

## PFI Notice 2009-5

October 2, 2009

**Effective Date:** See the Description of Changes for the effective dates

**Special Attention:** PFI MPF<sup>®</sup> Program Management and Origination Management

**Note:** The enhancements announced in this PFI Notice apply to all MPF Mortgage Products

### Subjects:

#### Announcing enhancements to the Origination Guide:

- New and Revised Data Elements for Loan Presentment
- Updated Anti-Predatory Lending Category Exhibit
- Revised Application and Underwriting Forms

#### Enhancements will affect the following Origination, Underwriting and Servicing Guide Chapters:

Origination Guide Chapter 23	<b>Mortgage Funding or Purchase</b>
Origination Guide Forms & Exhibits	<b>Loan Presentment Request (Form OG3)</b>
	<b>Anti-Predatory Lending Category (Exhibit A)</b>
	<b>Loan Presentment Report (Exhibit D)</b>

### Description of Changes:

#### Origination Guide Revisions:

New and Revised Data Elements for Loan Presentment (Origination Guide Chapter 23.2.1, Form OG3 and Origination Guide Exhibit D):

**We are announcing the implementation of new and revised data elements for Loan Presentment requests submitted on or after Monday, November 2, 2009.** We have included an appendix with this Notice containing a reference chart that lists and defines the new and revised data elements. **Please note we have updated some data element definitions and eligible values since the PFI Advisory dated August 13, 2009.**

**Effective November 2, 2009** all PFIs must use the new and revised data elements in accordance with the Loan Presentment Request Form (Form OG3) instructions for all initial and resubmitted Loan Presentment requests (including submission via the eMPF<sup>®</sup> website or via facsimile). We have also revised the OG3 Form, **effective November 2, 2009** for use by PFIs that submit the Loan Presentment Request Form via facsimile. Please continue using the OG3 Form dated 12/17/07 (or the OG3-X Form dated 10/01/08 for the MPF Xtra<sup>®</sup> product) prior to November 2,

2009. Note that the new OG3 Form applies to all MPF products; therefore we will no longer publish a separate OG3-X Form for the MPF Xtra product.

Predatory Lending (Origination Guide Exhibit A):

We are updating the Anti-Predatory Lending Category exhibit (Exhibit A) to include the new “Residential Mortgage Loan; Subprime Mortgage Loan” category for the state of Maine to reflect amendments to Standard & Poor’s LEVELS Glossary, Appendix E.

The state of Maine introduced and defined the “Subprime Mortgage Loan” category under Maine H.B. 1301, Act to Protect Maine Homeowners from Predatory Lending (the “Act”), with an effective date of January 1, 2008. The MPF Program previously announced in PFI Notices 2007-8 and 2008-1, and a PFI Advisory dated January 11, 2008 that the Maine “High Rate, High Fee Mortgage” and “Rate Spread Home Loans” categories, introduced and defined under the same Act, are ineligible for delivery. By definition, Maine’s “Subprime Mortgage Loan” category also includes Maine “High Rate, High Fee Mortgage” and “Rate Spread Home Loans.” Therefore, the MPF Program has required PFIs originating loans in the state of Maine to have anti-predatory lending procedures in place to exclude such loans made since January 1, 2008.

As a reminder, all PFIs are required to review their retail, broker, and correspondent loan origination processes and make any necessary changes to ensure that ineligible mortgages are not delivered under the MPF Program. PFIs are reminded that by delivering a mortgage under the MPF Program, the PFI represents and warrants that a mortgage is not a High Cost Loan as defined by the then-current version of Standard & Poor's LEVELS Glossary, Appendix E and Origination Guide Exhibit A.

Revised Application and Underwriting Forms:

- Uniform Residential Loan Application (Fannie Mae Form 1003 / Freddie Mac Form 65)

The Uniform Residential Loan Application has been revised to address the new Federal Housing Finance Agency (FHFA) loan-level origination data requirements (Loan Originator ID# and Loan Origination Company ID#). Since the MPF Program will begin to collect these data elements on 11/2/09, you may wish to begin using the new form immediately; however, the new form is **required for loan applications taken on or after January 1, 2010** and subsequently delivered under the MPF Program.

