



My HOME PROGRAM **GUIDELINES AND PROGRAM MANUAL**

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1. INTRODUCTION

The Prince George's County **My HOME (My HOME)** PROGRAM is funded by the HOME Investment Partnerships Program (HOME), pursuant to 24 CFR Part 92.

The **My HOME** Program provides home purchase assistance to eligible first time homebuyers to purchase owner occupied or vacant residential properties anywhere in Prince George's County. Home purchase assistance includes down payment and/or mortgage principal reduction costs and/or closing costs.

2. APPLICANT ELIGIBILITY

Applications will be accepted with no discrimination as to race, color, religion, creed, national origin, sex, marital status, physical or mental disability or sexual orientation.

Applicants must be first time homebuyers and must not have owned residential real estate, including cooperatives anywhere during the three years immediately preceding the date of the application to the **My Home** program. **(Investors or current owners of residential property are excluded from participation in this program).**

Applicants must be **CREDIT WORTHY** and able to qualify for a first mortgage through a **Participating Lender**,

Applicants must be 18 years of age or older.

Applicants must agree to live in the home being purchased as their principal residence.

Applicants must contribute a minimum amount of cash towards the purchase of the home. Applicants must attend an 8-hour housing counseling class provided by a HUD Certified housing counseling agency and receive a Certificate of Completion.

Applicants obtaining a 203K Streamline loan **must** attend **My HOME** 203K workshop, sponsored by **My HOME** Program.

Applicant must have an eligible ratified Contract of Sale on a residential property located in Prince George's County.

3. CREDIT STANDARDS

The **My HOME** Program does not require a specific credit score. However, the program requires that an application for mortgage assistance be submitted first to a Participating Lender. Therefore applicants must be able to meet all credit requirements or credit score benchmarks required by a Participating Lender to obtain a first mortgage.

Please note that the My HOME Program is not an alternative program for individuals with "adverse credit". Individuals that have been unable to obtain an approval for a mortgage by a Participating Lender or have credit issues, are advised to contact a housing counseling agency to obtain credit counseling. A list of HUD approved counseling agencies is provided in Attachment (IV).

4. DEBT RATIO STANDARDS

A maximum monthly back end Debt to Income Ratio (DTI) of 45% is required for all applicants. **No exceptions will be made to this requirement, which means that an application with a monthly DTI of 45.01% and above will be denied.**

5. LOAN AMOUNT

Under the **My HOME** Program eligible applicants can borrow up to 5% of final sales price to purchase any residential property in Prince George's County. The **My HOME** loan amount may be used for down payment, mortgage principal reduction and/or closing costs.

6. LOAN TERM

The **My HOME** loan term is 10 years.

7. INTEREST RATE

The interest rate of the **My HOME** loan will be 0%. However, in the event of a default, the outstanding balance will accrue an annual interest at a rate of 5.75%.

8. PRIMARY RESIDENCY RESTRICTIONS

The **My HOME** Program does not provide assistance to investors or for the purchase of rental properties or second homes. Therefore the prospective property must be the applicant's primary residence for the entire length of the loan term. At the closing of the **My HOME** loan, the borrower will be required to sign a regulatory agreement and declaration of covenants that will be recorded in the land records of Prince George's County, agreeing to comply with the primary residency requirements.

In addition, the Department of Housing and Community Development will conduct an annual certification and require residency documentation to ensure compliance with this requirement.

9. REPAYMENT REQUIREMENTS

There will be no monthly payment on the **My HOME** loan. The **My HOME** loan will be a deferred payment loan, secured on the property as a second trust, with the balance due upon sale, transfer of the property, if the property ceases to be the primary residence of the borrower or if property doesn't meet **My HOME** guidelines when applying for a streamline refinance (see **My HOME** Subordination policy within these guidelines).

The amount due will be determined by the length of time the purchaser complies with the primary residency restriction. The amount of the **My HOME** loan due or forgiven is based on the following:

Purchaser Remains in Home	Balance Due (As % of Total <i>My HOME</i> Received)
Less than 4 years	100%
At least 4 years but less than 6 years	50%
At least 6 years but less than 10 years	30%
10 or more years	0%

10. HOUSEHOLD INCOME LIMITS AND INCOME DETERMINTION

Household income for qualification of assistance under the *My HOME* Program will be determined by calculating the income of all members of the household 18 years and above, regardless of whether the household member is an applicant for the first mortgage. For example, in the case of a husband and wife where the wife is the loan applicant because of more favorable credit, and the husband is not an applicant, the *My HOME* Program will count the income of both the husband and the wife in the eligibility decision.

