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FOR IMMEDIATE RELEASE

MHDC offers up to \$13,000 in aggressive refinance program for homeowners

Missouri Housing Development Commission (MHDC) is now offering a refinance program to help Missouri homeowners make their monthly mortgage payments and avoid foreclosure. The program is designed for responsible homeowners who need assistance with the closing costs associated with refinancing their existing mortgage, as well as those who need a reduction in their first mortgage principal balance in order to refinance their existing home loan.

Qualifying borrowers are eligible for a second mortgage of up to 3% of the primary loan amount to be used to fund closing costs and related expenses. Because the second mortgage is forgiven after five years of occupancy by the owner, it does not require monthly payments.

Homeowners still unable to refinance their existing mortgage because of insufficient equity are eligible for an additional grant of up to \$10,000 to help them meet program requirements. To qualify for the grant, the ratio of the amount owed as a percentage of the value of the home must exceed the maximum allowed by Federal Housing Agency (FHA) guidelines. That percentage is 97.75. The maximum grant amount available for principal reduction is 10% of the primary loan, up to \$10,000. To receive the additional grant for principal reduction, the homeowner must also use closing cost assistance in the form of a second mortgage of up to 3% of the primary loan. The maximum combined amount of the grant and second mortgage is \$13,000.

In addition to the Federal Housing Administration (FHA) lending guidelines, the borrowers must also meet the following criteria: The borrower must receive face-to-face counseling from a U.S. Department of Housing and Urban Development (HUD)-approved credit counseling agency; only owner-occupied, single family properties are eligible; the refinance must result in a new principal and interest payment at least \$100 per month lower than the existing payment, or the interest rate must be lowered by 1%. If these requirements are not met, refinancing is still permissible if the primary loan is an adjustable rate or balloon mortgage. The appraised value of the home must not exceed the MHDC maximum purchase price limit, and cash-out of the grant is not allowed.

These loans are made through a network of MHDC certified lenders. Interested homeowners can find a list of certified lenders and other information about the program on the MHDC website at www.mhdc.com. Homeowners looking to participate in the refinance program must meet the applicable MHDC mortgage financing rules, including income and purchase price limits.

MHDC is an instrumentality of the state of Missouri, which constitutes a body corporate and politic. It is governed by a board of directors that includes the governor, lieutenant governor, attorney general, treasurer and six commissioners appointed by the governor with the advice and consent of the Senate. The commission makes funds available for rental housing developments, preservation of affordable rental housing, home mortgages, home improvement loans, grants to neighborhood housing groups and other housing programs. MHDC functions as a bank, providing financing directly to developers or through a network of private lending institutions.

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NOTE TO EDITORS: Media questions can be directed to Andi Benson, communications administrator, at 816-759-6658 or abenson@mhdc.com. All other inquiries should be directed to Greg Spurgeon, single family homeownership administrator, at 816-759-7228 or gspurgeon@mhdc.com. If you would like to receive this release by e-mail in rich-text format, please email abenson@mhdc.com and provide us with the appropriate e-mail address.