

## **MPF® Program Quality Control Updates and Trends**

**April 22, 2025**



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This presentation provides information about common MPF Program QC review exceptions. The intent is to raise awareness and deliver best practices for reducing exceptions.

**The MPF Provider is not able to provide advice on how to cure legal compliance or other exceptions.** For guidance on curing exceptions, please consult with the appropriate individual or individuals at your organization.



# MPF Program Quality Control Updates



# MPF Quality Control Updates



- A new review model is returning more exception findings
- Exception descriptions are more detailed, verbiage may be slightly different than before
- More exceptions related to compliance are being cited
- To mirror the expanded exception findings, the **QC Documentation Checklist** (Form **OG4**) has been revised

# QC Loan Requests



- Loan documents must be submitted within 15 calendar days of the request date
- The documents and **Documentation Checklist** must be in PDF format
- Please ensure all documents are legible
- If IRS tax transcripts were not ordered as part of your normal underwriting process, they should be requested immediately upon receipt of the QC request
- Files must be uploaded via eMAQCS®plus

# Basic Checklist Reminders

- Complete the checklist in full, select either **Included** or **N/A** for all items on the checklist
- Send one legible copy of each applicable document
- The comment section should be used to communicate key details
- All documents and the checklist must be uploaded via eMAQCS®plus

| MPF QC Documentation Checklist  |                          |                          |
|---|--------------------------|--------------------------|
| PFI Contact Name: <input type="text"/>                                      |                          |                          |
| Amendatory Clause (For Purchases Only)                                      | <input type="checkbox"/> | <input type="checkbox"/> |
| Interest Rate Reduction Refinancing Worksheet 26-8923                       | <input type="checkbox"/> | <input type="checkbox"/> |
| Notice of Value   | <input type="checkbox"/> | <input type="checkbox"/> |
| Report & Certification of Loan Disbursement 26-1820                         | <input type="checkbox"/> | <input type="checkbox"/> |
| Loan Summary 26-0286  | <input type="checkbox"/> | <input type="checkbox"/> |
| Loan Guaranty Certificate 26-1899   | <input type="checkbox"/> | <input type="checkbox"/> |
| Certificate of Eligibility Form 26-1880                                     | <input type="checkbox"/> | <input type="checkbox"/> |
| CAIVRS  | <input type="checkbox"/> | <input type="checkbox"/> |
| SAM/LDP/GSA search  | <input type="checkbox"/> | <input type="checkbox"/> |
| Reserves or National Guard Status   | <input type="checkbox"/> | <input type="checkbox"/> |
| Verification of VA Benefits 26-8937   | <input type="checkbox"/> | <input type="checkbox"/> |
| Child Care Letter   | <input type="checkbox"/> | <input type="checkbox"/> |
| Builder ID Letter for New Construction                                      | <input type="checkbox"/> | <input type="checkbox"/> |
| Loan Analysis Worksheet 26-6393   | <input type="checkbox"/> | <input type="checkbox"/> |
| 12 month or life of loan mortgage history                                   | <input type="checkbox"/> | <input type="checkbox"/> |
| Interest Rate Reduction Comparison  | <input type="checkbox"/> | <input type="checkbox"/> |
| Assumption Policy Rider   | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Real Estate Docs</b>   |                          |                          |
| Sales Contract and all Addenda (fully executed)                             | <input type="checkbox"/> | <input type="checkbox"/> |
| Sales Contract of pending sale for other real estate                        | <input type="checkbox"/> | <input type="checkbox"/> |
| Power of Attorney   | <input type="checkbox"/> | <input type="checkbox"/> |
| Leasehold Agreement   | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>PFI Comments</b>   |                          |                          |
| <b>Tax transcripts have been ordered and will be submitted upon receipt</b> |                          |                          |
| Deed of Trust Assignment  | <input type="checkbox"/> | <input type="checkbox"/> |
| Deed of Trust Allonge   | <input type="checkbox"/> | <input type="checkbox"/> |
| Deed of Trust Endorsement   | <input type="checkbox"/> | <input type="checkbox"/> |

# New Exception Examples



# Compliance Documentation

A **Compliance** section on the new checklist has been expanded to accommodate additional exception requests

Documents listed in this section may not apply to all loans/situations

Some items in the Decision **Support Tools** may help address exceptions\*

*If you have questions about compliance requirements, contact your legal or compliance department*

