



Cornerstone
HOME LENDING, INC.
Correspondent Lending Division

TO: Correspondent Lenders

FROM: Angela Breidenbach, Operations Manager

DATE August 23, 2013

RE: DU 9.1 Release

As you may already be aware, during the weekend of November 16, 2013, Fannie Mae will implement Desktop Underwriter (DU) Version 9.1.

The changes are substantial and include:

- Consideration of Ability to Repay (ATR) and Qualifying Mortgage (QM)
- Reduction in maximum LTV/CLTV/HCLTV ratios to 95%
- Specific DU Refi Plus changes

Please read the attached DU Release Notes, dated August 20, 2013, and make any procedural or technology updates necessary to **adhere to ALL changes addressed in conjunction with this release.**

As a reminder, please make sure that your software always rounds down to the nearest whole dollar amount when calculating LTV. Although DU and LP only expand LTV calculations to the hundredth decimal place, **when the loan is delivered for securitization, there is no limitation.** For example: a 95% loan calculated on the lesser of appraised value or sales price of \$325,985 would result in a loan amount of \$309,685.75. Neither agency will allow a loan to be closed with cents. Therefore, **the loan amount would need to be rounded to \$309,685**, NOT \$309,686; which would result in a LTV of 95.0001, thereby making the loan ineligible for purchase.

Additionally, please remember that all DU Refi Plus loans must be underwritten by Cornerstone, regardless of delegated status.

We will be sending additional communication as the implementation of DU 9.1 draws closer. In the meantime, do not hesitate to contact us at: abreidenbach@houseloan.com or (505)814-7784, jposen@houseloan.com or (505)814-7788.