



## Office of Rehabilitation

# Loan Process and Procedures

1. All applications are processed as received once all documentation is included as listed in the application. Applicants are encouraged to seek licensed contractor proposals for work estimates, which should be submitted with the application.
2. Average processing time for each loan may be 3 to 4 months, which includes completion of the work by the contractor. (For no heat, water and sewer line repairs, the cases are processed as emergencies)
3. The applicant is responsible for selecting the contractor to complete repairs. You are advised to select a licensed contractor and obtain several estimates. Contractor selection may be accomplished by neighbor referrals or search through the yellow pages. Information on home improvement contractors may be obtained from the Maryland Home Improvement Commission at 410-230-6309. Ask for the brochure named "[Tips for Choosing a Home Improvement Contractor](#)" Their web site address is: <http://dldr.state.md.us> click on Division of Occupational and Professional Licensing.
4. The role of our staff **Rehab Technician** will be to review contractor estimates you have submitted to determine what repairs may be completed within our loan limits and your affordability. Once the homeowner and contractor have agreed on the repair estimate, a contract is drawn up for both parties to sign. The Rehab Technician will provide the Contractor with the Order to Proceed with repairs following settlement on your loan with the **Loan Underwriter**. Inspections will be made to determine amount of funds to be paid to the contractor for completed work. In addition, the Technician will verify that the contractor is licensed and that city permits are secured.
5. **Contractor Bid List**—If the homeowner has been unable to secure estimates from contractors, the name, address, and phone number of the owner may be posted in our office for contractors to access for calling homeowners to make appointments and provide estimates for repairs. **The City of Baltimore acting by and through the BaltimoreHousing does not maintain or sanction a list of approved contractors.**
6. The Office of Rehabilitation staff cannot manage the work on your home by your contractor. It is the homeowner's responsibility to arrange with the contractor for work completion and access to the property. The contract for repairs is between the homeowner and contractor. The Office of Rehabilitation serves as your lender.
7. If you are unable to locate a copy of the dwelling Deed or Deed of Assignment that must be submitted with the application for assistance, you may obtain a copy from the Land Records Office, 6<sup>th</sup> floor of the Clarence Mitchell Courthouse. There is a minimum charge for a copy. Their phone number is 410-333-3761.



## Baltimore Housing Refinancing Subordination & Release Policy

Some homeowners with UDAG, NAC, CDBG, and City 2nd Mortgage Loans for Buying Into Baltimore trolley tours and City employee grants or Direct Homeownership Assistance grants and including rehabilitation loans may have relatively high interest rates on their first mortgages. The Financial Review Committee has received a number of recent requests to allow the homeowners to refinance the existing first mortgages for a lower interest rate, shorter term and/or lower monthly payment.

Because of the variations in the homeowner requests, it has been determined that a policy governing such refinancing should be developed by the Committee with concurrence by the Deputy Commissioner and approval by the City Board of Estimates. (Approved March 1, 2004)

The following are the guidelines established by the Committee, which must be met for approval:

1. The purpose of this request must be to obtain a lower interest rate and/or term in order to reduce principal and interest payments on the first mortgage.
2. The City lien must be current. Any account 60 days in arrears will not be considered for subordination. Modified/recast loans will be considered for subordination six (6) months after the loan modification is signed.
3. The homeowner shall not receive any proceeds from the refinancing.
4. The homeowner may include within the amount of the first mortgage refinanced the legal and related costs incurred in conjunction with the refinancing. However, if total settlement charges, points and fees exceed 10% percent of the balance of the existing first mortgage loan, the homeowner must pay off the City loan. On a case-by-case basis, the Committee may consider extenuating circumstances and will make a recommendation to the Deputy Commissioner for approval.
5. If the principal balance of the existing first mortgage is more than initially borrowed at settlement (i.e., there has been negative amortization), the original principal balance will be used in calculating the net proceeds of sale.
6. The property value should be equal to or more than the sum of all existing and proposed liens against the property (established by an independent appraisal).
7. The homeowner may be required to pay a \$100 legal fee to the title attorney to cover the cost of preparing the Subordination Agreement as well as the cost of recording that document.
8. If additional debts are included in the proposed (refinanced) first mortgage, a minimum of 10% percent of those debts is required as a non-refundable partial prepayment of the city loan.
9. Any request for payoff that is not accompanied by a contract of sale will be considered a refinance. In this case, the homeowner must personally request the payoff/release with explanation and review the documents submitted in his behalf by the lender or Title Company to the Financial Review Committee.
10. A City-processing fee of \$75 shall be charged to the homeowner for each request for the execution of subordination agreements, duplicate releases of note/mortgage, or deed of trust or promissory. With respect to the releases, the Legal Department will determine the appropriate amount for releases, but the amount will not be in excess of \$75. Either the City for the Office of Rehabilitation notes or the title company will prepare the actual agreements and releases for processing and execution. Said processing fee in the form of a money order or certified check shall be made payable to the Director of Finance in care of the Department of Housing and Community Development, Office of Rehabilitation, Suite 1125, 417 E. Fayette Street, Baltimore, MD 21202.

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Acknowledgement by homeowner

Baltimore City Office of Rehabilitation  
Contact **Carol Curtis at 410-396-3125**

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Date

[www.baltimorehousing.org](http://www.baltimorehousing.org) Rev. 4/10/07

