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Directive 2008-4

February 15, 2008

MEMORANDUM: ALL PARTICIPATING LENDERS

SUBJECT: Homesaver Refinance Mortgage Program

The purpose of this Directive is to advise you of the Community Development Administration's (CDA) plans to open another refinance product called the Homesaver Refinance Mortgage Program on Friday, February 22, 2008. This Directive will be uploaded to our website (under Just for Lenders/Single Family Housing Directives) and also to Lender On-line (under Program Documents/Single Family Housing Directives). The Homesaver Refinance Mortgage Program fact sheet is enclosed and will also be uploaded to the website.

The Homesaver Refinance Mortgage Program allows CDA to offer another refinance option to Marylanders who have sub-prime or exotic mortgages and are experiencing difficulties as a result of mortgage default, low credit scores and/or a mortgage greater than the current value of their home. An "exotic" mortgage is defined as any type of adjustable rate mortgage (ARM), balloon payment loan, or negative amortization loan. Reservations for this new program will be accepted on or after the implementation date of February 22, 2008. This program differs from the Lifeline Refinance Mortgage Program as follows:

- The mortgage(s) being refinanced may be delinquent but not more than 60 days;
- The minimum credit score is 550;
- Counseling is required for all borrowers;
- The loan-to-value (LTV) ratio may be up to 105%;
- The Maryland Housing Fund (MHF), the State's mortgage insurance agency operating under the direction of the Maryland Department of Housing and Community Development, is the exclusive mortgage insurer and its 2.75% upfront mortgage insurance premium may be financed in the mortgage; and
- Only 30- and 40-year amortizing products are permitted – no interest only products.

Lenders who want to originate loans under the Homesaver Refinance Mortgage Program must become an MHF-certified lender by completing MHF'S Certificate of Eligibility Request form (refer to Susan Barber's e-mail of February 7, 2008 for this form) in addition to executing an Addendum to the Mortgage Purchase Agreement.

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



As a reminder, a website has been dedicated to all of DHCD's foreclosure prevention and homeownership preservation efforts at www.mdhope.org.

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: Homesaver Refinance Mortgage Program

Homesaver Refinance Mortgage Program Fact Sheet and Underwriting Guidelines

The Community Development Administration's (CDA) Homesaver Refinance Mortgage Program provides a refinancing option to Marylanders who have sub-prime or exotic mortgages and are experiencing difficulties as a result of mortgage default, low credit scores and/or a mortgage greater than the current value of their home.

Overall Eligibility	<ul style="list-style-type: none"> ▪ All mortgage loans that are liens against the property must be included in the refinance ▪ The property must be the borrower's primary residence. ▪ Mortgage(s) may not be more than two months past due at the time of application
Income Limits	Click here for: Income limits
Maximum Appraised Value	Click here for: Appraisal limits . Current appraised value of the home must not exceed the "Maximum Appraised Value" limits
Maximum Loan-to-Value (LTV) and Combined Loan-to-Value (CLTV)	<ul style="list-style-type: none"> ▪ LTV: 105% (MHF's 2.75% upfront mortgage insurance premium may be financed in the mortgage) ▪ CLTV: 110% (with all second mortgages, including forgivable grants)
Minimum Credit Score	550
Maximum Debt-to-Income (DTI) Ratio	Not to exceed 50%.
Co-Signers	Permitted
Mortgage Products Offered	30- and 40- year amortizing loans only
Points	may be rolled into the principal amount of the refinancing
Current Interest Rates <i>(subject to change)</i>	<ul style="list-style-type: none"> ▪ 6.50% 0 points ▪ 6.25% 2 points
Downpayment/Closing Cost Assistance	Not available
Closing Costs	All closing costs, including pre-payment penalties and CDA's points, may be rolled into the principal amount of the refinancing.
Mortgage Insurance	Maryland Housing Fund (MHF) only. Thirty-five percent coverage is required.
Asset Test	Must be performed for borrowers whose liquid assets equal or exceed 20% of the current appraised value.
Processing	Loans are processed through a CDA- approved Lender. Manual underwriting is preferred.
Counseling	Required for all borrowers
Home Inspection	Not required.
Cash Out Option	Not available; any excess funds to be applied as a principal curtailment.
Future Subordinations	Not permitted
CDA Approved Lenders	Click here for the current list of MHF-certified lenders approved to originate Homesaver Refinance Program mortgages.