

## **PFI Advisory**

December 23, 2004

### **Special Attention:**

PFI's MPF<sup>®</sup> Program Management, PFI's Origination Management

### **Subject:**

#### **A Reminder about Indiana High Cost Home Loans and Indiana Home Loans**

This is to remind all PFIs that the Indiana Home Loan Practices Act (the Act) will become effective on January 1, 2005. High Cost Loans, including Indiana High Cost Home Loans originated on or after January 1, 2005, remain ineligible for delivery under the MPF Program. Additionally, Home Loans, as defined by the Act will not be eligible for delivery under the MPF Program until the "Predatory Lending Category" data field is available for use in the MPF system and the PFI is able to provide such data. (See PFI Notice 2004-2, issued July 9, 2004, for a full explanation of the "Predatory Lending Category" data field.)

**Effective for Indiana Mortgages with Note Dates on or after January 1, 2005**, in order to ensure that Indiana High Cost Home Loans and Indiana Home Loans are not delivered under the MPF Program, the post-purchase due-diligence review process detailed in PFI Notice 2004-4 will be followed for all Mortgages on properties located in Indiana. (See PFI Notice 2004-4, issued November 5, 2004, for a full explanation of the process and PFI responsibilities.)

PFIs are further reminded that, by delivering a Mortgage under the MPF Program, the PFI represents and warrants that a Mortgage is not a High Cost Loan, or a Covered or Home Loan as such terms are defined by the then-current version of Standard & Poor's LEVELS Glossary, Appendix E.

**If you have any questions about the MPF Program's data requirements, please contact your MPF Bank Representative.**