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January 25, 2013

Directive 2013-10

TO: All Participating Lenders

SUBJECT: LENDER FUNDING DSELP LOANS NOT AN ISSUE IF 3.5% MINIMUM REQUIRED INVESTMENT (MRI) ON AN FHA-INSURED LOAN IS PAID BY BORROWER

The purpose of this Directive is to inform the lenders that they may continue to fund the DSELP loan if the first mortgage is FHA-insured and the 3.5% minimum required investment (MRI) is paid by the borrower. **It will be the lender's responsibility to confirm that the borrower is paying the 3.5% MRI. If it is determined at a later date that the borrower did not fund the 3.5% MRI, the first and second mortgage will be subject to repurchase.**

Please provide me with a list of your FHA-insured loans that received a DSELP loan that have already closed but were not purchased by US Bank and that the borrower has paid the 3.5% MRI from their own funds so we can coordinate with US Bank for the expeditious purchase of these loans.

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
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