

# THE MARYLAND AFFORDABLE HOUSING TRUST (MAHT) ENROLLMENT PACKET

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## COMPLYING WITH MAHT REQUIREMENTS

**INTRODUCTION:** The Maryland Affordable Housing Trust (MAHT) was created by Chapter 265 of the Laws of Maryland 1992 (Housing and Community Development Article). MAHT is an instrumentality of the State designed to provide flexible and creative financing tools to develop affordable housing intended for households with incomes less than 50% of median. MAHT is funded by a portion of the interest earned on trust accounts held by Title Insurers or Title Insurance Producers under Insurance Article Section 22-105 of the Annotated Code of Maryland. The accompanying regulations for this section are found in the Code of Maryland Regulations (“COMAR”) 31.16.03.01.08.

Each Title Insurer or Title Insurance Producer is required by the Maryland Affordable Housing Trust Act to pool client trust accounts in connection with escrows, settlements, closings, or title indemnifications related to properties located in Maryland, if the account for one transaction is expected to generate: (a) \$50 or less in interest or (b) a higher amount of interest which is insufficient to warrant opening a separate interest-bearing account for a client. [Click this link for additional information “Helpful Hints from MAHT for Calculating the Amount of Interest that a Transaction is Expected to Generate”](#). The pooled client trust account is to be paid to the Maryland Affordable Housing Trust Fund. It is up to the Title Insurer or Title Insurance Producer and the client to determine how client trust money will be deposited if the money is expected to generate more than \$50 in interest and a separate interest bearing account is warranted.

**NOTICE OF COMPLIANCE AND ENROLLMENT (See the attached Notice of Compliance and Enrollment Form, page 4):** Every Title Insurer or Title Insurance Producer must complete a Notice of Compliance and Enrollment Form. Title Insurers or Title Insurance Producers are encouraged to have only one MAHT account per financial institution, because this normally will simplify record keeping and minimize costs for all parties. The decision to open additional accounts at a financial institution should be based on sound business practices. A separate Form must be completed whenever a MAHT account is opened at a financial institution. However, Title Insurers or Title Insurance Producers who are part of the same company may open a single joint MAHT account.

Account holders should complete the Notice of Compliance and MAHT Enrollment Form when opening a MAHT account or converting an existing account. Account holders should provide, along with a copy of this packet, a copy of the Form to the financial institution, and email the packet to MAHT.DHCD@maryland.gov.

If a Title Insurer or Title Insurance Producer does **no** business in the State which generates funds to be deposited into a MAHT account at the time the Notice of Compliance and Enrollment Form is filled out, or participates in the Interest on Lawyer Trust Accounts (IOLTA) program, it should so indicate on the Form and send the completed Form to MAHT. A Title Insurer or Title Insurance Producer must fill out a new Form and its financial institution must begin to remit client trust account interest to MAHT, if the Title Insurer or Title Insurance Producer begins to do business in Maryland which generates funds for deposit in a MAHT account.

If, in the future, a Title Insurer or Title Insurance Producer stops being actively engaged in

business activities which generate funds to be deposited into a MAHT account, it also must send a new Notice of Compliance and Enrollment Form to MAHT and take appropriate action with its financial institution to close out the MAHT account.

**ACCOUNT CREATION AND CONVERSION:** Financial institutions will create new accounts or convert existing accounts to an interest bearing account which provides the Title Insurer or Title Insurance Producer with the basic banking services they have been receiving. It is hoped that financial institutions will create MAHT accounts which pay the highest net interest income (interest minus service charges and other fees, if any) which are legally permissible and which provide Title Insurers or Title Insurance Producers with the banking services they need. Please note that monies held in the MAHT account may not be transferred or swept at the end of the banking day and held overnight in a separate non-MAHT account.

