

MPF Announcement:

2022-48

Date:

October 17, 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[®]

Effective Date:

December 5, 2022 (unless
otherwise noted)

MPF Xtra Account Remittance and Account Reconciliation Process Changes

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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Fannie Mae published Lender Letter LL-2021-12, which provided advance notice of upcoming changes to the investor reporting process and systems, as communicated in [MPF Marketing Bulletin 2021-24](#), to prepare for these changes, the MPF Program is updating the cash management and reconciliation processes for the MPF Xtra product. **Please note, this update only impacts MPF Xtra, the processes for all other MPF Products will remain the same.**

Background

Currently, MPF Xtra custodial accounts are debited on a daily basis and are zero balance accounts. This means, **all** funds remitted by the PFI are then remitted to the Investor, Fannie Mae. If there are any discrepancies in the remittances, PFIs must then contact the MPF Provider and reconcile the remittance account by researching and correcting discrepancies within a 90 day period.

Updated Process

Effective December 5, 2022, MPF Xtra accounts will now be debited daily based on the Investor reporting activity from the previous day. In the event the PFI doesn't remit sufficient funds the account will be overdrawn. If the account is overdrawn, PFIs are required to fund the account in the same day via wire or same day ACH to clear the overdraft exceptions. If a PFI has over remitted funds, the surplus will remain in the account and PFIs are expected to contact the MPF Provider to reconcile or short funds during their next remittance. This new process allows Servicers to resolve reporting activity in real time and make reconciling cash more efficient.

To assist with the December 5, 2022 transition, the MPF Program is advancing any previous discrepancies from the November reporting cycle and all remittance accounts will have zero balances.

PFI's will receive a communication regarding any historical discrepancies that existed on their account prior to the transition and will be expected to fund any shortfall within 90 days.

Automated E-Mail Reminders

As a courtesy, the MPF Program Master Servicer, Computershare, will send PFI's an automated e-mail daily notifying PFI's of the next day's anticipated remittance/draft amount. This e-mail will include the remittance balance based on the data the PFI has submitted through their daily investor reporting. If a PFI has submitted data through their daily investor reporting and does not receive an automated e-mail from Computershare confirming the next day's draft/remittance amount, the PFI is encouraged to contact their systems administrator to ensure the e-mails are not being blocked and contact the MPF Service Center to ensure the data was reported correctly.

Form SG301-X: MPF Xtra Monthly Remittance Recap

PFI's are required to clear all Turnaround Report ('TAR') exceptions as these will result in a variance between the amount reported and the amount debited. The drafted amount will be the variance between the "Sum of total cash reported" on each day's distributed Initial Turnaround Report ('iTAR'). PFI's should perform their own monthly custodial reconciliations, balancing their monthly activity Final Turnaround Report ('fTAR') against the total cash remitted on the Form SG301-X: MPF Xtra Monthly Remittance Recap.

To assist PFI's in identifying and addressing shortages or surpluses, the Form SG301-X will be updated on the effective date to include the following required fields:

- Daily Remittance Amount
- Total Cumulative Remittance Amount
- iTAR Total Remittance Amount
- Difference (Total Cumulative Monthly Remit vs Activity reported/iTAR amount)

PFI's are required to submit the Form SG301-X monthly via ServicerConnect, however, it must be updated daily to help identify and reconcile shortages/surpluses before the monthly cycle is completed.

Training

MPF National Education is hosting a webinar on October 19, 2022 at 1PM CT, reviewing information on this new process and best practices that will help eliminate remittance and reconciliation issues. Click [HERE](#) to register for the webinar.

Please contact the MPF Service Center by phone (877-345-2673) or e-mail (MPF-Help@fhlbc.com) if you have any questions.

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