



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

Wholesale Partner Announcement

At MSI...Your Interest Is Our Priority!

Issue Date 11/13/09 **Effective Date** As Noted **WPA** 2009-043

Multiple Topics

Purpose

- This communication announces:
- ✓ Clarification of MSI policy regarding Discount Points.
 - ✓ Implementation of the 50% debt ratio for FHA loans with Gifts.
 - ✓ MSI guideline for validating MDIA.
 - ✓ Removal of the State Restriction for Colorado as ineligible for Government non-credit qualifying loans.
 - ✓ Introduction of new AMC.

Effective Date

As Noted.

MSI Policy Regarding Discount Points

Clarification – Effective Immediately—This is not a change in policy:

For all loans:

- ✓ MSI permits discount points to be charged to the borrower on a loan **only** if they are bona fide discount points.
 - **MSI** defines “bona fide discount points” as a charge to the borrower for the broker/correspondent to “be made whole” on below par pricing.
 - MSI requires that the loan be locked and closed at below par pricing.
 - The discount points permitted are only those that bring the pricing to “par” for the seller.
 - **Example:** Rate @ 4% for 98.00, Seller may charge the borrower 2 discount points (2%) to bring the price to PAR.
- ✓ MSI will audit the loan to ensure that the discount points charged are “bona fide”; if not, the loan is not eligible for funding/purchase by MSI.
 - The discount points must be identified on the HUD-1 as payable to the lender closing the loan (the lender issuing the 1098 interest statement at year end – for Wholesale loans, the “lender” is MSI).

FHA Maximum Debt Ratio

Effective for FHA loans underwritten on/after December 1, 2009:

- MSI will require that loans for which the borrower has obtained a Gift or Grant for the down payment may not exceed a 50% back (debt) ratio.
- ✓ Borrowers using gift (or grant) funds for down payment are not eligible for purchase/funding if the total debt (back) ratio exceeds 50%.

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Multiple Topics, Continued

Validating MDIA

Effective Immediately – this is a clarification of MSI Policy

MSI requires that the Initial 1003 and all GFE and TIL Disclosures be signed and dated by the Borrower(s) (and interviewer for the initial) to document receipt of the applicable disclosures (and re-disclosures); this is the way that MSI validates compliance with the Mortgage Disclosure Improvement Act.

- ✓ We realize that the Act does not require signature and date and will rely on mailing dates; however, MSI requires dates/signatures to confirm/validate compliance.
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New AMC

Effective 11/16/09

MSI is pleased to welcome MDA Lending Solutions (MDA) as a newly approved Appraisal Management Company (AMC) for MSI.

The contact information for MDA is as follows:

MDA Lending Solutions (MDA)
Phone: 1-888-217-1447
E-Mail: brokerdocs@mdasolutions.com
Days and Hours of Operation:
Monday - Friday
8:00 AM to 8:00 PM EST

MDA will be added to our AMC site and can then be chosen as an AMC. MSI will post MDA's price sheet within 2 business days of the effective date. A separate form with the above contact information will also be posted.

Removal of State Restriction for Colorado

Effective Immediately

MSI is removing the State Restriction of Colorado.

- ✓ MSI will purchase FHA Streamline and VA IRRRL loans in the state of Colorado.
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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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