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DATE May 8, 2014

Directive 2014-19

TO: **ALL LENDERS**

SUBJECT: **OPENING OF THE MARYLAND HOMECREDIT PROGRAM**

We are pleased to announce that, effective June 1, 2014, the Community Development Administration (CDA) will accept reservations for our new Maryland HomeCredit Program (MD HomeCredit Program). Under the MD HomeCredit Program CDA will issue Mortgage Credit Certificates (MCCs) to eligible borrowers pursuant to Section 25 of the Internal Revenue Code.

The MCC will entitle eligible borrowers to claim a tax credit against the borrower's annual federal tax liability equal to 25% (the "Certificate Credit Rate") of the interest paid on a qualifying mortgage loan during the calendar year, subject to a \$2,000 annual limit. The remaining portion of the mortgage interest continues to qualify as an itemized deduction. The MD HomeCredit Program will issue MCCs in conjunction with the purchase of one-unit, single-family, owner-occupied principal residences. Additional information is found in the Lender's Compliance Manual for the MD HomeCredit Program and the Fact Sheet available on the MMP website (mmp.maryland.gov/mdhomecredit).

An MCC may be reserved on or after June 1, 2014; every mortgage loan associated with the MCC must be closed no later than December 15, 2015. Notwithstanding, CDA may extend, discontinue or modify the MD HomeCredit Program at any time.

The MD HomeCredit Program is open to current participating MMP lenders as well as new lenders who wish to apply for approval to offer the MMP and MD HomeCredit Program, or just the MD HomeCredit Program.

All Lenders will be required to apply to participate in the MD HomeCredit Program by completing the requirements described on the MMP website (mmp.maryland.gov/mdhomecredit).

COMMUNITY DEVELOPMENT
ADMINISTRATION
DIVISION OF DEVELOPMENT FINANCE
100 Community Place
Crownsville, MD 21032

PHONE 410-514-7400

TOLL FREE 1-800-756-0119
TTY/RELAY 711 or 1-800-735-2258

WEB www.mmp.maryland.gov



NOTE: For new lenders, participation in the MD HomeCredit Program **does not** automatically enable lenders to originate loans under the Maryland Mortgage Program. If a new lender wishes to participate in the MMP as well as MD HomeCredit Program, the lender will need to complete and submit a Mortgage Origination Agreement (MOA) in addition to the Mortgage Credit Certificate Agreement.

All lender participation forms and details are described on our website.

The required lender participation documentation, together with the one-time lender application fee for MD HomeCredit Program-only lenders, must be completed and submitted to: CDA Single Family Housing, ATTN: MD HomeCredit Program, 100 Community Place, 4th Floor, Crownsville, MD 21032. Once each lender has been approved to participate as an MMP and MD HomeCredit Program lender or as an MD HomeCredit Program-only lender, they will receive an activation email and may begin making reservations for their approved program. All approved Participating Lenders will be listed on the MMP website.

Borrowers can obtain an MCC by making application through an approved MD HomeCredit Program lender and paying the associated MCC fees noted in the attached Fact Sheet. The lender can be either:

- An approved MMP/MD HomeCredit Program lender, who will process the MCC application along with the borrowers' application for the mortgage loan, or
- An approved MD HomeCredit Program-only lender. The lender will process the MCC application for submission to CDA for approval independently of the first mortgage loan.

The MD HomeCredit Program is not available with local tax exempt bond agency funding or with any of the following MMP programs:

- Refinance Programs
- Homefront for Disabled Veterans
- DHCD-owned Foreclosure Program (REO) including the First Look Program

The MMP compliance requirements also apply to the MD HomeCredit Program; please review the attached Fact Sheet and visit the website at mmp.maryland.gov.

The Lender Online program codes assigned to the MD HomeCredit Program are:

Bond Series: 908 (**All Lenders**)
Program Code: 601-MCC ONLY 30 YR (6/2014)

Bond Series: 909 (**All Lenders**)
Program Code: 605-MBS GOV'T OPT 30YR+MCC 6/2014)
606-MBS 95%OR<LTV CONV OPT 30 YR +MCC (6/2014)

Bond Series: 921 (**For Lenders who are required to have conventional files underwritten by US Bank**)
Program Code: 610-MBS >95% LTV CONV OPT 30 YR +MCC (6/2014)

Bond Series: 922 (**For Lenders who are not required to have conventional files underwritten by US Bank**)
Program Code: 615-MBS >95% LTV CONV OPT 30 YR +MCC (6/2014)

Included with this Directive is the MD HomeCredit Program Fact Sheet.

As always, we appreciate your continued participation in our programs. If you have any questions concerning this Directive or suggestions for improvements, please contact one of our Single Family Housing liaisons: Vicki Jones at jones@mdhousing.org and Ed Anthony at anthony@mdhousing.org or Single Family Underwriters: Astrid Donis at donis@mdhousing.org, Jack Rouse at rouse@mdhousing.org, Pat Smith at smith@mdhousing.org, Catherine Kraemer-Dale at kraemer-dale@mdhousing.org or Bill Milko at milko@mdhousing.org.

Sincerely,

Jacquelyn Mitchell

Jacquelyn Mitchell, Operations Manager
Single Family Housing

Enclosures