



Maryland Department of Housing and Community Development

Martin O'Malley
GOVERNOR

Anthony G. Brown
LT. GOVERNOR

February 26, 2007

Directive 2007-3

MEMORANDUM: ALL PARTICIPATING LENDERS

SUBJECT: Builder/Developer Incentive Program

The purpose of this Directive is to clarify how the Builder/Developer Incentive Program works. This Directive will be uploaded to our website (under *Lenders Only/Single Family Housing Directives*) and also to Lender On-Line (under *Program Documents/Single Family Housing Directives*). The Builder/Developer Guidelines, Frequently Asked Questions, Builder/Developer Participation Agreement and the Verification of Builder/Developer Contribution will be uploaded to our website (under *Downpayment*).

Builder/Developer Incentive Program (BDIP)

The **Builder/Developer Incentive Program (BDIP)** is a new program that enables eligible homebuyers to receive more down payment and/or closing cost assistance than is available through the standard programs currently offered by the Maryland Department of Housing and Community Development (DHCD). Any borrower who receives a contribution for down payment and/or closing costs from one of the participating builder/developers and meets the eligibility requirements of the More House 4 Less (MH4L) Maryland Mortgage Program may participate in the BDIP. DHCD will match contributions dollar-for-dollar, up to \$5,000, from participating builders/developers. The builder/developer contribution may be combined with contributions from local jurisdictions, unions and/or non-profit agencies; however, the BDIP match will not exceed \$5,000. The match is in the form of a 0% deferred loan that is repayable at the earlier of maturity or payoff of the first mortgage, or upon the sale or transfer of the property.

- *If the borrower is receiving a DSELP loan, the matching funds are added to the DSELP loan amount. To reserve this loan, the lender accesses the “New Reservation” screen in Lender On-Line, selects the appropriate first mortgage program, for example “008 – MMP/2 PT 30 YR”, selects “906 – DSELP/BDIP” as the Second Mortgage Program, selects **SECOND** **MORTGAGE** and then completes the “New Reservation Form”.*

- Example: Participating Builder/Developer contribution = \$2,500; local jurisdiction contribution = \$2,500

DSELP loan	\$5,000
Builder/Developer contribution	\$2,500
Local jurisdiction contribution	\$2,500
BDIP dollar-for-dollar match	<u>\$5,000</u>
Total closing cost assistance	\$15,000

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The BDIP loan in the amount of \$5,000 is added to the DSELP loan in the amount of \$5,000 and the total combined amount of \$10,000 is reserved under the “906 – DSELP/BDIP” Second Mortgage Program.

- *If the borrower is receiving a closing cost assistance grant under the MMP PLUS Program or the Live Near Your Work Plus Program and also receiving a BDIP loan, the borrower receives a separate loan for the BDIP loan (in the form of a DSELP loan). To reserve this loan, the lender accesses the “New Reservation” screen in Lender On-Line, selects the appropriate closing cost assistance program, for example “009 – MMP/0 PT + 2% 30 YR”, selects “907 – BDIP” as the Second Mortgage Program, selects SECOND MORTGAGE and then completes the “New Reservation Form”.*
 - Example: Participating Builder/Developer contribution = \$2,500; local jurisdiction contribution = \$2,500;
First mortgage amount = \$250,000

2% Grant	\$5,000
Builder/Developer contribution	\$2,500
Local jurisdiction contribution	\$2,500
BDIP dollar-for-dollar match	<u>\$5,000</u>
Total closing cost assistance	\$15,000

The BDIP loan in the amount of \$5,000 is reserved under the “907 – BDIP” Second Mortgage Program.

To determine if a builder/developer is a participating builder/developer, the borrower can either access the [List of Participating Builder/Developers](#) on our MH4L Program website under Builder/Developer Incentive Program or ask their builder/developer if they participate in the BDIP. If their builder/developer does participate, the borrower would complete Section I of the [Verification of Builder/Developer Contribution](#) form and then have their builder/developer complete Section II. Participating Builder/Developer Verification. If there are any other contributions, the contributors would complete the appropriate section of the form. This form is then taken to the participating lender that the borrower selects.

If a builder/developer wants to participate in the BDIP, they should read the [Builder/Developer Guidelines](#) and then submit a completed [Builder/Developer Participation Agreement](#) to the attention of Vicky Grim at the address at the end of the Agreement.

As always, we appreciate your continued participation in the Maryland Mortgage Program. If you have any questions concerning this Directive or suggestions for improving our Program, please contact me directly at (410) 514-7508 or 1-800-638-7781 or by e-mail at manahan@mdhousing.org.

Sincerely,

William J. Manahan

William J. Manahan
Assistant Director
Single Family Housing