

VERMONT HOUSING FINANCE AGENCY

Middle-Income Homeownership Development Program (MIHDP)

Sponsor Instructions for Initial Program Sales

These instructions must be followed to ensure a smooth closing process and timely disbursement of all Middle-Income Homeownership Development Program (MIHDP) subsidies.

Forms referenced below will be updated from time to time by VHFA. Do not reuse forms from prior purchases or for future purchases unless previously approved by VHFA's Development Department.

Prior to Anticipated Sale:

- Contact VHFA's Development Department (development@vhfa.org) to flag an anticipated sale as soon as that information is available.
 - If not already provided in the last six months, VHFA will need an as-built appraisal for each unit or each unit (if there are identical units in the project).
- *If not executed or amended* more recently than June 2025, VHFA will prepare a MIHDP Grant Agreement with the following details:
 - Address of property
 - Appraised Price
 - Targeted income limit for unit (as % of AMI)
 - Anticipated Value Gap Subsidy
 - Anticipated Affordability Gap Subsidy
- Once the sale of the home is approved, VHFA will add the home to this page for lenders to confirm the income limit and subsidies attached to the individual unit:
<https://vhfa.org/developers/programs/MIHDP/homes>

When you prepare the *Purchase & Sales Contract*:

- Label the MIHDP Homebuyer Affordability Subsidy "VHFA MIDHP Affordability Subsidy" to help clarify the source of the funds for Lenders.
- The sale price should be the appraised value – not a net value after subsidy is applied. Any additional subsidies should be listed as additional downpayment assistance, not a change in the purchase price.
- VHFA recommends noting that sales of MIHDP-supported homes are contingent on VHFA's confirmation of income eligibility.

Pre-Closing Process:



Provide the homebuyer with:

- *MIHDP Introductory Letter to Lender*
 - Available Here: <https://vhfa.org/developers/programs/MIHDP>
- Copy of *Purchase & Sales Contract*

The Homebuyer will work with the lender of their choice to finalize the sale. The lender will follow the instructions per the Introductory Letter you provided to the buyer to access VHFA's MIHDP portal.

VHFA will coordinate with the Lender to have the Homebuyer complete an MIHDP Compliance Affidavit, MIHDP Income Compliance Worksheet and provide income and home sale documentation listed in the worksheet.

VHFA will review documents and notify the lender to confirm income eligibility. VHFA will not work with individual homebuyers to verify documentation. If a Lender cannot provide documentation, the Project Sponsor is responsible for providing requested documentation to VHFA.

Once the purchase is conditionally approved by VHFA, VHFA Homeownership Staff will work directly with the Lender and Closing Agent for delivery of the applicable closing forms.

Note: If the sale is a VHFA first mortgage, VHFA will work with the Lender and Closing Attorney to coordinate those additional documents as well. The guidance in this document applies only to VHFA Community Development subsidies.

If Project Sponsor is also acting as the Lender:

Do not provide the *MIHDP Introductory Letter to Lender* to the Homebuyer. You will be required to complete and submit documents on behalf of the Homebuyer.

Instead, you should access our online lender portal: <https://vhfa.org/business-partners/mihdp>

The online portal contains forms and detailed instructions.

Closing Process:

VHFA will contact the Closing Agent directly after the Homebuyer's eligibility is conditionally approved. VHFA must receive closing information at least 5 business days prior to the sale.

At closing, the Closing Agent will work with the Homebuyer to complete a *MIHDP Reaffirmation and Closing Affidavit* confirming that the income information previously submitted is still valid.

If there is a MIHDP Affordability Subsidy or State Tax Credit Equity, VHFA is now recording those subsidies separately, and no longer combining them with the Project Sponsor's documents.

Therefore, if there is a buyer subsidy provided by VHFA, the Closing Agent will also have the Homebuyer complete:

- *VHFA Housing Subsidy Covenant and Deed* (for Shared Equity Homes) or

- *VHFA Mortgage Deed and Note* (for Non-Shared Equity Homes)

VHFA will send recording fees to the Closing Agent to have those documents recorded with the city/town and will arrange to have copies returned to VHFA.

Post-Closing:

Once all required closing documents are received from the closing agent and verified, please send the following documents to: developmentdept@vhfa.org

- MIHDP Value Gap Requisition Form
 - Required for all MIHDP sales even if Value Gap has already been advanced as a construction loan
- MIHDP Cost Certification Letter
 - Required for all MIHDP sales
- MIHDP Affordability Gap Requisition Form (if applicable)
- State Tax Credits Requisition Form (if applicable)
- Wiring instructions (or confirmation that VHFA already has the information on file, if payments will be wired).

VHFA recommends you also include:

- Copy of closing disclosures
- Copy of any covenants attached to the property
- Copy of lease agreement (if leasehold property)
- Copy of Schedule A.

Although we do ask for copies of those forms directly from the closing attorney, we occasionally do not receive one or two of the forms in our packet. If you have scans to forward to VHFA, it can reduce potential delays in payments.

Once this documentation is reviewed and approved, VHFA will release the Value Gap Subsidy and any State Tax Credit subsidies. This will either be in the form of a grant payment and/or a forgiven construction loan (if previously arranged).

VHFA cannot fund the MIHDP subsidies associated with this property unless all required documents in form and substance satisfactory to VHFA are provided to VHFA on or before the closing date.

Contact VHFA's Development Department (development@vhfa.org) with any questions about the closing process.