

July 5, 2022

Directive 2022-06

TO: **ALL PARTICIPATING LENDERS**

SUBJECT: **THE MARYLAND MORTGAGE PROGRAM ANNOUNCES A NEW PRODUCT OFFERING, ENHANCEMENTS TO EXISTING PRODUCTS, AND REOPENING OF TWO PREVIOUS PRODUCTS**

In response to changing and challenging market conditions, the Maryland Mortgage Program (MMP) is updating its down payment assistance options. Effective for reservations on July 5th we are offering the new HomeStart 6% down payment product, enhanced assistance for SmartBuy 3.0 and 1ST Time Advantage 5000/FLEX 5000 products, and reopening of the HomeAbility and Montgomery Homeownership products. The new and enhanced options are not retroactive; they may only be applied for loan reservations on or after July 5th.

BRAND NEW PRODUCT: HOMESTART

HomeStart offers a 6% down payment assistance loan for borrowers with income not to exceed 50% of the Area Medium Income (AMI), as listed by jurisdiction on page 6 of this Directive. Lenders are solely responsible for determining the AMI.

The Fact Sheet is located at the following link:

<https://mmp.maryland.gov/Lenders/Documents/FactSheets/HomeStart6-DPALoanProduct.pdf>

Highlights of HomeStart include:

- Available for borrowers with incomes at or below 50% of the AMI.
- Second Mortgage – 0% deferred with no payment required until the property is sold, transferred, or the first mortgage is paid in full. Loan amount is 6% of the first mortgage.

- AMI limits are county specific – Borrower income may not exceed 50% AMI Limits by County. (See page 6.) Regular MMP household income limits are still applicable.
- Allows automated or manual underwriting – see fact sheet for specific LTV, credit score, DTI limits and requirements.
- Partner Match is not available with the HomeStart product.

EXISTING PRODUCT ENHANCEMENTS

SmartBuy 3.0

SmartBuy 3.0 has been expanded to offer two down payment assistance loan options. Borrowers can choose either a fixed \$6,000.00 or 4% of the first mortgage amount for the second mortgage/third loan. This comes in a zero percent deferred loan, repayable upon sale, refi, transfer, payoff of the first mortgage.

1st Time Advantage 6000 and FLEX 6000

The 1st Time Advantage 5000 and FLEX 5000 products have been renamed and expanded to offer an additional \$1,000.00. Partner Match is still available with both.

RE-OPENED FOR 2022

Homeability

HomeAbility is once again open for new reservations. With the funding replenished, this product will continue to assist disabled homebuyers in Maryland with a competitive first mortgage and down payment assistance.

The product has been restructured to allow for greater flexibility and availability for more borrowers. HomeAbility will now allow Loan to Value ratios above 80% of the purchase price, up to a maximum of 95% with mortgage insurance required. There is no change to the Combined Loan to Value ratio of 105%. The terms of the Down Payment Assistance second mortgage remain the same: Up to 25% of the purchase price--capped at \$45,000--to assist with down payment and closing costs. Eligible borrower(s) incomes may not exceed 80% of the AMI, as listed by jurisdiction on page 5 of this Directive. Lenders are solely responsible for determining the AMI.



HomeAbility may only be offered by the program lenders who have achieved gold- or silver-tier status (purchase of 15 or more loans per quarter). Current status (updated quarterly) can be confirmed here:

https://mmp.maryland.gov/Lenders/Documents/LendersList_MMPKit.pdf

The HomeAbility Fact Sheet is located at the following link:

<https://mmp.maryland.gov/Lenders/Documents/FactSheets/HomeAbility.pdf>

Highlights of HomeAbility include:

- Disability Qualifications – 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). The link to the Certification of Disability Form is:

https://mmp.maryland.gov/Lenders/Loan%20Documentation/Certificate_of_Disability.pdf

- First Mortgage – Up to 95% LTV. Mortgage insurance is required for all loans exceeding 80% CTV.
- Second Mortgage – 0% deferred with no payment required until the property is sold, transferred, or the first mortgage is paid in full. Loan amount of up to 25% of the purchase price with a maximum of \$45,000. CLTV may not exceed 105%
- AMI limits are county specific – Borrower income may not exceed 80% AMI Limits by County. Regular MMP Household Income limits are still applicable.
- Allows automated or manual underwriting – see fact sheet for specific LTV, credit score, DTI limits and requirements.
- Partner Match is not available with the HomeAbility product.
- Unless otherwise stated, all requirements and guidelines of the Maryland Mortgage Program apply. Please refer to overlays and underwriting guidelines for US BANK and GSEs (FNMA & FHLMC) for additional requirements.



MONTGOMERY HOMEOWNERSHIP PROGRAM – PHASE VII

MMP continues our collaboration with Montgomery County and Phase VII of the Montgomery Homeownership Program is now open. Reservations will be accepted until the funds are fully committed; as the end of the program nears, status will be posted weekly on the rate sheet and a flashing bulletin will be posted on Lender Online. The Montgomery Homeownership Program is designed to assist eligible homebuyers who purchase a home in Montgomery County by combining a Maryland Mortgage Program (MMP) first loan with a generous Down Payment Assistance (DPA) second loan.

Highlights of the Montgomery Homeownership Program include:

- Montgomery Homeownership Program second lien will be a zero percent deferred DPA loan which becomes repayable upon refinance, transfer or sale of the home.
- Maximum DPA loan will be 40% of total affordable income, up to a maximum of \$25,000.00.
- DPA funds may be used for down payment and/or closing costs.
- Partner Match Programs – No matching funds provided. External assistance (such as other partner funds that don't require a match) may be utilized as long as it meets insurer/investor/servicer guidelines

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
Assistant Director / Operations Manager
Single Family Housing



COUNTY NAME	2022 INCOME LIMIT FOR 80% AREA MEDIAN INCOME
Allegany	\$57,040
Anne Arundel	\$92,880
Baltimore	\$92,880
Baltimore City	\$92,880
Calvert	\$112,400
Caroline	\$74,880
Carroll	\$92,880
Cecil	\$84,320
Charles	\$112,400
Dorchester	\$74,880
Frederick	\$112,400
Garrett	\$74,880
Harford	\$92,880
Howard	\$92,880
Kent	\$75,200
Montgomery	\$112,400
Prince George's	\$112,400
Queen Anne's	\$92,880
Somerset	\$71,200
St Mary's	\$91,440
Talbot	\$80,880
Washington	\$62,000
Wicomico	\$71,200
Worcester	\$71,200



COUNTY NAME	2022 INCOME LIMIT FOR 50% AREA MEDIAN INCOME
Allegany	\$35,650
Anne Arundel	\$58,050
Baltimore	\$58,050
Baltimore City	\$58,050
Calvert	\$70,250
Caroline	\$46,800
Carroll	\$58,050
Cecil	\$52,700
Charles	\$70,250
Dorchester	\$46,800
Frederick	\$70,250
Garrett	\$46,800
Harford	\$58,050
Howard	\$58,050
Kent	\$47,000
Montgomery	\$70,250
Prince George's	\$70,250
Queen Anne's	\$58,050
Somerset	\$44,500
St Mary's	\$57,150
Talbot	\$50,550
Washington	\$38,750
Wicomico	\$44,500
Worcester	\$44,500

