

PFI Advisory

December 17, 2009

Special Attention: PFI MPF[®] Program Management and Origination Management

Subject:

Update to MPF Program Credit Enhancement Rating System effective January 4, 2010

An updated version of the system used by the MPF Program to determine the credit enhancement (CE) amount for conventional loans will be installed the weekend of January 2, 2010, effective for loans submitted or resubmitted for loan presentment on or after January 4, 2010.

For loans submitted or resubmitted for loan presentment with or without data changes, on or after January 4, 2010 the credit enhancement amount will be determined by the updated version of the system.

For loans already presented, but not yet funded, PFIs are reminded that it is only necessary to resubmit previously presented loans prior to funding when there have been changes to data since the most recent submission. See Origination Guide Chapters 20.1.1, 20.1.3 and 20.2 for details on loan presentment data submission and credit enhancement amount expiration.

The CE rating system has been updated to reflect changes in the mortgage market and loss probabilities impacted by various loan criteria. PFIs may experience impacts to the Loan Level Credit Enhancement amounts based on, but not limited to, the following data elements:

- Documentation Type
- FICO[®] Score/LTV/TLTV combination
- Loan Purpose
- Occupancy
- Total Debt Ratio

We appreciate the opportunity to be of service and look forward to continuing to serve your mortgage loan funding needs.

If you have any questions, please contact your MPF Bank Representative or call the MPF Customer Support Desk at 877-INFO-MPF (877-463-6673).

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