Applicants for the *My HOME* Program must have gross annual household incomes at or below 80% of the area median, adjusted for family size (see Table I below).

Table I: *My HOME* Program Income Limits

Household Size	80% Area Median
1	\$59,450
2	\$67,950
3	\$76,450
4	\$84,900
5	\$91,700
6	\$98,500
7	\$105,300
8	\$112,100

Annual household income is defined in 24 CFR 5.609, and is referred to as "[Part 5 annual income](#)." The Part 5 definition of annual income is the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period, and income earned from assets (in general, an asset is cash or a non cash item that can be converted to cash. It is the income earned from the asset - not the value of the asset - that is counted).

To assist in determining if an applicant is eligible, HUD has provided an income calculator, which can be found at <https://webapps1.hud.gov/hfc/calculator>. The Step by Step method must be used to determine eligibility.

WHAT SHOULD I INCLUDE WHEN DETERMINING HOUSEHOLD INCOME

General Category	Explanation
1. Income from wages, salaries, tips, etc.	The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
2. Business Income	The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.
3. Interest & Dividend Income	Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in number 2 (above). Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.
4. Retirement & Insurance Income	The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in number 14 of Income Exclusions).
5. Unemployment & Disability Income	Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay (except as provided in number 3 of Income Exclusions).
6. Welfare Assistance	<p>Welfare Assistance. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income:</p> <ul style="list-style-type: none"> ▶ Qualify as assistance under the TANF program definition at 45 CFR 260.31; and ▶ Are otherwise excluded from the calculation of annual income per 24 CFR 5.609(c). <p>If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:</p> <ul style="list-style-type: none"> ▶ the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus ▶ the maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is reduced from the standard of need by applying a percentage, the amount calculated under 24 CFR 5.609 shall be the amount resulting from one application of the percentage.
7. Alimony, Child Support, & Gift Income	Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling.
8. Armed Forces Income	All regular pay, special day and allowances of a member of the Armed Forces (except as provided in number 7 of Income Exclusions).

WHAT IS EXCLUDED WHEN DETERMINING HOUSEHOLD INCOME

General Category	Explanation
1. Income of Children	Income from employment of children (including foster children) under the age of 18 years.
2. Foster Care Payments	Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone).
3. Inheritance and Insurance Income	Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as provided in number 5 of Income Inclusions).
4. Medical Expense Reimbursements	Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
5. Income of Live-in Aides	Income of a live-in aide (as defined in 24 CFR 5.403).
6. Disabled Persons	Certain increases in income of a disabled member of qualified families residing in HOME-assisted housing or receiving HOME tenant-based rental assistance (24 CFR 5.671(a)).
7. Student Financial Aid	The full amount of student financial assistance paid directly to the student or to the educational institution.
8. Armed Forces Hostile Fire Pay	The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
9. Self-Sufficiency Program Income	<ul style="list-style-type: none"> a. Amounts received under training programs funded by HUD. b. Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS). c. Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program. d. Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time. e. Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program.
10. Gifts	Temporary, nonrecurring, or sporadic income (including gifts).
11. Reparations	Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.
12. Income from Full-time Students	Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household or spouse).
13. Adoption Assistance Payments	Adoption assistance payments in excess of \$480 per adopted child.
14. Social Security & SSI Income	Deferred periodic amounts from SSI and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts.
15. Property Tax Refunds	Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit.

16. Home Care Assistance	Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep this developmentally disabled family member at home.
17. Other Federal Exclusions	<p>Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions of 24 CFR 5.609(c) apply, including:</p> <ul style="list-style-type: none"> ▶ The value of the allotment made under the Food Stamp Act of 1977; ▶ Payments received under the Domestic Volunteer Service Act of 1973 (employment through VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions); ▶ Payments received under the Alaskan Native Claims Settlement Act; ▶ Income derived from the disposition of funds to the Grand River Band of Ottawa Indians; ▶ Income derived from certain sub marginal land of the United States that is held in trust for certain Indian tribes; ▶ Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program; ▶ Payments received under the Maine Indian Claims Settlement Act of 1980 (25 U.S.C. 1721); ▶ The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U.S. Claims Court and the interests of individual Indians in trust or restricted lands, including the first \$2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands; ▶ Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under the Federal work-study program or under the Bureau of Indian Affairs student assistance programs; ▶ Payments received from programs funded under Title V of the Older Americans Act of 1985 (Green Thumb, Senior Aides, Older American Community Service Employment Program); ▶ Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the In Re Agent Orange product liability litigation, M.D.L. No. 381 (E.D.N.Y.); ▶ Earned income tax credit refund payments received on or after January 1, 1991, including advanced earned income credit payments; ▶ The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990; ▶ Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, state job training programs and career intern programs, AmeriCorps); ▶ Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation; ▶ Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990; ▶ Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran; ▶ Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act; and ▶ Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998.

