Issue Date 10/22/09 **Effective Date** As Noted **WPA** 2009-040

Revision to Relock Policy; RESPA Reminder; Clarifications and Reminders

Purpose

This communication announces:
- A revision and clarification to our current relock policy.
- RESPA/Reg X Reminder.
- Various clarifications and tips to existing guidelines.
- Revised MSI Quick Reference MSI Appraisal Order Process.

Effective Date

As Noted.

Revised Relock Policy

Effective for loans locked or relocked on/after 11/01/09.

MSI would like to revise and clarify our current relock policy:
- The term of the relock may not exceed the term of the original lock. (E.g. If the original lock was for 15 days, the relock **may not exceed** 15 days.)
- A loan may only be relocked a **maximum** of 3 times.
  - If a loan is being relocked for the third and final time, the Seller must provide a closing date at time of relock.
  - If a loan that has been relocked 3 times is not delivered, MSI may invoice the Seller for a pair-off fee. Failure to invoice for a pair-off fee does not negate MSI's right to charge a Seller in the future.

RESPA/Reg X Reminder

Effective for all new first mortgage applications (conventional and government) taken on/after 01/01/10.

HUD's final rule for significant revisions to the lending requirements under RESPA/Reg X takes effect on the first day of 2010.

The use of the revised Good Faith Estimate (GFE) and HUD-1 or HUD-1A Settlement Statement will be mandatory for all loans (all loan types) with new application dates on/after January 1, 2010.
- Remember that if one of the revised forms is used, the matching new form must also be used. As an aside, you may begin using the new forms now, but they must be used as a "matched pair."
- There are several key changes required along with the new forms.
- HUD has provided a lot of good information, and the revised GFE and HUD-1/HUD-1A for your review at the following Web Site:
  http://www.hud.gov/offices/hsg/ramh/res/respa_hm.cfm

Note: MSI will be providing our loan purchase requirements over the next couple of months; however, we are **not** providing legal advice and encourage our Sellers to seek professional legal or compliance assistance to ensure compliance with these new RESP changes.

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Tips and Reminders

As a courtesy, and in an effort to expedite underwriting and/or funding/purchase, MSI would like to provide the following tips/reminders to Sellers, based on issues we encounter on a daily basis:

Topic	Tip/Reminder/Clarification
Government Streamline Refinances	Now that Government Streamline Refinances require evidence of FICO scores, an underwriter cannot ignore if there are Bankruptcies or other derogatory credit present on the Tri-Merge or other Credit document. Good credit risk principles demand that: ü If the borrowers have demonstrated a disregard for credit, as evidenced on the report, MSI will not fund/purchase the loan. ü If the borrowers have had a Bankruptcy within the past two years, the loan is ineligible for funding/purchase by MSI.
Good Tax Estimate on New Construction Properties	We have added this tip to our Underwriting Chapter and Government Product Suite: ü **For new construction properties where taxes must be estimated**: · To ensure that the borrowers qualify for the loan (and do not experience credit issues after closing); MSI underwriters use the **higher** of the appraiser's estimate of taxes or 1.5% of the appraised value of the property. · MSI encourages all delegated underwriters to use the same formula to ensure loan funding/purchase.
1008	Important Reminder: ü MSI requires that the 1008 **must be signed by the Underwriter in Section # 3**. ü The Underwriter may also be the contact and can sign again in Section # 4; however, MSI cannot fund/purchase the loan if the Underwriter has failed to sign the form in Section # 3.
DU Refi Plus and LP RRM	Important Reminder: ü Cash back to the borrowers is not permitted in either of these product options. ü To ensure that the loan amount is calculated properly, the underwriter must review a current, valid pay-off letter and condition the loan carefully to ensure that the borrowers do not receive more than $250.00 in pocket at closing. ü Please see the Conforming Product Suite for full details.
Tax Transcripts And Comments on 2008 Taxes	ü MSI requires the most current 2-years tax transcripts for all credit-qualifying products. ü If the tax transcripts report a loss, a complete copy of the tax returns with all schedules must be included in the loan file. ü If the borrower has filed for an extension in 2008, the standard time extension period has expired. MSI requires the tax transcripts for 2008. · If the borrower is self-employed, we also require the complete 2008 tax returns with all applicable schedules. ü Please see the Seller Guide/Underwriting Chapter for full details and MSI requirements.

