

LENDER TRAINING: Next Step Loan Program Overview



Single Family Programs

First Place MRB	Next Step TBA	Mortgage Credit Certificate
<ul style="list-style-type: none">▪ DPA▪ NON DPA	<ul style="list-style-type: none">▪ DPA▪ NON DPA	<ul style="list-style-type: none">▪ Stand Alone▪ Next Step DPA▪ Next Step NON DPA

Next Step TBA

NEXT STEP PROGRAM NEED

Some homeowners lack equity and need down payment assistance to purchase their next home.

The Next Step Program benefits Missouri borrowers in several ways:

- **Bridges the gap between lack of equity and down payment needed to purchase their next home.**
- **Allow first-time buyers who fall outside the income limits for the First Place Program to achieve homeownership.**

Next Step TBA

NEXT STEP PROGRAM

- This is a forward commitment program
- Mortgage interest rate is set usually on a daily or even more frequent basis, depending on market conditions.
- These loans have to be closed and purchased by the master servicer usually within 90 days.
- Extensions will be allowed but at a cost to the lender.
- Next Step loans do not have to meet IRS regulations, only MHDC regulations.

Next Step TBA

FUNDING NEXT STEP

- Funding for this program is provided by the sale of the MBS, Mortgage Backed Securities, in the TBA market or by the sale of taxable bonds.
- Mortgage interest rates will be set based on the TBA market.
- The interest rates will be adjusted on a daily basis as needed.

* TBA = To Be Announced

Next Step TBA

NEXT STEP LOAN PRODUCTS

There are a number of different loan products rates in the Next Step (TBA) loan program: **Pricing is same for >/< 80% AMI**

Government

DPA
NON DPA

Conventional FNMA/FHLMC

DPA Under 80% AMI
NON DPA Under 80% AMI
DPA Over 80% AMI
NON DPA Over 80% AMI

These rates could change on a daily basis or sometimes twice a day. Please make sure you are always using the correct rate.

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



Next Step TBA

DPA

NEXT STEP DPA

- **Down Payment Assistance Loan (DPA) provides non-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.**
 - **No monthly payments on the DPA.**
 - **10 year forgivable loan.**
 - **At closing, the lender will front the 4% DPA and will be reimbursed from the master loan servicer.**
 - **Keep forms 793 and 794 to meet FHA compliance.**
 - **MHDC does not subordinate.**

Next Step TBA

**NON
DPA**

NEXT STEP NON DPA

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

Next Step TBA

MHDC NEXT STEP 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>

Next Step TBA

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>

Next Step TBA

BUYING NEW BUT KEEPING OLD HOME

If a borrower lives in their current home and wants to buy another home using the Next Step program, this will be allowed, however the following must be met:

- **The borrower must live in the new home as their primary residence.**
- **The NET rental income from the old home must be counted against the borrower for MHDC income qualifying purposes, whether the borrower has rented the home or not.**
- **All credit underwriting guidelines will still have to be followed.**

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