**REMITTANCE TO MAHT:** Financial institutions are to pay the interest accrued on MAHT accounts, less stated service charges or fees, if any, directly to the **Maryland Affordable Housing Trust, P.O. Box 2521, Landover Hills, Maryland 20784 or email MAHT.DHCD@maryland.gov for the ACH/EFT instructions.**

**REPORTING REQUIREMENTS:** A report should accompany each remittance to MAHT showing for each account the name of the Title Insurer or Title Insurance Producer for whom the remittance is sent, the account number, rate of interest yielded for the period, gross interest, both the types and amounts charged for services provided to this account and the net interest paid and remitted for the statement period. **(See Report of Interest Remittance form, page 6)**

Financial institutions may remit interest on all MAHT accounts in one payment, but still must submit a report indicating the interest generated on each account.

The Maryland Affordable Housing Trust Act differs from the law creating the Interest on Lawyers Trust Accounts (IOLTA) program regarding how service charges are handled. Reasonable and customary charges for commercial accounts may be deducted from interest on the MAHT account, except charges for: 1. Deposits of dishonored items, 2. Presentations against insufficient funds, 3. Overdrafts, 4. Certified checks, 5. Account reconciliations, and 6. Wire transfers.

**USE OF TAXPAYER IDENTIFICATION NUMBER:** The tax identification number for all MAHT accounts is that of the State of Maryland - 52-6002033. Since MAHT is an instrumentality of the State of Maryland, IRS Form 1099 need not be issued for MAHT accounts. If a financial institution's procedures require the issuance of Form 1099, the State's tax identification number must be used to show that MAHT is the recipient of the interest. Under no circumstances should the financial institution enter the Social Security number or employee identification number of a Title Insurer or Title Insurance Producer or the Social Security number or employer identification number of the beneficial owner of the principal contained in the MAHT account. If Form 1099 is issued, it should indicate the name of the MAHT account of the Title Insurer or Title Insurance Producer and the State's tax identification number noted above. All Form 1099's should be sent directly to the **MAHT.DHCD@maryland.gov** and **NOT** to the Title Insurer or Title Insurance Producer.

Any questions regarding the MAHT may be addressed by calling **1-844-368-6948**.

## **MAHT INSTRUCTIONS TO TITLE INSURERS AND TITLE INSURANCE PRODUCERS**

**(Also, see Notice of Compliance and MAHT Enrollment Form, page 4)**

1. You are encouraged to have only one MAHT account per financial institution, because this normally will simplify record keeping and minimize costs for all parties. The decision to open additional accounts at a financial institution should be based on sound business practices. If you have multiple MAHT-eligible accounts at the same institution, under most circumstances, you should request your financial institution to merge them into a single MAHT account.
2. If the account listed is used by more than one person, please attach a list of all people who use the account. Only the signature of an authorized representative is required to comply with the MAHT requirement.
3. Insurance Article Section 22-105 of the Annotated Code of Maryland directs MAHT to implement and administer this program. The accompanying regulations for this section are found in the Code of Maryland Regulations ("COMAR") 31.16.03.01.08. Please complete the Notice of Compliance and MAHT Enrollment Form (page 4) and provide a copy to your financial institution(s), along with the MAHT Instructions to Financial Institutions (page 5), when initiating your MAHT account. Also, email the fully executed form to the **MAHT.DHCD@maryland.gov**. Once a MAHT Enrollment Form (page 4) is sent, there is no requirement to continue sending the form in subsequent years.
4. You may wish to make and retain a copy of this form for your records. Your financial institution should provide you with appropriate account statements.
5. If you have any questions about MAHT, compliance with the MAHT Act or how to complete this form, please call 1-844-368-6948.

NOTICE OF COMPLIANCE AND MAHT ENROLLMENT FORM  
MANDATORY INTEREST ON MARYLAND AFFORDABLE  
HOUSING TRUST ACCOUNTS PROGRAM

The Maryland General Assembly has enacted legislation creating the Maryland Affordable Housing Trust (MAHT) which is to be funded by the interest generated by client trust accounts held by Title Insurers or Title Insurance Producers. The undersigned Title Insurer, Title Insurance Producer, or authorized representative of a company consisting of more than one Title Insurer or Title Insurance Producer hereby declares compliance with the MAHT Act by checking the appropriate box below.