\* Use of the listed Decision Support Tools is optional and not a requirement



| Compliance  | Included                 | N/A                      |
|---|--------------------------|--------------------------|
| Initial and Final Loan Estimate                               | <input type="checkbox"/> | <input type="checkbox"/> |
| Loan Estimate - Proof of Delivery and Receipt (Signed)        | <input type="checkbox"/> | <input type="checkbox"/> |
| Closing Disclosure - all versions                             | <input type="checkbox"/> | <input type="checkbox"/> |
| Decision Support Tools  |                          |                          |
| Income calculation/liability worksheet - for all income types | <input type="checkbox"/> | <input type="checkbox"/> |
| OFAC Search Confirmation                                      | <input type="checkbox"/> | <input type="checkbox"/> |
| Drive Report  | <input type="checkbox"/> | <input type="checkbox"/> |
| Fraud Guard   | <input type="checkbox"/> | <input type="checkbox"/> |
| History Pro   | <input type="checkbox"/> | <input type="checkbox"/> |
| Compliance Ease   | <input type="checkbox"/> | <input type="checkbox"/> |
| Fraud Manager   | <input type="checkbox"/> | <input type="checkbox"/> |
| Compliance Summary  | <input type="checkbox"/> | <input type="checkbox"/> |
| Informative Research or PitchPoint                            | <input type="checkbox"/> | <input type="checkbox"/> |
| FraudPlus   | <input type="checkbox"/> | <input type="checkbox"/> |
| QM Status report  | <input type="checkbox"/> | <input type="checkbox"/> |
| QM Findings   | <input type="checkbox"/> | <input type="checkbox"/> |
| QM Points and fees  | <input type="checkbox"/> | <input type="checkbox"/> |
| ATR Worksheet   | <input type="checkbox"/> | <input type="checkbox"/> |

# Common Exceptions

## Loan Estimate (LE)

LE delivered only via e-mail but there is no prior **e-sign consent** in file; by regulation, LE must be treated as not delivered

LEs must be delivered (mailed or electronic delivery) within 3 business days of the application date

Example: [www.consumerfinance.gov/mortgage-estimate](http://www.consumerfinance.gov/mortgage-estimate)

**FICUS BANK**  
4321 Random Boulevard • Somedcity, ST 12340

Save this Loan Estimate to compare with your Closing Disclosure.

### Loan Estimate

|                    |  |                  |   |
|--------------------|--|------------------|---|
| <b>DATE ISSUED</b> | 2/15/2013  | <b>LOAN TERM</b> | 30 years  |
| <b>APPLICANTS</b>  | Michael Jones and Mary Stone<br>123 Anywhere Street<br>Anytown, ST 12345 | <b>PURPOSE</b>   | Purchase  |
| <b>PROPERTY</b>    | 456 Somewhere Avenue<br>Anytown, ST 12345                                | <b>PRODUCT</b>   | Fixed Rate  |
| <b>SALE PRICE</b>  | \$180,000  | <b>LOAN TYPE</b> | <input checked="" type="checkbox"/> Conventional <input type="checkbox"/> FHA <input type="checkbox"/> VA <input type="checkbox"/>  |
|                    |  | <b>LOAN ID #</b> | 123456789   |
|                    |  | <b>RATE LOCK</b> | <input type="checkbox"/> NO <input checked="" type="checkbox"/> YES, until 4/16/2013 at 5:00 p.m. EDT<br>Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on 3/4/2013 at 5:00 p.m. EDT |

| Loan Terms  | Can this amount increase after closing?  |
|---|--|
| <b>Loan Amount</b>  | \$162,000 <b>NO</b>  |
| <b>Interest Rate</b>  | 3.875% <b>NO</b>   |
| <b>Monthly Principal &amp; Interest</b><br><small>See Projected Payments below for your Estimated Total Monthly Payment</small> | \$761.78 <b>NO</b>   |
| <b>Prepayment Penalty</b>   | <b>YES</b> • As high as \$3,240 if you pay off the loan during the first 2 years |
| <b>Balloon Payment</b>  | <b>NO</b>  |

| Projected Payments  | Years 1-7      | Years 8-30   |
|---|----------------|--|
| <b>Payment Calculation</b>  |                |  |
| Principal & Interest  | \$761.78       | \$761.78   |
| Mortgage Insurance  | + 82           | + —  |
| Estimated Escrow<br><small>Amount can increase overtime</small>                                     | + 206          | + 206  |
| <b>Estimated Total Monthly Payment</b>  | <b>\$1,050</b> | <b>\$968</b>   |
| <b>Estimated Taxes, Insurance &amp; Assessments</b><br><small>Amount can increase over time</small> | \$206 a month  | This estimate includes<br><input checked="" type="checkbox"/> Property Taxes<br><input checked="" type="checkbox"/> Homeowner's Insurance<br><input type="checkbox"/> Other:<br>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately. |
|   |                | In escrow?<br><b>YES</b><br><b>YES</b>   |

| Costs at Closing               |  |
|--------------------------------|--|
| <b>Estimated Closing Costs</b> | \$8,054 Includes \$5,672 in Loan Costs + \$2,382 in Other Costs – \$0 in Lender Credits. See page 2 for details. |
| <b>Estimated Cash to Close</b> | \$16,054 Includes Closing Costs. See Calculating Cash to Close on page 2 for details.                            |

Visit [www.consumerfinance.gov/mortgage-estimate](http://www.consumerfinance.gov/mortgage-estimate) for general information and tools.

