



Maryland Department of Housing
and Community Development

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March 14, 2005

Directive 2005-1

MEMORANDUM: ALL PARTICIPATING LENDERS

SUBJECT: NEW INCOME LIMITS FOR 2005

The purpose of this Directive is to inform you that the new Income Limits for 2005 become effective Tuesday, March 15, 2005; to provide you with a revised “Notice to Borrower with Information for Calculating Potential Recapture Tax (030405)””; and to also provide you with a new form called the Certification of Pregnancy (Attachment T). The *Fact Sheet for Lenders*, the *Notice to Borrower with Information for Calculating Potential Recapture Tax (030405)* and the *Certification of Pregnancy (Attachment T)* will all be uploaded to our website (under Information for Lenders) and Lender On-Line by close of business on Monday 14, 2005. In addition, the *Fact Sheet for Borrowers* will be uploaded to our website (under Information for Borrowers) by close of business on Monday, March 14, 2005.

New Income Limits for 2005

In 2004, the Non-Targeted Areas of the Baltimore-Towson MSA (the counties of Anne Arundel, Baltimore, Carroll, Harford, Howard and Queen Anne’s) were considered “high cost housing areas” which allowed the Department to multiply the Area Median Income by 113% in these counties. However, in 2005, no areas within Maryland were considered “high cost housing areas” which resulted in a decrease in the Income Limits for the Non-Targeted Areas in these counties – for a one or two member household, the Income Limit decreased from \$77,518 in 2004 to \$75,250 in 2005 and for a three or more member household, the Income Limit decreased from \$89,180 in 2004 to \$86,537 in 2005. However, the Income Limits have increased in the remaining 18 counties.

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The Notice to Borrower with Information for Calculating Potential Recapture Tax

The Department of Housing and Urban Development (HUD) has released new area and statewide median income figures for Maryland which affect threshold incomes under the Program, and in particular affect the recapture tax notice to buyers. Therefore, the *Notice to Borrower with Information for Calculating Potential Recapture Tax* form has been updated. Please make sure this document is incorporated into your systems for immediate use. This new form (copy enclosed) is dated 03/04/05 and **must be used for all loans RESERVED on or after Monday, March 28, 2005.**

Please note that the old form of the “Notice to Borrower with Information for Calculating Potential Recapture Tax” dated 08/09/04 **must be used for all loans RESERVED on or after 8/27/04 but prior to 03/28/05.** In addition, the old form of the “Notice to Borrower with Information for Calculating Potential Recapture Tax” dated 03/09/04 **must be used for all loans RESERVED on or after 03/26/04 but prior to 08/27/04.**

Certification of Pregnancy (Attachment T)

An unborn child can now be treated as an “individual” (household member) when the birth of the child will change the household size and result in an increase in the applicable Income Limit. A Certification of Pregnancy (Attachment T) must be completed and executed by the pregnant borrower’s physician. On page 3 of the Buyer’s Affidavit you should list on the Other Occupants line, “Unborn Child” under the “Name” heading.

As always we appreciate your continued participation in MMP. If you have questions concerning this Directive or suggestions for improving our Program, please contact me directly at (410) 514-7508 or 1-800-638-7781 or by e-mail at manahan@mdhousing.org.

Sincerely,

William J. Manahan
Sr. Manager
Single Family Housing

Enclosures: [Fact Sheet for Lenders](#)
[Fact Sheet for Borrowers](#)
[Notice to Borrower with Information for Calculating Potential Recapture Tax \(03/04/05\)](#)
[Certification of Pregnancy \(Attachment T\)](#)