11. ELIGIBLE PROPERTIES

Single Family dwelling units, town houses and condominiums are eligible for assistance under the **My HOME** Program. Eligible properties may be:

- a. New Construction,
- b. Resales,
- c. Foreclosures, or
- d. Short Sales

Seller must certify that property is owner occupied, vacant or not lawfully occupied by a tenant at the time of initial contract, and that seller has not unlawfully evicted a tenant-occupant or refused to renew a lease in anticipation of an initial contract offer where the purchase is to be funded in part by **My HOME** funds. These certifications must be stated in an Affidavit signed by the Seller and attached as an addendum to the Contract of Sale. The form for the Affidavit will be provided by the **My HOME** Program.

12. ELIGIBLE ZIP CODES

All zip codes within Prince George's County are eligible.

13. MAXIMUM PURCHASE PRICE

The maximum purchase price of homes utilizing My HOME assistance is \$362,790. THERE ARE NO EXCEPTIONS TO THIS LIMIT.

14. PROPERTY STANDARDS

The home to be purchased must pass a **HOUSING QUALITY STANDARDS (HQS) INSPECTION** prior to closing on the **My HOME** loan, or within 4 months from purchase if either an FHA 203K Streamline or conventional rehabilitation loan used. An HQS Inspection Checklist is provided as Attachment I.

The **My HOME** Participating Lender must request a **My HOME** HQS Inspection using the **My HOME** HQS Inspection Request Form (available on the **My HOME** web site at www.princegeorgescountymd.gov/MyHOME) prior to the FHA appraisal inspection. When requesting a **My HOME** HQS Inspection, Participating Lenders must submit a ratified sales contract and a preliminary loan approval to the **My HOME** Program. **(Please note that the request for an HQS Inspection does not guarantee or reserve funds.)**

The results of the **My HOME** HQS inspection report will be provided to the Participating Lender and must be provided to the FHA appraiser inspecting the property before the appraisal inspection is completed. If purchaser is not utilizing a rehabilitation loan, proof of completed HQS repairs will be required with loan submission to the **My HOME** program. This will include, Contractor's invoice for all repairs and copy of contractor's license. **NO REPAIR ESCROWS ARE ALLOWED**, other than repairs included in either the FHA 203K streamline or conventional rehabilitation loan.

All deficiencies identified in the HQS Inspection Report that are an eminent threat to life, health and safety, as determined by the HQS Inspector and **My HOME** staff (e.g., the presence of mold), **must be corrected prior to occupancy**.

ALL REPAIRS THAT ARE NOT INCLUDED IN A 203K STREAMLINE LOAN ARE SUBJECT TO A FINAL INSPECTION BY THE *My HOME* HQS INSPECTOR.

BUYERS ARE WARNED NOT TO SPEND MONEY FOR REPAIRS ON A SELLER OWNED PROPERTY PRIOR TO CLOSING DUE TO THE RISK THAT THE LOAN MAY NOT CLOSE AND DUE TO THE *My HOME* REQUIREMENT THAT NO CASH BE DISBURSED OR “REIMBURSED” TO THE BUYER AT SETTLEMENT.

15. FHA 203K

An FHA 203K streamline rehab loan is allowed. FHA 203K loans with rehab costs **above \$35,000 are not allowed**. To reduce the risk of contractor problems and incomplete scope of work, the following measures will be implemented and required:

- a. The **My HOME** program will conduct an HQS Inspection to identify deficiencies and to ensure that physical needs of the property do not exceed the \$35k cap.
- b. A HUD approved FHA 203K consultant must develop scope of work which will include all HQS repairs. (submit HUD certification with application package)
- c. Work must be completed within 4 months of closing. (Submit estimated completion date with application package)
- d. All General Contractors must be licensed through the Maryland Home Improvement Commission.
- e. Contractor must provide at least two verifiable references for completing a similar project.
- f. A minimum of **10%** contingency in the rehab loan amount to fund cost overruns is required. (submit 203K worksheet with application package)
- g. Submit a project timeline and estimated scope of work completion date.
- h. The **My HOME** program will conduct HQS inspections per estimated completion date.

