Maryland Mortgage Program
&
Maryland HomeCredit Program

Updated 04/25/19
REALTOR REFERRALS

• REALTORS who take the Housing Opportunity Certification (HOC) class are added to the list on the Maryland REALTORS website

• Homebuyers who inquire about real estate agents are referred to the Maryland REALTOR HOC list
Who are we?

The Community Development Administration is the Housing Finance Agency for the State of Maryland and offers:

Maryland Mortgage Program (MMP)
~ VA, FHA, USDA, and Conventional Insured Loans~

Maryland HomeCredit Program
~mortgage credit certificates~
Advantages of Our Loans

- **STABILITY**: 30-year fixed-rate mortgage terms
- **FLEXIBILITY**: Network of lenders statewide
- **ASSISTANCE**: Down payment and closing cost assistance options available for purchase loans
- **MD HomeCredit**: Mortgage Credit Certificates (MCCs)—more on this later!
Down Payment Assistance (DPA)

Loans & Grants

Available only with a Maryland Mortgage Program loan!
Maryland Mortgage Program

- DPA loans have a zero percent interest rate, deferred for the life of the first mortgage
- DPA grants are outright grants—not repayable
- Some products don’t have DPA, but usually have lower interest rates
Partner Match Programs

- Available with the 1st Time Advantage 5000 & Flex 5000
- Matches a participating partner contribution up to $2,500, in a zero percent deferred loan
- Funds are combined in the DPA loan Note
- Partners can be employers, builder/developers, and community agencies.
- Partners are listed on the website: https://mmp.maryland.gov/Pages/Downpayment.aspx
Partner Match Programs

- House Keys 4 Employees (HK4E) with Smart Keys 4 Employees (SK4E)
- Builder/Developer Incentive Program (BDIP)
- Community Partners Incentive Program (CPIP)

Smart Keys allows borrowers to receive an additional $1,000 of match funds if:

- Property is located in a Priority Funding Area
- Property is within 10 miles of borrower’s place of employment or within the boundaries of the local jurisdiction
Example: Funds contributed from builder/developer partner AND from employer partner

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>DPA Loan with 1st Advantage 5000/ FLEX 5000</td>
<td>$5,000</td>
</tr>
<tr>
<td>Participating Partner contribution – builder/developer partner</td>
<td>$3,000</td>
</tr>
<tr>
<td>Participating Partner contribution – employer partner</td>
<td>$1,000</td>
</tr>
<tr>
<td>MMP HK4E, BDIP or CPIP maximum match --CAN ONLY MATCH UP TO $2,500!</td>
<td>$2,500</td>
</tr>
<tr>
<td><strong>TOTAL ASSISTANCE</strong></td>
<td><strong>$11,500</strong></td>
</tr>
</tbody>
</table>
Homebuyer Education
Homebuyer Education Requirements

• 2018 legislation changed what was needed to fulfill MMP homebuyer education requirements
• Now it can be any class—online or in person—approved by HUD, Fannie Mae, Freddie Mac, or the private mortgage insurers, as long as a dated certificate is issued within 12 months prior to closing
• Borrower must still meet the requirements of the master servicer, insurer or funding source, including for any DPA
Type “homebuyer education” in the search box

Homebuyer Education

Homebuyer education, sometimes called housing or pre-purchase counselling, helps homebuyers prepare for the journey of purchasing a home and the many new challenges of being a homeowner.

For some Maryland Mortgage Program loans, completing homebuyer education or counselling is a requirement. In some jurisdictions, specific course providers or course types must be completed to meet full eligibility for a Maryland Mortgage Program loan.
Other Languages

An agency that lists another language has counselors who can answer questions—it may not offer a class in that language!
Maryland HomeCredit Program
• Gives qualified borrowers the opportunity to obtain a mortgage credit certificate that can be used to claim a federal tax credit of 25% of their paid mortgage interest, up to a maximum of $2,000 per year

• A dollar-for-dollar reduction against the borrower’s annual federal tax liability--can be claimed every year for the life of the loan

http://mmp.maryland.gov/MDHomeCredit
• MD HomeCredit can be used with a Maryland Mortgage Program loan or with a purchase loan through a participating lender. It cannot be purchased by itself for an existing loan or purchased after closing.
Claiming the HomeCredit

A Maryland HomeCredit is claimed on the borrower’s federal tax return using IRS Form 8396.

