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Maryland

**Department of
Housing and
Community
Development**

100 Community Place
Crownsville MD 21032-2023

410-514-7530

800-638-7781

Maryland Relay for the Deaf:

800-735-2258

www.mmprogram.org

MARYLAND LENDERS MANUAL

for the

Downpayment and Settlement Expense Loan Program (DSELP)/ Partner Match Program

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>
1	<u>ELIGIBILITY REQUIREMENTS</u>	
1.1	Eligible Lenders	1
1.2	Eligible Settlement Expenses.....	1
1.3	Eligible First Mortgages.....	1
1.4	General Borrower Eligibility.....	1
1.5	Ownership of Residential Property.....	1
1.6	Income Limits.....	1
1.7	Property Requirements.....	2
2	<u>DSELP ONLY/PARTNER MATCH PROGRAM REQUIREMENTS</u>	
2.1	Maximum Loan Amount for DSELP Only.....	2
2.2	Partner Match Programs.....	2
2.3	Maximum Loan Amount for Partner Match Programs.....	2
2.4	Required Documentation by Program	3
3	<u>LOAN TERMS AND CONDITIONS</u>	
3.1	Mortgage Term.....	4
3.2	Interest Rate.....	4
3.3	Maximum Loan Amount.....	4
3.4	Lien Position.....	4
3.5	Title Insurance.....	4
3.6	Assumption.....	5
4	<u>LOAN PROCESSING</u>	
4.1	Application Requirements.....	5
4.2	Loan Reservation, Deadlines, Loan Approval Process and Appeals.....	5
5	<u>LOAN CLOSING</u>	
5.1	Fees	5
5.2	Type of Title Ownership.....	5
5.3	Closing.....	5
6	<u>POST CLOSING PROCEDURES</u>	
6.1	Post Closing Compliance and Purchase Submission.....	6
6.2	Final Document Submission.....	6
7	<u>LOAN SERVICING</u>	
7.1	Loan Servicing.....	6
7.2	DSELP/Partner Match Program Subordination Policy.....	6

THE FOLLOWING DSELP/PARTNER MATCH PROGRAM ATTACHMENTS ARE LOCATED ON THE WEBSITE AT: <http://www.mmprogram.org/just4Lenders.aspx>

- A. BORROWER'S APPLICATION AND AFFIDAVIT
- B. DEED OF TRUST
- C. DEED OF TRUST NOTE
- D. ELECTRONIC FUNDS TRANSFER REQUEST AUTHORIZATION
- E. REQUEST FOR REIMBURSEMENT

PLEASE NOTE: requests for reservations of DSELP funds will be inputted 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 who are eligible to participate in the Downpayment and Settlement Expense Loan Program (DSELP)/Partner Match Program must:

- A. Be a CDA participating lender with approval to originate CDA loans; and
- B. Comply with DSELP/Partner Match Program requirements.

1.2 ELIGIBLE SETTLEMENT EXPENSES

A. The DSELP/Partner Match Program loan 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.

1.3 ELIGIBLE FIRST MORTGAGES

First mortgages behind which the DSELP/Partner Match Program loan is placed must be a CDA loan and originated under the guidelines described in the Lender's Manual for the Maryland Mortgage Program (MMP Lender's Manual).

1.4 GENERAL BORROWER ELIGIBILITY

Borrowers must meet eligibility guidelines described in the MMP Lender's Manual.

1.5 OWNERSHIP OF RESIDENTIAL REAL PROPERTY

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

1.6 INCOME LIMITS

A. The DSELP/Partner Match Program maximum annual household incomes are the same as the Maryland Mortgage Program (MMP) limits, and may be changed from time to time.

- B. The income limits by household size and jurisdiction are listed on the MMP website at: <http://www.mmprogram.org/incomes.aspx>.
- C. Follow the income calculations described in the MMP Lender's Manual for determining a borrower's eligibility under the Income Limits.

1.7 PROPERTY REQUIREMENTS

- A. Eligible Residence
Follow the guidelines described in the MMP Lender's Manual.
- B. Maximum Acquisition Costs
 - 1. The DSELP maximum acquisition costs are the same as the MMP limits, and may change from time to time.
 - 2. The maximum acquisition costs are listed on the MMP website at: <http://www.mmprogram.org/incomes.aspx>.

