



DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT

Kenneth C. Holt, Secretary

Owen McEvoy, Deputy Secretary



MARYLAND MORTGAGE

Making Homeownership Affordable

Maryland Mortgage Program

February, 2021



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

~ re-issued mortgage credit certificates only ~



Benefits of MMP

STABILITY: 30-year fixed-rate mortgage terms

FLEXIBILITY: Network of lenders statewide

ASSISTANCE: Down payment and closing cost assistance options available for purchase loans

Down Payment Assistance (DPA)

- 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
- MMP DPA is only available with an MMP first mortgage



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 (which can only be layered onto House Keys) allows borrowers to receive an additional \$1,000 of match funds if:

*Property is located in a Priority Funding Area; AND
Property is within 10 miles of borrower's place of employment or within the boundaries of the local jurisdiction*



Combining Assistance Funds:

Example: Funds contributed from builder/developer partner AND from employer partner

DPA Loan with 1st Advantage 5000/ FLEX 5000	\$5,000
Participating Partner contribution – builder/developer partner	\$3,000
Participating Partner contribution – employer partner	\$1,000
MMP HK4E, BDIP or CPIP maximum match --CAN ONLY MATCH UP TO \$2,500!	\$2,500
TOTAL ASSISTANCE	\$11,500



Homebuyer Education

[https://mmp.maryland.gov/Pages/
Homebuyer-Education.aspx](https://mmp.maryland.gov/Pages/Homebuyer-Education.aspx)



Homebuyer Education (HBE) Requirements

- MMP allows 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 non-MMP assistance funds
- MMP encourages HBE completion prior to contract



Maryland Mortgage Program Product Line



Dual Track Product Line



MMP 1st Time Advantage

- For first-time homebuyers only
- Usually lower rates
- DPA loans

MMP Flex

- For REPEAT homebuyers OR first-time homebuyers
- DPA loans or grants



MMP 1st Time Advantage Loans

- 1st Time Advantage Direct
No MMP DPA, low interest rate
- 1st Time Advantage 5000
\$5,000 DPA loan
(can get Partner Match, if applicable)
- 1st Time Advantage 3% Loan
DPA equal to 3% of the first loan



MMP Flex Loans

For Repeat or First-Time Homebuyers

- Flex Direct
 - No MMP DPA, low interest rate*
- Flex 5000
 - \$5,000 DPA loan, can be layered with Partner Match*
- Flex 3% Loan
 - DPA loan equal to 3% of the first mortgage*
- Flex 3% Grant – *outright grant = 3% of first mortgage*
- Flex 4% Grant – *outright grant = 4% of first mortgage*



Benefits of Conventional Loans

- Conventional loans may have a lower mortgage insurance (MI) payment
- For LTV lower than 80%, MI is not required for conventional loans
- FHA requires an upfront MI payment as well as monthly payments
- FHA requires a 3.5% minimum down payment; conventional only requires 3.0%



Conventional Loans — Coverages

Fannie Mae and Freddie Mac offer lower premiums only for borrowers with AMI under 80%.

	<u>MMP</u>	<u>Non-MMP</u>
LTVs > 95% and <=97%	18%	35%
LTVs > 90% and <=95%	16%	30%
LTVs > 85% and <=90%	12%	25%
LTVs > 80% and <=85%	6%	12%



Conventional Refinance

97% LTV Conventional Refinance Loan Program

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

Higher LTV limit ~ Lower MI premiums

(No DPA available)

If using this refinance product, a borrower can have their existing MMP DPA loan subordinated.



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*



Specialty Products



HomeAbility

- Designed to assist 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:
<https://mmp.maryland.gov/Pages/HomeAbility/default.aspx>
- Must be a gold- or silver-tier lender to originate



Montgomery Homeownership Program

- Offers DPA of up to 40% of income (maximum \$25,000) in a zero percent deferred second loan; repayable upon sale/transfer/refinance
- Only available in Montgomery County
- DPA is funded by Montgomery County and administered by CDA; product will not be offered when funds are fully committed.



Maryland HomeCredit Program

The Maryland HomeCredit Program is no longer offering new mortgage credit certificates (MCCs). In the case of refinance (with or without an MMP first mortgage), a homeowner with an existing MCC can get the certificate reissued through an MMP lender approved to offer the program. The fee would be \$450 to CDA and up to \$350 to the lender.