For borrowers electing not to use the 203K Streamline program, all HQS deficiency repairs must be completed prior to closing. **My HOME** funds cannot be used for repairs. Reimbursements for repairs made by buyer or seller will not be allowed.

16. HOME INSPECTION COMPLIANCE

The **My HOME** program also requires borrowers who are not participating in a 203K Streamline program to obtain a home inspection by a licensed Inspector. **My HOME** requires only a copy of the invoice and the Inspector's license, as proof that the home Inspection has been completed. The inspection report is not required.

17. LEAD BASED PAINT COMPLIANCE

The **My HOME** program is subject to the Lead Based Paint Poisoning Prevention Act (42 U.S.C. 4831 et seq.,) and the Lead Based Paint Regulations (24 CFR Part 35 and 24 CFR Section 570.608). All **My**

HOME assisted purchases for residential properties must have a Lead Disclosure Form signed by both buyer and seller and must be included in the Participating Lenders Transmittal of the **My HOME** Application Package to DHCD.

18. PURCHASER'S MINIMUM CASH CONTRIBUTION

My HOME recipients must contribute 1.75% of the final purchase price **or** 50% of liquid assets over \$3,000, **whichever is greater**.

Payments of any upfront costs by the purchaser including Earnest Money Deposit, lender application fees, appraisals, inspections and housing counseling fees may be credited to this requirement. In some cases, the purchaser's contribution when considering EMDs and upfront costs, may exceed the required cash contribution, which is only a MINIMUM CASH REQUIREMENT, NOT A MAXIMUM REQUIREMENT.

BUYERS ARE WARNED NOT TO PAY FOR REPAIRS ON PROPERTY THEY DO NOT OWN. ANY BUYER FUNDED REPAIRS PRIOR TO CLOSING OR AT CLOSING WILL NOT COUNT TOWARDS PURCHASER'S MINIMUM CASH CONTRIBUTION AND WILL NOT BE REIMBURSED TO THE BUYER AT CLOSING.

19. SELLER CONTRIBUTION

Sellers are encouraged to contribute up to 3% of the purchase price toward borrower's closing costs. Borrowers are advised to consult with their lender before writing an offer to ensure that the seller contributions negotiated can be utilized.

20. MONEY RETURNED TO BORROWER

Borrower is prohibited from receiving money back at settlement.

NO FUNDS WILL BE REIMBURSED TO BUYER FOR REPAIR COSTS.

ALL REPAIRS ARE THE RESPONSIBILITY OF THE SELLER UNLESS BORROWER IS UTILIZING THE FHA 203K STREAMLINE PROGRAM.

21. APPLICATION PROCESS

Prior to submitting a completed application package, Participating Lenders must request and schedule a **My HOME** HQS Inspection. Results of the **My HOME** HQS Inspection may be provided to the appraiser prior to the appraisal inspection. The first mortgage must be a fully amortized, fixed-rate mortgage. (No adjustable rate interest, interest only or negative amortization loans are acceptable). All first mortgages must be in compliance with the FDIC Statement on Subprime lending at www.princegeorgescountymd.gov/MyHOME.

After the application for a first mortgage to purchase an eligible property has been submitted to the lender and underwritten, applications to the **My HOME** program may be submitted by a Participating Lender, with approval of **My HOME** funds and HQS repairs as the only allowable outstanding conditions. HQS repairs are not required to be completed if borrower has applied for an FHA 203K Streamline loan. Applications for **My HOME** assistance cannot be submitted by a Participating Lender until the borrower has a ratified contract to purchase an eligible property.

The **My HOME** program **requires 21-business days to process and close an application**. This timeline anticipates that sellers, listing agents and lenders will address published HQS inspection requirements prior to submitting an application to the **My HOME** program or include deficiencies in an FHA 203K Streamline scope of work. Please be aware that if a borrower does not use the FHA 203K Streamline option, several or significant HQS Inspection deficiencies may delay the approval of a **My HOME** application, and as a consequence, extend processing beyond the 21-business day timeline.

