

PFI Notice 2007-6

August 7, 2007

Effective Date

Immediately

Special Attention:

PFI's MPF[®] Program Management and Origination Management

Subject:

Enhancements to the MPF Guides on the following subject:

- Condominium and PUD Project Eligibility
- ALTA Policy Form
- Updating High Cost Loan Categorization (Nevada)

Enhancements will affect the following Guide Chapters and Exhibits:

Origination Guide Chapter 13	Title Insurance
Origination Guide Chapter 33	Condominiums and PUDs
Origination Guide Forms and Exhibits	Anti-Predatory Lending Category (Exhibit A)
Underwriting Guide Chapter 2	Mortgage Eligibility

Description of Changes:

Origination and Underwriting Guide Revisions

Condominium Project Classification and Eligibility Standards (OG Chapter 33.2)

We have reduced the number of Condominium Project Classification Categories from three to two in order to make delivery easier to the MPF Program. Category I covers all existing Condominium Projects and Category II covers all new Condominium Projects.

Condominium Project Eligibility Determination (OG Chapter 33.3)

We have revised and expanded Project Eligibility Determination by the PFI under the following five methods:

- Limited Review (OG Chapter 33.3.1)
- Fannie Mae Review (OG Chapter 33.3.2.1)
- Fannie Mae Condo Project Manager (CPM) Review (OG Chapter 33.3.2.2)
- FHA Approval of the Condominium Project (OG Chapter 33.3.2.3)
- Manual Review (OG Chapter 33.3.3)

Small Condominium Projects 2-4 Units (OG Chapter 33.6.2)

We have eliminated separate eligibility criteria for 5-10 unit projects and revised 2-4 unit project criteria in response to industry changes.

Planned Unit Development (PUD) Eligibility (OG Chapter 33.7)

We have reduced Planned Unit Development (PUD) eligibility requirements by removing separate PUD classifications and simplifying the PUD definition.

ALTA Policy Form (OG Chapter 13.2.5 and 13.2.5.1)

We have updated our Guides to require the use of the American Land Title Association (ALTA) 2006 loan policy except in states where state approval (where required) has not yet been granted.

Where the ALTA 2006 loan policy is used, the applicable updated 2006 policy endorsements are required.

For manufactured homes, ALTA Endorsement Form 7.1 is now required in states where it is available; otherwise, the applicable ALTA Endorsement Form 7 may be used.

For leasehold estates, the applicable version of ALTA Endorsement Form 13.1 is now required.

Where a restriction, encroachment or minerals endorsement is required, ALTA Endorsement Form 9.3 is now required where it is available; otherwise, the applicable ALTA Endorsement Form 9 may be used.

Additional Revisions

PFI Notice 2007-6 incorporates changes to the following Guide Chapters:

- **Origination Guide Chapter 33** - In addition to the changes described above, the balance of Chapter 33 has been updated with minor clarifications and certain sections relocated within this chapter.
- **Origination Guide Forms & Exhibits (Exhibit A)** - The definition of the existing home loan category for Nevada has been amended by Nevada Bill AB 440 effective October 1, 2007. We are revising the Anti-Predatory Lending Category, Exhibit A, to list Nevada's anti-

predatory lending statutes generally, thereby including the provisions of this Bill and any future amendments to those statutes.

- **Underwriting Guide Chapter 2.13.2** - The cross reference has been updated in conjunction with this Notice.

Origination and Underwriting Guide Revisions

The following Origination and Underwriting Guide changes can be found on the AllRegs[®] and eMPF websites. Links to these sites are available at fhlbmpf.com and fhlb-mpf.com or may be accessed directly at <http://www.allregs.com/fhlbmpf/>.

- Origination Guide
 - Chapter 13 – changed text is highlighted in AllRegs
 - Chapter 33 – changed text is highlighted in AllRegs
 - Exhibit A
- Underwriting Guide
 - Chapter 2 – changed text is highlighted in AllRegs

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).