



Redevelopment Authority
of Prince George's County



HOUSING INVESTMENT TRUST FUND

PRINCE GEORGE'S COUNTY PURCHASE ASSISTANCE PROGRAM (PGCPAP)

GUIDELINES AND PROGRAM MANUAL

JULY, 2018

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INTRODUCTION

Fostering and promoting affordable homeownership is a key housing policy strategy for Prince George's County. The **PRINCE GEORGE'S COUNTY PURCHASE ASSISTANT PROGRAM, HOUSING INVESTMENT TRUST FUND** supports this strategy by providing home purchase assistance to eligible first time homebuyers to purchase residential properties in Prince George's County. Home purchase assistance includes down payment, mortgage principal reduction and/or closing costs. The Program is funded by the **Housing Investment Trust Fund**. The Redevelopment Authority of Prince George's County (RDA) administers the Program in partnership with participating lenders, realtors, and housing counseling agencies that are approved by the U. S. Department of Housing and Urban Development (HUD).

1. ELIGIBLE PROPERTIES

Single family dwelling units, town houses and condominiums are eligible for assistance. Eligible properties include re-sales, short sales, new construction, and foreclosures.

The Seller must certify in an Affidavit provided by the Program, that the property is owner occupied, vacant or not lawfully occupied by a tenant at the time of initial contract; and, that the Seller has not unlawfully evicted a tenant or refused to renew a lease in anticipation of an initial contract offer where the purchase is to be funded in part by Program funds.

2. ELIGIBLE ZIP CODES

Entire Prince George's County

3. 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 previously or currently residential real estate; including cooperatives anywhere during the three years immediately preceding the date the application is made to the **PGCPAP (Investors or current owners of residential property are excluded from participation in this program)**.

Applicants must agree to live in the home being purchased as their principal residence. Co-Borrower (Relative/Parent) will need to be first time homebuyers and meet all other eligibility requirements.

Applicants must be 18 years of age or older

Applicant's household annual income up to **120%** of the area median income (AMI) for Prince George's County. See chart:

Applicants must contribute a minimum amount of **1.75%** of the purchase price towards the purchase of the home. This includes: earnest money deposits, appraisal fee, inspection fees, homeowner's insurance premium, credit reports, termite, housing counseling fee and HQS Inspection.

Applicants must attend an 8-hour counseling class provided by a HUD Certified housing counseling agency and receive a Certificate of Completion. (**Online courses are not valid**). A list of HUD approved counseling agencies is provided on the website. www.princegeorgescountymd.gov/865

Applicants must be ***Credit Worthy*** and able to qualify for a first mortgage through a **Certified Participating Lender**. A list of lenders are provided in the website.

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

4. CREDIT AND MORTGAGE STANDARDS

a. Credit Score

The Program does not require a specific credit score. However, applicants must be able to meet all credit requirements or credit score benchmarks required by a Certified Participating Lender to obtain a first mortgage. Individuals that have been unable to obtain an approval for a mortgage by a Certified 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 on the website.

b. First Mortgage

Adjustable rate or balloon payment mortgages are ineligible under the Program. Applicants may use FHA, VA, or Conventional first mortgage loan products. Applicants may also combine the **PGCPAP** homeownership assistance with other homeownership programs. If applicable applicant must provide approval letter from 3rd party homeownership program with additional loan amount. This information is needed to determine the **PGCPAP** loan amount. **PGCPAP** loan amount up to **\$15,000.00** based on need. **If the borrower is a: Police Officer, Sheriff, Deputy Sheriff, Classroom Teacher, Firefighter, Emergency Medical Technician, or Nurse. They may be eligible for an additional \$5,000.00 to bring the total loan amount up to \$20,000.00, based on need.** There is absolutely **NO MONEY BACK** to purchaser at settlement.