The remainder of the annual paid mortgage interest can be claimed as a regular deduction.
• Amount claimed on the borrower’s federal tax return varies based on the size of the loan and the interest rate

• An average MMP borrower can claim $1,300 - $1,600 the first full year

• Savings for the life of a 30-year loan would be approximately $28,000—check out the calculator on our website!
From the Calculator...

Type “MCC Calculator” in the Search box!

Maryland HomeCredit

Mortgage Credit Certificate (MCC): Homeowner Benefit Schedule

<table>
<thead>
<tr>
<th>MMP Loan Type</th>
<th>FHA</th>
<th>Use Drop down box if this a Maryland Mortgage Program (MMP) loan. If not, leave the mortgage type blank.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage Interest Rate</td>
<td>4.500%</td>
<td>Enter Mortgage Interest Rate (preferred) (If this is a MMP Loan and a loan type is entered above; the rate can be blank and spreadsheet will default to a rate)</td>
</tr>
<tr>
<td>1st Mortgage Amount</td>
<td>$180,000</td>
<td>Enter the expected First Mortgage amount</td>
</tr>
<tr>
<td>1st Mortgage Payment Date</td>
<td>06/01/15</td>
<td>Enter the expected First Payment Date on First Mortgage; No entry will default to the beginning of the calendar year.</td>
</tr>
<tr>
<td>Monthly Principal &amp; Interest Payments</td>
<td>$912.03</td>
<td>This is a calculated field in Model based mortgage amount and interest rate entered</td>
</tr>
<tr>
<td>MCC Credit Rate Applied to the Eligible Mortgage</td>
<td>25%</td>
<td>This is the MCC Credit Rate being used by the MD Department of Housing and Community Development (DHCD); it is a default in Model. All loans must use this MCC Rate.</td>
</tr>
</tbody>
</table>
When calculating the Debt-to-Income ratio for a borrower who is getting a MD HomeCredit, the credit can be added to income--NOT subtracted from total debt.

A Maryland HomeCredit improves the affordability of purchasing a home!
Fees vary according to the lender:

- For a Maryland HomeCredit obtained with an MMP loan, or for re-issue of an existing MCC:
  - $450 fee to CDA
  - Up to $350 additional to lender

- For a Maryland HomeCredit obtained with a non-MMP loan:
  - $1,100 fee to CDA
  - Up to $700 additional to lender
Maryland Mortgage Program
Product Line
New Dual Track Product Line

- **1st Time Advantage**
  - First-time homebuyers only
  - Low rates

- **Flex**
  - Repeat homebuyers!
  - And first-time homebuyers, too!
  - Grants available

Launched 2/25/2019!
1st Time Advantage

List of All
MMP 1st Time Advantage Loans

(Generally lower rates, no MCCs)

- 1st Time Advantage Direct
  - No MMP DPA, low interest rate
- 1st Time Advantage 5000
  - $5,000 DPA loan, similar to our earlier Premier product
- 1st Time Advantage 3% Loan
  - DPA equal to 3% of the first loan
1st Time Advantage Direct

- Lowest MMP rate available
- Cannot get MCC
- Must be a first-time homebuyer
$5,000 for down payment and/or closing costs in a 0% deferred loan

- No MCC
- Partner Match Available
- DPA funds are secured in a single Note repayable when the first mortgage ends (payoff/refinance)
1st Time Advantage with 3% Loan

