Redevelopment Authority
of Prince George's County

RESIDENTIAL DOWNPAYMENT ASSISTANCE PROGRAM

PATHWAY TO PURCHASE

First Time Homebuyers Assistance

GUIDELINES AND PROGRAM MANUAL

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TABLE OF CONTENTS

TOPIC	PAGE
1. Introduction	**3**
2. Applicant Eligibility	**3**
3. Credit and Mortgage Standards	**3**
4. Debt Ratio Standards	**4**
5. Loan Amount	4
6. Loan Term	**4**
7. Interest Rate	**4**
8. Primary Residency Restrictions	**5**
9. Repayment Requirements	**5**
10. Household Income Limits and Income Determination	**6**
11. Eligible Properties	**10**
12. Eligible Zip Codes	**10**
13. Maximum Purchase Price	**10**
14. Property Standards	**10**
15. HQS Inspection Procedures	**10**
16. Home Inspection Compliance	**11**
17. Lead Based Paint Compliance	**12**
18. Purchaser's Minimum Cash Contribution	**12**
19. Seller Contribution	**12**
20. Money Returned to Borrower	**12**
21. Application Process	**12**
22. Getting Started	**14**
23. Participating Lenders & Certification Requirements	**15**
24. Lender Fees	**16**
25. Realtor Training	**16**
26. Home Buying Counseling	**16**
27. Title Company Requirements	**17**
28. Title Company Fee	**18**
29. PATHWAY TO PURCHASE SHORT SALE POLICY	**18**
30. PATHWAY TO PURCHASE SUBORDINATION POLICY	**18**
31. PATHWAY TO PURCHASE PAYOFF REQUEST	**19**

32. Attachment I – Housing Quality Standards (HQS) Inspection Requirements
33. Attachment II – PATHWAY TO PURCHASE Application
34. Attachment III – PATHWAY TO PURCHASE Application Checklist
35. Attachment IV – HUD Certified Housing Counseling Agencies

1. INTRODUCTION

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

The ***PATHWAY TO PURCHASE*** 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 ***PATHWAY TO PURCHASE*** 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. **On line classes are unacceptable**.

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

3. 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 Participating Lender to obtain a first mortgage. 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 on the website.

***Please note that the PATHWAY TO PURCHASE Program is not an alternative program for individuals with "adverse credit" or* individuals that have been unable to obtain an approval for a mortgage by a Participating Lender**

b. First Mortgage

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 http://www.princegeorgescountymd.gov/865/Redevelopment-Authority

Applicants may use FHA or Conventional first mortgage loan products. Applicants may combine assistance from other down payment programs, for example, DSELP or CDA. Lender must provide an approval with the loan amount from 3rd party with **PATHWAY TO PURCHASE** submission package. This information is required to determine PATHWAY TO PURCHASE loan amount. PATHWAY TO PURCHASE loan amount is based on need up to $**10,000.00.** There is absolutely **NO MONEY BACK** to the purchaser at settlement. **PATHWAY TO PURCHASE** loans will be placed in 2nd lien position on title.

4. DEBT RATIO STANDARDS

Housing or front end monthly Debt to Income Ratio (DTI) of **35%.** Total or back end monthly Debt to Income Ratio of **47%. No Exceptions on the front or back ratio.**

5. LOAN AMOUNT

The maximum loan amount is based on the borrower's household income:

Household income **Up To 80%** of the area median
Loan Amount: Up to **$10,000.00**

6. LOAN TERM

Loan is **0%** interest, deferred payment. Purchaser must pay back the loan according to the recapture chart if sold, transferred, refinanced with cash out, or ceases to be primary residence within a **10-year** period.
LOAN FORGIVEN AFTER 10 YEARS. In the event of a default, the outstanding balance will accrue an annual interest at a rate of **5.75%.**

7. PRIMARY RESIDENCY RESTRICTIONS

Property must remain primary residence for a minimum of **10 years.** At the closing of the ***PATHWAY TO PURCHASE*** 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.

8. REPAYMENT REQUIREMENTS

There will be no monthly payment on the ***PATHWAY TO PURCHASE*** loan. The ***PATHWAY TO PURCHASE*** loan will be a deferred payment loan, secured on the property as a second trust, with the total amount 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 ***PATHWAY TO PURCHASE*** guidelines when applying for a streamline refinance (see ***PATHWAY TO PURCHASE*** Subordination policy within these guidelines).

