

**Market Stabilization Program
(MSP)
Policies and Guidelines**

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I n t r o d u c t i o n

As a part of the Housing and Economic Recovery Act of 2008, the Department of Housing and Urban Development (HUD) created the Neighborhood Stabilization Program (NSP) to mitigate the neighborhood effects of foreclosure and to stimulate the housing market. In April 2009, under the NSP program, Lt. Gov. Becky Skillman and the Indiana Housing and Community Development Authority (IHCDA) announced up to \$15,000 in assistance for Hoosiers purchasing foreclosed homes in Indiana (the Market Stabilization Program, or MSP). IHCDA designed the MSP to assist income-eligible households with purchasing and rehabilitating foreclosed homes throughout Indiana.

The Market Stabilization Program offers:

- Homebuyers whose household income is at or below one hundred twenty percent (120%) of area median income (AMI) up to \$15,000 to purchase a foreclosed home as their principal residence
- Closing costs and down payment assistance (down payment assistance not to exceed twenty percent (20%) of purchase price) to acquire the foreclosed home
- Rehabilitation funds to bring the foreclosed home up to local building code
- Loan structured as a zero-interest, non-amortizing second mortgage loan, not required to be repaid if the property remains the homebuyer's principal residence for at least ten years
- Loan subject to receipt of eight hours of pre-purchase education provided by a certified counselor
- An easy online tool at www.indianahousingnow.org to determine if a foreclosed property is in an eligible neighborhood

Executive Summary

Lender Eligibility

- **Participating Lender:** A “Participating Lender” is one that has signed a Mortgage Origination and Sale Agreement (MOSA) or a Mortgage Credit Certificate (MCC) Loan Origination Agreement with IHCDA. Participating Lenders are eligible for all of the program uses listed in the “Program Uses” section.
- **Non-Participating Lender:** A lender that has not signed a MOSA or MCC Loan Origination Agreement shall be deemed a “Non-Participating Lender” and must sign an MSP Participation Agreement, found at <http://ihcdaonline.com>. Non-Participating Lenders are eligible for the program use indicated below in the “Program Uses” section.

Program Uses

- **First Home with MSP** – Combines with IHCDA’s MRB, below market interest rate program. In combining the two programs, all MSP **and** Mortgage Revenue Bonds (MRB) guidelines must be followed, including income limits, acquisition limits, the first-time homebuyer guidelines and all applicable fees (**refer to the MRB Program Guide**). The first mortgage must be sold to US Bank and IHCDA will service the second mortgage. **This combination is only available to IHCDA’s Participating Lenders.**
- **MCC with MSP** – Combines with IHCDA’s MCC program. In combining the two programs, all MSP **and** MCC guidelines must be followed including income limits, acquisition limits, the first-time homebuyer guidelines and all applicable fees (**refer to the MCC Program Guide**). The lender will sell the first mortgage on the secondary market and IHCDA will service the second mortgage. **This combination is only available to IHCDA’s Participating Lenders.**
- **MSP Stand-Alone** – Only MSP guidelines are followed. Allows lenders and/or brokers to use any conforming first mortgage product of their choice. The first-time homebuyer guideline is waived and the buyer is required to meet the income guidelines set for the MSP Stand-Alone product - a household income at or below one hundred twenty percent (120%) AMI. **This option is available to Participating Lenders and Non-Participating Lenders.**

Borrowers will need to know that:

1. Borrowers must meet the appropriate **income limits**. Income limits vary by county and are dependent on family size. When combining MSP with IHCDA's First Home or MCC programs, the home must fall under the federally determined **acquisition limits**. Acquisition limits vary by county.
2. The home must be the borrower's principal residence.
3. Borrowers must have completed eight (8) hours of pre-purchase homeownership counseling from an IHCDA or HUD-approved counselor before the loan can be approved by IHCDA.

