

Maryland Mortgage Program (MMP)

Product Diversification

Maryland Department of Housing and Community Development
Homeownership: Empowering New Buyers

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Maryland Department of Housing and Community Development

Maryland Mortgage Program (MMP) Product Diversification

Homeownership: Empowering New Buyers

The Maryland Department of Housing and Community Development's Community Development Administration (CDA) has significantly diversified products available through the Maryland Mortgage Program (MMP). By expanding its array of mortgages and down payment assistance, including regional specials and innovative programs like Maryland SmartBuy, the program achieved record-breaking performance, reaching \$1 billion in reservations in 2019.

Background

Stable, invested homeowners are one of the important factors in a community's success and sustainability, and promoting and preserving homeownership is a key facet of the Maryland Department of Housing Community Development's mission. For nearly 40 years, the Maryland Mortgage Program has been the department's flagship homeownership program. Initially the program received a finite annual allocation and provided funding on a first-come, first-served basis until resources were exhausted. The program adapted to become effectively self-sustaining, funded by the proceeds of the department's periodic bond sales, and it began operating continually. Since then, the Maryland Mortgage Program has provided 30-year, fixed-rate home loans to eligible homebuyers purchasing in Maryland.

Maryland Mortgage Program loan terms are competitive with other private mortgage products on the market and provide homebuyers with the added security of a mortgage backed by the State of Maryland. What makes the program 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. This includes tax incentives, partner-matching programs, and down payment and closing cost assistance in the form of both grants and loans. While traditionally designed to serve first-time homebuyers, the program now offers options for repeat or move-up buyers.

In addition to its core of flexible mortgage and down payment assistance combinations, Maryland Mortgage Program growth has been supported by innovative initiatives that promote homeownership in specific demographics and regions. These initiatives include Maryland SmartBuy which enables eligible homebuyers to pay off their student loan debt while purchasing a home with MMP financing and Maryland HomeAbility which provides loans specifically for homebuyers with disabilities. The program routinely partners with local governments for regional initiatives which often provide borrowers with extra incentives and assistance to purchase homes in specific communities.

As its products have expanded, the Maryland Mortgage Program has also continued to grow its statewide network of participating mortgage lenders and real estate professionals. It has also changed regulations to establish consistent standards and expand access for the program's required homebuyer education. These efforts, combined with a constantly evolving, user-friendly, program website, have enabled potential homebuyers in all parts of Maryland to conveniently learn about and apply for Maryland Mortgage Program assistance.

Maryland Department of Housing and Community Development

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The Maryland Mortgage Program's product diversification and expansion was a significant factor in a recent performance milestone. In Calendar Year 2019, the program reserved approximately 4,300 loans totalling \$1,189,684,291 - the first time annual reservations exceeded \$1 billion. The program's strong performance positively impacted the department's bond issuances and sales and recently led to the first upgrade of the department's housing finance bond rating by Moody's Investors Service - the first such upgrade in 40 years.

Product Examples

Mortgage Loans and Down Payment and Closing Cost Assistance

The Maryland Mortgage Program offers two core loan categories: MMP 1st Time Advantage, designed specifically for first-time homebuyers, and MMP Flex for both first-time buyers and repeat or move-up buyers. Both loan categories offer access to down payment and closing cost assistance loans. The 1st Time advantage products provide an overall lower mortgage interest rate than MMP Flex, but the MMP Flex products provide additional grant options for down payment and closing cost assistance.

Maryland SmartBuy

Maryland SmartBuy was developed to increase homeownership among younger buyers, who often have obstacles to purchasing due to student loan debt. Maryland SmartBuy helps homebuyers pay off their student loan debt while purchasing a home through special Maryland Mortgage Program financing. Maryland SmartBuy financing provides up to 15% of the home purchase price for the borrower to pay off their outstanding student debt with a maximum payoff of \$40,000. The full student debt must be paid off at the time of the home purchase, and homebuyers must meet all normal eligibility and credit requirements for the Maryland Mortgage program. From Fiscal Years 2017-2019, Maryland SmartBuy has provided more than 200 mortgage loans totalling nearly \$43.2 million, enabling homebuyers to retire almost \$7.7 million in student loan debt.

Maryland HomeAbility

An expanded replacement of the department's previous Homeownership for Individuals with Disabilities Program, Maryland HomeAbility is designed to assist Maryland homebuyers with disabilities finance their home purchase. It provides an 80% Loan To Value first lien and up to 25% in a second lien to assist with down payment and closing costs in the form of a 0% interest deferred loan.