5. DEBT RATIO STANDARDS

To minimize the risk of defaults or foreclosures on properties financed through the Program, housing cost Debt to Income Ratio or front end (DTI) **35%** and the back-end ratio or total DTI of **47%** is required for all applicants. **DTI of 35.01 or 47.01% or higher will not be accepted. No Exceptions on front or back ratio.**

6. LOAN AMOUNT

The approved loan amount may be up to **\$15,000.00**. **If borrower is a: Police Officer, Sheriff, Deputy Sheriff, Classroom Teacher, Firefighter, Emergency Medical Technician, or Nurse. They may be eligible for and additional \$5,000.00 to bring the loan amount up to \$20,000.00 based on need.**

7. REPAYMENT REQUIREMENTS AND AFFORDABILITY PERIOD

There will be no monthly payment on the **PGCPAP** loan. The **PGCPAP** loan will be a deferred payment loan, secured by the property, as a second trust. The loan is due upon sale, transfer of the property, if the property ceases to be the primary residence of the borrower, or the property doesn't meet **PGCPAP** guidelines when applying for a streamline refinance (see subordination policy on website). Applicants must agree to maintain the house as their primary residence.

Please note again that the applicant must pay back the PGCPAP Home Buyer Assistance loan in full, regardless of length of residency.

8. INTEREST RATE

The interest rate on the **PGCPAP** approved loan will be 0%. However, in the event of a default, the outstanding balance will become due & payable at an annual interest rate of 5.75%, beginning the date of default.

9. PRIMARY RESIDENCY RESTRICTIONS

The **PGCPAP** 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 loan term. At the closing of the 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, loan recipients will be required to provide annual written certification of compliance with the primary residency requirement.

10. HOUSEHOLD INCOME LIMITS AND INCOME DETERMINATION

Household income for qualification of assistance under the **PGCPAP** 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 on the first mortgage loan. 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 **PGCPAP** will count the income of both the husband and the wife in the eligibility decision. If household member 18 years or older and not working, proof must be provided from the Social Security Administration that there has been NO reportable income under that person social security number. Applicants for the **PGCPAP** must have gross annual household incomes up to **120%** of the area median, adjusted for family size:

Table I: Income Limits - Effective: July 2018
INCOME CHART UP TO 120% AMI

1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
\$98,450	\$112,500	\$126,600	\$140,650	\$151,900	\$163,150	\$174,400	\$185,650

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 fewer than 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. MAXIMUM PURCHASE PRICE

Purchase price for households with income up to **120%** of the **AMI** is **\$462,000.00** for **RESALES** and **NEW CONSTRUCTION**, however applicant must meet **PGCPAP** DTI Standards.

12. PROPERTY STANDARDS

The home to be purchased must pass a Housing Quality Standards Inspection (HQS) *prior* to file submission.

13. HQS INSPECTION PROCEDURES

The **HQS** inspection must be conducted by **American Property Consultants, Inc. (APC)**, a licensed full service inspection company. A **\$139.00** initial inspection fee from the applicant is required and is due and payable to **APC** before the **HQS** inspection can be scheduled. A missed inspection fee of **\$139** will be charge by **APC** for no show, no access, or turned-off utilities. *A follow up inspection fee of \$65 will be paid by the applicant for completed repairs on failed inspections.* The following are the **PGCPAP HQS** inspection procedures:

The Realtor or Applicant must request a **HQS** Inspection using the **HQS** Inspection Request Form available on the **APC website at: www.hudpass.com**. **Look for: PGCPAP on the left menu bar under HQS. Click on the program name and you will be prompted to enter a password. The password is: PGCPAP Proof of the APC initial inspection must be submitted with the application/submission package.**

- A. The Request may be submitted by **email** or by fax on **410-586-1963**, and should be submitted prior to the FHA appraisal inspection.
- B. The inspection fee must be paid with a bankcard through the APC web site. **(Please note that the request for an HQS Inspection does not guarantee or reserve funds.)**
- C. APC will make initial contact with the Realtor within 48 hours of receiving the Inspection Request and payment to verify that unit is ready for inspection and schedule the inspection. **All utilities must be turned on.**
- D. After confirmation by the Realtor for access to the property, APC will have 5 days to schedule and complete the inspection.
- E. A **\$139** penalty fee will be charged to the Applicant in the event that the unit is not ready for inspection, if access cannot be obtained, or if the utilities are not turned on.
- F. APC will inform the Realtor of the inspection results in writing.
- G. Proof of the **APC** initial inspection must be submitted with the application package.
- H. The Realtor will be responsible for communicating the results of the inspection to the **PGCPAP** loan processor responsible for the file.
- I. In the case of a failed **HQS** Inspection, the Realtor or Applicant should schedule a follow-up inspection with **APC**, when repairs are completed.
- J. All deficiencies identified in the **HQS** Inspection Report that are an eminent threat to life, health and safety, as determined by the **HQS** Inspector (e.g., the presence of mold), **must be corrected prior to occupancy.**

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, ALSO DUE TO THE PGCPAP REQUIREMENT THAT NO CASH BE DISBURSED OR "REIMBURSED" TO THE BUYER AT SETTLEMENT.