Note that some states have not yet implemented the Nationwide Mortgage Licensing System and Registry (NMLSR). Therefore, the Loan Originator ID and Loan Origination Company ID sections may be left blank for those states until such time they implement the NMLSR.

- Underwriting Transmittal Summary (Fannie Mae Form 1008 / Freddie Form 1077)

Because of changes in industry practices, the Uniform Underwriting and Transmittal Summary (FNMA Form 1008 / FHLMC Form 1077) forms have been revised. You have the option to begin using the new form immediately; however, the new form is **required for loan applications taken on or after January 1, 2010** and subsequently delivered under the MPF Program.

## **Additional Revisions**

PFI Notice 2009-5 incorporates the following revisions:

- **AllRegs “Future Effective” Functionality** – Effective with this PFI Notice, when we announce a change in MPF Program policy that has a future effective date, the MPF Program will begin using AllRegs’ “Future Effective” functionality. When we change a chapter, form or exhibit as announced by PFI Notices and MPF Xtra PFI Notices you will be able to view both the current version and the future version of each. The MPF Program table of contents (under the MPF – Mortgage Partnership Finance link under the Table of Contents tab) will list links to both versions of the Guide chapter, form or exhibit. If you open the current version, a link at the top of the page will take you to the future version. If you open the future version, a link will take you to the current version. On the date that the future version is effective, only that version of the chapter, form or exhibit will be available.
- **Glossary:** We have updated the Glossary to accommodate for three new terms; Higher-Priced Mortgage Loan, Average Prime Offer Rate and National Mortgage Licensing System and Registry.

## **Appendices**

PFI Notice 2009-5 includes the following appendices:

- Appendix to PFI Notice 2009-5 - New and Revised Data Fields

## **Origination Guide Revisions:**

The following Servicing Guide changes can be found on the AllRegs<sup>®</sup> and eMPF<sup>®</sup> websites. Links to these sites are on fhbmpf.com and fhlib-mpf.com or may be accessed directly at <http://www.allregs.com/fhlibmpf/>.

- Origination Guide
  - Chapter 23 - changed text is highlighted in AllRegs
  - Form OG3 - changed data elements are double underlined in the OG3 instructions
  - Exhibit A - changed text is double underlined in AllRegs
  - Exhibit D
- Glossary
  - 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).**

## New and Revised Data Fields - Appendix to PFI Notice 2009-5

*Please also refer to Loan Presentment Form (Form OG3) for additional information*

### NEW DATA FIELDS:

Field Name	Description and Valid Values	Comments/Definitions
Borrower FICO Score Source	Alphanumeric (allow lead zero) Valid values: 01 = Equifax Beacon 02 = TransUnion Empirica 03 = Experian Leave Blank if the FICO score is not available, the credit is a "Thin File" or there is "No File"	Value that identifies the source of any credit score obtained for the borrower.  Required for all loans
Co-Borrower FICO Score Source	Alphanumeric (allow lead zero) Valid values: 01 = Equifax Beacon 02 = TransUnion Empirica 03 = Experian Leave Blank if the FICO score is not available, the credit is a "Thin File" or there is "No File"	Value that identifies the source of any credit score obtained for the first co-borrower.  Required for all loans
FIPS State/County Code	Alphanumeric, 99999 (Allow lead zeros, first two digits represent the state code and the remaining three represent the county code)	The combination of the state and county codes is known as the Federal Information Processing Standards (FIPS) code. This code identifies the state and county in which the property is located. Leading zeros may be required. For assistance locating the appropriate codes, PFIs may use the FFIEC website accessed using the following link <sup>1</sup> :  <a href="http://www.ffiec.gov/Geocode/default.aspx">http://www.ffiec.gov/Geocode/default.aspx</a>  Required for all loans

<sup>1</sup> Any reference to the website in this PFI Notice is intended only to help the PFI better understand the data requirements referenced. It is not an endorsement of the website or its contents. The MPF Program is not responsible for the contents of the website or a PFI's reliance on the information contained therein.

