



LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lt. Governor

Kenneth C. Holt
Secretary

Ellington Churchill, Jr.
Dep. Secretary

February 26, 2016

Directive 2016-01

TO: **PARTICIPATING LENDERS**

SUBJECT: **0.25% Increased Lender Compensation for Maryland Mortgage Program (MMP) loans**

The Community Development Administration is pleased to announce an enhanced compensation grid for MMP lenders. This Directive will be effective on Monday, February 29, 2016 and applies to all MMP loans reserved on and after that date.

I. LENDER COMPENSATION

Days Delivery:	0- 60	61-75	76-90	91-105	106-135	136-165
Lender Fee:	2.50%	2.25%	2.00%	1.75%	1.25%	1.00%

The lender compensation schedule above indicates the payment the lender will receive based upon the number of days from when the loan is reserved until it is purchased by US Bank. The above grid has been enhanced by 0.25% from the Directive 2015-58 for each step until the 105th day of the loan life. The lender payment after day 105 remains the same.

II. REMINDER OF THE LOAN DELIVERY PERIOD AND INTEREST RATE LOCK

1. The interest-rate lock contract will be terminated at the end of **165 days** if the loan has not been purchased by US Bank. If the original Interest Rate Lock and Delivery period of 165 days has expired, the lender will be obligated to reimburse CDA in full for any CDA-funded Down Payment Assistance loan.
2. CDA will not allow a loan (to the same borrower for the same property) to be cancelled and re-reserved within a period of one year from the original loan reservation date. Therefore, lenders must ensure they reserve their loans as near as possible to the date they are confident the loan will close and be delivered. This planning is especially relevant for issues arising due to fault of the realtor, fault of the seller, short-sale, new construction, FNMA or Freddie Mac REO purchases, etc.
3. Lenders must ensure that their staff who originate, process, close and ship MMP loans are trained to process the CDA loans accurately and are knowledgeable with the MMP products they are using and the respective terms and conditions. Lenders should reserve their loans correctly to limit any Attachment R adjustments. If an Attachment R is submitted requesting to switch loan programs after



loan reservation and it is acceptable to CDA, CDA will apply whichever is higher of the reservation rate or the changed rate.

This Directive supersedes Directives 2015-58 (New Lender Compensation, Loan Delivery Period, and Interest Rate Lock for Maryland Mortgage Program (MMP) loans).

As always, we appreciate your continued participation in our programs. If you have any questions concerning this Directive or suggestions for improvements, please contact one of the following: Vicki Jones at vicki.jones@maryland.gov or Ed Anthony at edward.anthony@maryland.gov.

Sincerely,

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Deputy Director
Single Family Housing