14. HOME INSPECTION COMPLIANCE

The HQS Inspection conducted by APC is not done in lieu of an Applicant's home inspection. The **PGCPAP** also requires buyers to **obtain their own home inspection by a licensed Inspector**. The Program requires 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.

15. LEAD BASED PAINT COMPLIANCE

The 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 assisted purchases for residential properties must have a Lead Disclosure Form signed by both buyer and seller and must be included in the application package. This document can be found on the website.

www.princegeorgescountymd.gov/865.

16. PURCHASER'S MINIMUM CASH CONTRIBUTION

Applicants must contribute **1.75%** of the final purchase price **or 50%** of liquid assets over **\$3,000.00, whichever is greater**, to the purchase of the property. Payments of any upfront costs by the purchaser including Earnest Money Deposit (EMD), 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**.

17. MONEY RETURNED TO BORROWER

BORROWER IS PROHIBITED FROM RECEIVING MONEY BACK AT SETTLEMENT. BUYERS ARE WARNED NOT TO PAY FOR REPAIRS ON A PROPERTY THEY DO NOT OWN. ANY BUYER FUNDED REPAIRS MADE PRIOR TO CLOSING OR AT CLOSING WILL, NOT COUNT TOWARDS PURCHASER'S MINIMUM CASH CONTRIBUTION NOR WILL THERE BE ANY REIMBURSEMENT TO THE BUYER AT CLOSING.

18. SELLER CONTRIBUTION

Sellers are encouraged to contribute at least **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.

19. APPLICATION PROCESS

Applications to the Program can only be submitted by a **Certified Participating Lender**. All required application intake documents on the **PGCPAP** submission check list must be submitted with an application. **ONLY COMPLETE APPLICATIONS WILL BE ACCEPTED. ALL INCOMPLETE PACKAGES WILL BE RETURNED IMMEDIATELY TO THE LENDER.**

The Program **requires 21-business days (Not including Federal Holidays) to process and close an application after all documents on the Application Checklist are received. PGCPAP operates on the Federal Government Closing schedule.** This timeline also anticipates that sellers, listing agents and lenders will schedule an HQS Inspection and repair any deficiencies prior to submitting an application. **Files submitted to PGCPAP with no activity for 30 days will be returned to Lender.**

Please be aware that if a borrower, has several or significant HQS Inspection deficiencies this may delay the submission of the **PGCPAP** loan package. Additionally, failure to submit items on the conditional approval, particularly the Certified Participating Lender's Clear to Close will cause significant delays and add to 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 Certified Participating Lender. THEREFORE, NO APPLICATION WILL BE ACCEPTED FROM A CERTIFIED PARTICIPATING LENDER UNLESS THERE IS AT LEAST 21-BUSINESS DAYS REMAINING ON THE FINAL SALES CONTRACT OR AN EXECUTED AMENDMENT TO THE SALES CONTRACT IS PROVIDED, EXTENDING THE CONTRACT FOR AT LEAST 21 BUSINESS DAYS. NOT INCLUDING FEDERAL HOLIDAYS.

DO NOT ATTEMPT TO SUBMIT AN APPLICATION WITH LESS THAN THE REQUIRED ALLOCATED TIME, FOR IT WILL NOT BE ACCEPTED.

FILES SUBMITTED THAT HAVE NOT HAD ANY ACTIVITY FOR THIRTY DAYS WILL BE RETURNED.

The submittal of an application by a Certified 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 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 pipeline, by other loans that are cleared and ready to go. Therefore, it is strongly advised that Certified Participating Lenders and their team work to ensure that the application is submitted as complete and "clean" as possible.

