



Mortgage Services III, LLC

A Subsidiary of First State Bank Member FDIC

Wholesale Partner Announcement

At MSI...Your Interest Is Our Priority!

Issue Date 11/05/09

Effective Date As Noted

WPA 2009-042

FHA Streamline Changes; MDIA Revision, Reminders; LP RRM Clarification; Conforming Loan Parameter Changes

Purpose

- This communication announces:
- ü FHA Streamline Refinance Guideline Changes. ML-09-32. Clarification of Co-Signers.
 - ü MDIA Revision and Reminders.
 - ü LP RRM Clarification regarding Attached PUDs.
 - ü Conforming Loan Parameter Revisions.
 - ü Tips

Effective Date

As Noted.

FHA Streamline Refinance Revisions

Effective for all FHA Streamline Casefile Numbers assigned on/after 11/17/09, MSI will require that loans meet the more restrictive of MSI overlays or the guidelines announced in Mortgagee Letter 09-32 (attached to this Announcement as a courtesy).

MSI has provided a copy of the Refinance/MSI Overlays Matrix as an attachment for your convenience. The Seller Guide/Government Product Suite will be updated within 2 business days of the effective date of the changes. **Changes are highlighted in yellow to facilitate review.**

See [MSI Streamline Refinance Overlays Matrix](#).

Co-Signers – Clarification – FHA

MSI is making the following clarification for Co-Signers:

- MSI does not permit co-signers.
- ü Each borrower (co-borrower/non-occupant co-borrower) must sign the Note and the security documents.
 - ü Co-Borrowers are acceptable. They must meet current FHA/MSI guidelines for qualification.
 - ü Non-Occupant co-borrowers are acceptable. They must meet current FHA/MSI guidelines for qualification.

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MDIA Revision **Effective Immediately:**

- ü Any loan that is currently in suspense due to the former revision from "increased" to "increased or decreased" will have that suspension cleared.

Based on additional research by our secondary market end-investor, MSI is revising the following MDIA policy:

- ü The APR of the Initial (or Corrective) TIL versus the Final TIL.
 - The APR may not have **increased** between the Initial (Early) TIL (or the last corrective TIL) greater than 0.125% (1/8 of a percentage) for Fixed or 0.25% (1/4 of a percentage) for ARM or IO loans.

Reminder:

Mortgage Disclosure Improvement Act (MDIA)

Effective for loans with initial (new) application dates on/after 7/30/09 OR all loans locked on/after 8/31/09, regardless of lock date. All Brokers warrant, by sale of a loan to MSI, that the loan is in full compliance with MDIA. MSI will enact the following quality control, pre-purchase audit points.

MSI Audit Points:

- ü Validation of the Final Truth-in-Lending (TIL) to the Initial and or Corrective TIL Disclosures.
 - TIL disclosures are required for all Owner-Occupied, Second Home purchase, refinance and construction transactions.
 - Each TIL must include the statement, "You are not required to complete this agreement merely because you have received these disclosures or signed a loan application."
 - Timing of Initial, Corrective and Final TIL Disclosures. The TIL disclosures must be in full compliance with MDIA timing (waiting period) requirements.
 - **Effective for all loans closed on/after 10/15/09:** The APR of the Initial (or Corrective) TIL versus the Final TIL.
 - o The **APR may not have increased** between the Initial (Early) TIL (or the last corrective TIL) greater than 0.125% (1/8 of a percentage) for Fixed or 0.25% (1/4 of a percentage) for ARM or IO loans.
 - **No Waiver Permitted.** Just like Right of Rescission, MSI will not purchase any loan for which a waiver of any of the timing requirements for the TIL Disclosure has been granted.

Note: MSI accepts only the signed and dated initial 1003 to validate compliance.

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LP Relief Refinance

MSI will accept Attached PUDs for the LP RRM under the following requirements:

- ü The Attached PUD must be an established project.
- ü The MSI Condo/Attached PUD Questionnaire must be completed and the Attached PUD must meet the guidelines outlined on the form, to validate the Limited Warranty requirement. (Form updated 11/06/09)

Note: Detached PUDs are considered "single family" residences and do not require a Limited Warranty.

Conforming Loan Parameter Changes

Effective for loans locked/relocked on/after 11/06/09:

- ü MSI is reducing the CLTV/TLTV limit for Primary Residence Cash Out Refinances from 85.00% to 80.00%.
- ü MSI is increasing the Second Home Purchase and Rate/Term Refinance LTV/CLTV limit from 80.00/85.00% to 90.00/90.00%.

