

FACT SHEET : HOMEABILITY

UPDATED
2/28/2019



MARYLAND MORTGAGE
Making Homeownership Affordable

(30-year purchase loans for Maryland homebuyers with disabilities;
conventional loans only)

PURPOSE

HomeAbility is a special product comprising an amortizing conventional loan (first lien) and a non-amortizing deferred loan (second lien for down payment and closing cost assistance), together to finance up to 105% of the purchase price. The first lien (up to 80% of the purchase price) will be financed at the Maryland Mortgage Program website daily published rate amortizing over 30 years and the second lien (up to 25% of the purchase price) will be financed at a 0% interest rate, non-amortizing, with payment deferred for the life of the first lien.

HomeAbility will assist disabled borrowers who have income not exceeding 80% AMI per borrower, as listed below by jurisdiction.

INTEREST RATE

Fixed interest rate for the entire term (go to mmp.maryland.gov/Pages/Interest-Rates.aspx for current Maryland Mortgage Premier rates), for the first lien and 0% interest for the second lien.

TERM

30-year amortizing conventional mortgage for the first lien; second (non-amortizing) lien is deferred for the life of the first lien.

ORIGINATION / DISCOUNT FEES

Zero point only

INCOME AND PURCHASE PRICE LIMITS

The borrower income limits (80% AMI) are listed below for each jurisdiction. Visit mmp.maryland.gov/Lenders/Pages/Income-and-Purchase-Limits.aspx for the current purchase price limits.

MAIN UNDERWRITING REQUIREMENTS

1. RESERVATIONS: The borrower(s) must have a fully ratified contract of sale before loan is reserved. If the transaction is a short sale, the third party (lender) approval is also required before the loan is reserved.
2. ASSET TEST: If assets exceed 20% of the purchase price, an Asset Test Worksheet (Attachment F) must be completed to determine the eligibility of the borrower.
3. MAXIMUM COMBINED LOAN TO VALUE (LTV) RATIO: *Automated underwriting*: Total combined loan amounts may not exceed 105% of the lesser of appraised value or purchase price
Manual underwriting: May not exceed 105% of the lesser of appraised value or purchase price
4. MAXIMUM DEBT TO INCOME (DTI) RATIO: 50% for automated underwriting
36% for manual underwriting
5. MINIMUM REPRESENTATIVE CREDIT SCORE: Automated underwriting: 640 (the loan must be run through Desktop Underwriter (DU) and receive an Approve/Eligible)
Manual underwrite: 640 with two months of reserves and DTI less than or equal to 36%
6. For all the other guidelines not specifically mentioned here please refer to overlays and underwriting guidelines of the Maryland Mortgage Program, US Bank, and the GSEs.

HOMEBUYER EDUCATION

All Maryland Mortgage Program purchase products require homebuyers to take a Homebuyer Education class. An education class may be any class approved by HUD, Fannie Mae or Freddie Mac (as applicable to the particular loan), including an online class. (<http://mmp.maryland.gov/Pages/Homebuyer-Education.aspx>). If external assistance funds are being utilized, additional restrictions from the funding source may be applicable. For any other homebuyer education guidelines not mentioned here please refer to overlays and underwriting guidelines of US Bank and the GSEs.

ELIGIBLE BORROWERS

- One of the borrowers is disabled; OR one of the borrowers is a guardian for, resides with, and is the principal caregiver for an immediate family member who is disabled (regardless of age)
- Prior to reservation, the lender should submit and obtain CDA approval of the disability supporting documentation, which can be:
 - ✓ The CDA form entitled "Certificate of Disability" (available online) completed by a health, mental health, or disability professional; and/or
 - ✓ a proof of income from Social Security Administration (i.e. SSI or SSDI), VA or former employer: the proof is a copy of the borrower's disability policy, award letter or benefits statement from the benefits payer (insurance company, employer or other qualified disinterested party), per FNMA's guidelines; or
 - ✓ a proof of application for disability benefits evaluation and a copy of the Social Security Administration office's decision on the application. **It is entirely CDA's decision whether to accept the supporting documentation and the lender should not proceed with the loan before obtaining CDA's approval of the disability proof document.**
- While Maryland Mortgage Program loans are generally limited to first-time homebuyers, the requirement is waived if:
 - o Borrower is purchasing in a targeted area (see <http://mmp.maryland.gov/Pages/Targeted-Areas.aspx> for more information on targeted areas);
 - o It has been more than three years since the borrower has owned a principal residence; or
 - o 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 an Attachment V - Veteran First Time Homebuyer Exemption form (located at <http://mmp.maryland.gov/Lenders/Pages/Loan-Documentation.aspx> under First Mortgage Pre-Closing/Documents That Are Sometimes Required) must be completed.
- Must occupy the property as their principal residence; non-occupant co-borrowers (co-signers) are not permitted;
- Total annual household income may not exceed Income Limit (see mmp.maryland.gov/IncomePurchaseLimits.aspx);
- Interest in real property (whether or not it is a principal residence) must be sold or transferred prior to settlement on this loan;
- Non-borrowing spouses must meet first-time homebuyer income and other guidelines if they are listed on the property title documents.

