

**MPF Announcement:**

2022-41

**Date:**

September 2, 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 Traditional**

MPF Xtra<sup>®</sup>

**Effective Date:**

September 2, 2022

**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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## Eligibility of ACE Appraisal Waivers & Field Review Updates

MPF Traditional loan eligibility was updated to reflect:

- eligibility of loans delivered into the MPF Traditional product as of the date of this announcement, with accepted Appraisal Waiver offers from Loan Product Advisor (LPA) (ACE Loans), and
- use of field reviews for appraisal reviews required as part of a random QC sample.

### ACE Loan Appraisal Waiver Delivery Update

Effective with the publication of this announcement, conventional loans with accepted Appraisal Waiver offers from Loan Product Advisor (LPA) (ACE Loans) are eligible for delivery as MPF Traditional (conventional) loans.

**Please note that while the MPF Program is making loans with LPA appraisal waivers (ACE Loans) eligible for delivery under the MPF Traditional Product, not all MPF Banks accept delivery of loans with no appraisals, and some MPF Banks may impose additional restrictions on delivery of loans with Appraisal Waiver offers; therefore, PFIs should contact their local MPF Bank before delivery of any loans with an Appraisal Waiver offer, to ensure eligibility and compliance with MPF Bank specific requirements.**

PFIs wishing to deliver loans with an Appraisal Waiver are no longer required to execute a separate Appraisal Waiver specific Master Commitment Amendment. PFIs are required to ensure the loans meet all applicable MPF Program eligibility requirements, including requirements contained in any applicable Agreement and in the MPF Guides. See MPF Traditional Selling Guide section 4.2.1.1.2 and 4.2.1.2.2.

### **Government Loans**

This eligibility change applies to conventional MPF Traditional loans only, and does not apply to MPF Traditional government loans.

## Ineligible Transaction Types

The following property types are NOT eligible for this policy change:

- properties located in a disaster-impacted area, unless the Mortgage Loan meets MPF Guides and Freddie Mac's requirements for such transactions;
- when the lender has any reason to believe an appraisal is warranted;
- construction and construction-to-permanent loans, including Construction Conversion and Renovation Mortgages;
- Non-arm's length transactions;
- Purchase of REO properties (as identified in the sales contract)
- two- to four-unit properties;
- mortgage with estimated value or purchase price greater than \$1,000,000 ;
- community land trusts or other properties with resale restrictions, which include loan casefiles using the Affordable LTV feature;
- manufactured homes;
- when the mortgage insurance provider requires an appraisal;
- LPA Last Feedback Certificate with "Caution" risk class;
- transactions using gifts of equity;
- Freddie Mac Relief Refinance Mortgages<sup>SM</sup> – Same Servicer or Open Access;
- Cash-out refinance transactions with LTV/TLTV of more than 70% (primary residences) or more than 60% (secondary homes);
- No-cash out refinance transactions with LTV/TLTV of more than 90%;
- Purchase transactions with LTV/TLTV of more than 80%;
- GreenCHOICE Mortgages;
- Cooperative Share Loans; and
- Rural High-Needs Appraisal Waivers.
- Any other property type ineligible for appraisals waivers under Freddie Mac's guidelines.

## MPF Traditional Guide Changes

Various non-substantive changes were made throughout the MPF Guides, to ensure clarity as to appraisal requirements and use of ACE Appraisal Waivers. See MPF Traditional Selling Guide 2.5, 2.6.3.1, 2.6.4, 2.6.11, 2.7, 4.2.1, 4.2.1.1.2, 4.2.1.2.2, and 5.16.22

The MPF Glossary and the Acronyms chart were also updated to include ACE Appraisal Waivers.

## Field Review/Verification of Origination Appraisal

The MPF Program has updated the QC Appraisal Review requirements to reflect that, effective on the date of publication of this announcement, the collateral risk assessment required as part of the random QC sample may be completed by an individual who is not a licensed or certified appraiser, as long as the individual is competent in appraisal theory and able to specifically:

- determine that a property meets eligibility requirements including the LTV, CLTV, and HCLTV ratios;
- assess appropriateness of comparable sales;
- assess appropriateness of the data presented in the appraisal report;
- conclude that the rationale for the reconciliation of value is supported;

- prescribe corrective actions for defects identified in the appraisal process; and
- reconcile red flags and messages identified by any tool used, including Collateral Underwriter (CU) and/or Loan Collateral Advisor.

If the PFI is unable to complete the above assessment or appropriately determine the quality of the origination appraisal, it may order either a desk review or field review from a licensed appraiser. The desk review or field review must account for all of the points in the above requirements.

See MPF Program Guide Section 8.9.2 – Verification of Origination Appraisal.

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