

Directive 2025-04

April 15, 2025

TO: ALL PARTICIPATING LENDERS

SUBJECT: DPA DOT Exhibit B

Please be advised that this communication supersedes and replaces the directive issued on March 4, 2021, concerning Exhibit B of the 2nd Deed of Trust.

Effective immediately, as the Maryland Mortgage Program (MMP) now requires the inclusion of a DPA Deed of Trust for all loans, to ensure accurate and proper recordation of this security instrument, we are implementing specific conditions for completing Exhibit B.

Guidelines for Exhibit B Completion:

- **#1 - Should always list the 1st Lien with the Lender as the Beneficiary.**
- **#2 - No other additional Lien:** If there is no separate entity outside of MMP occupying the second lien position, the "2nd Position" field should remain blank and be struck through to indicate its inapplicability.
- **#2 - Additional Lien in 2nd position:** MMP will assume a third lien position only when another government Down Payment Assistance (DPA) program occupies the second lien position. In such cases, the other DPA should be listed in the "2nd Position" field.

Please note as per our compliance manual, Section 6.5 Lien Position: C. MMP will consider approval of DPA loan in third lien position if the loan in second lien position is a loan from a federal, state or local government agency or a nonprofit agency considered an instrumentality of government (or arm-length related to such entity, as determined by MMP).

For subordinate lien position exceptions, a DPA Attachment D – Request for Lien Exception must be submitted with your pre-closing compliance package, it will be reviewed by the underwriter and forwarded to manager for approval.

To assist you in accurately completing Exhibit B, we have attached examples illustrating the correct and incorrect formatting. Additionally, our closing instructions will be updated to reflect these changes.

Correct Examples:

1: No separate entity outside of MMP taking second lien position:

EXHIBIT B

Prior Liens

1. First Deed of Trust of even date from the Borrower to trustees for the benefit of Lender name as it shows on 1st mortgage Deed of Trust as Beneficiary, recorded or intended to be recorded immediately before this Deed of Trust, securing a note in the amount of \$1st trust Loan Amount

~~[STRIKE OUT IF NOT APPLICABLE]~~

- ~~2. Second Deed of Trust of even date from the Borrower to trustees for the benefit of _____ as Beneficiary, recorded or intended to be recorded after the First Deed of Trust and immediately prior to this Deed of Trust, securing a note in the amount of \$_____~~

2: Loan from a federal, state or local government agency or a nonprofit agency considered an instrumentality of government:

EXHIBIT B

Prior Liens

1. First Deed of Trust of even date from the Borrower to trustees for the benefit of Lender name as it shows on 1st mortgage Deed of Trust as Beneficiary, recorded or intended to be recorded immediately before this Deed of Trust, securing a note in the amount of \$1st trust Loan Amount

[STRIKE OUT IF NOT APPLICABLE]

2. Second Deed of Trust of even date from the Borrower to trustees for the benefit of Name of other DPA taking 2nd lien position before MMP as Beneficiary, recorded or intended to be recorded after the First Deed of Trust and immediately prior to this Deed of Trust, securing a note in the amount of \$Other DPA Loan Amount

Incorrect Example:

No separate entity outside of MMP taking second lien position, therefore #2 should not list MMP DPA as it does not apply:

EXHIBIT B

Prior Liens

1. First Deed of Trust of even date from the Borrower to trustees for the benefit of Lender name as it shows on 1st mortgage Deed of Trust as Beneficiary, recorded or intended to be recorded immediately before this Deed of Trust, securing a note in the amount of \$1st trust Loan Amount

[STRIKE OUT IF NOT APPLICABLE]

- ~~2. Second Deed of Trust of even date from the Borrower to trustees for the benefit of MMP DPA as shown on this Deed of Trust as Beneficiary, recorded or intended to be recorded after the First Deed of Trust and immediately prior to this Deed of Trust, securing a note in the amount of \$ MMP DPA Amount.~~

Thank you,

Denine Messersmith

Denine Messersmith
Single Family Programs
Documentation / Compliance Specialist



MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

7800 HARKINS RD • LANHAM, MD 20706 • DHCD.MARYLAND.GOV
301-429-7400 • 1-800-756-0119 • TTY/RELAY 711 or 1-800-735-2258