MHDC Missouri Housing Development Commission

LENDER TRAINING:
Lender Benefits, Fees, and Restrictions



EQUAL HOUSING OPPORTUNITY

MHDC.com

LENDER BENEFITS

- No forward placement risk.
- Program guidelines you are familiar with.
- Allows you to qualify more borrowers.
- CRA (Community Reinvestment Act)

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LENDER BENEFITS

- SRP Fees (Service Release Premiums)
  - 2.0% SRP upon purchase of loan on First Place Loans.
  - 1.5% SRP upon purchase of loan on Next Step Loans.
- Compensation:

First Place	Next Step
1% Origination $1,100 Fees 2% SRP for First Place Total = 3% + $1,100	1% Origination $1,100 Fees 1.5% SRP for Next Step Total = 2.5% + $1,100

- Lenders are not required to charge the 1% Origination Fee. They can charge no Origination Fee or anything up to 1% of the total loan amount.

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WHAT LOAN PRODUCTS ARE ACCEPTABLE?

Lenders can use familiar products such as:

- **FHA**
- **RD (USDA)**
- **VA**
- **Conventional FNMA or FHLMC**

Borrower selects the following:

- **Type of loan (FHA, RD, VA, FNMA, FHLMC, etc.)**
- **Type of fund (DPA, NON DPA, or MCC)**

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WHAT ARE THE RESTRICTIONS?

- IRS regulations limit maximum income of applicants using program.
- IRS regulations limit the maximum purchase price for properties using the program.
- Minimum credit score is 640.
- Max DTI Ratio is 50%-this is only allowable with certain loans and credit scores.

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WHAT ARE THE RESTRICTIONS?

- MHDC does not subordinate if refinancing occurs.
- MHDC's mission is to offer affordable homeownership options and therefore restricts the amount of fees that may be charged.

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LENDER FEES & CHARGES

- Up to 1% Origination Fee
- Up to $1,100 Underwriting/Processing/Application Fee
- $275 Loan Funding Fee
- $84 Tax Service Fee

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LENDER FEES & CHARGES

- **Limited to actual cost incurred:**
  - **Amounts paid or escrowed for Taxes, Insurance, Mortgage Insurance Premiums (MIP), Credit Reports and Verifications**
  - **Title Company Fees**

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PROHIBITED FEES

The following may not be paid by the buyer:

- Document Preparation Fees (by Lender or Title)
- Email Doc Fee
- Download Fee
- Commitment Fees
- Discounts Points
- Technology Fees
- Data Security Fee
- Curative Fee
- Disbursement Fee

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REAL ESTATE COMMISSIONS

- **MHDC Down Payment Assistance funds cannot pay Real Estate Sales Commissions or Administrative Fees**
- **Borrower may use funds of their own or gift funds to cover these costs.**

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CONCLUSION

- **Lender compensation includes:**
  - **Service Release Premium**
  - **Up to 1% allowable origination free, and**
  - **Up to $1,100 in combined underwriting/processing/application fees.**
- **MHDC DPA cannot be used for real estate commissions or fees.**
- **Any prohibited fee must be refunded to the borrower before the loan will be approved by MHDC.**

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