

MPF Announcement:

2021-73

Date:

October 22, 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 Program Quality Control Updates

The MPF Program has added specificity to the MPF Program Guide to provide additional details on the MPF Program Quality Control review process.

As a reminder, the MPF Provider will review each Mortgage Loan selected for post-funding QC review to verify that it meets the definition of investment quality and complies with the Guides and the Applicable Agreement.

PFI's must submit requested information to the MPF Provider according to the instructions provided for in the request. The files must be delivered to the MPF Provider within fifteen (15) days of the date of the request.

After the PFI's submission is reviewed, the PFI will be notified of any Mortgage Loans with defects and the PFI must remediate "Serious" defects within fifteen (15) days from the date the notification is issued. All supporting documentation must be provided in electronic format through the MPF Program's QC system, eMAQCS@plus.

The defect exceptions are cited in the following levels of severity:

- **Critical:** An exception that affects the eligibility of the mortgage loan per established MPF guidelines, based on the nature of the exception there is no cure. The mortgage loan will be submitted to the Investor with a recommendation for repurchase.
- **Serious:** An exception that potentially affects the eligibility of the mortgage loan per established MPF guidelines, however, based on the nature of the exception, there may be a possible cure. PFI's will need to provide documentation to sufficiently cure the exception(s).

Reference

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

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- **Moderate:** An exception that does not impact mortgage loan eligibility but the nature of the exception indicates the PFI does not meet pre-funding or post-funding QC standards as required by MPF guidelines. The PFI must address the reported issue(s) for the specific mortgage loan reviewed but is not required to submit evidence of the cure to the MPF Provider. PFIs must document the cure in their mortgage loan file and if the evidence of the cure is requested by the MPF Provider or MPF Bank, the PFI must provide the evidence in a timely manner.
- **Informative:** An exception with lesser severity that does not impact mortgage loan eligibility per established MPF guidelines but the nature of the exception may indicate the PFI needs to make minor modification(s) to its processes. The PFI must address reported issue(s) but evidence of cure is not required to be submitted to the MPF Provider. However, PFIs must ensure to document the cure in the mortgage loan file and ensure their processes are corrected to meet the MPF Program standards.

If the response provided by the PFI is sufficient and cures the defects, the review will be closed.

If additional details are requested, the PFI must respond to the second request within seven (7) days.

If the PFI cannot cure a “Serious” finding, the mortgage loan will be recommended to the applicable MPF Bank/Investor for repurchase.

In addition, failure to take corrective action within the required time may result in suspension of origination and/or Servicing as a PFI. Such suspension shall not limit any rights or remedies the MPF Bank has pursuant to the Applicable Agreements.

Regardless of the results of a QC review, or the resolution of any identified defects, the PFI continues to be responsible for all of the representations and warranties it made as to that mortgage loan pursuant to Applicable Agreements or the MPF Guides.

For additional information, please refer to Section 8.1- MPF Bank’s Quality Control Review of the MPF Program Guide.