

Office of Homeownership Policies and Procedures

Down Payment Requirements

To secure funding from any of our homeownership programs, the borrower must contribute a minimum of \$1,000 towards the purchase of a home in Baltimore City.

One-on-One Homeownership Counseling Requirement

To secure funding from any of our Homeownership programs, the borrower must receive One-on-One Homeownership Counseling from a City-approved counseling agency (see resources section for list). The borrower must also secure a Homeownership Counseling Certificate prior to executing a sales contract.

Home Inspection Requirement

To secure funding from the Community Development Block Grant incentive program, the borrower must provide a satisfactory home inspection from a licensed home inspection company. The home inspection company must be a member of either or both the International Association of Certified Home Inspectors and/ or the American Society of Home Inspectors.

In addition, homes built before 1978 must have a lead-based paint assessment completed prior to closing. If there is chipped, peeling, flaking or otherwise deteriorating paint, it must be tested for lead based paint, and if necessary, abated prior to closing. Borrower must ensure that an Inspector certified to conduct Lead Paint Abatement inspection has completed the lead abatement inspection and a copy of the certificate must be provided to the Office of Homeownership prior to closing. Buyers should receive the SELLER LEAD BASED PAINT DISCLOSURE AND EPA PAMPHLET from the housing counseling agency when evaluating the merits of a house.

Qualified Lenders

Co-signers, cash sales and owner financing are prohibited. Further, short sales and foreclosure sales are prohibited unless the buyer has a signed final loan commitment from a lender. We strongly urge that you secure a mortgage loan from a Fannie Mae or Freddie Mac approved lending institution. If you should choose to use a mortgage broker, your mortgage broker must adhere to our written policy. Lenders must provide a good faith estimate to the borrower that includes: 1) any points, fees, or other charges; 2) any mortgage insurance fees; and 3) any monthly escrow amounts required for property taxes and homeowner's insurance. More specifically, lenders must not charge in excess of three (3) points—one (1) point for the origination fee and two (2) points for the mortgage interest rate discount. Lenders must charge only the actual fee incurred by the lender for obtaining the credit report and appraisal and any other documents and services required as part of the mortgage transaction. Lenders must adhere to the disclosure requirements of the Fair Credit Reporting Act as most recently amended.

Ineligible First Mortgage Finance Products

To secure funding from any of our Homeownership incentive programs, the borrower may **not** utilize any of the following first mortgage products: 1) no documentation loan 2) interest only loan 3) conventional 80/20 loan 4) adjustable rate loan. Any loans for which prepayment penalties or fees are applicable, or will be assessed, are not eligible for use with the Baltimore City Homeownership Incentive programs.

Loan Amount

Mortgage amounts cannot exceed the FHA mortgage limit for single-family property, currently \$517,500 (limits subject to change, confirm with your lender/city).

Refinancing and Release Policy

To refinance a first mortgage for a lower interest rate, shorter term and/or lower monthly payment the borrower must execute a Baltimore Housing Refinancing and Release Policy.

These policies may change subject to the discretion of Baltimore City's Office of Homeownership.

Additional restrictions may be required for individual homeownership incentive programs. Refinancing within 5 years may require repayment of forgivable loans provided through Baltimore City homeownership programs.