

A bi-monthly publication

For the months, December 2013 & January 2014

2.3.14 | In This Issue

- [Holiday Notice](#)
- [Underwriting Update](#)
- [Compliance Corner](#)
- [Staff Spotlight](#)
- [Ask the Underwriter](#)



Holiday Notice

In response to the Securities Industry and Financial Markets Association's (SIFMA's) recommended holiday closings, CU Companies and Fannie Mae's Capital Markets Sales Desk will be closed on Monday, February 17, 2014. No locks will be accepted that day.



Underwriting Update

Fannie Mae implemented new proprietary appraisal messages in the Uniform Collateral Data Portal (UCDP) effective December 10, 2013. The new messages will be added to the UCDP to notify lenders about actions regarding appraisals from specific appraisers or supervisory appraisers. The UCDP messages will indicate that 100 percent of the loans submitted with appraisals from the identified appraiser or supervisory appraiser will be reviewed or that Fannie Mae will not accept appraisals from the identified appraiser or supervisory appraiser, as applicable. The messages will be issued based on Fannie Mae's review and identification of a pattern of egregious

Compliance Corner

Ashley Holmes, CU Companies Compliance Director, answers some of the most frequently asked questions in regards to Quality Mortgage (QM).

What are the different types of QM that affect our business?

General and Temporary.

General QM loans may not have negative-amortization, interest-only, or balloon-payment features or terms that exceed 30 years. They also may not have points and fees that exceed the specified limits. In addition, they must consider the consumers entire credit profile and ensure the consumer's total monthly debt-to-income ratio is no more than 43%.

Temporary QM loans must be underwritten using the required guidelines of the GSE's, including any relevant DTI guidelines. They do **not** have to meet the 43 percent debt-to-income ratio threshold that applies to General QM loans. The max DTI for CU Companies is 45%.

What type of QM does CU Companies follow?

Temporary.

How does this change the way I am paid?

You generally may not receive compensation that is based on:

- A term of a single or multiple transactions conducted by you.
- The transaction's interest rate, such as receiving two percent of the loan amount if the interest rate is above six percent and one percent of the loan amount if the interest rate is six percent or less.
- Closing more than 10 transactions per month with an interest rate higher than six percent.
- The consumer buying creditor required title insurance from the originator's employer or its affiliate, rather than a third party (dependent on whether or not you are considered a loan originator or organization or an individual loan originator).

Can I reduce my commission to cover consumer's costs?

issues in an appraiser's appraisal reports.

It is important to note that these messages will not prevent the UCDP report from being "Successful." It is critical that all messages on the UCDP findings are reviewed to ensure the identified appraiser or supervisory appraiser is not on either of Fannie Mae's lists. If the UCDP report returns a finding that Fannie Mae will not accept appraisals from the identified appraiser or supervisory appraiser, a new appraisal will be required for the loan, prior to final loan approval by CU Companies. If the UCDP report returns a finding that Fannie Mae has decided to review 100% of the appraisals prepared by this appraiser, the file must be 2nd level reviewed by CU Companies. Please allow at least 24 hours for this to be completed.



With any questions, contact your Correspondent Team:

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If a creditor agrees to lower the rate initially offered, the new offer may not reduce your compensation. However, when there are unforeseen increases in settlement costs, you may lower your compensation to lower the costs to the consumer within certain limitations.

What's included in the points and fees?

Loan Amount	Maximum Points and Fees
≥ \$100,000	3% of the total loan amount
≥ \$60,000 < \$100,000	\$3,000
≥ \$20,000 < \$60,000	5% of the total loan amount
≥ \$12,500 < \$20,000	\$1,000
< \$12,500	8% of the total loan amount

Include the following items in the Points and Fees calculation:

- **Finance charges** - any items considered a finance charge (unless excluded below)
- **Upfront PMI** - if it is non-refundable, or the amount that exceeds the FHA MIP as published by HUD if it is refundable
- **Loan level price adjusters** - when they are not financed into the rate
- **Real estate related fees** - when they are paid to the lender or an affiliate of the lender

Exclude the following items from the Points and Fees calculation:

- **Interest**
- **Premium** or other charge from a state or Federal guaranty (FHA MIP, VA guarantee fee, etc.)
- **PMI** - if the premium is payable after consummation (Monthly PMI)
- **Third party charges** - if the charges are not retained by the lender or their affiliate
- **Discount points**
 - Up to two bona fide discount points paid by the consumer if the consumer's based interest rate without discount does not exceed APOR by more than one percent
 - Up to one bona fide discount point if the consumer's base interest rate without discount does not exceed the APOR by more than two percent



Staff Spotlight

Casey Delinsky joins the CU Companies team as Secondary Market Manager

Casey Delinsky began as the new Secondary Market Manager at CU Companies in November 2013. Delinsky joins the team with a background in strategic consulting and hedging for mortgage companies.

"So far, I am really enjoying my position and the culture here at CU Companies. We are working on making several changes that will

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really help the effectiveness of the department," said Delinsky. "We are looking to bring in new products to offer to our correspondents, creating a system for tracking our pipeline of loans that helps us see the data more clearly and proficiently. We want to increase efficiency so that we can give a better price to our owners and partners."



"I am excited about the opportunity to work here and see things from inside of a mortgage company instead of from the outside. I look forward to developing relationships with our owners and partners and finding better ways to serve them."



Ask the Underwriter

The Underwriting Team at CU Companies is here to help you. This section reviews frequently asked questions. With your own questions, please use the Ask the Underwriter box located on the Correspondent Lending website.

Question

Does CU Companies have a maximum acreage limit?

Answer

CU Companies does not have a maximum acreage limit; however, properties cannot be income-producing, working farms, and must have like comparables.



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