

MPF Announcement:

2021-27

Date:

March 23, 2021

Alert:Clarification
New Policy
Policy Update
Reminder
Training Information**Audience:**Compliance/Legal
Program Management
Origination
Quality Control
Servicing
Underwriting**Product:**MPF Direct
MPF Government MBS
MPF Traditional
MPF Xtra[®]**Effective Date:**

Immediately (unless otherwise noted)

MPF Xtra Updates to Eligibility of Loans Secured by Second Home and Investment Properties

On March 10, 2021, Fannie Mae published Lender Letter LL-2021-08 communicating the following updates to their eligibility requirements for mortgage loans secured by a second home or investment property:

Reference

[Fannie Mae Lender Letter LL-2021-08](#)

Please note you can access the [MPF Guides](#) and [MPF Announcements](#) on our [MPF Website](#).

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Acquisition limits

A 7% limit is being imposed on acquisition of single-family mortgage loans secured by second home and investment properties. The MPF Program will be imposing this 7% limit on a PFI basis, based on total UPBs of MPF Xtra loans delivered by the PFI in the preceding 52 week period.

Eligibility

All second home and investment property loans must meet the following requirements to be eligible for purchase:

- be underwritten with Desktop Underwriter (DU[®]),
- receive an Approve/Eligible recommendation, and
- be delivered as a DU loan in Loan Delivery
 - Automated Underwriting System Type = Desktop Underwriter
 - Automated Underwriting Case Identifier must include the DU casefile ID
 - Automated Underwriting Recommendation Description = Approve Eligible

NOTE: The exception to this requirement as noted in the Lender Letter applies to High Loan to Value Refinances and PFIs should note that the MPF Program is not accepting High Loan to Value Refinance loans at this time.

Loan Delivery and Effective Dates

In order to meet Fannie Mae's effective date of April 1, 2021, PFIs are encouraged to work with MPF Service Center to ensure loans that do not meet the new eligibility requirements are delivered to the MPF Program by March 25, 2021.

To gain a full understanding of these topics, PFIs should review the entire Fannie Mae Lender Letter plus any applicable Fannie Mae Selling Guide chapters, forms, or exhibits noted in the announcement.

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