



Mortgage Services III, LLC

A Subsidiary of First State Bank Member FDIC

Wholesale Partner Announcement

At MSI...Your Interest Is Our Priority!

Issue Date 7/16/09

Effective Date As Noted

WPA 2009-028

Trailing Co-Borrower Income; Age of Documents; HVCC Appraisal Transfer; Reminders

Purpose

This communication announces:

- ✓ The elimination of Trailing Co-Borrower Income.
- ✓ Age of Credit Documents.
- ✓ MSI process for transfer of appraisals subject to HVCC.
- ✓ Reminders: DU Refi Plus®.

Effective Date

As Noted.

Trailing Co-Borrower Income

Effective for loans locked on/after 7/20/09:

- ✓ MSI will no longer accept/consider the use of trailing co-borrower income to qualify borrowers on conventional loans.
 - MSI does not permit trailing co-borrower income for government or USDA loans.

Age of Credit Documents

Effective for loans locked with MSI on/after 8/01/09:

- ✓ To be consistent with the credit document aging requirements outlined in Fannie Mae Announcement 09-19 (See the Fannie Mae Web Site for full details.), MSI will require that credit documents meet Fannie Mae guidelines. **These changes do not affect the MSI Age of Appraisal requirements.**
- ✓ The following is excerpted from the Fannie Mae Announcement:

The maximum age of credit documents is reduced from 120 days to 90 days for existing construction and from 180 days to 120 days for new construction. Credit documents include credit reports and employment, income, and asset documentation. The age of the documents is measured from the date of the document to the date the note is signed.

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Appraisal Transfer Process

Effective Immediately:

MSI will accept an appraisal transferred from another lender; however, the transfer must follow MSI guidelines.

- ✓ MSI has attached the required forms to this Announcement (they will also be posted on the Web Site) and provided the following Step/Action Process:

Step	Responsible Party	Action
1	Borrower and/or Originator	Determines that a change in lender is required.
2	Borrower	<ul style="list-style-type: none"> ✓ Completes the Borrower Request for Transfer Form (Borrower Request) ✓ Provides to the Originator.
3	Originator	<ul style="list-style-type: none"> ✓ Completes the Originator Request for Appraisal Transfer Form (Originator Request). ✓ Provides the Borrower Request and the completed Request to the Original Lender.
4	Transferring (Original) Lender	<ul style="list-style-type: none"> ✓ Completes the Transferring Lender Assignment (Assignment). ✓ Completes the HVCC Compliance Certification Form (Compliance). ✓ Provides the Assignment and the Certification Forms to the Originator.
5	Originator	Submits the Appraisal, the Assignment and the Certification Form to MSI.
6	MSI	Underwrites the file, validates that the transfer and the HVCC Certification meet MSI guidelines.

Important Notes:

Subsequent MSI Stipulations:

- ✓ The Originator will work with the AMC to resolve any conditions (stipulations) made by MSI.
- ✓ The AMC may require the Originator to document proper transfer from the Original Lender to MSI.

Transfer of Appraisals from MSI to another Lender:

- ✓ The Originator must confirm the transfer process required by the new lender.
- ✓ Contact the MSI underwriter (of the specific loan file) to request completion of any forms that may be required by the new lender.

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**DU Refi Plus®
Reminder**

With the recent update of DU, Sellers are now able to instruct DU to underwrite a loan as a standard Limited Cash Out Refi by entering the phrase "Standard LCOR" in the Product Description field prior to underwriting.

- ✓ All rate/term loans that require MI must be submitted (or re-submitted) to DU with the "Standard LCOR" phrase. MSI does not purchase DU Refi Plus® loans subject to mortgage insurance.

Seller Guide

As Applicable: The Seller Guide and any 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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Borrower Request for Transfer

Date: _____

To: _____

Re: Appraisal transfer

Borrower: _____

Address: _____

Loan No. _____

To Whom It May Concern:

Please accept this as my request to transfer the appraisal originally issued to you in conjunction with the property and loan number identified above, to:

Mortgage Services III, LLC
502 N. Hershey Rd.
Bloomington, IL 61704

Thank you in advance for your cooperation in this matter.

Sincerely,

[Signature of Borrower(s)]

Originator Request for Appraisal Transfer

Date: _____

To: _____

Re: Appraisal transfer

Borrower: _____

To Whom It May Concern:

As per the written request of the borrower identified above, attached herewith, please transfer the appraisal obtained by and prepared for _____ (original lender), to Mortgage Services III, 502 N. Hershey Rd., Bloomington, IL 61704.

Please advise of any questions or any further information required.

Sincerely,

(Signature of Originator)

Attachment: Borrower Request for Transfer Form

Transferring Lender Assignment

Date: _____

Original Lender: _____

Lender Address: _____

New Lender: Mortgage Services III, LLC
Lender Address: 502 N. Hershey Rd.
Bloomington, IL 61704

RE: Borrower Name: _____

Borrower Address: _____

To Whom It May Concern:

Attached you will find a copy of the appraisal for the above referenced borrower and subject property. Please accept this letter as assignment to Mortgage Services III, LLC as Lender with full rights, title and interest of and in the appraisal.

Warm regards,

[Original Lender Signature]

**Home Valuation Code of Conduct Compliance
Acknowledgement and Certification**

I, _____, followed the appraiser independence safeguards in compliance with the Home Valuation Code of Conduct ("HVCC"). This includes, but is not limited to, the following:

I assert that as an employee, director, officer, or agent of _____ (the "Lender"):

The Lender has not influenced or attempted to influence the development, reporting, result, or review of any appraisal through coercion, extortion, collusion, compensation, inducement, intimidation, bribery, or in any other manner;

The Lender has not participated in any of the following prohibited behaviors in regards to appraisal management or independent appraiser business relationships:

- 1) Withholding or threatening to withhold timely payment or partial payment for an appraisal report;
- 2) Withholding or threatening to withhold future business, or demote or terminate or threaten to demote or terminate;
- 3) Expressly or impliedly promised future business, promotions, or increased compensation;
- 4) Conditioned the ordering or an appraisal report or the payment of an appraisal fee or salary or bonus on the opinion, conclusion, or valuation to be reached, or on a preliminary value estimate requested;
- 5) Requested that an appraiser/company provide an estimated, predetermined, or desired valuation in an appraisal report prior to the completion of the appraisal report, or requested that an appraiser/company provide estimated values or comparable sales at any time prior to the appraiser's/company completion of an appraisal report;
- 6) Provided the appraiser/company an anticipated, estimated, encouraged, or desire value for a subject property or a proposed or target amount to be loaned to the borrower, except that a copy of the sales contract for purchase transactions may be provided;
- 7) Provided to the appraiser, or the appraisal company, or any entity or person related to me as appraiser or appraisal company, stock or financial or non-financial benefits; and
- 8) Performed any other act or practice that impairs or attempts to impair the appraiser's/company's independence, objectivity, or impartiality or that violates law or regulation, including, but not limited to, the Truth in Lending Act (TILA) and Regulation Z, or the USPAP.

I further attest, acknowledge and certify that the Lender has complied with the Lender's internal HVCC policies and procedures and followed all other polices and procedures required by the Home Valuation Code of Conduct.

Borrower(s): _____

Loan Number: _____

Signature of Officer of Lender: _____

Date: _____