



TO: Correspondent Lenders

FROM: Angela Breidenbach, Operations Manager

DATE: November 20, 2012

RE: Audit Findings/New Requirements

Freddie Mac recently completed an extensive audit of Cornerstone loans. During the course of the audit, a pattern of several conditions became apparent. Because, Cornerstone does not want to subject any of our Correspondent partners to undue repurchase requests, we are sharing these findings with you, and implementing new requirements as necessary:

- 1. No AUS credit report in files:**
 - Both LP and DU run findings based on an AUS credit report. In most cases, this report mimics the report pulled from your credit vendor. However, in some cases, the AUS credit report finds additional trade lines or delinquent accounts. **Therefore, effective with all loans submitted for purchase, on or after 12/3/12, the AUS report MUST be included with the file.**
- 2. Income on Wage Earner or Self Employed Income Analysis worksheet does not match income on AUS or 1008:**
 - **Effective with all loans submitted for purchase, on or after 12/3/12, income calculation MUST match income shown on AUS and 1008.**
- 3. Funds required to close on AUS is less than actual funds shown on final HUD:**
 - Because there is a relationship between funds required to close and reserves available after closing, it is very important that the funds required to close, on the AUS, be equal to or greater than, the actual funds shown on the HUD. This can affect the success of your AUS findings. **CLD reviewers have already begun conditioning loans for this issue. If you are having issues getting your loan to run correctly, please contact us for assistance.**
- 4. Loan amount on purchase contract does not match loan amount on Note, DOT, etc:**
 - Many purchase contracts include down payment and loan amount information. In the event that these figures change, an initialed correction or addendum to the contract is required. **CLD reviewers have already begun conditioning loans for this issue.**

Please note, these requirements are a direct result of actual audit findings. Cornerstone is not purposefully trying to make our already complicated industry even more difficult. It is simply our intent to keep our partners from having to go back months or years, after purchase, to re-document a file.

Please contact us if you have questions regarding these, or any other issues. 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.