LOAN ESTIMATE PAGE 1 OF 3 • LOAN ID # 123456789

# Common Exceptions

## Closing Disclosure (CD)

Missing evidence that borrower acknowledged receipt of CD 3 business days prior to closing

- Evidence of e-signature or hard copy (less likely)

The loan closed before the end of the waiting period

- Again, if the file lacks evidence that the borrower acknowledged receipt of the CD three days prior to closing, this can present a problem

| Contact Information   |   |                 |                                      |                                       |  |
|-----------------------|---|-----------------|--------------------------------------|---------------------------------------|--|
|                       | Lender                                  | Mortgage Broker | Real Estate Broker (B)               | Real Estate Broker (S)                | Settlement Agent                       |
| Name                  | Ficus Bank                              |                 | Omega Real Estate Broker Inc.        | Alpha Real Estate Broker Co.          | Epsilon Title Co.                      |
| Address               | 4321 Random Blvd.<br>Somecity, ST 12340 |                 | 789 Local Lane<br>Sometown, ST 12345 | 987 Suburb Ct.<br>Someplace, ST 12340 | 123 Commerce Pl.<br>Somecity, ST 12344 |
| NMLS ID               |   |                 |                                      |                                       |  |
| ST License ID         |   |                 | Z765416                              | Z61456                                | Z61616                                 |
| Contact               | Joe Smith                               |                 | Samuel Green                         | Joseph Cain                           | Sarah Arnold                           |
| Contact NMLS ID       | 12345                                   |                 |                                      |                                       |  |
| Contact ST License ID |   |                 | P16415                               | PS1461                                | PT1234                                 |
| Email                 | joesmith@<br>ficusbank.com              |                 | sam@omegare.biz                      | joe@alphare.biz                       | sarah@<br>epsilontitle.com             |
| Phone                 | 123-456-7890                            |                 | 123-555-1717                         | 321-555-7171                          | 987-555-4321                           |

| Confirm Receipt  |  |                        |  |
|--|--|------------------------|--|
| By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form. |  |                        |  |
|  |  |                        |  |
| Applicant Signature  |  | Co-Applicant Signature |  |
| Date   |  | Date                   |  |

CLOSING DISCLOSURE

PAGE 5 OF 5 • LOAN ID # 123456789

# Common Exceptions

## Closing Disclosure

In the CD Escrow section, You have an escrow account indicated, but the Escrowed Property Costs or Escrow Payment = \$0

Loan has escrow waiver and CD shows non-escrowed, but the Final CD disclosure section was checked as having an escrow account

**Closing Disclosure** This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.

| Closing Information |                                       | Transaction Information |                              | Loan Information |          |
|---------------------|---------------------------------------|-------------------------|------------------------------|------------------|----------|
| Date Issued         | 4/15/2013                             | Borrower                | Michael Jones and Mary Stone | Loan Term        | 30 years |
| Closing Date        | 4/15/2013                             |                         | 123 Anywhere Street          | Purpose          | Purchase |
| Disbursement Date   | 4/15/2013                             |                         |                              |                  |          |
| Settlement Agent    | Epsilon Title Co.                     |                         |                              |                  |          |
| File #              | 12-3456                               |                         |                              |                  |          |
| Property            | 456 Somewhere Av<br>Anytown, ST 12345 |                         |                              |                  |          |
| Sale Price          | \$180,000                             |                         |                              |                  |          |

| Other Costs  |                                 |
|--|---------------------------------|
| <b>E. Taxes and Other Government Fees</b>                    |                                 |
| 01 Recording Fees  | Deed: \$40.00 Mortgage: \$45.00 |
| 02 Transfer Tax  |                                 |
| 03   |                                 |
| 04   |                                 |
| 05   |                                 |
| <b>F. Prepays</b>  |                                 |
| 01 Homeowner's Insurance Premium ( 12 mo.) to Insurance Co.  |                                 |
| 02 Mortgage Insurance Premium ( mo.)                         |                                 |
| 03 Prepaid Interest (\$17.44 per day from 4/15/13 to 5/1/13) |                                 |
| 04 Property Taxes ( 6 mo.) to Any County USA                 |                                 |
| 05   |                                 |
| <b>G. Initial Escrow Payment at Closing</b>                  |                                 |
| 01 Homeowner's Insurance \$100.83 per month for 2 mo.        |                                 |
| 02 Mortgage Insurance per month for mo.                      |                                 |
| 03 Property Taxes \$105.30 per month for 2 mo.               |                                 |
| 04   |                                 |
| 05   |                                 |
| 06   |                                 |
| 07   |                                 |
| 08 Aggregate Adjustment                                      |                                 |
| H. Other   |                                 |

