



Mortgage Services III, LLC

A Subsidiary of First State Bank Member FDIC

Wholesale Partner Announcement

At MSI...Your Interest Is Our Priority!

Issue Date 5/27/09

Effective Date As Noted

WPA 2009-023

Application Signature Requirements; MSI HVCC Timing; Property Flipping

Purpose

This communication announces:

- ✓ Reminder regarding MSI's application signature requirements.
- ✓ HVCC Timing and MSI Requirements.
- ✓ Reminder – Property Flipping.
- ✓ Government Loans – Clarifications.

Effective Date

As Noted.

Reminder – Application Signature Requirements

MSI requires the following:

- ✓ The Initial Application (1003) must be signed by the borrower(s) **and** the Loan Officer.
 - The application must reflect the initial application date.
- ✓ The Final Application (1003) must be signed by the borrowers.

Note: MSI will refuse to fund/purchase loans for which the application is not properly executed by the borrowers.

HVCC Timing

MSI requires the following for all Registration/Locks on/after 6/01/09:

As previously stated, the deadline for compliance with HVCC is for conventional applications dated on/after 5/01/09; however, due to our regulatory concerns, MSI will apply the following **additional** deadline:

- ✓ Loans registered/locked with MSI on/after 6/01/09 must be in full compliance with HVCC, regardless of application date.
- ✓ **Reminder:** Effective for VA IRRRL loans registered/locked on/after 5/18/09 a conventional appraisal is required. That appraisal must be in full compliance with HVCC.

Property Flipping

Reminder:

For properties re-sold within 12-months of the last sale. Please review the MSI Property Flipping guidelines in our Underwriting Chapter. MSI requires a 12-month chain of title, and any significant increase in value for these properties must be adequately explained and documented.

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Government Loans

Clarifications (currently effective):

- ✓ The determination of the acceptability of a Refer/Caution loan will be made solely by MSI at their discretion of risk.
 - For Refer/Caution decisions based on insufficient credit, MSI will follow guidelines and require documentation in compliance with FHA ML 2008-11.
- ✓ **AUS Approvals for FHA:** For the AUS Approval to be valid, the borrower(s) must have 2 currently open reporting trades for a minimum of 12-months; if not, the borrower must exhibit a housing history payment record with no 30-day lates.
 - MSI recommends that Sellers carefully review FHA ML 2008-11 for full details regarding credit requirements.

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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