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**Maryland  
Department of  
Housing and  
Community  
Development**

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[www.mmprogram.org](http://www.mmprogram.org)

# **MARYLAND LENDER'S MANUAL**

**for the**

## **Down Payment Assistance Loan Programs (DPA)**

The Maryland Department of Housing and Community Development (DHCD) pledges to foster the letter and spirit of the law for achieving equal housing opportunity in Maryland.



# TABLE OF CONTENTS

<u>SECTION</u>		<u>PAGE</u>
	<b><u>DOWN PAYMENT ASSISTANCE LOAN PROGRAMS</u></b>	
1	<b><u>ELIGIBILITY REQUIREMENTS</u></b>	
	1.1 Eligible Lenders .....	1
	1.2 Eligible Jurisdictions .....	1
	1.3 General Borrower Eligibility.....	1
	1.4 Eligible Settlement Expenses.....	1
	1.5 Eligible First Mortgages.....	1
	1.6 Home Buyer Education.....	1
	1.7 Ownership of Residential Property.....	1
	1.8 Income Limits.....	1
	1.9 Property Requirements.....	1
2	<b><u>LOAN PROCESSING</u></b>	
	2.1 Loan Reservation, Deadlines, Loan Approval Process and Appeals.....	2
3	<b><u>LOAN CLOSING</u></b>	
	3.1 Type of Title Ownership.....	2
	3.2 Lien Position .....	2
	3.3 Title Insurance .....	2
	3.4 Down Payment Assistance Program Funds .....	2
	3.5 Closing Agent Responsibilities .....	2
4	<b><u>POST CLOSING – COMPLIANCE SUBMISSION TO CDA</u></b>	
	4.1 Post Closing Compliance Submission.....	2
5	<b><u>PURCHASE/LOAN SERVICING SUBMISSION TO MASTER SERVICER</u></b>	
	5.1 Purchase/Loan Servicing Package .....	3
	5.2 Down Payment Assistance Loan(s) Subordination Policy .....	3
6	<b><u>FINAL DOCUMENTS SUBMISSION TO MASTER SERVICER</u></b>	
	6.1 Final Document Submission.....	3
	<b><u>DSELP ONLY/PARTNER MATCH PROGRAM</u></b>	
7	<b><u>DSELP ONLY/PARTNER MATCH PROGRAM REQUIREMENTS</u></b>	
	7.1 Maximum Loan Amount for DSELP Only .....	4
	7.2 Partner Match Programs .....	4
	7.3 Maximum Loan Amount for Partner Match Programs .....	4
	7.4 Base Realignment and Closure (BRAC) Match Program .....	5
	7.5 Required Documentation by Program .....	6
8	<b><u>LOAN TERMS AND CONDITIONS</u></b>	
	8.1 Mortgage Term.....	7
	8.2 Interest Rate.....	7
	8.3 Assumption.....	7
9	<b><u>LOAN CLOSING</u></b>	
	9.1 Fees .....	7

THE FOLLOWING **DOWN PAYMENT ASSISTANCE LOAN PROGRAMS**  
ARE LOCATED ON THE WEBSITE AT: <http://www.mmprogram.org/downpayment.aspx>

- BB. DSELP/PARTNER MATCH POST CLOSING COMPLIANCE CHECKLIST**
- A. BORROWER'S APPLICATION AND AFFIDAVIT
- B. DEED OF TRUST
- C. DEED OF TRUST NOTE

**PLEASE NOTE:** requests for reservations of the Down Payment Assistance Loan Programs are entered on Lender-on-Line (LOL) in conjunction with a reservation of Maryland Mortgage Program (MMP) first mortgage funds.

## SECTION 1 ELIGIBILITY REQUIREMENTS

- 1.1 ELIGIBLE LENDERS Lenders approved as participating lenders to originate CDA loans; refer to Participating Lender List
- 1.2 ELIGIBLE JURISIDCTIONS:  
Available statewide  
*Existing* homes do *not* have to be in Priority Funding Areas.  
New homes do have to be in Priority Funding Areas<sup>1</sup>.
- 1.3 GENERAL BORROWER ELIGIBILITY:  
A. Must be a first-time home buyer unless buying in a targeted area.  
B. Borrowers must meet eligibility guidelines described in the MMP Lender's Manual.
- 1.4 ELIGIBLE SETTLEMENT EXPENSES  
  
