

MSHDA DPA Program for Conventional

	MI Home Loan	MI Home Loan Flex
Summary	<ul style="list-style-type: none"> For the purchase of a Single Family, Owner Occupied Primary Residence for low-to-moderate income borrowers using a conventional loan who meet the MSHDA Sales Price and Income Limit Eligibility Guidelines Down Payment Assistance (DPA) is provided in the form of a 0% non-amortizing second mortgage and can be combined with maximum financed conventional first mortgage Maximum DPA of \$7,500 can be used toward the minimum required down payment, borrower paid closing costs, and prepaids. The borrower is required to invest 1% of the sales price In order to be eligible, the borrower must not have more than \$10,000 in liquid assets. Retirement accounts are not included 	
Products	<ul style="list-style-type: none"> MI Home Loan MSHDA CONV 	<ul style="list-style-type: none"> MI Home Loan Flex MSHDA CONV
Eligible Borrower Previous Homeownership	<ul style="list-style-type: none"> Must be 1st time homebuyer unless the property is in a targeted area - there is a 3-year restriction if a property is in a non-targeted area Property ownership, defined as owning a home in the past 3 years, can be verified by a credit report reflecting a 3-year history with no mortgages showing OR 3 years of tax returns (or income tax affidavit when tax returns are not required to be filed) In a non-targeted area, if a mortgage is reporting on the credit report, 3 years most recent tax returns are required 	<ul style="list-style-type: none"> May be 1st time homebuyer or repeat homebuyer

MSHDA DPA Program for Conventional

	MI Home Loan	MI Home Loan Flex
Eligible Borrowers	<ul style="list-style-type: none"> Borrowers must occupy property as their primary residence within 60 days of loan closing All adults that will reside in the home must be on the mortgage Co-Signers and Non-Occupying Co-Borrowers not allowed Permanent and Non-Permanent Resident Aliens are permitted, and Non-permanent Resident Aliens must have 3 years remaining on their VISA or proof it has been renewed previously 	
	<ul style="list-style-type: none"> Exceptions made for child dependents who are full time students Separated spouses must have final divorce decree or judgment for separation 	<ul style="list-style-type: none"> All adults are not required to apply Separated spouses are reviewed on case by case basis
Eligible Properties	<ul style="list-style-type: none"> New or existing Single Family or Site Condominiums Attached Condominiums (must be warrantable) Manufactured Housing is not allowed 	
Income Limit	<ul style="list-style-type: none"> Income limits apply Income and Sales Price Limits Income of all adult members of the household (using income projected 12 months forward) must be used to determine income eligibility 	<ul style="list-style-type: none"> Income limits apply Income and Sales Price Limits All adults are not required to apply
Sale Price Limit	<ul style="list-style-type: none"> Sales price limits apply Income and Sales Price Limits Appraised value must support sales price or sales contract will need to be renegotiated. 	
Target Area	Use legal description, not mailing address, of the property to determine if the property is in a targeted vs. non-targeted area Target area list	

10/2418



MSHDA DPA Program for Conventional

	MI Home Loan	MI Home Loan Flex
Credit Score	<ul style="list-style-type: none"> 640 FICO 	<ul style="list-style-type: none"> 660 FICO
	<ul style="list-style-type: none"> Underwriter reserves the right to request non-traditional credit to support thin credit on a case by case basis. Borrowers with no credit score due to a lack of credit history may still be acceptable providing there is sufficient alternative credit submitted. 	
Qualifying Ratios	<ul style="list-style-type: none"> Max CDTI 45% 	
AUS	<ul style="list-style-type: none"> Use Desktop Underwriter and select HVF as the investor Loans with Refer w/Caution findings are not eligible Day 1 Certainty flexibilities for any UW category are not allowed 	
	<ul style="list-style-type: none"> Approve/Eligible Out of Scope for no credit score 	<ul style="list-style-type: none"> Approve/Eligible only
Down Payment Assistance	<ul style="list-style-type: none"> 0% interest non-amortizing 2nd mortgage with no monthly payments The loan is due upon sale or transfer of the property or if the first mortgage is refinanced or paid in full Up to \$7500 to be used toward down payment, borrower paid closing costs and pre-pays <p>Important Encompass input to receive correct DU Findings:</p> <ul style="list-style-type: none"> <u>FNMA Streamlined 1003</u>: MORNETPlus Community Lending section <ul style="list-style-type: none"> Community Lending and Community Seconds - check both boxes FNMA Community Lending Product - select 07 HFA Preferred Community Seconds Repayment Structure - select 03 Payments deferred five or more years, not fully forgiven <p><u>1003 Page 3</u>: Details of Transaction, line J – enter amount of DPA</p>	
Fees	<ul style="list-style-type: none"> 1% Loan Origination Fee is required \$500 Underwriting Fee 	

