

# MSHDA Homeownership

Delivering the Dream to Michigan Families





HOMEOWNERSHIP 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



HOMEOWNERSHIP PROGRAMS

# 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**

HOMEOWNERSHIP PROGRAMS

# FOCUS ON EDUCATION



## REALTOR

Provide CE Credits &  
Build Relationships



## HOMEBUYER

Utilize MSHDA's  
Housing Counseling  
Network



## LENDER STAFF

Sales and Operations  
Best Practices



HOMEOWNERSHIP 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



HOMEOWNERSHIP PROGRAMS

# 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.”

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# MSHDA and the Homebuyer Journey





H O M E B U Y E R   J O U R N E Y

# 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



H O M E B U Y E R   J O U R N E Y

## 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**



H O M E B U Y E R   J O U R N E Y

# 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



H O M E B U Y E R   J O U R N E Y

## LOAN TYPES

FHA

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%



HOMEBUYER JOURNEY

# INTEREST RATES



**6.00%**

30-YEAR  
FIXED



**6.625%**

30-YEAR  
FIXED WITH  
MI 10K DPA  
LOAN

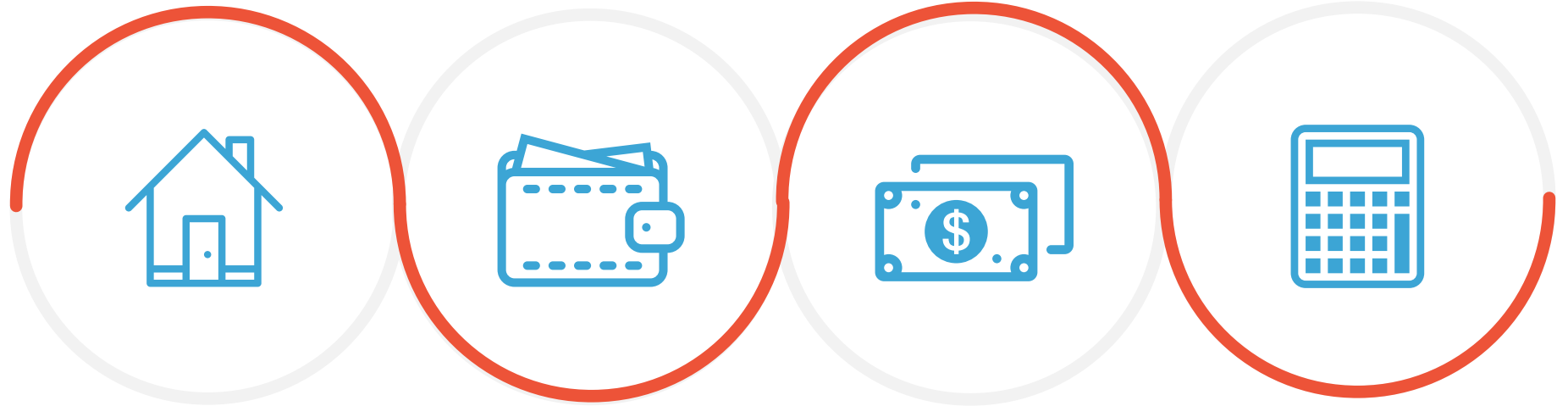
(COMPETITIVE MARKET RATES)

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# BUYER REQUIREMENTS



**PRINCIPAL  
RESIDENCE**

**SALES PRICE  
LIMITS**

\$544,233

**INCOME LIMITS**

\$95,600 – 182,840

**CO-SIGNERS/  
NON-OCCUPYING  
CO-BORROWERS  
PROHIBITED**

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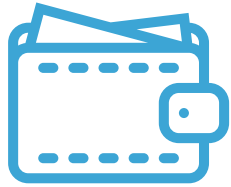


