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August 13, 2010

Directive 2010-12

MEMORANDUM: CDA-APPROVED LENDERS

SUBJECT: MARYLAND MORTGAGE PROGRAM TO BE FINANCED THROUGH
MORTGAGE-BACKED SECURITIES

The Community Development Administration (CDA) is pleased to announce that it will begin financing *Maryland Mortgage Program (MMP)* loans that conform to FHA/VA/RHS guidelines through the purchase of Government National Mortgage Association (GNMA) guaranteed mortgage-backed securities (MBS).

Effective with reservations made on or after September 20, 2010, CDA will no longer directly purchase MMP Loans insured by FHA or guaranteed by VA or RHS. MMP loans reserved prior to this effective date, will still be purchased by CDA. Instead, these loans will be purchased and serviced by a GNMA-approved master servicer, and securitized into an MBS guaranteed by GNMA. CDA will then purchase the securities backed by these loans. However, only MMP Loans meeting all GNMA requirements will be eligible for purchase and securitization.

CDA WILL NOT DIRECTLY PURCHASE ANY MMP LOANS INSURED BY FHA OR GUARANTEED BY VA OR RHS THAT ARE RESERVED ON OR AFTER SEPTEMBER 20, 2010.

MASTER SERVICER

CDA has selected Bank of America, N.A. (BANA) to act as master servicer to purchase, securitize and service all MMP Loans. As master servicer, BANA is responsible for ensuring that all loans purchased and securitized meet GNMA, BANA and CDA requirements. Therefore, only lenders approved by BANA and CDA will be permitted to originate MMP Loans. Any approved CDA lender not currently approved to sell loans to BANA, but desiring to originate MMP Loans, must also receive approval from, and enter into a contract with BANA. To seek BANA's approval to submit loans, please call (800) 669-6065.

PROCESSES & PROCEDURES

CDA will continue to perform Tax Law and program compliance reviews on all loans, underwrite all conventional mortgages for credit and mortgage insurance purposes and issue Approvals. The process for reserving and submitting all CDA loans for Approval will remain essentially unchanged.

COMMUNITY
DEVELOPMENT
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Finance

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Loans will continue to be reserved using CDA's web-based reservation system (Lender On-line); however, compliance packages will be submitted to CDA's Homeownership Programs section after the loan closes in accordance with new procedures to be outlined in CDA's Lender's Manual and published Directives.

If the loan qualifies as a MMP Loan, a Conditional Approval will be issued instructing the lender to submit the closed loan package, as defined by BANA's Stacking Sheet in BANA's Lender Manual and its web site, directly to:

Bank of America Home Loans
Attn: Bond Department
31303 Agoura Road
[CA6-917-02-05](#)
Westlake Village, CA 91361

Upon receipt, BANA will review the closed loan package to ensure conformity with BANA, CDA and GNMA guidelines. BANA will work with the originating lender to resolve any deficiencies and purchase the loan servicing released to BANA. BANA is prepared to purchase MMP Loans on a daily basis, and will collect applicable late delivery and re-reservation fees.

SUBORDINATE LOANS

All MMP and Downpayment and Settlement Expense Loan Program (DSELP) Loans will be purchased by BANA. Other subordinate financing eligible under FHA/VA/RHS guidelines may be utilized when originating a MMP Loan.

UNDERWRITING STANDARDS

All MMP Loans must meet FHA/VA/RHS underwriting standards as well as CDA's and BANA's credit overlays.

SERVICE RELEASE FEE

All MMP Loans must be service released to BANA. The net lender compensation will be two percent. BANA is prepared to purchase loans on a daily basis ensuring rapid payment of both loan proceeds and service release fees to participating lenders.

CONTACT INFORMATION

For questions relevant to CDA's policies and procedures, call me at 410-514-7508. For questions relevant to BANA's policies and procedures, call (800) 669-6065 (extension 8161). You will be able to access additional information at CDA's web site, www.mmprogram.com.

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
Single Family Housing