10/2418

<https://achuronvalleyfinancial->

my.sharepoint.com/personal/eelliott_huronvalleyfinancial_com/Documents/Work/MSHDA DPA Program for CONV.doc



MSHDA DPA Program for Conventional

	MI Home Loan	MI Home Loan Flex
	<ul style="list-style-type: none"> \$75 Doc Prep Fee 	
Homeownership Counseling	<ul style="list-style-type: none"> Required to be completed prior to the loan being sent to MSHDA for approval Check box on form for pre-purchase homebuyer education Use MSHDA or FHA Counseling Agency MSHDA Counselors Homebuyer Education Certificates are good for one year from the date of issue 	
Loan Term	30 Year	
LTV/CLTV	97%/105%	
Mortgage Insurance	Must be obtained through either MGIC (program #2881) or ARCH using Fannie Mae (DU) HFA Preferred product. Only borrower-paid allowed.	
Mortgage Insurance Rates	<ul style="list-style-type: none"> 95.01 - 97 LTV 18% 90.01 - 95 LTV 16% 85.01 - 90 LTV 12% 80.01 - 85 LTV 6% 	
E-Sign	Electronic signatures are allowed	
Program Eligibility	<ul style="list-style-type: none"> Must meet all FNMA, MSHDA, and Mortgage Insurance guidelines May not be combined with the MCC Program 	
Rate Lock & Reservation of Funds	<ul style="list-style-type: none"> MSHDA refers to rate locks as a 'loan reservation' Lock stays with Borrower not property You must have MSHDA confirmation that the funds are reserved BEFORE disclosing that the rate is locked to the borrower Not supported in Optimal Blue – request rate lock by emailing rates@huronvalleyfinancial.com with borrower name and loan number in the subject line 	

10/2418

<https://achuronvalleyfinancial->

my.sharepoint.com/personal/eelliott_huronvalleyfinancial_com/Documents/Work/MSHDA DPA Program for CONV.doc

MSHDA DPA Program for Conventional

		MI Home Loan	MI Home Loan Flex
		<ul style="list-style-type: none"> • Rate Lock good for 90 days • Rates do not change often 	<ul style="list-style-type: none"> • Rate Lock good for 45 days • Rates may change daily
Recapture Tax		<ul style="list-style-type: none"> • May be assessed by IRS if home is sold in less than 9 years. The tax is based on the household income and family size during the year the home is sold and on the length of the time the Borrower occupied the property. • Borrower may apply to be reimbursed the recapture tax through MSHDA. Disclosure is signed at closing. 	<ul style="list-style-type: none"> • Not applicable
Seller Contributions		Max allowable contributions permitted by Conventional FNMA Guidelines	
Required Investment		<ul style="list-style-type: none"> • Minimum borrower contribution - 1% of sales price • Use the DPA Worksheet (in FLASH) for the specific program 	
Underwriting		MSHDA will not automatically approve loans based solely on decisions obtained by Agency systems. Nor will MSHDA automatically approve loans that are submitted with a Lenders' UW approval. Instead MSHDA will assess each borrower's willingness and ability to repay the loan as documented by the borrower's credit and income history, assets, and total debt liabilities.	
Credit	Collections & Judgments	<ul style="list-style-type: none"> • All collections and judgments, including medical, must be paid in full prior to closing. 	<ul style="list-style-type: none"> • Follow AUS findings

