



Mortgage Services III, LLC
A Subsidiary of First State Bank Member FDIC

Wholesale Partner Announcement

At MSI...Your Interest Is Our Priority!

Issue Date 5/21/09

Effective Date As Noted

WPA 2009-022

4506-T; Tax Transcripts; DU Refi Plus™ and other Clarifications

Purpose

This communication announces:

- ✓ Memorial Day Reminder
- ✓ Revisions and Clarifications for 4506-T requirements, including completion requirements.
- ✓ Revisions to the Tax Transcript requirements for wage earners.
- ✓ Correction/Clarification of MSI Conforming Non-Occupant Borrower requirements.
- ✓ DU Refi Plus™, MSI restriction for properties listed within the past 6-months and Temporary Buydown revision.
- ✓ Clarification regarding elimination of UGI.

Effective Date

As Noted.

Memorial Day

Reminder: MSI will be closed on Monday, 5/25/09 to observe Memorial Day. We will resume business as usual on Tuesday, 5/26/09.

4506-T Guidelines

Clarifications:

- ✓ The 4506-T signed at closing must be dated no earlier than the closing date. This is critical to facilitate post-purchase audit processes.
 - Tax transcripts included in the file do not eliminate the need for a 4506-T signed/dated at closing by each borrower on the loan.

Completion Requirements

We have been informed by the IRS of the following additional 4506-T completion requirements:

- ✓ The 4506-T form may not be altered in any way.
 - **For example:** if one of the years requested has been typed and then an additional year is added in handwriting, this is considered altered and will be rejected.
 - If the year has been crossed-off and changed or otherwise altered in any way, the form will be rejected.
 - **Do not cross off any information on the form;** that will be considered an alteration and the IRS will reject the form.
 - If three years have been typed on the form, and only two years are requested, circle the years requested, do not cross off the unwanted year.

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Tax Transcripts

Revision: Effective for loans registered/locked on/after 6/01/09, MSI will require the most recent two (2) year's Tax Transcripts for Wage Earners as well as Self-Employed and Passive Income Borrowers.

- ✓ The Seller Guide will be updated to reflect that we require a minimum of the most recent 2-years tax transcripts for all borrowers, wage earners, self-employed and those with passive income.

Non-Occupant Co-Borrower

Correction.

It was brought to our attention that we have an inconsistency in our current Seller Guide regarding our guidelines for Conventional Non-Occupant Borrowers. We will correct the Conforming Product Suite to reflect the following MSI underwriting requirement:

- ✓ **Ratios:**
 - ✓ LTV > 80.00% the Owner Occupant (occupying co-borrower) must qualify at a max 35%/43%, regardless of AUS findings.
 - ✓ LTV ≤ 80.00% as allowed by the AUS.

DU Refi Plus™

Clarification:

MSI would like to clarify that our **overlay for seasoning** includes the "general refinancing guideline" limitations:

- ✓ MSI will not fund/purchase any DU Refi Plus™ loan where the subject property was listed for sale within the past 6-months.
- ✓ If the property was subject to a cash-out refinance within the past 6 months (from Current Note Date to Application Date), the loan is **not** eligible to MSI as a DU Refi Plus™ loan.

Revision, effective immediately (all loans registered/locked on/after 5/21/09).

- ✓ MSI does not permit Temporary Buydowns for DU Refi Plus™ loans.

Note: Rate/Term refinance loans that are not eligible to MSI as a DU Refi Plus™ loan may be eligible as an LP Rate/Term refinance.

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UGI Clarification

MSI announced last week that we were eliminating UGI as an approved MI Company and Contract Underwriter.

- ✓ We mistakenly listed the effective date of that elimination as 6/01/09; **the actual elimination date was for loans locked on/after 3/19/09. The Seller Guide is correct.**
- ✓ We apologize for any confusion our mistaken effective date may have caused.

Seller Guide

As Applicable: The Seller Guide and applicable Product Quick Reference Sheets will be updated within 2 business days of the effective date of the change.

Questions

If you have questions, contact your Account Executive.

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