Due to internal County Agency requirements, **PGCPAP** closing department requires **7 business days (Not including Federal Holidays)**, from the time file is placed in the closing department with receipt of final documents from 1st trust lender, i.e., signed clear to close from the underwriter, to close your loan. **Not including Federal Holidays.**

20. GETTING STARTED

Applications must be submitted through a **Certified Participating Lender** listed on **RDA** website. You must have an executed sales contract to purchase an eligible residential property, before you can complete a **PGCPAP** loan application with a **Certified Participating Lender**. You must also complete a minimum 8-hour in-classroom housing counseling course provided by a HUD certified housing counseling agency. **ONLINE CERTIFICATES WILL NOT BE ACCEPTED.**

Do not contact the Prince George's County, Department of Housing and Community Development or the Redevelopment Authority for an application.

Follow these steps if you are interested in the Program:

1. Contact a **PGCPAP** Certified Participating Lender to get pre-approved for a first mortgage only. This pre-approval comes after a review of your credit and income. This 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 CERTIFIED PARTICIPATING LENDER CANNOT APPROVE YOU FOR PGCPAP. ALSO, A PRE-APPROVAL FOR A FIRST MORTGAGE BY A CERTIFIED PARTICIPATING LENDER DOES NOT GUARANTEE APPROVAL OF YOUR APPLICATION FOR A PGCPAP LOAN.**
2. Contact your real estate agent to identify properties in Prince George's County.
3. Attend an 8-hour housing counseling course provided by a HUD Certified Housing Counseling Agency. Download a list of HUD approved counseling agencies, online courses will not be accepted from www.princegeorgescountymd.gov/865.
4. Familiarize yourself with the Housing Quality Standards Inspection Requirements posted at www.princegeorgescountymd.gov/865 to ensure the house you place a contract on does not have any deficiencies or the deficiencies can be repaired by the seller.
5. Work with your real estate agent to place a contract on a residential property that can pass the **HQS** inspection or can be repaired by the seller to pass the **HQS** inspection. **MAKE SURE THAT THE CONTRACT IS FOR AT LEAST 60 DAYS.**
6. When you have successfully negotiated, and ratified a contract to purchase a residential property, contact a Certified Participating Lender to apply for the first mortgage. The Certified Participating Lender will submit your application to the **PGCPAP** after obtaining a conditional approval for your 1st trust loan.
7. Upon completion of the Home Inspection. Schedule or request that your Realtor schedule your **HQS** Inspection with **APC** as soon as your contract is ratified.

8. Make sure that your debt burden for the estimated monthly mortgage payment, does not exceed **35%** of your total monthly income, and that your total monthly debt does not exceed **47%** of your total monthly income.
9. Monitor the processing time of your application by the **Certified Participating Lender**. The **PGCPAP** will not accept an application from a Certified Participating Lender unless there are at least 21 business days (not including Federal Holidays) remaining on the contract term or an amendment is in place extending the contract by at least 21 business days.
10. Work with your lender and real estate agent to complete the loan package, underwriting and address any issues necessary to receive approval for the first mortgage and submittal of your **PGCPAP Application**.
11. **PROVIDE ALL REQUESTED INFORMATION TO THE CERTIFIED PARTICIPATING LENDER, REALTOR, TITLE COMPANY AND PGCPAP STAFF IN A TIMELY MANNER.**
12. Settle on your Home!!!!

21. CERTIFIED PARTICIPATING LENDERS & CERTIFICATION REQUIREMENTS

In order to submit an application to the **PGCPAP**, a lender must be approved. All **Certified Participating Lenders** must execute a **Certified Participating Lender Agreement** with the **PGCPAP**. Each loan officer participating in the **PGCPAP** must have attended a training class and be certified to submit applications.

Upon completion of training, the **PGCPAP** issues a Loan Officer Certification Number. The **LOAN OFFICER CERTIFICATION NUMBER MUST APPEAR ON ALL APPLICATIONS SUBMITTED TO THE PGCPAP. CERTIFIED PARTICIPATING LENDERS WILL BE DROPPED FROM THE PROGRAM IF THE LOAN OFFICER CERTIFICATION NUMBER IS ABUSED.**

22. LENDER FEES

Lenders are allowed to charge up to **2 points (2%) max (including Loan Origination, Underwriting, and Application / Processing fee)**. If additional points/fees are charged to buy the rate down, a rate lock confirmation will be required when the application is submitted.

