



June 28th, 2010

Wintrust Mortgage Wholesale Lending Announcement

Given the strong emphasis Fannie Mae, Freddie Mac and other investors are placing on loan quality, Wintrust Mortgage has decided to implement several steps to focus on originating quality loans.

Loans that are less than investment quality benefit no one. Our objective in implementing the procedures outlined below is to approve only those loans borrowers have the ability to repay. While high debt-to-income (“DTI”) ratios alone may not contribute to delinquencies or foreclosures, too often a common thread in loan performance is high ratios at the time the loan was originated.

Effective with conventional and FHA loans submitted for underwriting on and after July 1st, 2010, the following changes are being made to both manually underwritten and AUS approval recommendation loans submitted to WMC.

1. DTI, regardless of AUS will be capped at 50%. Any DTI > 45% will require a WMC Underwriter to receive a second level review with the risk assessment and will likely delay final approval of a loan.
2. We will closely analyze FHA transactions with non-occupant co-borrowers when the occupant does not qualify in any manner to repay the mortgage obligation.
3. Regardless of underwriting method, loan submissions will require a completed Verification of Employment (“VOE”) or work number verification and corresponding paystub. The VOE form may be waived and standard “Alt Doc” info accepted, if the borrower is on his/her present job for at least 2 years. IRS-1040 transcripts will be pulled and will be compared against income documentation in the file.
4. Underwriting submissions must contain proof of the verification source of the employer’s address and phone number (i.e. 411.com printout)

Should you have any questions, please contact your Account Executive. Wintrust Mortgage values our business partners and the continued businesses we do in helping people realize their dream of homeownership.

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