

MSHDA Homeownership

Delivering the Dream to Michigan Families





HOME OWNERSHIP PROGRAMS

TODAY'S AGENDA

- Who is MSHDA?
- What makes MSHDA unique?
- Why MSHDA benefits you?
- How does MSHDA assist with the homebuying journey?

WHO IS MSHDA?

We are ALL
things housing

We believe in
quality,
affordable
homes

We're a
mortgage
investing
partner



WHAT MAKES MSHDA UNIQUE?

>We are self-
funded

Over \$1 billion
generated
annually

Extensive
stakeholder
collaboration



2024 FUNDING STATISTICS



5,097

MI Families
Achieved
Homeownership

4,736

MI Families
Benefitted from our
DPA Loan

\$14.9m

Mortgage Credit
Certificates (MCC)
Issued

HOME OWNERSHIP PROGRAMS

FOCUS ON EDUCATION



REALTOR

Provide CE Credits &
Build Relationships



HOMEBUYER

Utilize MSHDA's
Housing Counseling
Network



LENDER STAFF

Sales and Operations
Best Practices

HOME OWNERSHIP PROGRAMS

WHAT OUR HOMEBUYERS SAY

- Overwhelming majority of our buyers **would recommend** to a friend or family member
- 72% of borrowers **would not have been able to purchase a home** without using MSHDA's Home Loan Programs
- Almost half of our referrals come from Real Estate agents



WHAT OUR LENDER PARTNERS SAY

- **Net promoter score of 78.87%**
- “A lot of barriers have been removed. Allowing for non-borrowing occupants is amazing, removing the need of a notary so docs can be eSigned is fantastic.”
- “Added staff to keep turn times lower definitely helps!.”
- “Truly, every person I interact with at MSHDA is phenomenal. I’ve never had a bad experience.”





MSHDA and the Homebuyer Journey



Buyer Opportunities

- ⟩ State-wide network of Housing Education Providers
- ⟩ MI Home Loan
- ⟩ MI 10K DPA
- ⟩ MSHDA's New Sales Price limit
- ⟩ Reduced MI
- ⟩ Mortgage Credit Certificate
- ⟩ Ability to stack other DPA grants – maximizing buying power



DREAM
—
PHASE

DREAM PHASE



HOME BUYER JOURNEY

HOUSING EDUCATION PROGRAM (HEP)

Statewide network of 30 agencies that deliver housing education & counseling services in the following areas:

HOMEBUYER
EDUCATION
CLASSES

PRE-PURCHASE
HOUSING
COUNSELING

FINANCIAL
LITERACY

FAIR HOUSING
EDUCATION

HOME BUYER JOURNEY

MI HOME LOAN PROGRAM

- ⟩ 30-year fixed rate mortgages
- ⟩ Competitive interest rates
- ⟩ Can include MI 10K DPA and potentially other grants
- ⟩ Extensive network of participating lenders
- ⟩ Available to first-time and repeat homebuyers



SHOP
— PHASE





SHOP PHASE



HOMEBUYER JOURNEY

LOAN TYPES

F H A

RURAL DEVELOPMENT

VA

CONVENTIONAL

HFA Preferred Conventional Mortgage Insurance Rates:

95.01 – 97% LTV	18%
90.01 – 95% LTV	16%
85.01 – 90% LTV	12%
80.01 – 85% LTV	6%

HOME BUYER JOURNEY

INTEREST RATES



6.00%
30-YEAR
FIXED



6.625%
30-YEAR
FIXED WITH
MI 10K DPA
LOAN

(COMPETITIVE MARKET RATES)