TIPS

FHA

MSI has noticed over the past few months that FHA appears to be more restrictive and diligent in their post-endorsement reviews of FHA loans. We would like to share the following:

- ü **Gifts or grants:** If any portion of the down payment and/or closing; MSI is requiring a maximum 50% back (debt) ratio, regardless of Total Scorecard AUS.

Conventional and Government:

- ü The income on the 1008 (or FHA 92900-LT) must meet the documentation in the loan file and the Underwriter must show how the income was documented.
- ü Remember that good underwriting requires documentation for income and expenses.
 - If there is a discrepancy between the tax transcripts and the income documentation (exceeds 10% lower); then additional supporting documentation is required.
 - If tax returns cannot document the net income/expense for a property in addition to the subject property, then a Payment Statement is required to accurately assess the PITI on the property.

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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MSI Streamline Refinance Overlays Matrix

REV (11/17/09)

FHA Refinance MSI Overlays Matrix	
Topic	MSI Overlay
FHA Streamline Refinances	
AUS	<ul style="list-style-type: none"> ü FHA streamline refinances may not be submitted to TOTAL scorecard in an AUS.
Application	<ul style="list-style-type: none"> ü MSI requires a fully completed URAR in accordance with FHA Guidelines for Streamline Refinances. ü MSI requires that the borrowers provide current employer information on the 1003. ü MSI will not require income verification, but the name, address and phone number of the current employer must be stated on the 1003. ü MSI performs a verbal VOE prior to loan funding/purchase. See Underwriting/Documentation Requirements/Verbal Verification of Employment for full details.
Income	<ul style="list-style-type: none"> ü In addition to the Verbal VOE, the lender must include a signed, dated cover letter (on letterhead) certifying that the borrower is employed and has income at the time of loan application.
Assets	<ul style="list-style-type: none"> ü If assets are needed to close, the lender must verify and document those assets.
Borrowers -Adding	<ul style="list-style-type: none"> ü Proof of Social Security number is required for each borrower on a streamline refinance. Seller is responsible for documenting validity of the borrower's social security number. See Social Security Number for details. ü If co-borrower is being added, it must be "cleared/approved" through CAIVRs
Borrowers – Deleting	<ul style="list-style-type: none"> ü Individuals may be deleted from the title on a streamline refinance only following an assumption of a mortgage in which: <ul style="list-style-type: none"> ü The transferability restriction (due on sale clause) was not triggered, such as in a property transfer resulting from a divorce or by devise or descent ü The assumption or recorded quit claim of interest occurred more than 6-months previously, and ü The remaining owner/occupant can demonstrate that he/she has made the mortgage payment timely during this time
High Balance	<ul style="list-style-type: none"> ü MSI does not permit FHA Streamline Refinance loans for the High Balance product. See MSI FHA High Balance.
FICO	<ul style="list-style-type: none"> ü Minimum FICO is 640 for all FHA Streamline Refinance loans. <ul style="list-style-type: none"> • This condition must be fulfilled by a tri-merge credit report. • Lenders must enter all credit scores received on the credit report into FHA Connections.
Credit	<ul style="list-style-type: none"> ü As a reminder, MSI does not accept, Non-Traditional Credit; the borrowers must each have a t least 1 valid Credit Score.
4506-T	<ul style="list-style-type: none"> ü MSI does not require Tax Transcripts for an FHA Streamline loan. ü Each borrower must sign at closing a 4506-T for end-investor quality control purposes..

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MSI Streamline Refinance Overlays Matrix, Continued