Purchaser Remains in HOME	Balance Due (As % of Total PATHWAYS TO PURCHASE loan Received)
Less than 1 year	100%
At least 1 year but less than 2 years	90%
At least 2 years but less than 3 years	80%
At least 3 years but less than 4 years	70%
At least 4 years but less than 5 years	60%
At least 5 years but less than 6 years	50%
At least 6 years but less than 7 years	40%
At least 7 years but less than 8 years	30%
At least 8 years but less than 9 years	20%
At least 9 years but less than 10 years	10%
Ten years or More	0%

9. HOUSEHOLD INCOME LIMITS AND INCOME DETERMINTION

Household income for qualification of assistance under the ***PATHWAY TO PURCHASE*** 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 ***PATHWAY TO PURCHASE*** Program will count the income of both the husband and the wife in the eligibility decision.
Applicants for the ***PATHWAY TO PURCHASE*** Program must have gross annual household incomes up to 80% of the area median, adjusted for family size (see Table I).

Table I: *PATHWAY TO PURCHASE* Program Income Limits

Household Size	Up To 80% Area Median
1	$67,950
2	$77,650
3	$87,359
4	$97,505
5	$104,850
6	$112,600
7	$120,350
8	$128,150

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://www.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	Welfare Assistance. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income: ▸ 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). 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 me shall consist of: ▸ 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	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	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: • 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 orange 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 spinal 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.

10. ELIGIBLE PROPERTIES

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

a. New Construction
b. Resales
c. Foreclosures
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 ***PATHWAY TO PURCHASE*** 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 ***PATHWAY TO PURCHASE*** Program.

11. ELIGIBLE ZIP CODES

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

12. MAXIMUM PURCHASE PRICE

The maximum purchase price of homes utilizing ***PATHWAY TO PURCHASE*** assistance is: ***$323,000.00 (RESALES)*** *and* ***$401,000.00 (NEW CONSTRUCTION)*** **THERE ARE NO EXCEPTIONS TO THIS LIMIT.**

13. PROPERTY STANDARDS

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

14. HQS INSPECTION PROCEDURES

The HQS inspection must be conducted by American Property Consultants, Inc. (APC), a licensed full service inspection company. A **$139** initial inspection fee is required and is due and payable to APC before the HQS inspection can be scheduled once the inspection is scheduled by American Property Consultants (APC), an additional fee of **$139** will be charged for a missed appointment. Missed appointments include failure of the seller/owner to arrive within 10 minutes of scheduled appointment, no access on scheduled date or failure to have utilities turned on.

15. *Fees for follow up inspections will be paid by the applicant.*

The following are the **PATHWAY TO PURCHASE** Program HQS inspection procedures:

The Participating Lender or Applicant must request a HQS Inspection using the HQS Inspection Request Form available on the **APC website at: *www.hudpass.com*. Look for: "PATHWAY TO PURCHASE Program" on the left menu bar under HQS and click on the program name. 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 credit/debit card 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 Participating Lender or 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 Participating Lender or Realtor of access to the property, APC will have 5 days to schedule and complete the inspection.
E. APC will inform the Participating Lender/Realtor of the inspection results in writing.
F. Proof of the APC initial inspection must be submitted with the application package.
G. In the case of a failed HQS Inspection, Participating Lender or Applicant should schedule follow-up inspection with APC, when repairs are completed.
H. 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 AND DUE TO THE PATHWAY TO PURCHASE REQUIREMENT THAT NO CASH BE DISBURSED OR REIMBURSED TO THE BUYER AT SETTLEMENT.

16. HOME INSPECTION COMPLIANCE

The ***PATHWAY TO PURCHASE*** program also requires borrowers to obtain a home inspection by a licensed Inspector. ***PATHWAY TO PURCHASE*** 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 ***PATHWAY TO PURCHASE*** 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 ***PATHWAY TO PURCHASE*** 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 ***PATHWAY TO PURCHASE*** Application Package to DHCD.

18. PURCHASER'S MINIMUM CASH CONTRIBUTION

PATHWAY TO PURCHASE recipients must contribute **1.75%** of the final purchase price **or 50%** of liquid assets over $3,000, **whichever is greater**. **(Gift funds may not be used towards the 1.75% minimum cash contribution)**

Payments of any upfront costs by the purchaser including Earnest Money Deposit, lender application fees, appraisals, home inspection, housing counseling fee, hazard insurance, and termite inspection, 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.

21. APPLICATION PROCESS

Prior to submitting a completed application package, Participating Lenders must request and schedule a ***PATHWAY TO PURCHASE*** HQS Inspection at www.HUDPASS.COM Results of the ***PATHWAY TO PURCHASE*** HQS Inspection may be provided to the appraiser prior to the appraisal inspection.

