

MPF Announcement

March 15, 2018 2018-18

Alert

Policy Update ■

New Policy
Reminder

Clarification ■

Training Information

Audience

Program Management ■

Origination ■

Quality Control ■

Servicing

Underwriting ■

Compliance/Legal

Product

MPF Xtra®

MPF® Direct

MPF Government MBS

MPF Traditional ■

Effective Date:

Immediately

Eligibility of Texas 50(a)(6) Loans and Other Clarifications to MPF Traditional Selling Policies

Texas 50(a)(6) Loans

MPF Traditional loan eligibility was updated to reflect the eligibility of Texas 50(a)(6) loans delivery. Some MPF Banks may choose to impose certain additional restrictions or requirements for these loans; therefore, PFIs are cautioned to contact their MPF Banks prior to delivery of such loans to ensure compliance with their MPF Bank's requirements. See MPF Traditional Selling Guide sections 2.6.11 and 2.7.

High-Balance Mortgage Loans

Modified the loan amounts in MPF Traditional Selling Guide sections 2.4.3 and 2.5. to align with current high-balance loan limits.

Cash-out Refinance Transactions

Added requirements to address instances when an LLC that is majority-owned or controlled by the Borrower owns the property and transfers the property to the

individual Borrower's name prior to Closing. See MPF Traditional Selling Guide section 2.6.2.3.

Construction-to-Permanent Transactions

Content was reorganized and language was simplified to more clearly state the general requirements that apply to all construction-to-permanent transactions and the specific requirements that apply to single close and dual close transactions. The LTV calculations and the methods for converting construction financing to permanent financing were clarified. See MPF Traditional Selling Guide section 2.6.3.

Unacceptable Income

Clarified that income derived from illegal activity is not an acceptable source of income. See MPF Traditional Selling Guide section 5.9.4.

Unreimbursed Business Expenses

The requirements for unreimbursed business expenses were consolidated into MPF Traditional Selling Guide section 5.11.2.1.

Bank Statements

Clarified that bank statements and verifications of deposit must show at least the last four digits of the account number. See MPF Traditional Selling Guide sections 5.18 and 5.20.