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March 1, 2013

Directive 2013-16

MEMORANDUM: ALL PARTICIPATING LENDERS

SUBJECT: 97% LTV CONVENTIONAL REFINANCE PROGRAM

The purpose of this Directive is to inform you that the Community Development Administration's (CDA) 97% LTV Conventional Refinance Program will open for reservations on March 1, 2013. This Directive will be uploaded to our website at <http://www.mmprogram.org/SnglFamHsgDir.aspx> and also to Lender On-Line at <https://lol.dhcd.state.md.us/Bin/Display.exe/ShowSection>, under Program Documents/Single Family Housing Directives.

The 97% LTV Conventional Refinance Program allows CDA to offer a 30-year fully amortizing (limited cash-out) refinance loan. Reservations for this new program will be accepted on or after the implementation date of March 1, 2013. The bond series for this program will be "915 (MBS Refi Program)" – the first three digits of the loan number - and the program code will be "290 – MBS CONV REFI 0 PT 30 YR (3/2013)". Lender compensation will be the same as the regular MMP.

- The program requires that a borrower's loan has a loan-to-value ratio less than or equal to 97%.
- Please refer to the enclosed fact sheet, revised Attachments CC, EE and R and the Borrower's Affidavit for Refinance Loans Only (to be uploaded to the website and Lender Online)
- Note that most of the Maryland Mortgage Program (MMP) compliance requirements, such as income limits, house price limits (current appraised value must not exceed current MMP purchase price limits), reduced mortgage insurance coverage, etc., must be met.
- Home inspections and home buyer education are not required.
- Loans under this program are also subject to Fannie Mae's HFA Preferred underwriting guidelines.

When reserving a loan under this program, the following must be completed:

- the *appraised value* must be listed as the "Purchase Price" on the "Reservation" screen.
- if the borrower has a CDA loan, "CDA BORROWER REFI" must be selected in the Property Address/ "Project" drop down box on the "Reservation" screen.

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If a borrower with an MMP loan qualifies for this program and has an existing DSELP loan, the DSELP loan may be subordinated and retain its 0% deferred term, only if the CLTV does not exceed the lesser of the HFA Preferred or mortgage insurer's maximum CLTV. No DSELP is offered under this program.

As always, we appreciate your continued participation in CDA's programs. 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  
Single Family Housing

Enclosures: [97% LTV Conventional Refinance Program Fact Sheet \(03/01/13\)](#)  
[Attachment CC \(03/01/13\)](#)  
[Attachment EE \(03/01/13\)](#)  
[Attachment R \(03/01/13\)](#)  
[Borrower's Affidavit for Refinance Loans Only \(03/01/13\)](#)