

**MPF Announcement:**

2024-29

**Date:**

April 29, 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<sup>®</sup>**

**Effective Date:**

**Immediately** (unless otherwise noted)

## MPF Xtra Payoff Calculation and Reporting Reminders

Servicers are reminded of the following accounting and reporting responsibilities:

### Calculating Payoffs or Liquidations

When calculating interest on a payoff, Servicers **must** meet the requirements in Section 2.12.2 Payoff and Liquidation Remittances of the MPF Xtra Servicing Guide and must also follow the actual/actual remittance calculation requirements in Fannie Mae Servicing Guide Chapter F-1-09: Processing Mortgage Loan Payments and Payoffs.

Servicers are encouraged to access the [Calculating and Reporting Loan Payoffs](#) on-demand tutorial and the [Job Aids](#) webpage for a job aid with additional guidance.

### Reference

[Fannie Mae Investor Reporting Manual](#)

[Calculating and Reporting Loan Payoffs Tutorial](#)

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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### The Servicer must calculate the payoff as follows:

- calculate the amount of interest charged to the borrower based on:
  - the UPB of the mortgage loan,
  - as of the last paid installment date for the last reporting cycle not including the date of payoff,
  - using the current interest accrual rate.
- compute interest up to the date the payoff is made but not including the day the payoff funds were received,
- A full months' interest due from the Borrower should be calculated on a 360-day basis (30 / 360 day basis),
- A partial month's interest due up to, but not including, the date of payoff should be based on a 365-day basis (actual days / 365 day basis).
- For Mortgage Loans required to be repurchased under various provisions in the Guides: The book value of the Mortgage Loan plus interest at the "Pass-through Rate" (i.e., the Note Rate minus the Servicing Fee percentage) through the remittance date.
- The interest calculations must align with the Borrowers mortgage loan history.

**MPF Xtra Payoff Reminders**

- **Payoffs/Liquidations with Principal curtailments:** When calculating the Borrower's payoff after the receipt of a principal curtailment, the Servicer must calculate the Borrower's payoff interest using the outstanding principal balance after the principal curtailment has been applied. However, when remitting the payoff funds to the MPF Provider, the Servicer is required to include in their remittance the interest difference calculated using the Borrower's unpaid principal balance prior to any curtailments being applied.
- **Late Reporting:** Servicers must report liquidation/removal transactions in accordance to the Guides. Servicers who fail to report liquidation/removal transactions in a timely manner, will be responsible for remitting interest from the liquidation date to the date the mortgage loan liquidation is reported correctly with the Investor.

**Servicers must address any payoff calculation discrepancies, including but not limited to interest shortfalls. The funds necessary to correct any discrepancy must be remitted by the next business day.**

Servicers are encouraged to reach out to their Servicing System providers to ensure their servicing system is not causing incorrect interest calculations due to rounding, payment effective dates, or curtailments, etc. Please work directly with your Servicing System provider to identify any root cause and explore possible system enhancements needed to correct any issues.

**Reporting Reminders for Payoffs or Liquidations**

- **Curtailments** – Servicers must deposit all curtailments received into the P&I Custodial Account with the MPF Provider by 2:00pm Central Time the next business day following the Servicer's receipt of the funds.
- **Liquidation Proceeds** – Servicers must deposit all payoff funds or Liquidation Proceeds, including the funds from a short sale and the disposition of an REO property (sale and primary mortgage insurance proceeds), into the P&I Custodial Account with the MPF Provider by 2:00pm Central Time the next Business Day following the Servicer's receipt of the funds.
- **Reporting Removal Transactions** – All removal transactions (payoffs, foreclosures, short sales, deeds-in-lieu of Foreclosure, and third party sales) must be included on the daily investor report and reported to the Master Servicer by 12:00pm (Noon) the next Business Day after the activity has occurred.
- **Late Reporting Fees** – Each occurrence of a late or incomplete Monthly Accounting Report will be subject to a late reporting fee in accordance to the MPF Xtra Servicing Guide.

For additional information refer to MPF Xtra Servicing Guide Chapter 2.10 – Prepayments and Chapter 2.14 – Reporting Requirements.

Please contact the MPF Service Center with any questions or assistance regarding reporting (877-FHLB-MPF).

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