FHA Refinance MSI Overlays Matrix	
Topic	MSI Overlay
FHA Streamline Refinances	
Payoff Statement	ü A current (non-expired) Pay-off Statement from the Servicer must be included in the loan file.
Maximum CLTV	ü If subordinate financing is in place, the maximum CLTV permitted by MSI is 100%. <ul style="list-style-type: none"> • For Streamline Without an Appraisal: The CLTV is based on the original appraised value of the property. • For Streamline With an Appraisal: The CLTV is based on the new appraised value.
Loan Amount With Appraisal	The maximum insurable mortgage is the <i>lower of</i> : <ol style="list-style-type: none"> 1. Outstanding principal balance <i>minus</i> the applicable refund of UFMIP, plus closing costs, prepaid items to establish the escrow account and the new UFMIP that will be charge on the refinance; <p>OR</p> <ol style="list-style-type: none"> 2. 97.75% of the appraised value of the property plus the new UFMIP that will be charged on the refinance. <p>Note: Discount points may not be included in the new mortgage. If the borrower has agreed to pay discount points, the lender must verify the borrower has the assets to pay them along with any other financing costs that are not included in the new mortgage amount.</p>
Loan Amount Without Appraisal	ü The maximum insurable mortgage cannot exceed: <ul style="list-style-type: none"> • The outstanding principal balance MINUS the applicable refund of the UFMIP, PLUS • The new UFMIP that will be charged on the refinance.
Mortgage History	ü For mortgages with a 12-months payment history or greater, the borrower must have: <ul style="list-style-type: none"> • No 30-day or greater mortgage lates in the most recent 12 months. ü If the current mortgage is less than 12-months: <ul style="list-style-type: none"> • A copy (or copies) of the HUD-1(s) must be included to substantiate history of ownership. • All payments on the mortgage must have been made within the month due. • The borrower must have a minimum of 6-months payment received history (payments applied) with the current lender to be eligible for streamline. • If the borrower has less than 6-months payment seasoning/history with the current lender, the loan must be documented and underwritten as a credit qualifying FHA streamline refinance.
Seasoning	ü At the time of loan application, the borrower must have made at least 6 payments on the FHA-insured mortgage being refinanced.

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MSI Streamline Refinance Overlays Matrix, Continued

FHA Refinance MSI Overlays Matrix							
Topic	MSI Overlay						
FHA Streamline Refinances							
Net Tangible Benefit	<p>All FHA Streamline Refinance loans must align with FHA requirements: ☐ Net Tangible Benefit is defined by FHA as:</p> <table border="1"> <tr> <td> <p>Reduction in the total mortgage payment (principal, interest, taxes and insurances, homeowners' association fees, ground rents, special assessments and all subordinate liens)</p> <p>OR</p> </td> <td> <p>The new total mortgage payment is 5%lower than the total mortgage payment for the mortgage being refinanced. Example: Total mortgage payment on the existing FHA-insured mortgage is \$895; the total mortgage payment for the new FHA-insured mortgage must be \$850 or less.</p> <p>Important Note: To clearly demonstrate reduction in payment, MSI requires that the Principal and Interest and the Monthly MI must be reduced 5%. Just a reduction in taxes or insurance is not sufficient to determine a Net Tangible Benefit.</p> <p>This requirement is applicable when refinancing from a Fixed Rate to Fixed Rate, from an ARM to ARM, from a Graduated Payment Mortgage (GPM) to Fixed Rate, from GPM to ARM, from a 203(k) to 203(b) and from a 235 to 203(b).</p> </td> </tr> <tr> <td> <p>Refinancing from an ARM to a FRM</p> <p>OR</p> </td> <td> <p>Fixed Rate to ARM: Fixed rate mortgages may be refinanced to a one-year ARM provided that the interest rate on the new mortgage is at least 2 % points below the interest rate of the current mortgage</p> <p>ARM to Fixed Rate: The interest rate on the new fixed rate mortgage will be no greater than 2% points above the current rate of the one-year ARM. For hybrid ARMs, the total mortgage payment on the new fixed rate mortgage may not increase by more than 20 % . Example: total mortgage payment on the hybrid ARM is \$895; the total mortgage payment for the new fixed rate mortgage must be \$1,074 or less.</p> </td> </tr> <tr> <td> <p>Reducing the term of the mortgage</p> </td> <td> <p>For transactions that include a reduction in the mortgage term, that loan must be underwritten and closed as a rate and term (no cash-out) refinance transaction.</p> <p>Note: Investment Properties/Secondary Residences: MSI does not permit for Government Loans.</p> </td> </tr> </table>	<p>Reduction in the total mortgage payment (principal, interest, taxes and insurances, homeowners' association fees, ground rents, special assessments and all subordinate liens)</p> <p>OR</p>	<p>The new total mortgage payment is 5%lower than the total mortgage payment for the mortgage being refinanced. Example: Total mortgage payment on the existing FHA-insured mortgage is \$895; the total mortgage payment for the new FHA-insured mortgage must be \$850 or less.</p> <p>Important Note: To clearly demonstrate reduction in payment, MSI requires that the Principal and Interest and the Monthly MI must be reduced 5%. Just a reduction in taxes or insurance is not sufficient to determine a Net Tangible Benefit.</p> <p>This requirement is applicable when refinancing from a Fixed Rate to Fixed Rate, from an ARM to ARM, from a Graduated Payment Mortgage (GPM) to Fixed Rate, from GPM to ARM, from a 203(k) to 203(b) and from a 235 to 203(b).</p>	<p>Refinancing from an ARM to a FRM</p> <p>OR</p>	<p>Fixed Rate to ARM: Fixed rate mortgages may be refinanced to a one-year ARM provided that the interest rate on the new mortgage is at least 2 % points below the interest rate of the current mortgage</p> <p>ARM to Fixed Rate: The interest rate on the new fixed rate mortgage will be no greater than 2% points above the current rate of the one-year ARM. For hybrid ARMs, the total mortgage payment on the new fixed rate mortgage may not increase by more than 20 % . Example: total mortgage payment on the hybrid ARM is \$895; the total mortgage payment for the new fixed rate mortgage must be \$1,074 or less.</p>	<p>Reducing the term of the mortgage</p>	<p>For transactions that include a reduction in the mortgage term, that loan must be underwritten and closed as a rate and term (no cash-out) refinance transaction.</p> <p>Note: Investment Properties/Secondary Residences: MSI does not permit for Government Loans.</p>
<p>Reduction in the total mortgage payment (principal, interest, taxes and insurances, homeowners' association fees, ground rents, special assessments and all subordinate liens)</p> <p>OR</p>	<p>The new total mortgage payment is 5%lower than the total mortgage payment for the mortgage being refinanced. Example: Total mortgage payment on the existing FHA-insured mortgage is \$895; the total mortgage payment for the new FHA-insured mortgage must be \$850 or less.</p> <p>Important Note: To clearly demonstrate reduction in payment, MSI requires that the Principal and Interest and the Monthly MI must be reduced 5%. Just a reduction in taxes or insurance is not sufficient to determine a Net Tangible Benefit.</p> <p>This requirement is applicable when refinancing from a Fixed Rate to Fixed Rate, from an ARM to ARM, from a Graduated Payment Mortgage (GPM) to Fixed Rate, from GPM to ARM, from a 203(k) to 203(b) and from a 235 to 203(b).</p>						
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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

