

**MPF Announcement:**

2023-67

**Date:**

September 06, 2023

**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:**

**Immediately** (unless otherwise noted)

## MPF Government MBS Servicing – Short Sale Clarification

Clarified the short sale approval process to indicate, if a Servicer determines the Borrower is eligible for a short sale under criteria established by the respective Government Agency and the Borrower elects to pursue this option, the Servicer must not agree to a short sale unless the Servicer has obtained the mortgage insurer or guarantor's written approval.

Servicer's will not be required to obtain the MPF Provider's approval to proceed with a short sale even if the proceeds from the short sale and the mortgage insurance or guaranty settlement will be less than the total indebtedness, as the short sale will not reduce the payoff amount due the MPF Bank.

For additional information, see 8.6.1 Short Sale and 2.12.1 Government Insured Loans.

### Reference

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