



Cornerstone
HOME LENDING, INC.
Correspondent Lending Division

TO: Correspondent Lenders
FROM: Angela Breidenbach, Operations Manager
DATE: July 16, 2013
RE: HPML Loans

Due to the recent changes with FHA loans, we have had numerous inquiries regarding HPMLs (High Price Mortgage Loans). Cornerstone Correspondent Lending will purchase HPML loans that meet the following requirements:

- 1) Ability to Repay
 - a. This means documenting income and underwriting qualifying using that income.
 - b. FHA Streamlines must also meet this requirement. They must therefore contain credit and qualifying documentation.
- 2) Verify Obligations
 - a. Underwriting to debts on credit report and other sources
- 3) Escrows for 5 years
 - a. Not a problem on FHA as they are required life of loan
- 4) No pre-pay after 2 years
 - a. Not allowed on any loan sold to Cornerstone
- 5) No Balloon with payment due sooner than 7 years
 - a. Not currently offering Balloon loans

In the event that a loan is identified as a HPML, you must provide a written, signed statement that the loan meets all requirements outlined above.

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.