

Appendix C

- 1. Form C1 – Hazard Claim Report**
- 2. Form C2 – Post Foreclosure Report**
- 3. Form C3 – Subordination Instructions**
- 4. Form C4 – DHCD Loss Mitigation Letter**
- 5. Form C5 – Statement of Mortgage Debt**
- 6. Form C6 – Delinquency Status and Recommendation**
- 7. Form C7 – Request for Original Documents After Payoff**
- 8. Form C8 – Loan assumption Transmittal Checklist**
- 9. Form C9 – Closing Instructions Letter for Assumption**

- 10. Form C10 – Annual Notice of Homeowner’s Protection Act of 1998**

Form C3 - SUBORDINATION INSTRUCTIONS

(Effective June 15, 2019)

Deferred Loans

The Department will not permit subordination of deferred loans when the applicant is requesting the payoff of unsecured debt(s) be included in the refinance. In such instances the deferred debt must be paid off.

The Department will consider subordinating to the refinance of superior lien(s) only when the new loan amount does not exceed the amount of the original superior lien(s). To request approval of these refinances the Department must receive a written request from the originating lender to subordinate the Department's loan that includes the following:

1. Name & address of the lender actually making the loan
2. New loan amount
3. Term
4. Interest rate
5. Monthly payment
6. Which lien(s) and their amount(s) are to be paid off
7. Closing costs (dollar amount)
8. HUD1/Good Faith estimate

Please note that the Department **will not** agree to subordinate to transactions that provide cash to the borrower. In addition the request should include a copy of the complete appraisal (Fannie Mae, Freddie Mac) done within the last (90) days, completed and executed loan application, current Property and Judgment Report and/or Title Search/abstract, the department's Note and Deed of Trust (with a legible Liber/Folio number) and a check, made payable to DHCD, for the \$50.00 non-refundable application fee, unless the Department's loan was made from the SHRP, STAR or HOME programs. These programs are exempted from the application fee. Please note the Underwriter may request additional information and/or forms.

* Maximum loan to value is 85% including new loans and liens.

Forgiven Loans

The Department will consider subordination of forgiven loans. To request approval of the subordination the Department must receive a written request from the originating lender to subordinate the Department's loan that includes the following:

1. Name & address of the lender actually making the loan
2. New loan amount
3. Term
4. Interest rate
5. Monthly payment
6. Which **lien(s)** and their amount(s) are to be paid off
7. Closing costs (dollar amount)
8. Which **debts** and their amount(s) are to be paid off
9. What settlement costs and expenses are to be paid (with total dollar amount)
10. HUD1/Good Faith estimate

Please note that the Department **will not** agree to subordinate to transactions that provide cash to the borrower. A list of the current and proposed lender's name, position and dollar amount (original and current principal balance) for each mortgage must be provided. Current property and judgment report and/or title search/abstract.

In addition the request should include a copy of the complete property appraisal (Fannie Mae/Freddie Mac) approved done within the last (90) days, completed and executed loan application, the Department's Note and Deed of Trust (with a legible Liber/Folio number) and a check, made payable to DHCD, for the \$50.00 non-refundable application fee, unless the Department's loan was made from the SHRP, STAR or HOME programs. These programs are exempted from the application fee. Please note the Underwriter may request additional information and/or forms.

* Maximum loan to value is 95% including new loans and liens.

Interest only/Escrow only loans

Please see instructions for the deferred loans.

Amortized Loans (Principal and Interest payments)

The Department will consider subordination of amortized loans. To request approval of the subordination the Department must receive the following information. (Incomplete packages will be returned.)

1. A written request from the originating lender to subordinate the Department's loan that includes the following:
 - Name & address of the lender actually making the loan
 - New loan amount
 - Term
 - Interest rate
 - Monthly payment
 - Which **lien(s)** and their amount(s) are to be paid off
 - Closing costs (dollar amount)
 - Which **debts** and their amount(s) are to be paid off
 - What settlement costs and expenses are to be paid (with total dollar amount)

Please note that the Department **will not** agree to subordinate to transactions that provide cash to the borrower. A list of the current and proposed lender's name, position and dollar amount (original and current principal balance) for each mortgage must be provided.

