



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 12/16/11

Effective Date As Noted

CPA 2011-040

Government High Balance; First Lien Position; Site Condos and UAD

Purpose

- This communication announces:
- ✓ VA Loan Limits – High Balance IRRRL.
 - ✓ FHA High Balance Loan Limits.
 - ✓ Reminder – Holiday Closing.
 - ✓ Reminder – First Lien Position
 - ✓ Site Condos and UAD.

VA Loan Limits – High Balance

- As announced previously, VA has extended the 2011 High Balance loan limits for loans with a Note Date on/before 12/31/11 (MSI must fund/purchase no later than 1/16/12).
- ✓ MSI would like to announce that we will accept VA IRRRL loans subject to these High Balance loan limits.

FHA High Balance

- ✓ FHA has announced the extension of the high balance loan amounts (for certain geographic areas) for fiscal year 2012, effective for case numbers assigned on/after 1/01/12 through 9/30/12.
- ✓ FHA has also announced that the loan limits in effect for 1/01/11 through 9/30/11 will apply to case numbers assigned from 11/18/11 through 12/31/11.
- ✓ MSI will continue to require the "overlays" for the FHA High Balance product as published in our Government Product Suite. All loans must meet the more restrictive of MSI or FHA; see the following FHA Mortgagee Letters for details.

<http://portal.hud.gov/hudportal/documents/huddoc?id=11-39ml.pdf>

<http://www.hud.gov/offices/adm/hudclips/letters/mortgagee/files/10-40ml.pdf>

FHA Mortgagee Letters Site:

<http://www.hud.gov/offices/adm/hudclips/letters/mortgagee/index.cfm>

Please Note:

Since updates to AU systems are delayed, the FHA Underwriter will need to manually review for the loan amount.

- ✓ Lenders should access the FHA Mortgage Limits website to make sure they have the correct loan limit by county and limit year until all AU systems are updated.
- ✓ Loans submitted with an *Approve/Ineligible* responses are eligible for purchase/funding as long as the loan amount meets applicable limits found on the FHA Mortgage Limits Web Site, and the *Ineligible* response is due **only** to the statutory loan amount. (A copy of the "print-out" from the Web Site validating the loan amount should be included in the loan file.)

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Holiday Schedule

Reminder:

MSI will be closed as follows to permit our employees to enjoy the **Christmas Holiday**:

- ✓ Friday, 12/23/11 – MSI will close at noon Central Time.
- ✓ Monday, 12/26/11 – MSI will be closed for business all day.

New Year's Holiday:

- ✓ Monday, 01/02/12 – MSI will be closed for business all day.

First Lien Position

Reminder

As outlined in the Representation and Warranties chapter of the Seller Guide, each Seller is responsible to ensure that for each loan sold to MSI, MSI is in first lien position and there are no issues on the loan that would supersede MSI's (or assignee's) first lien position.

- ✓ This includes any state regulations where a HOA or any other entity may be awarded first lien position under any circumstances.
- ✓ Loans sold where resulting situations interfere with MSI (or assignee) first lien position are subject to repurchase over the life of the loan.

Site Condos – The UAD and the ULDD

To ensure the smooth sale of loans to the Agencies, MSI would like to advise Sellers that the following information for all Condos **must** be part of the data passed from the UAD to the Uniform Loan Delivery Dataset:

- ✓ Project Attachment Type
- ✓ Project Design Type
- ✓ Project Unit Dwelling Count
- ✓ Project Dwelling Units Sold

For condo appraisals completed on Form 1073/1075, the above data elements are included and readily available; however, they are not actual fields within the URAR (Form 1004/70) either of which may be utilized for site/detached condos as permitted by the agencies.

Therefore, MSI will audit each detached/site condo to ensure that the four critical data elements are included on the 1004/70 when it is used to appraise a detached/site condo. Appraisals without the required data elements will be suspended from funding/purchase.

- ✓ Please ensure that all AMC/appraisers are aware of the required data elements.

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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.

Questions If you have questions, contact your Account Executive.

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