



Maryland Department of Housing
and Community Development

Community Development Administration/ Single Family Housing

December 14, 2004

Directive 2004-6

MEMORANDUM: ALL PARTICIPATING LENDERS

SUBJECT: MMP LOANS INSURED BY ONE OF THE PARTICIPATING
PRIVATE MORTGAGE INSURANCE COMPANIES

The purpose of this Directive is to inform you that effective Wednesday, December 15, 2004 the Maryland Community Development Administration (CDA) will permit lenders to reserve loans insured by private mortgage insurance companies. The documents in bold type below and included as attachments in this e-mail message will also be posted on our website and Lender On-Line.

Highlights of Revisions relating to Private Mortgage Insurance

[MMP Lender's Manual](#) (copy enclosed)

Attachments

Please note that the Pre-Closing Compliance Checklist (Attachment K), Post-Closing Compliance & Purchase Checklist (Attachment L) and the Post-Closing Final Document Checklist (Attachment M) have been revised and are dated 12/15/04.

Section 3 – Mortgage Insurance Requirements and Underwriting Guidelines

- The maximum mortgage amount may not exceed the lesser of 100% LTV or the maximum acquisition cost on the Fact Sheet; closing costs can be added to the maximum mortgage amount calculated, up to a maximum LTV of 103%.
- Private mortgage insurance must provide coverage of the top 35% of the original loan amount.

- Insurance policy, to the extent permitted by the Homeowners Protection Act, must provide for continuous coverage to CDA.
- The mortgage insurance premium must be paid by the borrower to the loan servicer.
- Lenders must provide the borrower with notices and disclosures required by the Homeowners Protection Act at the time of closing.
- Acceptable underwriting ratios of 33.0/41.0 may not be exceeded unless approved by LP as a risk class “Accept/Eligible” or DU as a risk class “Approved/Eligible”
- The FICO score of the major wage earner must be clearly noted in the appropriate section of the Fannie Mae Form 1008 on all MI-insured loans - if there are three scores on the credit report, then the middle score is to be provided and if there are only two scores, then the lower score is to be provided.

More House 4 Less Program Fact Sheet (copy enclosed)

- “MI” was added to list of Mortgage Insurers/Guarantors on first page of Fact Sheet.
- FHA Maximum Mortgage Amounts are now listed on Fact Sheet.
- Maximum Acquisition Costs increased to Federal Limits and there are Non-Targeted and Targeted Limits.

Tax-Exempt Financing Rider dated 06/04/04 (copy enclosed)

- This revised form must be used effective immediately for all loan types [FHA-insured, conventional (MI-insured), VA-guaranteed or RHS-guaranteed].

Notice To Buyers dated 06/04/04 (copy enclosed)

- This revised form must be used effective immediately for all loan types [FHA-insured, conventional (MI-insured), VA-guaranteed or RHS-guaranteed].

Attachments K, L & M dated 12/15/04 (copies enclosed)

- These revised forms must be used effective immediately for all loan types [FHA-insured, conventional (MI-insured), VA-guaranteed or RHS-guaranteed].

Participating Private Mortgage Insurance Companies (MI) list (copy enclosed)

- Name of the MI must appear on this list

As always we appreciate your continued participation in MMP. If you have 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
Sr. Manager
Single Family Housing

Enclosures: [Lender's Manual for MMP dated 12/15/04](#)
[Attachment K dated 12/15/04](#)
[Attachment L dated 12/15/04](#)
[Attachment M dated 12/15/04](#)
[Tax-exempt Financing Rider dated 06/04/04](#)
[Notice to Buyers dated 06/04/04](#)
[Fact Sheet for Lenders](#)
[Participating MI Companies list dated 12/15/04](#)