2. A Complete Appraisal (Fannie Mae, Freddie Mac approved) done within the past 90 days. The only exception is refinance of an existing loan and does not increase the debt to which we are already subordinate.
3. Completed and Executed Loan Application.
4. Credit Report as defined by FNMA, FHLMC and FHA/VA guidelines.
5. VOE's (Paystubs and W2's)
6. Current Property and Judgment Report and/or Title Search (not a title insurance commitment/binder).
7. Copy of Note and Deed of Trust with the Liber/Folio number at the top of the first page.
8. A check, made payable to DHCD, for the \$50.00 non-refundable application fee, unless the Department's loan was made from the SHRP, STAR or HOME programs. These programs are exempted from the application fee \$50.00 non-refundable processing fee. Make check payable to DHCD. Please note the Underwriter may request additional information and/or forms.

In situations where the new loan being requested does not exceed the original principal balance and the borrower is only refinancing to lower their monthly mortgage payment, less documentation is normally required. Items 2, 4, and 5 (which are described above) need not be submitted with the application.

9. Good faith estimate

* Maximum loan to value is 95% including new loans and liens.

HURRICANE ISABEL LOANS

The Department will not permit the subordination of Hurricane Isabel loans unless the following criteria are met:

1. No cash out
2. Only to reduce the interest rate with no increases in the principal and interest payment
3. LTV may not exceed 115%
4. No change in secure position of the Hurricane Isabel loan unless it is to improve that position
5. Critical emergencies will only be considered on a case by case basis with appropriate documentation.

To request approval of this subordination the Department must receive a written request from the originating lender that includes the following:

1. Name and address of lender actually making the loan
2. New loan amount
3. Term
4. Interest rate
5. Monthly payment
6. Closings costs (dollar amount)
7. HUD1/Good Faith estimate

In addition the request should include a copy of the complete appraisal (Fannie Mae or Freddie Mac) done within the last (90 days), completed and executed loan Application, current Property and Judgment Report and or Title Search/abstract, A copy of the department's Note and Deed of Trust (with a legible Liber/Folio number)

Please note the Underwriter may request additional information and/or forms.

ATTACHMENT TO DHCD SF LOSS MITIGATION GUIDELINES

**TEXT FOR 60 DAYS LOSS MITIGATION LETTER TO BE SENT TO MORTGAGOR
WITHIN 5 BUSINESS DAYS AFTER THE 60TH DAY OF DELINQUENCY**

Re:

Dear:

**THIS IS AN ATTEMPT TO COLLECT A DEBT. ANY INFORMATION RECEIVED CAN
AND WILL BE USED FOR THAT PURPOSE.**

You obtained a mortgage loan from the (INSERT IF MMP LOAN: Community Development Administration (CDA) of the) Maryland Department of Housing and Community Development. Your loan payments are seriously delinquent.

**IF YOU HAVE ALREADY REINSTATED YOUR ACCOUNT OR MADE A PAYMENT
ARRANGEMENT, PLEASE DISREGARD THIS NOTICE AND THANK YOU.**

If the loan is not brought current, legal action will be initiated. Under the terms of your loan, legal action can begin at any time now that you have failed to make payments. If legal action is started, you will also be responsible for the attorney fees and foreclosure costs which usually add up to several thousands of dollars.

Foreclosure proceedings will result in your home being sold at public auction and your family being forced to vacate the premises. If the property does not sell for an amount sufficient to pay back the loan, a personal judgment may be entered against you, which can result in a lien against other assets such as paychecks, bank accounts, cars, etc. This delinquency will be noted on your credit records and will affect your ability to obtain future loans. Your home cannot be sold by you unless the entire amount of this debt is paid.

**If you would like to save your home but cannot bring the loan current, we
strongly suggest you seek professional housing counseling. A list of HUD-
approved housing counseling agencies is enclosed.**

If you are unable to bring your loan current, it may be possible to delay or even alleviate the need for foreclosure legal action if you choose and are eligible for one of the following alternatives:

1. **Repayment plan** -- As your loan servicer, we may be able to make arrangements with you to collect regular monthly payments and a portion of the back amount owed. If your circumstances warrant a more lenient plan, a more lengthy term for repayment of the back amount

owed may be considered. **Special consideration will be given for a repayment plan if you are agree to work with a professional housing Counselor.**

2. **Loan Modification** – You may be eligible for a loan modification to bring your account current and extend the maturity date of the loan. Approval of the loan modification will be based on your current household income.
3. **Refinance and pay off your loan in full** – You may be able to refinance your current loan with another lending institution.
4. **Sell your home and pay off your loan in full** – It may be possible to delay legal action if you list your home for sale with a realtor. We can also negotiate accepting partial payments on the delinquency if additional time is needed to sell the home.
5. **Request approval for a “short Payoff”** – If you are unable to sell your home for the full amount of the mortgage debt because there is little equity in your home, it may be possible that a payoff for less than the full amount owed would be accepted.
5. **Request a Deed in Lieu of Foreclosure** - If you choose this option and meet the requirements, foreclosure legal action will not be initiated; and a personal judgment will not be entered against you for any loss incurred on the loan.