MSHDA DPA Program for Conventional

		MI Home Loan	MI Home Loan Flex
	Consumer Credit Counseling	<ul style="list-style-type: none"> • Must have completed 12 months in repayment plan with no late payments being made • Provide a letter of recommendation from the counseling agency for the purchase a home • Qualify borrower using the full monthly payments instead of the reduced negotiated monthly payment 	
	Derogatory Credit	<ul style="list-style-type: none"> • Must provide satisfactory letter of explanation for derogatory credit 	
	Foreclosure	<ul style="list-style-type: none"> • Follow HVF requirements for previous foreclosure and short sale • Borrower who had a prior MSHDA foreclosure will not qualify for another MSHDA loan 	
Assets	Documentation	<ul style="list-style-type: none"> • Follow MSHDA Operating Manual for documentation requirements • Borrower must have less than \$10,000 that includes any EMD or application fee that has cleared bank account - does not include retirement accounts such as 401(k) accounts • Bank statements must document the most recent consecutive 30 days and be dated within 45 days of submission of the package to MSHDA • A complete bank statement is required - a bank print-out can be used to update asset balance 	
Income	Documentation	<ul style="list-style-type: none"> • Follow MSHDA Operating Manual for documentation requirements • Paystubs to be dated no earlier than 30 days from submission of the package to MSHDA and must include 30 days of YTD earnings 	

MSHDA DPA Program for Conventional

		MI Home Loan	MI Home Loan Flex
	Household Income	All household income used to determine income eligibility that is projected 12 months forward. For example, a Borrower receiving overtime for 9 months. This must be used to calculate household income but may not be used for qualifying income.	Based on applicants' income only.
	Qualifying Income	Standard qualifying practices for FNMA.	
	Child support	Is considered as household income.	
Property	Full Appraisal	<ul style="list-style-type: none"> Utilities must be turned on - can't use air pressure to test pipes nor use generator to test furnace or electrical FHA property condition report (PCR) will not be accepted Appraiser must comment that both the A/C and furnace are in working order, otherwise an inspection by a licensed inspector is required to confirm both are operational 	
	Acreage	<ul style="list-style-type: none"> 2 acres maximum Acreage exceeding 2 acres and less than 5 acres may qualify for an acreage waiver - complete form for waiver exception 	<ul style="list-style-type: none"> Follow Conventional and Mortgage Insurance guidelines
	Buildable Lot	<ul style="list-style-type: none"> Proceeds of a MSHDA loan cannot be used to purchase land large enough to legally construct more than one house or land that consists of two or more separate buildable lots Additional documentation such as old survey and letter from the local municipality may be required to determine compliance 	

MSHDA DPA Program for Conventional

		MI Home Loan	MI Home Loan Flex
	Repair Escrow	<ul style="list-style-type: none"> • Only allowed for weather related items – with escrow of 1.5 times the bid amount • Unable to finance repairs into loan amount as usually seen on FHA REO 	
	New, never occupied	<ul style="list-style-type: none"> • Home must be completed prior to closing and final C of O issued • Obtain copy of builder’s license and Equal Opportunity Builder Certification 	
Submission process		<ul style="list-style-type: none"> • Loan is underwritten by HVF to FNMA and MSDHA guidelines • Once credit conditions are cleared by HVF, HVF Underwriting Department will submit to MSHDA to obtain Single Family Program Commitment for Mortgage Purchase 	
Insurance		<ul style="list-style-type: none"> • Use HVF mortgagee clause 	
MSHDA Commitment for Purchase		<ul style="list-style-type: none"> • We must have the MSHDA Commitment prior to closing. • Commitment is good for 90 days • Loan must close before commitment expiration date. The following changes require MSHDA to re-review loan file: <ul style="list-style-type: none"> ○ Change in loan amount that exceeds \$500 (+ or -) ○ Any change in purchase price ○ Change in DPA loan amount greater than 10% 	
Closing		<ul style="list-style-type: none"> • Follow HVF closing process • Final Title Commitment policy to reflect ALTA 9 • Survey is only required on new construction • Power of Attorney is allowed for seller only - MSHDA will not approve a power of attorney for the Borrower 	



MSHDA DPA Program for Conventional

UPDATE RECORD TRACKING

Effective Date:	11-16-2017
Approved By:	
Change Review Date:	
Created by: EE	

Effective Date:	12-19-2017
Approved By:	
Change Review Date:	
Edits Made:	Added UW and Doc Prep fees

Effective Date:	05-11-2018
Approved By:	
Change Review Date:	
Edits Made: np/ee	Revised program names, products, eligibility, FICO, and updated the Income and Sales Price Limits link in HVF MSHDA Products

Effective Date:	10-24-18
Approved By:	Nancy Piechowski
Change Review Date:	
Edits Made: ee	Removed 4% cap from max DPA

Effective Date:	
Approved By:	
Change Review Date:	
Edits Made:	

10/2418



MSHDA DPA Program for Conventional

10/2418