



Invitation to Lenders – Dakota County First Time Homebuyer Program

The Dakota County Community Development Agency (CDA) cordially invites all mortgage lenders who originate FHA, VA, or conventional loans to participate in the CDA's **Give Yourself Credit!** Program to finance the purchase by first-time homebuyers of qualified residences in Dakota County.

Under the **Give Yourself Credit!** Program:

- FIRST MORTGAGE LOANS.** Participating lenders will originate first mortgage loans ("**Program Loans**") at interest rates established by the CDA, for sale to U.S. Bank National Association, as the CDA's master servicer. The first mortgage loans will be FHA-insured, VA-guaranteed, or Fannie Mae HFA Preferred conventional 30-year amortizing fixed rate loans. The borrower's income and the purchase price of the home may not exceed limits established by the CDA from time to time
- MORTGAGE CREDIT CERTIFICATES.** The CDA will issue mortgage credit certificates ("MCCs") for mortgagors that will allow the borrower to take up to 30% of each year's mortgage interest as a tax credit on their federal income tax. While the 2018 tax reform bill may limit the amount of people itemizing, this is a tax credit that can be used whether the clients are itemizing or taking the standard deduction. The remaining 70% of mortgage interest can still be taken as a deduction, if they are itemizing. The MCCs may be used each year during the term of the mortgage as long as the property remains the borrower's principal residence. **Give Yourself Credit!** may be used to the extent the borrower has tax liability in a given year (in other words, it is not a refundable credit). Unused credit may be carried forward for three years. MCCs may be issued for Program Loans or in connection with other mortgage loans made by a lender.
- DOWN PAYMENT ASSISTANCE LOANS.** The CDA will make available subordinate down payment assistance loans in connection with Program Loans, in the amount up to \$8,500. Down payment assistance loans will be due on sale of the home, or upon refinancing or final payment of the Program Loan.

The Program will be administered by eHousingPlus. Lenders will be required to enter into a Participation Agreement with the CDA and a Participating Lender Agreement with U.S. Bank National Association, as the Master Servicer. The CDA reserves the right to terminate the Program at any time.

Lenders will be permitted to charge a 0.5% origination fee but no discount points with respect to Program Loans and will receive a 2% servicing release fee at the time a Program Loan is sold to the Master Servicer for total compensation of 2.5%. Lender participation fees for this program are \$1,500 per lender, regardless of the number of Program Loans made or MCCs issued. The participation fee and executed Participation Agreement should be sent to:

Dakota County Community Development Agency
1228 Town Centre Drive
Eagan, MN 55123
Attn: Shari Larson

The Processing/Compliance Fees, payable by borrowers at closing, will be \$400 for a Program Loan with an MCC (with or without a down payment assistance loan); \$225 for a Program Loan without an MCC (with or without a down payment assistance loan); and \$275 plus a 1% Issuer Fee for an MCC only. In addition, there will be a tax service fee of \$80.

For more information, please visit the program website at <http://www.ehousingplus.com/available-programs/minnesota/dakota-cda/> or contact Shari Larson 651-675-4472 slarson@dakotacda.state.mn.us

We look forward to working with you!