

PFI Notice 2002-5

December 2, 2002

Effective Date

January 1, 2003

Special Attention:

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

Subject:

Announcing enhancements to the Origination and Servicing Guides:

- Revising loan limits for Conventional Loans
- Changing repurchase options for FHA/VA Loans

Enhancements will affect the following Guide Chapters:

Origination Guide Chapter 10

Maximum Loan Amounts and LTV and TLTV Limits

Servicing Guide Chapter 107

Mortgage Loan Administration

Description of Change:

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

Origination Guide Revisions:

New Conventional Loan Limits for 2003 (Chapter 10.3)

We are increasing our maximum mortgage amounts to reflect the increase in the national average price for single-family homes, as reported by the Federal Housing Finance Board. The maximum conventional loan amounts have been increased by 7.3%, making low-cost mortgages available to more homebuyers. These new loan amounts become **effective for loans funded or purchased under the MPF Program after January 1, 2003**, which may include mortgages originated prior to this date.

The following original loan amounts apply to Conventional Loan originations funded after January 1, 2003:

Number of Units	Maximum Original Loan Amount	Properties in Alaska, Guam, Hawaii or Virgin Islands
1	\$322,700	\$484,050
2	\$413,100	\$619,650
3	\$499,300	\$748,950
4	\$620,500	\$930,750

Servicing Guide Revisions:

New Policy for Repurchase of FHA/VA Loans (Chapter 107.4.6)

Effective January 1, 2003 for all FHA/VA loans, PFIs may no longer repurchase FHA/VA loans when one missed full mortgage payment remains uncured for four consecutive months. PFIs may continue to repurchase delinquent FHA/VA loans when no payment is made for three consecutive months. We have made this change to bring our policy in line with industry standards.

REVISIONS TO THE ORIGINATION & SERVICING GUIDES:

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

- Origination Guide Chapters: 10.

- Servicing Guide Chapters: 107 (pages 107-12 and 107-13).

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).