September 18, 2009

MORTGAGEE LETTER 2009-32

TO: ALL APPROVED MORTGAGEES

SUBJECT: Revised Streamline Refinance Transactions

This Mortgagee Letter provides (1) revised procedures; and (2) reaffirms existing procedures regarding Streamline Refinance transactions. This Mortgagee Letter is effective for new case numbers assigned on or after 60 days from the date of this letter.

Key Revisions:

- Seasoning
- Payment history
- Net tangible benefit for the borrower
- Maximum Combined Loan-to-Value
- New Maximum Mortgage Amount for Streamline Refinances **WITHOUT** an Appraisal
- Discounts Points no longer included in Existing Debt for Streamline Refinances **WITH** an Appraisal
- Verification of any assets needed to close
- Certification that borrower is employed and has income
- Elimination of abbreviated Uniform Residential Loan Application (URLA)

I. Revisions for ALL Streamline Refinance Transactions

A. Seasoning

At the time of loan application, the borrower must have made at least 6 payments on the FHA-insured mortgage being refinanced.

B. Payment History

At the time of loan application, the borrower must exhibit an acceptable payment history as described below.

- 1) For mortgages with less than a 12 months payment history, the borrower must have made all mortgage payments within the month due.
- 2) For mortgages with a 12 months payment history or greater, the borrower must have:
 - a) Experienced no more than *one* 30 day late payment in the preceding 12 months,

AND

- b) Made all mortgage payments within the month due for the three months prior to the date of loan application.

C. Net Tangible Benefit

The lender must determine that there is a net tangible benefit as a result of the streamline refinance transaction, with or without an appraisal. Net tangible benefit is defined as:

- reduction in the total mortgage payment (principal, interest, taxes and insurances, homeowners' association fees, ground rents, special assessments and all subordinate liens),
- refinancing from an adjustable rate mortgage (ARM) to a fixed rate mortgage,

OR

- reducing the term of the mortgage.