Down Payment Assistant Loan Program(s) may be used to fund settlement expenses and/or down payment subject to the requirements of the insurer/guarantor. The settlement expenses include all expenses that must be paid when a home is purchased, such as:
1. Fees or premiums for title examination, title insurance or similar expenses;
  2. Fees for preparation of a deed, settlement statement, or other documents;
  3. Payments owed at the time of settlement for property taxes or hazard insurance coverage;
  4. Escrows for future payments of taxes and hazard insurance;
  5. Fees for notarizing deeds and other documents;
  6. Transfer and recordation taxes and fees;
  7. Fees for premiums for mortgage insurance or guarantee;
  8. Loan discount points and origination fees;
  9. Up to 30 days of prepaid interest;
  10. Appraisal and credit report fees;
  11. Home inspection fees;
  12. Home warranty fees; and
  13. Other reasonable and customary prepaid expenses.
- 1.5 ELIGIBLE FIRST MORTGAGES Loan originated under the CDA Maryland Mortgage Program.
- 1.6 HOME BUYER EDUCATION Refer to the Maryland Mortgage Program manual.
- 1.7 OWNERSHIP OF RESIDENTIAL REAL PROPERTY Follow the guidelines described in the MMP Lender's Manual.
- 1.8 INCOME LIMITS Maryland Mortgage Program Income and Purchase Price Limits  
<http://www.mmprogram.org/incomes.aspx>
- 1.9 PROPERTY REQUIREMENTS  
A. Eligible Residence Follow the guidelines described in the MMP Lender's Manual.  
B. Maximum Acquisition Costs Follow the guidelines described in the MMP Lender's Manual.

## **SECTION 2 LOAN PROCESSING**

### **2.1 LOAN RESERVATION, DEADLINES, LOAN APPROVAL PROCESS AND APPEALS**

Follow the guidelines described in the MMP Lender's Manual.

## **SECTION 3 LOAN CLOSING**

### **3.1 TYPE OF TITLE OWNERSHIP** Follow the guidelines described in the MMP Lender's Manual.

### **3.2 LIEN POSITION**

If borrower is receiving MMP and DSELP/Partner Match Program then:

- MMP Loan will be recorded in first mortgage position
- DSELP/Partner Match Program is recorded in second mortgage position, unless otherwise approved by the Program

### **3.3 TITLE INSURANCE** Title insurance is not required on Down Payment Assistance Program Loan(s).

### **3.4 DOWN PAYMENT ASSISTANCE PROGRAM FUNDS**

The lender must fund the Down Payment Assistance Program Loan(s) with their own funds at the closing.

### **3.5 CLOSING AGENT RESPONSIBILITIES**

- A. Down Payment Assistance Program Loan(s) may not be closed until a commitment letter, closing instructions, loan documents and a settlement check is issued by the lender and is in receipt of the closing agent.
- B. Down Payment Assistance Program Loan(s) must be closed with the CDA/MMP loan by the CDA/MMP lender, using the Program's forms.
1. Down Payment Assistance Program Loan(s) must be executed on the forms provided by the Program on the MMP website or Lender On-line.
  2. Closing documents must include a Commitment Letter, with the original signature(s) of the borrower(s).
  3. Use the Down Payment Assistance Program Loan(s) Deed of Trust Note and Deed of Trust on the MMP website or Lender On-line.
- C. The attorney/title company, who is the closing agent for the first mortgage loan must also close the Down Payment Assistance Program Loan(s).

## **SECTION 4 POST CLOSING PROCEDURES**

### **4.1 POST CLOSING COMPLIANCE SUBMISSION TO CDA**

**DSELP/Partner Match Program** – submit post closing compliance package to CDA for review using Attachment BB

1. CDA will list post-closing compliance conditions to be cleared on Lender-on-Line
2. Submit conditions to delegated fax # 410-729-3722 or email CDA\_Conditions@dhcd.state.md.us for review by CDA
3. Approved compliance files will receive a CDA Compliance Approval Certificate found on Lender-on-Line under the MMP reservation loan number. The Approval Certificate needs to be submitted to the Master Servicer in the Purchase file.