Lenders will need to know that:

1. The property must be in an "area of greatest need" as identified in the Substantial Amendment to IHCDA's Action Plan, as approved by HUD. Analysis of whether property is in an "area of greatest need" can be conducted on www.indianahousingnow.org.
2. The property being purchased must have been foreclosed upon.
3. The property must be reviewed to verify if there was either HOME or CDBG assistance previously used, as forgiveability periods may be extended.
4. The property being purchased must be sold, at a minimum, at a one percent (1%) discount to the current market appraised value.
5. Required repairs are those necessary to bring the property up to habitability, marketability and livability standards (Standards) so that the loan is eligible to be sold on the secondary market.
6. The income calculation for a borrower's eligibility is different than that used for mortgage qualification. Additional income will need to be added to determine eligibility.
7. Non-occupant co-borrowers must sign the note only, and are **not** allowed to sign the mortgage or take title.
8. Loans will need IHCDA approval prior to closing.
9. Race, gender and ethnicity of borrower(s) must be collected.
10. **Tracing borrower or seller signatures is considered forgery. Any lender caught forging documents will be suspended from the program and the pertinent information will be turned over to the proper state and local authorities.**

Area of Greatest Need Eligibility

The following indicated areas of Indiana have been designated as “Areas of Greatest Need” according to NSP and MSP requirements:

Indiana MSP Areas of Greatest Need



NSP Qualified Areas of Greatest Need

Adams County

Berne
Decatur
Other*

Allen County

Fort Wayne
Monroeville
New Haven
Other*

Bartholomew County

Columbus

Benton County

Boswell
Fowler
Other*

Blackford County

Dunkirk
Hartford City
Montpelier
Other*

Boone County

Lebanon

Carroll County

Delphi
Flora
Other*

Cass County

Logansport
Walton
Other*

Clark County

Charlestown
Clarksville
Jeffersonville
Other*

Clay County

Brazil
Clay City
Harmony
Knightsville
Other*

Clinton County

Frankfort
Kirklin
Other*

Crawford

English
Marengo
Milltown
Other*

Daviess County

Elnora
Washington
Other*

Dearborn County

Aurora
Greendale
Lawrenceburg
Other*

Decatur County

Greensburg
Other*

DeKalb County

Altona
Ashley
Auburn
Butler
Corunna
Garrett
Hamilton
Waterloo
Other*

Delaware County

Albany
Chesterfield
Daleville
Eaton
Muncie
Yorktown
Other*

Dubois County

Huntingburg
Other*

Elkhart County

Elkhart
Goshen
Nappanee
Other*

Fayette County

Connersville
Other*

Floyd County

New Albany

Fountain County

Attica
Hillsboro
Mellott
Newtown
Veedersburg
Other*

Franklin County

Laurel
Other*

Gibson County

Princeton
Other*

* Other eligible unincorporated areas

NSP Qualified Areas of Greatest Need

<p>Grant County Fairmount Fowlerton Gas City Jonesboro Marion Other*</p>	<p>Huntington County Andrews Huntington Mount Etna Other*</p>	<p>LaGrange County Other*</p>
<p>Greene County Bloomfield Jasonville Linton Worthington Other*</p>	<p>Jackson County Crothersville Seymour Other*</p>	<p>Lake County Crown Point East Chicago Gary Griffith Hammond Highland Hobart Lake Station Merrillville New Chicago Whiting Other*</p>
<p>Hamilton County Noblesville</p>	<p>Jasper County Wheatfield Other*</p>	<p>LaPorte County La Porte Michigan City Trail Creek Other*</p>
<p>Hancock County Fortville Greenfield Other*</p>	<p>Jay County Dunkirk Portland Other*</p>	<p>Lawrence County Bedford Mitchell Other*</p>
<p>Hendricks County Brownsburg Plainfield Other*</p>	<p>Jefferson County Other*</p>	<p>Madison County Alexandria Anderson Chesterfield Edgewood Elwood Ingalls Markleville Orestes Other*</p>
<p>Henry County Cadiz Greensboro Kennard Knightstown Middletown Mooreland New Castle Shirley Straughn Other*</p>	<p>Jennings County North Vernon Other*</p>	
<p>Howard County Kokomo Other*</p>	<p>Johnson County Edinburgh Franklin Greenwood New Whiteland Whiteland Other*</p>	
	<p>Knox County Bicknell Vincennes Other*</p>	
	<p>Kosciusko County Warsaw</p>	