- 3% DPA in a zero percent deferred loan
- Lowest possible rate for an MMP loan with DPA
- No MCC available
- Must be a first-time homebuyer
List of All
MMP Flex Loans
(For Repeat or First-Time Homebuyers)

- Flex Direct
  - No MMP DPA, low interest rate
- Flex 5000
  - $5,000 DPA loan, similar to our earlier Premier product, but available to repeat homebuyers
- Flex 3% Loan
  - DPA loan equal to 3% of the first mortgage
- Flex 3% Grant
- Flex 4% Grant – new name for 4% Grant Assist
All Flex products can be layered with the Maryland HomeCredit mortgage credit certificates, but then must be first-time homebuyers and use the full documentation package.
• Lowest rate that can still get an MCC

• If NOT getting an MCC, no need to be a first-time homebuyer
MMP Flex 5000

- Comes with a second loan of $5,000 for down payment and/or closing costs.
- MCC available
- Partner Match Available

- MMP DPA loans have a 0% rate, deferred. Funds are secured in a single Note repayable when the first mortgage ends (payoff/refinance)
Flex 3% Loan

- 3% DPA in a zero percent deferred loan
- Lowest rate for an MMP loan with DPA
- Repeat or First-Time homebuyers
Flex 3% Grant

Comes with a DPA grant equal to 3% of the first mortgage

Flex 4% Grant

Comes with a DPA grant equal to 4% of the first mortgage
Other Specialty Products
Special Assistance Grants

- For select income borrowers
- Must use a Freddie Mac conventional loan
- Can be layered with most MMP mortgage products
- $1500 or $2500 additional assistance
HomeAbility

• For first-time homebuyers with disabilities
• 80% of the purchase price in a first lien; 25% of the purchase price in a 0% second lien for down payment and closing costs
• No MI required
• Special income limits - see website for 80% AMI chart
• Must be a gold or silver lender to originate
Maryland Credit 640

- Opens up FHA loans to borrowers with credit scores lower than 660
- Must have 2 months of PITI reserves
- 42% maximum DTI
- No manual underwriting
- Can be layered with DPA or MCCs
General Program Requirements
Borrower Eligibility

CREDITWORTHINESS!

- Conventional Loans up to 97% require a Middle Credit Score of 640 or above.

- FHA Loans require a Middle Credit Score of:
  - 640-659 if using the Credit 640 product (launched 1/22/2018) Max DTI 42%
  - 660 or above if using any other FHA product

- Max DTI 50% Conventional Fannie Mae
- Max DTI 45% FHA 660
Program Requirements

- Must have a valid social security number and be eligible to work in the United States.

- Citizenship of the United States is not required to obtain a CDA loan.

- Everyone on the loan must live in the home—no co-signers!
Program Requirements

• Borrowers may be single or married. If married, both spouses are not required to apply, but will be included in the household income calculation. If separated, a Separation Affidavit must be completed.

• Must intend to occupy the property as a principal residence within 60 days of closing.

• Cannot own any other real property ANYWHERE at the time of closing.
A first-time homebuyer is defined as not having owned a home ANYWHERE in three years. Exceptions include:

- An honorably discharged veteran using their exemption for the first time. *(A copy of the DD-214 must be provided to Lender.)*

- A borrower purchasing in a **TARGETED AREA.**

  For more information:
  [http://mmp.maryland.gov/Pages/Targeted-Areas.aspx](http://mmp.maryland.gov/Pages/Targeted-Areas.aspx)
Approved Lenders

• Maryland Mortgage Program loans or Maryland HomeCredits can only be obtained from approved lenders.

• Currently there are more than 100 approved MMP lenders. 60+ of these are currently approved to offer the Maryland HomeCredit Program.

  – MD HomeCredit lenders are listed here: http://mmp.maryland.gov/Pages/MDHomeCredit-Lenders.aspx

  – MMP lenders are listed by county here: http://mmp.maryland.gov/Pages/Find-A-Lender.aspx
New construction properties must be in Priority Funding Areas (PFAs) - older communities or locally-designated growth areas where State and local governments already have a significant financial investment in the existing infrastructure.

