



MISSISSIPPI HOME CORPORATION

## HOUSING ASSISTANCE FOR TEACHERS PROGRAM MANUAL



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# Housing Assistance for Teachers Manual ("HAT")

The purpose of Housing Assistance for Teachers Program ("HAT") is to provide down payment, closing cost, and prepaid assistance to licensed teachers committed to teach in a critical shortage area in the state as determined by the State Board of Education. This includes 2% down payment (regardless of down payment requirement) and any closing costs to be paid by the borrower, including POC and escrow fees up to \$6,000.

## 1. SECTION 1 – LOAN REQUIREMENTS

### 1.1. Features of the Housing Assistance for Teachers Program:

1. Housing Assistance Loan Agreement is converted to an interest-free grant if the approved applicant is participating as a licensed teacher and agreeing to employment of service in a school district located in a geographical area of the state where there exists a critical shortage of teachers as designated by the State Board of Education, for a period of not less than 3 years, unless otherwise specified by the State Board of Education.
2. The maximum amount of Housing Assistance will be for the actual amount of funds required to close the loan, not to exceed \$6,000, excluding the required borrower's contribution (Refer to #4 below).
3. State assistance can be used for down payment, closing cost (including credit report/appraisal), and prepaid expenses (taxes, insurance, and PMI).
4. Minimum Borrowers contribution of own funds (1% of Sales Price) and document with the Lender they have at least 1 month of reserves.
5. No income limits when **not** being used with MHC's Mortgage Revenue Bond program (MRB), Mortgage Credit Certificate (MCC) program or the Smart6 (S6) program.
6. Housing units must be in Targeted counties of the State as determined by the State Board of Education.

### 1.2. Applicant:

An applicant's eligibility for a loan is determined without regard to race, color, religion, national origin, sex, marital status, or age provided the applicant possess the legal ability to incur the obligation of a mortgage loan. Under HAT, the Borrower must meet the following criteria:

1. Must execute a contract to teach in a school district located in a geographical area of the state where there exists a critical shortage of teachers as designated by the State Board of Education, for a period of no less than 3 years.
2. Provide a minimum down payment of 1% of the Sales Price, from their own funds (not Gift funds) and document they have at least 1 month of reserves.
3. Must agree to occupy and use the residential property as his/her permanent, principal residence within 60 days of closing.
4. Must not use the loan proceeds to acquire or replace an existing mortgage, except in the case of temporary financing (less than 24 months).
5. Must agree not to rent the property and must be owner occupied.
6. At least one home buyer must take a home buyer education course, unless Borrower is not a 1<sup>st</sup> time home buyer, with the exception if using the HAT program with the Mississippi Home Corporation Mortgage Revenue Bond (MRB), Mortgage Credit Certificate (MCC) or Smart6 (S6) programs, a home buyer certificate is required regardless of a homebuyer's status. If using the Fannie Mae HFA Preferred or Freddie Mac HFA Advantage product, follow Fannie Mae or Freddie Mac guidelines.

**NOTE: In no event may the maximum loan amount or income limit exceed the Single-Family loan limit established by FHA, VA, RD, Fannie Mae, or Freddie Mac guidelines. If using HAT assistance in conjunction with the MRB, MCC or S6 program, those program guidelines must be followed.**

### **1.3. Property Types/Requirement:**

The following types of first mortgage property types may receive assistance under the Housing Assistance for Teachers Program:

1. Owner-occupied residence
2. Single family detached
3. Condominium and Townhouse units
4. Units in Planned Units Development
5. Residential properties must be in the county in which the teacher is employed and that is in a critical teacher shortage school district which is determined by the MS Department of Education.

### **1.4. Loan Type:**

To qualify under the Program, each mortgage loan must be an approved FHA, VA, RD Guaranteed, Fannie Mae or Freddie Mac Conventional loan product, including the Fannie Mae HFA Preferred or the Freddie Mac HFA Advantage product. In all cases, the mortgage loan must be for the permanent financing of a residence and the residence be in a county in which the school district for which the teacher is rendering service, or any portion of where the school district is located and is being purchased or constructed by or on behalf of an eligible Borrower and that will be occupied as a single-family unit.

### **1.5. Mortgage Loan Term:**

Each mortgage loan shall be a 25 or 30- year term unless being used in conjunction with Mississippi's MRB, SS or MCC program unless being used as a MCC standalone product. In those cases, the loan term must be a 30- year amortizing loan.

### **1.6. Appraisal Requirements:**

A copy of the Uniform Residential Appraisal Report ("URAR") must be included in the compliance package, following FHA, VA, RD Guaranteed, Fannie Mae or Freddie Mac guidelines. The appraisal must indicate the following:

1. If any portion of the Residential Housing Unit is used to produce income, the appraisal must indicate this on the URAR.
2. If the Residential Housing Unit has additional buildings, such as storage buildings, workshops, etc., the appraisal must indicate the value and certify that no consideration was given.
3. The proceeds of the Housing Assistance for Teachers loan may only be used for the procurement of the tract of land and the residence situated thereon. The appraisal report must state the value and size of the land. In cases where land size exceeds 1 acre, the appraisal must reflect whether this is normal for the area.
4. The remaining economic life reflected on the URAR must be a minimum of 30 years.