MICHIGAN.GOV/MSHDA



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SHOP





BUYER REQUIREMENTS



PRINCIPAL
RESIDENCE



SALES PRICE
LIMITS

\$544,233



INCOME LIMITS

\$95,600 – 182,840



CO-SIGNERS/
NON-OCCUPYING
CO-BORROWERS
PROHIBITED

CREDIT REQUIREMENTS



FICO:
MINIMUM 640
Average - 720



DTI
MAXIMUM 45%
Average – 37%



**PREVIOUS
FORECLOSURE/
BANKRUPTCY**



**ALTERNATIVE
CREDIT**

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HOME BUYER JOURNEY

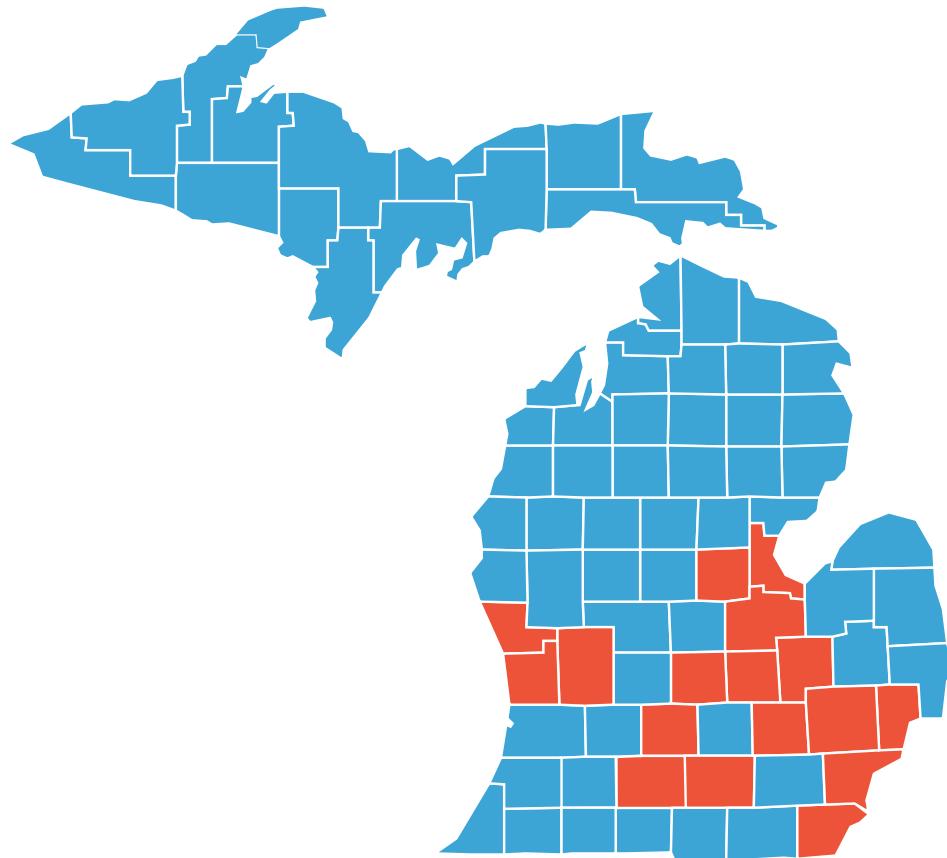
TARGETED AREAS VS. NON-TARGETED AREAS

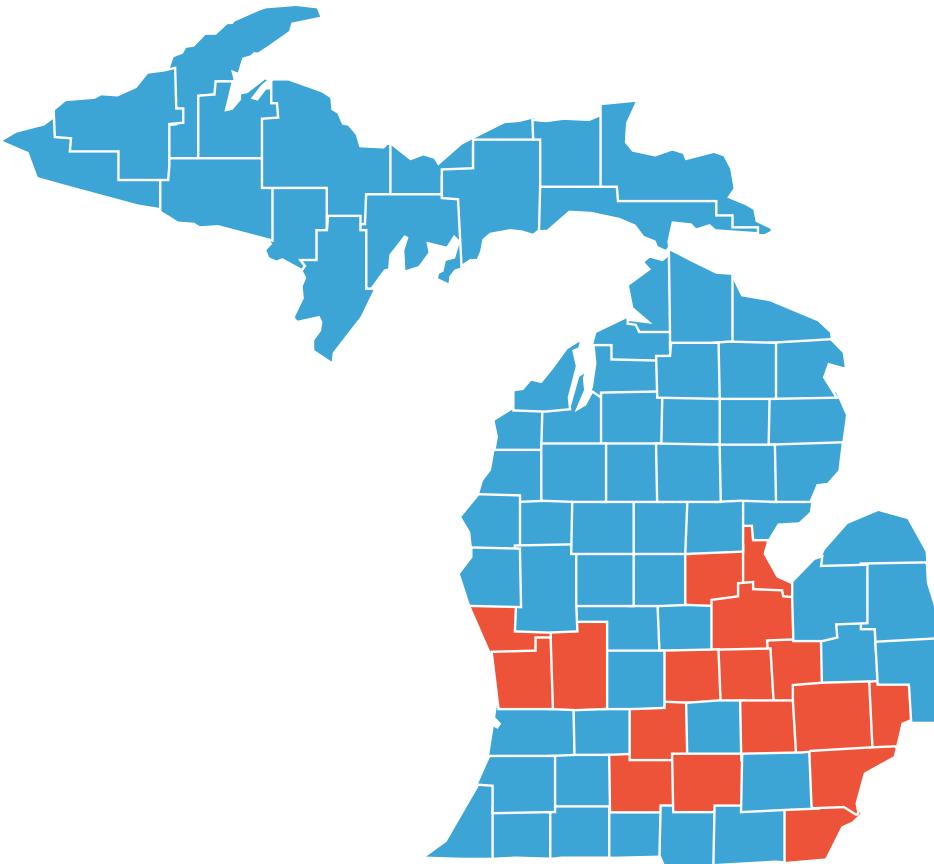
TARGETED AREAS

- Prior homeownership permitted
- Income limits are higher
- 66 of Michigan's 83 counties are targeted