After the application for a first mortgage to purchase an eligible property has been submitted to the lender and underwritten, applications to the ***PATHWAY TO PURCHASE*** program may be submitted by a Participating Lender, subject to approval of ***PATHWAY TO PURCHASE*** funds. Applications for ***PATHWAY TO PURCHASE*** assistance cannot be submitted by a Participating Lender until the borrower has a ratified contract to purchase an eligible property.

The ***PATHWAY TO PURCHASE*** program **requires 21-business days (Not including Federal Holidays) 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 ***PATHWAY TO PURCHASE*** program.

In addition, please note that the 21- business days (Not including Federal Holidays) processing time does not include the number of days an application has been in the underwriting pipeline of a Participating Lender. *THEREFORE, NO APPLICATION WILL BE ACCEPTED FROM A PARTICIPATING LENDER UNLESS THERE ARE AT LEAST 21 BUSINESS DAYS (NOT INCLUDING FEDERAL HOLIDAYS) REMAINING ON THE FINAL SALES CONTRACT OR AN EXECUTED AMENDMENT IN PLACE, EXTENDING THE CONTRACT FOR AT LEAST 21 BUSINESS DAYS (NOT INCLUDING FEDERAL HOLIDAYS). THE 21 BUSINESS DAY TIMELINE IS FROM THE DATE OF LOAN APPLICATION ACCEPTANCE IN THE PATHWAY TO PURCHASE OFFICE, EXCLUDING FEDERAL 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.

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

A submittal of a *PATHWAY TO PURCHASE* 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 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 ***PATHWAY TO PURCHASE*** pipeline, by loans that are cleared and ready to go. Therefore, it is strongly advised that Participating Lenders work to ensure that the application is submitted completely.

PATHWAY TO PURCHASE Program Application and Application Checklist is provided in Attachment II & Attachment III

22. GETTING STARTED

Applications for the ***PATHWAY TO PURCHASE*** program must be submitted through a Participating Lender listed at http://www.princegeorgescountymd.gov/865/Redevelopment-Authority. You must have an executed contract to purchase a residential property, before you can complete a **Pathway To Purchase** application with a 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 Department of Housing and Community Development for an application.

Follow these steps if you are interested in the ***PATHWAY TO PURCHASE*** program:

1. Contact a ***PATHWAY TO PURCHASE*** 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 *PATHWAY TO PURCHASE* PROGRAM. A PRE-APPROVAL FOR A FIRST MORTGAGE BY A PARTICIPATING LENDER DOES NOT GUARANTEE APPROVAL OF YOUR APPLICATION FOR A *PATHWAY TO PURCHASE* 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 http://www.princegeorgescountymd.gov/865/Redevelopment-Authority. **Online certificates will not be accepted**.

3. Contact your real estate agent to identify properties in Prince George's County.

4. Familiarize yourself with the Housing Quality Standards Move-in Inspection Checklist and Requirements posted at http://www.princegeorgescountymd.gov/865/Redevelopment-Authority to ensure the house you place a contract on does not have any deficiencies.

   ALL CONTRACTS MUST HAVE A SELLER EXECUTED *PATHWAY TO PURCHASE* CONTRACT AFFIDAVIT ACKNOWLEDGING THE HQS INSPECTION REQUIREMENTS AND THE NEED TO COORDINATE AND FACILITATE REPAIRS. THE BUYERS SHOULD NOT PERFORM ANY REPAIRS ON A PROPERTY THEY DO NOT OWN. REPAIRS WILL NOT BE REIMBURSED TO THEM AT SETTLEMENT.

5. Work with a real estate agent to place a contract on a residential property that can pass the HQS inspection. **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 front end monthly debt to income ratio does not exceed **35%**, and your total monthly debt to income ratio does not exceed **47%** of your monthly income. **THE *PATHWAY TO PURCHASE* PROGRAM WILL NOT APPROVE YOUR APPLICATION FOR DOWN PAYMENT ASSISTANCE IF YOUR MONTHLY RATIOS EXCEEDS 35% on the front end and/or 47% on the back end,** 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 ***PATHWAY TO PURCHASE*** Program after obtaining a conditional approval for your 1st trust loan.

8. Monitor processing time of your application by the Participating Lender. The ***PATHWAY TO PURCHASE*** Program will not accept an application from a Participating Lender unless there are at least **21 business days (not including Federal Holidays)** remaining on the contract term or an amendment in place extending the contract by at least **21 business days (not including Federal Holidays)**.