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Field Name	Description and Valid Values	Comments/Definitions
AUS Certificate #	Alphanumeric	<p>Unique number assigned to the mortgage when it was submitted for an underwriting evaluation to either the Fannie Mae DU (Desktop Underwriter) or Freddie Mac LP (Loan Prospector) AUS. It represents the Fannie Mae DU Case Number or the Freddie Mac LP Key Number.</p> <p>Required for MPF Xtra<sup>®</sup> loans with an AUS Decision of 1, 3, or 5. Provide for all other Conventional MPF loans with an AUS Decision of 1 or 8.</p> <p>Note that all loans delivered under the MPF Xtra product with a Property Type = Manufactured Housing require an AUS Decision of 1 = DU Approve/Eligible</p>
Higher Priced Mortgage Loan Status	Y= High Priced Loan or N= Loan is not higher-priced mortgage loan	<p>This supports changes to Reg C and Reg Z.</p> <p>Required for all loans</p>
Average Prime Offer Rate/APR Spread	99.9999, right justified, example: 08.7500	<p>A percentage field that contains the spread between the annual percentage rate (APR) on a mortgage and the average prime offer rate for fixed rate loans. For assistance calculating the spread, PFIs may use the FFIEC website accessed using the following link<sup>2</sup>:</p> <p><a href="http://www.ffiec.gov/ratespread/newcalc.aspx">http://www.ffiec.gov/ratespread/newcalc.aspx</a> (Note - PFIs that use the FFEIC on-line calculator and where the calculator outputs “NA” may input a ‘0.00’ value in this field)</p> <p>Required for all loans</p>
Loan Originator's ID #	Numeric; right justified	<p>The unique identifier of the mortgage loan originator.</p> <p>Required where the loan originator’s applicable state participates in the Nationwide Mortgage Licensing System.</p>

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<b>Field Name</b>	<b>Description and Valid Values</b>	<b>Comments/Definitions</b>
Loan Originator's Company ID #	Numeric; right justified	The unique identifier of the mortgage loan originator's company.  Required where the originator's applicable state participates in the Nationwide Mortgage Licensing System.
Appraiser State License #	Numeric; right justified	The field appraiser's license or certification number.  Required
Supervisory Appraiser State License #	Numeric; right justified	The field appraiser's supervisor's license or certification number.  Required when a field appraiser's supervisor has signed the appraisal form.

**REVISED DATA FIELDS:**

<b>Field Name</b>	<b>Description and Valid Values</b>	<b>Comments/Definitions</b>
Agency Case # or MI Cert #	Alphanumeric, left justify	For Government Loans, provide the applicable Agency Case number.  For Conventional Loans, where Mortgage Insurance (MI) is required, provide the MI Certificate number.  Required where applicable

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Field Name	Description and Valid Values	Comments/Definitions
Property Type	PT01 = Single Family Residence PT04 = 2 unit PT09 = 3 Unit PT10 = 4 Unit PT11 = Manufactured Housing  <b>New Property Type Codes</b>  PT13 = Existing PUDs PT14 = New PUDs PT15 = Limited Review Condo PT16 = (Cat II Condo - Manual or CPM) PT17 = (Cat I Condo - Manual or CPM) PT18 = (FNMA 1028 or PERS approved) PT19 = (FHA approved Condo)	A description of the Mortgaged Property as supported by the Appraisal and title policy.  For Condo Projects, a description based on project approval method.  For PUD properties, a description based on a project defined as ‘new’ or ‘existing’.  <b>PT02 (PUD), PT06 (Low-rise Condos) and PT07 (High-rise Condos) will be replaced by the more descriptive codes PT13 through PT19.</b>
# of Bedrooms	Alphanumeric, left justify	For each non-owner occupied unit, if any, indicate the number of bedrooms. Leave blank for the unit occupied by the Borrower(s) (always Unit #1). Provide for Units #2, 3 and 4 as applicable even if the Borrowers occupy more than one unit.  Now a required field for all multi-unit property types.
Rent Level (\$)	Numeric, example: 999999.99	For each non-owner occupied unit, if any, indicate the amount of monthly rent in whole dollars and cents. Leave blank for the unit occupied by the Borrower(s) (always Unit #1). If additional units are occupied by the Borrowers, provide estimated rent level for the additional units as applicable for Unit #2, 3 and 4.  Now a required field for all multi-unit property types.

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