| Projected Payments   |            |            |
|--|------------|------------|
| Payment Calculation  | Years 1-7  | Years 8-30 |
| Principal & Interest   | \$761.78   | \$761.78   |
| Mortgage Insurance   | + 82.35    | + 2        |
| Estimated Escrow<br><small>Amount can increase over time</small> | + 206.13   | + 2        |
| Estimated Total Monthly Payment                                  | \$1,050.26 | \$967.16   |

| Estimated Taxes, Insurance & Assessments<br><small>Amount can increase over time<br/>See page 4 for details</small> | This estimate includes   | In escrow?       |
|---|--|------------------|
| \$356.13 a month  | <input checked="" type="checkbox"/> Property Taxes<br><input checked="" type="checkbox"/> Homeowner's Insurance<br><input checked="" type="checkbox"/> Other: Homeowner's Association Dues | YES<br>YES<br>NO |

See Escrow Account on page 4 for details. You must pay for other property costs separately.

| Costs at Closing |   |
|------------------|---|
| Closing Costs    | \$9,712.10 Includes \$4,694.05 in Loan Costs + \$5,018.05 in Other Costs - \$0 in Lender Credits. See page 2 for details. |
| Cash to Close    | \$14,147.26 Includes Closing Costs. See Calculating Cash to Close on page 3 for details.                                  |

Escrow information must be consistent

# Common Exceptions

## Closing Disclosure

The amount of the periodic escrow payment in the **Projected Payments** section does not equal the periodic escrow payment shown on the associated loan documentation

**For example:** the MI certificate is missing, resulting in nothing to confirm the escrow payment or; the monthly payment differs from the amount disclosed in the file documents



| Closing Disclosure   |                   |   |   | This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate. |   |
|--|-------------------|---|---|--|---|
| Closing Information  |                   | Transaction Information   |   | Loan Information   |   |
| Date Issued  | 4/15/2013         | Borrower  | Michael Jones and Mary Stone  | Loan Term  | 30 years  |
| Closing Date   | 4/15/2013         |   | 123 Anywhere Street   | Purpose  | Purchase  |
| Disbursement Date  | 4/15/2013         |   | Anytown, ST 12345   | Product  | Fixed Rate  |
| Settlement Agent   | Epsilon Title Co. | Seller  | Steve Cole and Amy Doe  | Loan Type  | <input checked="" type="checkbox"/> Conventional <input type="checkbox"/> FHA |
| File #   | 12-3456           |   | 321 Somewhere Drive   | <input type="checkbox"/> VA <input type="checkbox"/>   |   |
| Property   | 456 Somewhere Ave | Lender  | Anytown, ST 12345   | Loan ID #  | 123456789   |
|  | Anytown, ST 12345 |   | Ficus Bank  | MIC #  | 000654321   |
| Sale Price   | \$180,000         |   |   |  |   |
| <b>Loan Terms</b>  |                   |   |   | <b>Can this amount increase after closing?</b>   |   |
| Loan Amount  | \$162,000         |   |   | NO   |   |
| Interest Rate  | 3.875%            |   |   | NO   |   |
| Monthly Principal & Interest   | \$761.78          |   |   | NO   |   |
| <small>See Projected Payments below for your Estimated Total Monthly Payment</small> |                   |   |   |  |   |
| <b>Does the loan have these features?</b>  |                   |   |   |  |   |
| Prepayment Penalty   | YES               |   | As high as \$3,240 if you pay off the loan during the first 2 years |  |   |
| Balloon Payment  | NO                |   |   |  |   |
| <b>Projected Payments</b>  |                   |   |   |  |   |
| <b>Payment Calculation</b>   |                   | <b>Years 1-7</b>  |   | <b>Years 8-30</b>  |   |
| Principal & Interest   |                   | \$761.78  |   | \$761.78   |   |
| Mortgage Insurance   | +                 | 82.35   |   | +  |   |
| Estimated Escrow   | +                 | 206.13  |   | +  |   |
| <small>Amount can increase over time</small>   |                   |   |   |  |   |
| Estimated Total Monthly Payment  |                   | \$1,050.26  |   | \$967.91   |   |
| <b>Estimated Taxes, Insurance &amp; Assessments</b>                                  |                   | <b>This estimate includes</b>   |   | <b>In escrow?</b>  |   |
| Amount can increase over time  |                   | <input checked="" type="checkbox"/> Property Taxes                      |   | YES  |   |
|  |                   | <input checked="" type="checkbox"/> Homeowner's Insurance               |   | YES  |   |
|  |                   | <input checked="" type="checkbox"/> Other: Homeowner's Association Dues |   | NO   |   |
|  |                   |   |   | Do not pay for other property  |   |
| <b>Insurance</b>   |                   |   |   |  |   |
| Homeowners Insurance - reflecting premium  |                   |   |   |  |   |
| Flood Insurance - reflecting premium   |                   |   |   |  |   |
| <b>Mortgage Insurance</b>  |                   |   |   |  |   |
| Mortgage Insurance Certificate - reflecting premium                                  |                   |   |   |  |   |
|  |                   |   |   | Other Costs - \$0  |   |
|  |                   |   |   | on page 3 for details.   |   |