### **1.7. School Districts & Subject Areas Targeted as Critical Shortage Areas:**

Target areas are the areas where a critical shortage of teachers exist as designated by the State Board of Education. The school districts (SD) are found on MHC's website [here](#).

### **1.8. Determination by Lender:**

The eligibility of an applicant shall be initially determined by the Lender subject to the final review and determination by MHC for compliance with HAT guidelines. The Lender must review the application form and related documents to determine their completeness in accordance with this Guide. Reasonable efforts should be undertaken to verify the information given. All mortgage loans must be originated in accordance with the guidelines of the FHA, VA, RD Guaranteed, Fannie Mae or Freddie Mac product being used.

If MHC finds that the applicant(s) does not meet any one of the requirements, the loan will not be approved. If the loan transaction is completed but is later determined that the applicant(s) did not meet all the requirements at closing or has caused himself to become ineligible (misrepresentation, did not occupy the property, etc.) MHC will notify the Department

of Education, and the grant will be recaptured.

### **1.9. Credit Underwriting Requirement:**

The Mississippi Home Corporation **does not** underwrite for credit eligibility. MHC's responsibility is to verify the loan meets compliance with the State Board of Education established guidelines on each loan file. The credit guidelines to be followed are determined by the product guidelines for FHA, VA, RD Guaranteed, Fannie Mae or Freddie Mac.

## **2. SUBMISSION PROCEDURES**

After the initial determination that the applicant is an eligible Borrower, the Lender must submit their reservation to MHC through the MHC Internet Reservation system.

### **2.1. Calculation of Housing Assistance for Teachers:**

The maximum Housing Assistance for Teachers is up to \$6,000. The Lender calculates the actual grant assistance before reserving the grant with MHC. To calculate the maximum amount of grant assistance to be financed, you will need to calculate the following information on the HAT Application Form by using the figures found on your Closing Disclosure. This document must have a signature in blue ink uploaded to the lender portal.

Add 2% of the Sales Price amount with Buyer Paid costs to get the maximum amount of Housing Assistance for Teachers grant assistance, not to exceed \$6,000.

### **2.2. Reservation Request:**

To reserve funds, go to MHC's website, [www.mshomecorp.com](http://www.mshomecorp.com) and select the Lender Login button on the Home page or go to the Lenders/Realtors dropdown and select the Lender Login Button. There will be no restrictions as to the total number of reservations issued to any Lender. Hand delivered or mailed delivery requests for reservations will not be accepted. The reservation requests are eligible for issuance on a first-come, first-serve basis.

**NOTE:** MHC must receive the Reservation package documents listed below within 10 calendar days from the date of reservation. If the Reservation package is not received within the 10-day period, MHC has the authority to cancel the reservation.

1. Copy of Executed Sales Contract
2. Copy of Executed Loan Application
3. Copy of Teachers Employment Contract
4. Copy of Homebuyer Education Certificate

### **2.3. Reservation Modification:**

A Lender may request a change in the reservation of funds by completing a NOTIFICATION OF CHANGE FORM and submitting to MHC for prior approval. A request for change will be subject to the following guidelines:

1. Decreases in the mortgage and/or Teachers Assistance grant amount will require prior approval of MHC.
2. Increases in the mortgage and/or Teachers Assistance grant amounts will require prior approval of MHC and will be subject to the availability of Funds.
3. Changes in property addresses will be acceptable upon prior approval of MHC.

**CHANGES IN THE GRANT AMOUNTS ARE RESTRICTED TO THE AVAILABILITY OF FUNDS. THE SUBMISSION OF A CHANGE FORM TO INCREASE THE HAT GRANT AMOUNT DOES NOT AUTOMATICALLY GUARANTEE THAT MHC WILL HAVE THE FUNDS AVAILABLE TO APPROVE THE INCREASE. If the Housing Assistance for Teachers grant amount changes after the wire has been sent to the closing agent, the Lender must instruct the agent to stop the closing and wire the funds back to MHC to re-review new loan documents for approval and the**

**Lender will be charged a \$25.00 wire fee to reissue the new wire.**

#### **2.4. Reservation Expiration:**

Each reservation of funds will expire if the mortgage loan does not close within the following periods:

1. Reservations for newly constructed residences (less than one year old and never occupied) and existing homes will expire 45 calendar days from the date of the reservation.
2. Reservations for proposed construction will expire 120 calendar days from the date of the reservation.

#### **2.5. Cancellation of Reservation:**

Reservations of funds will be cancelled under the following conditions:

1. Upon delivery of the required documents, should MHC determine that the Borrower and/or Co-Borrower are not qualified for the Program, the reservation will be canceled.
2. If a Lender determines that the loan will not close or the Borrower and/or Co-Borrower do not qualify, then the Lender must notify MHC within 3 calendar days of cancellation.
3. The expiration of the reservation period will cause the reservation to be cancelled.