* Other eligible unincorporated areas

NSP Qualified Areas of Greatest Need

<p>Marion County Beech Grove Clermont Cumberland Indianapolis Lawrence Southport Speedway Warren Park</p>	<p>Noble County Albion Cromwell Kendallville Ligonier Rome City Wolcottville Other*</p>	<p>Posey County Mt. Vernon</p>
<p>Marshall County Bourbon Plymouth Other*</p>	<p>Ohio County Rising Sun Other*</p>	<p>Putnam County Greencastle Other*</p>
<p>Martin County Loogootee Other*</p>	<p>Orange County French Lick Orleans Paoli West Baden Springs Other*</p>	<p>Randolph County Albany Farmland Parker City Ridgeville Union City Winchester Other*</p>
<p>Miami County Peru Other*</p>	<p>Owen County Gosport Spencer Other*</p>	<p>Ripley County Holton Napoleon Osgood Other*</p>
<p>Monroe County Bloomington Ellettsville Other*</p>	<p>Parke County Mecca Rockville Other*</p>	<p>Rush County Rushville Other*</p>
<p>Montgomery County Crawfordsville Other*</p>	<p>Perry County Cannelton Tell City Troy Other*</p>	<p>Saint Joseph County Mishawaka Roseland South Bend Other*</p>
<p>Morgan County Martinsville Mooreville Other*</p>	<p>Pike County Petersburg Spurgeon Other*</p>	<p>Scott County Austin Scottsburg Other*</p>
<p>Newton County Goodland Kentland Other*</p>	<p>Porter County Portage Other*</p>	<p>Shelby County Shelbyville Other*</p>

* Other eligible unincorporated areas

NSP Qualified Areas of Greatest Need

Spencer County

Chrisney
Gentryville
Rockport
Other*

Starke County

Knox
North Judson
Other*

Steuben County

Angola
Ashley
Clear Lake
Fremont
Hamilton
Hudson
Other*

Sullivan County

Farmersburg
Hymera
Shelburn
Sullivan
Other*

Tippecanoe County

Lafayette

Tipton County

Kempton
Tipton
Windfall City
Other*

Union County

Liberty
Other*

Vanderburgh County

Evansville
Other*

Vermillion County

Clinton

Vigo County

Terre Haute
West Terre Haute
Other*

Wabash County

North Manchester
Wabash
Other*

Warrick County

Boonville
Chandler
Other*

Washington County

Hardinsburg
Livonia
Salem
Saltillo
Other*

Wayne County

Cambridge City
Centerville
Dublin
East Germantown
Economy
Hagerstown
Milton
Mount Auburn
Richmond
Other*

Wells County

Bluffton
Other*

White County

Burnettsville
Monticello
Other*

* Other eligible unincorporated areas

Guidelines and Requirements

Loan Types and Additional Loan Requirements

- The first mortgage loan must be a conforming loan product that is eligible to be sold on the secondary market, such as FHA, VA, Conventional and USDA loan types. IHCDCA cannot provide the first mortgage loan.
- No cash buyers are allowed. Borrower must qualify for and obtain first mortgage financing from an Eligible Lender, which term does not include IHCDCA.
- MSP funds must be used as a second mortgage product and may not be used as purchase money funds.
- Borrower(s) may not receive any cash back other than what is evidenced that they have paid in at closing. Borrowers may get their earnest money deposit back but cannot get a property tax pro-ration back in cash.

