



 **Missouri Housing**
Development Commission

LENDER TRAINING: Lender Benefits, Fees, and Restrictions



 MHDC.com

First Place MRB

Next Step TBA

Mortgage Credit Certificate

LENDER BENEFITS

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

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 \$1,100 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.**

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?

(FOR ALL LOAN PROGRAMS)

- **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.**
- **Properties in 100-year floodplains not eligible for financing.**

WHAT ARE THE RESTRICTIONS?

(FOR ALL LOAN PROGRAMS)

- **We do not subordinate if refinancing MHDC loans.**
- **MHDC restricts the amount of fees that may be charged, eliminating “junk fees”.**
- **1% Origination Fee can be charged but is not required.**

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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.**

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.

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.**

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.**

CONCLUSION

- **Lender compensation includes a service release premium, 1% allowable original fee, 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.**