**\*\*\*\*In the event the loan is rejected, any fees incurred by the Borrower and/or Co-Borrower are the sole responsibility of the Borrower and/or Co-Borrower.**

#### **2.6. Transfer of Reservation:**

Under no circumstances will MHC permit a transfer of any reservation of funds from one Borrower to another. In the event of a property not qualifying, the applicant(s) can transfer the reservation to a qualified property.

#### **2.7. Compliance Package:**

On or before the date that is 45 calendar days from reserving funds, in the case of new/existing property or 120 calendar days from reserving funds, in the case of proposed construction, the Lender must submit the Compliance Package for review. **Failure to do so will cause the reservation to be canceled.** MHC will review the documents to determine whether the mortgage loan and applicant(s) qualify for the Program. The following documents must be submitted with the Compliance package in the order shown.

1. Housing Assistance for Teachers Application. (Must be mailed to MHC with wet signature in blue ink)
2. FHA Transmittal or VA Loan Analysis or Uniform Underwriting and Transmittal Summary
3. Copy of the Loan Estimate
4. Verification of Employment (VOE)
5. Verification of Deposit (VOD) or copy of the most current Bank Statement
6. **Original executed Mississippi Employer-Assisted Housing Teacher Program Loan Agreement (Only executed by Teacher & Approved School District Official or Board Member. Must be wet signatures. It is NOT executed by Dept. of Ed. (DOE) until after the loan closes. MHC sends to DOE.)**
7. Copy of Appraisal
8. Copy of the Preliminary CD
9. Attorney Information Form and Wiring Instructions
10. Notification of Change Form, if applicable

After reviewing the Commitment documents, MHC will notify the Lender as to commitment approval or denial. If needed, MHC will request additional documents to justify approval or rejection of the loan file. **All loans will be worked on a First Come First Served basis. THERE WILL BE NO EXPEDITED CASES!** Upon approval, MHC will issue a Conditional Commitment. If the loan is rejected, MHC will notify the Lender of the decision for the rejection, stating the reason, by means of a commitment denial letter.

**NOTE: The Mississippi Employer-Assisted Housing Teacher Program Loan Agreement must be mailed to MHC & must be executed (must be wet signatures) by the teacher, notarized and executed by an official representative of the School District or Board Member, whichever is applicable, and notarized.**

**Note: E-Signatures are allowed when the E-Signature Authorization Form is provided as Exception or Miscellaneous documentation. MHC requires wet signatures on P&L or MHC LOE.**

## **2.8. Pre-Closing Stage/Documents:**

For the Housing Assistance for Teachers grant program, you will be required to submit in the Compliance package, an attorney form with the closing agent's name, address, phone number, fax number and wiring instructions. MHC must upload a copy of the final CD along with wiring instructions **no less than 24 hours prior to closing** to verify the Borrower's closing costs have not been revised. This is necessary to ensure that the amount of assistance provided does not exceed the allocation set forth by the State Department of Education for the Mississippi Employer-Assisted Housing Teacher Program. MHC requires a minimum of 5 business days prior to closing to complete the paperwork and issue the wire to the closing agent.

## **2.9. Post-Closing Package:**

The closed loan package must be submitted to MHC within 30 calendar days of the loan closing. The following documents are required for the purchase certification package:

1. Copy of executed first Mortgage Note
2. Copy of executed first Mortgage Deed of Trust
3. Copy of executed Closing Disclosure (Buyer & Seller)

If MHC does not receive the package within the required time frame, MHC will respond in writing by email requesting the documents be sent to MHC to properly report to the State Board of Education. If a second notice is sent to the Lender, MHC will grant only a 7- calendar day extension with a \$50.00 extension fee. If the package is not received on or earlier than that date, MHC will suspend the Lender from participating in the Housing Assistance for Teacher program.

The Lender has 15 days from closing to submit the information required on the Post-Closing Package, or a \$50.00 penalty will be assessed or potentially be suspended from participating in the HAT program.

MHC will submit the original Mississippi Employer-Assisted Housing Teacher Program Loan Agreement to the Department of Education for execution and retention after the loan closes. MHC will also send a letter to the Teacher requiring that they submit their new contract each year for the next 2 years to maintain compliance of the program requirements. If the Teacher does not submit the new contracts, MHC is obligated to notify the State Board of Education of the non-compliance.

## **3. MONITORING REQUIREMENTS**

### **3.1. Leasing/Renting**

A residence financed with grant assistance proceeds from the State Board of Education is prohibited from being leased or rented so long as the service of 3 years of teaching in a critical shortage area of the state is in force. This provision will be monitored and enforced.

### **3.2. Failure to Comply with Guidelines**

1. Any person failing to comply with the employment commitment is in breach of contract and becomes liable to the State Department of Education for the sum of all assistance granted to that person.
2. Any person whose commitment to teaching is 3 years, the repayment of the assistance grant is less 1/3 of the amount of that sum for each year that service was rendered.