COMPLIANCE DETERMINATION (Check One)

- \_\_\_\_\_ 1. The accounts listed below represent all of the accounts subject to the MAHT Act which the Title Insurer or Title Insurance Producer has at the financial institution listed below.
- \_\_\_\_\_ 2. I certify that I do not have a trust account containing funds which are covered by the MAHT Act requirement because the Title Insurer or Title Insurance Producer listed below is not actively engaged in business activities in Maryland which generate funds covered by the MAHT Act. I further agree to establish a MAHT account at such time as I begin to do business in Maryland which generates funds covered by the MAHT Act.
- \_\_\_\_\_ 3. I certify that I am currently participating in the Interest on Lawyer Trust Accounts (IOLTA) program for my real estate escrows, settlements and closings that earn \$50 or less in interest.

ACCOUNT INFORMATION

**(Account must be opened at your financial institution prior to submitting enrollment form)**

Name of Account \_\_\_\_\_ Account Number \_\_\_\_\_

Name of Financial Institution \_\_\_\_\_

Mailing Address of Financial Institution \_\_\_\_\_

Telephone Number \_\_\_\_\_

**List Authorized Account Signatories (Attach additional sheet if necessary)**

TITLE PRODUCER IDENTIFICATION

Name of your title company (please print) \_\_\_\_\_

Your Fed. Tax I.D. \_\_\_\_\_

Your office address \_\_\_\_\_

Your telephone number \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_ Check if submitted for more than one person (attach list of people).

Email completed Form to [MAHT.DHCD@maryland.gov](mailto:MAHT.DHCD@maryland.gov)

## INSTRUCTIONS TO FINANCIAL INSTITUTIONS

### (Also, see attached Report of Interest Remittance Form)

1. Interest accrued on the MAHT account (net of service charges or other fees, if any) should be remitted at least quarterly to the **Maryland Affordable Housing Trust (MAHT), P.O. Box 2521, Landover Hills, Maryland 20784**. Interest should be computed on the average monthly balance in the account, or as otherwise determined by your standard accounting practices. Email [MAHT.DHCD@maryland.gov](mailto:MAHT.DHCD@maryland.gov) for ACH/EFT instructions.
2. Insurance Article Section 22-105 of the Annotated Code of Maryland and the Code of Maryland Regulations (“COMAR”) 31.16.03.01.08 govern MAHT accounts held in financial institutions.
3. Information returns (IRS Form 1099) are not required on this account; but if they are produced, such returns should reflect the State of Maryland’s Tax I.D. No. 52-6002033 as the recipient of the interest and it should be mailed to MAHT.
4. With each remittance to MAHT, send a statement showing the name of the Title Insurer or Title Insurance Producer for whom the remittance is sent, the account number, the rate of interest yielded for the period, gross interest, both the types and amounts charged for services provided to this account, and the net amount remitted (a Report of Interest Remittance Form is included on page 6 for your convenience). If your institution has trust accounts for more than one Title Insurer or Title Insurance Producer participating in the MAHT program, you may find it convenient to make a single remittance for all of them at the same time. If you elect to do so, the reports for each of the Title Insurers or Title Insurance Producers are to be forwarded together so that the MAHT staff can determine the exact allocation of the lump sum payment among the Title Insurers involved.

If you choose to make a single remittance payment, you are not permitted to offset the net amount of interest from the account of one Title Insurer or Title Insurance Producer against the account of another Title Insurer or Title Insurance Producer for which the assessed service charges exceed the interest earned. The MAHT law provides that the Title Insurer or Title Insurance Producer is liable for payment of those service charges to the extent they exceed the earned interest.

Note that the following services charges are not permitted to be deducted from the interest earned on the MAHT account: 1. Deposits of dishonored items, 2. Presentations against insufficient funds, 3. Overdrafts, 4. Certified checks, 5. Account reconciliations, and 6. Wire transfers.

5. If after reading these instructions you have questions about implementing the MAHT program at your institution, please call 1-844-368-6948.