NON-TARGETED AREAS

- Must be a first-time homebuyer
- Income limits are lower
- 17 of Michigan's 83 counties are non-targeted





HOME BUYER JOURNEY



TARGETED AREAS VS. NON-TARGETED AREAS

TARGETED AREAS

	<u>1-2 Member</u>	<u>3+ Member</u>
Berrien, Branch, Cass, St. Joseph	\$114,720	\$133,840
Van Buren, Calhoun (Albion, Battle Creek, Burlington, Lee Twp)		
Kalamazoo	\$114,960	\$134,120

NON-TARGETED AREAS

	<u>1-2 Member</u>	<u>3+ Member</u>
Remainder Calhoun	\$95,600	\$109,940

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P

SHOP PHASE



HOME BUYER JOURNEY

ELIGIBLE PROPERTY TYPES

SINGLE-FAMILY HOMES

MANUFACTURED HOUSING

CONDOMINIUMS

5 ACRES MAXIMUM

- Can request waiver up to 10 acres

H O M E B U Y E R J O U R N E Y

MI 10K DPA LOAN

- The down payment remains a significant barrier for potential homebuyers (particularly first-time buyers)
- Required cash to close with a MI 10K DPA is often LESS than the required cash for a new rental property



— P H A S E —
S H O P

— P H A S E —

SHOP PHASE



HOME BUYER JOURNEY

MI 10K DPA LOAN

- Interest-free loan with no monthly payments
- Down payment, closing costs, prepaid/escrow items
- Borrower cash investment - 1% of sales price
- Homebuyer Education required
- Not a grant – must be repaid
- Available state-wide

MORTGAGE CREDIT CERTIFICATE

MORTGAGE CREDIT CERTIFICATE (MCC)

- ④ Federal income tax credit
- ④ Available for the life of the original mortgage (if the home is primary residence)
- ④ Tax credit is based on the annual mortgage interest paid times the 20% credit issued by MSHDA
- ④ Single family, owner occupied principal residences



SHOP
— PHASE



SHOP PHASE



MORTGAGE CREDIT CERTIFICATE

MORTGAGE CREDIT CERTIFICATE (MCC)

- Sales Price - \$544,233
- Income Limits - \$95,600 – 182,840
- Targeted/Non-targeted areas apply
- Fee = \$400-\$500 (paid at closing and can be paid with seller concessions)
- 5 acres maximum
- Unused credit can be carried forward (3 years)

CREDIT CALCULATION

④ INTEREST FOR THE YEAR

Total Mortgage Amount x Loan Interest Rate =
Interest for the Year

④ TAX CREDIT FOR THE YEAR

Annual Interest x MCC Rate (20%) = Tax Credit for the Year

④ FIRST YEAR TAX CREDIT EXAMPLE

Assuming a mortgage of \$300,000 at 6% interest, the Tax Credit
would be:

\$300,000 mortgage x 6% interest rate = \$18,000 interest

\$18,000 interest x 20% MCC Rate = **\$3,600 first year tax credit**



SHOP

PHASE

APPLY PHASE



HOME BUYER JOURNEY

FIND A LENDER

MSHDA Experienced Loan Officers

- Listed by county on MSHDA's website

Top Lenders & Loan Officer Designation



APPLICATION PROCESS

1. Signed purchase agreement to lender
2. Reserve funds, lock in interest rate
3. Lender underwrites and approves loan
4. Loan package sent to MSHDA
5. MSHDA reviews and commitment is sent to lender
6. Lender closes and funds the loan
7. Lender sends closing package to MSHDA
8. MSHDA purchases loan and funds are wired to lender



APPLY
PHASE



MOVE PHASE



HOMEBUYER JOURNEY

THE MOVE PHASE

As a Homebuyer moves into their new home, post-closing activities include:

MSHDA PURCHASES THE LOAN

- Lender closes and submits to MSHDA
- MSHDA reviews closing package
- Funds wired to lender

LENDER TRANSFERS SERVICING TO LOANCARE

- MSHDA never sells the loan but contracts out servicing

HOMEBUYER RECEIVES WELCOME LETTER FROM LOANCARE

HOME BUYER JOURNEY

THE LIVE PHASE

HOUSING EDUCATION PROGRAM (HEP)

- Post purchase and home maintenance counseling
- Mortgage delinquency and default
- Disaster relief counseling

MAKE PAYMENTS TO LOANCARE

- Follow instructions in welcome packet
- Loan payoff information:
clientpayoffprocessing@myloancare.com



LIVE
—
PHASE

QUESTIONS?

