



Missouri Housing
Development Commission

LENDER TRAINING: First Place Loan Program Overview



MHDC.com 

Single Family Programs

First Place MRB

- DPA
- NON DPA

Next Step TBA

- DPA
- NON DPA

Mortgage Credit Certificate

- Stand Alone
- Next Step DPA
- Next Step NON DPA

FIRST PLACE LOAN PRODUCTS

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

Government

DPA
NON DPA
Target DPA
Target NON DPA

Conventional FNMA/FHLMC

DPA
NON DPA
Target DPA
Target NON DPA

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

FIRST PLACE DPA

- **DPA (Down Payment Assistance) provides first-time homebuyers with a 30-year fixed-rate first mortgage at affordable rate.**
- **In addition, it will offer 4% of the total loan amount to go towards down payment and closing cost assistance.**
- **4% will come in the form of a forgivable second mortgage.**
 - **There are no monthly payments with the DPA loans.**
 - **The borrower will not have to pay the DPA back if they live in the house and stay in the mortgage for 10 years. The loan will diminish starting year 6 and will be completely forgiven after year 10.**
 - **At closing, the lender will front the 4% DPA and will be reimbursed from the master loan servicer.**
 - **On all DPA loans lenders must keep in their FHA files Form 593 and 594 to meet FHA compliance.**
 - **MHDC does not subordinate**

FIRST PLACE NON DPA

- **NON DPA provides first-time homebuyers with a 30-year fixed-rate first mortgage at an even lower rate.**
- **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.**

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 \geq 680, then DTI can be up to 50%.
 - Conventional loans: Max DTI 50%

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.

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

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

- The lender will sign Form 520 certifying they have evaluated the credit report and there are no mortgages that show on any report within the last 3 years in the borrower's name.
- 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 are no longer required.

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 own on them.

I do not own any real estate

3a. Property You Own

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

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

<p>A. Will you occupy the property as your primary residence? If YES, have you had an ownership interest in another property in the last three years? 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)?</p>	<p><input type="radio"/> NO <input type="radio"/> YES <input type="radio"/> NO <input type="radio"/> YES</p> <p><input type="text"/> ▾ <input type="text"/> ▾</p>
<p>B. If this is a Purchase Transaction: Do you have a family relationship or business affiliation with the seller of the property?</p>	<p><input type="radio"/> NO <input type="radio"/> YES</p>
<p>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? If YES, what is the amount of this money?</p>	<p><input type="radio"/> NO <input type="radio"/> YES \$ <input type="text"/></p>
<p>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? 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?</p>	<p><input type="radio"/> NO <input type="radio"/> YES <input type="radio"/> NO <input type="radio"/> YES</p>
<p>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)?</p>	<p><input type="radio"/> NO <input type="radio"/> YES</p>

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.

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.

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.**

QUICK SUMMARY OF PROGRAMS

First Place MRB

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

Next Step TBA

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

Mortgage Credit Certificate

- Must be FTHB
- Lower Income/
Purchase Price
Limit
- 1% MCC fee