Maryland SmartBuy 3.0

- Newest SmartBuy product - launched in February, 2021.
- Designed to assist eligible homebuyers with student debt to purchase homes
- For any MMP-eligible property in Maryland; \$30,000 maximum 2nd loan



Maryland SmartBuy 3.0

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: 720**



Maryland SmartBuy 3.0

Structure – Two Loans

- **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 Loan** (aka Secondary Assistance Loan): A forgivable loan of up to 15% of the purchase price (capped at \$30,000), which is used to pay off the student debt for at least one borrower. This is a 0% deferred loan with no payments, forgivable over 5 years at 20% per year. This loan has a Promissory Note and is unsecured.



Maryland SmartBuy 3.0

Optional DPA Mortgage

- \$5,000 in Down Payment Assistance (DPA) in a zero percent deferred loan
- 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.*



Maryland SmartBuy 3.0

Interest rate is the same as the conventional insured mortgage interest rate offered under the Maryland Mortgage Program—posted daily on the Rates sheet

This special transaction structure is ONLY available with SmartBuy and cannot be used in conjunction with other MMP products, refinances, or initiatives.



Maryland SmartBuy 3.0

Approved lenders and other SmartBuy
information on our website:

<http://mmp.maryland.gov/SmartBuy>



General Program Requirements



Borrower Eligibility

- FHA Loans :
640-680 FICO = max DTI 45%
>680 FICO = max DTI 50%
- VA & USDA Loans:
640 FICO = max DTI 45%
- Conventional Loans:
640-679 FICO = max DTI 45%
>680 FICO = max DTI 50%



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.



Borrower Eligibility

For First-Time Advantage, HomeAbility, or SmartBuy loans, borrowers **MUST** be first-time homebuyers.

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>



Priority Funding Areas

New construction properties (anything built within the last year) must be in Priority Funding Areas (PFAs) – these are 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!



The Mapper

Go to: <https://mmp.maryland.gov/Pages/MMP-Mapper.aspx>

- 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 (but will only show if the answer is YES)
- A video showing how to use the Mapper is on the MMP training page.

Maryland Department of Housing and Community Development (DHCD) Mapper

Hello! Legend Data Results

Find Address: 209 Welsh Hill Rd GO Zoom To Base Map Help

Selected Location:
209 WELSH HILL ROAD, FROSTBU...
Census Tract: 0018.00

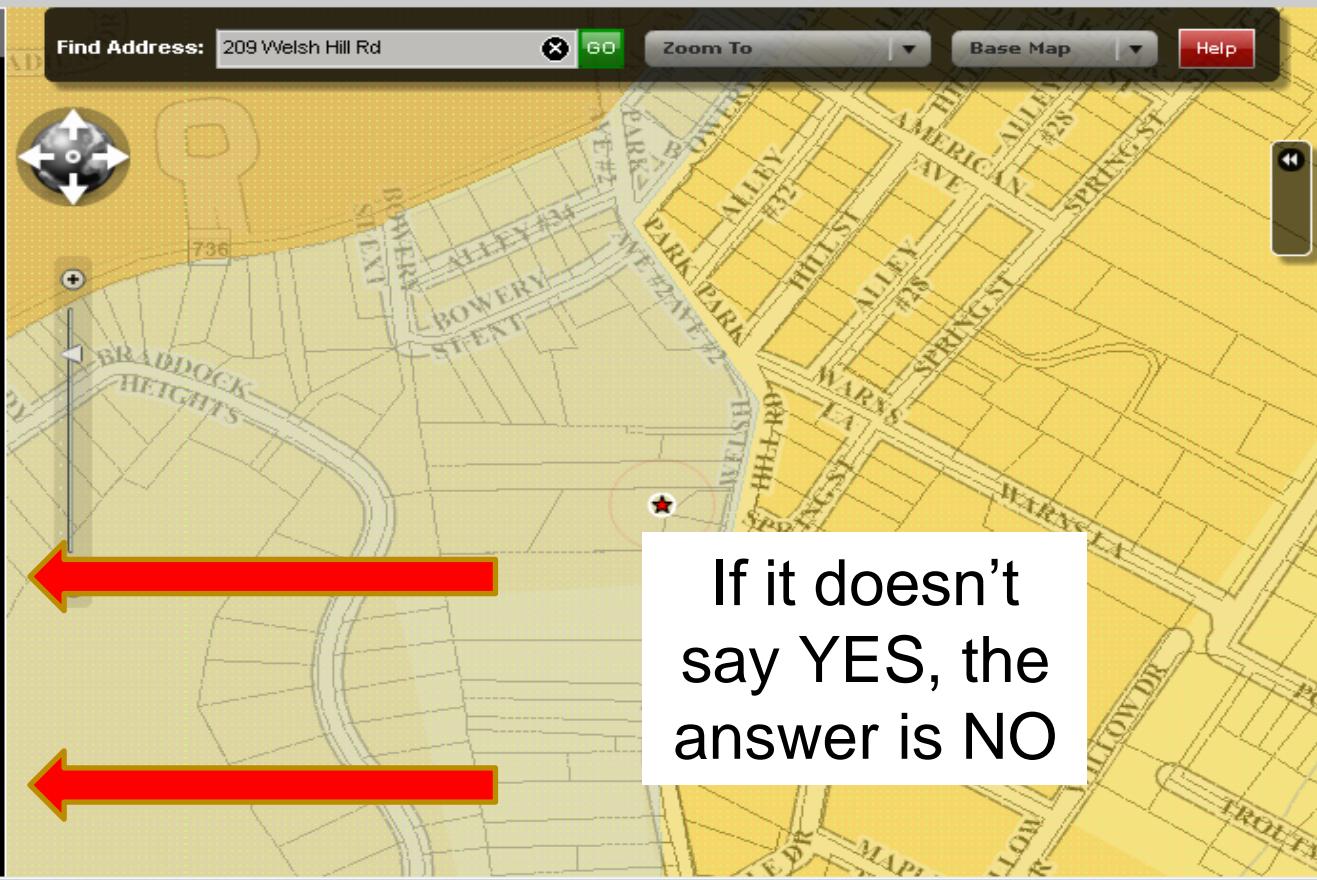
COUNTY BOUNDARIES
County: Allegany [more](#)