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 ***PATHWAY TO PURCHASE*** 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 ***PATHWAY TO PURCHASE*** Program a lender must be an approved Participating Lender with the ***PATHWAY TO PURCHASE*** Program. All Participating Lenders must execute a Participating Lender Agreement with the ***PATHWAY TO PURCHASE*** Program.

Each loan officer participating in the ***PATHWAY TO PURCHASE*** program must attend training and be certified to submit ***PATHWAY TO PURCHASE*** Program applications. Training will consist of a Power Point presentation and handouts.
Participating Lender training classes will be provided, when announced on the ***PATHWAY TO PURCHASE*** website (RSVP required) at the ***PATHWAY TO PURCHASE*** Program offices:

9200 Basil Court, Suite 504
Largo, MD 20774
RSVP – 301.883.5456

At the completion of the training the ***PATHWAY TO PURCHASE*** Program will issue a Loan Officer Certification Number.

LOAN OFFICER CERTIFICATION NUMBER MUST APPEAR ON ALL APPLICATIONS SUBMITTED TO THE *PATHWAY TO PURCHASE* 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 / 2% max** (including Loan Origination, Underwriting, and Application Fee). If additional points are charged to buy the rate down, a lock confirmation will be required when the application is submitted to ***PATHWAY TO PURCHASE*** Program.

25. REALTOR TRAINING

Not a requirement.

26. HOMEBUYING COUNSELING

Applicants to the ***PATHWAY TO PURCHASE*** Program must complete a minimum 8-hour in classroom housing counseling program. A list of HUD approved housing counseling agencies is provided as Attachment IV. Housing counseling requirement must be met prior to the submission of the ***PATHWAY TO PURCHASE*** loan. However, it is advised that an applicant complete the housing counseling prior to placing a contract on a home. **In 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. TITLE COMPANY REQUIREMENTS

Only approved Title Companies who successfully and efficiently participated in the, **PATHWAY TO PURCHASE** funded Down Payment Programs will be allowed continued participation in the ***PATHWAY TO PURCHASE*** Program.

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

INELIGIBLE FEES PAID THAT MAY NOT BE PAID FROM BUYER(S) *PATHWAY TO PURCHASE* FUNDS:

- Realtor Admin Fee or Flat Fee over **$350.00** WILL BE PAID FROM BUYER(S) OWN FUNDS
- Realtor/Broker Fee or Consultant Fee
- Realtor Commission
- Homeowner Warranty
- Creditor Collections
- Mobile, Notary or Witness Closer Fee
- Termite Treatment
- Radon Testing and/or Treatment
- Mold Testing and/or Treatment
- Bond Fees / Mortgage Credit Certificate Fees

BUYER(S) ITEM PAID OUTSIDE OF CLOSING (POC'S)

1. EARNEST MONEY DEPOSIT
2. APPRAISAL
3. CREDIT REPORT
4. HAZARD INSURANCE POLICY PREMIUM
5. HOME INSPECTION
6. TERMITE REPORT
7. 8-HOUR HOUSING COUNSELING CLASS
8. HQS INSPECTION and RE-INSPECTION 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 1ST TRUST MORTGAGE PER LENDER APPROVAL UP TO $1,000.00 OR REDUCE THE SELLER CONTRIBUTION.

TITLE COMPANY CERTIFICATION OF FEES

- Settlement Fee	$250.00
- Title Abstract/Search	$275.00
- Title Examination	$300.00
- Title Binder 1st & 2nd	$100.00
- Recording Services	$ 50.00
- Courier Fee	$ 50.00
- Document Archive	$ 45.00
- Wire Fee	$ 30.00
- **TOTAL FEES**	**$1,100.00 + TITLE INSURANCE**

Title Insurance will consist of a loan policy for 1st and 2nd Trust Loans. (According to published Maryland Insurance Rates).

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

http://www.princegeorgescountymd.gov/865

1. **PATHWAY TO PURCHASE SHORT SALE POLICY**

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

2. **PATHWAY TO PURCHASE 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 PATHWAY TO PURCHASE LOAN AND A SUBORDINATION AGREEMENT WILL NOT BE APPROVED BY PATHWAY TO PURCHASE.

The PATHWAY TO PURCHASE loan will subordinate to a new first trust mortgage to allow interest rate reductions or "streamlining", if all of 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 PATHWAY TO PURCHASE loan will be permitted as long as the home continues to be the borrower's primary residence, and subordination is approved.

3. PATHWAY TO PURCHASE MORTGAGE PAYOFF REQUEST;

Loan Servicing UDC
9200 Basil Court,
Largo, MD 20774

Send Payoff request along with a copy of borrower authorization to: VRSCOTT@CO.PG.MD.US