



Maryland Department of Housing
and Community Development

Martin O'Malley
GOVERNOR

Anthony G. Brown
LT. GOVERNOR

Raymond A. Skinner
SECRETARY

Clarence J. Snuggs
DEPUTY SECRETARY

April 8, 2008

Directive 2008-6

MEMORANDUM: ALL PARTICIPATING LENDERS

SUBJECT: CHANGES TO 2% AND 3% GRANT PROGRAMS

The purpose of this Directive is to inform you of the changes to the 2% and 3% grant programs. For loans reserved on or after Monday, April 14, 2008, the following changes will become effective:

- The grants will be outright (will not have to be repaid);
- The **Closing Assistance Grant Agreement dated 03/26/08** will replace the Repayable Grant Rider to Note dated 04/02/07 currently in use; and
- The interest rate increases outlined below.

The interest rates will be updated on our website and Lender On-Line. This Directive, the **Closing Assistance Grant Agreement dated 03/26/08**, the revised Lender's Manual dated 04/08/08 and revised Attachments L and Q dated 04/08/08 will be uploaded to our website (under Lenders Only) and Lender On-Line (under Program Documents).

2% grant (0 points)	3% grant (0 points)
30-year amortizing	
6.375% 009 – MMP+2% 30 YR	6.625% 050 – MMP+3% 30 YR
40-year amortizing and 5/30 and 7/33 interest-only	
6.625% 044 – MMP+2% 40YR; 056 – MMP+2% 5/30; 074 – MMP+2% 7/33	6.875% 060 – MMP+3% 40 YR; 070 – MMP+3% 5/30; 071 – MMP+3% 7/33
LENDER PAID MORTGAGE INSURANCE (LPMI)* 5/30 and 7/33 interest-only loans	
7.125% 068 – LPMI+2% 5/30; 066 – LPMI+2% 7/33	7.375% 078 – LPMI+3% 5/30; 076 – LPMI+3% 7/33

**For loans with LPMI, the interest rate reflected above is reduced ¼% when loan enters amortization period.*



100 Community Place
Crownsville, MD 21032
TOLL FREE 1-800-638-7781
TTY/RELAY 711 or 1-800-735-2258
WEB www.mdhousing.org

Please note: if for some reason the update to the Lender-on-Line reservation system is unable to be implemented by Monday, April 14, 2008, the effective date of the interest rate change, any loans reserved on or after this date will be adjusted to the new rate by Single Family Housing.

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: Closing Assistance Grant Agreement (03/26/08)

CDA Loan No. (for MMP Loan) _____

Property Address: _____

Grantee: _____

CLOSING ASSISTANCE GRANT AGREEMENT

This Grant Agreement (this "Agreement") is made on _____, 20____, by and between the Grantee identified above, having an address at the Property Address identified above and the Community Development Administration ("CDA"), an agency within the Maryland Department of Housing and Community Development.

Agreement

1. CDA hereby makes a grant to the Grantee in the amount of _____ Dollars (\$ _____) (the "Grant"). The Grant is made under the terms of this Agreement.

2. The Grantee acknowledges that the Grantee has received a loan today (the "Loan") from _____ (the "Initial Lender"). The Loan is expected to be purchased by CDA, provided that all the requirements for purchasing loans are met.

3. The Grantee hereby accepts the Grant funds that have been made available at the settlement of Grantee's purchase of the property located at the Property Address and the closing of the Loan.

4. The Grantee represents and warrants that the Grant has been used only for the following costs: fees or premiums for title examination or title insurance; fees for preparation of a deed, settlement statement or other documents; payments owed at the time of settlement for property taxes or hazard insurance coverage; escrows for future payments of taxes and hazard insurance; fees for notarizing deeds and other documents; fees for credit reports; transfer and recordation taxes and fees; fees or premiums for mortgage insurance; loan discount points and origination fees; up to 30 days' worth of prepaid interest; a home inspection fee; and down payment, to the extent permitted by the mortgage insurer or guarantor for the Grantee's Loan.

IN WITNESS WHEREOF, this Grant Agreement has been duly executed by the Grantee on the date set forth above.

WITNESS:

GRANTEE(S):

Name: _____

Name: _____