

**MPF Announcement:**

2024-14

**Date:**

March 1, 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:**

**Permissible Compliance:**

January 2, 2024

**Required Compliance:**

March 1, 2024

**Reference**

[MPF Announcement 2023-88](#)

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 Traditional - Workout Options Updates

As a reminder, the MPF Program recently announced updated MPF Traditional (conventional) workout options. Servicers are **required** to consider borrowers based on the new guidelines as of borrower requests they receive on or after **March 1, 2024**.

For full understanding of all changes, Servicers may refer to [MPF Announcement 2023-88](#) and must familiarize themselves with the provisions of the new Chapter 9, and the new forms and exhibits.

Furthermore, as of March 1, 2024, the COVID-19 Related Servicing Guidance for MPF Traditional (Conventional) Loans (MPF Announcement 2024-07) have been retired. Servicers must evaluate Borrowers pursuant to the MPF Traditional Servicing Guide including the new workout options found in Chapter 9, regardless if the Borrowers hardship is related to COVID-19.

### NEW GUIDANCE HIGHLIGHTS

All workout options and workout related guidelines will now be found in Chapter 9 of the MPF Traditional Servicing Guide (“New Chapter 9”). Some highlights of the changes include:

- MPF Bank approval: MPF Banks prior approval is no longer required for every option.
- Forms: In most instances, Borrower facing workout related forms or their equivalents may be used.
- Borrower Workout Requests: In most instances, Servicers must obtain a complete Workout Request Package (WRP), including a Workout Request Application Form (Form SG 355), from Borrowers in order to evaluate them for applicable workout options.
- MPF Reporting: Updated action codes are required for reporting the proper delinquency status of for Permanent Modifications, Forbearances, and Deferrals.

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## MPF TRADITIONAL SERVICING GUIDE AND FORMS

The updated [MPF Traditional Servicing Guide](#) is published on the website, as of this date (updated Guide will be available shortly on Allregs) and all related forms and exhibit are also being published as of this date, including:

- **Workout Worksheet - Form SG354 (UPDATED)**: Streamlined to reduce the amount information and documents required to be submitted.
- **Workout Request Application (WRA) - Form SG 355 (NEW)**: Minimum information required to be obtained from Borrower(s) to be considered for workout option.
- **Payment Deferral Agreement - Form SG 356 (NEW)**: Minimum information required to be provided to Borrower(s) when granting a Payment Deferral.
- **Loan Modification Worksheet - Form SG 357 (NEW)**: Required to be submitted with SG354 for all Loan Modifications.
- **Trial Plan Notice - Form SG 358 (NEW)**: Minimum information required to be provided to Borrower(s) when granting a Loan Modification Trial Plan.
- **Loan Modification Cover Letter - Form SG 359 (NEW)**: Minimum information required to be provided to Borrower(s) when granting a Loan Modification.
- **Loan Modification Interest Rate - Exhibit EE (NEW)**: Interest rate required to be used when determining new modified mortgage loan terms.
- **Temporary Loan modifications (and Forms) - Exhibit FF (NEW)**: Current temporary loan modification requirements and related forms moved to this Exhibit for use ONLY by Servicers of loans owned by FHLB San Francisco.

The following sections were deleted, as they are **superseded** by new Chapter 9 provisions:

- 2.13 Short Payoffs (Pre-Foreclosure/Short Sale)
- 8.5 Loss Mitigation

In addition, the following clarifications have been made to the Guide since its publication with MPF Announcement 2024-01:

- **Exceptions:**
  - Servicers are required to have policies and procedures to ensure their workout evaluation procedures are not discriminatory and are consistently applied. See Section “9.1.7 Submission for Exceptions”
- **Bankruptcy:**
  - Servicers must make applicable changes to templates when offering workout options to Borrowers with a loan not reaffirmed in the bankruptcy. See Section “9.1.19 Bankruptcy,” and Forms SG358 and SG359.
- **Deferral:**
  - Collecting a full monthly contractual payment for the month of evaluation is only required when the Borrower is already 6 months delinquent on date of evaluation for a deferral or if the deferral would cause the mortgage loan to exceed 12 months of cumulative deferred past-due P&I payments over the life of the mortgage loan. See

Sections “9.2.3.2 Determining eligibility for Payment Deferral” and “9.2.3.5 Completing a Payment Deferral”

