



Cornerstone

HOME LENDING, INC.
Correspondent Lending Division

TO: Correspondent Lenders
FROM: Angela Breidenbach, Operations Manager
DATE: April 25, 2014
RE: VA Jumbo Product
 Changes to Mandatory Product

VA Jumbo Product

Effective Monday, April 28th, you will see a new product in the pricing engine. Cornerstone Correspondent Lending will be rolling out a VA Jumbo product. This product will only show in Optimal Blue, and the following overlays will apply. For future reference, these overlays can be found in the Product Guidelines and Overlays section of the correspondent web-site: www.chlcorrespondent.com under the FHA/VA Overlays link:

- Will need to be locked as a VA Jumbo
- Loan must meet VA published guidelines
- APPRAISAL MUST BE SUBMITTED TO CORNERSTONE FOR APPROVAL PRIOR TO CLOSING. No exceptions!
- A loan is considered high balance if it exceeds:

For properties located in:	With the following number of units:	The maximum TOTAL mortgage amount exceeds:
48 Continental States*	1-unit	\$417,000
	2-unit	\$533,850
	3-unit	\$645,300
	4-unit	\$801,950
Alaska*	1-unit	\$625,000
	2-unit	\$800,775
	3-unit	\$967,950
	4-unit	\$1,202,925

*Cornerstone does not purchase in: Florida, Georgia, Hawaii, Illinois, Maine, Montana, Nevada, New York, Ohio, Vermont

- If the total loan amount (including VAFF) exceeds the applicable amount above, the following criteria must be met:
 - Permitted with 30 and 15 year fixed rate only
 - Secondary financing is not allowed except for Interest Rate Reduction Loan (IRRRL) with existing secondary financing that will be re-subordinated to the new first mortgage. There is no CLTV limit under this scenario.
 - Temporary interest rate buydown not allowed
 - Non-traditional credit not allowed
 - No foreclosure or bankruptcy in last 7 years
 - No housing payment 30 days or more past due in the last 12 months
 - FICO Score requirements as follows:

Transaction	Total Loan Amount ¹	Minimum Loan Score
Purchase and Rate/Term Refinance, including IRRRL	>\$417,000 to </>=\$700,000	640
	>\$700,000 to </>=\$1,000,000	640
	>\$1,000,000 to </>=\$1,500,000	700
Cash-Out Refinance	<\$417,000 to </>=\$700,000	640
	>\$700,000 to </>=\$1,000,000	660
	>\$1,000,000 to </>=\$1,500,000	700

¹Start point of when to require the Minimum Loan Score depends upon property location and number of units as per high balance table above.

- VA Loan > \$417,000 will be subject to a condition that the VA Loan Guarantee Certificate (LGC) be included in the closed loan file when delivered for purchase.
- VA Loan >\$700,000 and <=\$1,500,000 with debt-to-income ratio greater than 41% must receive an exception from Cornerstone. Exception must be requested prior to submitting loan for purchase.
- For loan amounts >\$1,000,000, including IRRRL's, be sure to request a certified appraiser when requesting the appraiser assignment from VA
- Regardless of the loan amount, the VA guaranty plus cash/equity must be equal to at least 25% of the purchase price of Notification of Value (NOV), whichever is less, on purchases and non-IRRRL refinances.
- THERE MAY BE DOWN PAYMENT REQUIREMENTS DEPENDING ON STATE. See VA requirements for additional details.

Changes to Mandatory Product

As a reminder, we are now offering a mandatory pricing option for 15 day locks. This is a great option if you have a loan that is fully processed, underwritten and ready to close. The following guidelines apply. Please note that the highlighted guidelines are changes to previously published policy:

- No substitutions
- Conforming conventional fixed products only
- 15 day locks only
- Loan MUST be delivered on or before the 15 day lock expiration date
- Late delivery will result in a pair off fee
- Lock cancellation will result in a pair off fee
- Once locked, no changes are allowed to lock (this includes product, values, FICO's, etc...)
- If lock expires prior to delivery, a pair off fee will be charged. However, loan may be re-locked at current market under Best Efforts only. If changes need to be made to loan, they may be made once loan has been re-locked.
- If lock expires on a weekend or holiday, lock will roll to next business day.
- No overnight locks.
- If a loan is delivered to Cornerstone on-time, but has deficiencies (conditions). Correspondent lender will have the LESSER of three business days or lock expiration to upload conditions to the secure portal.
- In the event that deficiencies (conditions) are not cleared within the time frame indicated above, there will be a .125 deficient on-time fee assessed. This fee will be in **addition** to any extension fees. See Section 215.02 of the Cornerstone Lending Division Correspondent Loan Policy Manual for extension fee details.
- In the event that correspondent lender is unable to clear conditions, loan will be considered non-delivered and a pair off fee will be assessed.

For additional information, refer to Section 200 of the Correspondent Loan Policy Manual located on the Cornerstone Correspondent Web-Site: www.chlcorrespondent.com.

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