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May 31, 2006

Directive 2006-9

MEMORANDUM: ALL PARTICIPATING LENDERS

SUBJECT: TWO NEW INTEREST-ONLY PRODUCTS AND REDUCTION IN THE INTEREST RATES FOR THE INTEREST-ONLY PRODUCTS

The purpose of this Directive is to inform you of the creation of two new interest-only products and the reduction in the interest rates for the interest-only products for the entire month of June, which is Homeownership Month. New 7/23 and 7/33 interest-only products were created and will be available for loans reserved on or after June 1, 2006. The interest rates for the new interest-only products and the current 5/30 interest-only product will be 1/8% below the current interest rates for the 5/30 interest-only product for loans reserved from June 1, 2006 through June 30, 2006. 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](#)).

For our 7/23, 5/30 and 7/33 fixed rate interest-only (IO) mortgage products, the new interest rates are:

3 POINT	2 POINT	1 POINT	0 POINT	0 POINT + 2% GRANT
5.375%	5.625%	5.875%	6.125%	6.500%

Please note: the monthly interest-only payments during the initial period are the same for each interest-only product, but the length of the interest-only period and the term vary, as follows: the 7/23 IO – 7 years of interest-only payments followed by a 23-year amortizing loan with principal and interest payments; the 5/30 IO – 5 years of interest-only payments followed by a 30-year amortizing loan with principal and interest payments; and the 7/33 IO – 7 years of interest-only payments followed by a 33-year amortizing loan with principal and interest payments.

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](mailto:manahan@mdhousing.org).

Sincerely,

*William J. Manahan*

William J. Manahan  
Senior Manager  
Single Family Housing

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