

# THE MARYLAND AFFORDABLE HOUSING TRUST (MAHT) ENROLLMENT PACKET

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## COMPLYING WITH MAHT REQUIREMENTS

**INTRODUCTION:** The Maryland Affordable Housing Trust (MAHT) was created by Chapter 265 of the Laws of Maryland 1992 (Housing and Community Development Article). MAHT is an instrumentality of the State designed to provide flexible and creative financing tools to develop affordable housing intended for households with incomes less than 50% of median. MAHT is funded by a portion of the interest earned on trust accounts held by Title Insurers or Title Insurance Producers under Insurance Article Section 22-103 of the Annotated Code of Maryland. The accompanying regulations for this section are found in the Code of Maryland Regulations (“COMAR”) 31.16.03.01-.08.

Each Title Insurer or Title Insurance Producer is required by the Maryland Affordable Housing Trust Act to pool client trust accounts in connection with escrows, settlements, closings, or title indemnifications related to properties located in Maryland, if the account for one transaction is expected to generate: (a) \$50 or less in interest or (b) a higher amount of interest which is insufficient to warrant opening a separate interest-bearing account for a client. [Click this link for additional information “Helpful Hints from MAHT For Calculating the Amount of Interest that a Transaction is Expected to Generate”](#). The pooled client trust account is to be paid to the Maryland Affordable Housing Trust Fund. It is up to the Title Insurer or Title Insurance Producer and the client to determine how client trust money will be deposited if the money is expected to generate more than \$50 in interest and a separate interest bearing account is warranted.

**NOTICE OF COMPLIANCE AND ENROLLMENT** (*See the attached Notice of Compliance and Enrollment Form, page 4*): Every Title Insurer or Title Insurance Producer must complete a Notice of Compliance and Enrollment Form. Title Insurers or Title Insurance Producers are encouraged to have only one MAHT account per financial institution, because this normally will simplify record keeping and minimize costs for all parties. The decision to open additional accounts at a financial institution should be based on sound business practices. A separate Form must be completed whenever a MAHT account is opened at a financial institution. However, Title Insurers or Title Insurance Producers who are part of the same company may open a single joint MAHT account.

Account holders should complete the Notice of Compliance and MAHT Enrollment Form when opening a MAHT account or converting an existing account. Account holders should provide, along with a copy of this packet, a copy of the Form to the financial institution, and mail the original to the **Maryland Affordable Housing Trust, Room 4.403, 100 Community Place, Crownsville, Maryland 21032.**

If a Title Insurer or Title Insurance Producer does **no** business in the State which generates funds to be deposited into a MAHT account at the time the Notice of Compliance and Enrollment Form is filled out, or participates in the Interest on Lawyer Trust Accounts (IOLTA) program, it should so indicate on the Form and send the completed Form to MAHT. A Title Insurer or Title Insurance Producer must fill out a new Form and its financial institution must begin to remit client trust account interest to MAHT, if the Title Insurer or Title Insurance Producer begins to do business in Maryland which generates funds for deposit in a MAHT account.

If, in the future, a Title Insurer or Title Insurance Producer stops being actively engaged in business activities which generate funds to be deposited into a MAHT account, it also must send a new Notice of Compliance and Enrollment Form to MAHT and take appropriate action with its financial institution to close out the MAHT account.

**ACCOUNT CREATION AND CONVERSION:** Financial institutions will create new accounts or convert existing accounts to an interest bearing account which provides the Title Insurer or Title Insurance Producer with the basic banking services they have been receiving. It is hoped that financial institutions will create MAHT accounts which pay the highest net interest income (interest minus service charges and other fees, if any) which are legally permissible and which provide Title Insurers or Title Insurance Producers with the banking services they need. Please note that monies held in the MAHT account may not be transferred or swept at the end of the banking day and held overnight in a separate non-MAHT account.

**REMITTANCE TO MAHT:** Financial institutions are to pay the interest accrued on MAHT accounts, less stated service charges or fees, if any, directly to the Maryland Affordable Housing Trust, P.O. Box 500, Crownsville, Maryland 21032.

