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MSI BULLETIN

Date: 5/8/08

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To: All MSI Wholesale and Correspondent Partners

Re: FHLMC Guideline Changes for Number of Units & Seasoning for Cashout Refinances

Freddie Mac just announced two significant changes to their underwriting guidelines that MSI will make effective with any new locks taken on or after Monday, May 12, 2008. They are as follows:

1. For transactions financing Second Homes or Investment property, the **maximum number of financed 1-4 family** properties in which the Borrower may have an individual or joint ownership interest has been **reduced** from 10 to **4 Units**. This change is applicable regardless of whether the transaction is a purchase, rate/term refinance or cashout refinance.
2. On cashout refinance, the Borrower must have **owned the subject property** for at least **6 months** prior to the Note date of the new cashout refinance mortgage.

These changes are effective for all new locks taken on or after Monday, May 12, 2008. Pipeline loans not complying with the new guidelines must be closed, disburse and be delivered to or purchased by MSI no later than June 1, 2008.

Guidelines may not be updated by the above effective dates; in that event, this Bulletin supersedes the existing guidelines found on our websites Resource Section or Loan Library.

Please call your Account Executive with any questions.

As always, thank you for your business!

At MSI...Your Interest Is Our Priority!

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