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September 5, 2013

Directive 2013-38

TO: ALL PARTICIPATING LENDERS

SUBJECT: RE-LOCK POLICY FOR EXISTING AND NEW CONSTRUCTION LOANS

The purpose of this Directive is to provide you with the new Re-Lock Policy for Existing and New Construction Loans, which is effective for loans reserved on or after Thursday, August 15, 2013 that have not closed. This new policy states that CDA will not honor a reservation for any loan that is not purchased on or before the commitment time frame of 105 days from the reservation date. The lender must advise CDA three business days in advance of the 105 day time frame in order to request a one-time 60 day re-lock of the borrower's loan at the interest rate in effect at the time of the re-lock request or the original interest rate, whichever is higher. The lender will be required to pay a 1% Late Delivery Fee for the re-lock prior to the expiry date. The re-lock request will not be approved until receipt of the Late Delivery Fee has been confirmed. Wire instructions for the Late Delivery Fee are listed below:

M&T BANK BUFFALO, NY
ABA #: 022 000 046
Account #: 3088001950200
f/f/c A/C #: RRB10182
REF: [CDA loan number, borrower name]
Attn: Farrah Welsh, Corporate Trust

The "Re-Lock Policy for Existing and New Construction Loans" follows as an enclosure. This Directive along with the enclosed "Re-Lock Policy for Existing and New Construction Loans" 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).

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.

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

Enclosure: Re-Lock Policy for Existing and New Construction Loans

COMMUNITY DEVELOPMENT
ADMINISTRATION
DIVISION OF DEVELOPMENT FINANCE
100 Community Place
Crownsville, MD 21032

PHONE 410-514-7400

TOLL FREE 1-800-756-0119
TTY/RELAY 711 or 1-800-735-2258
WEB www.mdhousing.org



RE-LOCK POLICY FOR EXISTING AND NEW CONSTRUCTION LOANS

CDA will not honor a reservation for any loan that is not purchased on or before the commitment time frame of **105 days** from the reservation date. For any loan approaching the expiry date and has not closed, the lender can request a one-time **60 day re-lock** from CDA at market rate or the original rate, whichever is higher. The lender will pay a 1% Late Delivery Fee at the time of the re-lock and will not receive any compensation.

The lender must advise CDA **three business days** in advance of the 105 day timeframe in order to request the re-lock and arrange the payment of the Late Delivery Fee directly to CDA.

If the aged loan not purchased within the 105 day timeframe **has already closed**, the lender will warehouse the first mortgage and will work with CDA to determine a solution for the second mortgage (DSELP).

The above rule may not apply if CDA has any involvement in the late delivery of the loan like delayed repairs of a CDA owned property etc. The lender must advise CDA three business days in advance of the 105 day timeframe in order to determine if the reservation can be extended for this special circumstance.