Regional Specials

The Maryland Mortgage Program routinely partners with local governments on specific homeownership initiatives. These initiatives may include lower interest rates for a period of time or increased down payment and closing cost assistance for homes purchased in a specific community or region. A recent

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partnership with Montgomery County provided up to \$25,000 in combined state and county down payment and closing cost assistance for homes purchased in the county.

Partner Match Initiatives

In addition to regional specials, the Maryland Mortgage Program has established ongoing partnerships with employers, home builders, real estate developers, local governments, and community organizations. These groups often offer grants, loans, and other helpful assistance to homebuyers. Through the partner match initiatives, homebuyers receiving financial assistance from one or more of partner organizations can receive matching funds through the Maryland Mortgage Program up to \$2,500, providing homebuyers with additional help for down payment and closing costs

Measurable Results

Maryland Mortgage Program - Purchased Loans By Fiscal Year			
FY	Avg. Down Payment	Loans	Loan Amount
2011	\$ 5,617	1,059	\$ 187,125,146
2012	\$ 5,433	1,375	\$ 241,936,857
2013	\$ 5,750	1,447	\$ 254,986,053
2014	\$ 5,834	1,429	\$ 258,391,984
2015	\$ 6,078	2,296	\$ 437,265,485
2016	\$ 5,590	3,378	\$ 653,560,177
2017	\$ 5,273	2,101	\$ 404,589,472
2018	\$ 6,970	1,840	\$ 377,888,414
2019	\$ 7,068	2,453	\$ 545,111,497
2020*	\$ 7,344	4,719	\$ 1,128,089,184

*As of June 26, 2020

Attachments Provided

- Attachment A- [Interest Rate Sheet](#)
- Attachment B- [Press Release: Hogan Administration Celebrates Anniversary of SmartBuy 2.0](#)
- Attachment C- [Press Release: Governor Hogan Announces Record Milestone of \\$1 Billion in Mortgages Through Maryland Mortgage Program in 2019](#)
- Attachment D- [Press Release: Hogan Administration Announces First State Housing Finance Bond Rating Upgrade in 40 Years](#)



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Maryland Mortgage Program

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Products and Interest Rates

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 06/30/2020.

MMP 1st Time Advantage

Must be **FIRST-TIME** homebuyers

1st Time Advantage Direct

No MMP DPA

FNMA Conv	3.250%
FHLMC Conv	3.250%
Government	2.875%
FHA Credit 640	2.875%

1st Time Advantage 5000

Comes with a \$5,000 DPA loan

May utilize Partner Match if applicable

FNMA Conv	3.750%
FHLMC Conv	3.750%
Government	3.625%
FHA Credit 640	3.625%

1st Time Advantage 3% Loan

Comes with a DPA loan equal to 3% of the first mortgage

FNMA Conv	3.875%
FHLMC Conv	3.875%
Government	3.625%
FHA Credit 640	3.625%

MMP Flex

Can be **REPEAT** or **FIRST-TIME** homebuyers

Flex Direct

No MMP DPA

FNMA Conv	3.375%
FHLMC Conv	3.375%
Government	3.000%
FHA Credit 640	3.000%

Flex 5000

Comes with a \$5,000 DPA loan

May utilize Partner Match if applicable

FNMA Conv	3.875%
FHLMC Conv	3.875%
Government	3.750%
FHA Credit 640	3.750%

Flex 3% Loan

Comes with a DPA loan equal to 3% of the first mortgage.

FNMA Conv	3.875%
FHLMC Conv	3.875%
Government	3.750%
FHA Credit 640	3.750%

Flex 3% Grant

Comes with a DPA grant equal to 3% of the first mortgage

FNMA Conv	4.625%
FHLMC Conv	4.625%
Government	4.125%
FHA Credit 640	4.125%

Flex 4% Grant

Comes with a DPA grant equal to 4% of the first mortgage.

FNMA Conv	5.125%
FHLMC Conv	5.125%
Government	4.625%
FHA Credit 640	4.625%

Specialty Products

First mortgage products with additional benefits for homebuyers who meet certain criteria

Maryland SmartBuy

For first-time homebuyers with student debt. Conventional only; manual underwriting.

Maryland SmartBuy Program (Conventional) 3.875%

Maryland SmartBuy 2.0 - Conventional 3.875%

Maryland HomeAbility

There are no items to show in this view of the "Current Interest Rates" list.

