

**MPF Announcement:**

2021-76

**Date:**

November 3, 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<sup>®</sup>****Effective Date:****Immediately**

## MPF Program Reminder

As a reminder, PFIs that are Originating, Selling, and/or Servicing mortgage loans must meet the guidelines set forth in the MPF Program Guide, applicable MPF Product Guides, and any Applicable Agreements including the following obligations:

**Security Incident/ Data Breach**

In the event of any security incident/data breach, the PFI or Servicer must:

- immediately notify the applicable MPF Bank and MPF Provider,
- ensure compliance with all state, federal and other regulatory entities' requirements regarding privacy and data laws and cooperate with the MPF Bank and MPF Provider in any investigation the MPF Bank or the MPF Provider deems necessary, and
- take immediate steps, in consultation with the MPF Bank and the MPF Provider, to mitigate the damages caused by such Security Incident and promptly use all commercially reasonable efforts to prevent further Security Incident/Data Breaches.

For additional information see MPF Program Guide Section - 6.1.1. Loss of Confidential Information/Security Incident.

**Regulatory Compliance and Vendor Management**

PFIs and Servicers are required to escalate any instance of non-compliance, including investor or regulatory actions. The same obligation exists as to oversight of their vendors and third parties, including their subservicers. PFIs and Servicers are required to:

- notify the MPF Bank and/or MPF Provider of entry of any court judgement or regulatory order against themselves or against any of their vendors (including subservicers), and
- provide any action plan required to remediate non-compliance.

For additional information see MPF Program Guide - Section 6.9.1 Vendor Management.

**Reference**

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

Visit the [MPF Website](#) to review and register for upcoming complimentary [MPF Webinars](#).

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## Verification of Data

Regardless of procedural requirements in the MPF Guides, PFIs must ensure all information relied on in the origination process is verified and accurate through Closing, including but not limited to ensuring:

- Borrowers are currently employed
- No new liabilities have been incurred
- No changes or inconsistencies appear in any financial information.

For additional information see MPF Program Guide Section- 8.6 Verification of Data and Documents.

## Mortgage Loans Underwritten using an Automated Underwriting System (AUS)

Mortgage Loans underwritten using Fannie Mae's Desktop Underwriter® (DU®) or Freddie Mac's Loan Product Advisor® automated underwriting system must:

- Meet the MPF Program superseding requirements;
- Receive an "Approve/Eligible" or "Accept" risk class recommendation prior to Closing; and
- Have all verification messages or approval conditions satisfactorily resolved before Closing.

For additional information see MPF Traditional- Section 4.2.1 Automated Underwriting Systems (AUS) and MPF Xtra Selling Guide- Section 4.1.1 Automated Underwriting System (AUS).