Reduction in Total Mortgage Payment: The new total mortgage payment is 5 percent *lower* than the total mortgage payment for the mortgage being refinanced. Example: Total mortgage payment on the existing FHA-insured mortgage is \$895; the total mortgage payment for the new FHA-insured mortgage must be \$850 or less.

This requirement is applicable when refinancing from a Fixed Rate to Fixed Rate, from an ARM to ARM, from a Graduated Payment Mortgage (GPM) to Fixed Rate, from GPM to ARM, from a 203(k) to 203(b) and from a 235 to 203(b).

Fixed Rate to ARM: Fixed rate mortgages may be refinanced to a one-year ARM provided that the interest rate on the new mortgage is at least 2 percentage points below the interest rate of the current mortgage

ARM to Fixed Rate: The interest rate on the new fixed rate mortgage will be no greater than 2 percentage points above the current rate of the one-year ARM. For hybrid ARMs, the total mortgage payment on the new fixed rate mortgage may not increase by more than 20 percent . Example: total mortgage payment on the hybrid ARM is \$895; the total mortgage payment for the new fixed rate mortgage must be \$1,074 or less.

Reduction in Term: For transactions that include a reduction in the mortgage term, that loan must be underwritten and closed as a rate and term (no cash-out) refinance transaction.

Investment Properties/Secondary Residences: In addition to meeting the requirement for a reduction in the total mortgage payment, investment properties or secondary residences are *not* eligible for streamline refinancing to ARMs.

D. Certifications and Verifications

When submitting the loan for insurance endorsement, the lender must include a signed and dated cover letter on their letterhead certifying¹ that the borrower is employed and has income at the time of loan application.

If assets are needed to close, the lender must verify and document those assets.

The lenders must also include the pay-off statement in the case binder.

E. Credit Score

If a credit score is available, the lender must enter the credit score into FHA Connection. If more than one credit score is available, lenders must enter all available credit scores.

F. Maximum Combined Loan to Value

If subordinate financing is remaining in place, the maximum combined loan-to-value ratio is 125 percent.

- For streamline refinance transactions **WITHOUT** an appraisal, the CLTV is based on the original appraised value of the property.
- For streamline refinance transactions **WITH** an appraisal, the CLTV is based on the new appraised value.

G. TOTAL Scorecard

Lenders should not use TOTAL on streamline refinance transactions. If a lender uses TOTAL, that loan must be underwritten and closed as a rate and term (no cash-out) refinance transaction.

H. Uniform Residential Loan Application (URLA)

Mortgagees may no longer use an abbreviated version of the URLA. Due to various disclosure requirements and our long-standing belief that borrowers are best served when certifications they must make are divulged as early as possible in the loan application

¹ Title 18 U.S.C. 1014, provides in part that whoever knowingly and willfully makes or uses a document containing any false, fictitious, or fraudulent statement or entry, in any matter in the jurisdiction of any department or agency of the United States, shall be fined not more than \$1,000,000 or imprisoned for not more than 30 years or both. In addition, violation of this or others may result in debarment and civil liability for damages suffered by the Department.

process, the application for mortgage insurance must be signed and dated by the borrower(s) before the loan is underwritten. Mortgagees are permitted to process and underwrite the loan after the borrowers and interviewer complete the initial URLA and initial form HUD-92900A, HUD/VA Addendum to Uniform Residential Loan Application.

II. Revised Streamline Refinance Transactions WITHOUT an Appraisal

The maximum insurable mortgage cannot exceed:

- The outstanding principal balance² *minus* the applicable refund of the UFMIP,
PLUS
- The new UFMIP that will be charged on the refinance.

III. Revised Streamline Transaction WITH an Appraisal

The maximum insurable mortgage is the *lower* of:

- 1) Outstanding principal balance² *minus* the applicable refund of UFMIP, plus closing costs, prepaid items to establish the escrow account and the new UFMIP that will be charge on the refinance;
- OR*
- 2) 97.75 percent of the appraised value of the property plus the new UFMIP that will be charged on the refinance.

Discount points may not be included in the new mortgage. If the borrower has agreed to pay discount points, the lender must verify the borrower has the assets to pay them along with any other financing costs that are not included in the new mortgage amount.

IV. Unchanged Streamline Refinance Transactions

The following on streamline refinance transactions remains unchanged.

