

# PFI Advisory

March 17, 2010

**Special Attention:** PFI MPF<sup>®</sup> Program Management and Origination Management

## Subject:

**Update to MPF Program Credit Enhancement Rating System Effective April 5, 2010**

**Note: This PFI Advisory applies to the MPF 100, Original MPF, MPF 125 and MPF Plus mortgage products (not applicable to the MPF Xtra<sup>®</sup> product).**

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 April 3, 2010, effective for loans submitted or resubmitted for loan presentment on or after April 5, 2010.

This update of the system was originally to be installed on the weekend of January 2, 2010 but was rescheduled to the weekend of April 3, 2010.

**For loans submitted or resubmitted for loan presentment with or without data changes, on or after April 5, 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<sup>®</sup> Score/LTV/TLTV combination
- Loan Purpose
- Occupancy
- Property State
- Total Debt Ratio

\* See PFI Notice 2009-7 regarding the use of the Form 4506-T to verify the borrower's income and its consideration as a higher quality of documentation when selected for Loan Presentment.

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).**

"MPF", "eMPF", and "Mortgage Partnership Finance" logo are registered trademarks of the Federal Home Loan Bank of Chicago.

"FICO<sup>®</sup>" is a registered trademark of Fair Isaac Corporation