

Down Payment Assistance (DPA) Loans Subordination Policy

(November 5, 2025)

After amendment of the auto-subordination law in 2020 (MD House Bill 314), an existing MMP DPA loan is only resubordinated in certain circumstances. These acceptable subordination circumstances are:

- If using an MMP 97% LTV FNMA Conventional Refinance Loan (which will allow subordination of any MMP DPA lien including MD SmartBuy liens); OR
- For subordination of the MD SmartBuy second lien only (forgivable loan used to pay off the student debt) to a new first (non-MMP) mortgage. The new first mortgage must be a NO CASHOUT refinance --- no funds to the borrower and no other accounts paid off. The third DPA loan (if applicable) must be repaid upon payoff or refinance of the MMP first mortgage.
- A MEDPAL DPA loan reserved before November 4, 2025 which refinances with no cash-out. It also must follow the requirements and steps below.

STEPS::

- 1) The lender must request MMP approval via email to singlefamilyhousing.dhcd@maryland.gov. Include the borrower's name, the existing MMP loan number, and whether they plan to use the MMP 97% Conventional Refi product (must be an MMP-approved lender) or a non-MMP refinance.
- 2) If the loan meets the criteria noted above, MMP will direct the lender to the appropriate Asset Management Officer in the Division of Credit Assurance (DCA). To review the request, DCA will need copies of the following emailed to them:
 - 1003
 - 1008
 - title binder/title work
 - copy of appraisal if one is being obtained
 - letter from new lender stating terms of new loan (rate, payment, term, amount)

-A fee of \$150 is charged for a subordination review fee--the check should be mailed to:

Maryland DHCD Central Cashier P O Box 2521
Landover Hills, MD 20784

Once the required documentation and fee are received, the request will be reviewed by DCA. If approved, the Subordination Agreement will be prepared and executed, and then DCA will send it to the lender or title company, as needed. If overnight service is required, please forward an overnight label (Fed Ex or UPS).

We ask you to not schedule closing until we give you a firm date of when the Subordination Agreement will be ready.

3) After obtaining approval and the DHCD-signed Subordination Agreement, lender emails PRPayoffQuoteRequestMAL@usbank.com AND rodney.martin2@usbank.com and includes:

- Subordination Agreement. (This document is essential to obtain the correct payoff quote that excludes the second and/or third liens, depending on the situation.)
- Borrower Authorization for payoff (lender proprietary document)
- Details of where to direct payoff quote

4) Lender includes Subordination Agreement in the purchase package to US Bank after closing.