- If a Borrowers signature is not required on a Payment Deferral, Servicer to include instructions on methods evidencing acceptance. See Form SG356 - Payment Deferral Agreement.
- The loan is currently in a Forbearance Plan or a COVID-19 Forbearance Plan. The Forbearance Plan must not exceed 6 months of past due P&I payments.
- **Temporary Loan Modification:**
  - Servicers are required to notify Borrowers nearing the end of their temporary plan and may evaluate borrower who submit a complete WRP for new workout options, based on the Workout Hierarchy in Section “9.1.24 Workout Hierarchy.” See Section “9.2.4.2 Temporary Loan Modifications”
- **Foreclosure Sales:**
  - Servicers must ensure any action taken to postpone Foreclosure proceedings will not affect their right to file a mortgage insurance or guaranty claim in the future. See Section “10.6 Postponement of Foreclosure Sale”

No changes are being made at this time to any MPF Traditional Government Loan workout related guidelines. Those guidelines can now be found in New Chapter 9, Section “9.1.2 Government Loans.”

As a reminder, MPF Xtra loans should be considered for workout options pursuant to the MPF Xtra Servicing Guide.

## Helpful Hints

- **Exceptions**
  - Servicers are required to have policies and procedures to ensure their workout evaluation procedures are not discriminatory and are consistently applied. In the rare instance where an exception to a workout requirement is sought, Servicers are required to submit such requests for MPF Bank approval via eMAQCSplus using the Workout Worksheet (Form SG354). See Section “9.1.7 Submission for Exceptions”
- **Reporting**
  - Delinquent loans being considered for workout options are subject to the reporting requirements of MPF Servicing Guide Section “8.4.1 Reporting to the MPF Provider,” including the monthly Delinquent Mortgage & Bankruptcy Status Report (**Exhibit B**) until a workout option is finalized or the status of the loan is no longer delinquent. See also Section “9.1.10 MPF Reporting”
  - For workout specific reporting requirements see:
    - Forbearance Plan Reporting - Section 9.2.1.6 (**Note:** Action Code 12 will no longer be used for Forbearance Plan)
    - Repayment Plan - Section 9.2.2.4 (**Note:** Action Code 12 will no longer be used for Repayment Plan)
    - Payment Deferral - Section 9.2.3.10 (**Note:** Once Payment Deferral becomes effective, the mortgage loan no longer needs to be reported on the Servicer's Monthly Delinquent Mortgage & Bankruptcy Status Report (Exhibit B))
    - Loan Modification - Section 9.2.4.13
    - Short Sale - Section 9.3.1.17

- Deed-in-Lieu of Foreclosure - Section 9.3.2.15
- **Forms**
  - Most forms and templates are not required, but provide the minimum information that must be reflected in the Servicer's forms. The Guide identifies MPF Forms that are required, including:
    - Form SG-354 (Workout Worksheet)
    - Form 3179 for Loan Modifications
- **Permanent Loan Modifications**
  - Leftover trial payment funds must be applied in the manner partial payments are applied pursuant to the Security Instrument.
  - Drive-by appraisals or exterior broker's price opinion (BPO) are both acceptable. See Section "9.2.4.6.1 Obtaining a Property Valuation."
  - Term must be extended 480 months from the first permanent loan modification payment due date (after the trial period), and not the original Note date. If the new maturity date is more than 20 years beyond the original maturity date, MPF Bank approval is required prior to offering the option to the borrower. If the property is a leasehold estate, the term of the lease must extend at least 5 years beyond the new loan maturity date.
  - Non-owner-occupied properties are eligible for a permanent modification.
  - Not accepting the trial plan period is not considered a failed trial. Borrowers who make at least one but not all trial plan payments are considered to have accepted the trial and failed trial.
  - Solicitation (such as for FNMA Flex Modification) is not permitted for the permanent loan modification.
  - The trial period is 4 months long if the loan is current or less than 30 days delinquent when evaluated. If it is greater than 30 days delinquent at time of evaluation, it is a 3-month trial period. See Section "9.2.4.8 Offering a Trial Period Plan and Completing a Loan Modification"
  - A processing month is allowed. See Section "9.2.4.11 Preparing the Loan Modification Agreement"

## TRAINING

In addition, webinars providing an overview of the loss mitigation workout options updates for conventional loans are available on-demand. Click [here](#) for On-Demand Webinars.

## SUPPORT

Please contact the MPF Service Center by using one of the following options for any questions or assistance in preparing and/or submitting the form:

- [MPF Customer Service Portal](#)
- Email: [MPF-Help@fhilbc.com](mailto:MPF-Help@fhilbc.com)
- Phone: (877) 345-2673

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