

## **PFI Notice 2001-3**

May 1, 2001

### **Effective Date**

Immediately

### **Special Attention:**

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

### **Subject:**

#### Announcing Enhancements to the Origination and Servicing Guides:

Origination Guide Chapter 1.1	Overview
Origination Guide Chapter 2.11	Privacy
Origination Guide Chapter 9.4	Property Eligibility
Origination Guide Chapter 9.19	Compliance With Law
Origination Guide Chapter 10.4	Maximum LTV and TLTV Ratios
Origination Guide Chapter 18.3.6	Collateral for Credit Enhancement
Origination Guide Chapter 23.2.3	Funding
Origination Guide Chapter 23.6.2.1	Conventional Loans
Origination Guide Chapter 24.4.2	Endorsement
Origination Guide Chapter 27.10.9	Residential Appraisal Report
Origination Guide Chapter 33.2.10	Small Condominium Projects 5 – 10 Units
Servicing Guide Chapter 103.1	Servicer to Service in Accordance with Applicable Standard
Servicing Guide Chapter 105.5.1.1	FHA/VA Losses
Servicing Guide Chapter 107.1.2	Delinquency Servicing Procedures
Servicing Guide Chapter 107.5.5	Foreclosure Proceedings
Servicing Guide Chapter 107.6.1	REO Action Plan
Servicing Guide Chapter 111.2	Directory
Glossary	New Definition

## **Description of Change:**

The following revisions have been made to the Origination and Servicing Guides.

### **Origination Guide Revisions:**

#### Announcing the availability of the MPF Origination and Servicing Guides on AllRegs®

The MPF Origination and Servicing Guides will now be available electronically through the Mortgage Resource Center via a subscription to AllRegs effective May 1, 2001. For more information on how to order this version of the Guides, please visit the AllRegs Website at [www.allregs.com](http://www.allregs.com).

The MPF Program PFI Notices and PFI Marketing Bulletins will be available through the MPF Website. For more information, visit our website at [www.fhfb-mpf.com](http://www.fhfb-mpf.com) and click on “MPF® Origination and Servicing Guides”.

#### Announcing the MPF Program Privacy Statement

A new section of Chapter 2 of the Origination Guide has been added to incorporate the MPF Program Privacy Provision. In order to assist PFIs with their required regulatory compliance, the MPF Provider and MPF Banks have provided the following assurances outlined in this Guide section.

In addition, references are now made to privacy in Chapter 9.19 of the Origination Guide and Chapter 103.1 of the Servicing Guide.

#### Additional Revisions to the Origination Guide

PFI Notice 2001-3 incorporates changes to the following Origination Guide Chapters:

- **Chapter 9.19 – Compliance with Law:** Adds language regarding privacy.
- **Chapter 9.4 – Property Eligibility:** Revises language regarding construction financing.
- **Chapter 10.4 – Maximum LTV and TLTV:** Revises cash out reference for 3-4 unit properties.
- **Chapter 18.3.6 – Collateral for Credit Enhancement:** Adds language regarding PFI collateral requirements.
- **Chapter 23.2.3 – Funding:** Revises language regarding funding.

- **Chapter 23.6.2.1 – Conventional Loans:** Adds title section.
- **Chapter 24.4.2 – Endorsements:** Revises language regarding MPF Bank Funded option.
- **Chapter 27.10.9 – Residential Appraisal Report:** Revises Chapter reference to 9.5.3.
- **Chapter 33.2.10 – Small Condominium Projects 5 – 10 Units:** Revises reference for number of units.
- **Glossary –** We have defined the following term “Gramm-Leach-Bliley Act”.
- **UW Guide – 4.04a Qualification ratios:** Delete statement regarding payments on installment debts secured by financial assets. Add clarification to monthly housing and total debt ratios.
- **UW Guide – 5.02d Overimproved and jumbo loans:** Delete reference to Jumbo Loans.
- **UW Guide – 5.02e Manufactured housing:** Delete reference to 100% LTV.

### **Servicing Guide Revisions:**

#### Announcing the revision to REO Action Plan Liquidation Options for FHA/VA Loans

In an effort to provide our PFIs with greater flexibility in dealing with REO liquidations for FHA/VA loans, we have expanded the available liquidation options. For FHA/VA loans, the Servicer may now either:

- Paydown the Mortgage to zero upon completion of the foreclosure sale within the accounting period in which the sale was completed;
- Paydown the Mortgage to zero upon receipt of the initial claim payment within the accounting period in which the initial claim payment was received;
- or
- Pass through the initial claim payment as a curtailment and paydown the Mortgage upon receipt of the final claim payment within the accounting period in which the final claim payment was received.

For all Scheduled/Scheduled loans (conventional and FHA/VA), the principal and interest payment must be advanced until the Mortgage balance is reduced to zero. The Servicer must remit from its own funds an amount which will reduce any remaining balance of the loan or asset to zero as required in Chapter 105.5.1.1.

## Additional Revisions to the Servicing Guide

PFI Notice 2001-3 incorporates changes to the following Servicing Guide Chapters:

- **Chapter 103.1 – Servicer to Service in Accordance with Applicable Standards:** Adds language regarding privacy.
- **Chapter 105.5.1.1 – FHA/VA Losses:** Adds language regarding appropriate timeframes.
- **Chapter 107.1.2 – Delinquency Servicing Procedures:** Revises language regarding the four credit repositories.
- **Chapter 107.5.5 – Foreclosure Proceedings:** Add language on Marketable Title.
- **Chapter 111.2 – Directory:** Revises reference for Dallas MPF Bank Contact.
- **Glossary –** We have defined the following term “Gramm-Leach-Bliley Act”.

## **REVISIONS TO THE ORIGATION & SERVICING GUIDE:**

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

- Origination Guide Chapters 1, 2, 9, 10, 18, 23, 24, 27, and 33; Glossary and UW Guide.
- Servicing Guide Chapters 103, 105, 107, and 111; and Glossary.

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