Conventional Refinance Program

97% LTV

Conventional Refinance Program (97% LTV) 3.875%

First Mortgage Enhancements

Additional incentives that can be layered on top of certain programs to increase homeownership affordability

Mortgage Credit Certificates


Not available with 1st Time Advantage line. Mortgage Credit Certificates can be layered with Flex products, but then borrower must meet 1st Time Advantage requirements including being a first-time homebuyer.

Disclaimer: The terms and conditions are subject to change until the lender locks the loan in Lender Online. A potential borrower should contact an approved lender for further loan information (see mmp.maryland.gov for a list of approved lenders). In connection with the Maryland Mortgage Program, the Maryland Department of Housing & Community Development makes no promises, representations or warranties to any party, including any borrower, about the actual benefit a Maryland Mortgage loan might provide in specific situations. Each borrower's situation is different, and potential borrowers should seek the advice of a financial advisor, attorney or housing counselor before entering into any loan transaction.

The Annual Percentage Rates (APR)

The above rates are subject to change, daily or more frequently. Please contact a participating lender for further details on the APR.

Conventional rates cover conventional insured and uninsured loans;

The  Annual Percentage Rates (APRs) quoted on the linked page represent a typical 30-year fixed rate conventional insured loan on a \$200,000 home with the required 3% minimum down payment. The APRs are based on the total amount of interest calculated at the interest rate over the life of the loan, plus Prepaid Finance Charges and the total amount of any required mortgage insurance charges over the life of the loan. Mortgage insurance charges are based on an annualized rate for mortgage insurance of .85% which is consistent with an HFA preferred rate for a loan at a 97% LTV. Prepaid Finance Charges include items paid at or before settlement, as permitted by regulation and law, such as loan origination fees, commitment or discount fees (points), and adjusted interest. **This is only an example and the APR may vary from lender to lender** depending on the particular circumstances including loan amount, down payment and final transaction costs. The APR for a conventional uninsured loan (less than or equal to 80% LTV) will be different than the APR for a conventional insured loan. VA APR quoted represent a typical 30-year fixed rate VA-guaranteed loan on a \$200,000 home with no down payment plus a financed 2.15% VA funding fee. FHA APR calculation includes 3.5% down payment on a \$200,000 sales price. UFMIP remains at 1.75% and Annual Renewal premiums are .85%. Annual renewals remain in place for the full term of the loan.

Lenders and other mortgage professionals can subscribe to receive the Maryland Mortgage Program Interest Rate Sheet using the signup button below. You may unsubscribe at any time using the "Safe Unsubscribe" link in any received email.

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Hogan Administration Celebrates Anniversary of SmartBuy 2.0

Over \$6 Million in Student Debt Eliminated Through Program

ANNAPOLIS, MD—The Hogan administration today celebrated the one-year anniversary of the launch of the [Maryland SmartBuy 2.0](#) initiative. Managed by the Maryland Department of Housing and Community Development (DHCD), this nationally recognized homeownership program enables prospective homebuyers to eliminate up to \$40,000 in student loan debt while purchasing an eligible home through the Maryland Mortgage Program. After a successful pilot of Maryland SmartBuy in 2016, Governor Larry Hogan [announced an extension](#) of the initiative in July 2018, greatly expanding the number of homes eligible under the program.

“In Maryland, nearly 60 percent of all of our college students are graduating with thousands of dollars in student debt. This financial burden prevents many young Marylanders from achieving financial security and is a roadblock to homeownership and saving for retirement,” said Governor Hogan. “Today, our administration is proud to celebrate a very successful inaugural year of Maryland SmartBuy 2.0, through which Maryland homebuyers have eliminated millions of dollars in student debt while settling down right here in our great state.”

To support Maryland SmartBuy 2.0, Governor Hogan provided \$3 million for the program in his Fiscal Year 2019 budget. **Due to demand, DHCD provided an additional \$3 million in bridge funding through the Down Payment and Settlement Assistance Program, eliminating a total of \$6 million in student debt, an average of \$28,000 per participant.** For Fiscal Year 2020, Governor Hogan has doubled the program's original funding to \$6 million.

In addition to this critical initiative, Governor Hogan introduced the Student Debt Relief Act for both the 2018 and 2019 legislative sessions. This legislation would have allowed Marylanders to deduct 100 percent of the interest paid on their student loans from their income tax return and would have expanded the Maryland Community College Promise Scholarship Program to include four-year Maryland public institutions. The legislature failed both times to act on these proposals.

"Maryland SmartBuy is the first program of its kind in the nation designed to address the decline in homeownership rates among younger, millennial Marylanders," said Maryland Department of Housing and Community Development Secretary Kenneth C. Holt. "The program was an immediate success, quickly becoming a national model for similar programs, and, under Governor Hogan's leadership, we have continued to expand and adapt this innovative initiative to empower more Maryland homebuyers to erase their student debt while securing their piece of the American dream of homeownership."

