



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

Correspondent Partner Announcement

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

Issue Date 01/02/2009

Effective Date Varies

CPA 001-2009

2009 Government Loan Limits

Purpose

- This communication announces the following:
- ✓ Acceptance of 2009 FHA loan limits
 - ✓ FHA High Balance
 - ✓ Acceptance of 2009 VA loan limits with MSI restrictions
 - ✓ VA IRRRL FICO minimum

Effective Date

FHA loans with application dates on/after 1/01/09.

**FHA
"Standard"
Loans**

- MSI will accept FHA "standard" loan limits for 2009 as follows:
- ✓ 1 Unit to \$417,000
 - ✓ 2 Units to \$533,850
 - ✓ 3 Units to \$645,300
 - ✓ 4 Units to \$801,950
 - ✓ Correspondents are **solely** responsible to ensure that the FHA loan limits meets the FHA guidelines as well as the MSI restrictions.
 - MSI does not have a system in place to validate FHA loan limits; we may lock higher limits, but will only purchase those limits that meet the above guidelines.

**FHA High
Balance**

- MSI will adopt an FHA High Balance product for FHA loan amounts that exceed \$417,000 as follows:
- ✓ Single Units – High Balance for loan amounts \$417,001 – \$625,500
 - ✓ 2-Units – High Balance for loan amounts \$533,851-\$800,775.
 - ✓ 3-4 Units not permitted for High Balance
 - ✓ See the following Overlay Matrix for more restrictive guidelines:

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2009 Government Loan Limits, Continued

FHA High Balance, Continued

Topic	MSI FHA High Balance Overlays Matrix
3-4 Unit Properties	Not Permitted for high balance
Appraisal	MSI requires 2 separate appraisals from 2 different FHA –roster appraisers to be used for each High Balance Loan. ✓ The "qualifying value" must be the lower of the two appraisals.
AUS	AUS TOTAL Scorecard approve/accept required. No manual underwriting or downgrade permitted.
Cash Out Restrictions	Bankruptcy or Foreclosure within past 7 years (completion to application date) not acceptable for purchase, regardless of AUS.
Credit	Non-traditional credit is not permitted
Declining Markets	Must follow current FHA requirements, ML 2008-09 and MSI requirements where more restrictive. See Declining Markets Policy .
Down Payment Assistance	DAP/DPA is not permitted under any circumstances
FICO	<ul style="list-style-type: none"> ✓ Minimum 2 FICO scores for each borrower, middle of 3, lower of 2, lowest of borrower scores used to qualify the loan. ✓ Purchase Transactions: <ul style="list-style-type: none"> ✓ 620 ✓ 600 allowed with LP/DU Accept/Approve and LTV/CLTV less or equal to 95.00% ✓ Rate/term refinance: 620 ✓ Cash-out refinance up to 85.00% LTV: 640 ✓ Streamline Refinance: Not allowed.
Mortgage History	LP/DU Approve decision: standard FHA policy applies.
Mortgage Insurance Certificate	The MIC must be included in the delivery file. MSI will not purchase a High Balance loan until it has received evidence that the MIC has been issued. Evidence of insurance is considered: <ul style="list-style-type: none"> ✓ Final MIC, or ✓ A MIC printed from FHA Connection. The path is: Single Family FHA – Single Family Origination – Case Processing - Mortgage Insurance Certificate.
Qualifying Rate	Note Rate
Qualifying Ratios	LP/DU Approve decision: standard FHA policy applies.
Temporary Buydowns	Not Permitted
Streamline	FHA Streamline Refinances are not permitted for FHA High Balance.

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2009 Government Loan Limits, Continued

VA Limits	MSI will purchase VA loans under "standard" VA guidelines up to \$417,000. MSI will not purchase any VA loans where the loan amount exceeds \$417,000.
VA IRRRL FICO Restriction	MSI requires that VA IRRRL's: ✓ Have a minimum 1 FICO score and ✓ The FICO score must be a minimum of 600 to qualify for purchase by MSI.
Seller Guide and Product Sheets	The Seller Guide and applicable Product Sheets will be updated no later than 1/07/09.
Questions	Please contact your Correspondent Account Executive with any questions.

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