ALLEGANY COUNTY
Account ID: 0128104315 [more](#)

PRIORITY FUNDING AREAS
State Eligible: YES [more](#)

COMMUNITIES OF OPPORTUNITY
CommOpp: In a Community of Opportunity [more](#)

TARGETED AREAS
Targeted Area: YES [more](#)



If it doesn't say YES, the answer is NO

Income & Purchase Price Limits

mmp.maryland.gov/Lenders/Pages/Income-and-Purchase-Limits.aspx

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).



Income & Purchase Price Limits

Income and purchase price limits are established by the insurer agencies, not by CDA. They get updated semi-annually.

SECRETARY'S SUPPLEMENTAL DETER... 1 / 3 100%

MARYLAND MORTGAGE PROGRAM LIMITS
2020 INCOME LIMITS & MAXIMUM ACQUISITION COSTS
2021 CDA MAXIMUM MORTGAGE LIMITS

COUNTIES & CITY	INCOME LIMITS			MAXIMUM ACQUISITION COSTS		CDA Maximum Mortgage Limits (as of 01/01/21) ***
	Household Size	Non-Targeted	Targeted	Non-Targeted	Targeted	
Allegany County ¹	1 or 2		\$125,400		\$360,067	\$356,362
	3 or more		\$146,300			
Anne Arundel County ²	1 or 2	\$110,033	\$125,400	\$462,600	\$565,400	\$538,200
	3 or more	\$126,538	\$146,300			
Baltimore City ¹	1 or 2		\$125,400		\$565,400	\$538,200
	3 or more		\$146,300			
Baltimore County ²	1 or 2	\$110,033	\$125,400	\$462,600	\$565,400	\$538,200

income-and-purch....pdf CDA_MCCA_-Ex....docx Show all

Slide 38 of 53 1_DHCD_Theme_2015 76% 3:37 PM 2/22/2021

Maximum Loan Amount

Maximum MMP loan amount is the lesser of \$548,250 or the insurer/guarantor's maximum mortgage amount. Some counties have lower limits.



Eligible Properties

ELIGIBLE PROPERTY SIZE

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 Properties

ELIGIBLE HOUSING TYPES

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



Flip Policy

The Maryland Mortgage Program follows the
FHA Anti-Flipping Policy.



Contract Ratification

- 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.



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.



