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**SEPTEMBER 13, 2019**

**Directive 2019-20**

**TO: ALL PARTICIPATING LENDERS**

**SUBJECT: Updates to SmartBuy 2.0**

The purpose of this Directive is to notify you that in line with the FNMA manual underwriting requirements, the SmartBuy 2.0 min FICO score is now 720.

As a result, the underwriting guidelines overlays for SmartBuy 2.0 have been updated in our factsheet ([https://mmp.maryland.gov/Lenders/Documents/FactSheets/MMP\\_FactSheet\\_SmartBuy2.pdf](https://mmp.maryland.gov/Lenders/Documents/FactSheets/MMP_FactSheet_SmartBuy2.pdf)) as follows:

*This program requires **manual underwriting** only.*

*All underwriting overlays of US Bank, FNMA and PMIs apply.*

*At the date of this announcement, USB and FNMA's requirements are:*

***min 720 FICO (for LTV>75%) and max 45% DTI.***

*USB, the PMIs and FNMA may change their guidelines for manual underwriting from time to time. You can find the latest version of the FNMA Eligibility Matrix on their Single Family Mortgage Products page: <https://www.fanniemae.com/singlefamily/mortgage-products> and USB's guidelines at [www.usbank.com/correspondent](http://www.usbank.com/correspondent).*

*The PMIs will underwrite all files before providing the mortgage insurance certificate.*

These requirements are effective immediately (for reservations made on 9/13/19 and after) and for easy reference, we are also attaching the relevant excerpt from the current FNMA Eligibility Matrix.

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](mailto:singlefamilyhousing.dhcd@maryland.gov).

Sincerely,

*Karl Metzgar*

Karl Metzgar  
Assistant Director / Operations Manager  
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**MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**

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## HomeStyle Renovation and HomeReady - Manual Underwriting<sup>(2)</sup>

Transaction Type	Number of Units	Maximum LTV, CLTV, HCLTV	Maximum DTI ≤ 36%		Maximum DTI ≤ 45%			
			Credit Score/LTV	Minimum Reserves	Credit Score/LTV	Minimum Reserves		
<b>HomeStyle Renovation Mortgage</b>								
<b>Principal Residence</b>								
Purchase Limited Cash-Out Refinance	1 Unit	FRM/ARM: 95%	680 if > 75% 640 if ≤ 75%	0	720 if > 75% 680 if ≤ 75%	0		
			FRM: 620 if ≤ 75%	2	700 if > 75% 660 if ≤ 75%	6		
			660 if > 75%	6		6		
	2 Units		680 if > 75% 640 if ≤ 75%	6	700 if > 75% 680 if ≤ 75%	6		
			660	6	680	6		
	3-4 Units							
<b>Second Homes</b>								
Purchase Limited Cash-Out Refinance	1 Unit	FRM/ARM: 90%	680 if > 75% 640 if ≤ 75%	2	720 if > 75% 680 if ≤ 75%	2		
					700 if > 75% 660 if ≤ 75%	12		
<b>Investment Property</b>								
Purchase	1 Unit	FRM/ARM: 85%	680 if > 75% 640 if ≤ 75%	6	700 if > 75% 680 if ≤ 75%	6		
Limited Cash-Out Refinance	1 Unit	FRM/ARM: 75%	660	6	680	6		
<b>HomeReady Mortgage</b>								
<b>Principal Residence</b>								
Purchase Limited Cash-Out Refinance	1 Unit	FRM/ARM: 95%	680 if > 75% 640 if ≤ 75%	0	720 if > 75% 680 if ≤ 75%	0		
			FRM: 620 if ≤ 75%	2	700 if > 75% 660 if ≤ 75%	6		
			660 if > 75%	6				
	2 Units		680 if > 75% 640 if ≤ 75%	6	700 if > 75% 680 if ≤ 75%	6		
			660	6	680	6		
	3-4 Units							

**NOTE: THERE MAY BE EXCEPTIONS TO THE ABOVE REQUIREMENTS FOR CERTAIN TRANSACTIONS.  
REFER TO THE NOTES SECTION ON PAGES 7-8 FOR THE EXCEPTIONS.**