

MPF Announcement:
2019-64

Date:
December 5, 2019

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:
January 1, 2020

MPF Origination and Underwriting Policy Updates

Maximum Original Loan Amount—MPF Traditional Selling Guide Chapter 2.1

The maximum original loan amounts for conventional mortgages has increased for 2020.

REFERENCE

The following topics are covered in this MPF Announcement:

- Conventional Loan Limits
- High-Balance Mortgage Loan Limits
- Allowable Points and Fees

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Number of Units	Contiguous US, DC and Puerto Rico Loan Limits
1	\$510,400
2	\$653,550
3	\$789,950
4	\$981,700

Number of Units	Alaska, Hawaii and Virgin Islands
1	\$765,600
2	\$930,325
3	\$1,184,925
4	\$1,472,550

We have published an updated version of MPF Selling Guide Exhibit N, Conventional High-Cost Area Loan Limits, to reflect the increased loan limits.

The new loan limits are effective for loans with Funding Dates (i.e. the date the MPF Bank deposits funds into the PFI's account for the Mortgage Loan) on or after January 1, 2020.

If a loan exceeds the 2019 loan limits and has a Funding Date before January 1, 2020, it must be delivered under a high-balance Delivery Commitment. A Delivery Commitment for a loan that meets the 2020 conforming limits may be

opened during 2019, provided that the Funding Date for that loan is on or after January 1, 2020. (Ex: A Delivery Commitment with a loan amount of \$485,000 may be opened in December 2019 as long as the loan's Funding Date is on or after January 1, 2020. If that same loan has a Funding Date before January 1, 2020, then it must be delivered under a high-balance Delivery Commitment).

Maximum Original Loan Amount—MPF Government MBS Selling Guide Chapter 2.2

The maximum total loan limits for MPF Government MBS Mortgage Loans has increased for 2020 and are effective for loans purchased under the MPF Program on or after January 1, 2020. The maximum total loan limits include any financed guaranty fee, mortgage insurance premium or funding fee as reflected on the Note, unless a lower amount is required by the applicable Government Agency.

Number of Units	Contiguous US, DC and Puerto Rico Loan Limits
1	\$ 527,243
2	\$675,117
3	\$ 816,018
4	\$1,014,096

Number of Units	Alaska, Hawaii and Virgin Islands
1	\$790,865
2	\$1,012,676
3	\$1,224,028
4	\$1,521,144

Allowable Points and Fees—MPF Program Guide Chapter 7.6.1 and Selling Guide Exhibit N

The Consumer Financial Protection Bureau

(CFPB) has increased the loan amount thresholds and dollar amount caps that apply under the ability-to-repay and safe harbor qualified mortgage rules.

The following loan amount thresholds and points and fees caps apply to all conventional and government mortgages secured by a primary residence or second home with a loan application date on or after January 1, 2020. The “total points and fees” and “total loan amount” must be calculated in accordance with Regulation Z (12 CFR § 1026.32).

Loan Amount ¹	% Cap of the Total Loan Amount ¹
>= \$109,898	3%
>= \$21,980 and < \$65,939	5%
< \$13,737	8%

Loan Amount ¹	Dollar Amount Cap
>= \$65,939 and <\$109,898	\$3,297
>=\$13,737 and <\$21,980	\$1,099

¹ For the loan amount categories with percentage caps, the PFI must apply the applicable percentage cap to the “total loan amount,” which may be less than the “loan amount.” (See Regulation Z, 12 CFR § 1026.43, for the term “loan amount,” and Regulation Z, CFR § 1026.32, for the term “total loan amount.”)

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