

FACT SHEET : HOMEABILITY

30-year conventional purchase loan for Maryland first-time
homebuyers with disabilities



UPDATED
7/23/2024

MARYLAND MORTGAGE
Making Homeownership Affordable

PURPOSE

HomeAbility is comprised of an amortizing conventional loan (first lien) and a non-amortizing deferred loan (second lien for down payment and closing cost assistance) which together finance up to 105% of the purchase price. The first lien (up to 95% of the purchase price) will be financed at a fixed interest rate and the second lien (up to 25% of the purchase price, with a maximum CLTV of 105%, capped at **\$45,000**) will be financed at a 0% interest rate with payment deferred for the life of the first lien.

HomeAbility will assist disabled borrowers who have qualifying income (per the 1003) not exceeding 80% AMI for all borrowers on the loan combined. The household income also has to meet regular MMP income limits. Both charts are on the Income and Purchase Price Limits page (see below for link).

INTEREST RATE

The interest rates for this product will be on the Interest Rate Notification and published on the MMP website (go to <http://mmp.maryland.gov/interestRates>) 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

See mmp.maryland.gov/Lenders/Pages/Income-and-Purchase-Limits.aspx. There is a chart for the limits by county for all MMP loans, and another chart with 80% AMI for determining borrower income eligibility.

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. Please refer to underwriting guidelines for US Bank and the GSEs in addition to any MMP guidelines.

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, NIS, 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. Homebuyer education requirements of US Bank and the GSEs apply.

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)
- Supporting documentation includes the following:
 - ✓ The CDA form entitled "Certificate of Disability" (available online) completed by a health, mental health, or disability professional; and/or
 - ✓ 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
 - ✓ 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.**
- Must be first-time homebuyers, unless:
 - o Borrower is purchasing in a targeted area (see <http://mmp.maryland.gov/Pages/Targeted-Areas.aspx> for more information on targeted areas); or
 - 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.
- Borrower must meet the eligibility guidelines for the overall Maryland Mortgage Program, and for US Bank and the GSEs.

For more information, please visit:

mmp.Maryland.gov

Single Family Housing - Community Development Administration

Maryland Department of Housing and Community Development
7800 Harkins Road • Lanham, MD • 20706



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ELIGIBLE PROPERTIES

Purchase Price

Purchase price (plus capitalized 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 <https://portal.dhcd.state.md.us/GIS/MMP/index.html> or by contacting christina.james@maryland.gov;
- Single-family, one-unit residences, including townhouses; detached and semi-detached homes; condominiums units; and modular homes. Manufactured homes are acceptable if approved by US Bank, the master servicer.

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 tacking/attaching financing liens, conditions or riders to an MMP Deed of Trust (must be an entirely separate lien recorded after the MMP Deeds of Trust).
No deed covenants related to additional financing may be in the Deed incorporating requirements of the additional financing.
Terms of repayment must be incorporated into the underwriting of the MMP loan.
Financing must meet GSE 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 (capped at \$45,000) can be used for down payment, closing cost assistance and/or principal curtailment.
If applicant uses other jurisdiction, municipality, Federal Home Loan Program (FHLPL), or non-profit loan funds, the amount of DPA loan may be reduced to meet the 105% CLTV requirement.

OTHER

All other rules relating to Maryland Mortgage Program loans (see Maryland Mortgage 30-Year fact sheet) apply except where specifically noted in this document.

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