For more information, please visit:

mmp.Maryland.gov



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Kenneth C. Holt,
Secretary

Tony Reed,
Deputy Secretary

Single Family Housing - Community Development Administration
Maryland Department of Housing and Community Development
7800 Harkins Road • Lanham, MD • 20706
SingleFamilyHousing.dhcd@maryland.gov
Toll Free (Maryland Only): 800-756-0119

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ELIGIBLE PROPERTIES

Purchase Price

Purchase price (plus capitalized ground rent (200 times the monthly ground rent), if applicable) may not exceed the Maximum Acquisition Cost listed under <https://mmp.maryland.gov/Lenders/Pages/Income-and-Purchase-Limits.aspx>.

Type of Property

- Existing homes;
- New construction, only if located in a Priority Funding Area (PFA). Municipalities, Baltimore City and areas inside the Baltimore and Washington beltways are PFAs. For new construction, confirm that the property is located in a PFA by using DHCD's mapping tool at www.dhcd.state.md.us/Website/DHCDmapper.aspx or by contacting christina.james@maryland.gov;
- Single-family, one-unit residences, including townhouses; detached and semi-detached homes; condominiums units; and modular homes.

Property Restrictions

Any land appurtenant to the residence which is not necessary to maintain the basic livability of the residence may not be financed with the proceeds of the mortgage loan. The lot size cannot exceed four acres; however, exceptions may be requested through the Lender for properties with septic and/or zoning considerations that require additional acreage. The maximum exception will not exceed ten acres. The Lender can request an exception from the SFH Operations Manager listing the reason(s) why the exception should be made. The borrower's name, address and loan number along with any pertinent documentation is to be included with the written request (email is acceptable). These requests are to be submitted as soon as the lender is aware of the situation.

SUBORDINATE LIEN	No shared lien or lacking/attaching secondary financing liens, conditions or riders to an MMP Deed of Trust (must be an entirely separate second lien recorded after the MMP Deed of Trust). No deed covenants related to the secondary financing may be in the Deed incorporating requirements of the secondary financing. Terms of repayment must be incorporated into the underwriting of the MMP loan. Secondary financing must meet GSE's guidelines for HFA secondary financing and the CLTV may not exceed 105%.
PARTNER MATCH AND THE DOWN PAYMENT & CLOSING COST ASSISTANCE	Partner Match loans are not available with this product. The second lien of up to 25% of the purchase price can be used for down payment, closing cost assistance and/or principal curtailment. It is a 0% interest rate loan, non-amortizing, for the life of the first mortgage.
OTHER	All other rules relating to Maryland Mortgage Program loans (see Maryland Mortgage Premier fact sheet) apply except where specifically noted in this document. It can be layered with the Special Assistance Grant product.

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HomeAbility – MAXIMUM INCOME/AFFORDABILITY LIMITS FOR BORROWERS

(Valid as of the date of this fact sheet, but subject to change when Fannie Mae and Freddie Mac update their income limits, usually once a year. Updates are announced by directive.)

County Name	Income limit for 80% AMI
Allegany	\$44,400
Anne Arundel	\$75,920
Baltimore	\$75,920
Baltimore City	\$75,920
Calvert	\$93,760
Caroline	\$57,040
Carroll	\$75,920
Cecil	\$69,920
Charles	\$93,760
Dorchester	\$57,040
Frederick	\$93,760
Garrett	\$57,040
Harford	\$75,920
Howard	\$75,920
Kent	\$59,680
Montgomery	\$93,760
Prince George's	\$93,760
Queen Anne's	\$75,920
Somerset	\$57,440
St. Mary's	\$82,720
Talbot	\$61,920
Washington	\$53,600
Wicomico	\$57,440
Worcester	\$57,440

Disclaimer: The terms and conditions are subject to change until the lender locks the loan in Lender Online. A potential borrower should contact an approved lender for further loan information (see mmp.maryland.gov for a list of approved lenders). In connection with the Maryland Mortgage Program, the Maryland Department of Housing & Community Development makes no promises, representations or warranties to any party, including any borrower, about the actual benefit a Maryland Mortgage loan might provide in specific situations. Each borrower's situation is different, and potential borrowers should seek the advice of a financial advisor, attorney or housing counselor before entering into any loan transaction.

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