

**MPF Announcement:**

2024- 52

**Date:**

August 6, 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)**

**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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## MPF Government Loans – Veterans Affairs Servicing Purchase (VASP) Program

In light of the recent guidance published by the Department of Veterans Affairs launching the [Veterans Affairs Servicing Purchase \(VASP\) program](#), the MPF Program is reminding Servicers of the following guidance as Servicers begin to implement the VASP loss mitigation option:

### PFI and Servicer Obligations

PFIs and Servicers are reminded that the MPF Guides and Applicable Agreements require their full compliance with any and all Government Agency requirements and should work with their compliance teams to ensure appropriate procedures are in place by the VA's established mandatory effective date.

While the MPF Program is not implementing changes at this time, it will continue monitoring for any further developments published by the VA and will announce any MPF Program updates as soon as they become available.

### MPF Government MBS Loans

Servicers are required to comply with Ginnie Mae requirements, which provide that Servicers are **prohibited** from modifying the terms of loans that are held in Ginnie Mae pools. Also, pursuant to Ginnie Mae's requirements, Servicers required to modify loans to comply with VA VASP requirements are permitted to repurchase delinquent loans pursuant to the MPF Government MBS Guides prior to making any modification. See MPF Government MBS Servicing Guide sections 1.6 Repurchase and 8.2 Delinquent Government MBS Loans for more specific guidance on repurchase requirements.

Servicers are reminded that, until the Mortgage Loan is repurchased, the Servicer remains obligated to make timely full monthly payments of principal and interest to the MPF Provider. In addition, no steps to initiate a repurchase should be taken without the prior written approval or consent of the MPF Provider, by contacting the MPF Service Center.

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## **MPF Traditional Government Loans**

As recently communicated in [MPF Announcement 2024-51](#) the MPF Traditional Servicing Guide was updated to incorporate the eligibility of MPF Traditional Government loss mitigation options. As a result, the MPF Program will permit loan modifications on MPF Traditional VA Government loans subject to VASP.

Servicers must comply with the requirements outlined in [MPF Announcement 2024-51](#) and Chapter 9 of the MPF Traditional Servicing Guide, including:

- Submitting the Form SG354: Workout Worksheet with the required supporting documentation
- Accurately reporting the status of all loans to the MPF Provider.

Servicers are reminded they are responsible for Unreimbursed Servicing Expenses (i.e. those amounts not reimbursed by the applicable Government Agency with respect to defaulted Mortgage Loans) and the Servicer is responsible for reimbursing the MPF Bank for losses as a result of their failure to maintain the insurance/guaranty. See MPF Traditional Servicing Guide section 1.1.2 Government Loans.

If you have any questions, please reach out to the MPF Service Center at 1-877-FHLB-MPF or via email at [MPF-Help@fhlbc.com](mailto:MPF-Help@fhlbc.com).

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