

MPF Announcement:

2024-11

Date:

February 09, 2024

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:

**Immediately (unless
otherwise noted within)**

MPF Program eNote/eMortgage Update

The MPF Program is excited to announce that we are now accepting **MPF Traditional (Conventional)** and **MPF Xtra** mortgage loans originated as eNotes/eMortgages. In line with our commitment to innovation and efficiency, we are now embracing eClosings and eMortgages, taking the mortgage process into the digital era.

Because PFIs and Servicers must be approved to sell and/or service such loans, PFIs and Servicers must contact their MPF Bank to ensure compliance with MPF Program and MPF Bank specific approval requirements, and to begin the approval process.

What is an eMortgage?

An eMortgage is a loan for which the promissory note and possibly other documents (such as the security instrument and loan application) are created and stored electronically rather than by traditional paper documentation that has a pen and ink signature. It is important to note, an eMortgage is not a mortgage where documents are “wet signed” and later saved in electronic format or where documents are electronically signed (e-signed).

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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Prerequisites for eNotes

To partake in the delivery and/or servicing of MPF loans with eNotes, specific prerequisites must be met:

- approval by applicable MPF Bank to perform such activities
- an open/active Master Commitment (MC)
- participation in MERS eRegistry
- use of systems (eClosing, eVault, etc) listed on Fannie Mae Technology Solution Provider List
- successful completion of end-to-end integration testing with the applicable MPF Bank, the MPF Provider, the MERS eRegistry and the MPF Program Custodian

The attached eMortgage **PFI eMortgage Readiness Checklist** serves as an invaluable guide when preparing to sell and service eMortgages.

Loan and Borrower Eligibility Requirements

The MPF Program has established loan and borrower eligibility requirements for eNotes/eMortgages detailed in **Exhibit DD - Delivering and Servicing eNotes/eMortgages** to the MPF Guides, noting that only MPF Traditional conventional and MPF Xtra loans with servicing retained can be delivered as eMortgages, and providing the following are not currently permitted to be delivered as eMortgages:

- Mortgages secured by Puerto Rico properties;
- Mortgages to inter vivos revocable trusts;
- Loans secured by community land trust properties;
- NY Consolidation, Extension and Modification Agreements (CEMAs);
- Construction-to-Permanent Financing (Single Closing) loans;
- Co-op loans;
- Texas Section 50(a)(6) loans;
- Manufactured homes;
- Loans with non-borrowing spouse/property owner;
- Products not specifically mentioned with additional or special purpose legal documents; and
- Loans with Remote Online Notarization.

In addition, loans that require supplemental documents for certification are not eligible to be delivered as eMortgages, including:

- Notes executed with a Power of Attorney;
- Loans with a principal curtailment prior to purchase; and
- Loans with Temporary Buydown Agreements.

Because some recording jurisdictions will not yet accept electronic documents for recordation, PFIs and Servicers are responsible for identifying whether esigned documents can be recorded in the state and jurisdiction of any loan they are originating or servicing with an eNote or as an eMortgage.

Please note this announcement does not signify any alteration in signing or electronic signing requirements for traditional paper documentation which must continue to meet the criteria for delivery into the MPF Program, and for which associated Notes must continue to be physically signed ("wet signed"). Electronic signatures are not acceptable for "paper" Notes, as outlined in the MPF Program Guide, specifically in section 7.4 covering the Electronic Signatures in Global and National Commerce Act (E-Sign).

MPF Guides, Forms and Exhibits

The MPF Program Guide already provides eNotes/eMortgages can only be delivered/serviced by approved PFIs/Servicers. In addition to publishing **Exhibit DD - Delivering and Servicing eNotes/eMortgages**, the following form and exhibits are also being updated to reference eligibility of eNotes/eMortgages:

- **Form SG 340** – Request for Release of Documents
- **Exhibit K and Exhibit K-X** – Initial Certification Review Checklist

Questions

For assistance with questions relating to becoming approved to sell or service MPF Program loans originated as eNote/eMortgages, PFIs and Servicers should contact their MPF Bank.