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Lt. Governor

Kenneth C. Holt
Secretary

Tony Reed
Deputy Secretary

August 10, 2017

Directive 2017-16

TO: ALL PARTICIPATING LENDERS

SUBJECT: INTERESTED PARTY CONTRIBUTIONS' LIMIT INCREASE FOR FANNIE MAE INSURED LOANS

We are pleased to announce that, in response to lender feedback provided to CDA, US Bank and Fannie Mae, Fannie Mae has increased their accepted limit for Interested Party Contributions (IPC) from 3% to 4% for conventional loans with LTV above 90%. As a result of this enhancement, more borrowers will qualify by allowing additional IPC funds for closing cost assistance.

Highlights of this new initiative are:

- The increase is effective beginning August 1, 2017 **for Fannie Mae loans only** and loans must be purchased by US Bank on or before May 10, 2018.
- **Desktop Underwriter (DU)** decision result must be an Accept. No manual underwriting is allowed. **Loan Product Advisor may not be utilized.**
- The lender may disregard DU messages indicating that the loan is ineligible because the IPC exceeds the maximum allowable contribution (as long as the IPC does not exceed 4%).
- The loan product must be HFA Preferred and **Special Feature Code 849** must be added to the Uniform Underwriting and Transmittal Summary, FNMA 1008.

As always, we appreciate your continued participation in our programs.

If you have any questions concerning this Directive or suggestions for improvements, please email singlefamilyhousing.dhcd@maryland.gov.

Sincerely,
Karl Metzgar

Karl Metzgar
Assistant Director / Operations Manager
Single Family Housing