# Common Exceptions

## Closing Disclosure

**Initial CD** was not included

**All** versions of the CD are required



| Compliance  |                          |                          |
|---|--------------------------|--------------------------|
| Initial and Final Loan Estimate   | <input type="checkbox"/> | <input type="checkbox"/> |
| Loan Estimate - Proof of Delivery and Receipt (Signed)  | <input type="checkbox"/> | <input type="checkbox"/> |
| Closing Disclosure - all versions   | <input type="checkbox"/> | <input type="checkbox"/> |
| Closing Disclosure - Proof of Delivery and Receipt (Signed)   | <input type="checkbox"/> | <input type="checkbox"/> |
| Closing Disclosure - Seller, for all purchases  | <input type="checkbox"/> | <input type="checkbox"/> |
| Notice of Intent to Proceed   | <input type="checkbox"/> | <input type="checkbox"/> |
| Vendor Compliance Report, if available  | <input type="checkbox"/> | <input type="checkbox"/> |
| Change of Circumstance  | <input type="checkbox"/> | <input type="checkbox"/> |
| E-signature Certification of Completion (certification that provides proof to all parties of the transaction, that includes information from the audit trail, illustrating who signed, timestamps detailing when and where each person signed, and the completed document itself) | <input type="checkbox"/> | <input type="checkbox"/> |
| Right of Rescission   | <input type="checkbox"/> | <input type="checkbox"/> |
| Rate Lock Date or Rate Lock Agreement with borrower(s)  | <input type="checkbox"/> | <input type="checkbox"/> |
| Homebuyer Education Certificate   | <input type="checkbox"/> | <input type="checkbox"/> |
| List of Homeownership Counseling Organizations  | <input type="checkbox"/> | <input type="checkbox"/> |
| QM Status report  | <input type="checkbox"/> | <input type="checkbox"/> |
| QM Findings   | <input type="checkbox"/> | <input type="checkbox"/> |
| QM Points and fees  | <input type="checkbox"/> | <input type="checkbox"/> |
| ATR Worksheet   | <input type="checkbox"/> | <input type="checkbox"/> |

# Common Exceptions

## Closing Disclosure

When a fee or fees increased beyond the zero or 10% cumulative tolerance limit, the change was not re-disclosed or not disclosed within the required timeframe

A valid reason for the increase may also be missing from the file

### Zero Tolerance

- Fees paid directly to the lender
- Fees where the borrower was not permitted to shop for the service(s)
- Transfer taxes

### 10% Tolerance

- Recording fees
- Fees for 3<sup>rd</sup> party services not paid to the lender or an affiliate of the lender
- 3<sup>rd</sup> party services where the borrower is permitted to shop from a written list of service providers

### No Tolerance

- Prepaid interest
- Property insurance premiums
- Escrow payments
- Property taxes
- Other fees paid to 3<sup>rd</sup> parties for services the lender doesn't require
- Fees for services the lender allows the borrower to shop for that do not appear on a written list of service providers

# Change of Circumstance

Failure to provide documentation related to a valid change of circumstance, including any revised LEs and associated supporting documentation



| Compliance  |                          |                          |
|---|--------------------------|--------------------------|
| Initial and Final Loan Estimate   | <input type="checkbox"/> | <input type="checkbox"/> |
| Loan Estimate - Proof of Delivery and Receipt (Signed)  | <input type="checkbox"/> | <input type="checkbox"/> |
| Closing Disclosure - all versions   | <input type="checkbox"/> | <input type="checkbox"/> |
| Closing Disclosure - Proof of Delivery and Receipt (Signed)   | <input type="checkbox"/> | <input type="checkbox"/> |
| Closing Disclosure - Seller, for all purchases  | <input type="checkbox"/> | <input type="checkbox"/> |
| Notice of Intent to Proceed   | <input type="checkbox"/> | <input type="checkbox"/> |
| Vendor Compliance Report, if available  | <input type="checkbox"/> | <input type="checkbox"/> |
| Change of Circumstance  | <input type="checkbox"/> | <input type="checkbox"/> |
| E-signature Certification of Completion (certification that provides proof to all parties of the transaction, that includes information from the audit trail, illustrating who signed, timestamps detailing when and where each person signed, and the completed document itself) | <input type="checkbox"/> | <input type="checkbox"/> |
| Right of Rescission   | <input type="checkbox"/> | <input type="checkbox"/> |
| Rate Lock Date or Rate Lock Agreement with borrower(s)  | <input type="checkbox"/> | <input type="checkbox"/> |
| Homebuyer Education Certificate   | <input type="checkbox"/> | <input type="checkbox"/> |
| List of Homeownership Counseling Organizations  | <input type="checkbox"/> | <input type="checkbox"/> |
| QM Status report  | <input type="checkbox"/> | <input type="checkbox"/> |
| QM Findings   | <input type="checkbox"/> | <input type="checkbox"/> |
| QM Points and fees  | <input type="checkbox"/> | <input type="checkbox"/> |
| ATR Worksheet   | <input type="checkbox"/> | <input type="checkbox"/> |

