



MARYLAND MORTGAGE

Making Homeownership Affordable

Information Kit



MARYLAND MORTGAGE

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The information provided is accurate as of the date of printing. However, some information is subject to change, and borrowers should talk to a Maryland Mortgage Program approved lender before making decisions based on the document.

UPDATED 050420

What is the Maryland Mortgage Program?

The Maryland Mortgage Program (MMP) provides 30-year fixed-rate home loans to eligible homebuyers purchasing in Maryland. Loan terms are competitive with other home loan products on the market, but what makes MMP unique is the range of associated financial incentives and other assistance that, for many homebuyers, means the difference between being able to purchase and continuing to rent.



Who Administers the Maryland Mortgage Program?

The Maryland Mortgage Program is provided by the Maryland Department of Housing and Community Development (DHCD). The agency's Division of Development Finance, also known as the Community Development Administration (CDA), is the state's Housing Finance Agency, a state-chartered authority that helps meet the affordable housing needs of the residents of Maryland.

@MarylandMMP



mmp.Maryland.gov

Program Terms & Definitions

A First Time Homebuyer

- Hasn't owned a home ANYWHERE in the last three years; or
- Is purchasing in a Targeted Area; or
- Is a veteran using their exemption or the first time

This is not the same definition used for determining recording tax!

Homebuyers using the First Time Advantage product line or getting a Mortgage Credit Certificate (MCC) must be first-time homebuyers. Even if the borrower does not have to be a first-time homebuyer, they still may not own a residence at the time of closing. Property must be "Owner Occupied" and may not be an investment property, second home or have non-occupant co-signers.

Debt-to-Income Ratio (DTI)

DTI ratio is calculated by dividing monthly debt payments by monthly gross income. The ratio is expressed as a percentage, and lenders use it to determine how well a borrower manages monthly debts - and if the loan is affordable.

The maximum DTI for Maryland Mortgage Program loans is 50% for Conventional loans, and 45% for most other loans, although some specific loan products have a more restrictive limit. The lender can check this specifically for each product on the individual fact sheets. There are no exceptions to the established DTI limit.

Rates/Reservations/ Locking a Loan

Rates are posted on the website here:

mmp.Maryland.gov/interestrates

They change to reflect the market; this can be daily or even more often. When the lender completes the reservation in the Maryland Mortgage Program Lender Online system, the rate is committed. The loan must be purchased by the master servicer within 105 days or the reservation will be canceled. If a reservation gets canceled, the borrower must wait six months before using the program.

Income, Loan and Purchase Limits (vary by county)

- Household income limit depends on size of household (includes everyone over 18).
- Liquid assets are limited to less than 20% of the purchase price (401K doesn't count).

Income, loan and purchase limits are on the website here: mmp.Maryland.gov/income

Credit Score (FICO)

Minimum middle credit score of 640 (some products have higher minimums).

Lenders

Maryland Mortgage Program loans must be done through an approved MMP lender; there are more than 100 lenders. Many (but not all) of them also offer the Maryland HomeCredit (mortgage credit certificates, see pg. 3).

Lender information is posted on our website here: mmp.Maryland.gov/findlender



Homebuyer Education (HBE)

All borrowers using a Maryland Mortgage Program loan must take homebuyer education prior to loan approval. Since home purchase is a significant financial decision, homebuyers are encouraged to take a class prior to signing a contract. Classes can be any class approved by HUD, FannieMae or Freddie Mac, either online or in-person, as long as it meets the requirements of the master servicer and insurer.

If other sources of assistance are being used, HBE must also meet the requirements of that funding source.

HBE information can be found here:

[mmp.Maryland.gov/
classes](http://mmp.Maryland.gov/classes)



Product Line

The Maryland Mortgage Program has a dual track product line which includes the 1st Time Advantage loan products and the Flex products. We also offer some specialty loans for specific types of borrowers as well as mortgage enhancements. See the table below:

MMP 1ST TIME ADVANTAGE <i>Must be FIRST-TIME homebuyer</i>	MMP FLEX <i>Can be REPEAT or FIRST-TIME homebuyer</i>
1st Time Advantage Direct <i>No MMP DPA</i>	Flex Direct <i>No MMP DPA</i>
1st Time Advantage 5000 <i>Comes with a \$5,000 DPA Loan. May utilize Partner Match if applicable.</i>	Flex 5000 <i>Comes with a \$5,000 DPA Loan May utilize Partner Match if applicable</i>
1st Time Advantage 3% Loan <i>Comes with a DPA loan equal to 3% of the first mortgage</i>	Flex 3% Loan <i>Comes with a DPA Loan equal to 3% of the first mortgage</i>
	Flex 3% Grant <i>Comes with a DPA grant equal to 3% of the first mortgage</i>
	Flex 4% Grant <i>Comes with a DPA grant equal to 4% of the first mortgage</i>
SPECIALTY PRODUCTS	
Maryland SmartBuy <i>For first-time homebuyers with student debt. Conventional only; manual underwriting.</i>	Montgomery Homeownership Program <i>For first-time or repeat homebuyers, includes a DPA loan up to 40% of household income (maximum \$25,000). Subject to funding availability.</i>
Maryland HomeAbility <i>For First-time homebuyers with disabilities; special income limits apply. Subject to funding availability.</i>	Conventional Refinance Program <i>MCC may be re-issued, but no new MCCs</i>
FIRST MORTGAGE ENHANCEMENTS	
Mortgage Credit Certificates <i>N/A with MMP 1st Time Advantage line. MCCs layered with other products must meet first-time homebuyer requirements.</i>	

For more information, talk to an approved Maryland Mortgage Program lender or review the product descriptions and fact sheets on our website: mmp.Maryland.gov/Programs

Other Assistance Options

Partner Match Program

We have employers, builders, and community organizations who have signed up to partner with MMP to help Maryland homebuyers using the 1st Time Advantage 5000 or the Flex 5000 loan product. Both products come with \$5,000 in a zero percent deferred second loan to help with down payment and closing costs, and partner assistance can be matched up to \$2,500.

For more information, mmp.Maryland.gov/Partnermatch

Maryland HomeCredit Program

The Maryland HomeCredit Program provides eligible homebuyers with a federal tax credit that may be claimed annually, the value of which is equal to 25% of the value of mortgage interest payments (up to \$2,000) paid each year, for the life of the loan (i.e. until payoff, sale, refinance or transfer). A Maryland HomeCredit can save a homeowner tens of thousands of dollars over the life of a home loan, and makes owning a home even more affordable. For more information, mmp.Maryland.gov/MDHomeCredit

Maryland Smartbuy Program

Maryland SmartBuy helps homebuyers with qualifying student debt purchase a home. The program works by paying off student debt during the purchase of your home through special Maryland Mortgage Program financing and rolling it into a five-year forgivable loan.

For more information,

mmp.Maryland.gov/SmartBuy



For
referral to a
top loan officer, visit:

mmp.Maryland.gov/Ready

and click on
GET STARTED!

Realtor Information

Utilizing the services of an experienced real estate professional can help borrowers with the homebuying process. Maryland REALTORS® (mdrealtor.org) provides training to licensed real estate agents in Maryland focusing on first time homebuyer programs, especially the Maryland Mortgage Program. Upon completion of this training, agents receive their Housing Opportunity Certification (HOC), and this means that they can provide homebuyers with up-to-date and useful guidance on using the Maryland Mortgage Program. You can locate agents in your area that have achieved this certification by visiting Maryland REALTORS®'s homebuyer website at marylandhomeownership.com, clicking on First Time Home Buyers, and selecting Find a REALTOR.



Program Questions?

Want to set up free training for your office?

SingleFamilyHousing.dhcd@maryland.gov

Additional Resources:

[mmp.maryland.gov/
Marketing-Tools](http://mmp.maryland.gov/Marketing-Tools)

REALTOR FAQ:

- Household income limit depends on the size of the household (includes everyone over 18) and where the property is being purchased; see mmp.Maryland.gov/income
- Property must be "Owner Occupied" and may not be an investment property, second home or have non-occupant co-signers.
- Homebuyer Education is required prior to closing.
- Minimum middle credit score of 640 (some products have higher minimums).
- Debt-to-income (DTI) ratio cannot exceed 50% for Conventional loans and 45% for other loans--no exceptions.
- Liquid assets are limited to less than 20% of the purchase price (401K doesn't count).
- New home construction (newer than one year) must be located in a Priority Funding Area Mobile homes do not qualify and condominiums must be approved by the insurer (FHA/FNMA).
- Priority Funding Areas and Targeted Areas can be confirmed by using our online interactive mapping tool: mmp.Maryland.gov/maps
- MMP follows the FNMA "no-flip" policy