H O M E B U Y E R   J O U R N E Y

## CREDIT REQUIREMENTS



**FICO:**  
**MINIMUM 640**  
**Average - 720**



**DTI**  
**MAXIMUM 45%**  
**Average – 37%**



**PREVIOUS**  
**FORECLOSURE/**  
**BANKRUPTCY**



**ALTERNATIVE**  
**CREDIT**



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# SHOP PHASE

## HOMEBUYER JOURNEY

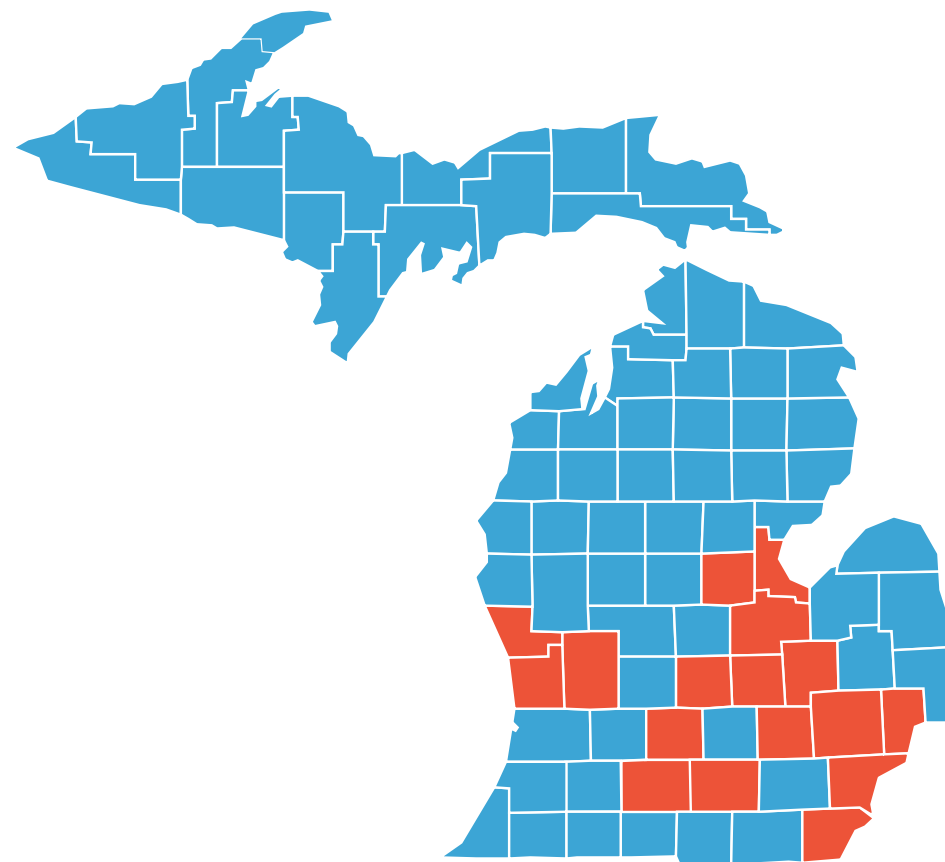
# TARGETED AREAS VS. NON-TARGETED AREAS

### 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





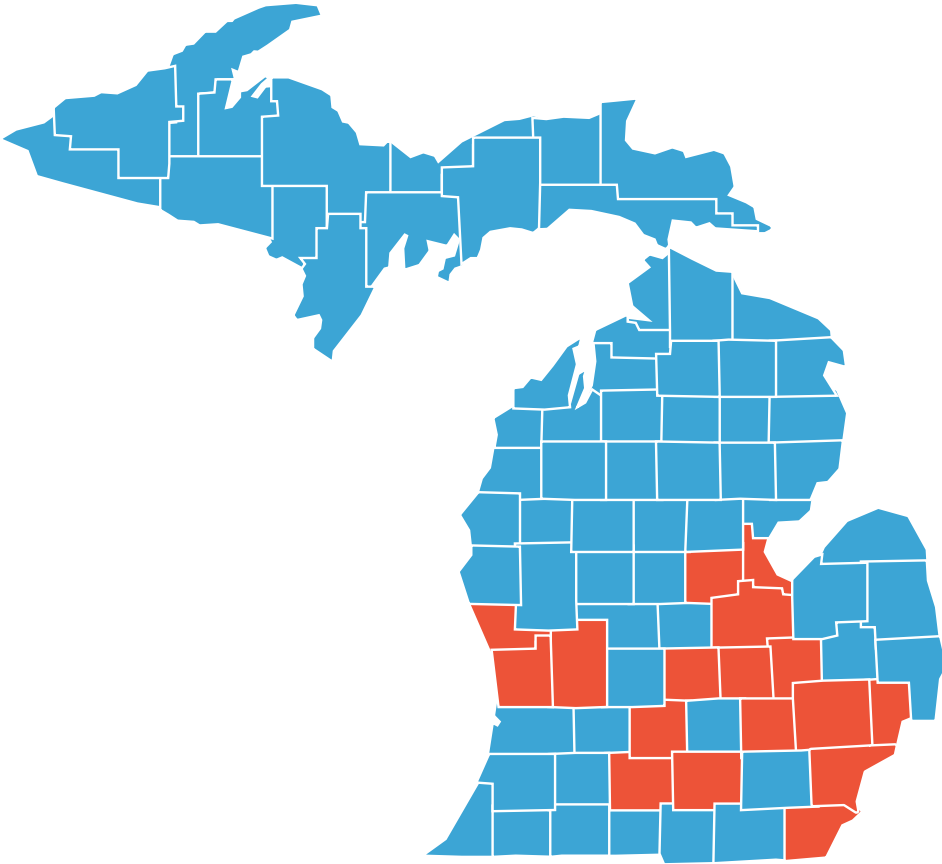
# TARGETED AREAS VS. NON-TARGETED AREAS

## 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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# SHOP

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## PHASE



H O M E B U Y E R   J O U R N E Y

## ELIGIBLE PROPERTY TYPES

SINGLE-FAMILY HOMES

MANUFACTURED HOUSING

CONDOMINIUMS

5 ACRES MAXIMUM

- Can request waiver up to 10 acres

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# 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



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— PHASE



# SHOP

## PHASE



H O M E B U Y E R   J O U R N E Y

## 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)

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

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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

### > INTEREST FOR THE YEAR

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

### > TAX CREDIT FOR THE YEAR

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

### > 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**



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APPLY

PHASE



H O M E B U Y E R   J O U R N E Y

## FIND A LENDER

### MSHDA Experienced Loan Officers

- Listed by county on MSHDA's website

### Top Lenders & Loan Officer Designation



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# 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

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**APPLY**  
PHASE





# MOVE PHASE



H O M B U Y E R   J O U R N E Y

## 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

H O M E B U Y E R   J O U R N E Y

# 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](mailto:clientpayoffprocessing@myloancare.com)

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**LIVE** —  
PHASE



# QUESTIONS?

