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August 15, 2012

Directive 2012-23

TO: ALL PARTICIPATING LENDERS  
SUBJECT: REPRICING A LOAN AFTER 105/165 DAYS

The purpose of this Directive is to inform you that the enclosed "Repricing a Loan after 105/165 Days" policy is effective immediately. This new policy states that if a loan on a home purchase under the standard MMP Program, the Save-A-Home Loan Program or the DHCD-owned Foreclosure Program is purchased by US Bank after 105 days or after 165 days, if it is a new construction loan, the lender receives no compensation. Additionally, the loan will be re-priced and the lender will be charged a "hedge risk fee" plus an additional 1% fee for each 15-day increment beyond the 105/165 day deadline. The "Repricing a Loan after 105/165 Days" policy follows as an enclosure. This Directive along with the enclosed "Repricing a Loan after 105/165 Days" policy will be uploaded to our website at: <http://www.mmprogram.com/SnglFamHsgDir.aspx> and also to Lender On-Line (under Program Documents/Single Family Housing Directives).

Please note: a new re-pricing policy will be issued regarding loans that have not closed during the initial 105/165 day Reservation Period.

As always, we appreciate your continued participation in MMP. If you have any questions concerning this Directive or suggestions for improving our Program, please contact me directly at (410) 514-7508 or 1-800-638-7781 or by e-mail at [manahan@mdhousing.org](mailto:manahan@mdhousing.org).

Sincerely,  
*William J. Manahan*  
William J. Manahan  
Assistant Director, Homeownership Programs  
Single Family Housing

Enclosure: "Repricing a Loan after 105/165 Days" policy

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## **REPRICING A LOAN AFTER 105/165 DAYS**

*Decisions on purchasing or canceling a loan, any calculations regarding penalties, or any other non-statutory matter will be solely the decision of CDA. Both CDA and US Bank will be held harmless in any transaction relating to loans that exceed the established purchase deadlines.*

### **For Existing Homes, Save-A-Home Loan Program, and DHCD-owned Foreclosure Program**

#### **After 105 Days in the Pipeline and not purchased by US Bank**

##### ***If the Loan Closed and was submitted for purchase:***

If CDA approves a loan for purchase after 105 days, the loan will be purchased without any compensation to the lender. At the time of purchase, US Bank will submit pertinent information about the loan (to include the borrower's name, CDA loan #, USB Loan #, date final USB condition was removed and what that condition was) to CDA and CDA will re-price the loan as follows:

- If the then current interest rate has moved beyond the rate on the note, the Lender will be charged a "hedge risk fee" calculated by CDA Finance or its designee;
- An additional 1% Late Delivery fee will be charged for each 15 day increment beyond the 105-day commitment expiration date deadline.

### **For New Construction Loans**

#### **After 165 Days in the Pipeline and not purchased by US Bank**

##### ***If the Loan Closed and was submitted for purchase:***

If CDA approves a loan for purchase after 165 days, the loan will be purchased without any compensation to the lender. At the time of purchase, US Bank will submit pertinent information about the loan (to include the borrower's name, CDA loan #, USB Loan #, date final USB condition was removed and what that condition was) to CDA and CDA will re-price the loan as follows:

- If the then current interest rate has moved beyond the rate on the note, the Lender will be charged a "hedge risk fee" calculated by CDA Finance or its designee;
- An additional 1% Late Delivery fee will be charged for each 15 day increment beyond the 165-day commitment expiration date deadline.