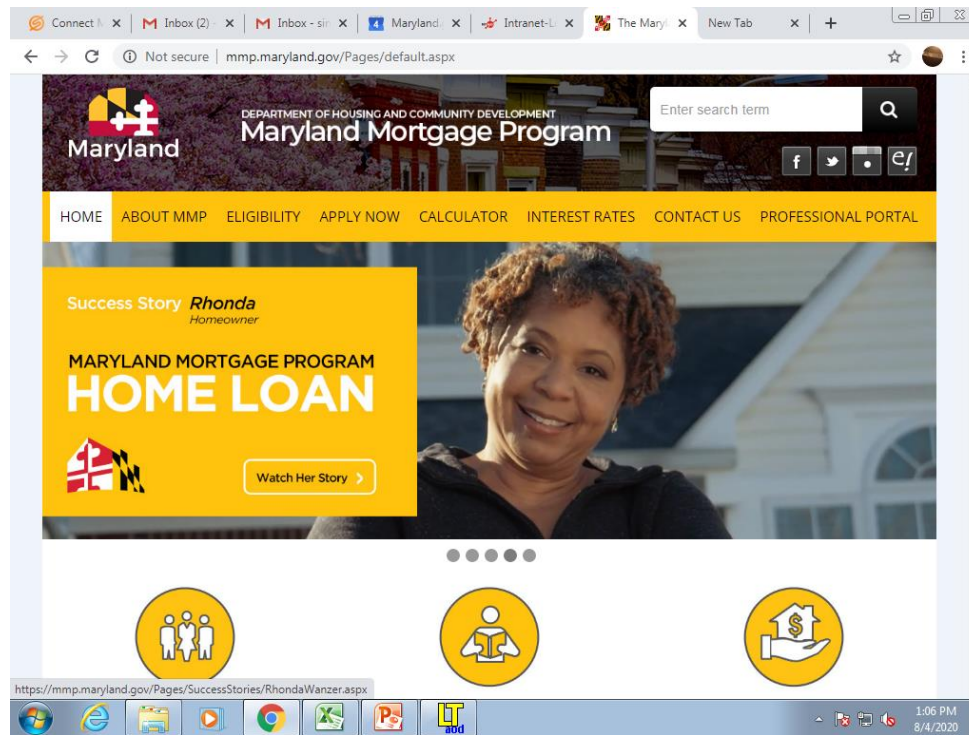
Resources



MMP Website

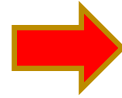
mmp.maryland.gov

Website contains information on programs, rates, initiatives, approved lenders and more.



Consumer-facing information can be reached from the Home screen

Referrals to lenders



Links to information about eligibility, homebuyer education, approved lenders, realtors, etc.

