

SETTLEMENT DOWNPAYMENT LOAN PROGRAM

PROPOSED REVISIONS – September 2009

Category	Current Provision	Proposed Revision	Comment
Income Limits	<ul style="list-style-type: none"> - That income which can afford the maximum purchase price based on prevailing rates, not to exceed 110% of the BMSA median. - CDA income limit if CDA primary loan - 110% of BMSA median if in revitalization area 	Four tiers: <ul style="list-style-type: none"> A. HomeStarter: 80% of BMSA median (HOME funded) B. Homesteader: 80% of HC median C. DreamMaker: 100% of HC median D. Revitalization or Workforce: 110% of HC median 	Expands eligible population; provides choice of product
Maximum Purchase Price	<ul style="list-style-type: none"> - \$179,800 for individual - \$212,200 for family - CDA purchase price limit if CDA primary loans 	CDA purchase price limit for Howard County (currently \$429,000)	Expands eligible properties to meet current market conditions
Maximum Loan Amount	-\$6,000 or \$15,000 (if made in conjunction with another County or Commission program)	<ul style="list-style-type: none"> - \$40,000 for HomeStarter - \$25,000 for HomeSteadier or Revitalization - \$15,000 for DreamMaker - \$4,300 for Workforce 	Provide greater assistance to most needy
Loan Term	At least 15 years	<ul style="list-style-type: none"> - Same as primary loan, which must be at least 20 years, except Revitalization loan may be 15 years - 10 years for Workforce loan 	Avoid balloons; ensure affordable payments
Repayment Terms	Monthly payments of principal and interest	<ul style="list-style-type: none"> - Deferred until resale, refinance, or default - Workforce loan principal reduces 10% per year and is forgiven in 10 years 	Provide greater affordability; makes program more marketable and easier to administer
Required Assets	At least one monthly payment on primary	At least two monthly payments on primary	Ensure borrowers are able

	loan plus \$1,000	loan plus \$1,000	to repay primary loan
Definition of homeownership revitalization area	A residential area in which exists: <ul style="list-style-type: none"> - A decline in resale values - An increase in % of single-family dwellings converted to rental - A decline in property condition and maintenance 	A residential area with a high rate of foreclosure activity as determined by the Maryland DHCD for the NCI program.	Current definition is vague and subjective; provides a clear and objective measure
Use and terms of homeownership revitalization loan	<ul style="list-style-type: none"> - may be used to purchase any home in revitalization area - need not be first-time homebuyer - borrower may have income up to 110% of HC median 	<ul style="list-style-type: none"> - must be used to purchase a property in foreclosure proceedings in revitalization area - need not be first-time homebuyer - borrower may have income up to 110% of HC median - may have term as short as 15 years 	Ensure funds are used for direct revitalization; provide greater incentive to use program
New Product: Workforce Initiative Loan	None	<ul style="list-style-type: none"> - May be used to pay up to ½ of transfer and recordation taxes - Must work in Howard County - 0% interest, deferred payments, 10-year principal burn-off 	Assists “workforce” homebuyers with incomes up to 110% with settlement costs