Use of Funds

The maximum amount available under any MSP loan is \$15,000. The funds can be used in any combination of these three items:

- **DOWN PAYMENT ASSISTANCE** – the maximum amount that may be applied for down payment cannot exceed twenty percent (20%) of the sales price.
- **PREPAIDS & CLOSING COSTS**
- **REHABILITATION (REPAIRS)** – repairs called for by either the licensed IHCDCA third-party home inspector or identified by the appraiser, as required to be completed, may be paid for using MSP funds. Only those repairs required to bring the property up to Standards may be covered by MSP. **RE-DECORATION AND UPGRADING ITEMS DO NOT QUALIFY FOR MSP FUNDING.** Additional guidelines are found below under the “Rehabilitation” section.

Borrower Eligibility

- Must be a first-time homebuyer, meaning borrowers must not have owned their principal residence within the past three (3) years, when MSP is combined with IHCDCA’s First Home or MCC programs. This restriction is waived for those who buy a home in an area that is

designated as “targeted” (as such term is defined in the MRB or MCC Program Guides under the “Geographic Eligibility” sections). **This does not apply to borrowers applying for the MSP Stand-Alone Program.**

- Must be income-eligible. Borrowers who are applying for MSP loans must meet the income limits for the program. Income guidelines vary by program type (combination or stand-alone), county and household size.
- **Income eligibility includes certain sources of income that a lender typically does not consider in determining eligibility or credit-worthiness for non-federally-assisted financing.**
- **The “Gross Annual Income” of the Borrower(s) must be considered, as well as the income of any other person intending to reside in the residence who is the age of eighteen (18) and over and not a full-time student.**
- Gross Annual Income should be determined based on gross pay from employment, including any part-time, seasonal or sporadic income, shift differentials, overtime pay, and bonuses. It also includes:
 1. Child support, alimony and separate maintenance payments;
 2. Periodic payments for trust, annuities, inheritances, insurance policies, pensions, retirement funds and lotteries;
 3. All public assistance payments (excluding Medicaid and food stamps) including any amount by which educational grants, scholarships, and/or Veteran Administration educational benefits exceed expenses for tuition, fees, books, and equipment and reasonable rent and utility costs for a student living away from home;
 4. Interest and dividends;
 5. Payments in lieu of earnings, including social security, unemployment benefits, worker’s compensation, severance pay, disability or death benefits;
 6. Income from partnerships;
 7. Rental income for property owned;
 8. Recurring monetary contributions or gifts regularly received from a person not living in the residence; and
 9. All regular pay, special pay and allowances of a member of the Armed Forces, not including hazardous duty pay.

- Each borrower must complete eight (8) hours of one-on-one or classroom style setting homebuyer counseling. Completion of this requirement must be with a HomeEc or HUD-approved agency, and evidenced by a certificate from the counseling agency that performed the training.
- HUD-approved providers can be found at www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm.

Property Eligibility

The property must be in an “area of greatest need,” as identified in the Substantial Amendment to IHCD’s Action Plan, as approved by HUD. To confirm that a property is in an area of greatest need, a lender should enter the property address at: www.indianahousingnow.org. After the website analyzes the property, a lender will receive one of the following messages, “**Your selected property IS located within an area covered by Indiana’s Market Stabilization Program. Funding may be available for qualified purchasers of foreclosed properties**” OR “**Your selected property IS NOT located within an area covered by Indiana’s Market Stabilization Program**”.

The residence must also meet the following requirements:

- (A) The property must be located in the State of Indiana.
- (B) The property must be:
 - (1) A single-family house, including a manufactured home which is permanently affixed to real estate.
 - (2) Foreclosed Upon: 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.
- (C) The property must sell at a minimum of one percent (1%) less than the current market appraised value. It would be appropriate to include language such as: “Sales Price not to exceed ninety-nine percent (99%) of the appraised value as determined by the appraiser assigned by the buyer’s lender” in the original offer to purchase, to protect the buyer.
- (D) The property must have a current market appraisal done by a licensed appraiser within sixty (60) days prior to the date of an offer to purchase.

