

MPF Announcement:

2020-19

Date:

April 13, 2020

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 Servicing Update

The MPF Program is actively monitoring reports about the potential impact of COVID-19 (coronavirus) on borrowers, PFIs and Servicers. We are communicating **updates to temporary policies previously announced and new temporary policies** in this MPF Announcement to enable Servicers to better assist borrowers impacted by COVID-19.

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](#).

CARES Act Update

We are ensuring that PFIs and Servicers are aware of the recent passage of the **Coronavirus Aid, Relief, and Economic Security (CARES) Act**, and the various provisions that apply to the following MPF products: MPF Traditional (**Government**), MPF Government MBS, and MPF Xtra. The CARES Act provisions do not apply to the MPF Traditional (Conventional) loans, other than as described in this Announcement.

In addition, PFIs and Servicers originating, delivering or servicing:

- MPF Government loans and MPF Government MBS loans must follow relief policies and guidance issued by the applicable Government Agencies.
- MPF Xtra loans must follow relief policies and guidance issued by Fannie Mae.
- MPF Direct loans must follow relief policies and guidance issued by the product's investor, Redwood Trust.

PFIs and Servicers are expected to abide by any/all federal or state laws or proclamations that may affect borrowers or loans affected by COVID-19.

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The MPF Program will continue to evaluate the situation to determine whether this Announcement or MPF Guide provisions should be modified to provide additional relief.

MPF Traditional (Conventional)

With this announcement, the MPF Program is also communicating updates to temporary policies previously announced in MPF Announcement 2020-9 and temporary policies applying some of the CARES act provisions to the MPF Traditional (**Conventional**).

Effective: The following guideline updates for MPF Traditional (**Conventional**) loans are effective immediately, or as more specifically provided for below, and are in addition to, and supersede the previous announcements where they conflict.

PFIs and Servicers of **MPF Traditional (Conventional)** loans should be familiar with previous COVID 19 related announcements:

- [MPF Announcement 2020-15](#) - Impact of COVID-19 on Appraisals
- [MPF Marketing Bulletin 2020-04](#) - MPF Program Weekly Recap - COVID 19 Communications
- [MPF Announcement 2020-14](#) - Impact of COVID-19 on Appraisals
- [MPF Announcement 2020-12](#) - Impacts of COVID-19 on Servicing
- [MPF Announcement 2020-10](#) - Impact of COVID-19 on Mortgage Loan Originations
- [MPF Announcement 2020-9](#) - Servicing Updates on the Impacts of COVID-19
- [MPF Announcement 2020-7](#) - Important Seller/Servicer Information on Potential Impacts of COVID-19

Electronic Signatures

Electronic Signatures (e-Signatures) may now be utilized to execute loan modifications agreements, forbearance plans and repayment plans, as long as e-signing meets all applicable laws, does not affect the enforceability of the document, and does not affect the ability to record the document when required by the MPF Program to maintain lien priority (see MPF Traditional Servicing Guide section 9.3.6 Recording Requirements).

Credit reporting (UPDATED)

The credit reporting provisions of the Act should be applied to MPF Traditional (Conventional) borrowers affected by COVID-19. For obligations that were current prior to granting an “accommodation” - meaning an agreement to forebear, modify a loan, or grant other relief - to borrowers impacted by COVID-19, Servicers are required to continue to report the obligation as current so long as the borrower complies with the accommodation. For obligations that were delinquent prior to granting the “accommodation,” the Servicer must continue to report the status as it had previously been reporting - even if the actual status deteriorates - but report the borrower as current if the account is brought current during the “accommodation.” Charged-off accounts are excluded from the new requirements under the Act and therefore are excluded for this policy.

Effective: During the “covered period,” as defined in the Act or as amended at a later date, which begins on January 31, 2020 and ends on the later of July 25, 2020 or 120 days after the date of the termination of the federally-declared national emergency.

Forbearance

The forbearance provisions within the CARES Act currently do not apply to MPF Traditional Conventional loans. For exceptions on the current policies please contact your MPF Bank.

Suspension of foreclosure sales and evictions (UPDATED)

In previous MPF Announcement (including MPF Announcement 2020-09), Servicers were instructed to suspend all foreclosure sales and evictions for 60 days, unless the property has been determined to be vacant or abandoned. With this announcement, evictions are being suspended 120 days from the date of the Act (July 25, 2020). In addition, Servicers should not charge fees or penalties, or other charges to the tenant for nonpayment of rent, during this period. Finally, Servicers must provide tenants 30 days to vacate a unit, and may not issue a notice to vacate until after July 25, 2020.

No changes are being made to the announced foreclosure suspensions temporary policies at this time.

Effective: Immediately.

General resources

The MPF Program is pleased to continue providing support to PFIs/Servicers in these difficult times. Please contact the MPF Service Center with any questions or concerns (877-FHLB-MPF).