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## **CHAPTER 1. INTRODUCTION**

The MPF Government MBS Selling Guide outlines the requirements and/or processes for Participating Financial Institutions (PFIs) to originate and deliver residential mortgages under the MPF Program. The guidelines are designed to establish sound underwriting criteria and support the MPF Program’s mortgage product offerings. This Selling Guide generally follows industry standards guidelines with some enhancements, restrictions, or overlays. All Mortgage Loans delivered under the MPF Program must meet these guidelines.

### **1.1 Disclaimer**

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Government insured and guaranteed mortgage loans are eligible to be pooled in Ginnie Mae Guaranteed Mortgage-Backed Securities (“MBS”).

The MPF Provider has agreed with Ginnie Mae that the MPF Government MBS product is being conducted to conform to Ginnie Mae’s requirements for loan servicing and MBS bond administration, including handling of funds and reporting on loan performance, as modified by the agreement between the MPF Provider and Ginnie Mae.

The MPF Provider acknowledges that Ginnie Mae may amend or supplement the Ginnie Mae MBS Guide, at its sole discretion, by furnishing amendments or supplementary matters to the Bank, including making such amendments and supplements available through its normal Ginnie Mae Issuer distribution channels; provided, however, that no such amendment or supplement shall adversely affect the continued inclusion in a securitized pool of any mortgage included in a Ginnie Mae MBS issued prior to the date of such amendment or supplement.

The MPF Provider shall ensure that the MPF Guides incorporate the applicable requirements of the Ginnie Mae MBS Guide, as modified by the agreement between the Bank and Ginnie Mae, for all loans securitized in Ginnie Mae-guaranteed MBS. The Ginnie Mae MBS Guide, including any amendments, updates or supplements, is available in electronic form through Ginnie Mae’s website ([www.ginniemae.gov](http://www.ginniemae.gov)).

For the purpose of clarity, PFIs and Servicers are required to abide by the Guides. It is the MPF Provider’s responsibility to update the Guide for consistency with applicable Ginnie Mae Guide requirements for the MPF Government MBS product.

### **1.2 PFI Eligibility**

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If the PFI is to sell Government MBS Mortgage Loans to the MPF Provider, in addition to the PFI eligibility requirements of the Guides, it must meet all the requirements listed below:

- To sell eligible FHA insured Mortgage Loans:

- Be an FHA approved Mortgagee in good standing (a Mortgagee approved only as an FHA loan correspondent is not eligible).
- To sell eligible non-FHA Government Mortgage Loans:
  - Be an approved Mortgagee with each applicable Government Agency in good standing; and
  - Have a “satisfactory” or equivalent rating on its most recent Government Agency audit;(if the PFI has not undergone a Government Agency audit or not received a rating for a Government Agency audit, the MPF Bank may request and evaluate the PFI’s internal QC results, the MPF Provider’s QC results, or choose to assess the PFI’s eligibility with some other reasonable method of evaluation).
- None of the PFI’s principals or officers may be the subject of any government debarment or HUD program exclusion, or have been subject to any such sanction within the ten (10) years preceding the submission of a request to establish an MPF Government MBS Master Commitment.

## CHAPTER 2. MORTGAGE ELIGIBILITY

### 2.1 Government MBS Mortgage Loan Eligibility and Underwriting Requirements (3/26/21)<sup>1</sup>

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To be eligible under the MPF Program, Government MBS Mortgage Loans must meet the MPF Program's eligibility requirements in addition to the following:

- Comply with the applicable Government Agency's standards.
- Comply with all Applicable Laws; (See also [MPF Program Guide Chapter 7](#)) and
- Maintain the associated Government Agency guaranty and/or insurance at all times until payoff or liquidation of the loan.

Government MBS Mortgage Loans eligible for delivery under the MPF Program are one-to-four family fully amortizing fixed rate Mortgage Loans that are:

- FHA insured Mortgage Loans;
- VA guaranteed Mortgage Loans; or
- RHS Section 502 guaranteed Mortgage Loans.

The Originator must comply with all of the specific underwriting requirements of the applicable insuring or guaranteeing Government Agency as identified below:

- For FHA/HUD, visit <http://portal.hud.gov/hudportal/HUD>
- For VA, visit [<http://www.benefits.va.gov/homeloans/lenders.asp>]
- For Rural Housing Service, visit [<http://www.usdaloans.net/usda-home-loan-guidelines-2>]

#### 2.1.1 Eligible Borrowers

Eligible Borrowers are those established by the applicable Government Agency.

