



Broker Bulletin: 2011-1055

Attention: Broker Correspondents

September 27, 2011

Topic: Principal Curtailment Policy

Summary:

To accommodate occasional wide pricing variances between certain interest rate levels we have provided the following principal curtailment policy for all Loan Products except DU Refi Plus Product as noted below.

Lender Paid Transactions:

On transactions where the loan originator is paid by the lender, a Principal Curtailment is permitted on purchase and refinance loans unless noted below as a result of excess premium rate credit. The excess premium must be identified on the HUD-1 Settlement Statement and is limited to the amount of the excess premium rate credit below. The premium rate credit is the amount associated with the lowest pricing rate option that allows for some or all of the borrower's closing costs to be paid so the borrower does not have to pay those closing costs out of pocket.

- If the premium rate credit is less than or equal to \$2,000 for loan amounts up to \$350,000, or \$4,000 for loans amounts exceeding \$350,000, then no further documentation is required.
- For premium credits exceeding these thresholds, evidence that the next lower pricing option would require the borrower to pay closing costs out of pocket must be documented in the file (GFE, Pricing/Rate sheet, etc.).

If the borrower was not provided with the best rate, the loan is not eligible to be closed.

If the program permits, the borrower may also receive cash back within program guidelines in addition to the amount of the curtailment.

As a reminder, DU Refi Plus product with excess premium rate credit are limited to the lesser of 2% or \$2,000 principal curtailment and are excluded from the policy above.

Borrower Paid Transactions:

On transactions where the loan originator is paid by the consumer, principal curtailments are not permitted. The premium rate credit may not exceed the amount of third party costs.

Any questions, please contact your locally assigned Account Executive.

Loans sold to Union National Mortgage Co. Wholesale must comply with all federal and state regulations as well as Union National Mortgage Co. Wholesale guidelines. This information is for guidance purposes only and should not replace consultation with your Legal and Compliance resources.

Equal Housing Lender: Union National Mortgage Co. Wholesale. Corporate Office: 8241 Dow Circle West, Strongsville, OH 44136. All rates and programs are subject to change at any time without notice. Please contact UNM Wholesale Underwriting for further clarification of any Underwriting related topics or your Account Executive about other topics addressed in this bulletin. This information should not be considered as all-inclusive guidelines. **For mortgage originating professionals only; not authorized for distribution to consumers.**