# Common Exceptions

## Disclosures

When it is applicable, a copy of the **Affiliated Business Disclosure** must be provided

**Best practice:** If your organization does not have any affiliated business arrangements, select **N/A** and add a comment on the checklist. If your system automatically prepares the form, do not submit the blank form



| Initial Disclosures  |                          |                          |
|--|--------------------------|--------------------------|
| Initial Escrow Account Disclosure                                      | <input type="checkbox"/> | <input type="checkbox"/> |
| Affiliated Business Disclosure   | <input type="checkbox"/> | <input type="checkbox"/> |
| Itemized Fee Worksheet   | <input type="checkbox"/> | <input type="checkbox"/> |
| Service Provider List (SSPL)   | <input type="checkbox"/> | <input type="checkbox"/> |
| Service Transfer disclosure  | <input type="checkbox"/> | <input type="checkbox"/> |
| State Specific disclosures   | <input type="checkbox"/> | <input type="checkbox"/> |
| Borrower's Authorizations  | <input type="checkbox"/> | <input type="checkbox"/> |
| Right to Receive copy of Appraisal/Appraisal Valuation Acknowledgement | <input type="checkbox"/> | <input type="checkbox"/> |
| Intent to Proceed  | <input type="checkbox"/> | <input type="checkbox"/> |
| Credit Score Notice to Applicant                                       | <input type="checkbox"/> | <input type="checkbox"/> |
| Anti-Steering  | <input type="checkbox"/> | <input type="checkbox"/> |
| Signature Name Affidavit   | <input type="checkbox"/> | <input type="checkbox"/> |
| Compliance Agreement   | <input type="checkbox"/> | <input type="checkbox"/> |
| Payment (First Payment) Letter to Borrower                             | <input type="checkbox"/> | <input type="checkbox"/> |
| USA Patriot Act Information Form                                       | <input type="checkbox"/> | <input type="checkbox"/> |
| Combined Disclosures   | <input type="checkbox"/> | <input type="checkbox"/> |

# Other Common Exception Reminders



# Documentation Inconsistencies

Failure to cross-check calculations and qualifying information across all documentation



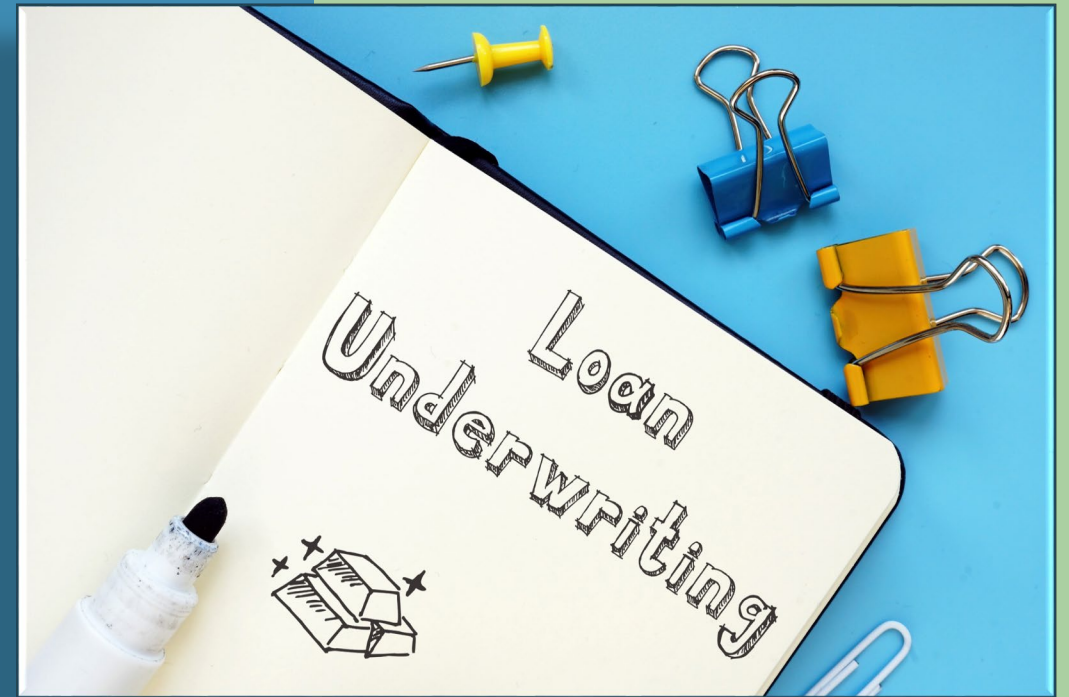
- The information on the loan application (1003/65) doesn't match the Underwriting Transmittal (1008/1077)
- Income calculation worksheet doesn't match the 1003/65 and/or 1008/1077
- Information submitted to DU or LPA does not match what is shown on the 1003/65, 1008/1077, or qualifying documentation

