

PFI Notice 2002-2

April 19, 2002

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 2.12
Origination Guide Chapter 2.13
Origination Guide Chapter 13.2.5
Origination Guide Chapter 13.10.4

Servicing Guide Chapter 105.7.7
Servicing Guide Chapter 107.1.1
Servicing Guide Chapter 107.1.2
Servicing Guide Chapter 107.1.8
Servicing Guide Chapter 107.6.8
Servicing Guide Chapter 111.2

Repurchase and Indemnification
Use of Word and Design Trademarks
ALTA Policy Form
Special Endorsements

Realized Losses (Gains)
Delinquency Servicing Objectives
Delinquency Servicing Procedures
Servicer Delinquency Rates
Notice of Litigation and Regulatory Action
Directory

Description of Change:

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

Origination Guide Revisions:

Alternative Remedy for Unsuitable Loans Sold under the MPF Program (Chapter 2.12)

We are adding indemnification as an alternative remedy to repurchase when a PFI sells a loan under the MPF Program that does not comply with the MPF Program requirements. The MPF Bank and MPF Provider may offer indemnification to the PFI, Originator, or Servicer of a mortgage as an alternative to repurchasing the loan.

Use of MPF Trademarks and Logos (Chapter 2.13)

We are adding parameters in the Origination Guide for the use of our MPF trademarks and logos in PFI marketing materials, letters, and product descriptions. We have provided guidelines to help you in using our trademarks and logos when promoting your mortgage products.

Changes to Special Title Endorsements (Chapter 13)

In Chapter 13.2.5.1 we have updated our requirements for endorsements to the ALTA policy form. When appropriate, based on the property type, PFIs are required to use special endorsements for manufactured homes, as well as leasehold estates. Chapter 13.2.5.1 also consolidates our requirements for other endorsement types (including, EPA, condominiums, PUDs, and survey standards), which are discussed in various sections of Chapter 13. In addition, Chapter 13.2.5 clarifies our requirements for the ALTA Loan Policy and the ALTA Short Form Policy.

Additional Revisions to the Origination Guide

PFI Notice 2002-2 incorporates changes to the following Origination Guide Forms:

- **Exhibits K&L – Initial and Government Mortgage Final Certification Review Checklists:** Clarifies and simplifies the delivery format requirements for submitting initial and final documents to the custodian with Exhibit K (Initial Certification Review Checklist) and Exhibit L (Government Mortgage Final Certification Review Checklist).

Servicing Guide Revisions:

Expanding our Policy on Realized Losses and Gains (Chapter 105.7.7)

For MPF conventional loans we are expanding our policy on realized losses to include the possibility of gains due to liquidation of a delinquent loan or disposition of an REO. If a gain is reported on Form SG332 [Calculation of Realized Loss (Gain)], then the amount of the gain will be available to the PFI to reduce subsequent reported realized losses within a Master Commitment. The Form SG332 has been enhanced to distinguish between the initial filing of the Form SG332 and the trailing Form SG332. This new form also incorporates any amounts of supplemental mortgage insurance proceeds.

Adding Various Delinquency Management Requirements for Servicers (Chapter 107)

Servicers are now required to adhere to the following additional servicing requirements for MPF mortgages:

- Adding requirements for borrower contact for mortgages with delinquencies occurring within the first 6 months following origination (Chapter 107.1.1).
- Including reminders to notify, obtain approval from, and/or comply with the requirements of the applicable primary and/or supplemental mortgage insurer (Chapter 107.1.2).
- Adding Servicer eligibility requirements for maintaining acceptable portfolio delinquency rates (Chapter 107.1.8).
- Incorporating requirements for notifying the MPF Provider of litigation filed against the Servicer, MPF Provider, and/or MPF Bank involving MPF mortgages (Chapter 107.6.8).

Changes to the Directory in the MPF Servicing Guide (Chapter 111.2)

New address for the Federal Home Loan Bank of Boston:
111 Huntington Avenue, 24th Floor
Boston, Massachusetts 02199

Additional contact at the Federal Home Loan Bank of Atlanta:
Attention: Kirk Malmberg, Senior Vice President

New contact at the Federal Home Loan Bank of Des Moines:
Attention: Donna Iddins, MPF Program Specialist

MPF Program Custodian Change of address and fax number:
1031 10th Avenue S.E. (Attention: Private Certifications)
New fax number 612-667-1068

Additional Revisions to the Servicing Guide

PFI Notice 2002-2 incorporates changes to the following Servicing Guide Forms:

- **Form SG340 – Request for Release of Documents:** Updates the MPF Program Custodian’s address and the reasons for requesting documents from the custodian on Form SG340 (Request for Release of Documents from the Custodian).

REVISIONS TO THE ORIGINATION & SERVICING GUIDE:

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

- Origination Guide Chapters 2, 13, and Exhibits K and L.
- Servicing Guide Chapters 105, 107, 111, and Forms SG332 and SG340.

If you have any questions about these changes, please contact your MPF Bank Representative or the MPF Help Desk at (877) 463-6673, option 3.