

PFI Notice 2011-7

December 29, 2011

Effective Date: See the description of changes below for the effective dates

Special Attention: PFI MPF® Program Management, Origination Management and Servicing Management

Note: The changes announced in this PFI Notice apply to all MPF products

Subjects: Announcing changes to the Origination, Underwriting, and Servicing Guides:

- 2012 Conventional and High-Balance Mortgage Loan Limits
- PFI Fidelity and E&O Insurance Requirements
- Revised Annual Eligibility Certification Form
- Revised Fidelity and Errors & Omissions Insurance Worksheet
- 2012 Investor Reporting Calendar

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

Origination Guide Chapter 5	PFI Institutional Eligibility
Origination Guide Forms & Exhibits	Annual Eligibility Certification (Form OG1) MPF Fidelity and Errors & Omissions Insurance Worksheet (Form OG2) Conventional High-Cost Area Loan Limits (Exhibit N)
Underwriting Guide Chapter 2	Mortgage Eligibility
Servicing Guide Forms & Exhibits	Investor Reporting Calendar (Exhibit A)

Description of Changes:

Origination Guide Revisions:

2012 Conventional and High Balance Mortgage Loan Limits (Underwriting Guide Chapter 2.1)

The MPF Program's 2012 conventional loan limits will not change. The national limit for 2012 is unchanged based on declines in Federal Housing Finance Agency's monthly and quarterly house price indexes over the past four years.

The loan limits for "High-Balance Mortgage Loans," will also remain unchanged for loans with a Note date on or after October 1, 2011, **except for an increase to the limit for one county, Fairfield County, CT.** We have published an updated version of Origination Guide Exhibit N with an effective date of January 1, 2012, to revise the High-Balance Mortgage Loan limit for this county.

Number of Units	Maximum Original Loan Amount for Conventional Mortgage Loans (Properties in Contiguous States, District of Columbia & Puerto Rico)	Maximum Original Loan Amount for Conventional Mortgage Loans (Properties in Alaska, Guam, Hawaii & Virgin Islands)
1	\$ 417,000	\$625,500
2	\$ 533,850	\$800,775
3	\$ 645,300	\$967,950
4	\$ 801,950	\$1,202,925

To determine the Maximum Original Loan Amount for High-Balance Mortgage Loans, refer to the High-Cost Area Loan Limits exhibit, Origination Guide Exhibit N.

PFI Fidelity and E&O Insurance Requirements (Origination Guide Chapter 5.4.1)

The MPF Guides are revised with respect to determining a PFI's required fidelity and E&O insurance coverage. **Effective immediately**, minimum fidelity and E&O insurance coverage requirements may be calculated based only on the PFI's highest annual total servicing volume, which includes all home, second and multifamily mortgages serviced by the PFI for itself and for others

Annual Eligibility Certification (Form OG1) and MPF Fidelity and Errors & Omissions Insurance Worksheet (Form OG2)

We have updated the OG1 and OG2 forms that PFIs complete to provide the annual certification required in Origination Guide Chapter 5.5 to their MPF Bank. Below is a summary of the updates made to the forms:

Form OG1

- Added a notation that completion of Form OG1 is mandatory as a condition of a PFI maintaining its continuing eligibility under the MPF Program;
- Re-organized the form into sections based on their subject and added subject headings to each section;
- Added an attachment checklist that includes a section for required documents and a section for those documents required as applicable based on certain OG1 Form requirements;
- Added a link to the MPF Guides;
- Added a statement that in order to safeguard nonpublic personal borrower information that may be contained in any of the QC documentation sent by e-mail to the MPF Bank, the PFI must send the documentation to a secure e-mail address provided by the MPF Bank;
- Added the requirement that the form must be signed by an Officer authorized to execute agreements and amendments under the Resolution for Mortgage Partnership Finance Participating Financial Institution Agreement;
- Added definitions of the PFI as a Seller, a Seller/Servicer or a Servicer to the form. Each certification question in the form is then delineated to be answered either by all PFIs, or based on the PFI's status as a Seller, a Seller/Servicer and/or a Servicer; and
- The Loan Servicing section (Question 6) has been expanded to include certifications from the servicer:
 - that it is paying funds out of escrow directly to the billing agency and not to the borrower;
 - that it receives proof of payment for non-escrowed taxes, insurance, etc; and
- Revised the "agreement" language above the PFI's signature (Page 6) by removing the statement following the "agreement" applicable to only a federally insured institution, affiliate or subsidiary of a federally insured institution.

Form OG2

- Added a notation that the completion of the Form OG2 is mandatory as a condition of a PFI maintaining its continuing eligibility under the MPF Program.
- Moved fidelity and E&O insurance questions from Form OG1 to Form OG2;
- Section 1 – information has been provided to assist the PFI in determining its Base calculated on its servicing volume; and
- Section 4 – Reconciliation; a notation has been added asking the PFI to contact its MPF Bank if the answer to any of the questions is "No" prior to returning the form.

Servicing Guide Revisions:

MPF Portfolio Products - Investor Reporting Calendar (Servicing Guide Exhibit A)

To assist PFIs in complying with timely investor reporting, the MPF Program is publishing the 2012 MPF Portfolio Product Investor Reporting Calendar, Servicing Guide Exhibit A.

We would like to remind servicers that all forms and reports required in Servicing Guide Chapter 105.8.1, and any additional forms or reports reasonably requested by the Master Servicer, must be received by the Master Servicer no later than the 5th Business Day of each month for all portfolio MPF products (**Original MPF, MPF 125, MPF Plus, and MPF Government**).

A separate MPF Xtra[®] Product Investor Reporting Calendar for 2012 was published on December 27th in MPF Xtra Notice 2011-3. For PFIs that service mortgages delivered under the **MPF Xtra product**, the forms and reports required in Servicing Guide Chapter 105.8.1 are due by 12:00 P.M. (noon) Eastern Time on the 2nd Business Day of each month.

Origination, Underwriting and Servicing Guide Revisions:

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

- Origination Guide
 - Chapter 5 - Changed text is highlighted in AllRegs
 - Form OG1
 - Form OG2
 - Exhibit N
- Underwriting Guide
 - Chapter 2 - Changed text is highlighted in AllRegs
- Servicing Guide
 - Exhibit A

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).