

## HOMEOWNERSHIP PROGRAMS

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974-3524

The *Maryland Mortgage Program (MMP)* originated in 1980 as the Mortgage Purchase Program and received its present name in July 1987. The Program was implemented when mortgage funds available through private lending institutions dwindled and mortgage rates rose. The MMP provides reduced-interest mortgage loans to eligible home buyers through participating lending institutions. In this program, the Administration purchases loans made by lending institutions to eligible low- and moderate-income persons.

Both newly constructed and existing homes are eligible under the Maryland Mortgage Program. MMP is designed primarily for first-time home buyers. Applications for loans are made to a participating mortgage lender.

Federal law designates certain low-income areas as target areas for which 20 percent of the funds from bond issues must be set aside. In these areas, purchase price limits are slightly higher and buyers are not required to be first-time home buyers.

The Maryland Mortgage Program is funded by the sale of tax-exempt revenue bonds. Both the acquisition cost and income limits are set by the Administration using federal tax law guidelines. Acquisition costs vary by region.

In 1987, the *Homeownership Development Program (HDP)* was merged with MMP. First funded in 1979, HDP is funded through the sale of tax-exempt revenue bonds. Funds are designated for newly constructed homes in approved subdivisions.

Using the guidelines of the Mortgage Subsidy Bond Tax Act of 1980, the Administration sets maximum income limits for participants in the Homeownership Development Program. Sales price limits are also set by the Administration. They are based both on affordability within the income limits and the interest rate for the revenue bonds. Loans are given on a first-come, first-serve basis.

The *Maryland Home Financing Program (MHFP)* was authorized by the General Assembly in 1972 and first funded with the sale of State general obligation bonds in 1973. This direct-loan program expands homeownership opportunities for low-income Marylanders. By virtue of its funding source—general obligation bonds and appropriations, and a revolving fund from prior loans under the Program—it differs from the other single-family programs. Outreach agents make the Program accessible in each region of the State. Loans have been made in every county and Baltimore City (Code 1957, Art. 83B, secs. 2-401 through 2-409; Code Financial Institutions Article, sec. 13-310).

In 1988, the *Homeownership Incentive Program (HIP)* was combined into MHFP. Created by the General Assembly in 1986, HIP stimulates the production and rehabilitation of owner-occupied housing by providing below market loans targeted at households with income less than \$20,000 per year. The Administration encourages local governments and nonprofit organizations to contribute local resources for developments funded through this program.

The *Homeownership Emergency Mortgage Assistance Program (HEMAP)* was created by the General Assembly in 1984. The Program provides mortgage assistance to help involuntarily unemployed home owners. Working through housing counseling agencies, short-term loans are provided to eligible homeowners. Funds for the Program are provided from general obligation bonds. The *Settlement Expense Loan Program (SELP)* was created by the General Assembly in 1988. The Program provides low interest loans for settlement expenses to eligible low- and moderate-income home buyers who do not have sufficient resources to purchase an affordable home. The Program will fund its first loans in late 1988.

The *Reverse Equity Mortgage Program (REMP)* was established by the General Assembly in 1986 and first funded in 1988 through CDA reserve funds. The Program enables older Maryland homeowners to gain access to the accumulated equity in their homes without having to sell or move. No repayment of the loan is required until the eligible borrower dies, sells the house, or permanently moves out of the home.

## RENTAL HOUSING PROGRAMS

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The *Rental Housing Production Program (RHPP)* was created by the legislature in 1986 to stimulate production of rental housing for lower-income households. Funds can be used for capital assistance to cover costs of construction, rehabilitation, or acquisition of rental housing, or for mortgage assistance to reduce the operating costs of rental housing. Local governments must make a contribution to reduce costs or otherwise support developments financed through the Program. Priority is given to developments that serve households at 30 percent or less of area median income.

The *Market-Rate Rental Housing Program* provides below-market rate construction and permanent financing using taxable and tax-exempt bonds and notes. To be eligible, developments must set aside a portion of the units for limited-income households.

The *Maryland Housing Rehabilitation Program—Multi-Family (MHRP—MF)* is designed to preserve