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Revision to Relock Policy; RESPA Reminder; Clarifications and Reminders, Continued

Tips and Reminders, Continued

Topic	Tip/Reminder/Clarification
Condos	Conventional Condos: ü MSI will purchase **only** those condos that: · Are submitted to DU **and** receive an Approve/Eligible **and** the finding must state that the project is eligible for Limited Review. (Remember - Established Condos Only) OR · A condo that has a DU Approve/Eligible **and** a documented current Fannie Mae 1028 (condo approval). The Seller must provide documentation of the current Fannie Mae 1028.) OR · A condo that has a DU Approve/Eligible and a documented current FHA approval. (The Seller must provide documentation of the current FHA approval.) ü Additional Notes – Conventional Condos – See the Seller Guide for details. · Attached PUD's require the completion of the Limited Project Questionnaire. · Condo projects that consist of only 2-4 units must have a 2-4 Unit project questionnaire completed. · See any more restrictive State Restrictions in the Product Suite. · MSI no longer accepts condos that require a "full analysis." · MSI will "clean-up" our Seller Guide to be consistent with the above statements. Government Condos: ü MSI continues to purchase FHA and VA condos based on **current** FHA/VA guidelines. ü MSI has recently posted the FHA Spot Condo form on our Web Site.

Revised Quick Reference Appraisal Order Process

MSI will post a revised Quick Reference MSI Appraisal Order Process (also known as the RealEC Guide).

When you need another "product" for a current appraisal (e.g. Appraisal Update, Final Inspection or an Appraisal Upgrade), you need to "Add a Product" to ensure that the request goes back to the original appraiser.

ü If you use any other process in the system, the request may be randomly assigned to the wrong appraiser.

ü Please see the "Add a Product" pages that we have attached to this Announcement as a courtesy for details.

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.

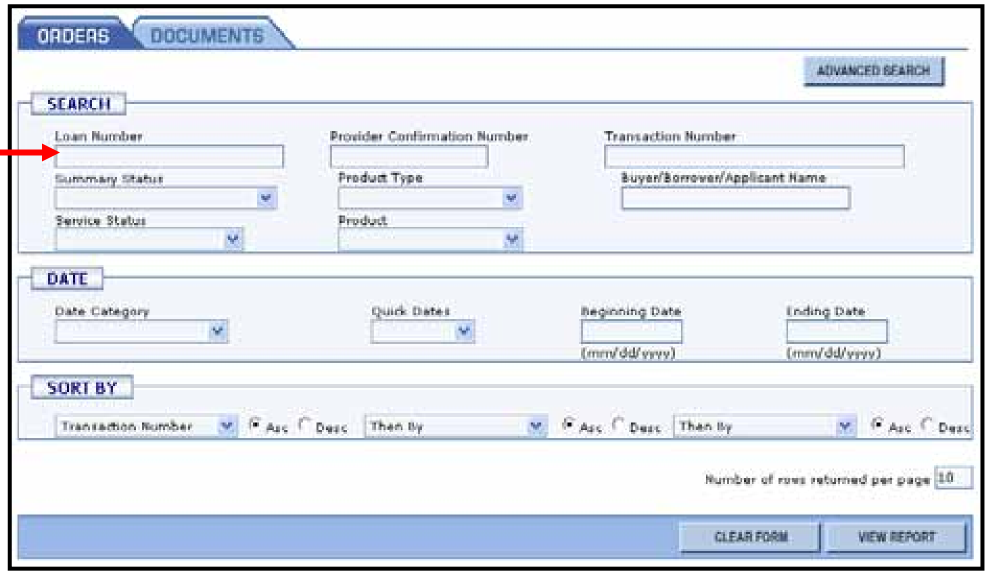
Questions

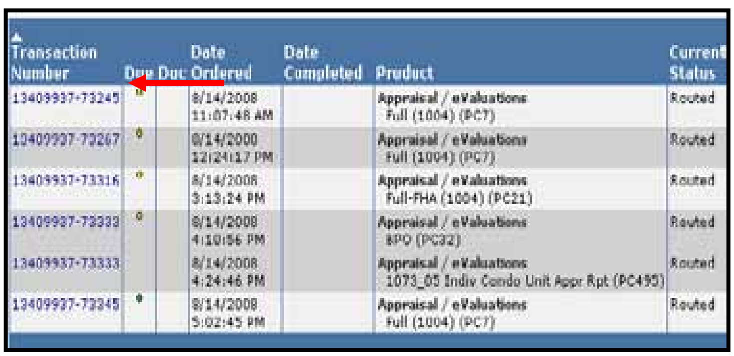
If you have questions, contact your Account Executive.

***You may add a title and closing order to an existing order if the original gets cancelled or if a piece of the order is forgotten. To find an existing loan follow the instructions below to add the products.**

Step 1. Click the **SEARCH** tab at the top of most pages. The **ORDERS** search page displays.

