



U.S. Department of Housing and Urban Development

Homeownership Center
The Wanamaker Building
100 Penn Square East
Philadelphia, Pennsylvania 19107-3389

DEC 05 2017.

Approved for the Following Areas:

Ms. Kathleen M. Koch
Executive Director
Arundel Community Development Services, Inc.
2666 Riva Road, Suite 210
Annapolis, MD 21401

Zip Codes: 20701, 20711, 20724, 20733, 20736, 20751, 20754, 20755, 20758, 20764, 20765, 20776, 20778, 20779, 20794, 21012, 21032, 21035, 21037, 21054, 21056, 21060, 21061, 21062, 21076, 21077, 21090, 21106, 21108, 21113, 21114, 21122, 21123, 21140, 21144, 21146, 21225, 21226, 21240, 21401, 21402, 21403, 21404, 21405, 21409, 21411, 21412

Dear Ms. Koch:

The Philadelphia Homeownership Center is pleased to advise you that Arundel Community Development Services, Inc. has been recertified as a nonprofit instrumentality of government (NPIOG) participant in the following activities:

- **Provide Down Payment or Closing Cost Assistance with a Second Lien.**

We have reviewed your application for re-approval as an NPIOG secondary financing provider. Arundel Community Development Services, Inc. housing development program as described meets HUD guidelines. Arundel Community Development Services, Inc. may provide secondary financing assistance in conjunction with an FHA insured first mortgage, provided the following guidelines are met:

1. the secondary financing is disclosed at the time of application;
2. no costs associated with the secondary financing are financed into the FHA-insured first Mortgage;
3. the secondary financing payments must be included in the total Mortgage Payment;
4. the secondary financing must not result in cash back to the Borrower except for refund of earnest money deposit or other Borrower costs paid outside of closing;
5. the NPIOG may provide secondary financing for as much as 100 percent of the Borrower's Minimum Required Investment (MRI);
6. there is no maximum Combined Loan to Value (CLTV) for secondary financing loans provided by HUD-approved Nonprofits; and
7. the second lien may not provide for a balloon payment within 10 years from the date of execution.

Please be advised that a nonprofit organization that is assisting a government entity in the operation of its secondary financing program is not required to obtain approval or be placed on the Approved Nonprofit Organization Roster so long as it meets the underwriting requirements of HUD Handbook 4000.1 II.A.4.d.iii.(J)(1)(b) when underwriting through TOTAL or HUD Handbook 4000.1 II.A.5.c.iii.(J)(1)(b) for Manual underwriting.

Please provide a copy of this letter to any lender providing FHA financing in conjunction with Arundel Community Development Services, Inc. secondary financing program. This approval is limited to the geographic areas listed above and the secondary financing documents enclosed. Should you wish to expand into other areas please contact the individual listed below for the area expansion requirements.

Although your nonprofit agency has been approved and other HOCs will recognize this approval, the *affordable housing program* approval is limited to the geographic areas listed above. Should you wish to expand into other areas, please contact the individual listed below for expansion requirements. You must notify the Philadelphia Homeownership Center *immediately* of any proposed changes to your approved Affordable Housing Program. All proposed changes must be approved by HUD prior to implementation.

Your nonprofit approval will expire after two years. Your approval period under this letter is from **December 10, 2017 through December 10, 2019**. Please submit a request for recertification a **minimum of 90 days prior to the expiration** of this approval. Recertification packages must be submitted through our Nonprofit Data Management System (DMS) in accordance with the instructions provided in HUD Handbook 4000.1 **Failure to complete the recertification process and obtain re-approval prior to the two-year expiration of this approval letter will result in your removal from the Approved Nonprofit Organization Roster effective on the date of the approval expiration.**

It is the nonprofit agency's responsibility to be aware of guidelines and procedures relative to nonprofit participation in FHA programs and to maintain knowledge of any updates that relate to these guidelines and procedures. The enclosed list of guidance letters and handbooks will provide a baseline of information. However, future guidance and information will be made available on the HUD Internet site located at <http://www.hud.gov>. Those agencies that do not adhere to Departmental guidelines and procedures are subject to possible suspension and/or removal from the approved nonprofit listing. You can receive notification of any new Mortgagee Letters, training and other program updates by registering at the following website: [http://portal.hud.gov/hudportal/HUD?src=/subscribe/signup&listname=FHA % 20Homeownership % 20Update&list=Homeownership-L](http://portal.hud.gov/hudportal/HUD?src=/subscribe/signup&listname=FHA%20Homeownership%20Update&list=Homeownership-L)

We appreciate your interest in the Department's programs and your assistance to low and moderate-income individuals. Arundel Community Development Services, Inc. will provide an excellent opportunity for affordable housing in your community. If we can be of further assistance, please contact Mark Surdi of my staff at (716) 551-5755 extension 5539 or via email at Mark.C.Surdi@hud.gov.

Sincerely,



Elizabeth M. Cahall

Director

Program Support Division

Enclosures

Enclosure 1

LIST OF REFERENCE DOCUMENTS

The following list of documents applies to qualified nonprofit agencies that have been pre-approved to participate in HUD's Single Family Housing Programs. Nonprofit organizations must have knowledge of, and comply with, the instructions contained in these documents, any amendments to these documents, and any future documents issued.

HUD periodically publishes new documents relating to the activities of nonprofit agencies and government entities. Nonprofit agencies and government entities can obtain new HUD, mortgagee letters and housing notices on the Internet at: http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/np/sfhmtgnp and http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/notices/hsg
All documents listed herein may be accessed online at:
http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips

NATIONAL HOUSING ACT

National Housing Act Sections 203(g) and 203(r) and 24 CFR Parts 203.41, 203.258, 203.510 and 203.512:
<http://www.gpo.gov/fdsys/pkg/CFR-2012-title24-vol2/pdf/CFR-2012-title24-vol2-subtitleB.pdf>

HUD REGULATIONS

24 CFR Part 291, governs the sales of HUD Homes
24 CFR Part 203, governs HUD's Single Family Mortgage Insurance programs
24 CFR Part 200, governs Nonprofit Placement and Removal Procedures for Participation in FHA Programs

HUD MORTGAGEE LETTERS

ML 96-21 203(k) w/Participation by State & Local Housing Agencies
ML 96-59 Moratorium on Investor Loans in Conjunction with the 203(k)
ML 02-02 Credit Policy Issues – Payment of Borrower Obligations by Non-profits
ML 02-22 Down payment Assistance Programs Operated by Governmental Agencies and Nonprofits Using Subordinate Financing
ML 03-07 Prohibition of Property Flipping
ML 10-05 Announcement of the FHA Nonprofit Data Manager System
ML 11-36 Elimination of HQ Concurrence
ML 12-24 Secondary Financing Eligibility Requirements for Internal Revenue Code (IRC) Section 115 Entities

HOUSING NOTICES

Housing Notice 05-09: Revitalization Areas

HUD HANDBOOKS

HUD Handbook 4000.1: Single Family Housing Policy Handbook - *Doing Business with FHA, Origination through Post-Closing/Endorsement, Servicing and Loss Mitigation, and Quality Control, Oversight and Compliance*

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Internal HUD Distribution:						
Identification Lines:						
Correspondance Code	Originator 3AHHS	Concurrence	Concurrence	Concurrence	Concurrence	Concurrence
Name	M. Surdyk					
Date	12/4/17					

Official Record Copy U.S. Department of Housing and Urban Development form HUD-713.1 (02/03)
 Previous edition is obsolete.