



Maryland Department of Housing and Community Development
Community Development Administration/Single Family Housing

March 23, 2004

Directive 2004-4

MEMORANDUM FOR: ALL PARTICIPATING LENDERS

SUBJECT: AUTOMATED UNDERWRITING FOR VA GUARANTEED LOAN

The purpose of this Directive is to provide you with revisions to the MMP Lender's Manual relating to the acceptance of automated underwriting for VA-guaranteed loans. This Directive will be posted on our website and Lender On-Line and should be read by all of your originating branches. In addition, page 39 of the [MMP Lender's Manual](#) and the last page of the [Fact Sheet for Lenders](#) will be revised and then posted on our website and Lender On-Line.

Highlight of Revisions

On page 39 under Section 3.2 "Underwriting Guidelines", subsection B.2., the following was added:

An acceptable back ratio of 41.0 percent may not be exceeded by more than four percent (/45.0) without the balance available for family support meeting the VA guidelines or other strong compensating factors unless the loan is approved by Loan Prospector (LP) as a risk class "Accept" or by Desktop Underwriter (DU) as a risk class "Approve/Eligible" and the following certification is completed and signed by a representative of the lender and submitted along with the automated underwriting pages:

"I, the undersigned lender, hereby certify that case number (*insert VA loan number*) was processed through _____ and received an "Accept" or "Approve/Eligible" rating. I further certify that all information entered into the system has been verified and that any credit discrepancies have been reconciled."

As always we appreciate your continued participation in MMP. If you have questions concerning this Directive or suggestions for improvement of our Program, please contact me directly at (410) 514-7508 or 1-800-638-7781 or by e-mail at manahan@dhcd.state.md.us.

Sincerely,

William J. Manahan
Sr. Manager
Single Family Housing