23. REALTOR TRAINING

Although realtor training is not required, Realtor training will be provided by **PGCPAP** staff upon request.

24. HOME BUYER COUNSELING

Applicants to the Program must attend and complete a minimum 8-hour housing counseling class. A list of HUD approved housing counseling agencies is provided on our website. The Housing Counseling requirement must be met prior to the **PGCPAP** loan submission. However, it is suggested that applicants complete the housing counseling class prior to placing a contract on a home. **Only in-classroom counseling** is accepted.

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

25. TITLE COMPANY REQUIREMENTS

Approved Title Companies who have successfully and efficiently participated in previous Redevelopment Authority Down Payment Assistance programs will be allowed continued participation in the **PGCPAP**.

All Closers must be licensed by the Maryland Insurance Administration (MIA).

26. TITLE COMPANY CERTIFICATION OF FEES

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	\$ 50.00
- Document Archive	\$ 45.00
- Wire Fee	\$ 30.00
- Total Fees	\$1,100.00 + Lender coverage of Title Insurance

Title Insurance must be issued for the first mortgage loan, the **PGCPAP** loan and Owners policy, according to published Maryland Insurance rates.

FEES THAT MAY NOT BE PAID FROM PGCPAP FUNDS:

- Realtor Admin Fee (Up to \$350.00, anything over \$350.00 must be paid by buyer)
- Realtor/Broker Fee or Consultant Fee
- Realtor Commission
- Homeowner Warranty
- Creditor Collections
- Mobile, Notary or Witness Closer Fee
- Radon/Mold Testing
- Termite Repair

BUYER(S) ITEMS PAID OUTSIDE OF CLOSING (POC'S) MAY BE CREDITED TOWARDS THE 1.75%

- EARNEST MONEY DEPOSIT
- APPRAISAL
- CREDIT REPORT
- HAZARD INSURANCE POLICY PREMIUM
- HOME INSPECTION
- TERMITE REPORT
- 8 HOUR HOUSING COUNSELING CLASS
- HQS INSPECTION/RE-INSPECTION FEE INVOICES

BUYER(S) CAN NEVER RECEIVE ANY CASH BACK AT CLOSING. IF BUYER (S) POC'S EXCEED THEIR MINIMUM CASH CONTRIBUTION, THE TITLE COMPANY WILL BE ADVISED TO DO A PRINCIPAL CURTAILMENT OF THE FIRST TRUST MORTGAGE UP TO \$1,000.00 OR REDUCE THE SELLER CONTRIBUTION.

ALL CLOSINGS MUST BE CONDUCTED BY AN APPROVED PGCPAP TITLE COMPANY. A LIST OF APPROVED TITLE COMPANIES MAY BE FOUND AT WWW.PRINCEGEORGESCOUNTYMD.GOV/865.

27. PGCPAP SHORT SALE POLICY (Email ssm@co.pg.md.us)

Each request for reduction in the principal amount due under the Deed of Trust and Promissory Note for a PGCPAP loan as a result of a short sale shall be determined on a case by case basis.

28. PGCPAP SUBORDINATION POLICY. (Email ssm@co.pg.md.us)

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 PGCPAP LOAN AND A SUBORDINATION AGREEMENT WILL NOT BE APPROVED BY PGCPAP.

The PGCPAP loan will subordinate a new first mortgage to allow interest rate reductions or "streamlining", if all the conditions are met and the requested information is provided, in writing, to the Loan Servicing Manager. (See subordination tab on website for submission checklist.) Subordination of the original PGCPAP loan will be permitted as long as the home continues to be the borrower's primary residence.

30. PGCPAP PAYOFF REQUEST

Please send payoff request along with a copy of borrower's authorization to the Loan Servicing Department at the following address:

**Loan Servicing UDC
9200 Basil Court,
Largo, Maryland 20774
VRSCOTT@CO.PG.MD.US**