



TO: Correspondent Lenders  
 FROM: Angela Breidenbach, Operations Manager  
 DATE: December 6, 2011  
 RE: GOVERNMENT OVERLAYS  
 VA LOAN LIMITS  
 MERS REGISTRATIONS

**GOVERNMENT OVERLAYS**

The following government overlays are in effect immediately, and will be posted to the correspondent web-site (chlcorrespondent.com) within the week:

PRODUCT	OVERLAY
FHA Streamline without an appraisal	<ul style="list-style-type: none"> <li>LTV/CLTV must be calculated off original value.</li> <li>Copy of original appraisal must be in loan file.</li> </ul>
VA Rate/Term Refinance	<ul style="list-style-type: none"> <li>90% LTV/CLTV maximum; excluding Funding Fee.</li> </ul>
VA Cash Out Refinance	<ul style="list-style-type: none"> <li>90% LTV/CLTV maximum; excluding Funding Fee.</li> </ul>
VA Purchase	<ul style="list-style-type: none"> <li>100% LTV/CLTV maximum; excluding Funding Fee.</li> </ul>
VA IRRRL	<ul style="list-style-type: none"> <li>Must have either an AVM or a 2055 appraisal.</li> <li>100% LTV/CLTV maximum; <b>including</b> Funding Fee.</li> <li>New subordinate financing is not permitted.</li> </ul>
FHA Cash Out Refinance	<ul style="list-style-type: none"> <li>85% LTV/CLTV maximum.</li> </ul>
<b>THE FOLLOWING OVERLAYS APPLY TO ALL GOVERNMENT PRODUCTS:</b>	
<ul style="list-style-type: none"> <li>Minimum FICO 640.</li> <li>Manufactured housing is not permitted.</li> <li>Non-traditional credit is permitted (follow FHA guidelines).</li> </ul>	

If you have loans locked, that are affected by these overlays, the lock will be honored as/is. This applies to loans currently locked. All new locks are subject to the overlays as published.

**VA LOAN LIMITS**

As you know, there have been numerous and rapid changes to the VA Funding Fees, causing some loans to have been closed using higher than allowable funding fees. If you have a loan that has been affected, you may use the following to cure:

- If VA Funding Fee was financed – apply a principle reduction, in the amount of the overage, either on the HUD, or showing on the payment history.
- If borrower paid Funding Fee in cash – refund amount of overage in the form of a check back to the customer. Copy of check will need to be in file.

A copy of the most recent Funding Fee chart is attached for your reference (Exhibit A).

**MERS REGISTRATIONS**

Beginning with loans originated on, or after, February 27, 2012, only MERS members may originate loans with Mortgage Electronic Registration Systems, Inc (MERS) as the original mortgage (MOM loans). This means that Cornerstone will no longer be able to provide a MERS number when loans have been locked with us. If you have an interim need for this service, please contact me at [abreidenbach@houseloan.com](mailto:abreidenbach@houseloan.com).

MERS has created a new membership category to serve the community of smaller organizations, allowing them to close their loans in the name of MERS as original mortgagee, but not have the ability to perform transactions or review reports on the MERS system. To get started, go to the MERS home page at : [www.mersinc.org](http://www.mersinc.org) and click on the Join Now link.

Upon completion of loan purchase, Correspondent lenders will still be responsible for transferring loans to Cornerstone. Our MERS ID number is: **1001770**.

Don't hesitate to contact us if you have questions regarding these, or any other issues. We can be reached as follows: [abreidenbach@houseloan.com](mailto:abreidenbach@houseloan.com) or (505)814-7784, [jposen@houseloan.com](mailto:jposen@houseloan.com) or (505)814-7788, [ncorlett@houseloan.com](mailto:ncorlett@houseloan.com) or (214-780-0770).

As always, your business is greatly appreciated!