

COMMUNITY PARTNERS INCENTIVE PROGRAM (CPIP)

COMMUNITY PARTNER GUIDELINES

The Community Development Administration (CDA) is offering to provide additional downpayment and settlement assistance to homebuyers who (1) are eligible for and receive a *More House 4 Less* Maryland Mortgage Program loan, and (2) receive a financial contribution for the purchase of their home from a Community Partner participating in the Community Partners Incentive Program (CPIP).

Note: Under *More House 4 Less*, private lenders originate the *More House 4 Less* loans, and CDA then purchases the *More House 4 Less* loans from the private lenders.

1. Type of CPIP Assistance

The CPIP assistance from CDA is in the form of a 0% deferred payment loan through CDA's Downpayment and Settlement Expense Loan Program (DSELP). Homebuyers may also be eligible for other types of downpayment and settlement expense assistance under the standard *More House 4 Less* loan products. Homebuyers should discuss the types and terms of *More House 4 Less* loan products available with their lender, including types of down payment and settlement expense assistance they may be eligible to receive in addition to CPIP.

2. Participating Community Partner

A Participating Community Partner is a Community Partner who has agreed to participate in CPIP. A Participating Community Partner must complete and submit to CDA a Community Partner Participation Agreement to become a Participating Community Partner. A Community Partner is defined as a foundation or nonprofit organization interested in expanding workforce housing opportunities.

3. Eligibility of Borrower

To participate in CPIP, the borrower must:

- a. Be a homebuyer who is receiving assistance from a Participating Community Partner to help purchase a home;
- b. Be eligible for and receive a *More House 4 Less* loan. If a homebuyer does not receive a *More House 4 Less* loan, the homebuyer is not eligible for the CPIP assistance.
- c. Receive the Participating Community Partner's contribution at settlement of their *More House 4 Less* loan.

4. Community Partner Contribution

The Participating Community Partner's contribution may be in the form of a grant or a loan. The Participating Community Partner shall make its contribution available at the time of settlement of the homebuyer's *More House 4 Less* loan.

5. Other Eligible Contributions to the Homebuyer

If a homebuyer meets the eligibility requirements of Section 3 above, contributions from local governments or other resources will also be eligible for a CPIP match. If eligible, these contributions will be added by the lender to the contribution being made by the Participating Community Partner. These contributions may be in the form of a grant or loan, and shall be made available at the time of settlement of the homebuyer's *More House 4 Less* loan.

6. The Amount of the CDA's CPIP Loan

After receiving the required information from the homebuyer regarding all contributions from the Participating Community Partner as well as other sources, if any (see Section 5 above), the lender will add the eligible contributions together to obtain the total match contributions being provided to the homebuyer. In addition to the standard assistance CDA provides under *More House 4 Less*, CDA will provide CPIP assistance in the form of a 0% deferred DSELP loan in an amount not to exceed \$5,000.

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CDA will be responsible through the lender for providing its CPIP assistance at the settlement of the homebuyer's *More House 4 Less* loan.

Note: CDA reserves the right to change the amount of assistance to be provided under CPIP and/or the terms of the assistance, not less than 30 days after notifying the Participating Community Partner of any changes.

7. Participating Community Partner's Responsibilities and Procedures

- a. Sign and return to CDA the Community Partner Incentive Program Participation Agreement.
- b. Qualify homebuyers for any eligibility requirements that the Community Partner may establish in order for the homebuyer to receive the Community Partner's contributions for down payment and settlement expenses.
- c. Determine the type of financial contributions the Community Partner will provide (grant or loan). Prepare the internal documentation necessary for the Community Partner's contribution. The Community Partner is responsible for servicing any loan it provides to a homebuyer.
- d. Ensure that the Community Partner's financial contribution is available at settlement. Note: If the Participating Community Partner fails to provide its financial contribution at this time, the homebuyer may not be eligible to receive the *More House 4 Less* loan and the CPIP/DSELP loan.
- e. Designate an authorized representative who will coordinate with the CDA lender. The authorized representative will:
 1. Complete and sign the "Verification of Partner Contribution" form;
 2. Instruct the homebuyer to return the signed "Verification of Partner Contribution" form to the homebuyer's lender; and
 3. Coordinate with the CDA lender to ensure that the Community Partner's contribution is made available at the settlement of the homebuyer's *More House 4 Less* loan.
- f. Direct the homebuyer to DHCD's website, www.morehouse4less.com, and CDA Single Family Programs toll-free telephone line, 1-800-638-7781, for information regarding CPIP and *More House 4 Less*, including a list of CDA-approved participating lenders.
- g. The Participating Community Partner will notify CDA in writing should it choose to terminate participation in CPIP. The notice must include an effective date of termination of participation. The Participating Community Partner is expected to honor any active "Verification of Partner Contributions" that it may have provided to homebuyers prior to the effective date of termination.

8. Duration/Termination of CPIP

- a. These Community Partner Guidelines are effective November 1, 2006.
- b. CDA anticipates that CPIP will remain open for a substantial period of time; however, if CDA determines it is in the State's best interest, CDA may close CPIP. Should CPIP close, CDA will notify the Community Partner in writing at least 30 days prior to closing CPIP. All CPIP applications from homebuyers with a Verification of Partner Contribution from the Participating Community Partner in place prior to notification by CDA of the closing of CPIP will be honored by CDA.
- c. CDA may terminate the CPIP participation of any Participating Community Partner should the Community Partner fail to follow the CPIP guidelines.