In addition, please note that the 21- business days processing time does not include the number of days an application has been in the underwriting pipeline of a Participating Lender or the time it takes a lender to package an FHA 203K Streamline transaction. **THEREFORE NO APPLICATION WILL BE ACCEPTED FROM A PARTICIPATING LENDER UNLESS THERE ARE AT LEAST 21-BUSINESS DAYS REMAINING ON THE FINAL SALES CONTRACT OR AN EXECUTED AMENDMENT IN PLACE, EXTENDING THE CONTRACT FOR AT LEAST 21 BUSINESS DAYS. THE 21 BUSINESS DAY TIMELINE IS FROM THE DATE OF LOAN APPLICATION ACCEPTANCE IN THE My HOME OFFICE, EXCLUDING HOLIDAYS.**

ABSOLUTELY NO EXCEPTIONS WILL BE MADE TO THIS REQUIREMENT. DO NOT ATTEMPT TO SUBMIT AN APPLICATION WITH LESS THAN THE REQUIRED TIME. IT WILL NOT BE ACCEPTED.

No certificates or vouchers for **My HOME** Program are given prior to an application being submitted by a Participating Lender.

A HUD approved Housing Counseling Agency certificate required by the **My HOME** Program, is not an application to the **My HOME** Program, and does not guarantee **My HOME** funding.

A submittal of a **My HOME** application by a Participating Lender does not guarantee that the application will be funded as applications are approved and funded on a first come, first ready basis. For example, if approval of an application is conditioned upon repairing HQS deficiencies or obtaining clearance to close from the first lender, or clearing a title condition, it is quite possible that funds could be depleted while an application is in the **My HOME** pipeline, by loans that are cleared and ready to go. Therefore, it is strongly advised that Participating Lenders and deal team work to ensure that the application is submitted as complete and “clean” as possible.

A **My HOME** Program Application and Application Checklist is provided in Attachment II & Attachment III

Due to internal County Agency requirements, My HOME closing department requires 7 business days from receipt of final documents from 1st trust lender, i.e., clear to close to close your loan.

22. GETTING STARTED

Applications for the **My HOME** program must be submitted through a Participating Lender listed at www.princegeorgescountymd.gov/MyHOME. You must have an executed contract to purchase a residential property, before you can complete an application with a Participating Lender. You must also complete a minimum 8-hour housing counseling course provided by a HUD certified housing counseling agency.

Do not contact the Prince George’s Department of Housing and Community Development for an application.

Follow these steps if you are interested in the **My HOME** program:

1. Contact a **My HOME** Program Participating Lender to get pre-approved for a first mortgage only. This pre-approval comes after a review of your credit and income, generally provides a benchmark amount of what the bank will lend you to purchase a house, and is subject to final underwriting and approval. **PLEASE NOTE THAT A PARTICIPATING LENDER CANNOT APPROVE YOU FOR THE My HOME PROGRAM. A PRE-APPROVAL FOR A FIRST MORTGAGE BY A PARTICIPATING LENDER DOES NOT GUARANTEE APPROVAL OF YOUR APPLICATION FOR A My HOME LOAN.**
2. Attend an 8-hour housing counseling course provided by a HUD Certified Housing Counseling Agency. Download a list of HUD approved counseling agencies from www.princegeorgescountymd.gov/MyHOME.
3. Attend a **My HOME** 203K Workshop, if borrower is applying for an FHA 203K Streamline loan.
4. Contact your real estate agent to identify properties in Prince George's County.

Familiarize yourself with the Housing Quality Standards Inspection Requirements posted at www.princegeorgescountymd.gov/MyHOME to ensure the house you place a contract on does not have any deficiencies or can be repaired with the maximum allowable under an FHA 203K Streamline (<=\$35,000) loan. **ALL CONTRACTS MUST HAVE A SELLER EXECUTED My HOME CONTRACT ADDENDUM ACKNOWLEDGING THE HQS INSPECTION REQUIREMENTS AND THE NEED TO COORDINATE AND FACILITATE REPAIRS PRIOR TO CLOSING IF AN FHA 203K STREAMLINE LOAN IS NOT USED. DO NOT PERFORM ANY REPAIRS ON A PROPERTY YOU DO NOT OWN. YOU WILL NOT BE REIMBURSED FOR THEM AT SETTLEMENT.**

