

## PFI Advisory

December 28, 2001

### Special Attention:

Servicing Management of PFIs with MPF Plus Master Commitments

### Subject:

A Servicing Reminder about Supplemental Mortgage Insurance (SMI) Requirements.

Servicing Guide 103.3.4

**Mortgage Insurance Compliance**

Servicing Guide 106.2.4

**Primary and Supplemental Mortgage  
Insurance Claims**

Servicing Guide 107.1.6

**Primary and Supplemental Mortgage  
Insurance Compliance**

### Servicing Reminder:

This is to remind all PFIs with MPF Plus Master Commitments (formerly known as MPF 125 Plus) of the servicing requirements of the Supplemental Mortgage Insurance Policy and MPF Servicing Guide. It has been brought to our attention that PFIs are not in compliance with these requirements.

The MPF Servicing Guide requires the PFI to comply with all applicable primary mortgage insurance and Supplemental Mortgage Insurance requirements so as to assure the full benefits of the mortgage insurance policies for the mortgage loans. Please review the terms and conditions of your Supplemental Mortgage Insurance Policy to ensure you are complying with all requirements of the mortgage insurance company.

The Servicer must be familiar with and satisfy all requirements of the applicable mortgage insurance policies with respect to a delinquent borrower. The Servicer must have adequate controls to assure timely filing of all default information, notices, and the preparing and filing of all appropriate claims with respect to the applicable mortgage insurance policies (both primary and/or supplemental). In addition, the Servicer must allow the SMI company to direct the marketing of the property. The Servicer must prepare and deliver to the Master Servicer copies of all notices, claims forms and other papers received from or presented to any primary and supplemental mortgage insurer, unless the Servicer is otherwise instructed by the Master Servicer.

Attention to this requirement is imperative since supplying insufficient information to the mortgage insurance company could result in undue loss to the PFI.

**If you have any questions about these policy requirements, please contact your MPF Bank Representative or your mortgage insurance company representative.**