Please contact _____, immediately at _____, If we do not hear from you by _____, we will have to assume that you do not intend to pursue any of the loss mitigation options offered above or otherwise meet the financial obligations of your mortgage loan. **Legal proceedings may then begin at any time without further notice to you.**

Sincerely,

Servicer Representative Name
Servicer Company Name

Enclosure: HUD Housing Counseling Agency List

Form C-5 Statement of Mortgage Debt

IN THE CIRCUIT COURT FOR

Department of Housing & Community Development of The State of Maryland, PLAINTIFF

VS

DEFENDANT(S)

STATEMENT OF MORTGAGE DEBT

ORIGINAL AMOUNT OF INDEBTEDNESS \$
PAID ON PRINCIPAL \$
PRINCIPAL BALANCE \$
INTEREST@ % FROM thru
DELINQUENT CHARGES \$ -0- PER MONTH From
CORPORATE ADVANCES \$
ESCROW ACCOUNT- (BALANCE) /OVERDRAFT \$
TOTAL MORTGAGE DEBT \$

SERVICING AGENT FOR MARYLAND CDA/DHCD Maryland Dept. of Housing and Community Development

STATE OF Maryland, COUNTY OF I HEREBY CERTIFY, that on the day of , 2019, before me, a Notary Public of the State of Maryland, in and for County, personally appeared , Authorized Agent, Maryland Dept. of Housing and Community Development (DHCD), the holder of the indebtedness and made oath that the foregoing is a true statement the amount of the mortgage claim under the mortgage filed in the said cause now remaining due and unpaid.

As witness my hand & Notarial Seal:

Notary Public, My Commission Expires

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (DHCD)
DELINQUENCY STATUS AND RECOMMENDATION

ACTION (Circle One): FORECLOSURE DEED IN LIEU BANKRUPTCY LSM SHORT SALE
HOLD/FORBEARANCE HOLD/REFINANCE LOAN MODIFICATION
OTHER (list) _____

Borrower: _____ Soc. Sec. No.: _____
Borrower: _____ Soc. Sec. No.: _____
Property: _____ Mailing _____
Address: _____ Address: _____
Borrower Home Phone # _____ Borrower Work # _____
DHCD/CDA Loan Number: _____ Servicer #: _____

Loan Type: (Circle One): CDA/BOND DHCD/STATE FUNDED
Prim Insurer: FHA VA RHS MHF PMI/other Ins. No.: _____
Pool Insurer: MHF GE/VEREX MGIC None Ins. No. _____

Original Loan Amt.: \$ _____ Closing Date: _____ 1st Legal Deadline: _____
Principal Balance: \$ _____ Paid to Date: _____
Mortgage Pymt: \$ _____ Interest Rate: % Late Charge: \$ ____/mo.
Escrow Balance: \$ _____ (+ -) Suspense Balance: \$ _____
Ground Rent: ____/mo. Last Paid: _____ Taxes \$ ____/yr. Tax Year _____
Ground Rent Holder Name: _____
Address: _____

Cause of Default: _____
Housing Counseling Recommended: Yes No If No, why not: _____
Loss Mitigation options discussed with borrower (Yes or No): Forbearance _____
Short Sale _____ Refinance _____ Deed In Lieu _____ Loan Mod _____
Borrower made offer to cure/payment proposal? Yes (attach copy) _____ No _____
Date loss mitigation letters sent: _____
Date Acceleration Letter Sent: _____ Borrower response: _____

Property Inspection Date: _____ Prop. Value: \$ _____
Property Vacant/Abandoned? _____ If Vacant, secured? _____ Boarded? _____
For Sale? _____ Realtor Name/Phone: _____

Bankruptcy Case # _____ Chapter # _____
Post-Petition Payments due date(s) _____ Monthly post-petition due \$ _____
Total post-petition due \$ _____

Servicer Evaluation of Account and Borrower's Reason for Default (attach additional sheets if needed):

Servicer Contact Person: _____ Phone: _____
Address: _____ Fax: _____
Email: _____

-----BELOW FOR DHCD USE ONLY-----

Recommendation Approved By: _____ Date: _____
SFC Asset Management Officer

Case Assigned to (Circle One): Curran & O'Sullivan Shulman/Rogers/Gandal Huesman/Jones/Miles
Date Assigned: _____