- (E) The property must be inspected by an IHCD A-approved third-party inspector and the inspection must be completed on IHCD A’s inspection form. A list of approved inspectors can be located at www.in.gov/ihcda.
- (F) Borrower must reasonably expect to reside in the property as his/her principal residence within sixty (60) days after the loan closing date.

Rehabilitation

Only if the property calls for repairs to bring it up to Standards will it be eligible for MSP rehabilitation funds. The need for rehabilitation to bring the property to Standards must be identified by the appraiser and confirmed by an IHCD A-approved third-party inspector.

- IHCD A must receive three (3) estimates for the repairs or a “Cost to Repair” from the appraiser.
 - If three (3) estimates are provided, IHCD A will use the middle of the three (3) to determine the amount of MSP funds.
 - If a Cost to Repair is provided, IHCD A will use the Cost to Repair amount to determine the amount of MSP funds.
 - All change order estimates must be sent to IHCD A for approval, including change orders resulting from hidden damage on the property or contractor delays.
- All repairs are required to be completed prior to closing – unless the lender allows an escrow – before IHCD A will approve the closing.
 - If repairs are required to be completed before closing, a final inspection must be done before IHCD A will approve the closing.
- Escrows are allowed, and will be evidenced by the approval from the lender. IHCD A will monitor the use of escrow accounts to ensure such use does not violate 24 CFR 570.489(c).
 - MSP funds may be escrowed in amounts required for the cost of the repairs **ONLY**.
 - No additional amounts of MSP funds may be used to cover sums required by the lender.

Forgiveability Period Requirements

An MSP loan is a zero-interest, non-amortizing second mortgage loan, not required to be repaid if the property remains the homebuyer’s principal residence for **at least** ten (10) years. However, if

during the initial five (5) years after the loan closing, borrower is no longer using the home as borrower's principal place of residence, or if there is a refinancing and/or sale of the property, IHCDA must be repaid the entire amount of the second mortgage. After the buyer has used the property as the buyer's principal residence for five (5) years after closing, the MSP loan will become forgivable, as indicated in the following table:

Term (in years from closing date)	Amount Due Back to IHCDA
Years 1 through 5	100%
Year 6	80%
Year 7	60%
Year 8	40%
Year 9	20%
Year 10	0%

Additional Requirements

- A copy of the property's title work must be submitted to IHCDA to evidence that the property has been transferred to the seller through the foreclosure process.
- A copy of the insurance policy will be required to show IHCDA listed as the second mortgagee.
- Homes over 50 years old may be subject to historic review. Examples of possible types of review that may be required include:
 - Ground disturbance
 - Exterior rehabilitation with the exception of painting
 - Remediation of hazardous materials (e.g. lead, asbestos)

Historic Review

Market Stabilization: Historic Review Exempted Activities

The following actions under the MSP are exempted from historic review [36 CFR 800.3(a)(1)]:

1. Down payment assistance – acquisition only.
2. Any structure that is less than 50 years old and rehabilitation activities are limited to interior improvements;
3. Any structure that is less than 50 years old and exterior improvements are limited to maintenance of existing conditions: repainting, repair or replacement of asphalt roofing, repair or replacement of siding with same as existing.
4. Any structure over 50 years old and the rehabilitation activities are limited to:
 - A. Replacement of appliances – kitchen appliances, furnaces, air conditioners, water heaters, etc.
 - B. Replacement of existing ductwork so long as no new openings in the walls or floors are required
 - C. Non-invasive electrical upgrades – installation of new outlets or switches, GFCI, new circuit breaker boxes, upgrade of amperage service.
 - D. Repair of plumbing that does not require substantial disturbance of walls or floors
 - E. Replacement of existing carpeting
 - F. Painting
 - G. Installation of smoke detectors or compact fluorescent light bulbs
5. Interim controls (encapsulation) of hazardous materials (e.g. lead, asbestos).

