

A man and a woman are smiling and holding a set of keys together in front of a house. The man is wearing a blue denim shirt and the woman is wearing a red and blue plaid shirt. The house has a dark door and a light-colored wall.

# Home Financing 101

GCAAR's guide to financing opportunities in D.C. and Maryland





Read (and share!) this list of financing opportunities in Montgomery County, MD and the District of Columbia to help make the American dream possible for potential homebuyers who might need a little extra help.





## Chenoa Fund (National)

Chenoa is a national down payment program offering up to 5% toward down payment and/or closing costs. It can be used on FHA and conventional mortgages. The funds come in the form of a second mortgage loan that can be forgiven in some cases. There are loan products for both first-time and existing homebuyers. The program is accessed through approved lenders and comes with low credit score requirements but also income restrictions.

[chenoafund.org](http://chenoafund.org)

## City of Takoma Park's Down Payment Assistance Program

(Takoma Park, MD)

Called "The Home Stretch," this program provides \$10,000 for down-payment assistance for income-eligible, first-time homebuyers (in this instance, one who has not owned property in the previous five years) on a first-come, first-served basis. The applicant must successfully complete a homebuyer education course approved by the City of Takoma Park, and the home must pass a certified inspection and be located in Takoma Park.

[takomaparkmd.gov](http://takomaparkmd.gov)

## D.C. Open Doors with Down Payment Assistance (D.C.)

D.C. Open Doors offers deferred repayable loans for a down payment plus below-market interest rates for first trust mortgages for buying a home in the District. Qualified first-time and repeat homebuyers are eligible. The down-payment assistance is in the form of a deferred 0% non-amortizing (no monthly payments) loan.

[dchfa.org/homeownership/available-programs/dc-open-doors](http://dchfa.org/homeownership/available-programs/dc-open-doors)

## Employer-Assisted Housing Program (EAHP) (D.C.)

The EAHP offers eligible District government employees a deferred, 0% interest loan and a matching funds grant for down payment and closing costs to purchase their first single-family home, condominium or cooperative unit in the District. There is no income cap for applicants or a cash contribution requirement. The maximum purchase price of a property under EAHP is \$765,600, based on the Fannie Mae and Freddie Mac maximum conventional loan limit for the District.

[dhcd.dc.gov/service/employer-assisted-housing-program-eahp](http://dhcd.dc.gov/service/employer-assisted-housing-program-eahp)





### **Federal Housing Administration (FHA) 3.5% Loan** (National)

For individuals with credit issues, the FHA 3.5% loan could be a good option. Its minimum eligible credit score is 580, which opens the door to homeownership for those who've had past credit issues that are hampering their future. The FHA loan amount tops out at \$970,800 and you do not need to be a first-time homebuyer to apply.

[hud.gov/buying/loans](https://www.hud.gov/buying/loans)

### **Federal Housing Loan Bank Down Payment Assistance** **(FHLB DPA)** (D.C., MD, VA)

This down-payment assistance grant of up to \$10,000 is for eligible homebuyers in the District, Maryland and Virginia.

[fhfa.gov](https://www.fhfa.gov)



## Gaithersburg Homebuyer Assistance Loan Program (GHALP)

(Gaithersburg, MD)

This program for first-time homebuyers purchasing in the Gaithersburg city limits offers a down-payment assistance (DPA) loan of up to \$25,000, which can be used toward closing costs. And with a minimum credit score of 620, it's a good option for individuals for whom previous credit issues have impacted their credit score. This program requires applicants to have lived and worked in the city for one year prior to putting in an application. Income restrictions apply and the assistance will come in the form of a 0% deferred interest loan. Additionally, the loan process must be completed by an approved lender.

[gaithersburgmd.gov](http://gaithersburgmd.gov)

## Home Possible (National)

Freddie Mac's Home Possible mortgage program is aimed at lower-income buyers, as the qualifying income is limited to 80% of the area median income. This loan program includes a down-payment requirement of as little as 3%, and slightly better interest rates since the usual Fannie Mae and Freddie Mac financing fees are removed. It also requires lower mortgage insurance, making the payment more affordable. There is also an opportunity to use "boarder income."

[sf.freddiemac.com](http://sf.freddiemac.com)

## HomeOne (National)

This Freddie Mac mortgage program for first-time homebuyers does not include a cap on income levels or require the home to be in a certain geographic location. First-time homebuyers are required to take a homebuying class, and standard mortgage insurance is required. Qualified buyers can put down as little as a 3% down payment.