**REPORTING REQUIREMENTS:** A report should accompany each remittance to MAHT showing for each account the name of the Title Insurer or Title Insurance Producer for whom the remittance is sent, the account number, rate of interest yielded for the period, gross interest, both the types and amounts charged for services provided to this account., and the net interest paid and remitted for the statement period. (*See Report of Interest Remittance form, page 6, and Confirmation Report, page 7.*)

Financial institutions may remit interest on all MAHT accounts in one payment, but still must submit a report indicating the interest generated on each account.

The Maryland Affordable Housing Trust Act differs from the law creating the Interest on Lawyers Trust Accounts (IOLTA) program regarding how service charges are handled. Reasonable and customary charges for commercial accounts may be deducted from interest on the MAHT account, except charges for: 1. Deposits of dishonored items, 2. Presentations against insufficient funds, 3. Overdrafts, 4. Certified checks, 5. Account reconciliations, and 6. Wire transfers.

**USE OF TAXPAYER IDENTIFICATION NUMBER:** The tax identification number for all MAHT accounts is that of the State of Maryland - 52-6002033. Since MAHT is an instrumentality of the State of Maryland, IRS Form 1099 need not be issued for MAHT accounts. If a financial institution's procedures require the issuance of Form 1099, the State's tax identification number must be used to show that MAHT is the recipient of the interest. Under no circumstances should the financial institution enter the Social Security number or employee identification number of a Title Insurer or Title Insurance Producer or the Social Security number or employer identification number of the beneficial owner of the principal contained in the MAHT account. If Form 1099 is issued, it should indicate the name of the MAHT account of the Title Insurer or Title Insurance Producer and the State's tax identification number noted above. All Form 1099's should be sent directly to the Maryland Affordable Housing Trust, Room 4.403, 100 Community Place, Crownsville, Maryland 21032 and NOT to the Title Insurer or Title Insurance Producer.

Any questions regarding the MAHT may be addressed by calling **410-514-7179**.

## **MAHT INSTRUCTIONS TO TITLE INSURERS AND TITLE INSURANCE PRODUCERS**

**(Also, see Notice of Compliance and MAHT Enrollment Form, page 4)**

1. You are encouraged to have only one MAHT account per financial institution, because this normally will simplify record keeping and minimize costs for all parties. The decision to open additional accounts at a financial institution should be based on sound business practices. If you have multiple MAHT-eligible accounts at the same institution, under most circumstances, you should request your financial institution to merge them into a single MAHT account.
2. If the account listed is used by more than one person, please attach a list of all people who use the account. Only the signature of an authorized representative is required to comply with the MAHT requirement.
3. Insurance Article Section 22-103 of the Annotated Code of Maryland directs MAHT to implement and administer this program. The accompanying regulations for this section are found in the Code of Maryland Regulations (“COMAR”) 31.16.03.01-.08. Please complete the Notice of Compliance and MAHT Enrollment Form (page 4) and provide a copy to your financial institution(s), along with the MAHT Instructions to Financial Institutions (page 5), when initiating your MAHT account. Also, send the original completed form to the **Maryland Affordable Housing Trust, 100 Community Place, Room 4.403, Crownsville, Maryland 21032.** Once a MAHT Enrollment Form (page 4) is sent, there is no requirement to continue sending the form in subsequent years.
4. You may wish to make and retain a copy of this form for your records. Your financial institution should provide you with appropriate account statements.
5. If you have any questions about MAHT, compliance with the MAHT Act or how to complete this form, please call (410) 514-7179.

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NOTICE OF COMPLIANCE AND MAHT ENROLLMENT FORM  
MANDATORY INTEREST ON MARYLAND AFFORDABLE  
HOUSING TRUST ACCOUNTS PROGRAM

The Maryland General Assembly has enacted legislation creating the Maryland Affordable Housing Trust (MAHT) which is to be funded by the interest generated by client trust accounts held by Title Insurers or Title Insurance Producers. The undersigned Title Insurer, Title Insurance Producer, or authorized representative of a company consisting of more than one Title Insurer or Title Insurance Producer hereby declares compliance with the MAHT Act by checking the appropriate box below.