*The Mapper can be used to identify PFAs!*
Go to: https://portal.dhcd.state.md.us/GIS/MMP/index.html

- Accept the conditions.

- In the "Find Address" box, enter the address. Press GO.

- Results will show on the left. If it is a PFA or Targeted Area, that information will be shown.
Selected Location:

209 WELSH HILL ROAD, FROSTBURG

Census Tract: 0018.00

COUNTY BOUNDARIES
County: Allegany

ALLEGANY COUNTY
Account ID: 0128104315

PRIORITY FUNDING AREAS
State Eligible: YES

COMMUNITIES OF OPPORTUNITY
CommOpp: In a Community of Opportunity

TARGETED AREAS
Targeted Area: YES

Priority Funding Area

Targeted Area
Projected income for ALL household members (including overtime, part-time, commissions) is used to determine income—total household income may not exceed the established limit (which differs by jurisdiction and household size).
<table>
<thead>
<tr>
<th>COUNTIES &amp; CITY</th>
<th>INCOME LIMITS</th>
<th>MAXIMUM ACQUISITION COSTS</th>
<th>CDA Maximum Mortgage Amounts (as of 1/1/19)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Household Size</td>
<td>Non-Targeted</td>
<td>Targeted</td>
</tr>
<tr>
<td>Allegany County</td>
<td>1 or 2</td>
<td>$115,800</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3 or more</td>
<td>$135,100</td>
<td></td>
</tr>
<tr>
<td>Anne Arundel County</td>
<td>1 or 2</td>
<td>$112,641</td>
<td>$115,800</td>
</tr>
<tr>
<td></td>
<td>3 or more</td>
<td>$129,537</td>
<td>$135,100</td>
</tr>
<tr>
<td>Baltimore City</td>
<td>1 or 2</td>
<td>$115,800</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3 or more</td>
<td>$135,100</td>
<td></td>
</tr>
<tr>
<td>Baltimore County</td>
<td>1 or 2</td>
<td>$112,641</td>
<td>$115,800</td>
</tr>
</tbody>
</table>

mmp.maryland.gov/income
Maximum MMP loan amount is the lesser of $484,350 or the insurer/guarantor’s maximum mortgage amount. Some counties have lower limits.
Asset Restrictions

- Borrowers’ liquid assets may not exceed 20% of the sales/purchase price (not including 401K or retirement).

- A “gift of equity” (difference between the appraised value and the purchase price) in a non-arms length transaction is considered an asset.

- An asset test is required for borrowers whose assets equal or exceed 20% of the sales/purchase price.
Maximum lot size is 4 acres.

For lots greater than 4 acres, an exception must be requested from CDA.

No exceptions will be granted for lots over 10 acres.
ELIGIBLE HOUSING TYPES

- Detached
- Attached
- Semi-detached
- Townhouses
- Modular
- Condominium

Per Directive 2012-14, manufactured housing is currently not an eligible property type, but that may change—stay tuned!
• Maryland Mortgage Program follows the FHA Anti-Flipping Policy.
• Contracts must be fully ratified prior to reservation.

CDA reserves the right to cancel any reservation or deny the purchase of a loan that does not have a fully ratified contract, signed by all parties, prior to reservation date.

This includes third party (lender) approval for short sale transactions.
Maryland Mortgage Program
Conventional Loans
Why Choose Conventional?

- Conventional loans have a lower mortgage insurance (MI) payment (the HFA Preferred rate)

- FHA requires an upfront MI payment as well as monthly payments

- FHA requires a 3.5% minimum down payment; conventional only requires 3.0%
Maryland Mortgage Program

Conventional Debt-to-Income (DTI) Ratio Increase

- For most of the conventional MMP products, maximum DTI ratio is 50% for loans reserved on or after 2/25/2019
- Aligns with US Bank, Fannie Mae
- Some products, such as SmartBuy, have stricter standards—check the fact sheets for specifics
### Reduced Mortgage Insurance Premiums!

