

PFI Advisory

December 5, 2003

Special Attention:

PFI's MPF[®] Program Management, PFI's Origination Management

Subject:

Rescission of PFI Advisory 11/7/03 regarding certain New Jersey Loans

We are rescinding our previous PFI Advisory dated November 7, 2003 regarding the delivery of certain New Jersey loans. The PFI Advisory stated that Standard & Poor's had determined that it would not rate New Jersey manufactured housing and cash-out refinance loans based on that state's predatory lending law. The effective date of the law and the resulting delivery restriction were anticipated to be November 27, 2003.

Following further evaluation of the law, Standard & Poor's has concluded that it *will* rate transactions that include manufactured housing and cash-out refinance loans secured by property located in New Jersey. **Therefore, the prohibition against the delivery of these loans is rescinded, retroactive to November 27, 2003.** Standard and Poor's continues to maintain its position that it will not rate transactions that contain high cost loans secured by property located in New Jersey, which also may not be delivered under the MPF Program per Chapter 2.6 of the MPF Origination Guide.

We want to remind all PFIs of the predatory lending requirements of Chapter 2.6 of the Origination Guide and Chapter 3.2 of the Underwriting Guide, updated as of December 4, 2003. Please review these chapters to ensure compliance with our predatory lending policies.

If you have any questions about these changes, please contact your MPF Bank Representative.