The following actions under the MSP, among others, require historic review:

1. Where any ground disturbing activities will occur.
2. Any rehabilitation activities on structures over 50 years old that are on the exterior of the building, with the exception of painting.
3. Any remediation of hazardous materials (e.g. lead, asbestos) on structures that are over 50 years old that require removal of that material.
4. Rewiring that will require substantial disturbance of the walls.

Application Procedures

Lenders are encouraged to pre-qualify borrowers for credit eligibility whenever possible, as loan applications (Form 1003) may be dated prior to the date of the purchase/sales agreement. **NOTE: IHCD A'S DOCUMENTS CANNOT BE DATED PRIOR TO THE DATE OF THE RESERVATION.**

Submission

The lender is responsible for performing a thorough investigation to determine that both the borrower(s) and the property meet program eligibility and other requirements. The following information must be submitted to IHCD A:

MSP combined with First Home:

- MSP-1 with bond and MCC (checklist)
- Form 1003
- MSP-all with bond program documents
- 3 years of tax returns
- Pay stubs (within 30 days for all people living in household)
- Purchase Agreement (fully executed)
- Appraisal (Purchase price must be a minimum of one percent (1%) less than appraised value)
- 3rd party inspection (List of approved inspectors on IHCD A website)
- 3 estimates for repairs or Cost of Repair per appraiser (if applicable)
- Final inspection for repairs (if available)
- Title work
- Escrow approval from lender's underwriter (if applicable)
- Homebuyer Education Certificate (8 hours of training)

MSP combined with MCC:

- MSP-1 with bond and MCC (checklist)
- Form 1003
- MCC-all documents
- 3 years of tax returns
- Pay stubs (within 30 days for all people living in household)
- Purchase Agreement (fully executed)
- Appraisal (Purchase price must be a minimum of one percent (1%) less than appraised value)
- 3rd party inspection (List of approved inspectors on IHEDA website)
- 3 estimates for repairs or Cost of Repair per appraiser (if applicable)
- Final inspection for repairs (if available)
- Title work
- Escrow approval from lender's underwriter (if applicable)
- Homebuyer Education Certificate (8 hours of training)

MSP Stand-Alone

- MSP-1 as a stand-alone (checklist)
- Form 1003
- MSP-all as a stand-alone document
- Pay stubs (within 30 days for all living in household)
- Purchase Agreement (fully executed)
- Appraisal done within 60 days (Purchase Price must be a minimum of one percent (1%) less than appraised value)
- 3rd party inspection (List of approved inspectors and inspection form on IHEDA website)
- 3 estimates for repairs or Cost of Repair per appraiser (if applicable)
- Final inspection for repairs (if available)
- Title work
- Escrow approval from lender's underwriter (if applicable)
- Homebuyer Education Certificate (8 hours of training)

The Application Package must be "Acco" fastened together. PLEASE DO NOT STAPLE.

- Once the MSP loan (all types) has received preliminary approval, the following must be submitted **via fax to 317-233-2558**:
 - MSP Funding Request
 - Draft of HUD-1

***NOTE: Parties should allow ten (10) business days for the MSP funds to be wired to the closing table from the date the MSP Funding Request has been faxed.**

Tax Returns

The top of the tax return must be completed with the borrower/co-borrower's Social Security Number and address and must be signed. All IRS printouts must be signed by the borrower(s).

Acceptable tax returns are as follows: 1040 with all applicable schedules, 1040A, 1040EZ, Telefile, 1722 Tax return Transcripts from the IRS including any cover pages, or 1040PC (backup to the Electronic Filing Form).