#### 2.1.2 Eligible Property Types

Eligible property types are one- to- four family units fully amortizing fixed rate Mortgage Loans that are guaranteed by FHA, VA, or RHS, and meet the property eligibility guidelines established by the applicable Government Agency.

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<sup>1</sup>MPF Announcement 2021-29 (3/26/21)  
MPF Announcement 2017-37 (7/24/17)  
PFI Notice 2016-12 (9/1/16)

### **2.1.3 Ineligible Products or Attributes (10/25/19) <sup>2</sup>**

- Adjustable rate
- Balloon payments
- HUD 184
- Buydowns
- HPML/Section 32
- Interest only
- Graduated payments
- Negative amortization
- Loans with Prepayment Penalties
- VA Texas 50(a)(6)
- First mortgages that are a HELOC
- Second mortgages
- FHA Tile I
- FHA 203K
- HAMP and Non-HAMP Loss Mitigation Modifications
- VA Vendee
- Investment properties
- Co-ops
- Condotels
- Non-warrantable condominiums
- Timeshares
- Manufactured homes
- High LTV VA cash-out refinance loans (LTV >90%)

### **2.1.4 Properties Impacted by a Major Disaster (2/12/19)<sup>3</sup>**

PFIs are required to follow the applicable Government Agency requirements for providing Major Disaster assistance.

<sup>2</sup> MPF Announcement 2019-55 (10/18/19)

<sup>3</sup> MPF Announcement 2019-15 (2/12/19)

## **2.2 Maximum Loan Limits (12/2/20)<sup>4</sup>**

The maximum loan limits for Government MBS Mortgage Loans are shown below and represent the maximum permissible loan amount eligible for securitization in 2021 calendar year (i.e., MBS issuance dates January 1, 2021 through December 1, 2021) net of any financed mortgage insurance premium or funding fee as reflected on the Note, unless a lower amount is required by the applicable Government Agency.

<b>Number of Units</b>	<b>Maximum Original Loan Amount for Government MBS Mortgage Loans (Properties in Contiguous States, District of Columbia &amp; Puerto Rico)</b>	<b>Maximum Original Loan Amount for Government MBS Mortgage Loans (Properties in Alaska, Guam, Hawaii &amp; Virgin Islands)</b>
1	\$548,250	\$822,375
2	\$702,000	\$1,053,000
3	\$848,500	\$1,272,750
4	\$1,054,500	\$1,581,750

The minimum loan amount for Government MBS Mortgage Loans is \$25,000.

## **2.3 Maximum LTV/TLTV (12/22/16)<sup>5</sup>**

The maximum LTV and TLTV limits for Government MBS Mortgage Loans are those established by the applicable Government Agency.

## **2.4 Additional VA Mortgage Loan Requirements**

All VA Mortgage Loans delivered under the MPF Government MBS Product must comply with the following additional requirements:

<sup>4</sup>MPF Announcement 2020-80 (12/2/20)  
 MPF Announcement 2020-74 (11/12/20)  
 MPF Announcement 2019-64 (12/5/19)  
 MPF Announcement 2018-61 (12/13/18)  
 MPF Announcement 2017-77 (12/22/17)  
 MPF Announcement 2017-37 (7/24/17)  
 MPF Announcement 2016-30 (12/22/16)  
<sup>5</sup>MPF Announcement 2016-30 (12/22/16)

- The amount of cash down payment plus the amount of available VA guaranty must equal at least 25% of (a) the purchase price of the property, or (b) the Certificate of Reasonable Value (CRV), whichever is less. The funding fee charged by VA must not be included in this calculation. The cash down payment must also include the amount, if any, by which the purchase price exceeds the CRV. Mortgage Loans for the simultaneous purchase of a home and energy conservation improvement are based solely on the CRV amount. The cash down payment may not be derived from a second mortgage on the property.
- The Mortgage Loan amount may exceed the CRV amount only if the VA funding fee is included in the Mortgage Loan and only to the extent of the funding fee. The unpaid Principal Balance of the VA Mortgage Loan may be greater than the current conforming loan limit and still be eligible for delivery under the Government MBS product.
- If there are co-Borrowers on a Mortgage Loan (other than a spouse) and one or more of the Borrowers do not have VA eligibility (i.e., veterans/non-veterans joint mortgages) the Mortgage Loan is eligible to be delivered under the MPF Government MBS Mortgage product if the 25 percent requirement of VA guaranty plus cash/equity is met. The cash requirement may be satisfied by either cash or “equity” which is the positive difference between the amounts specified in the CRV and the new Mortgage Loan amount.

