MHDC Missouri Housing Development Commission

LENDER TRAINING:
First Place Loan
Program Overview

EQUAL HOUSING OPPORTUNITY

MHDC.com

Single Family Programs

First Place MRB	Next Step Taxable/TBA
▪ DPA ▪ NON DPA	▪ DPA ▪ NON DPA

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FIRST PLACE LOAN PRODUCTS

There are many different loan products in the First Place (MRB) Loan Program:

Government

- DPA
- NON DPA
- Targeted DPA
- Targeted NON DPA

Conventional FNMA/FHLMC

- DPA
- NON DPA
- Targeted DPA
- Targeted NON DPA

You can find the current rates on our website at
https://mhdc.com/services/lender-resources

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FIRST PLACE DPA

DPA

- Down Payment Assistance (DPA) must be paired with 30-year fixed-rate first mortgage
- 4% of the total loan amount for down payment and closing costs
- DPA is a forgivable second mortgage
  - No monthly payments.
  - Forgiven after 10 years in the home and on the loan.
  - At closing, the lender will front the 4% DPA and will be reimbursed from the Master Servicer.
  - MHDC does not subordinate.

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FIRST PLACE NON DPA

NON DPA

- Non-DPA is also paired with a 30-year fixed-rate first mortgage.
- First-time homebuyers eligible for lower interest rate than those who use DPA.
- Rates result in lower monthly payments.
- Program does not provide down payment and/or closing cost assistance.

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BORROWERS MUST MEET FIRST PLACE LOAN PROGRAM REQUIREMENTS

- Borrower(s) must be first-time homebuyer(s).
- Property cannot be located in a Flood Zone A or V.
- Household income cannot exceed limits.
- Purchase price cannot exceed limits.
- Minimum credit score of 640
  - Gov't loans: Max DTI 45% unless credit score is ≥ 680, then DTI can be up to 50%.
  - Conventional loans: Max DTI 50%

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FIRST-TIME HOMEBUYER

A first-time homebuyer is defined as a person who has not had an ownership interest in their principal residence within the last 3 years.

- **<u>All</u> adult persons who will be on the loan or the spouse of the borrower must meet the First-Time Home Buyer qualification.**
- **The only exceptions to this requirement are if the applicant is purchasing a home in a federally targeted area or is a qualified veteran.**

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HOW DO WE VERIFY BORROWER IS A FIRST-TIME HOMEBUYER?

- Lender evaluation and certification
- The 1003 needs to provide 3 years of prior residence showing renting or living with relatives in Section 1/Borrowers Information.
- Section 3 of 1003 needs to be properly marked.
- Section 5: Declarations must show the box checked as “NO” for question “A” referring to prior homeownership.
- Tax Returns submitted for self-employment only.

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Current Address

Street _____ Unit # _____

City _____ State ▼ ZIP _____ Country _____

How Long at Current Address? ___ Years ___ Months **Housing** ○ No primary housing expense ○ Own ○ Rent ($ _____ /month)

If at Current Address for LESS than 2 years, list Former Address ☐ *Does not apply*

Street _____ Unit # _____

City _____ State ▼ ZIP _____ Country _____

How Long at Former Address? ___ Years ___ Months **Housing** ○ No primary housing expense ○ Own ○ Rent ($ _____ /month)

Mailing Address – *if different from Current Address* ☐ *Does not apply*

Street _____ Unit # _____

City _____ State ▼ ZIP _____ Country _____

Section 3: Financial Information - Real Estate.

This section asks you to list all properties you currently own and what you owe on them.

☒ *I do not own any real estate*

If you are refinancing, list the property you are refinancing FIRST.

3a. Property You Own

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5a. About this Property and Your Money for this Loan

A. Will you occupy the property as your primary residence?	○ NO ○ YES
If YES, have you had an ownership interest in another property in the last three years?	○ NO ○ YES
If YES, complete (1) and (2) below:	
(1) What type of property did you own: primary residence (PR), FHA secondary residence (SR), second home (SH), or investment property (IP)?	
(2) How did you hold title to the property: by yourself (S), jointly with your spouse (SP), or jointly with another person (O)?	
B. If this is a Purchase Transaction: Do you have a family relationship or business affiliation with the seller of the property?	○ NO ○ YES
C. Are you borrowing any money for this real estate transaction *(e.g., money for your closing costs or down payment)* or obtaining any money from another party, such as the seller or realtor, that you have not disclosed on this loan application?	○ NO ○ YES
If YES, what is the amount of this money?	$
D. 1. Have you or will you be applying for a mortgage loan on another property (not the property securing this loan) on or before closing this transaction that is not disclosed on this loan application?	○ NO ○ YES
2. Have you or will you be applying for any new credit *(e.g., installment loan, credit card, etc.)* on or before closing this loan that is not disclosed on this application?	○ NO ○ YES
E. Will this property be subject to a lien that could take priority over the first mortgage lien, such as a clean energy lien paid through your property taxes *(e.g., the Property Assessed Clean Energy Program)*?	○ NO ○ YES

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INCOME LIMITS

- Homebuyer must meet total gross annual household income limits.
- Household income limits are set by HUD and updated annually.
  - Published and available at https://mhdc.com/services/lender-resources
- Higher income limits for Targeted areas.

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PURCHASE PRICE LIMITS

- Homebuyer must purchase within set purchase price limits.
- Purchase price limits are set by HUD and updated annually.
  - Published and available at https://mhdc.com/services/lender-resources
- Higher purchase price limits for Targeted areas.

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First Place MRB

TARGETED CENSUS TRACTS:

WHAT ARE THEY?

- FEDERALLY DESIGNATED AREAS.
- Seventy-percent of households make less than 80 percent of area median income.
- For an additional list of affected counties, and for maps of targeted areas, refer to the MHDC website, www.mhdc.com
- Check census tract on the internet at www.ffiec.gov.

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QUICK SUMMARY OF PROGRAMS

First Place MRB

- Must be FTHB
- Lower Income/ Purchase Price Limit
- DPA 10 year forgivable

Next Step Taxable/TBA

- Does not have to be FTHB
- Higher Income/ Purchase Price Limit
- DPA 10 year forgivable

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