



Cornerstone
HOME LENDING, INC.
Correspondent Lending Division

TO: Correspondent Lenders

FROM: Angela Breidenbach, Operations Manager

DATE: January 21, 2015

RE: Updated Submission Form – Undiscounted Rate

The attached Cornerstone Submission Form has been posted to the correspondent web-site: www.chlcorrespondent.com and supersedes all previous versions of this form.

Effective immediately, please use this version of the Submission form for all underwriting and purchase submissions.

The revisions are to the Mandatory Regulatory section as follows:

LOCK INFORMATION:

| | APOR at time rate is set | Undiscounted Rate quoted to Borrower* (par or rate closest to par) | Difference between APOR and par** | Note Rate*** | Discount Point(s) | Bona Fide Discount | Point(s) Added to Points and Fees Threshold Test (if any) |
|--|--------------------------|--|-----------------------------------|--------------|-------------------|--------------------|---|
| | | | | | | | |

*This is **not the rate closest to par quoted by Cornerstone**. This is the rate closest to par that correspondent lender quotes borrower at time rate is locked with borrower.

**if difference is 1% or less, then up to 2 discount points are excludable from points and fees test. If difference is 2% or less, then up to 1 discount point is excludable from points and fees test.

***Cannot exceed Undiscounted Rate unless there is a lender credit on the HUD I to offset.

These revisions are designed to give further guidance in completing the LOCK INFORMATION portion.

It is particularly important, for compliance reasons, that Cornerstone receives the accurate:

- **APOR** – this is not the same as APR. The Average Prime Offer Rate (APOR) is a weekly index published by the FFIEC.
- **Undiscounted Rate** – this is the rate closest to par that you quoted your borrower at the time the borrower locked the loan with you. **This is not** the rate closest to par that Cornerstone quoted you when you locked the loan with Cornerstone. For example, if you quoted your borrower 4.125% with no points, then this is your Undiscounted Rate. This is true even if the borrower elects a lower rate and decides to pay points.
- **Note Rate** – This is the locked rate. It may, or may not match the Undiscounted Rate, but can **never** exceed your Undiscounted Rate; **UNLESS** there is a lender credit on the HUD I to offset.

Please remember, completion of the ENTIRE Mandatory Regulatory section is required with every loan purchase submission.

As always, your business is greatly appreciated. If you have questions regarding these issues, please contact me at abreidenbach@houseloan.com.