

MPF Announcement:

2024-55

Date:

August 27, 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)

MPF Traditional – Rent-Related Credits

The MPF Program has updated the MPF Traditional Selling Guide to clarify the following guidance pertaining to rent-related credits:

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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- Rent with an option to purchase:
 - Updated the policy to permit more than 12 months' rent credit to be utilized provided all guide requirements are met, and
 - Expanded the documentation requirements.
- Rent-back credit:
 - Clarified that while rent-back credit to the Borrower paid by the seller is permissible as part of the sale, it cannot be used as an eligible source of funds for closing costs, down payment, or reserves. Additionally, PFIs must underwrite the mortgage loan without any consideration of the rent-back credit and must document that the Borrower has sufficient funds for the transaction from eligible sources.

For additional information, see MPF Traditional Selling Guide Section – 5.9.12 Rent Credit for Option to Purchase and 5.9.13 Rent-Back Credit.

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