

LOCK AND CLOSING CUTOFF DATES FOR LOANS USING DU® VERSION 8.0

On June 3, Pinnacle Capital Mortgage released announcement PCM10-39 "DU Version 8.1," which outlined the upcoming DU changes with Version 8.1 during the weekend of June 19, 2010. As a result, PCM has established the following Lock and Closing cutoff timelines for DU Version 8.0 loan casefiles:

- ⇒ **NEW LOCK REQUESTS:** All new Lock Requests on loans utilizing DU Version 8.0 must be submitted on or before Wednesday, June 16, 2010. Lock Change and Extension Requests will be accepted as long as they meet the Loan Closing timelines below.

- ⇒ **LOAN CLOSINGS:** All loans utilizing DU Version 8.0 must be closed on or before Friday, June 25, 2010.

As a reminder, DU changes impacting current Pinnacle Capital Mortgage Corporation's guidelines are as follows:

1. INTEREST ONLY LOANS

- ⇒ The following transactions will no longer be permitted on Interest Only loan casefiles:
 - i. Cash-out refinances
 - ii. 2, 3 and 4-unit properties
 - iii. Investment properties
- ⇒ 1-unit purchase and rate/term loans (primary residences and second homes) will be subject to the following restrictions:
 - i. Maximum LTV/CLTV of 70%
 - ii. Minimum credit score of 720
 - iii. Minimum 24 months reserves (based on fully amortizing PITI)

2. DEED-IN-LIEU OF FORECLOSURE POLICY CHANGES

- ⇒ If a deed-in-lieu of foreclosure is reported within 2 years of the credit report date, the loan casefile will receive a Caution/IV recommendation.
- ⇒ Borrowers with prior deed-in-lieu of foreclosure actions that occurred more than 2 years but within 7 years from the credit report date will incur the following restrictions:
 - i. Deed-in-lieu more than 2 years but within 4 years from the credit report date: If the LTV/CLTV is greater than 80%, the loan casefile will receive an Ineligible recommendation.
 - ii. Deed-in-lieu more than 4 years but within 7 years from the credit report date: If the LTV/CLTV is greater than 90%, the loan casefile will receive an Ineligible recommendation.

3. UPDATED QUALIFYING RATE USED FOR ADJUSTABLE RATE LOANS (ARMS)*

- ⇒ The interest rate used to qualify borrowers for 3/1 and 5/1 ARMs (fully amortized and interest only) will be the greater of the fully indexed rate or the note rate + 2.0%. (The interest rate for 7/1 and 10/1 ARMs will continue to be the note rate for fully amortizing loans, and the greater of the fully indexed rate or note rate for interest-only loans).

***New Information: Please note that the Updated Qualifying Rate used for ARMs also applies to Jumbo loans.**

Any DU Version 8.0 loan casefile resubmitted to DU after the implementation of DU Version 8.1 during weekend of June 19 will continue to be underwritten through Version 8.0. All 8.0 loans must meet the Lock and Closing timelines mentioned above. All DU Version 7.1 loan casefiles are ineligible. PCM Underwriting Guidelines will soon be updated to reflect all changes mentioned above.