COMPLIANCE DETERMINATION (Check One)

- \_\_\_\_\_ 1. The accounts listed below represent all of the accounts subject to the MAHT Act which the Title Insurer or Title Insurance Producer has at the financial institution listed below.
- \_\_\_\_\_ 2. I certify that I do not have a trust account containing funds which are covered by the MAHT Act requirement because the Title Insurer or Title Insurance Producer listed below is not actively engaged in business activities in Maryland which generate funds covered by the MAHT Act. I further agree to establish a MAHT account at such time as I begin to do business in Maryland which generates funds covered by the MAHT Act.
- \_\_\_\_\_ 3. I certify that I am currently participating in the Interest on Lawyer Trust Accounts (IOLTA) program for my real estate escrows, settlements and closings that earn \$50 or less in interest. I further agree to establish a MAHT account if I end my participation in IOLTA but continue to engage in business activities which generate funds covered by the MAHT Act.

ACCOUNT INFORMATION

**(Account must be opened at your financial institution prior to submitting enrollment form)**

Name of Account \_\_\_\_\_ Account Number \_\_\_\_\_

Name of Financial Institution \_\_\_\_\_

Mailing Address of Financial Institution \_\_\_\_\_

Telephone Number \_\_\_\_\_

**List Authorized Account Signatories (Attach additional sheet if necessary)**

TITLE PRODUCER IDENTIFICATION

Name of your title company (please print) \_\_\_\_\_

Your Fed. Tax I.D. \_\_\_\_\_

Your office address \_\_\_\_\_

Your telephone number \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_ Check if submitted for more than one person (attach list of people).

Mail completed Form to: **Maryland Affordable Housing Trust, c/o Maryland Department of Housing and Community Development, Room 4.403, 100 Community Place, Crownsville, Maryland 21032.**

## INSTRUCTIONS TO FINANCIAL INSTITUTIONS

### (Also, see attached Report of Interest Remittance Form)

1. Interest accrued on the MAHT account (net of service charges or other fees, if any) should be remitted at least quarterly to the **Maryland Affordable Housing Trust (MAHT), P.O. Box 500, Crownsville, Maryland 21032**. Interest should be computed on the average monthly balance in the account, or as otherwise determined by your standard accounting practices.
2. Insurance Article Section 22-103 of the Annotated Code of Maryland and the Code of Maryland Regulations (“COMAR”) 31.16.03.01-.08 govern MAHT accounts held in financial institutions.
3. Information returns (IRS Form 1099) are not required on this account; but if they are produced, such returns should reflect the State of Maryland’s Tax I.D. No. 52-6002033 as the recipient of the interest and it should be mailed to MAHT.
4. With each remittance to MAHT, send a statement showing the name of the Title Insurer or Title Insurance Producer for whom the remittance is sent, the account number, the rate of interest yielded for the period, gross interest, both the types and amounts charged for services provided to this account, and the net amount remitted (a Report of Interest Remittance Form is included on page 6 for your convenience). If your institution has trust accounts for more than one Title Insurer or Title Insurance Producer participating in the MAHT program, you may find it convenient to make a single remittance for all of them at the same time. If you elect to do so, the reports for each of the Title Insurers or Title Insurance Producers are to be forwarded together so that the MAHT staff can determine the exact allocation of the lump sum payment among the Title Insurers involved.

If you choose to make a single remittance payment, you are not permitted to offset the net amount of interest from the account of one Title Insurer or Title Insurance Producer against the account of another Title Insurer or Title Insurance Producer for which the assessed service charges exceed the interest earned. The MAHT law provides that the Title Insurer or Title Insurance Producer is liable for payment of those service charges to the extent they exceed the earned interest.

Note that the following services charges are not permitted to be deducted from the interest earned on the MAHT account: 1. Deposits of dishonored items, 2. Presentations against insufficient funds, 3. Overdrafts, 4. Certified checks, 5. Account reconciliations, and 6. Wire transfers.

5. If after reading these instructions you have questions about implementing the MAHT program at your institution, please call 410-514-7179.



**CONFIRMATION REPORT**  
(For Financial Institution)

Financial Institution:

Remittance Period:

Check Number:

Date of Check:

Amount:

Send to:

**Maryland Affordable Housing Trust**  
**P.O. Box 500**  
**Crownsville, Maryland 21032**