# Omitting Liabilities and/or Income

Always explain or document why a liability is being omitted from the debt-to-income calculation

As a courtesy, if income isn't needed to qualify, add a note to the file so the reviewer isn't left guessing

On this same note, sometimes documents are sent with no indication of what exception they belong to, and this can get very confusing for the reviewer



# Income Calculators

Self-employment and rental income calculations/documentation are consistently cited in the top five list of quality control exceptions found during post-purchase reviews

Fannie Mae's income calculator can be found here:  
[www.incomecalculator.fanniemae.com](http://www.incomecalculator.fanniemae.com)

**Freddie Mac's income calculator is scheduled to launch on May 11<sup>th</sup>!**

Income Calculator

Reference Name: Bob's F

122%

**Input Data: Form 1040 (2024)**

For the income you want Income Calculator to evaluate, find IRS tax return form 1040 for 2024. Provide all requested data exactly as it appears on the tax returns.

**Line 1a**

☒ Enter Total amount from Form(s) W-2, box 1

☐ There is no amount on this line

**Line 12**

☒ Enter Wages, Salaries, Tips, etc. (add lines 1a-1h)

☐ There is no amount on this line

**Line 8**

☒ Enter Additional Income Schedule 1

☐ There is no amount on this line

**Line 9**

☒ Enter Total Income

☐ There is no amount on this line

**Line 11**

☒ Enter Adjusted Gross Income

**Form 1040 U.S. Individual Income Tax Return 2024**

OMB No. 1545-0074

For the year Jan. 1-Dec. 31, 2024, or other tax year beginning 2024, ending 2024

See separate instructions.

Your first and middle initial Last name Your social security number

If joint return, spouse's first and middle initial Last name Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions. Apt. no. Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.

City, town, or post office. If you have a foreign address, also complete spaces below. State ZIP code

Foreign country name Foreign province/state/country Foreign postal code ☐ Yes ☐ No

**Filing Status** ☐ Single ☐ Head of household (HOH) ☐ Married filing jointly (even if only one had income) ☐ Married filing separately (MFS) ☐ Qualifying surviving spouse (QSS)

Check only one box. If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent.

☐ If treating a nonresident alien or dual-status alien spouse as a U.S. resident for the entire tax year, check the box and enter their name (see instructions and attach statement if required).

**Assets** At any time during 2024, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset for a financial interest in a digital asset? (See instructions.) ☐ Yes ☐ No

**Standard Deduction** ☐ You as a dependent ☐ Your spouse as a dependent ☐ Spouse remarried in a separate return or you were a dual-status alien

**Age/Blindness** You: ☐ Were born before January 2, 1960 ☐ Are blind ☐ Spouse: ☐ Was born before January 2, 1960 ☐ Is blind

**Dependents** (see instructions) (1) First name Last name (2) Social security number (3) Relationship to you (4) Check the box if qualifies for (see instructions) Child tax credit Credit for other dependents

If more than four dependents, see instructions and check here ☐

**Income**

| Line | Description   | Amount |
|------|---|--------|
| 1a   | Total amount from Form(s) W-2, box 1 (see instructions)                 | 1a     |
| 1b   | Household employee wages not reported on Form(s) W-2                    | 1b     |
| 1c   | Tip income not reported on line 1a (see instructions)                   | 1c     |
| 1d   | Medicaid waiver payments not reported on Form(s) W-2 (see instructions) | 1d     |
| 1e   | Taxable dependent care benefits from Form 2441, line 2b                 | 1e     |
| 1f   | Employer provided adoption benefits from Form 8839, line 29             | 1f     |
| 1g   | Wages from Form 9919, line 6  | 1g     |
| 1h   | Other earned income (see instructions)                                  | 1h     |
| 2    | Add lines 1a through 1h   | 2      |
| 2a   | Tax-exempt interest   | 2a     |
| 2b   | Taxable interest  | 2b     |
| 2c   | Ordinary dividends  | 2c     |
| 2d   | Taxable amount  | 2d     |
| 2e   | Capital gain distributions  | 2e     |
| 2f   | Taxable amount  | 2f     |
| 2g   | Capital gain distributions  | 2g     |
| 2h   | Taxable amount  | 2h     |
| 2i   | Capital gain distributions  | 2i     |
| 2j   | Taxable amount  | 2j     |
| 2k   | Capital gain distributions  | 2k     |
| 2l   | Taxable amount  | 2l     |
| 2m   | Capital gain distributions  | 2m     |
| 2n   | Taxable amount  | 2n     |
| 2o   | Capital gain distributions  | 2o     |
| 2p   | Taxable amount  | 2p     |
| 2q   | Capital gain distributions  | 2q     |
| 2r   | Taxable amount  | 2r     |
| 2s   | Capital gain distributions  | 2s     |
| 2t   | Taxable amount  | 2t     |
| 2u   | Capital gain distributions  | 2u     |
| 2v   | Taxable amount  | 2v     |
| 2w   | Capital gain distributions  | 2w     |
| 2x   | Taxable amount  | 2x     |
| 2y   | Capital gain distributions  | 2y     |
| 2z   | Taxable amount  | 2z     |