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING CREDIT ASSURANCE
DCA Single Family Operations
7800 Harkins Road, Lanham, MD 20706
Attention: Payoff Release Department

Re: Request for Release of Original Documents on Paid Off Loans

LOAN IDENTIFICATION

Servicer Loan Number: _____

Borrower/s Name: _____

Servicer Name: _____

Property Street Address: _____

Servicer Address Documents are to
Be sent: _____

Zip Code: _____

CDA 11 Digit Loan Number: _____

Attn: _____

Loan Date: _____

**Special Instructions
For servicer:**

CDA Payoff Date: _____

Original Loan Amount: 1st Mtg. _____

1. Forward this request within five
(5) Days after receipt of
settlement funds.

Original Loan Amount 2nd Mtg. _____

Requested By: _____

2. Documents may not be directly
Requested from the Trustee.

(Authorized Signature)

3. If documents have not been
rec'd 30 days from the request
date, e-mail loss_mitigation.dhcd@maryland.gov
Attn: payoff release department.

Telephone Number: _____

.....
Notes:

**DCA/CDA INTERNAL
TRANSMITTAL CHECKLIST AND APPROVAL FORM
LOAN ASSUMPTIONS/RELEASES/ADDITIONS**

Submission Date _____

Lender _____	Interest Rate _____
Mortgagor(s) _____	Outstanding Mortgage Amount _____
_____	Principal & Interest Payment _____
_____	Taxes _____
Property Address _____	Hazard Insurance _____ MIP _____
_____	Ground Rent _____
_____	Condo/HOA _____
_____	Other _____
County _____	Gross Annual Income _____
Previous Mortgagor(s) _____	Borrower #1 _____
_____	Borrower #2 _____
_____	Borrower #3 _____
_____	Total _____
Loan Type _____ Conv. _____ FHA _____ VA _____	Settlement Expense Loan _____ Yes _____ No _____
_____	If yes, paid off? _____ Yes _____ No _____
Primary Insurer _____	
CDA Loan # _____	

- | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1. Buyer's Affidavit (Original)</p> <p>_____ Signed, Dated</p> <p>_____ Address Correct</p> <p>_____ Names of Title Holders</p> <p>_____ Acquisition Completed</p> <p>_____ Household Income Completed</p> <p>2. _____ Seller's Affidavit (Original)</p> <p>_____ Name/Signed/Dated</p> <p>3. Compliance Package</p> <p>_____ Income certification worksheet</p> <p>_____ Tax returns (3 years)</p> <p>_____ Income documentation</p> <p>_____ Residential loan application (1003)</p> <p>_____ Assumption agreement/Contract</p> | <p>4. Letter from previous mortgagor requesting release from liability (if applicable)</p> <p>5. Credit package when Maryland Housing Fund (MHF) is primary insurer</p> <p>6. Package when MHF pool insurance only:</p> <p>_____ Credit Package</p> <p>_____ PMI's approval of the assumption</p> <p>_____ FHA Approval from (2210)</p> <p>_____ VA Approval of assumption</p> <p>_____ release of liability approval by primary insurer (if applicable)</p> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

DHCD USE ONLY

HOMEOWNERSHIP PROGRAM (HP) ELIGIBILITY COMPLIANCE APPROVAL:

BY _____ DATE _____

RELEASE FROM LIABILITY OF PREVIOUS MORTGAGOR APPROVED BY:

HP _____ YES _____ NO _____

MHF _____ YES _____ NO _____

APPROVED FOR ASSUMPTION BY MHF FOR _____ PRIMARY INSURANCE
_____ POOL INSURANCE

BY _____ DATE _____

APPROVAL LETTER SENT _____

DHCD FORM C9 – Closing Instruction Letter for MMP Assumptions

Assumption Instruction Letter for MMP Loans ASSUMPTION INSTRUCTIONS

Below is a list of items needed for Assumptions before and after closing.

New borrower applications for transfer of ownership to entirely new borrowers must meet the current CDA bond program requirements and mortgage insurer underwriting standards. The complete package with Appendix C, Form #C8 as a cover checklist should be sent to DCA first. If FHA or VA insured, the servicer must provide evidence of their approval with the package. If MHF insured, we will forward the package to MHF for their approval after obtaining approval from Single Family Programs. DCA will inform the servicer of their decision and will provide documents for the title company/settlement officer.

CDA charges a \$50.00 Non-Refundable processing fee but we permit the servicer to charge whatever FHA would allow.

