

## **PFI Notice 2002-4**

October 28, 2002

### **Effective Date**

Immediately

### **Special Attention:**

PFI's MPF<sup>®</sup> Program Management, PFI's Origination Management, PFI's Servicing Management, Custody Management

### **Subject:**

#### Announcing Enhancements to the Origination Guide and Custody Manual:

- Expanding alternatives to providing the original MIC or LGC for Government Loans
- Adjusting our repurchase calculation for ineligible loans
- Changing our policy for Government Loans with overdue Final Certifications

#### Enhancements will affect the following Guide Chapters:

Origination Guide Chapter 24  
Origination Guide Forms & Exhibits

**Documentation Delivery  
Government Mortgage Final Certification  
Checklist (Exhibit L)**

### **Description of Change:**

The following revisions have been made to the Origination Guide.

#### New Policy for Delivery of MICs and LGCs for FHA and VA Loans (Chapter 24)

In lieu of the original paper MIC for FHA loans or original or electronic LGC for VA loans, we will now accept a certified print out of the MIC data from FHA Connection or LGC data from VA TAS. For Custodians (other than the MPF Program Custodian) who have access to FHA Connection or VA TAS, the MIC or LGC data may be compared directly by viewing the applicable system screen, and a print out from the system is not required as long as data is reconciled with the schedule. For PFIs using the MPF Program Custodian, a one-time fee of \$6.50 per loan will be assessed for use of the print out. The

PFI must continue its efforts to obtain the original MIC or the original or electronic LGC for submission to the Custodian. The Government Mortgage Final Certification Checklist (Exhibit L) has been updated to reflect this change. This revision affects Chapters 24.2.1, 24.2.3.2, 24.7.1, and 24.7.3.

#### Modified Repurchase Calculation (Chapter 24.3.2)

For an ineligible loan sold to the MPF Bank under the MPF Program, we are revising our repurchase calculation to take into consideration the market value of the mortgage at the time of the repurchase. When an ineligible mortgage must be repurchased by the PFI, the PFI will now be required to repurchase the loan with interest from the date of repurchase to the remittance date plus, at the MPF Bank's option, either the book value or the market value of the loan. This revision affects Chapter 24.3.2 of the Origination Guide.

#### New Requirements for Government Loans with Overdue Final Certifications (Chapter 24)

For a Government Loan past due for Final Certification, we will require either a letter of credit (LOC) from a AA rated financial institution, or repurchase of the loan (i) if the ratio of the number of Government Loans overdue for Final Certification to the number of Government Loans outstanding exceeds 4%, or (ii) after 3 years, regardless of the percentage outstanding. Requirements for obtaining the LOC are provided in this section.

These changes affect Chapters 24.2.3.2 and 24.6.3.

### **REVISIONS TO THE ORIGINATION GUIDE:**

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

- Origination Guide Chapter 24 and Forms & Exhibits (Exhibit L).

We have highlighted the changes on these replacement pages by double underlining the revised text.

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