January 22, 2018

Directive 2018-03

TO: ALL PARTICIPATING LENDERS

SUBJECT: MARYLAND CREDIT 640 – FHA LOANS

The Maryland Mortgage Program (MMP) is pleased to announce the MARYLAND CREDIT 640 - FHA loans category to assist homebuyers with median FICO scores in the 640 - 659 range. In the past borrowers in this FICO range were not eligible for MMP; now more borrowers will qualify for our programs.

Highlights of this new product are:

- There will be Maryland Credit 640 options available under the FHA loans for Maryland Mortgage Premier, “You’ve Earned It!,” Maryland Homefront, Maryland Grant Assist, and Maryland Preferred Rate. Future FHA products may qualify; check their fact sheets.

- DPA loans or grants may be layered with this product, including Partner Match funds if available.

- The Maryland HomeCredit Program is available with this product.

- The Interest Rates will be published under each applicable product on our rate sheet and website.

- **MMP UNDERWRITING OVERLAYS** for the FHA loans with middle FICO Scores 640 – 659
  - 2 Months PITI Reserves
  - Maximum DTI 42.00%
  - No Manual Underwriting is allowed

- All overlays of MMP, FHA and/or US BANK apply.

The Fact Sheet is available at the following link: [http://mmp.maryland.gov/Lenders/Documents/FactSheets/MMP_FactSheet_Credit640.pdf](http://mmp.maryland.gov/Lenders/Documents/FactSheets/MMP_FactSheet_Credit640.pdf)
Bond Series and New Program Codes for the Credit 640 FHA Loans

Bond Series 895
- 581 – GOVT-CREDIT 640 – FHA
- 584 – HOMEFRONT - GOVT-CREDIT 640 – FHA

Bond Series 944
- 585 – PREFERRED GOVT-CREDIT 640 – FHA

Bond Series 954
- 583 – YEI GOVT-CREDIT 640 – FHA

Bond Series 961
- 582 – GRANT ASSIST GOVT-CREDIT 640 – FHA

Bond Series 916
- CREDIT 640 – FHA ONLY MCC IV

Bond Series 711
- 853 – MCC + GOVT-CREDIT 640 – FHA
- 855 – MCC + YEI GOVT-CREDIT 640 – FHA
- 856 – MCC + HOMEFRONT GOVT-CREDIT 640-FHA
- 857 – MCC + PREFERRED GOVT-CREDIT 640-FHA

Bond Series 713
- 854 – MCC + GRANT ASSIST GOVT-CREDIT 640 – FHA

As always, we appreciate your continued participation in our programs.

If you have any questions concerning this Directive or suggestions for improvements, please email singlefamilyhousing.dhcd@maryland.gov.

Sincerely,

Karl Metzgar

Karl Metzgar
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Single Family Housing