



Mortgage Services III, LLC

*A Subsidiary of First State Bank Member FDIC*

# Wholesale Partner Announcement

At MSI...Your Interest Is Our Priority!

Issue Date 2/02/12

Effective Date As Noted

WPA 2012-003

## Multiple Topics and Important Reminders and Tips

### Purpose

This communication announces:

- ✓ MSI enhancement to DU Refi Plus™.
- ✓ New Fannie Condo/PUD insurance guidelines.
- ✓ New Lock Policies:
  - Addition of an “aggregate loan amount” limit for locking multiple properties.
  - NMLS requirements.
- ✓ Important Reminders:
  - ✓ Temporary Extension Fee-deadline.
  - ✓ Disputed Credit Guidelines.
  - ✓ Document Aging: Note Date and “escrow” states.

### DU Refi Plus™

MSI is still assessing and has not yet adopted the Fannie Mae enhancements to the DU Refi Plus™ product. However, we will adopt the following enhancements **effective for loans locked on/after 2/01/12**. (Updated guidelines are noted in yellow highlight.)

**Borrower Benefits:** The underwriter must document in the file **and** validate on the 1008 that the following borrower benefits apply:

- ✓ The refinance reduces the monthly mortgage principal and interest payment **OR**
- ✓ The new mortgage is more stable (movement from an ARM to a FRM) **OR**
- ✓ The refinance provides a reduction in interest rate **OR**
- ✓ The refinance provides a reduction in loan amortization term.

### Notes:

- ✓ The original application for the loan must be dated after 12/01/11 (as published by Fannie Mae for the expanded benefit to borrower requirements).
- ✓ Loan must meet all MSI overlays, currently published in the [Seller Guide/Conforming Product Suite](#).

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#### Fannie Mae Condo/PUD Insurance Requirements

##### Conforming Loans:

- Effective for conforming loans with application dates on/after 1/01/12**, as announced by Fannie Mae, (<https://www.efanniemae.com/sf/guides/ssg/annltrs/pdf/2011/svc1123.pdf>)
- ✓ All condos and attached PUD's must meet current Fannie Mae Requirements.

##### FHA, VA and USDA Loans:

- Effective for FHA, VA and USDA loans with Note Dates on/after 3/01/12:**
- ✓ All condos and attached PUD's must meet current Fannie Mae insurance requirements. (As well as all applicable agency guidelines.)

##### Brief Summary of the changes to Fannie Mae requirements:

MSI will update the [Seller Guide/Underwriting](#) and [USDA and Government Product Suite](#) with applicable changes, however, in brief summary:

- ✓ The coverage amount for H06 (formerly identified as "walls-in" coverage) must be for the **full replacement cost**, including any improvements or betterments made to the units.
- ✓ In addition to the required condo/PUD project insurance, the unit must be covered by at least one of the following:
  - ✓ HOA Master/Blanket policy providing for individual unit "walls-in"/"all-in" or "all inclusive" coverage for the interior of all units (including improvements/betterments) **OR**
  - ✓ An individual unit coverage providing replacement for the interior including improvements/betterments **OR**
  - ✓ Individual owner's policy that covers both interior and exterior of the property (including betterments/improvements).

#### New Lock Policies

##### **Effective for loans locked on/after 2/03/11:**

##### **Multiple Loans:**

MSI will add the following **lock** restriction to all products:

- ✓ When making multiple loans to one borrower, MSI will not permit the aggregate amount of the loans to exceed \$2 Million.
  - Once the loans have closed and been sold to investors, MSI will consider making additional loans as long as the loans are in full compliance with applicable product multiple property limits.

##### **NMLS Requirements—Effective for loans locked on/after 1/30/12:**

- ✓ MSI requires the Loan Office Name and NMLS Number on **all** locks (regardless of product type).
  - The LO Name and NMLS number must match **exactly** the information in the NMLS system.

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#### Reminder – Temporary Extension Fees

Extensions requested for a loan locked/relocked **prior to 1/13/12 that have a new expiration date on/after 2/14/12** will be subject to a negative 50 bps (-0.500) **price adjustment** in addition to the regular extension fee of 0.020 per day.

#### **From the Funding Department:**

#### **Critical Deadlines to avoid a Temporary Extension Fee:**

- ✓ **Refinance Loans:** February 6, 2012 is the last day to schedule a refinance closing that will disburse on 2/13/12.
- ✓ **Purchase Loans:** February 9, 2012 is the last day to schedule a purchase transaction to close and disburse on 2/13/12.

#### Reminder – Disputed Credit Guidelines

Please see the [Underwriting Chapter/USDA Product Suite](#) for full details, however, MSI would like to remind Sellers that there are no exceptions to MSI's requirements for disputed credit:

- ✓ Disputed account **cannot be ignored** and **all AUS conditions** on the disputed account must be satisfied prior to loan funding/purchase.

#### **Conventional, FHA and VA Loans**

- ✓ If the trade line **does not belong** to the borrower, or a reported payment history is inaccurate you must obtain **written** documentation and include it in the loan file submitted for purchase.
  - ✓ You must ensure that all AUS conditions have been met.
  - ✓ The underwriter must carefully evaluate the borrower's credit and written explanation for the dispute to ensure the credit-worthiness of the borrower and include any accurate payment information.
  - ✓ The underwriter **must** provide a written explanation in the loan file.
- ✓ If the trade line **does belong** to the borrower and the reported payment history is accurate, the disputed trade line(s) must be considered in the credit risk assessment.
  - ✓ To ensure the disputed trade line is considered, you **must** obtain a **new** credit report **with the trade line no longer reported as disputed and resubmit the loan casefile to the AUS.**

**Note:** MSI will not accept an AUS loan that is "down-graded" and manually underwritten by anyone but MSI, regardless of delegated status. See the Government Product Suite for full details.

#### **USDA loans**

Loans must follow the current USDA Disputed Credit Policy.

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**Document Aging – Note Date**

**Reminder and Clarification:**

- ✓ For the purpose of document aging (including appraisals), in Escrow Closing States (dry closing states), MSI will use the “date of signing” and not the date on the face of the Note as the “Note Date”.

**Clarification:**

- ✓ For all other audit purposes, including “loan aging” (seasoning) MSI will use the Note Date on the face of the Note.

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**Effective Date**

**As Noted**

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**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.

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**Questions**

If you have questions, contact your Account Executive.

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