Product descriptions

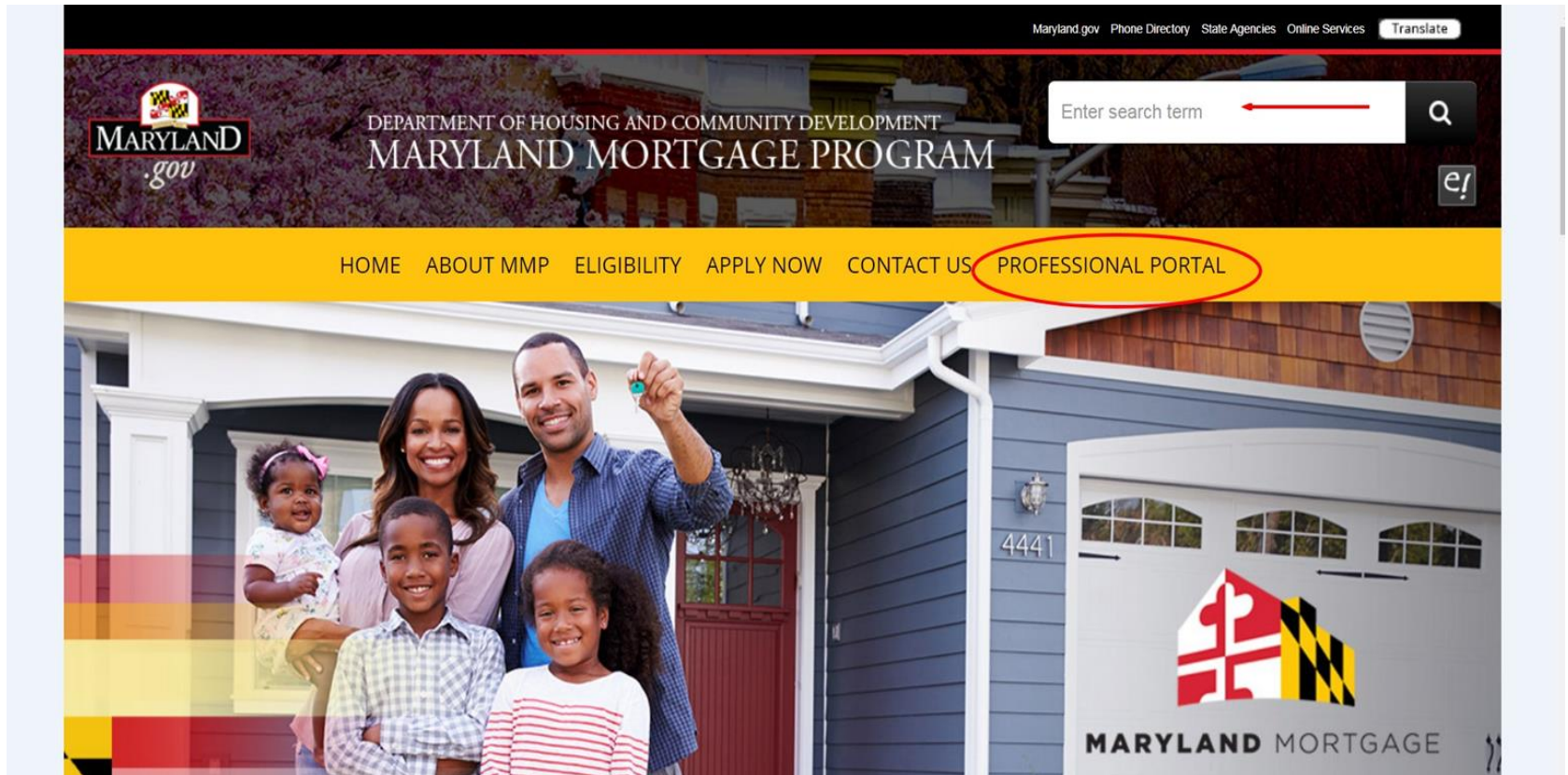


The screenshot shows a web browser window displaying the homepage of the Maryland Mortgage Program (mmp.maryland.gov). The browser's address bar shows the URL "mmp.maryland.gov/Pages/default.aspx". The page features three main columns of content, each with a circular icon and a corresponding button:

- TALK TO US:** Accompanied by an icon of three people. The text describes talking to expert network Loan Officers for help with eligibility, program selection, and assistance with down payment and closing costs. A yellow "Get Started" button is at the bottom.
- PREPARE YOURSELF:** Accompanied by an icon of a person reading a book. The text lists resources like Eligibility, Homebuyer Education, Approved Lenders, Real Estate Agents, and Property information. A yellow "I'm Ready" button is at the bottom.
- OUR PROGRAMS:** Accompanied by an icon of a hand holding a dollar sign. The text invites users to explore programs and initiatives for eligible homebuyers, such as mortgage financing, federal tax credits, and down payment assistance. A yellow "Learn More" button is at the bottom.

The Windows taskbar at the bottom shows the time as 1:11 PM on 8/4/2020, along with various application icons.

