

BUILDER/DEVELOPER INCENTIVE PROGRAM (BDIP)

FAQ

Q. What is the Builder/Developer Incentive Program?

The Builder/Developer Incentive Program enables eligible homebuyers to receive more downpayment and/or closing cost assistance than is available through the standard downpayment and closing cost assistance programs.

Q. Who qualifies for the Builder/Developer Incentive Program?

Any borrower who receives a contribution for downpayment and/or closing cost assistance from a participating builder or developer and meets the eligibility criteria under the Maryland Mortgage Program may participate in the Builder/Developer Incentive Program.

Q. How does it work?

DHCD will match contributions dollar-for-dollar, up to \$5,000, toward downpayment and closing costs from participating builders and developers who are interested in expanding affordable homeownership opportunities. The builder/developer's contribution may be combined with assistance from local jurisdictions, unions and/or nonprofit agencies; however, the Builder/Developer Incentive Program match will not exceed \$5,000. The match is in the form of a 0% deferred loan that is repayable at the time of payoff or refinance, or upon the sale or transfer of the house. This assistance is over and above what is available through the standard downpayment and closing cost assistance programs, allowing some borrowers to have more choices in buying a home.

Q. What are the standard downpayment and closing cost assistance programs offered by DHCD?

There are three types of closing cost assistance available:

- DSELP – a deferred loan at 0% for borrowers purchasing a home with a purchase price of \$200,000 or below
- MMP+2% – a grant equal to 2% of the loan amount (grant is repayable in full upon sale, transfer, or refinance within first four years from date of closing; completely forgiven after 4 years)
- MMP+3% – a grant equal to 3% of the loan amount (grant is repayable in full upon sale, transfer, or refinance within first four years from date of closing; completely forgiven after 4 years)

Q. May I apply for assistance from all of the standard downpayment and closing costs assistance programs?

You may select either the DSELP loan (may be used if home purchase price is \$200,000 or less) or a grant through the MMP+2% or MMP+3% Program. If you elect to use the MMP+2% or MMP+3%, you will pay a slightly higher interest rate and,

- if your loan is insured by FHA, MMP+2% or MMP+3% may be used to fund closing costs only.
- if your loan is insured by a private mortgage insurance company or guaranteed by VA or RHS, MMP+2% or MMP+3% may be used to fund both downpayment and closing costs as permitted by the insurer/guarantor.

Q. Who is eligible for DSELP, MMP+2% or MMP+3%?

Individuals or families who are approved to purchase a home using a loan through the Maryland Mortgage Program can apply for assistance.

Q. How does the Builder/Developer Incentive Program help when I am purchasing a home?

- Borrowers who are eligible for a DSELP loan (DSELP may only be used if home purchase price is \$200,000 or less) through the More House 4 Less Maryland Mortgage Program, can receive up to an additional \$5,000 from the Builder/Developer Incentive Program (based on dollar-for-dollar matching contributions) to add to the amount available under the regular DSELP Program.
- Borrowers who select an MMP+2% or MMP+3% grant through the More House 4 Less Maryland Mortgage Program, can receive up to an additional \$5,000 from the Builder/Developer Incentive Program (based on dollar-for-dollar matching contributions) to add to the 2% or 3% closing cost assistance grant.

DSELP Program

Example 1: Builder/developer contribution = \$5,000

DSELP loan	\$ 2,500
Builder/developer contribution	\$ 5,000
Builder/Developer Incentive Program dollar-for-dollar match.....	\$ <u>5,000</u>
Total closing cost assistance.....	\$12,500

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FAQ continued

Example 2: Builder/developer contribution = \$5,000

MMP+2% grant (based on \$250,000 loan amount)	\$ 5,000
Builder/developer contribution	\$ 5,000
Builder/Developer Incentive Program dollar-for-dollar match.....	\$ <u>5,000</u>
Total closing cost assistance.....	\$ 15,000

Example 3 Builder/developer contribution = \$5,000

MMP+3% grant (based on \$250,000 loan amount)	\$ 7,500
Builder/developer contribution	\$ 5,000
Builder/Developer Incentive Program dollar-for-dollar match.....	\$ <u>5,000</u>
Total closing cost assistance.....	\$ 17,500

Q. My local government offers a program that makes assistance available if I move within a certain distance of my place of employment. Can I use the Builder/Developer Incentive Program in conjunction with the local government's program?

Yes. The local government's assistance can be combined with the builder/developer's contribution; however, the amount of the dollar-for-dollar match provided through the Builder/Developer Incentive Program will not exceed \$2,500.

Example

DSELP loan	\$ 2,500
Builder/developer contribution	\$ 1,000
Local government contribution.....	\$ 1,000
Builder/Developer Incentive Program dollar-for-dollar match.....	\$ <u>2,000</u>
(matches builder/developer & jurisdiction funds)	
Total closing cost assistance.....	\$ 6,500

Q. Who are the participating builder/developer partners?

The Maryland Department of Housing and Community Development maintains a list of builders and developers on the Maryland Mortgage Program website (www.morehouse4less.com) who are concerned about affordable housing and have agreed to participate in the program.

Q. How do I get started?

Ask your builder or developer if they participate in the Builder/Developer Incentive Program and how much assistance is available to you.

Q. What do I do after I find out what is available through my builder/developer?

1. Complete homebuyer section of the Verification of Builder/Developer Contribution form and give it to your builder or developer to complete the appropriate section. Your builder/developer may be able to help you determine if additional contributions are available from local jurisdictions, unions, and/or nonprofit organizations.
2. Select a participating CDA lender in your area and make an appointment to pre-qualify for a CDA mortgage loan.
3. Provide the lender with the original of the fully completed and executed Verification of Builder/Developer Contribution form.
4. Talk to your lender about homebuyer education before signing a contract of sale. Please note that in the City of Baltimore and Anne Arundel, Baltimore, and Harford counties, you must meet certain homebuyer education/housing counseling requirements. Refer to the Counseling information on our website.

Q. Where can I get additional information?

You may call toll-free at 1-800-638-7781 or visit our website at www.morehouse4less.com.

Please note: If borrower is requesting assistance through the Downpayment and Settlement Expense Loan Program (DSELP) and/or the Builder/Developer Incentive Program (BDIP) on a property located in the City of Baltimore or Anne Arundel, Baltimore, or Harford County, the borrower must meet the applicable counseling requirements. Refer to the Counseling Information on our website.