## **SECTION 5 PURCHASE/LOAN SERVICING TO MASTER SERVICER**

### **5.1 PURCHASE/LOAN SERVICING BY MASTER SERVICER**

- A. Submit purchase review files to Master Servicer using Second Mortgage Assistance Loan Stacking Sheet (Form 4). All Down Payment Assistance Loan Programs will be serviced by the Master Servicer Bank of America, N.A.
1. Refer to the Maryland Mortgage Program manual for instructions how to clear Master Servicer's purchase conditions.
  2. SFH Compliance Approval Letter – Refer to the Maryland Mortgage Program Manual
  3. Master Servicer will reimburse the lender, via an electronic funds transfer (EFT) for purchase Down Payment Assistance Program Loan(s).
- B. Payoff requests should be made through the Down Payment Assistance Program Loan(s) servicer at the following address/telephone number:

**Bank of America, N.A.**  
MRB Correspondent Lending  
31303 Agoura Road  
Mail Code CA6-917-02-05  
Westlake Village, CA 91361

### **5.2 DOWN PAYMENT ASSISTANCE LOAN PROGRAM/ SUBORDINATION POLICY**

Maryland Mortgage Program (MMP) borrowers with Down Payment Assistance Loan(s) who wish to refinance their MMP loan, but cannot payoff the Down Payment Assistance Loan(s) as required by the Deed of Trust Note signed at the time of the loan closing, will be allowed to have their Down Payment Assistance Loan(s) subordinated under the following conditions:

- A. Borrower may not receive any cash out of the refinance; however, to the extent that there is cash available, it must be applied toward the Down Payment Assistance Loan(s);
- B. There must be insufficient equity to pay off the Down Payment Assistance Loan(s) loan in full as evidenced by a current appraisal (within 60 days) and the loan application;
- C. Any unpaid balance of Down Payment Assistance Loan(s) must be amortized over the following period at an interest rate of 5%:

≤ \$5,000	10 years
\$5,001 to \$10,000	20 years
\$10,001 to \$15,000	30 years

The Down Payment Assistance Loan(s) may be paid off at any time without a prepayment penalty;  
and

- D. Only one subordination of the original Down Payment Assistance Loan(s) will be permitted.

## **SECTION 6 FINAL DOUCMENTS SUBMISSION TO MASTER SERVICER**

### **6.1 FINAL DOCUMENT SUBMISSION TO MASTER SERVICER**

Submit the original recorded Down Payment Assistance Loan Program(s) Deed of Trust(s) in the Final Documents Submission to Master Servicer Bank of America, N.A.

## **DSELP ONLY/PARTNER MATCH PROGRAM**

### **SECTION 7 DSELP/PARTNER MATCH PROGRAM REQUIREMENTS**

#### **7.1 DSELP ONLY**

- A. The maximum DSELP loan amount may change from time to time – the current limit is posted on the DSELP Fact Sheet on the MMP website at: [http://www.mmprogram.org/dselp\\_factsheet.html](http://www.mmprogram.org/dselp_factsheet.html).
- B. Loan amounts to be rounded down to the nearest \$50.00 and are not to include cents.

#### **7.2 PARTNER MATCH PROGRAMS**

- A. House Keys For Employees (HK4E) partners must be listed on the approved “List of Participating Employers”
- B. Builder/Developer Incentive Program (BDIP) partners must be listed on the approved “List of Participating Builder/Developer”
- C. Community Partner Incentive Program (CPIP) partners must be listed on the approved “List of Community Partners”

#### **7.3 MAXIMUM LOAN AMOUNT FOR PARTNER MATCH PROGRAMS**

- A. When using one partner or a combination of partners (HK4E/BDIP/CPIP) the maximum match from CDA is \$2,500 (excluding State of Maryland employees)
- B. Smart Keys 4 Employees (SK4E) Program
  - a. SK4E is a “Smart Growth” enhancement to the House Keys 4 Employees (HK4E) Program that allows borrowers to receive an additional \$1,000 match.
  - b. Eligible borrowers must meet all of the below criteria for SK4E program:
    - 1. Borrower’s current employer is listed on the approved HK4E lists (<http://www.mmprogram.org/hk4eParticipating.aspx>)
    - 2. Borrower’s approved HK4E employer signs the HK4E Verification of Partner Contribution
    - 3. Borrower’s new residence must be located in a Priority Funding Area (PFA) AND
    - 4. Subject property is within 10 miles of borrower’s place of employment **OR** within the boundaries of the local jurisdiction
- C. A State of Maryland employee can receive \$1,250 from the State of Maryland as the employer + \$1,250 HK4E Program match for a total HK4E loan of \$2,500. Eligible borrowers can receive an additional \$1,000 from the SK4E Program with supporting documentation for a total maximum loan amount of \$3,500.
- D. Total combination funds for the State of Maryland employer’s partner contribution \$1,250 + CDA match for HK4E \$1,250 + eligible SK4E match \$1,000 are reserved in Lender-on Line (LOL).

