



PFI Notice 2001-2

February 15, 2001

Effective Date

Immediately

Special Attention:

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

Subject:

Announcing Enhancements to the Requirements for Expedited Refinance Mortgages:

Origination Guide Chapter 11.2

Requirements for Expedited
Refinance Mortgages

Description of Change:

Enhancements to our Expedited Refinance Requirements

We have combined the requirements of our Expedited Refinance mortgage (Chapter 11.2) and our MPF Bank Owned mortgage (Chapter 11.3) to create our new "Expedited Refinance" guidelines. We have enhanced the features of this Chapter to now accept loans you currently service, whether in your portfolio or sold into the secondary market, to be eligible for funding or purchase under the MPF Program using our new "Expedited Refinance" guidelines. (The original mortgage loan being refinanced must have been originated to Fannie Mae, Freddie Mac or MPF Program guidelines).

The highlights of the new “Expedited Refinance” guidelines include:

Topic	MPF Requirements
Eligible Properties	Owner Occupied 1-4 unit Primary Residences, 1-unit Second Homes
Current Mortgage	Fixed Rate, Non-Negatively Amortizing ARM, Balloons
New Loan Terms	Fixed Rate
Maximum LTV	LTV on original loan, Subject to maximum LTV requirements: 1-2 unit Primary and 1 unit Second Home LTV is 95%, 3-4 unit Primary LTV is 80%.
Subordinate Financing	Re-subordinate junior liens, Subject to maximum TLTV requirements: 1-2 unit Primary and 1 unit Second Home TLTV is 95%, 3-4 unit Primary TLTV is 80%.
Mortgage Pay History	Loan must be current No more than 1 x 30 in previous 12 months
Financed Closing Costs	<p>A. Does not exceed Original Loan Amount:</p> <ol style="list-style-type: none"> 1. Unpaid principal balance + 2.5% closing costs maximum. 2. No cash out <p>B. To exceed Original Loan Amount:</p> <ol style="list-style-type: none"> 1. Maximum up to 2.5% over original loan balance not to exceed maximum LTV for property type; 2. 1 unit Primary Residence and Second Home; 3. No cash out to borrower; 4. 12 month pay history on mortgage. If existing mortgage is less than 12 months, must get previous mortgage pay history (May use 700 FICO in place of previous history) 5. 0 x 30 in last 12 months.
Seasoning	None
Origination	Must be serviced by Originator and close in PFI's name
Borrowers	Same borrowers, no change in property ownership
Credit Score	Provide new FICO score
Maximum Payment Increases	Can't exceed existing P&I unless: <ol style="list-style-type: none"> 1. ARM to Fixed with maximum increase of 5%, or 2. Term less than current, P&I maximum increase of 20%.
Required Documentation	New Form 1003 Application 12 month payment history, or pay history for life of loan

Topic	MPF Requirements
Appraisal	Original appraisal (Originator must represent and warrant value has not declined) or obtain a new appraisal
Income / Assets	Stated Income from Original Form 1003 if borrower income on new application has not declined. No Assets, No verification, no Re-qualification
Title Commitment	Review prior to closing, all judgements must be paid
Mortgage Insurance	Same standard requirements apply

Chapters 11.2 and 11.3 of the Origination Guide have been revised to reflect the new enhancements. Please see the enclosed replacement pages for Chapter 11 of your Origination Guide for all the specific requirements.

REVISIONS TO THE ORIGINATION GUIDE:

Replacement pages for the revised Guide Chapters are attached. The revision includes:

Chapter 11 (complete replacement)

Please contact your MPF Bank Representative with any questions.