Step 2. Input applicable search criteria, such ***Loan Number***, into appropriate fields.





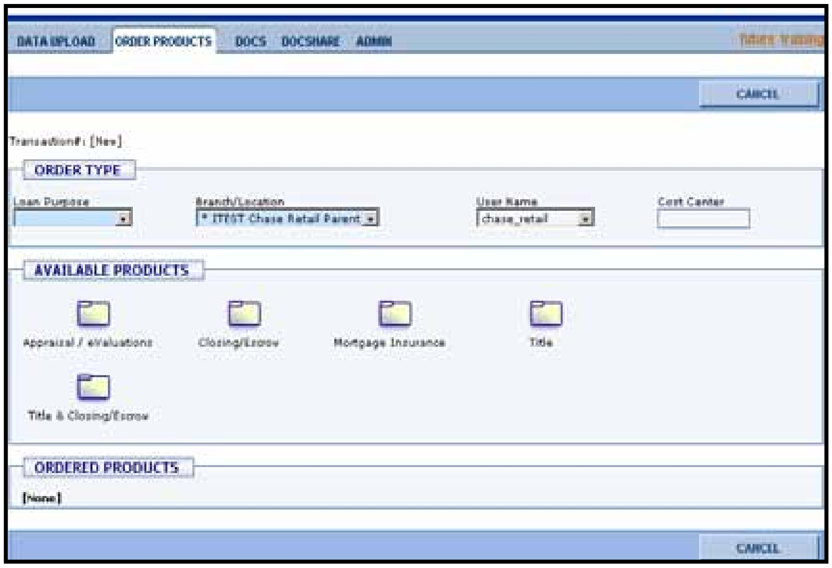
Step 3. Click ***View Report***. The applicable order will be shown on the ***Search Results*** page (shown to the left).

Step 4. Click on the corresponding **Transaction ID** to access the **Order Summary** page.

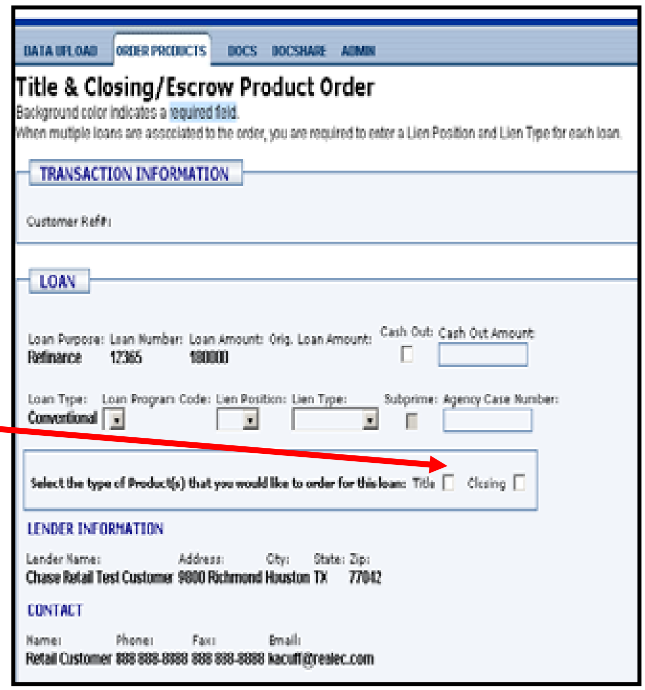
Step 5. Click on the **Add Product** icon at the top of the page to access the Title and Escrow Order page.

IMPORTANTANT NOTE: Please use the same transaction number when ordering additional products. This is done by using the add product feature!

Step 6. Click on the folder named Title & Closing/Escrow or whichever product that needs to be re-ordered.
The user should always choose the Title & Closing folder to place the original order or when re-ordering both services as the provider will not accept orders that are submitted as a stand-alone title or stand-alone escrow.



The order screen will have information pre-populated from the original order. You will need to be sure to fill out any remaining required fields



The user will click off the **Title** and **Closing** box or individual boxes and will designate lien positions and lien type. They will also use the add a loan icon if they are needing to order a piggyback.

Once the order page is filled out the user will click ***NEXT***. The site will perform a duplicate order check. If not a duplicate, click ***CONTINUE***.The next page will allow the user to choose the title provider. The page refreshes and they will choose the appropriate title product and click ***SUBMIT*** again at the bottom of the page. The user will perform the same action when choosing a closing provider and product and then click ***SUBMIT*** to place the order.

Important Note: ***Select your desired provider FIRST*** and allow the page to refresh to show an accurate list of available products offered by that provider.