- Maximum mortgage limits and maximum mortgage term 4155.1 3.C.2.a and b
- Streamline Refinances for investors/secondary residences 4155.1 3.C.2.d and e
- Cash back at closing 4155.1 6.C.1.a
- Permissible geographic areas 4155.1 6.C.1.b

² The outstanding principal balance may include interest charged by the servicing lender when the payoff is not received on the first day of the month but may not include delinquent interest, late charges or escrow shortages.

- Appraisals 4155.1 6.C.1.c and d
- HUD LDP and GSA exclusion lists 4155.1 6.C.1.e
- Credit Reports 4155.1 6.C.1.f
-
- Credit Qualifying [except maximum insurable mortgage] 4155.1 6.C.2
- Holding period for assumed loans 4155.1 6.C.3.b
- Adding/Deleting Borrowers 4155.1 6.C.3.d
- Withdrawn Condominium Approval 4155.1 6.C.3.e
- Seven Unit Limitation 4155.1 6.C.3.f
- No Cost Refinances 4155.1 6.C.4.a
- 203(k) to 203(b) [completion of rehabilitation] 4155.1 6.C.4.i
- 235 to 203(b) [overpaid subsidy and junior liens] 4155.1 6.C.4.j

If you have any questions regarding this Mortgagee Letter, please contact the FHA Resource Center at 1-800-CALL-FHA (1-800-225-5342). Persons with hearing or speech impairments may access this number via TTD/TTY by calling 1-877-TDD-2HUD (1-877-833-2483).

Sincerely,

David H. Stevens
Assistant Secretary for Housing-
Federal Housing Commissioner

Paperwork Reduction Act

Paperwork reduction information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB control number 2502-0059. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB Control Number.



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Seller Name:	
Seller ID#:	
Borrower Name:	MSI Loan #
Project Name:	Phase:
Property Address:	

MSI Condo and Attached PUD Questionnaire – Limited Review

1. The units are: Attached Detached **The subject property is a:** Condo Attached PUD
2. Is the project subject a conversion of an existing building? Yes No
3. Is the project new construction? **IF YES**, the project is ineligible for Limited Review. Yes No
NOTE: MSI presale requirement is that 90.00% of total units must be conveyed to the unit purchasers.
4. Is the project subject to additional Phasing or Annexation: **IF YES**, the project is ineligible for Limited Review. Yes No
5. Are all the Common Areas and facilities complete? **IF NO**, the project is ineligible for Limited Review. Yes No
6. **Occupancy:** Total # Units in Project: _____ Total # of Units Sold, Not Closed: _____
Total # Units Sold As Owner-Occupied: _____ Second Homes: _____ Investment: _____
IF number of rental units exceeds 25%, the project is not eligible.
7. Does any single entity own more than 10% of the total units in the project? Yes No
8. Are owners permitted to hold title to more than one unit, with owner-ship evidenced by a single deed? Yes No
9. How is the HOA managed? Self Managed Management Company
Provide Entity Name: _____ Contact Person: _____
Address: _____ Phone: _____
10. Has control of the Home Owners Association been turned over to the residents? Yes No
IF NO, the project is ineligible for Limited Review.
IF YES, date of Transfer: _____
11. How many units are 30 days or more delinquent in their HOA dues?
IF MORE than 15%, the project is not eligible. _____
12. Are all units owned fee simple and do the unit owners have sole ownership interest in, and rights to the use of the project's facilities, common elements and limited common elements? Yes No
13. Are the units subject to rental pooling agreements that require unit owners to rent their units or give a management firm control over occupancy? **IF YES**, the project is ineligible. Yes No
14. Is the project an "ineligible project" in accordance with MSI and/or Fannie Mae Guidelines? Yes No
IF YES, the project is ineligible. See the Seller Guide for full details.
Note: If the project is operated as a cooperative or condotel, as identified by the presence of hotel-type services (i.e., registration desk and/or use of daily occupancy rates; the availability of food and telephone services; provisions for daily cleaning services) or a time-share type arrangement, the project is ineligible.
15. Are common elements/limited common elements insured to 100% replacement cost? Yes No
Note: The project must meet current MSI/Fannie Mae condo insurance requirements. See the Seller Guide for details.
Coverage: _____ Deductible: _____ Expiration Date: _____
16. Is the owner's association (or the developer, if not turned over to the association) named as a party to current litigation relating to the project? **IF YES**, the project is ineligible. Yes No

The above information was obtained from the following representative of the project's Homeowners Association.

Name:	Phone:
Position/Title:	Date:
Reviewer's Signature:	