

FREQUENTLY ASKED QUESTIONS

- 1. What is Open Enrollment?**

Four times a year (January, April, July, and October), applications are accepted for inclusion in the MIHU Homeownership Database.
- 2. When are lotteries held?**

Lotteries are held ONLY when we are notified (by a Builder or current MIHU homeowner) that a property is available for sale. Because of this, we are unable to predict when lotteries will be held.
- 3. How long is the waitlist?**

We do not maintain a waitlist. Rather, we maintain a database of information submitted during open enrollment periods. When we are notified of an available property, potential candidates are selected from the database based on their ability to meet the minimum eligibility requirements necessary to obtain a mortgage for the featured property (i.e. Minimum income to pay the mortgage payment and credit worthiness based on mortgage guidelines).
- 4. I applied during a previous Open Enrollment period. Do I need to apply again?**

No. Once you have applied to the program, your information remains active in the database until you purchase an MIHU property, you request to be removed from the database or your information is purged from the database.
- 5. Why was my application returned?** The application must have all of the required documentation attached to it in order to be entered into the database. If paystubs, W-2s, tax returns or other income documents are missing, the incomplete application will be sent back to you. Once all information is attached, the application can be re-submitted during the next open enrollment month.
- 6. If my information is accepted for inclusion in the database, does that mean I am mortgage ready?**

No. At the time of submission, we are only calculating and verifying that your total household income does not exceed the maximum income limits, based on household size, for the program. When you meet the minimum qualifying income for a featured property, a credit report is ordered. If at that time, credit does not meet minimum credit guidelines, your application will be deemed “credit suspended” until we are notified that your credit has improved.
- 7. How will I know if my credit history is not sufficient to obtain a mortgage?**

If your application is “credit suspended”, you will receive a letter from the Department stating the reason why. As a resident of Maryland, you are eligible for one free credit report from each credit repository per year (Equifax, Transunion and Experian). It is suggested that you review your credit history each year. Typically if your credit score is below 620¹, it will be difficult to obtain mortgage financing. We can refer applicants to credit counseling agencies that can assist with credit repair.

¹ Although it is possible to obtain mortgage financing with a credit score below 620, only a lender can make that determination based on a number of factors. It is advised that you consult a lender

8. How will Howard County Housing know when I have corrected or addressed derogatory or incorrect information on my credit report?

When you have corrected or addressed your credit issues and have obtained proof that your credit report reflects the most up to date and correct information, please contact the Department to update your information. If the update is acceptable, your application status will be changed to “eligible” for future lotteries. You do not need to apply again.

9. Why has my application been accepted if my income or credit history is not sufficient to purchase a home in the MIHU program?

We do not want to discourage anyone from taking steps toward homeownership. We recognize that credit can be repaired and income can increase over time. When your income, family size or credit profile changes, we ask that you notify us so that you may be afforded fair consideration based on the most accurate and up to date information.

10. How much do I need to earn to be able to purchase a home?

A number of factors determine your ability to purchase a home and only a lender can determine the minimum income required to purchase a home based on your financial situation. However, the average price of an MIHU home is \$235,000.00. Below is an estimate of mortgage payments based on average priced MIHU homes²:

| Sales Price | Principal & Interest | Property Taxes | Hazard Insurance | FHA Mortgage Insurance | Total Monthly Mortgage Payment |
|-------------|----------------------|----------------|------------------|------------------------|--------------------------------|
| 175,000 | 875 | 213 | 45 | 194 | 1327 |
| 235,000 | 1175 | 286 | 50 | 261 | 1772 |
| 265,000 | 1325 | 322 | 55 | 294 | 1996 |

² Total monthly mortgage payments are based on an FHA Financing (30 Year Fixed rate of 4.5%) with principal and interest payment, FHA mortgage insurance, and estimated property taxes and hazard insurance. Actual mortgage interest rate and payments may vary based on factors noted and are subject to change without notice.
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