

MPF Announcement

December 11, 2018 2018-60

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

The MPF Program Announces Updates and Clarifications to the MPF Traditional Selling and Servicing Guides, the CMC Funding Manual, and Forms and Exhibits.

REFERENCE

MPF Traditional Selling Guide Updates

Borrower Eligibility

Chapter 3 of the MPF Traditional Selling Guide was updated to clarify borrower eligibility requirements.

Inter Vivos Revocable Trusts

Chapter 3.1.5 of the MPF Traditional Selling Guide was updated to clarify certain inter vivos trust requirements.

Representative Credit Score

Chapter 5.5.3 of the MPF Traditional Selling Guide has been updated to reflect that if there are three credit scores for a borrower and two out of the three scores are the same, then PFIs should use the duplicate score.

Undisclosed Liabilities

Chapter 5.7 of the Traditional Selling Guide has been updated to reflect that a loan may be subject to

repurchase if an undisclosed liability obtained after the application, but prior to closing, would render the loan ineligible under the MPF Program.

Verbal Verification of Employment

Chapter 5.8.1 of the Traditional Selling Guide has been updated to reflect that verbal verification of employment must be obtained no more than 10 business days prior to closing.

Title of Mortgaged Property

Chapter 6.5 of the MPF Traditional Selling Guide has been updated to reflect the eligibility of properties titled in name of borrower, eligible inter vivos trust, or eligible Illinois Land Trusts.

Market Conditions Addendum

The MPF Program will no longer require the Market Conditions Addendum (FNMA 1004MC/FHLMC71) for all mortgage loans delivered under the Traditional product. Chapter 7.2.6 of the Traditional Selling Guide has been removed in this update.

Project Eligibility

Chapters 8.6.1 and 8.6.7 of the MPF Traditional Selling Guide have been updated to clarify that detached units in new or established projects are not subject to limited reviews.

Mortgage Insurance

Chapter 9.2.1 of the MPF Traditional Selling Guide has been updated to clarify that borrower paid up front MI must be paid at closing and borrower paid MI monthly premiums must be paid from

escrow.

Liability Insurance

Chapter 9.10 of the Traditional Selling Guide has been updated and the requirement that the HOA for a PUD or a condominium project maintain additional liability coverage for the following has been removed:

- Comprehensive automobile liability
- Bailee's liability
- Elevator collision liability
- Host liquor liability
- Worker's compensation and employer's liability
- Contractual liability

Loan Presentment Request Form (OG3)

The MPF Program has updated the Loan Presentment Request (Form OG3) to indicate that in addition to being submitted via eMPF, the form may also be submitted via secure email. PFIs may submit the forms via secure email to MPF-Help@fhlbc.com. The updated form has been published and is available for immediate use on [Allregs](#) and the MPF Program [website](#). Refer to Chapter 11 of the MPF Traditional Selling Guide for additional guidance for submitting the form.

MPF Traditional Servicing Guide Updates

Allowable Servicing Fees

A new chapter has been added to the Traditional Servicing Guide, Chapter 1.6.2, to clarify that PFIs and Servicers may only charge borrowers fees that are

permitted by applicable law and that are customary to the service provided.

Customer Contact

Chapter 1.6.10 of the Traditional Servicing Guide has been updated to clarify applicability to contacts with successors in interest.

Escrow Waivers

Chapter 2.9.2 of the MPF Traditional Servicing Guide has been updated to provide more specificity as to when escrow may be waived.

Evidence of Insurance

Chapter 4.1.1 of the MPF Traditional Servicing Guide has been updated to reflect that PFIs and Servicers must have procedures in place to confirm that the required property insurance is in place at all times on the mortgaged property.

Required Insurance Coverage

Chapter 4.7.1 has been updated to clarify that servicers must pay escrowed renewals when due.

Contacting Borrowers

Chapter 8.3.2 of the MPF Traditional Servicing Guide has been updated to provide more specificity as to when efforts to contact borrowers may cease.

Early Eligibility Review

A new chapter has been added to the Traditional Servicing Guide, Chapter 8.9, that provides that the MPF Bank may

conduct an early eligibility review of any conventional mortgage loan that becomes 120 days delinquent on the first default occurrence.

High Level Concern (HLC) Mortgage Review Exceptions

Chapter 8.10.2 of the Traditional Servicing Guide has been updated to reflect that conventional mortgage loans that have a satisfactory result from a previous loan eligibility review at 120 days delinquent are exempt from HLC review requirements.

Recording Requirements

The previous policy required the Temporary Loan Payment Modification Agreement (Form SG401) be recorded only if the amount capitalized is greater than \$20,000. Chapter 9.3.6 of the Traditional Servicing Guide has been updated to remove that requirement and reflect that the Temporary Loan Payment Modification Agreement (Form SG401) needs to be recorded if state or local law requires that loan modifications be recorded to be enforceable or to maintain lien priority, or if the loan modification includes an assignment of rents/lease provisions.

PFIs and Servicers will also now be required to obtain a title endorsement or similar insurance product if the Form SG401 will be recorded.

Updated CMC Funding Manuals

CMC Funding has made a change to the

definition of terms on the Funding Memo CMC Funding uses when they purchase MPF Traditional servicing from PFIs. In the Funding Memo, the “Seller Loan ID” refers to the PFI Loan Number and the “Agency Loan Number” refers to the MPF Loan Number

To gain a full understanding of these topics, PFIs and Servicers should review the entire MPF Announcement plus any applicable MPF Traditional Selling and Servicing Guide chapters, forms, or exhibits noted in the announcement.

MPF Forms and Exhibits

- Exhibit T- MPF Directory- new addresses and contact information for Federal Home Loan Bank of Boston, Federal Home Loan Bank of Des Moines, Federal Home Loan Bank of Topeka and Federal Home Loan Bank of New York.
- Calculation of Realized Loss or Gain (Form SG 332)- updated to indicate that failure to meet the maximum number of allowable days between the due date of the last paid installment (LPI) and the foreclosure sale date, as referenced in the Fannie Mae guidelines will result in a curtailment of reimbursable expenses.
- Exceptions Clearing Report (SG 403)- New form that Servicers must submit to clear any exceptions cited on the Initial Turn Around Report in accordance with MPF Traditional Servicing Guide Chapter 2.
- Monthly Summary and Remittance Report (Form SG300)- reformatted form to include automatic calculations in the Value portion of the Portfolio Summary table.