

# PFI Notice 2003-8

December 4, 2003

## Effective Date

Immediately for all loan deliveries, except as noted.

## Special Attention:

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

## Subject:

### Announcing enhancements to the Origination and Underwriting Guides:

- Accepting printed copy of electronic FHA Mortgage Insurance Certificate (MIC)
- Revised loan limits for conventional loans
- Updated predatory lending guidelines
- New Uniform Underwriting and Transmittal Summary (FNMA Form 1008)
- Changed the facsimile number for the MPF Program Custodian
- Enhanced facsimile signature policies for Note endorsements

### Enhancements will affect the following Guide Chapters:

Origination Guide Chapter 2.6	<b>Predatory Lending</b>
Origination Guide Chapter 24.2.3	<b>Government Loan Final Documentation Package</b>
Origination Guide Chapter 24.2.8	<b>Name and Address of MPF Program Custodian</b>
Origination Guide Chapter 24.4.5	<b>Facsimile Signatures</b>
Forms & Exhibits – Exhibit L	<b>Government Mortgage Final Certification Review Checklist</b>
Underwriting Guide Chapter 2.1	<b>Maximum Original Loan Amount</b>
Underwriting Guide Chapter 3.2	<b>Unacceptable Refinance Practices</b>
Servicing Guide Chapter 111.2	<b>Directory</b>

## Description of Change:

The following revisions have been made to the Origination Guide, including the Underwriting Guide.

## **Origination Guide Revisions:**

### **FHA Mortgage Insurance Certificate Procurement (Chapter 24.3.2 & Exhibit L)**

We have updated our requirements regarding the delivery of the FHA Mortgage Insurance Certificate (MIC). As Announced by HUD on October 16, 2003, and effective on November 16, 2003, HUD is no longer issuing paper MICs. The MICs may now be obtained electronically via download from the FHA website, FHA Connection, and printed for delivery to the Custodian. The MPF Program Custodian will also accept any original MICs that were issued prior to November 16, 2003. Because of the changes made by HUD, the alternative use of screen print outs for the MPF Program Custodian will no longer be necessary.

### **New Conventional Loan Limits for 2004 (Underwriting Guide Chapter 2.1)**

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 3.4%, 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, 2004**, which may include mortgages originated prior to this date.

The following original loan amounts apply to Conventional Loan originations funded after January 1, 2004:

<b>Number of Units</b>	<b>Maximum Original Loan Amount</b>	<b>Properties in Alaska, Guam, Hawaii or Virgin Islands</b>
1	\$333,700	\$500,550
2	\$427,150	\$640,725
3	\$516,300	\$774,450
4	\$641,650	\$962,475

## **Additional Revisions**

PFI Notice 2003-8 incorporates the following revisions:

**Chapter 2.6 – Predatory Lending:** We have updated our predatory lending guidelines to clarify the MPF eligibility of loans covered by various predatory lending laws. MPF policies: (1) identify common forms of abusive and predatory lending which are prohibited in the MPF Program; and (2) address the impact on eligibility under the MPF Program of loans which are subject to federal, state or local predatory lending laws or to rating agency exclusions. Prohibited activities include charging late charges which are not permitted under loan documents and applicable law.

- **The Uniform Underwriting and Transmittal Summary (Fannie Mae Form 1008), has been revised effective January 1, 2004.** The revision date of the new Transmittal Summary is January 2004. This revised Transmittal Summary is required to be used with borrower applications taken on or after April 1, 2004. However, you may begin using the revised form immediately. We want you to be aware of these revisions at this time so you may take the steps necessary to prepare for the use of this new form, as required by Chapter 27.10.8 of the Origination Guide and Chapter 4.8.1 of the Underwriting Guide. The new forms are available in AllRegs<sup>®</sup> ([www.AllRegs.com](http://www.AllRegs.com)) or you may contact your current forms vendor to obtain copies.
- **Chapter 24.2.8 and Chapter 111.2 – Name and Address of MPF Program Custodian:** As a result of the MPF Program Custodian's recent move, the facsimile number for release requests and release status changes has changed to 612-466-6372. The facsimile number for initial and final certifications, copy requests, and research requests remains the same.
- **Chapter 24.4.5 – Facsimile Signatures:** We have enhanced our facsimile signature policies for Note endorsements to help provide greater protection to all parties involved in the sale and delivery of loans under the MPF Program.
- **Chapter 3.2 of the Underwriting Guide – Unacceptable Refinance Practices:** We have clarified that refinance practices which are prohibited under applicable law or which cause a loan to be considered a high cost, high risk or high rate loan under applicable law are prohibited under the MPF Program.

## **REVISIONS TO THE ORIGINATION & SERVICING GUIDES:**

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

- Origination Guide Chapters 2 and 24
- Forms & Exhibits – Exhibit L
- Underwriting Guide Chapter 2 and 3
- Servicing Guide Chapter 111

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).**