

BUILDER/DEVELOPER INCENTIVE PROGRAM (BDIP) 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 Maryland Mortgage Program loan (MMP), and (2) receive a financial contribution for the purchase of their home from a Builder/Developer participating in the Builder/Developer Incentive Program (BDIP).

Note: Under MMP, private lenders originate the MMP loans, and CDA then purchases the MMP loans from the private lenders.

1. Type of BDIP Assistance

The BDIP 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 MMP loan products. Homebuyers should discuss the types and terms of MMP loan products available with their lender, including types of down payment and settlement expense assistance they may be eligible to receive in addition to BDIP.

2. Participating Builder/Developer

A Participating Builder/Developer is a Builder/Developer who has agreed to participate in BDIP. A Participating Builder/Developer must complete and submit to CDA a Builder/Developer Participation Agreement to become a Participating Builder/Developer.

3. Eligibility of Borrower

To participate in BDIP, the borrower must:

- a. Be a homebuyer who is purchasing a home from a Participating Builder/Developer;
- b. Be eligible for and receive a MMP loan. If a homebuyer does not receive a MMP loan, the homebuyer is not eligible for the BDIP assistance.
- c. Receive the Participating Builder/Developer's contribution at settlement of their MMP loan.

4. Builder/Developer Contribution

The Participating Builder/Developer's contribution may be in the form of a grant or a loan. The Participating Builder/Developer shall make its contribution available at the time of settlement of the homebuyer's MMP loan.

5. Other Eligible Contributions to the Homebuyer

If a homebuyer meets the eligibility requirements of Section 3 above, contributions from local governments, unions and nonprofit agencies will also be eligible for a BDIP match. If eligible, these contributions will be added by the lender to the contribution being made by the Participating Builder/Developer. 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 MMP loan.

6. The Amount of the CDA's BDIP Loan

After receiving the required information from the homebuyer regarding all contributions from the Participating Builder/Developer 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 MMP, CDA will provide BDIP assistance in the form of a 0% deferred DSELP loan in an amount not to exceed \$5,000:

CDA will be responsible through the lender for providing its BDIP assistance at the settlement of the homebuyer's MMP loan.

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

(Continued)

BUILDER/DEVELOPER INCENTIVE PROGRAM (BDIP)

Guidelines continued

7. Participating Builder/Developer's Responsibilities and Procedures

- a. Sign and return to CDA the Builder/Developer Participation Agreement.
- b. Qualify its homebuyers for eligibility to receive contributions for down payment and settlement expenses.
- c. Determine the type of financial contributions the Builder/Developer will provide (grant or loan). Prepare the internal documentation necessary for the Builder/Developer's contribution. The Builder/Developer is responsible for servicing any loan it provides to a homebuyer.
- d. Ensure that the Builder/Developer's financial contribution is available at settlement. Note: If the Participating Builder/Developer fails to provide its financial contribution at this time, the homebuyer may not be eligible to receive the MMP loan and the BDIP/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 Builder/Developer Contribution" form (see Attachment B);
 2. Instruct the homebuyer to return the signed "Verification of Builder/Developer Contribution" form to the homebuyer's lender; and
 3. Coordinate with the CDA lender to ensure that the Builder/Developer's contribution is made available at the settlement of the homebuyer's MMP 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 BDIP and MMP, including a list of CDA-approved participating lenders.
- g. The Participating Builder/Developer will notify CDA in writing should it choose to terminate participation in BDIP. The notice must include an effective date of termination of participation. The Participating Builder/Developer is expected to honor any active "Verification of Builder/Developer Contributions" that it may have provided to homebuyers prior to the effective date of termination.

8. Duration/Termination of BDIP

- a. These Builder/Developer Guidelines are effective December 3, 2007.
- b. CDA anticipates that BDIP will remain open for a substantial period of time; however, if CDA determines it is in the State's best interest, CDA may close BDIP. Should BDIP close, CDA will notify the Builder/Developer in writing at least 30 days prior to closing BDIP. All BDIP applications from homebuyers with a Verification of Builder/Developer Contribution from the Participating Builder/Developer in place prior to notification by CDA of the closing of BDIP will be honored by CDA.
- c. CDA may terminate the participation of any Participating Builder/Developer should the Builder/Developer fail to follow the BDIP guidelines.

