



Mortgage Services III, LLC

A Subsidiary of First State Bank Member FDIC

Wholesale Partner Announcement

At MSI...Your Interest Is Our Priority!

Issue Date 6/11/10

Effective Date As Noted

WPA 2010-019

DU Version 8.1; Various Topics

Purpose

This communication:

- ✓ Reminds Sellers that Fannie Mae will release DU Version 8.1 over the weekend of 6/19/10.
- ✓ Reminds Sellers of Final GFE requirements for loans underwritten by MSI.
- ✓ Announces acceptance of United Guaranty (UGI) as an approved mortgage insurer and contract underwriter.
- ✓ Provides reminders:
 - Copy of photo ID required.

DU Version 8.1 **Effective the weekend of June 19, 2010**, Fannie Mae will release DU Version 8.1:

- ✓ Fannie Mae is retiring DU Version 7.1.
 - MSI retired DU Version 7.1 on 1/20/10.
 - MSI has not purchased loans submitted through DU Version 7.1 since 1/30/10.
- ✓ MSI requires the use of DU Version 8.1 effective for new loan submissions on/after 6/20/10
 - Loans originally submitted to Version 8.0 before 6/20/10 and resubmitted through Version 8.1 will be honored; **however all loans submitted and/or resubmitted through Version 8.0 must be closed and delivered to MSI for purchase/funding no later than 7/30/10.**
- ✓ Deed-In Lieu (Prior Foreclosure Sale):
 - The Fannie Mae Deed-in Lieu of Foreclosure guidelines will be incorporated into DU.
 - Remember that MSI has an overlay that is more restrictive than DU. See [Underwriting /Credit/Bankruptcy/Foreclosure](#) for details.
- ✓ Qualifying Rate for Adjustable Rate Mortgages:
 - Adjustable Rate Mortgages
 - **1/1; 3/1; 5/1** = Greater of the fully indexed rate or the Note Rate + 2.0. (Fully indexed rate is defined as the index plus the margin as entered into DU.)
 - **7/1 and 10/1** = Note Rate

See the Fannie Mae Release Notes for DU at this link for full details:

<https://www.efanniemae.com/sf/guides/duguides/pdf/current/rndodu81.pdf>

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This communication is intended for use only by mortgage professionals and business partners of Mortgage Services III, LLC (MSI).

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DU Version 8.1; Various Topics, Continued

Final GFE

Effective Immediately (This is a Clarification Only). For all loans underwritten by MSI:

- ✓ Once the loan has received the "Clear to Close" from the MSI underwriter if there is a change to the loan that results in changes to the GFE:
 - The loan **must be resubmitted** to the MSI underwriter with the fully completed "Change of Circumstance Form" and the revised Final GFE.
 - The MSI underwriter must re-issue the "Clear to Close" based on the revised information.
 - Loans with Change of Circumstance/Final GFE issues that are not reviewed and approved by the MSI underwriter are subject to (1) refusal to fund or purchase or (2) request to repurchase if discovered in a post-funding loan audit and MSI is unable to resolve outstanding issues.

UGI

Effective on/after June 14, 2010:

- ✓ MSI is reinstating United Guaranty as an approved mortgage insurance and contract underwriting company.
- ✓ Loans submitted for contract underwriting or mortgage insurance on/after 6/14/10 are eligible for funding.

Copy of Photo ID

Reminder

Recently MSI has noticed that many Sellers are failing to include a copy of the borrower's photo ID in the loan delivery packages. We will add the following the Seller Guide as a clarification.

- ✓ MSI requires that a copy of the photo ID(s) used by the title company to notarize the Security Instrument be included in each delivery package.
- ✓ FHA requires a copy of the borrower's photo(s) ID in each insuring package; MSI requires a copy of that document in each FHA loan.

Effective Date

As Noted.

Seller guide

The Seller Guide and any other applicable posted documents will be updated within 2 business days of the effective date of each topic.

Questions

If you have questions, contact your Account Executive.

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