*Coverage required by HFA Preferred*

<table>
<thead>
<tr>
<th>LTVs Range</th>
<th>MMP</th>
<th>Non-MMP</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTVs &gt; 95% and &lt;=97%</td>
<td>18%</td>
<td>35%</td>
</tr>
<tr>
<td>LTVs &gt; 90% and &lt;=95%</td>
<td>16%</td>
<td>30%</td>
</tr>
<tr>
<td>LTVs &gt; 85% and &lt;=90%</td>
<td>12%</td>
<td>25%</td>
</tr>
<tr>
<td>LTVs &gt; 80% and &lt;=85%</td>
<td>6%</td>
<td>12%</td>
</tr>
</tbody>
</table>
MMP Lowers Monthly Payments

Assumptions: Estimated monthly mortgage payments (principal + interest + mortgage insurance premium) assume a mortgage loan of $180,000 for a standard 30-year fixed-rate product for borrowers with credit score of 680. A loan to value (LTV) ratio of 97% is assumed.
# Mortgage Insurance Comparisons

<table>
<thead>
<tr>
<th>LTV</th>
<th>Coverage</th>
<th>Cost</th>
<th>Coverage</th>
<th>Cost</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>97%</td>
<td>18%</td>
<td>$ 5273</td>
<td>35%</td>
<td>$ 7,530</td>
<td>$ 2,257</td>
</tr>
<tr>
<td></td>
<td>2.85%</td>
<td></td>
<td>4.07%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>95%</td>
<td>16%</td>
<td>$ 4921</td>
<td>30%</td>
<td>$ 6438</td>
<td>$ 1,517</td>
</tr>
<tr>
<td></td>
<td>2.66%</td>
<td></td>
<td>3.48%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>90%</td>
<td>12%</td>
<td>$ 3015</td>
<td>25%</td>
<td>$4237</td>
<td>$ 1,222</td>
</tr>
<tr>
<td></td>
<td>1.63%</td>
<td></td>
<td>2.29%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Based on loan amount of $180,000 and interest rate of 4.5%*
97% LTV Conventional Refinance Loan Program

30-year, fixed rate, fully amortizing, limited cash out

Higher LTV limit ~ Lower MI premiums

(No DPA available)
PARTICIPATING MORTGAGE INSURERS*

- Arch
- Essent Guaranty, Inc.
- Genworth Financial, Inc.
- Mortgage Guaranty Insurance Corporation
- National
- Radian

*In addition to Federal Housing Administration (FHA) insurance and Veterans Administration (VA) or Rural Housing Services (RHS) guaranty
Maryland SmartBuy!
• Designed to assist eligible homebuyers with student debt to purchase homes

• **SmartBuy 1.0**: REO properties owned by the Department; no cap on the 2nd loan

• **SmartBuy 2.0**: Any MMP-eligible property in Maryland; $40,000 maximum 2nd loan
Borrower Eligibility

- Combined borrower student debt must be greater than $1,000 and up to 15% of the home purchase price; outstanding balance (of at least one borrower’s existing student loans) must be paid off fully at closing.

- Loan must be in the name of the borrower for the borrower’s education (not borrower’s children, family etc.). Loan must be current; it may be in repayment or deferred status.

- Minimum credit score: 680

- Manual Underwriting Requirements Apply! All customary manual underwriting standards and requirements related to student debt apply. All usual MMP standards must be met (DTI, income limitations, etc.)
TWO MORTGAGES

• **1st Mortgage**: A conventional amortizing mortgage of 95% of the sales price. This will be handled as a normal MMP loan (serviced by US Bank).

