Next Home – IHFA Next Home with MCC

Highlights

- Does not have to be first time homebuyer
- Income limits
- 30 year fixed rate (set by IHCDA)
- FHA or Conventional financing eligible
- Minimum credit score
  - FHA – 660
  - Conv – 640
- 2 year affordability period
- Down Payment Assistance (DPA)
  - FHA – 3.5% of the lessor of purchase price or appraised value
  - Conv – 3% of the lessor of purchase price or appraised value
- Can use Mortgage Tax Credit (MCC) with either FHA or Conv program
- No cash back at closing except for what the mortgagor paid into the loan
- Reservation fee – $100
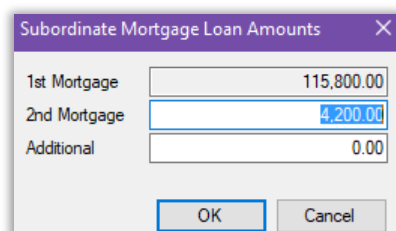- Must be DU – Approval / Eligible
- 2017 Next Home Program Guide

Encompass Setup – FHA loan

- Borrower Summary
  - Loan Program = IHFA FHA Fixed
  - Closing Cost = IHFA

Transaction Details	
Lender	Hallmark Home Mortgage, LLC
Loan Program	IHFA FHA Fixed
Closing Cost	IHFA

  - Subordinate Financing
    - Click the Sub Financing button
    - Enter the amount of the DPA in the 2nd Mortgage field

Subordinate Mortgage Loan Amounts	
1st Mortgage	115,800.00
2nd Mortgage	4,200.00
Additional	0.00

  OK   Cancel

- o Special Product Type = IHFA w/ MCC
- o MCC = Yes

HHM Loan Type	Retail	Investor	
Special Product Type	IHFA w/ MCC	MCC?	Yes

- ▪ If not using the credit to qualify, only complete the MCC = Yes field & do not complete the remaining MCC fields

- • 1003 P1
  - o Source of Down Payment = FHA – Gift – Source Government Assistance
  - o Explanation of Down Payment = IHFA Next Home

Source of Down Payment	FHA - Gift - Source Government Assistance
Explanation of Down Payment	IHFA Next Home

- • 1003 P2 – Monthly Housing Expenses – Proposed
  - o Enter the MCC credit as a negative amount in the Other field
    - ▪ Click the Edit icon to open

Monthly Housing Expenses

	Present		Proposed
Rent			
First Mtg.			621.64
Other Fin.			
Haz. Ins			
RE Taxes			0.00
Mtg. Ins			
HOA Dues			
Other			0.00
Total			621.64

- ▪ Type a minus sign & then the number in the Other field

Other Housing Expense

OK   Cancel

☐ Override with Reserves from Itemization

1006 Flood Insurance		☐ Excluded
1007		☐ Excluded
1008		☐ Excluded
1009		☐ Excluded
1010 USDA Annual Fee		☐ Excluded
Other	-120.00	
Total	-120.00	

- FNMA Streamlined 1003
  - MORNETPlus Community Lending section
    - Check the Community Seconds box
    - Fannie Mae's Community Lending Product = 07 HFA Preferred

  - FHA Loan Data section
    - Enter the MCC credit amount in the Mortgage Credit field

- HUD-92900LT FHA Loan Transmittal
  - Secondary Financing
    - Check Gov't box
    - Enter the Amount of Secondary Financing

Encompass Setup – Conventional loan
- Borrower Summary
  - Loan Program = IHFA Conventional Fixed
  - Closing Cost = IHFA

  - Subordinate Financing
    - Click the Sub Financing button

- Enter the amount of the DPA in the 2nd Mortgage field

Subordinate Mortgage Loan Amounts

1st Mortgage	116,400.00
2nd Mortgage	3,600.00
Additional	0.00

OK   Cancel

- o Special Product Type = IHFA w/ MCC
- o MCC = Yes

HHM Loan Type	Retail		Investor	
Special Product Type	IHFA w/ MCC		MCC?	Yes

  - If not using the credit to qualify, only complete the MCC = Yes field & do not complete the remaining MCC fields
- o Downpayment = 3%

Purchase Price		120,000.00
Down Payment	3.000 %	3,600.00
Loan Amount		116,400.00

- **1003 P1**
  - o Source of Down Payment = Secured Borrower Funds
  - o Explanation of Down Payment = IHFA Next Home

Source of Down Payment	Secured Borrowed Funds
Explanation of Down Payment	IHFA Next Home

- **1003 P2 – Other Income section**
  - o Indicate the Borrower this is for (B/C)
  - o Description = FNM Government Mortgage Credit Certificate
  - o Enter the MCC credit amount in the Monthly Income field

Other				HOA Dues			
Other	166.67		166.67	Other			0.00
Total	2,662.67	1,811.33	4,474.00	Total	850.00		1,377.01

Other Income

B / C	Description		Monthly Income
B	FNM Government Mortgage Credit Certificate		166.67

- FNMA Streamlined 1003 – MORNETPlus Community Lending section
  - Check the Community Lending box
  - Check the Community Seconds box
  - Fannie Mae's Community Lending Product = 07 HFA Preferred
  - Community Seconds Repayment Structure = 02 Payments deferred 5 or more years, fully forgiven (the deferral period on the program may be less than 5 years)

- Mortgage Insurance
  - Be sure to read your DU findings for the reduced MI coverage amount to request

Mortgage insurance is required for this HFA Preferred loan. The lender must obtain mortgage insurance coverage of at least 18%. Verify the mortgage insurance premium is accurately reflected in the loan application.