5. Work with a real estate agent to place a contract on a residential property that can pass the HQS inspection or can be repaired with an FHA 203K Streamline loan. **MAKE SURE THAT THE CONTRACT IS FOR AT LEAST 60 DAYS.**
6. Make sure that you can afford the property you place a contract on and that your total monthly debt to income ratio, including the estimated mortgage payment, does not exceed 43% of your monthly income. **THE My HOME PROGRAM WILL NOT APPROVE YOUR APPLICATION FOR DOWN PAYMENT ASSISTANCE IF YOUR MONTHLY DTI EXCEEDS 43%, even if a lender has approved you for a first mortgage. CHECK WITH YOUR PARTICIPATING LENDER BEFORE YOU SIGN A CONTRACT.**
7. When you have successfully negotiated and ratified a contract to purchase a residential property, return to the Participating Lender with sales contract and apply for the first mortgage. The Participating Lender will submit your application to the **My HOME** Program after obtaining a conditional approval for your 1st trust loan.

8. Monitor processing time of your application by the Participating Lender. The **My HOME** Program will not accept an application from a Participating Lender unless there are at least 21 business days remaining on the contract term or an amendment in place extending the contract by at least 21 business days.
9. Work with your lender and real estate agent to complete loan package, underwriting and address issues necessary to receive approval for first mortgage and submittal and approval of your **My HOME** Application. **PROVIDE ALL REQUESTED INFORMATION IN A TIMELY MANNER.**
10. Settle on your Home!!!!

23. PARTICIPATING LENDERS & CERTIFICATION REQUIREMENTS

In order to submit an application to the **My HOME** Program a lender must be an approved Participating Lender with the **My HOME** Program. All Participating Lenders must execute a Participating Lender Agreement with the **My HOME** Program.

Each loan officer participating in the **My HOME** program must attend training and be certified to submit **My HOME** Program applications. Training will consist of a Power Point presentation and hand outs.

Participating Lender training will be provided the 1st Monday of each month at 10:00 a.m. (RSVP required) at the **My HOME** Program offices:

9201 Basil Court, Suite 155
Largo, MD 20774
RSVP – 301.883.7323 or LAJONES1@co.pg.md.us

At the completion of the training the **My HOME** Program will issue a Loan Officer Certification Number and Certificate. **LOAN OFFICER CERTIFICATION NUMBER MUST APPEAR ON ALL APPLICATIONS SUBMITTED TO THE My HOME PROGRAM. PARTICIPATING LENDERS WILL BE DROPPED FROM THE PROGRAM IF LOAN OFFICER CERTIFICATION SYSTEM IS ABUSED.**

24. LENDER FEES

Lenders are allowed to charge up to 2 points (including Loan Origination). If additional points are charged to buy the rate down, a lock confirmation will be required when the application is submitted to **My HOME** Program.

25. REALTOR TRAINING

Although Realtor Certification will not be required, it is strongly suggested that realtors attend the monthly Realtor training provided by the **My HOME** Program.

Realtor Training will be provided the 2ND Wednesday of each month at 10:00 a.m. (RSVP required) at the **My HOME** Program offices:

9201 Basil Court, Suite 155
Largo, MD 20774
RSVP – 301.883.7323 or LAJONES1@co.pg.md.us

26. HOMEBUYING COUNSELING

Applicants to the **My HOME** Program must complete a minimum 8-hour housing counseling program. A list of HUD approved housing counseling agencies is provided as Attachment IV. Housing counseling requirement must be met prior to closing of the **My HOME** loan, however it is advised that applicant complete the housing counseling prior to placing a contract on a home. Classroom counseling only is accepted.

Housing counseling courses are generally not free and range in cost from \$25 - \$125. Cost of housing counseling course may be included in applicant's minimum cash contribution requirement.

27. 203K WORKSHOP

All borrowers applying for an FHA 203K Streamline loan must attend the **My HOME** 203K workshop. This workshop will have to be completed prior to settlement. Loan Officer must contact the **My HOME** office to schedule their borrower.

28. TITLE COMPANY REQUIREMENTS

Only 25 approved Title Companies who successfully and efficiently participated in the NSP 1 funded Down Payment on your Dream Program will be allowed continued participation in the **My HOME** Program.

Each Title Company owner/manager, processor, closer & post closer participating in the **My HOME** program must attend mandatory training and be certified to close **My HOME** Program loans. **All Closers must be licensed by the Maryland Insurance Administration (MIA).** Training will consist of the **My HOME** Program closing process that must be followed by program participants.

