

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
STEP FORWARD DOWN PAYMENT ASSISTANCE (DPA)
Summary Guidelines

1. Program Overview	This is a down payment assistance program, which can only be combined with a financed MSHDA/FHA, VA, RD or Conventional first mortgage. The down payment assistance is provided in the form of a second mortgage for \$15,000 toward down payment, closing costs, prepaids/escrows. Buyers must contribute 1% of their own funds into the transaction. Full DPA disbursement of \$15,000 per property. In order to be eligible, the borrower must not have more than \$10,000 in liquid cash assets. The program is available to low to moderate income borrowers who meet the MSHDA sales price and income limit eligibility guidelines. The second mortgage is a 0% non-amortizing loan. The second is a 5- year term product, forgiven 20% per year and discharged at the end of the 5 th year, as long as the residence is owner occupied.										
2. Program Goals	The Step Forward Down Payment Assistance will further Michigan’s efforts in stabilizing property values and promoting homeownership in areas that are still struggling with high rates of vacancies, foreclosures and stagnant property value growth.										
3. Target Population/Areas	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">Bay County- 48708</td> </tr> <tr> <td style="padding: 2px;">Genesee County- 48457, 48458, 48503, 48504, 48506, 48507, 48509, 48519, 48529, 48532</td> </tr> <tr> <td style="padding: 2px;">Ingham County- 48906, 48910, 48911, 48912, 48915,</td> </tr> <tr> <td style="padding: 2px;">Jackson County- 49202, 49254</td> </tr> <tr> <td style="padding: 2px;">Macomb County- 48015, 48021, 48048, 48066, 48089, 48091</td> </tr> <tr> <td style="padding: 2px;">Muskegon County- 49442</td> </tr> <tr> <td style="padding: 2px;">Oakland County- 48030, 48033, 48075, 48326, 48340, 48341, 48342</td> </tr> <tr> <td style="padding: 2px;">Saginaw County- 48602, 48604,</td> </tr> <tr> <td style="padding: 2px;">Washtenaw County- 48160, 48198</td> </tr> <tr> <td style="padding: 2px;">Wayne County-, 48122, 48125, 48135, 48141, 48146, 48173, 48174, 48180, 48184, 48195, 48205, 48214, 48215, 48219, 48221, 48223, 48224, 48225, 48227, 48228, 48235, 48239, 48240</td> </tr> </table>	Bay County- 48708	Genesee County- 48457, 48458, 48503, 48504, 48506, 48507, 48509, 48519, 48529, 48532	Ingham County- 48906, 48910, 48911, 48912, 48915,	Jackson County- 49202, 49254	Macomb County- 48015, 48021, 48048, 48066, 48089, 48091	Muskegon County- 49442	Oakland County- 48030, 48033, 48075, 48326, 48340, 48341, 48342	Saginaw County- 48602, 48604,	Washtenaw County- 48160, 48198	Wayne County-, 48122, 48125, 48135, 48141, 48146, 48173, 48174, 48180, 48184, 48195, 48205, 48214, 48215, 48219, 48221, 48223, 48224, 48225, 48227, 48228, 48235, 48239, 48240
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4. Program Allocation (Excluding Administrative Expenses)	\$20,000,000										
5. Borrower Eligibility Criteria	<ul style="list-style-type: none"> • The down payment assistance program can only be combined with a MSHDA/FHA, VA, RD or 										

	<p>Conventional first mortgage.</p> <ul style="list-style-type: none"> • Sales price limits are available on line at: www.michdownpayment.com • Borrower(s) must occupy the property within 60 days of closing. • Homebuyers must meet credit score parameters following MSHDA first lien guidelines. Currently at 640 single family and 660 Manufactured homes • No minimum loan- amount • Borrower(s) must execute a Dodd Frank Certification attesting to no money related felonies. • The down payment assistance loan amount is \$ 15,000 • SFM DPA can be used to buy down the first mortgage, pay closing costs and prepaid's. • Minimum cash investment of 1% of the sales price is required from the borrower. For IDA Participants, the participant savings amount will be counted as the minimum cash investment providing it is at least 1% of sales price. • The borrower(s) may not have more than \$10,000 in liquid cash assets unless the borrower is an IDA participant. The IDA matched funds will not count toward the maximum cash asset limit of \$10,000. • Down payment assistance funds may not be used to pay down debt ratios to enable a borrower to qualify for a mortgage. • None of the following items can be included in the amount of the down payment assistance: Property repairs; delinquent credit obligations; more than two months private mortgage insurance premiums on a conventional loan or more than 2 months mortgage insurance premiums on a FHA loan; up front Mortgage Insurance Premium for a FHA loan (must be financed into the first mortgage) and, Junk Fees • Appraised value must be equal to or greater than the Sales Price; if less, Purchase Contract must be renegotiated • DPA is not assumable. It is due on sale or transfer of the property or when the property ceases to be the principal residence of the mortgagor, or if the mortgagor repays in
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	<p>full any mortgage loans encumbering the property that are senior to the debt</p>
<p>6. Step Forward Homebuyer Education</p>	<p>Borrower(s) must complete the Step Forward Homebuyer Education before loan commitment. A certificate of completion is required and must be obtained from a MSHDA approved Agency or a Michigan based HUD approved Agency. The Step Forward Homebuyer Education Certificate is valid for 12 months. A list of MSHDA and HUD approved agencies is available at www.michigan.gov/MSHDA</p>
<p>7. Property/Loan Eligibility Criteria</p>	<p>New or existing single- family homes; condominiums (attached or detached) approved by the insurer (FHA). New or existing multiple-section manufactured (mobile) homes on foundations permanently affixed to real estate. Must meet loan type guidelines.</p> <p>(Note: Existing multiple-section manufactured homes must have been constructed after June 14, 1976)</p>
<p>8. Program Exclusions</p>	<ul style="list-style-type: none"> • Second homes or investment properties • Homeowners with Liquid- cash reserves exceeding \$10,000; • Individuals that have previously received assistance from Step Forward Michigan • Buyers that are not able to meet the Dodd-Frank requirements
<p>9. Structure of Assistance</p>	<p>Homeowners receiving assistance will execute a secured Subordinate lien mortgage and note in favor of MHA. Loan will be 0%, non-amortizing loan, forgivable over a 5- year term at 20% per year, which will be due on sale, transfer of the property, or when the property ceases to be the principal residence of the homeowner. If the primary lien is paid in full due to a no cash out, limited-term, refinance, the MHA may subordinate lien position in accordance with program guidelines. Mortgage will be recorded through public records and ongoing monitoring, repayments, discharges, and subordinations will be conducted by MHA. Any repayment of program funds will be re-invested back into the HHF Loan Rescue program allocation. All funds remaining in the program will be returned to Treasury in accordance with the</p>

	Agreement. Hardest Hit Funds will be available on a first come, first serve basis.
10. Per Household Assistance	\$15,000 per household
11. Duration of Assistance	One- time assistance to homeowner paid directly to Originating Lender for application of SFM Down Payment Assistance. 5 -year term note, forgiven 20% per year and discharged at end of 5 th year.
12. Estimated Number of Participating Households	1,300 households may be served under this program receiving the maximum funding amount of \$15,000.
13. Program Inception/ Duration	Program to be rolled out Fall 2018. Based on the overwhelming need, funds allocated to this Program will likely be exhausted 3 rd Quarter 2019.
14. Program Interactions with Other HFA Programs	Homeowners will only be eligible for one MHA Step Forward Hardest Hit Funds Program and it must have a MSHDA first lien.