**Helpful Hints from MAHT for Calculating the Amount of Interest that a Transaction is Expected to Generate**

- Title insurers or title insurance producers must place into an interest bearing MAHT account all trust monies held in connection with real estate settlements, closings, escrows, and title indemnifications that would earn \$50 or less in interest.
- You must return the Annual Report of Title Insurance Companies and Title Insurance Producers by March 31<sup>st</sup> of each year for both MAHT and non-MAHT accounts.
- The threshold figure that determines whether or not the monies from a transaction should be deposited into a MAHT account should be revisited on a regular basis, as interest rates and "float times" on transactions may fluctuate. The chart below may be used as a guideline in determining a threshold amount.
- When calculating the amount of interest that a transaction may accrue, title insurers and title insurance producers should treat the escrowed funds as if the funds were being placed in their own separate MAHT escrow account and the interest was accruing on that transaction's escrowed funds only. The interest amount should not be calculated as if the funds were earning interest in a regular escrow account where several transactional escrowed monies are commingled and interest is accruing on the total aggregate amount.
- To determine "float time," a title insurer or title insurance producer should review a sample of transactions to determine how long funds remain in the escrow account. A title insurer or title insurance producer may want to ask its bank for assistance in making this determination.
- A transaction is the collective deposit of funds from all sources into escrow for a particular closing - regardless of the number of sources of funds.

**Principal Balances Which Earn \$50 in Interest  
When Held for Various Numbers of Days and at Various Interest Rates**

Annual Interest Rate	Number of Days Funds Are Typically Held					
	1 Day	2 Days	3 Days	4 Days	5 Days	6 Days
<b>0.00%</b>	<i>not allowed</i>	<i>not allowed</i>	<i>not allowed</i>	<i>not allowed</i>	<i>not allowed</i>	<i>not allowed</i>
0.10%	18,000,000	9,000,000	6,000,000	4,500,000	3,600,000	3,000,000
0.15%	12,000,000	6,000,000	4,000,000	3,000,000	2,400,000	2,000,000
0.25%	7,200,000	3,600,000	2,400,000	1,800,000	1,440,000	1,200,000
0.35%	5,150,000	2,570,000	1,715,000	1,285,000	1,028,000	857,000
0.50%	3,600,000	1,800,000	1,200,000	900,000	720,000	600,000
0.60%	3,000,000	1,500,000	1,000,000	750,000	600,000	500,000
0.75%	2,400,000	1,200,000	800,000	600,000	480,000	400,000
0.90%	2,000,000	1,000,000	666,750	500,000	400,000	333,250
1.0%	1,800,000	900,000	600,000	450,000	360,000	300,000
1.5%	1,200,000	600,000	400,000	300,000	240,000	200,000
2.0%	900,000	450,000	300,000	225,000	180,000	150,000
2.5%	720,000	360,000	240,000	180,000	144,000	120,000
3.0%	600,000	300,000	200,000	150,000	120,000	100,000
3.5%	514,000	257,000	171,000	129,000	103,000	86,000
4.0%	450,000	225,000	150,000	113,000	90,000	75,000
4.5%	400,000	200,000	133,000	100,000	80,000	67,000
5.0%	360,000	180,000	120,000	90,000	72,000	60,000

**For example, if the escrow account earns .10%, and funds typically remain in the account for three days, then any single transaction or settlement of \$6,000,000.00 or less should be deposited into the MAHT account. A single transaction above \$6,000,000.00 can be deposited into a Maryland Non-MAHT account and the interest retained by the producer.**

**For More Information:**

[MAHT.DHCD@maryland.gov](mailto:MAHT.DHCD@maryland.gov)

Maryland Affordable Housing Trust  
c/o Department of Housing and Community Development  
7800 Harkins Road, Room 366  
Lanham, Maryland 20706  
Toll Free Phone #: 1-844-368-6948

**Applicable Laws and Regulations:**

The law and regulations governing MAHT are found in:

- Housing & Community Development Article, Sections 10-101 to 10-301 of the Annotated Code of Maryland,
- Insurance Article Section 22-103 of the Annotated Code of Maryland, and
- Code of Maryland Regulations (COMAR) 31.16.03.01-.08.

<https://dhcd.maryland.gov/HousingDevelopment/Pages/maht/default.aspx>