to the designated Master Servicer in accordance with provisions as set forth in the Lender Origination Agreement.

All lenders must be approved by the Master Servicer and utilize its Mortgage Electronic Registration System (MERS).

Please refer to <https://www.usbank.com/corporate-and-commercial-banking/industry-expertise/correspondent-lending.html> and the HFA user guide https://www.allregs.com/tpl/public/usb_bond_tll.aspx for specific instructions regarding the sale of loans to the Master Servicer.

Master Servicer (US Bank)

800-562-5165

HFA.Programs@usbank.com

HFACustomerCare@usbank.com

Other

Rate Changes

MHDC sets all interest rates based on market conditions and other financial factors. Current rates for the First Place and Next Step programs are publicly available on the MHDC website and within the MHDC Loan Management System. To receive updates, reach out to lender.certifications@mhdc.com to sign up for e-communications.

Please note that rates are subject to change without prior notice.

Income and Purchase Price Limits

MHDC establishes income and purchase price limits, which are updated annually. Although update timelines may vary, changes typically occur in late spring. All current limits are publicly posted on the MHDC website and are also accessible through the MHDC Loan Management System.

Lock Desk Hours

Most MHDC loan products are available for lock 24 hours a day, 7 days a week. Available lock desk hours are published within the MHDC Loan Management System.

Training Opportunities

MHDC provides a variety of training resources for Certified Lenders, including a video library, PowerPoint presentations, program guides, and other materials available on the MHDC website. Live lender training sessions are held every two months, offering guidance on income calculation, MHDC program forms, navigating the Loan Management System, and additional topics. To stay informed about new training opportunities, To receive updates, reach out to lender.certifications@mhdc.com to sign up for e-communications.

MHDC E-Communications List

Reach out to lender.certifications@mhdc.com to sign up for e-communications to receive updates for training opportunities, rate changes, updates to income and purchase price limits, and more.