



LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lt. Governor

Kenneth C. Holt
Secretary

August 3, 2015

Directive 2015-41

TO: **ALL PARTICIPATING LENDERS**

SUBJECT: **ANNOUNCING THE NEW "MARYLAND PREFERRED RATE" PROGRAM**

The purpose of this Directive is to announce the opening of the new "Maryland Preferred Rate" program. This program offers a new, lower interest rate with no down payment assistance. This new program is replacing the "No DPA" program effective immediately. A copy of the Maryland Preferred Rate Fact Sheet is attached. The renamed bond series/program codes will be uploaded to the Lender Online New Reservation screen effective Monday, August 3rd.

The renamed bond series/program codes are:

Bond Series: **944 GOVT/CONV PREFERRED**

- Program Code: **821-CONV* PREFERRED**
822-GOVT PREFERRED

Bond Series: **947 GOVT/CONV PREFERRED+MCC**

- Program Code: **830-GOVT PREFERRED+MCC**
838-CONV* PREFERRED+MCC

*refer to Directive 2015-42

As always, we appreciate your continued participation in our programs. If you have any questions concerning this Directive or suggestions for improvements, please contact Vicki Jones at vicki.jones@maryland.gov or Ed Anthony at edward.anthony@maryland.gov.

Sincerely,

Bill Milko

Bill Milko, Operations Manager
Single Family Housing





MARYLAND MORTGAGE PROGRAM

Maryland Preferred Rate

Fact Sheet

PURPOSE: To offer Maryland homebuyers another competitive interest rate product and still benefit from opportunities provided by the Maryland Mortgage Program (MMP) and Maryland HomeCredit Program (MHCP). This program replaces the MMP No DPA Program.

DATE: The program opens on 8/03/2015

DPA: Not available.

PARTNER MATCH PROGRAM: Not available.

MARYLAND HOMECREDIT PROGRAM (MHCP):

- Maryland HomeCredit fees with MMP mortgage apply: - \$450.00 (paid to DHCD) and up to \$350.00 (paid to the lender)
- A borrower can elect an MMP mortgage without an MCC (without penalty)

INTEREST RATES:

The interest rates for this program are applicable to conventional and government (FHA, VA, USDA) loans. The interest rates will be at a discount from the regular MMP interest rates and will be announced daily in the Interest Rate Notification published on the MMP website. The interest rate reduction cannot be used in conjunction with the Maryland Homefront Program or CDA Refinance Programs.

ELIGIBLE BORROWERS:

- The program is open to eligible MMP homebuyers. Eligible borrowers must qualify for an MMP loan, i.e., income limitations, credit score and purchase price limits.
- In order to ensure consistency for all MMP loans, the Maryland Preferred Rate Program requires homebuyers to take a Homebuyer Education class before they close the MMP loan. This can be any class approved and provided by HUD, Private Mortgage Insurers, Fannie Mae or Freddie Mac, including an online class. This requirement applies to Maryland Preferred Rate Program loan reservations reserved in all jurisdictions on or after August 3, 2015.



- Please note that there are specific homebuyer education requirements in Baltimore City and Baltimore County: the prospective homebuyers have to complete the homebuyer education PRIOR to the signing of the sales contract and therefore PRIOR to the lender reserving an MMP loan with CDA. Specific requirements apply to Harford and Anne Arundel Counties as well. Please refer to our website: <http://www.mmp.maryland.gov/Pages/Homebuyer-Education-Classes.aspx>

Any overlays required by FHA, Private Mortgage Insurers and US Bank apply.

If the borrower is receiving down payment/closing cost assistance from a local jurisdiction, non-profit, etc., the Homebuyer Education requirements of that entity will apply.

ELIGIBLE PROPERTY:

- A single-family, one-unit residence, including townhouses; detached or semi-detached homes, only Fannie Mae approved condominium units. **No** condominiums allowed on 95.01% to 97% LTV conventional loans.
- No second homes, rental properties or manufactured houses.

FIRST TIME HOMEBUYER REQUIREMENT:

- While MMP loans generally are limited to first-time homebuyers, the requirement is waived if: Borrower is purchasing in a targeted area (see <http://mmp.maryland.gov/Pages/Targeted-Areas.aspx> for more information on targeted areas);
- It has been more than three years since borrower has owned a principal residence; or
- Borrower is an honorably discharged veteran who has not previously used the first-time homebuyer exemption. This is in accordance with the Heroes Earnings Assistance and Relief Tax Act of 2008, as amended. A DD-214 form must be submitted to document veteran status, and a Veteran First Time Homebuyer Exemption form (Attachment V) must be completed.
- All borrowers must sell or transfer existing real property prior to closing.

Note: This program is not available for refinanced loans.

8/3/15

Disclaimer:

The terms and conditions are subject to change until a borrower qualifies for the loan and locks in the interest rate. A borrower should contact CDA for further information concerning a loan and applying for a loan (see www.mmp.maryland.gov). In connection with the Maryland Mortgage Program (MMP), the Maryland Department of Housing & Community Development makes no promises, representations or warranties to any party, including any borrower about the actual benefit an MMP loan might provide to a specific homeowner. Each homeowner's situation is different, and homeowners should seek the advice of a financial advisor, attorney or housing counselor before entering into any loan transaction.

