

# PFI Notice 2007-1

February 1, 2007

## Effective Date

Immediately

## Special Attention:

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

## Subject:

Announcing enhancements to the MPF Guides on the following subjects:

- HUD Section 184 Program
- Guaranteed Rural Housing (GRH) – Rural Housing Servicing (RHS) Section 502 Program
- Other Government Loan Program Enhancements

Enhancements will affect the following Guide Chapters and Exhibits:

Origination Guide Chapter 2	<b>General MPF Policies</b>
Origination Guide Chapter 7	<b>MPF Mortgage Products</b>
Origination Guide Chapter 18	<b>Master Commitment</b>
Origination Guide Chapter 24	<b>Documentation Delivery</b>
Origination Guide Forms and Exhibits	<b>Loan Presentment Request (Form OG3) MPF Program Custodian – Document Codes (Exhibit H) Government Mortgage Final Certification Review Checklist (Exhibit L)</b>
Underwriting Guide Chapter 1	<b>Introduction</b>
Servicing Guide Chapter 105	<b>Custodian Accounts, Advances and Loan Accounting</b>
Servicing Guide Chapter 107	<b>Mortgage Loan Administration</b>

## Description of Changes:

### Origination, Underwriting, and Servicing Guide Revisions

HUD Section 184 and Guaranteed Rural Housing - Rural Housing Service Section 502 Mortgages  
(OG Chapters 18.3, 24, Form OG3, Exhibit H & Exhibit I Land UG Chapter 1)

In keeping with our mission to expand homeownership and to provide an additional funding source for our PFIs, Indian Home Loan Guarantee Program (HUD Section 184) Mortgages and Guaranteed Rural Housing - Rural Housing Service (RHSS Section 502) Mortgages will now be eligible for delivery under the MPF Program. As with all government loan programs, the loans must meet the origination and servicing requirements of each respective government agency. In addition to the information we provide in our Guide, see the following links for additional details:

- HUD Section 184 - <http://www.hud.gov/offices/pih/ih/homeownership/184/benefits.cfm>
- GRH - RHSS Section 502 - [http://www.rurdev.usda.gov/rhs/sfh/lender\\_sfh.htm](http://www.rurdev.usda.gov/rhs/sfh/lender_sfh.htm)

A separate master commitment is required for either HUD Section 184 loans or RHSS Section 502 loans, as neither type of loan may be delivered into other conventional or government loan master commitments. We have also added a Loan Plan Type Code for each new program:

- HUD Section 184 = LT09
- GRH - RHSS Section 502 = LT08

### Other Government Loan Program Enhancements (OG Chapter 7.3 & SG Chapters 105 & 107)

To allow for these additional government loan programs under the MPF Program, we have made some additional enhancements to our Guides:

- The name 'Original MPF for FHA/VA' has been changed to 'MPF Government'. We have expanded the defined term 'Government Loans' to be inclusive of FHA, VA, HUD Section 184, and RHSS Section 502 loan programs.
- We have expanded the remittance options to allow for the use of actual/actual and actual/actual single remittance, in addition to the scheduled/scheduled option, for each new government loan master commitment. The rate and fees scheduled for all three government loan remittance types will be available on the MPF website.
- The Government Loan Fee will no longer be included for any new Government Loan master commitments.
- We are providing guidance for remittance and liquidation requirements of delinquent government loans with actual/actual remittance. Additionally, we are providing guidance, where applicable, for conveyance of marketable title on foreclosed properties under the RHSS Section 502 program as RHSS Section 502 differs from other government loan programs.

## Additional Revisions

PFINotice2007-1 incorporates the following revisions:

- **Origination Guide Chapter 2.12 - Repurchase and Indemnification:** We have added clarification regarding the process of funds transfer in the event of a loan repurchase.
- **Origination, Underwriting, Servicing Guides and Glossary-All published chapters and forms:** The chapters and forms of the Guides published with this PFINotice contain revised terminology that reflects current MPF Program usage. We are also adding cross-references to assist PFIs in finding critical information.

## Origination, Underwriting, and Servicing Guide Revisions

The following Origination, Underwriting, and Servicing Guide changes can be found on the AllRegs<sup>®</sup> and eMPF websites. **To assist you in navigating through the chapter revisions, we have noted whether the changes address ‘material’ policy enhancements or a change in the MPF government product naming terminology.** Links to these sites are on fhlbmpf.com and fhlb-mpf.com or may be accessed directly at <http://www.allregs.com/fhlbmpf/>.

- Origination Guide
  - Chapter 2 - changed text is highlighted in AllRegs (Clarifies existing policy)
  - Chapter 5 - changed text is highlighted in AllRegs (Change in terminology)
  - Chapter 6 - changed text is highlighted in AllRegs (Change in terminology)
  - Chapter 7 - changed text is highlighted in AllRegs (Material enhancement to policy)
  - Chapter 12 - changed text is highlighted in AllRegs (Change in terminology)
  - Chapter 13 - changed text is highlighted in AllRegs (Change in terminology)
  - Chapter 14 - changed text is highlighted in AllRegs (Change in terminology)
  - Chapter 15 - changed text is highlighted in AllRegs (Change in terminology)
  - Chapter 18 - changed text is highlighted in AllRegs (Material enhancement to policy)
  - Chapter 23 - changed text is highlighted in AllRegs (Change in terminology)
  - Chapter 24 - changed text is highlighted in AllRegs (Material enhancement to policy)
  - Chapter 27 - changed text is highlighted in AllRegs (Change in terminology)
  - Chapter 31 - changed text is highlighted in AllRegs (Change in terminology)
  - Chapter 32 - changed text is highlighted in AllRegs (Change in terminology)
  - Chapter 33 - changed text is highlighted in AllRegs (Change in terminology)
  - Exhibit Hand L (Material enhancement to policy)
  - Form OG3 - changed text is highlighted in AllRegs (Material enhancement to policy)

- Underwriting Guide
  - Chapter 1 - changed text is highlighted in All Regs (Material enhancement to policy)
- Servicing Guide
  - Chapter 102 - changed text is highlighted in All Regs (Change in terminology)
  - Chapter 103 - changed text is highlighted in All Regs (Change in terminology)
  - Chapter 105 - changed text is highlighted in All Regs (Material enhancement to policy)
  - Chapter 106 - changed text is highlighted in All Regs (Change in terminology)
  - Chapter 107 - changed text is highlighted in All Regs (Material enhancement to policy)
- Glossary - changed text is highlighted in All Regs

**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).**