Resources for our industry partners are found under the Professional Portal

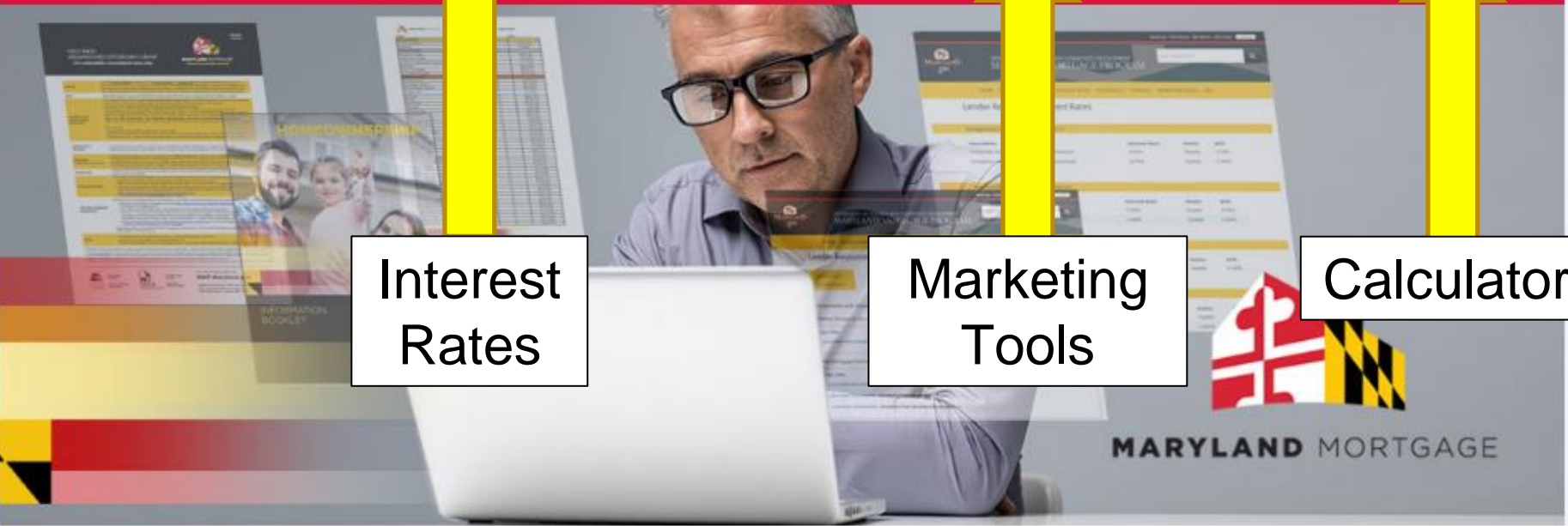




DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
Maryland Mortgage Program

- PROFESSIONAL PORTAL
- INTEREST RATES
- DOCUMENTS
- TRAINING
- MARKETING TOOLS
- LENDER FAQ
- CALCULATOR

HOME



Interest Rates

Marketing Tools

Calculator

Lender, Realtor and Partner Resources

The success of the Maryland Mortgage Program depends on the Maryland Department of

Interest Rates

View the interest rates (updated every weekday and sometimes more frequently).

Interest rates are locked when the reservation is made.

At the bottom of the page, sign up to receive rates and/or directives.

The screenshot shows a web browser window with the URL mmp.maryland.gov/Lenders/Pages/Interest-Rates.aspx. The page has a red header with the word "HOME" and a main heading "Products and Interest Rates". Below the heading is a paragraph: "Rates can change on weekdays and occasionally more often to reflect the market. The rate is locked when the funds are reserved with the Maryland Mortgage Program. Rates in the chart below are current as of 08/04/2020." The page is divided into two main columns. The left column is titled "MMP 1st Time Advantage" and includes the sub-heading "Must be FIRST-TIME homebuyers". Underneath, it lists "1st Time Advantage Direct" with "No MMP DPA". The right column is titled "MMP Flex" and includes the sub-heading "Can be REPEAT or FIRST-TIME homebuyers". Underneath, it lists "Flex Direct" with "No MMP DPA". At the bottom of the right column, "Flex 5000" is partially visible. Both columns contain tables of interest rates for different loan types.

MMP 1st Time Advantage <i>Must be FIRST-TIME homebuyers</i>	
1st Time Advantage Direct <i>No MMP DPA</i>	
FNMA Conv	3.125%
FHLMC Conv	3.125%
Government	2.875%
FHA Credit 640	2.875%

MMP Flex <i>Can be REPEAT or FIRST-TIME homebuyers</i>	
Flex Direct <i>No MMP DPA</i>	
FNMA Conv	3.250%
FHLMC Conv	3.250%
Government	3.000%
FHA Credit 640	3.000%

Flex 5000

Marketing Tools

<https://mmp.maryland.gov/Lenders/Pages/Marketing-Tools.aspx>

Kits, social media toolkit, and fact sheets

Kits are available in Spanish!

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



MMP Product Calculator

The MMP Calculator can:

- Identify potentially eligible MMP loan products based on basic criteria
- Estimate monthly payments (principal and interest only) based on current MMP interest rates. Taxes, insurance, and escrows **are not included** in the estimated payments

MMP.Maryland.gov/calculator



Contacts

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:

SingleFamilyHousing.DHCD@maryland.gov

