

## LENDER TRAINING: Lender Benefits, Fees, and Restrictions





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# **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:

<u>First Place</u>	<u>Next Step</u>
1% Origination	1% Origination
\$1,100 Fees	\$1,100 Fees
2% SRP for First Place Total = 3% +	1.5% SRP for Next Step Total = 2.5%
\$1,100	+ \$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?

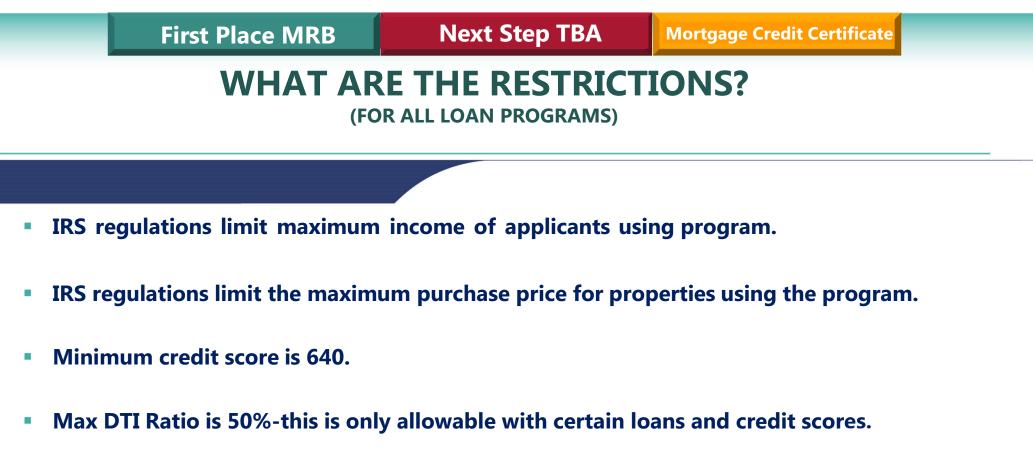
#### Lenders can use familiar products such as:

- 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)





Properties in 100-year floodplains not eligible for financing.





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### **LENDER FEES & CHARGES**

(FOR ALL LOAN PROGRAMS)

- Up to \$1,100 Combined Underwriting/Processing/Application Fee.
- \$700 total Settlement/Closing Fees. (\$350 for both buyer and seller)
- \$50 Second Settlement Fee/ \$45 Second Recording Fee
- \$25 Courier/Overnight Fee.
- \$20 Wire Fee.



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# **LENDER FEES & CHARGES**

- Lender may charge the actual amount expended for credit reports, work number, home inspections, \$400.00 max (per inspection), pest inspections or treatments, flood letters, title examination and insurance, required title policy endorsements, mortgage insurance, attorney fees and filing/recording fees.
- \$84.00 Tax Service Fee should be collected on each first mortgage.
- \$200.00 US Bank Loan Funding Fee can be charged to borrower.

These fees will be netted out by the master servicer upon purchase of the mortgage.





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# **PROHIBITED FEES**

The following may not be paid by the buyer:

- Document preparation fee, administrative fee, commitment fee, discounts points, Federal Express/Overnight delivery fees above \$25 (unless agreed to in writing prior to closing).
- Real Estate Commissions, Real Estate Brokerage Fees, or Realtor Administration Fees may never be paid by the buyer.



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## **COMMON MISTAKES**

- Lenders pass-through a fee/charge from the realtor. Buyers may not pay any fees to the realtor.
  - Lenders allow service providers (title companies etc.) to charge more than the MHDC maximum fee allowed.
    - Any amount over the MHDC maximum allowable fee must be refunded to the borrower before the loan will be approved by MHDC.
  - Maximum closing fee/settlement fee from the title company exceeds the \$700 cap.



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## CONCLUSION

- Lender compensation includes a service release premium, 1% allowable original free, and up to \$1,100 in combined underwriting/processing/application fee.
- Lender should not include any pass-through fee charges from realtors.
- Any prohibited fee or amount over the MHDC maximum allowable fee must be refunded to the borrower before the loan will be approved by MHDC.