DOCUMENTS

1. Current MD Lender's Manual for the Maryland Mortgage Program (MMP).
2. MMP Servicing Manual (MMP SM) (Section ZR)
3. Loan Assumption Checklist - Appendix C, Form #C8
4. Completed Buyers Affidavit **
5. Completed Sellers Affidavit **
6. Income Eligibility Procedures Attachment D
7. Completed Uniform Residential Loan Application
8. MMP Highlight Sheet (current edition) *
*on our website at www.dhcd.state.md.us under "Homeownership Opportunities"

Note Appendix C includes, credit reports, VOE's, paystubs, W-2's, VOD's, Bank Statements and other income.

AFTER APPROVAL

1. Approval Letter
2. Closing instructions letter Appendix C, Form #15
3. Addendum to Deed Appendix C, Form #14
4. Buyer's Confirming Affidavit
5. Seller's Confirming Affidavit
6. As applicable with standard Notes, Deeds of Trust, and Condominium Riders for FHA, VA, or USDA/RD (RHS):
 - a. Tax-exempt Financing Rider for FHA, VA, USDA/RD (RHS) loans **
 - b. Supplemental Buyer's Affidavit **
 - c. Notice to Buyers **
7. Notice to Borrower With Info. for Calculating Potential Recapture Tax * *

**Electronic copies are available online at DHCD's website: dhcd.state.md.us under Buying a home, CDA Maryland Mortgage Program, Program Loan Documents

**Form C10 - Notice of Automatic Cancellation and Right to Cancel
Private Mortgage Insurance
Under The Homeowners Protection Act**

Background. On July 29, 1998, Congress enacted the Homeowners Protection Act (HPA) to require lenders to cancel mandatory private mortgage insurance (PMI) on residential mortgage loans under certain circumstances. The Act's provisions took effect July 29, 1999 and apply to loans closed on or after that date. Since your residential mortgage loan, which is owned by the Community Development Administration, was made after July 29, 1999 and is insured with PMI, the HPA provides you with the following rights:

(1) You have a right to cancel the PMI when the principal balance of your loan reaches 80% of the original value of the property securing your loan.

Your right to cancel may be exercised on either of the following cancellation dates:

- The date on which the principal balance of the mortgage, based solely on the amortization schedule for the mortgage loan and irrespective of the outstanding balance on that date, is first scheduled to reach 80% of the original value of the property securing the loan; or
- The date on which the principal balance of the mortgage, based solely on actual payments, reaches 80% of the original value of the property securing the loan.

To exercise this right to cancel you must satisfy the following requirements:

- You must submit a written request for cancellation to the servicer of the loan.
- You must have a "good payment history" on the mortgage loan. This means that you have not made any mortgage payment 60 days or more past due during the 24-month period preceding the cancellation date. In addition, it means that you have not made any mortgage payments 30 days or more past due during the 12-month period preceding the cancellation date.
- You must satisfy any requirement of the holder of the mortgage, as of the date of the written cancellation request, for: (a) evidence that the value of the property has not declined below the original value of the property; and (b) certification that the equity of the mortgagor in the residence securing the mortgage is not encumbered by a subordinate lien.

(2) The PMI for your loan will automatically terminate when the principal balance of your loan reaches 78% of the original value of the property securing the loan.

- On that date you must be current on the payments required by the terms of the loan. If you are not current on that date, then the PMI will automatically terminate when you become current on the payments required by the terms of the loan.

(3) An automatic termination when the loan reaches the scheduled midpoint of the amortization period.

- On that date you must be current on the payments required by the terms of the loan. If you are not current on that date, then the PMI requirement will automatically terminate when you become current on the payments required by the terms of the loan.

If you have any questions or would like additional information on the cancellation of PMI, please contact:
Servicer contact info.

The Community Development Administration's Policy on Cancellation

In addition to termination and cancellation rights available to the you under the HPA described above, CDA will permit you to request cancellation of private mortgage insurance or insurance through the Maryland Housing Fund if your loan was made after January 1, 2005, provided that:

- (1) Your loan balance is 75% or less of the current value of your home as established by a new appraisal acceptable to CDA;
- (2) None of your payments were 30 days or more past due within the 12-month period before the mortgage insurance will be cancelled;
- (3) None of your payments were 60 days or more past due during the 24-month period before the mortgage insurance will be cancelled; and
- (4) Your loan is between two and five years old. If your loan is more than five years old, the loan balance may be 80% (instead of 75%) or less of the current value of the home as established by a new appraisal acceptable to DHCD; conditions (2) and (3) also apply.

To request a cancellation or if you would like additional information, please contact _____ . Please be advised that if you request a cancellation that _____ Servicer will order the appraisal and you will be responsible to pay the costs of the appraisal.