



Correspondent Partner Announcement

"Striving to be the Best...not the biggest."

Issue Date 1/14/09

Effective Date Varies

CPA 2009-003

Multiple Topics

Purpose	This communication announces the following: <ul style="list-style-type: none">✓ Reminder: Martin Luther King, Jr Day✓ Rural Development, MSI refinance seasoning requirement✓ FHA Minimum FICO Revision✓ Publication of the MSI Appraiser List✓ Correction and Clarification of MSI overlays to VA IRRRL loans✓ Clarification of tax transcript requirements✓ Revision to Closing Protection Letter Policy
Effective Date	See the individual topics for details.
Reminder	MSI will be closed on Monday, 1/19/09 to observe Martin Luther King Jr. Day; business will resume as normal on Tuesday, 1/20/09.
FHA Minimum FICO Change	Effective for loans locked (relocked) on/after 1/30/09 , the MSI minimum FICO for credit qualifying FHA loans will be 600. Also effective on that date, the FHA price adjuster will be revised as follows: FICO 600-619: -1.00 (formerly -0.250)
Rural Development Refinance	Effective immediately for Rural Development (RD) Loans locked on/after (1/14/09) the following refinance seasoning rule applies: <ul style="list-style-type: none">✓ For the RD loan to be eligible for sale to MSI, the loan being refinanced must have a loan payment history at time of (the new) loan closing of a minimum 4-payments.

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Multiple Topics, Continued

Appraiser List

As published in our Seller Guide, MSI reserves the right to require a second appraisal if the appraiser and/or appraisal does not meet our standards or requirements.

In this current market environment, appraisals are stringently scrutinized and in a number of cases, MSI has found itself in a position to request a second appraisal from a different appraiser prior to purchase/funding. These decisions are most often based on the Appraiser's inclusion on an internal *Appraiser List*. As a courtesy to our Correspondents, MSI has made the decision to make our *Appraiser List* public in an effort to decrease the number of second appraisal requests prior to purchase/funding.

- ✓ **Effective Immediately:** MSI will require a separate second appraisal from a different appraiser (one **not** on our *Appraiser List*) for any loan for which the appraisal has been completed by an Appraiser on our *Appraiser List*. See the MSI *Appraiser List* on www.msicorr.com. The list will be updated monthly.
- ✓ **For loans locked prior to 1/14/09**, MSI will work with Correspondents on an individual basis to minimize the cost of the second appraisal (if requested due to the Appraiser's inclusion on our *Appraiser List*).
- ✓ **For loans locked on/after 1/14/09**, if the appraiser is included on the MSI *Appraiser List*, the Correspondent must provide a second appraisal by an Appraiser who does not appear on our *Appraiser List*.

MSI Overlays – VA IRRRL

When MSI published this Announcement (CPA-09-001) we omitted one of the overlay requirements. The documents published on 1/08/09 (Government Product Suite and Quick Reference FHA Overlays) do include the requirement. We apologize for any issues this oversight may have caused. For your convenience we repeat the VA IRRRL MSI Overlays

All VA IRRRL loans must be manually underwritten. All VA IRRRL loans must meet VA guidelines **and** the following MSI overlays:

- ✓ Loan must be current at time of closing for the new loan.
- ✓ MSI does **not** accept loans when the mortgage history shows more than 1X30 in the past 12-months.
- ✓ The Veteran must have at least 1 FICO score and the minimum FICO for VA IRRRL is 600.

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Clarification for Tax Transcripts

MSI would like to clarify the minimum information acceptable in tax transcripts/Record of Account received by processing the 4506-T:

- ✓ **W-2 (salaried) borrowers:** 1-year most current
- ✓ **Self-Employed:** 2-years most current
- ✓ **Jumbo Loan amounts exceeding \$750,000:** 2-years most current

Note: The Seller Guide chapters posted on/after 1/07/09 include this clarification.

Closing Protection Letters

MSI has performed additional analysis on our recent 2008 portfolio of business and has determined that to minimize risk to both ourselves and our business partners, we will revise our Closing Protection Letter (Insured Closing Letter) requirements as follows:

Effective for loans closed on/after 01/21/09 (regardless of lock date):

- ✓ For Correspondents that are Non-Financial Institutions, MSI requires the following:
 - A copy of the Closing Protection Letter (CPL) and/or Insured Closing Letter from the Title Company insuring the settlement entity.
 - o The letter does not need to be transaction-specific.
- ✓ For Correspondents that are a Financial Institution (depository) or for Correspondents that are a subsidiary of a financial institution for which a Parent Guaranty to MIS has been executed, MSI does not require evidence of a CPL in the closed loan file.

Seller guide

The updated Seller Guide chapters will be posted within 24-hours of the effective date.

Questions

Please contact your Correspondent Account Executive with any questions.