



Mortgage Services III, LLC

A Subsidiary of First State Bank Member FDIC

Wholesale Partner Announcement

At MSI...Your Interest Is Our Priority!

Issue Date 6/17/10

Effective Date As Noted

WPA 2010-020-Corrected

Multiple Topics and Reminders

Purpose

This communication:

- ✓ Provides reminders:
 - Fannie Mae DO/DU upgrade to Version 8.1-Effective the weekend of June 19, 2010.
 - Federal Housing Finance Agency (FHFA) Regulation – New data capture elements – Effective 7/01/10.
- ✓ Announces an immediate revision to the MSI requirement for FHA Streamline loans affected by a Disaster.
- ✓ Announces an immediate revision to self-employed borrower documentation requirements.
- ✓ Provides a definition of MSI Business Day for Rescission and GFE purposes.

Reminder – DU-DO Version 8.1

DU-DO Version 8.1: **Effective the weekend of June 19, 2010**

- ✓ 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>

Continued on next page

WPA-10-020

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

Page 1 of 3





Mortgage Services III, LLC

A Subsidiary of First State Bank Member FDIC

Wholesale Partner Announcement

At MSI...Your Interest Is Our Priority!

Issue Date 6/17/10

Effective Date As Noted

WPA 2010-020-Corrected

Multiple Topics and Reminders, Continued

Reminder - FHFA

FHFA Regulations:

Effective for loan applications taken on/after 7/01/10 for all loans and all products, MSI will require in addition to the Supervisory and Field Appraiser License Numbers, the Loan Originator Identifier Number and the Loan Originator Company Identifier.

- ✓ However, at this time, there is no action required of any mortgage loan originator who is an employee of a federally insured depository institution, or an owned and controlled subsidiary of a federally insured depository institution.
 - Requirements specific to federally regulated registered individuals and companies have not yet been released; Sellers must comply with federal requirements once requirements are published.

FHA Streamlines

Effective for all FHA Streamline Without Appraisal Loans delivered to MSI for funding and/or purchase on/after 6/18/10:

- ✓ For any FHA Streamline Refinance Without an Appraisal affected by a Declared Disaster, MSI requires a minimum 2075 Drive-By Appraisal to confirm/validate that the property has not been negatively affected by the disaster.
 - The 2075 is mandated by investor delivery requirements; and MSI retains the right to request the 2075 at our sole discretion.

Self-Employed Borrowers

Effective Immediately for all conforming loans:

MSI continues to encounter difficulties with investors regarding documentation for self-employed borrowers. Therefore, **effective immediately** MSI is revising the following required documentation requirements: (See [Underwriting/ Income and Employment/Self-Employed Documentation](#))

- ✓ On all self-employed borrowers an unaudited Profit and Loss Statement (P&L) and a letter from a CPA stating that the company is currently in business is required if the loan is underwritten after the end of the first quarter (fiscal or calendar, dependent upon the business).

Notes:

- ✓ An audited P & L may be required at the underwriter's discretion.
- ✓ If the borrower's prepare his or her own taxes, and do not use an accountant or CPA, MSI requires a documented independent third party verification that the business is currently operating.
 - See [Underwriting/Documentation Requirements/Verbal Verification Requirements](#) for examples of acceptable third party verification.
 - This is an underwriting income requirement and is **in addition** to our standard Verbal Verification of Employment requirements.
 - **Important Reminder:** Each loan must have a Verbal Verification of Employment completed no earlier than 2-business days prior to loan closing/settlement.

Continued on next page

WPA-10-020

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

Page 2 of 3





Mortgage Services III, LLC

A Subsidiary of First State Bank Member FDIC

Wholesale Partner Announcement

At MSI...Your Interest Is Our Priority!

Issue Date 6/17/10

Effective Date As Noted

WPA 2010-020-Corrected

Multiple Topics and Reminders, Continued

MSI Definition – Business Day

Effective Immediately:

MSI would like to provide our definition of “Business Day” in writing (as a clarification in our Pre-Funding chapter) which we will apply when confirming compliance with “timing” regulations:

- ✓ MSI considers business days to be Monday through Friday with the exception of federally mandated holidays on which the Federal Reserve is closed and/or any day for which MSI is closed for business.
- ✓ MSI will permit Saturdays to be used as a Right of Rescission day (or a “notice” day for RESPA) as long as the Seller provides a letter (in the loan delivery file) certifying that their business is routinely open for business on a Saturday.
 - MSI retains the right to require independent documentation of Saturday operating hours.
 - Sundays may never be used as a business day.
- ✓ **Note:** Loans may not be closed on a Saturday, Sunday or any federally mandated holiday.

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.

WPA-10-020

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

Page 3 of 3