• **2nd Mortgage**: A forgivable loan of up to 15% of the purchase price, which will be used to pay off the student debt. This is a 0% deferred loan with no payments, forgivable over 5 years at 20% per year. The balance becomes due upon sale or refinance.
OPTIONAL 3RD MORTGAGE FOR CLOSING COSTS OR DOWN PAYMENT*

- $5,000 in Down Payment Assistance (DPA) in a zero percent deferred loan, third lien position
- Funded by lender at closing—same process as for current Down Payment Assistance for funding and reimbursement

*Borrower must bring a minimum of 5% of the sales price to closing as down payment. The DPA can be used for this purpose.
• Borrowers may utilize other funds only if they come in the form of GRANTS from third parties (employers, non-profits, counties, agencies etc.)
  – No Partner Match funds are available from CDA
Interest rate is the same as the conventional insured mortgage interest rate offered under the Maryland Mortgage Program.

*This special transaction structure is ONLY available with SmartBuy and cannot be used in conjunction with other MMP products, refinances, or initiatives.*
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Price</td>
<td>$200,000</td>
</tr>
<tr>
<td>1&lt;sup&gt;st&lt;/sup&gt; lien amount</td>
<td>$190,000</td>
</tr>
<tr>
<td>Borrower must bring a minimum of 5% of sales price to closing as a down</td>
<td></td>
</tr>
<tr>
<td>payment. The $5,000 DPA can be used for this purpose as a 3&lt;sup&gt;rd&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>lien</td>
<td>$10,000</td>
</tr>
<tr>
<td>Student loans of 15% of sale price max of $40,000 whichever is less; all</td>
<td></td>
</tr>
<tr>
<td>student loans for at least one borrower must be paid off to show a zero</td>
<td></td>
</tr>
<tr>
<td>balance. This 0% second lien gets forgiven at 20% per year over five</td>
<td>$30,000</td>
</tr>
<tr>
<td>years</td>
<td></td>
</tr>
</tbody>
</table>
Approved lenders, available properties, and other SmartBuy information on our website:

http://mmp.maryland.gov/SmartBuy
Resources
MMP Website

TALK TO US
Talk to one of our expert network Loan Officers, who can help you understand eligibility, program selection, available down payment and closing cost assistance initiatives.

Get Started

PREPARE YOURSELF
Get ready to embark in the homebuying journey. Learn how our homebuyer education programs can equip you to navigate property search, purchase and financing.

I'm Ready

OUR PROGRAMS
Explore the programs and initiatives that are available to eligible homebuyers, including mortgage financing, federal tax credits, down payment assistance and more.

Learn More
MMP Website

mmp.maryland.gov

Website contains information on programs, rates, initiatives, approved lenders, and more.
Lender, Realtor and Partner Resources

The success of the Maryland Mortgage Program depends on the Maryland Department of Housing and Community Development’s partnership with Lender organizations, who work directly with borrowers. Lenders provide information.

Downloadable MMP information packet

Available in Spanish!
MMP Website

Maryland Mortgage Information Kit Request Form
Maryland Mortgage Program partners can complete this form to request small batches (10 to 100) of the Maryland Mortgage Program Info Kit.

Please allow up to two weeks for delivery of packets.

If you require more than 100 kits, please do not use this form, and instead contact Cecilia Weller at cecilia.weller@maryland.gov.

Your Name *
First
Last

Company / Organization *

Delivery Address *
Street Address
Address Line 2

City
State / Province / Region
United States

Order kits!
Free and Accessible Training!

The Business Development Team travels statewide to share program information and train realtors and approved lenders.

If you have a group that could benefit from this, email SingleFamilyHousing.DHCD@maryland.gov and we’ll coordinate with you!
If there are issues with a loan or closing:

- Talk to the lender. The lender has the contractual relationship with CDA and inquiries should go through them.

If you need more help:

- TERRY CATALANO, Business Development Representative
  - 301-429-7792, Terry.Catalano@maryland.gov
  - 301-429-7828, Edward.Anthony@maryland.gov
  - SingleFamilyHousing.DHCD@maryland.gov
Questions?