[sf.freddiemac.com](http://sf.freddiemac.com)

## HomeReady (National)

Fannie Mae's low down-payment mortgage program is similar to Home Possible, with as little as a 3% down payment, which can come from flexible funding sources such as gifts, grants and Community Seconds loans. Qualifying income can include rental or boarder income, including income from Accessory Dwelling Units.

[singlefamily.fanniemae.com](http://singlefamily.fanniemae.com)



## **House Keys 4 Employees (HK4E)** (Montgomery County, MD)

HK4E is a closing-cost assistance program available to Montgomery County government employees. It provides added help when an employer offers closing-cost assistance to its employees. To be eligible, the first mortgage must be through the Maryland CDA mortgage program.

[mmp.maryland.gov](http://mmp.maryland.gov)

## **Housing Choice Voucher Program** (National)

The Housing Choice Voucher Program allows families who are assisted by the voucher subsidy to buy a home and receive monthly assistance for the mortgage payment vs. for rent. Families must already be a part of the rental voucher program. The assistance amount differs from the rental subsidy and varies by jurisdiction.

[hud.gov](http://hud.gov)

## **Housing Purchase Assistance Program (HPAP)** (D.C.)

Offered by the District of Columbia Department of Housing and Community Development, first-time homebuyers can get up to \$80,000 in financing assistance and up to an additional \$4,000 in closing-cost assistance in the form of a loan. The amount of assistance and length of the loan deferment period are determined by the buyer's income and household size. Agents and would-be buyers should be aware of possible last-minute changes to assistance amounts.

[dhcd.dc.gov](http://dhcd.dc.gov)

## **Inclusionary Zoning (IZ) Program** (D.C.)

The D.C. government requires that 8-10% of units in most new or renovated condo buildings or townhome developments are sold at a reduced price, so the IZ program allows applicants to enter a lottery to buy select reduced-price condos or townhomes if their household meets the program's income requirements. This is administered by the D.C. Department of Housing and Community Development (DHCD).

[dhcd.dc.gov](http://dhcd.dc.gov)

## **Maryland Mortgage Advantage Program** (MD)

This program offers a 3, 4 or 5% loan to cover down payment and/or closing costs. It can be used with both FHA and conventional financing. This particular program does require you to be a first-time homebuyer unless purchasing in a targeted area. There are income limitations according to household size and max purchase prices according to the county. There is no payment on this loan and it does not need to be paid back unless you sell the home, refinance the mortgage or move out of the home as your primary residence. The program must be accessed through an approved lender.

[mmp.maryland.gov/Pages/1stTimeAdvantage.aspx](http://mmp.maryland.gov/Pages/1stTimeAdvantage.aspx)



## Maryland Mortgage Program SmartBuy (MD)

This is a two-part loan program. The first is a conventional mortgage loan requiring a minimum of 5% down payment. The 2nd loan is forgivable after five years and covers up to \$40,000 of the buyer's student loans—and no more than 15% of the purchase price.

[mmp.maryland.gov/Pages/SmartBuy](http://mmp.maryland.gov/Pages/SmartBuy)

## Maryland Mortgage Program Flex (MD)

The Maryland Mortgage Program Flex loans offer both loans and grants for homebuyers in the state of Maryland. The suite of loan products allows the borrower to have most, if not all, of their minimum down-payment requirements paid for. Borrowers do not need to be first-time homebuyers, but they can't own another home at the time of closing.

[mmp.maryland.gov/Pages/FlexLoans](http://mmp.maryland.gov/Pages/FlexLoans)

## MPDU (Moderately Priced Dwelling Unit) Sales Program (Montgomery County, MD)

Montgomery County's MPDU Program offers townhomes and condominiums to first-time homebuyers who meet certain household income requirements. MPDU buyers must be able to qualify for a mortgage; pay a down payment; pay settlement fees including advance taxes and advance insurance; and pay a monthly mortgage payment, utilities and other costs. Special financing and down-payment and closing-cost assistance are available through the Housing Opportunities Commission.

[montgomerycountymd.gov](http://montgomerycountymd.gov)

## NACA (Neighborhood Assistance Corp. of America) (National)

When a homebuyer goes through its training, they are eligible for NACA's below-market interest rate financing, but applicants have to follow the program.

[naca.com](http://naca.com)

## VA loan (National)

VA loans offer 100% financing and are the only loans where the appraiser must ask the REALTOR® for help in getting the value. The appraisers are required to ask the agent for the comps used to determine the sales price.

[va.gov/housing-assistance/home-loans/eligibility](http://va.gov/housing-assistance/home-loans/eligibility)





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