



LARRY HOGAN  
Governor

BOYD K. RUTHERFORD  
Lt. Governor

May 13, 2015

Directive 2015-24

TO: **PARTICIPATING LENDERS**

SUBJECT: **LENDER MINIMUM ACTIVITY POLICY**

The purpose of this Directive is to inform you of CDA's new Lender Minimum Activity Policy, which will become effective on July 1, 2015. Refer to the enclosed Lender Minimum Activity Policy for more detail.

Under the Lender Minimum Activity Policy, lender activity will be assessed on a quarterly basis. Lenders not meeting the Lender Minimum Activity Level of an average of three loans purchased by the master servicer per quarter will be notified. A lender who does not meet the Lender Minimum Activity Level for two consecutive quarters will be removed from approved participating lender status and deactivated in the Lender Online system. New lenders will have a six-month grace period before the first quarterly assessment takes place.

If a lender would like CDA to reconsider a decision, they can send a letter stating their grounds for reconsideration, and their request will be reviewed and decided on a case-by-case basis. Only one request for reconsideration will be granted; after that it will be 12 months before a lender can request to be re-approved and re-activated in the program, and additional documentation and training will be required at that time.

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](mailto:vicki.jones@maryland.gov) Ed Anthony at [edward.anthony@maryland.gov](mailto:edward.anthony@maryland.gov) Pat Smith at [patriciaa.smith@maryland.gov](mailto:patriciaa.smith@maryland.gov) or Kafayat Abiola at [kafayat.abiola@maryland.gov](mailto:kafayat.abiola@maryland.gov)

Sincerely,

*William J. Manahan*

William J. Manahan, Assistant Director  
Single Family Housing

Enclosure: Lender Minimum Activity Policy



# LENDER MINIMUM ACTIVITY POLICY

*Effective 7/1/2015*

## PURPOSE:

To establish the minimum activity level in order for lenders to maintain approved status as a participating lender for the Maryland Mortgage Program (MMP), and to identify the process by which low activity lenders are removed from approved status. Under the Mortgage Origination Agreement for MMP, Section 5.3 provides:

Section 5.3. Performance Review. CDA shall have the right, at its option, to review the performance of the Mortgage Lender as reflected by the reports and recommendations of the Servicer and the Compliance Agent and such other evidence as may be presented to CDA, to determine if Mortgage Lender is performing in accordance with the standards required by this Origination Agreement. In addition to any rights of the Servicer and CDA under the Program Documents, CDA may deactivate or terminate a Lender from the Program for failing to originate a minimum number of Mortgage Loans as set forth in the Program Documents.

## BACKGROUND:

Lenders meet documentation and training requirements in order to be approved as a participating lender for the Maryland Mortgage Program; approved lenders are listed on our website and in our program materials. Establishing a minimum level of activity will ensure active participation by a lender or it will be removed from our list; both of these results will help prevent the borrower from selecting a lender from our website who is not actively originating MMP loans.

## POLICY:

Lender activity will be assessed on a quarterly basis. Lenders not meeting the Lender Minimum Activity Level of an average of three loans purchased by the master servicer per quarter will be notified. A lender who does not meet the Lender Minimum Activity Level for two consecutive quarters will be removed from approved participating lender status and deactivated in the Lender Online system. New lenders will have a six-month grace period before the first quarterly assessment takes place.

## PROCEDURE:

On a quarterly basis, lender activity for the quarter will be assessed. If the lender did not have three or more loans purchased by the master servicer during that quarter, the Administrative Contact will receive a warning email informing them of the Lender Minimum Activity Policy. The email will encourage them to contact the Business Development team for additional training. If there is no response or request for training within the month, a member of the Business Development team will attempt to call the Administrative Contact and remind them of the policy and suggest training. If contact is not made, then an attempt will be made to reach lender's corporate management.

If a lender has two consecutive quarters without achieving the three-loans-purchased minimum, they will be removed from approved status and deactivated in the Lender Online system and the lender will be notified. If a lender would like CDA to reconsider a decision, they can send a letter stating their grounds for reconsideration, and this will be reviewed and decided on a case by case basis. Only one request for reconsideration will be granted; after that it will be 12 months before a lender can request to be re-approved and re-activated in the program, and additional documentation and training will be required at that time.

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