Maryland SmartBuy's mortgage loans are provided through DHCD's Maryland Mortgage Program, the state's flagship homeownership assistance program for nearly 40 years. Traditionally, the program provides fixed-term mortgages, primarily to first-time homebuyers, along with down payment and closing cost incentives.

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Governor Hogan Announces Record Milestone of \$1 Billion in Mortgages Through Maryland Mortgage Program in 2019

New High for State's Flagship Homeownership Program

ANNAPOLIS, MD—Governor Larry Hogan today announced that the Maryland Department of Housing and Community Development's Maryland Mortgage Program reached a record \$1 billion in reservations for the program in 2019, representing more than 4,000 homebuyers. This is a 12-month period high for the history of the program. The Maryland Mortgage Program provides fixed-rate mortgages that come with downpayment and closing cost assistance, tax incentives, and student debt relief available through the popular Maryland SmartBuy initiative.

"Homeownership is the backbone of strong communities," said Governor Hogan. "Our administration has been focused on growing this program to ensure more young people and hardworking families are able to put down roots in the great state of Maryland."

The Maryland Mortgage Program's attractive interest rates have helped drive demand for this record-breaking year. Additional factors for this success include product changes, improvements to operations, and an aggressive marketing strategy, including the rollout of program-specific [Facebook](#), [Twitter](#) and [Instagram](#) accounts. The program's business development team has helped grow the program from 80 participating lenders last year to 118 lenders that borrowers can now choose from. A partnership with the state association, Maryland REALTORS, as well as local associations statewide has resulted in a greater awareness of the program among homebuyers.


"We have dramatically increased production, meaning more residents are using these great benefits to secure a future here in Maryland," said Secretary Kenneth C. Holt. "The majority of the Maryland Mortgage Program's resources come from the sale of bonds, not the state's budget, so this highly successful program is funded and managed with virtually no cost to Maryland's taxpayers."

Secretary Holt marked the milestone at the department's annual event honoring its top-performing partners in Annapolis. The program recognized top-producing lenders and loan officers, as well as the top individual real estate agent and companies. For a list of award winners and photos from the event visit [here](#).

The Maryland Mortgage Program has been the state's flagship homeownership program for more than 35 years. Under the Hogan administration, the Maryland Mortgage Program has provided over \$2.8 billion in mortgages to more than 13,000 Marylanders and eliminated more than \$11 million in student debt for first-time homebuyers. For more information, visit <http://mmp.maryland.gov>.

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Hogan Administration Announces First State Housing Finance Bond Rating Upgrade in 40 Years

February 19, 2020

Hogan Administration Announces First State Housing Finance Bond Rating Upgrade in 40 Years

ANNAPOLIS, MD (February 19, 2020) – The Maryland Department of Housing and Community Development today announced that Moody's Investors Service, a major credit rating agency, has upgraded the Maryland Community Development Administration's Residential Revenue Bond Program. The upgrade took place in connection with the \$130.75 million 2020 Series A (Non-AMT) and \$9.25 million 2020 Series B (AMT) bond issuance.

"This upgrade demonstrates our commitment to solid fiscal management amid an unprecedented growth in our affordable homeownership program," Governor Larry Hogan said. "Thanks to the hard work of our team at the Department of Housing and Community Development, we have one of the most effectively managed bond programs in the nation."

The upgrade by Moody's Investor Service to an Aa1 rating with Stable Outlook from an Aa2 rating is based upon the robust pace of first-time homebuyer loan originations over the last several years, and the expectation that increased bond issuance in 2020 will be used to purchase mortgage-backed securities, thereby reducing the portfolio's overall exposure to whole loans and reducing risk within the program.

The rating upgrade comes shortly after the Maryland Department of Housing and Community Development's recent [announcement](#) that the Maryland Mortgage Program has reached \$1 billion in reservations in 2019, representing more than 4,000 homebuyers. The Maryland Mortgage Program provides fixed-rate mortgages that are available with downpayment and closing cost assistance, tax incentives, and the nationally-recognized innovative student debt relief homeownership initiative, Maryland SmartBuy.

"Bond issuances generate critical funding for many of the department's programs, particularly homeownership programs," said Secretary Kenneth C. Holt. "This historic ratings upgrade will make these bond issuances more attractive to investors and potentially expand our resources to provide safe, sustainable mortgages to prospective Maryland homebuyers."

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