SECTION 2 DSELP/PARTNER MATCH PROGRAM REQUIREMENTS

2.1 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/dsefp_factsheet.html.
- B. Loan amounts to be rounded down to the nearest \$50.00 and are not to include cents.

2.2 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"

2.3 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 \$5,000 (excluding State of Maryland employees)
- B. Eligibility for SK4E:
 - 1. Borrower's new residence must be located in a Priority Funding Area (PFA)
 - 2. Borrower's new residence is located:
 - i. No more than 10 miles one-way distance to place of employment
 - OR
 - ii. In the same jurisdiction (county) as the place of employment
- C. A State of Maryland employee can receive \$2,500 from the State of Maryland as the employer + \$2,500 HK4E Program match for a total HK4E loan of \$5,000. Eligible borrowers can receive an additional \$2,500 from the SK4E Program with supporting documentation for a total maximum loan amount of \$7,500.

- D. Total combination funds for the State of Maryland employer's partner contribution \$2,500 + CDA match for HK4E \$2,500 + eligible SK4E match \$2,500 are reserved in Lender-on Line (LOL).

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

2.4 DSELP/PARTNER MATCH PROGRAM REQUIRED DOCUMENTATION

Program: DSELP ONLY	Documentation	Required	Pre-Closing Document	Post Closing Document
DSELP ONLY	Borrower's Application and Affidavit	YES	<input checked="" type="checkbox"/>	
DSELP ONLY	Good Faith Estimate and/or preliminary HUD 1 settlement sheet	YES	<input checked="" type="checkbox"/>	
DSELP ONLY	DSEL/Partnership Match Program Closing Instructions	YES	<input checked="" type="checkbox"/>	
DSELP ONLY	DSEL/Partnership Match Program Commitment Letter	YES	<input checked="" type="checkbox"/>	
DSELP ONLY	DSELP/Partnership Match Program Note	YES		<input checked="" type="checkbox"/>
DSELP ONLY	DSELP/Partnership Match Program DOT	YES		<input checked="" type="checkbox"/>

Programs: HK4E, BDIP and/or CPIP	Documentation	Required	Pre-Closing Document	Post Closing Document
HK4E, BDIP and/or CPIP	Borrower's Application and Affidavit	YES	<input checked="" type="checkbox"/>	
HK4E, BDIP and/or CPIP	HK4E/BDIP/CPIP – Verification of Partnership Contribution Form	YES	<input checked="" type="checkbox"/>	
HK4E, BDIP and/or CPIP	Good Faith Estimate and/or preliminary HUD 1 settlement sheet	YES	<input checked="" type="checkbox"/>	
HK4E, BDIP and/or CPIP	DSEL/Partnership Match Program Commitment Letter	YES	<input checked="" type="checkbox"/>	
HK4E, BDIP and/or CPIP	DSEL/Partnership Match Program Closing Instructions	YES	<input checked="" type="checkbox"/>	
HK4E, BDIP and/or CPIP	DSELP/Partnership Match Program Note	YES		<input checked="" type="checkbox"/>
HK4E, BDIP and/or CPIP	DSELP/Partnership Match Program DOT	YES		<input checked="" type="checkbox"/>

Programs: DSELP Only + HK4E, BDIP, CPIP	Documentation	Required	Pre-Closing Document	Post Closing Document
DSELP Only + HK4E, BDIP, CPIP	Borrower's Application and Affidavit	YES	<input checked="" type="checkbox"/>	
DSELP Only + HK4E, BDIP, CPIP	HK4E/BDIP/CP/IP – Verification of Partnership Contribution Form (HK4E State of Maryland Employers ONLY :Copy of borrower State of Maryland Paystub in lieu of HK4E Verification of Partnership Contribution Form)	YES	<input checked="" type="checkbox"/>	
DSELP Only + HK4E, BDIP, CPIP	Good Faith Estimate and/or preliminary HUD 1 settlement sheet	YES	<input checked="" type="checkbox"/>	
DSELP Only + HK4E, BDIP, CPIP	DSEL/Partnership Match Program Commitment Letter	YES	<input checked="" type="checkbox"/>	
DSELP Only + HK4E, BDIP, CPIP	DSEL/Partnership Match Program Closing Instructions	YES	<input checked="" type="checkbox"/>	
DSELP Only + HK4E, BDIP, CPIP	DSELP/Partnership Match Program Note	YES		<input checked="" type="checkbox"/>
DSELP Only + HK4E, BDIP, CPIP	DSELP/Partnership Match Program DOT	YES		<input checked="" type="checkbox"/>

SECTION 3 LOAN TERMS AND CONDITIONS

3.1 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 MMP first mortgage loan.