29. TITLE COMPANY FEES

INELIGIBLE FEES PAID FROM *My HOME* FUNDS:

- Realtor Admin Fee
- Realtor/Broker Fee or Consultant Fee
- Homeowner Warranty
- Creditor Collections
- Mobile, Notary or Witness Closer Fee

MAXIMUM ALLOWABLE FEES

- | | |
|---|----------|
| - Settlement Fee | \$250.00 |
| - Title Abstract/Search | \$275.00 |
| - Title Examination | \$300.00 |
| - Title Binder 1 st & 2 nd | \$100.00 |
| - Recording Services | \$ 50.00 |
| - Courier Fee | \$ 45.00 |
| - Document Archive | \$ 45.00 |
| - Wire Fee | \$ 30.00 |
| - Homeowner Insurance 1 st year policy | |

Title Insurance to be issued for borrowers' 1st and 2nd Trust Loans and Owners policy. (According to published Maryland Insurance Rates).

30. *My HOME* SUBORDINATION POLICY

PLEASE NOTE: WHEN THE CURRENT APPRAISED VALUE OF THE SUBJECT PROPERTY IS SUFFICIENT TO SUPPORT A COMBINED 1st and 2nd TRUST LOAN TO VALUE, AND THE BORROWER CAN OBTAIN A LOAN APPROVAL FROM A FIRST TRUST LENDER SUPPORTING THAT AMOUNT, THE BORROWER WILL BE REQUIRED TO PAY OFF THE BALANCE OF THE *My HOME* LOAN AND A SUBORDINATION AGREEMENT WILL NOT BE APPROVED BY *My HOME*.

The *My HOME* Loan will subordinate to a new first mortgage to allow interest rate reductions or "streamlining", if all of the following conditions are met and the requested information is provided, in writing, to the *My HOME* Loan Servicing Manager.

1. **Only one subordination** of the original *My HOME* loan will be permitted and the home must continue to be the borrower's primary residence.
2. If the refinance occurs within the first twelve (12) months of the original loan, the new loan amount must be equal to or less than the original loan amount. The new first mortgage must be a fully amortized, fixed-rate mortgage. (No adjustable rate interest, interest only or negative amortization loans are acceptable).

3. **No CASH OUT to the borrower. *My HOME* loan will not subordinate if the borrower is refinancing for the purpose of liquidating equity in the home.** (FHA minimum \$500.00 exception allowed)
4. The combined loan-to-value ratio of the new first mortgage and existing second mortgage should not exceed the current combined loan-to-value ratio. However, ***My HOME* will** consider a 3% increase to cover closing costs, including MIP.
5. All documents received must be consistent with the amounts shown for the proposed loan amount and interest rate. In the event the amount of the proposed new loan is increased or there are any other material changes in your pending transaction after ***My HOME*** has approved the subordination and prior to settlement, we will need to re-analyze the subordination request.
6. ***My HOME* LIEN IS TO REMAIN IN SECOND POSITION.**
7. The ***My HOME*** loan terms and conditions do not change.
8. ***My HOME*** will not incur any costs related to the refinance of the first mortgage, including but not limited to, costs for courier service.
9. Documentation will be provided that the current appraised value is sufficient to include the new first mortgage as well as the ***My HOME*** lien.
10. The Subordination Agreement document shall include language that the Agreement will be recorded concurrent with the new first mortgage.
11. All documentation is subject to ***My HOME*** approval.

I. The following items are required for submission and approval:

- a. Letter from borrower explaining the purpose of refinance;
- b. Conditional approval (subsequently the final approval) with rate and term of new loan;
- c. Final 1008, signed by the underwriter and including the CHUMS number;
- d. Final 1003, signed by all borrowers;
- e. Final Good Faith Estimate, signed by all borrowers;
- f. Final Truth in Lending, signed by all borrowers;
- g. Final HUD-1;
- h. Appraisal (required with all Subordination Agreement requests);
- i. A Valid Payoff from 1st trust loan;
- j. First page of the Abstractor's Cover Sheet;
- k. A non **refundable** processing fee of \$175.00 payable to: "**PG CTY GOV-DHCD, LOAN SERV UDC, ISAOA**"
- l. Any additional information or forms deemed necessary by ***My HOME*** in order to approve the Subordination Agreement request.

ALL CLOSINGS MUST BE CONDUCTED BY AN APPROVED *My HOME* TITLE COMPANY. A LIST OF APPROVED TITLE COMPANIES MAY BE FOUND AT:

www.princegeorgescountymd.gov/MyHOME