Attach Form(s) W-2 here. Also attach Forms W-2S and 1099-R if tax was withheld.

If you did not get a Form W-2, see instructions.

Attach Sch. B if required.

2a Tax-exempt interest 2a 2b Taxable interest 2b 2c Ordinary dividends 2c 2d Taxable amount 2d 2e Capital gain distributions 2e 2f Taxable amount 2f 2g Capital gain distributions 2g 2h Taxable amount 2h 2i Capital gain distributions 2i 2j Taxable amount 2j 2k Capital gain distributions 2k 2l Taxable amount 2l 2m Capital gain distributions 2m 2n Taxable amount 2n 2o Capital gain distributions 2o 2p Taxable amount 2p 2q Capital gain distributions 2q 2r Taxable amount 2r 2s Capital gain distributions 2s 2t Taxable amount 2t 2u Capital gain distributions 2u 2v Taxable amount 2v 2w Capital gain distributions 2w 2x Taxable amount 2x 2y Capital gain distributions 2y 2z Taxable amount 2z

Standard Deduction for ☐ Single or Head of household ☐ Married filing jointly ☐ Qualifying surviving spouse ☐ Spouse remarried in a separate return or you were a dual-status alien

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# Rental Income and Other Real Estate Owned



## Rental income is not calculated correctly

- Fannie Mae's calculator now includes rental income
- The wrong documentation is being used (leases vs. tax return)
- Not following the requirements for the rental of a departure residence
- **Rental income webinar on May 14**

## When the subject property is a second home

- The debt-to-income (DTI) housing ratio is using the PITIA for the second home instead of the borrower's primary residence
- The PITIA for a second home should be included in the borrower's total DTI

# Variable Income

Self-employed income

Overtime

Bonus

Commissions

Shift differentials

Tip income



- Not considering how the income is trending or not providing documentation to demonstrate that declining income has stabilized
- Including income from a previous employer when averaging
- Averaging declining income

We have a webinar on advanced variable income calculations scheduled for May 22<sup>nd</sup>, watch for an announcement!

Fannie Mae Selling Guide: B4-1.2-05  
Freddie Mac Selling Guide: 5605.8  
MPF Traditional Selling Guide: 7.2.5



# MPF Contacts and Resources

## MPF Service Center

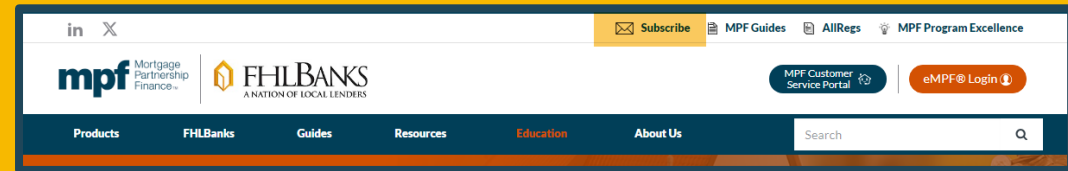
Email - [MPF-Help@FHLBC.com](mailto:MPF-Help@FHLBC.com)

Hours - 8:30 am to 4:30 pm CST

Phone: (877) 345-2673

**Keep up with MPF Program  
guideline updates by subscribing to  
MPF Announcements:**

**[www.fhlbmpf.com](http://www.fhlbmpf.com)**



Watch our announcements for information about upcoming eMAQCSplus enhancements.

A webinar is tentatively scheduled for June, more information to come!

# MPF Program National Education



## **Attend an upcoming webinar**

<https://www.fhlbmpf.com/education/upcoming-webinars>

## **Register for MPF University**

<https://www.fhlbmpf.com/education/mpf-university/mpf-universityregistration>

## **MPF National Education**

[mpftraining@fhlbc.com](mailto:mpftraining@fhlbc.com)