3.2 INTEREST RATE

The interest rate is currently 0% per annum.

3.3 LIEN POSITION

The DSELP loan must be a recorded second mortgage lien on the property being financed, unless otherwise approved by the Program in advance of the closing.

3.4 TITLE INSURANCE

Title insurance is not required on the DSELP/Partner Match Program loan.

3.5 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 4 LOAN PROCESSING

4.1 LOAN RESERVATION, DEADLINES, LOAN APPROVAL PROCESS AND APPEALS

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

4.2 COMMITMENT LETTER

The borrower must sign the DSELP commitment letter and the lender must include the original document in the Post-Closing Compliance and Purchase Submission.

SECTION 5 LOAN CLOSING

5.1 FEES

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

5.2 TYPE OF TITLE OWNERSHIP

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

5.3 CLOSING

- A. The Program will e-mail the DSELP/Partner Match Program commitment letter and closing instructions to the lender
- B. After the MMP and DSELP/Partner Match Program loan receive pre-closing compliance approval by the Program, the lender must fund the DSELP loan with their own funds at the closing. The Program will then reimburse the lender, via an electronic funds transfer (EFT) or check.
- C. The DSELP/Partner Match Program loan may not be closed until closing instructions, loan documents and a settlement check issued by the lender have all been received by the closing agent.
- D. The DSELP/Partner Match Program loan must be closed with the CDA/MMP loan by the CDA/MMP lender, using the Program's forms.
 1. DSELP/Partner Match Program mortgage loans 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, issued by the Program, with the original signature(s) of the borrower(s).
 3. Use the DSELP/Partner Match Program Deed of Trust Note and Deed of Trust on the MMP website or Lender On-line.
- E. The attorney/title company who is the closing agent for the first mortgage loan must also close the DSELP/Partner Match Program mortgage loan.

SECTION 6 POST CLOSING PROCEDURES

6.1 POST CLOSING COMPLIANCE AND PURCHASE SUBMISSION

The following loan documents, in accordance with the timeframe established in the MMP Lender's Manual, are to be fastened on the left-hand side of the MMP Post Closing Compliance and Purchase Package (Attachment L) and submitted to the Program.

- A. DSELP/Partner Match Program commitment letter with the borrower's original signature;
- B. original executed DSELP/Partner Match Program Deed of Trust Note; and
- C. certified true copy of DSELP/Partner Match Program Deed of Trust

6.2 FINAL DOCUMENT SUBMISSION

Submit the original recorded DSELP/Partner Match Program Deed of Trust in the Final Documents Submission (Attachment M).

SECTION 7 LOAN SERVICING

7.1 LOAN SERVICING

- A. Although there are no monthly loan payments under DSELP/Partner Match Program, all DSELP/Partner Match Program loans will be serviced by Bogman, Inc.
- B. Lenders are to submit copies of the DSELP/Partner Match Program closing documents to Bogman, Inc.
- C. Payoff requests should be made through the DSELP/Partner Match Program servicer at the following address/telephone number:

Bogman, Inc.
12301 Old Columbia Pike, Suite 200
Silver Spring MD 20904-1656

Telephone: 240-482-1050
Toll-free: 1-877-482-1051

7.2 DSELP/PARTNER MATCH PROGRAM SUBORDINATION POLICY

Maryland Mortgage Program (MMP) borrowers with DSELP/Partner Match Program loans who wish to refinance their MMP loan, but cannot payoff the DSELP/Partner Match Program loans as required by the Deed of Trust Note signed at the time of the loan closing, may be allowed to have their DSELP/Partner Match Program loan 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 DSELP/Partner Match Program loan;
- B. There must be insufficient equity to pay off the DSELP/Partner Match Program loan in full as evidenced by a current appraisal (within 60 days) and the loan application;
- C. Any unpaid balance of the DSELP/Partner Match Program loan 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 DSELP/Partner Match Program loan may be paid off at any time without a prepayment penalty; and

- D. Only one subordination of the original DSELP/Partner Match Program loan will be permitted.