



TO: Correspondent Partners
FROM: Angela Breidenbach, Operations Manager
DATE: February 7, 2013
RE: Cornerstone Name Change
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Cornerstone Name Change

By now, most of you are aware that, effective February 15, 2013, Cornerstone will be aligning our name nationwide. For the past 25 years, we have been operating as both Cornerstone Mortgage Company and Cornerstone Home Lending. **On the 15th, we will become Cornerstone Home Lending, Inc.** Our legal entity and its ownership structure are remaining the same, as well as our Federal Employer Identification Number (FEIN), 76-0236067. Additionally, this will not affect our agreements with our Correspondent partners, as all of those agreements are already in the name of Cornerstone Home Lending.

Some of you are being very proactive and have contacted me regarding note endorsement and document changes. **Please do not make any changes until further notice.** We will not officially be operating as Cornerstone Home Lending, Inc until the 15th, and for a limited time, will be operating under assumed name affidavits. Meaning, we will be able to accept documents in both names, for a short time, and we will give all of our correspondent partners ample time to make necessary changes.

You will receive a separate communication on the 14th or 15th directing all changes that need to occur.

Unincorporated Areas – Flood Cert

Due to recent agency and state audit findings, Cornerstone now requires a county name in the Counties section all Flood Certs. We have learned that many flood vendors, when reporting on properties in an unincorporated area, will simply put the word UNINCORPORATED in the Counties field. Although this is not altogether wrong, **the Counties field must also indicate the county where the property resides.** Because, Cornerstone does not want our partners to be written up for this incident, our reviewers will begin conditioning to have county added to the Counties field beginning February 15th, 2013.

Our research has indicated that many flood vendors are already being asked for this information, so we believe that they are aware of the problem and are willing to fix it. However, if you run into problems, please let me know immediately.

2012 W-2s & Income Calculation – Best Practice & Helpful Hints

The following information is BEST PRACTICE (not required, but strongly recommended):

- 2012 W-2(s) are now available, and should be retained in all of your loan files.
- When documenting **non W-2 income**, obtain a P & L and Balance Sheet, covering the period from the last tax filing through the most recent quarter, if any of the following applies:
 - Government loan
 - Non-conforming loan
 - Instability of Income (see Income Consistency table below)
 - Most recent years tax returns are not yet filed
- **Audited** P&L and Balance Sheet, or quarterly tax return (and associated tax transcript) in earnings total to calculate qualifying income.

Income Consistency defined as:	
Government Loans	Annual Income = ≤ 10%
	< 100,000: <10%
	>100,000 but ≤ 200,000: <9%
	>200,000 but ≤ 300,000: <8%
	>300,000 but ≤ 400,000: <7%
Conventional Loans (annual income fluctuation)	>400,000 but ≤ 500,000: <6%
	>500,000 but ≤ 600,000: <5%
	>600,000 but ≤ 700,000: <4%
	>700,000 but ≤ 800,000: <3%
	>800,000 but ≤ 900,000: <2%
	>900,000<1%

As always, your business is greatly appreciated. If you have questions regarding this, or any other issue, we can be reached as follows: abreidenbach@houseloan.com or (505)814-7784, jposen@houseloan.com or (505)814-7788, ncorlett@houseloan.com or (214)780-0770.