

MPF Announcement:

2022-37

Date:

August 8, 2022

Alert:**Clarification**

New Policy

Policy Update

Reminder

Training Information

Audience:**Compliance/Legal**

Program Management

Origination

Quality Control

Servicing

Underwriting

Product:

MPF Government MBS

MPF TraditionalMPF Xtra[®]**Effective Date:**

Immediately (unless otherwise noted)

MPF Traditional Selling and Servicing Guide Updates

The MPF Program is announcing the following clarifications to MPF Traditional requirements:

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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MPF Traditional Selling

Escrow Account Waivers

Clarified that subject to the Applicable Standards, the Servicer may waive the requirement for an Escrow Account only if a Borrower has a savings history, credit history, and/or income to pay for the escrow items when due.

Servicers are required to follow the applicable Government Agency guidelines and MI Company regarding waiving and reinstating Escrow.

Refer to MPF Traditional Selling Guide – 2.2.1 Escrow Accounts and 2.2.1.2 Escrow Account Waivers.

Eligibility Grids

Updated the eligibility grids to ensure consistency with the MPF Program conforming loan limits.

Refer to MPF Traditional Selling Guide – 2.4.3 LTV Ratios and Occupancy Requirements for Conventional High-Balance Mortgage Loans.

Eligible Borrowers

Clarified the requirements for eligible Borrowers, to emphasize that the only exceptions to the requirement that Borrowers be natural persons are Inter Vivos Revocable Trusts and Illinois Land Trusts, provided the eligibility requirements are met in the Guide. The title commitment and title insurance policy must confirm that the Owner of the Mortgaged Property meets the eligible Borrower requirements.

Refer to see MPF Traditional Selling Guide – 3.1.2 Eligible Borrowers.

Freddie Mac Home Possible

Clarified that Freddie Mac Home Possible is not eligible for delivery under the MPF Traditional Product.

Virtual Currency

The MPF Program has added specificity to the Guide regarding Virtual Currency (such as Crypto currency). Guidelines have been included to align with industry standards and the current market. Added requirements to the MPF Traditional Selling Guide referencing when Virtual Currency is allowed to be used in a loan transaction and when it may not.

Refer to MPF Traditional Selling Guide Section 5.8.17, 5.10.4, 5.16.22, 5.17.3, 5.20.10, 5.20.18, 5.22.

Military Leave and Earnings Statement

Updated the documentation requirement pertaining to military personnel verification of employment by expanding the requirement for the Military Leave and Earnings statement from needing to be dated within 30 calendar days to 120 calendar days.

Refer to MPF Traditional Selling Guide – 5.9 Verification of Employment.

4506-C and Tax Transcripts

Clarified that PFIs are not required to obtain tax transcripts for a Borrower when all of that Borrower's income was validated by Fannie Mae's DU or Freddie Mac's LPA. Borrowers that have not had their income validated through the Fannie Mae's DU or Freddie Mac's LPA validation service are still required to obtain the tax transcripts.

Refer to MPF Traditional Selling Guide – 5.9.8 4506-C and Tax Transcripts.

Military Owner Occupancy

Updated the definition of primary residence to include a Mortgage Loan for a Borrower who is a military service member currently on active duty and temporarily unable to occupy the home due to military service is considered to be an owner occupant.

PFIs must verify the Borrower's temporary absence from the subject property by obtaining a copy of the Borrower's military orders. The military orders must evidence the Borrower will be absent from the subject property as of the date the owner occupancy must be established as required by the Security Instrument.

Refer to MPF Traditional Selling Guide – 6.2.1 Primary Residence.

Condominium Project Questionnaire

Removed references to the retired Condominium Project Questionnaire – Short Form (Fannie Mae Form 1077/Freddie Mac Form 477).

MPF Traditional Servicing**MPF Loan Modification - Document Execution**

Reducing the number of original loan modification agreements that must be sent for the Borrower's signature from two to one.

Once the Modification Plan is approved, the Servicer must send Forms SG400 and SG401 for the Borrower's signature. After the Borrower returns the signed forms, the Servicer must then sign the Forms SG400 and SG401 and provide a copy of the signed forms to the Borrower and retain the originals in the Mortgage Loan File.

Refer to MPF Traditional Servicing Guide – 9.3.1 Document Execution and 9.3.3 Temporary Plan Period.

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