Application Package Submission Approval

All files will be reviewed in the order that they are received. Any mail received by IHCDA before 12:00 (noon) EST will be logged in as received that day. If the mail is received after 12:00 (noon) EST, it will not be logged in until the next business day. IHCDA will underwrite all new application files within forty-eight (48) hours from the date the file is logged in, after which the lender should check the IHSF Database (Roeing) for the status of the file.

When IHCDA determines that the application package is complete and in compliance with program requirements, IHCDA will approve the loan and the loan status will show "Committed" in the IHSF Database. **The closing date of the loan cannot precede the Committed Approval date in the IHSF Database.**

Application Package Submission Pended

If IHCDA needs additional information or if the application package is incomplete, the application package will be pended and the status will show "Incomplete" in the IHSF Database. The lender has thirty (30) days from the original date shown in the IHSF Database to get the documentation

necessary for the file to be approved, regardless of whether the file is updated with other information. There is a twenty-four (24) to forty-eight (48) hour turn-around if the application package contains conditions.

Submit application packages to:

Indiana Housing and Community Development Authority

Attn: Single Family

30 South Meridian Street, Suite 1000

Indianapolis, IN 46204

Closing Procedures

The Closing Package must be received within thirty (30) days of the closing date. **IHCDA documents cannot be dated prior to the date of closing.**

Submission

After the loan closing, the Participating or Non-Participating Lender must forward to IHCDA the executed Closing Package, which will consist of the following:

MSP combined with First Home:

- MSP-5 with bond and MCC (checklist)
- Final signed 1003
- Final signed MSP-all with bond program documents
- Final signed HUD-1
- Final inspection
- Copy of the completion of escrow (if applicable)
- Original second mortgage
- Original second note
- Proof of insurance, listing IHCDA as second mortgagee
- Any conditions from application package

MSP combined with MCC:

- MSP-5 with bond and MCC (checklist)
- Final signed 1003
- Final signed MCC-all documents
- Final signed HUD-1
- Final inspection
- Copy of the completion of escrow (if applicable)
- Original second mortgage
- Original second note
- Proof of insurance, listing IHCDA as second mortgagee

- Any conditions from application package

MSP Stand-Alone:

- MSP-5 as a stand-alone (checklist)
- Final signed 1003
- Final signed MSP-all as a stand-alone document
- Final signed HUD-1
- Final inspection
- Copy of the completion of escrow (if applicable)
- Original second mortgage
- Original second note
- Proof of insurance listing IHCDA as second mortgagee
- Any conditions from application package
- Any additional information needed or document corrections that IHCDA underwriter requests

The Closing Package must be “Acco” fastened together. PLEASE DO NOT STAPLE.

The Closing Package does not need to be submitted in a folder.

Closing Package Submission Approval

All files will be reviewed in the order that they are received. Any mail received by IHCDA before 12:00 (noon) EST will be logged in as received that day. If the mail is received after 12:00 (noon) EST, it will not be logged in until the next business day. IHCDA will underwrite all closing files within forty-eight (48) hours from the date the file is logged in, after which the lender should check the IHSF Database (Roeking) for the status of the file.

When IHCDA determines that the Closing Package is complete and in compliance with program requirements, IHCDA will approve the loan and the status will show “Closing Package Review: Approved” in the IHSF Database.

Closing Package Submission Pended

If IHCDA requires additional information or the closing package is incomplete, the Closing Package status will be “Incomplete” in the IHSF Database. The additional information or corrected documents must be submitted to IHCDA within thirty (30) days of the original date of the missing document letter, regardless of whether the file is updated with other information. If an “Incomplete” file is not resolved in thirty (30) days, IHCDA will issue a denial status. There is a forty-eight (48) hour turn-around if the Closing Package contains conditions.

Denied Reservation

IHCDA may issue a “Denial” status if the information included in either the application package or the Closing Package indicates that the loan does not meet MSP requirements. IHCDA will cancel denied loans ten (10) days from the date of the “Denial” status and return the funds to the reservation window.