State of Maryland employers EXCLUDED from this program include the University of Maryland System

#### 7.4 BASE REALIGNMENT AND CLOSURE (BRAC) MATCH PROGRAM

##### A. BRAC Eligibility

1. Eligible federal agency employees presents a copy of their relocation orders, such as Permanent Change of Station Orders- DD Form 1614
2. Relocating employees that do not have Permanent Change of Station orders, other official forms documenting both their employer's relocation to Maryland from another state and the employee's entitlement to relocation costs or expenses will also be accepted.
3. Defense contractor employees must provide a letter from their employer, stating that the employee's move is due to the 2005 BRAC decisions or the relocation of other federal defense agency activities to Maryland. The letter must describe the type of relocation or home buying assistance the employee is entitled to receive from their employer as a result of this move. The employee then provides the "Contractor's Letter" to the Maryland Mortgage Program lender to show their eligibility for the BRAC Match.

##### B. BRAC Match amount is up to \$2,500

1. Loan amounts to be rounded down to the nearest \$50.00 and are not to include cents.

##### C. BRAC match can be used in conjunction with DSELP and/or Partner Match Programs.

7.5 DSELP/PARTNER MATCH PROGRAM REQUIRED DOCUMENTATION

Program/Programs:	Documentation	Required	Pre-Closing Document	Post Closing Document
DSELP/Partner/BRAC Match program(s)	Borrower's Application and Affidavit	YES	<input checked="" type="checkbox"/>	
DSELP/Partner/BRAC Match program(s)	Good Faith Estimate and/or preliminary HUD 1 settlement sheet	YES	<input checked="" type="checkbox"/>	
HK4E, BDIP and/or CPIP	HK4E/BDIP/CPIP – Verification of Partnership Contribution Form <b>(HK4E State of Maryland Employers ONLY: Copy of borrower State of Maryland Paystub in lieu of HK4E Verification of Partnership Contribution Form</b>	YES	<input checked="" type="checkbox"/>	
SK4E Program	<ul style="list-style-type: none"> <li>▪ Priority Funding Area (PFA) printout</li> <li>▪ Copy of driving directions (ex.MapQuest) OR documentation that new residence is in same jurisdiction (county) as place of employment</li> </ul>	YES	<input checked="" type="checkbox"/>	
BRAC Program	BRAC Eligibility Documentation	YES	<input checked="" type="checkbox"/>	
DSELP/ Partner/BRAC Match program(s )	DSELP/Partner/BRAC Match Program Closing Instructions	YES	<input checked="" type="checkbox"/>	
DSELP/ Partner/BRAC Match program(s )	DSELP/Partner/BRAC Match Program Commitment Letter	YES	<input checked="" type="checkbox"/>	
DSELP/ Partner/BRAC Match program(s )	DSELP/Partner/BRAC Match Program Note	YES		<input checked="" type="checkbox"/>
DSELP/ Partner/BRAC Match program(s )	DSELP/Partner/BRAC Match Program DOT	YES		<input checked="" type="checkbox"/>

## **SECTION 8    LOAN TERMS AND CONDITIONS**

### 8.1    MORTGAGE TERM

The DSELP/Partner Match Program mortgage is deferred and is due at the earlier of maturity or prepayment of the first mortgage, sale or transfer of the property or default under the DSELP/Partner Match Program loan.

8.2    INTEREST RATE        The interest rate is currently 0% per annum.

### 8.3    ASSUMPTION

A DSELP loan may not be assumed unless the property is transferred to a spouse, divorced spouse or child who resides in the mortgaged property or the transfer is otherwise in accordance with federal law and the written pre-approval of the insurer or guarantor of the first mortgage and the Division of Credit Assurance is obtained. Send request to:

Department of Housing and Community Development  
Division of Credit Assurance  
Single Family, Room 3.531  
100 Community Place  
Crownsville, Maryland 21032-2023

## **SECTION 9    LOAN CLOSING**

9.1    FEES                      No fee may be paid to lender over and above the fees charged on the first mortgage loan.