



**INDIANA HOUSING AND COMMUNITY  
DEVELOPMENT AUTHORITY**

**MARKET STABILIZATION PROGRAM  
(MSP)**

**REALTOR TRAINING**

# WHAT IS MSP?

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- Federally funded program (\$33.7 million)
- 18-month program, Expires 10/2010
- Used on foreclosed homes in HUD approved areas of greatest need
  - Property lookup at [www.in.gov/ihcda](http://www.in.gov/ihcda)  
(Attaching a list of counties and cities)
- Money can be used for down payment, closing costs, rehab or for any combination

# DEFINITION OF A FORECLOSED HOME

- ✘ *Foreclosed:* A property “has been foreclosed upon” at the point that, under state or local law, the mortgage or tax foreclosure is complete. HUD generally will not consider a foreclosure to be complete until after the title for the property has been transferred from the former homeowner under some type of foreclosure proceeding or transfer in lieu of foreclosure, in accordance with state or local law.

# MSP FUNDS CAN BE USED 3 WAYS

- With our Bond Program (excluding all disability programs)
  - Use IHEDA rate – Currently 5.75%
- With our MCC Program “MCC Sandwich”
  - Up to \$2,000 Federal Tax Credit
    - Example of how to figure tax credit:  
Loan Amt x Int Rate x MCC Credit Rate = Yearly Tax Credit  
 $\$100,000 \times 5.00\% \times 20\% = \$1,000$  tax credit
  - First Time Homebuyer Credit of \$8,000
  - \$15,000 MSP Funds
- As a Stand-Alone (IHEDA does the 2<sup>nd</sup> mtg only)
  - Use Lender’s interest rate

# PROGRAM GUIDELINES

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- 10 year forgive ability period
  - Years 1-5: repay total amount
  - Years 6-10: pro-rated 1/5 each year
- DPA 20% of Purchase Price or \$15,000 whichever is less
- If borrower uses a participating lender with FHLB , FHLB is also offering \$10,000 to be used as DPA/Closing costs
- Must be owner occupied
- Required 8 hours of homebuyer training through any HUD approved agency or any HomeEC certified agency
- Purchase Price must be a minimum of 1% less than appraised value

# PROGRAM GUIDELINES

# CON'T

- Income Limits
  - 80% AMI if using with other IHADA programs
  - 120% AMI if using as a Stand-Alone
- Must be a first-time homebuyer if using with other IHADA programs (unless buying in a targeted area)
- Do not have to be a first-time homebuyer if using as a Stand-Alone
- Acquisition limits apply when using with IHADA programs

# PROGRAM GUIDELINES

# CON'T

- All repairs must be completed before closing unless lender holds escrow
- Homes over 50 years old may be subject to historic review. Examples of possible review:
  - Ground disturbance
  - Exterior rehabilitation with the exception of painting
  - Remediation of hazardous materials (ex. Lead, Asbestos)

# SOME UNDERWRITING GUIDELINES

- Loans can be FHA, VA, Conv., USDA
- No cash at closing back except what the borrower put into the loan
- IHCD uses income for all people working in household
- Appraisal  
(Purchase Price must be a minimum of 10% less than appraised value and the appraisal cannot be more than 60 days old)
- 3<sup>rd</sup> party inspection
- (Inspection form and list of approved inspectors found at <http://lenderonline.in.gov/index.htm> )
- 3 Estimates for repairs or Cost of Repair per Appraiser
- Final Inspection for Repairs
- Title Work
- Escrow Approval from Lenders Underwriter

# FOR QUESTIONS PLEASE CONTACT THE SINGLE FAMILY STAFF

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