Loan Product Calculator

The Maryland Mortgage Program Loan Product Calculator can help you identify which of the dual track product line is the best fit based on very basic criteria. Additional factors will be reviewed by the lender before a homebuyer can be qualified for a loan. The estimated monthly payments are for principal and interest only (based on current MMP interest rates, which are locked at the time of reservation), and do not include taxes, insurance, or any escrows; a more complete estimate is provided by the lender. The calculator does not identify eligibility for mortgage credit certificates, which must be determined separately by a lender approved to offer the Maryland HomeCredit Program.

*The calculator is available online,
mmp.maryland/calculator*

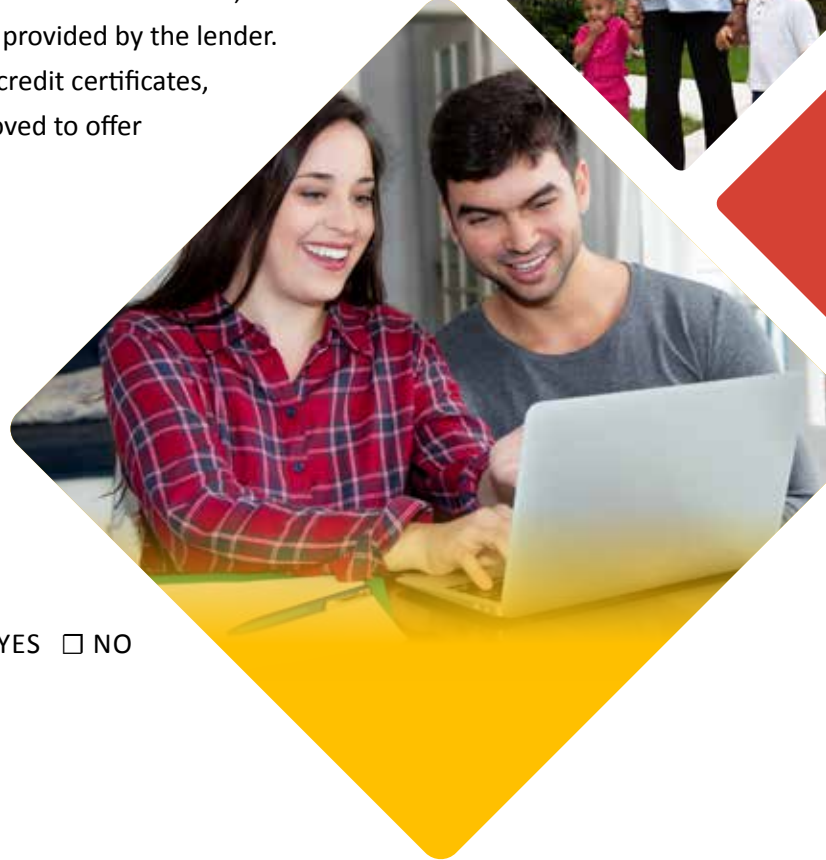
Loan Product Calculator Worksheet

To prepare for using the calculator, you can use this worksheet to gather the necessary information:

1. Are you a first-time homebuyer? YES NO
(see page 1 of this kit for the definition of "first-time homebuyer")
2. Is this house going to be your primary residence? YES NO
3. Do you have student debt? YES NO
4. Total household income (everyone over 18)?
5. Household size?
6. What is the purchase price of the property you plan to buy?
7. How much will you have for down payment?
8. What is the location of the property? (county or Baltimore City)

The Maryland Mortgage Program website also has a calculator for estimating the benefit of the Maryland HomeCredit (mortgage credit certificate).

- Go to the Maryland HomeCredit page: mmp.Maryland.gov/MDHomeCredit
- Enter the first mortgage interest rate, first mortgage amount, and the date of the first mortgage payment.
- The calculator will estimate the savings for the life of the 30-year mortgage.



RETURN ADDRESS

PLACE
POSTAGE
HERE



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**Check
it Out!**