



WINTRUST MORTGAGE™

BULLETIN # 09-0225-1

February 25, 2009

BULLETIN HIGHLIGHTS

- **Noble Product Updates-** Condominium Project Reviews, Mortgage Insurance FICO and LTV restrictions, Mortgage Insurance Coverage, Living Trust, “Walls in” (a.k.a. HO-6) Hazard Insurance Coverage for Condos.
- **Choice Product Updates-** Qualifying Payment for HELOC’s.

All Conventional Noble Products

Effective: February 25, 2009 for loan registrations.

CONDOMINIUM PROJECT REVIEWS

- Condominium Limited Project Reviews with incomplete amenities are no longer available
- Condominiums consisting of 2-4 units must be complete, established projects.

MORTGAGE INSURANCE FICO AND LTV RESTRICTIONS

- As a reminder, the mortgage insurance companies have recently adjusted their policy to raise the minimum Credit Score requirements for various types of loans. Due to these adjustments, the following adjustments are being incorporated into WMC policy:
 - Fully amortizing loans with an LTV >80% must have a minimum Credit Score of 660.
 - Interest only loans with an LTV >80% must have a minimum Credit Score of 680.
 - All cash-out refinance loans with an LTV >80% must have a minimum Credit Score of 720

Note: Valid mortgage insurance certificates for loans with Credit Scores less than the above continue to be acceptable up to their expiration dates.

MORTGAGE INSURANCE COVERAGE

Due to the rapidly changing lending environment, the MI companies continue to make frequent adjustments to their guidelines. Where MI is required per policy, please make sure it is available and refer to the MI companies for their specific requirements on availability of MI. It is the lender's responsibility to provide accurate MI coverage. Always check with your MI provider for current guidelines.

Correspondents must have valid contract underwriting agreements with RMIC and Radian.

LIVING TRUSTS

- The following clarifications are being made for Loans with Living Trusts:

Trust Documentation must be received in the Mortgage file:

- A complete copy of the trust documents, or in jurisdictions that require a lender to review and rely on an abstract or summary of trust documents instead of the trust agreement, a copy of the abstract or summary; and,
- A copy of any trust documents that the title insurance company required in making its determination on the title insurance coverage.

Review of Trust Agreement: *WMC* must examine either the trust agreement, or the abstract or summary of the trust agreement and determine that the living trust addresses each of the following matters:

- The trustee is authorized to borrow money, or purchase, construct or encumber realty.
- The beneficiary either does not need to grant written consent for the trust to borrow money, or, if such consent is required, it has been granted in writing for purposes of the Mortgage.
- The settlor has retained power to revoke or alter the trust.
- There is no unusual risk or impairment of lenders' rights (such as distributions required to be made in specified amounts from other than net income).
- Holding title in the trust does not diminish *WMC's* rights as a creditor, including the right to have full title vested to us should foreclosure proceedings have to be initiated to cure a default under the terms of the mortgage.

"WALLS IN" (a.k.a. HO-6) HAZARD INSURANCE COVERAGE FOR CONDOS

Effective: March 1, 2009 for all new registrations.

- To align with Fannie Mae Announcement 08-34, effective for new loan applications as of March 1, 2009, if the master or blanket insurance policy does not provide coverage of the interior of the unit, the borrower will be required to obtain a "walls in" coverage policy (commonly known as HO-6 policy). If required, the HO-6 insurance policy must provide minimum coverage of 20% of the unit's appraised value.

All Choice Products

Effective: The final day to lock loans under current guidelines is February 27, 2009. All loans must be closed and disbursed no later than Friday March 13, 2009, or loan must meet the new guidelines.

Qualifying Payment for HELOCs

Effective March 2, 2009, the qualifying payment for conventional loans with subordinate Home Equity Lines of Credit (HELOCs) has changed. When calculating the total housing expense ratio, borrowers must qualify using a monthly payment equal to 1% of the full line amount. For HELOCs with evidence of a line modification, the modified limit will be used to calculate the 1% monthly payment.