### **2.5 Government Loan Streamline Refinance and Cash-Out Refinance (8/9/19)<sup>6</sup>**

Cash-out refinance loans, FHA streamlined refinance loans, VA Interest Rate Reduction Refinance Loans (IRRRLs), and RHS streamlined refinance loans are eligible for delivery under the MPF Government MBS product, provided that they comply with all MPF Program and applicable Government Agency requirements for Government Loans, and Government MBS seasoning requirements.

- For cash-out refinance loans and streamlined refinance loans:
  - the borrower must have made at least six (6) consecutive monthly payments on the loan being refinanced, beginning with the payment made on the first payment due date; and
  - the first payment due date of the refinanced loan occurs no earlier than 210 days after the first payment due date of the initial loan.
- Effective August 1, 2019 all VA refinance loans (IRRRL and non-IRRRL) must meet the following criteria in order to be delivered to the MPF Program:

The Note date of the refinance loan must be on or after the later of:

<sup>6</sup> MPF Announcement 2019-42 (8/9/19)  
MPF Announcement 2019-40 (8/2/19)  
MPF Announcement 2019-15 (2/12/19)  
MPF Announcement 2018-5 (1/30/18)  
MPF Announcement 2016-30 (12/22/16)

- the date that is 210 days after the first payment due date of the loan being refinanced; and
- the date on which the Borrower has made at least six (6) full monthly payments on the Mortgage Loan being refinanced.

Documentation supporting the payment activity on the previous loan must be maintained in the Mortgage Loan File.

For all Government Mortgage Loan streamline refinances, Borrower and Co-Borrower income must be collected and delivered for the purpose of Loan Presentment, regardless of the requirements of the Government Agency that insures or guarantees the loan. The MPF Program does not require the income be used to qualify the Borrower(s) if the Government Agency does not require its use for qualification purposes.

## **2.6 Permitted Underwriting Methods**

This section contains guidance for underwriting methods to be used for Government Mortgage Loans.

### **2.6.1 FHA Mortgage Loans**

FHA Mortgage Loans may be underwritten manually in compliance with the requirements of the MPF Selling Guide as well as FHA requirements, or underwritten using DU or LP as described below.

#### **2.6.1.1 DU Underwritten FHA Mortgage Loans**

Any FHA Mortgage Loan underwritten using DU must comply with the following requirements:

- DU for FHA Mortgage Loans must include the Underwriting Findings report(s) in the file;
- All conditions and requirements identified through DU must be included in the file; and
- Files must be packaged in accordance with FHA published requirements.

Any FHA Mortgage Loan underwritten using DU must comply with the terms of the FHA Lenders Handbook and Fannie Mae's Desktop User Guide.

Any FHA Mortgage Loans underwritten using DU, except a Streamline Refinance and assumption, must be scored through TOTAL Mortgage Scorecard. TOTAL Mortgage Scorecard is not an AUS, but a scorecard that interfaces with an AUS such as DU, and provides a Feedback Certificate/Finding Report. The TOTAL Mortgage Scorecard Feedback Certificate/Finding Report used in the underwriting decision must be included in the FHA case binder. All data entered into the AUS must be verified as accurate and complete, and the entire mortgage application must comply with all FHA requirements.

#### **2.6.1.2 LP Underwritten FHA Mortgage Loans**

Any FHA Mortgage Loans underwritten using LP must comply with the following requirements:

- LP files must include:

- Loan Prospector Feedback Certificate;
- All documents as indicated by the Loan Prospector Feedback Certificate, including all conditions; and
- Indication of “Freddie Mac LP” on the completed loan submission summary report.

Any FHA Mortgage Loan, except a Streamline Refinance and assumption, must be scored through TOTAL Mortgage Scorecard. TOTAL Mortgage Scorecard is not an AUS, but a scorecard that interfaces with an AUS such as LP, and provides a Feedback Certificate/Finding Report. The TOTAL Mortgage Scorecard Feedback Certificate/Finding Report used in the underwriting decision must be included in the FHA case binder. All data entered into the AUS must be verified as accurate and complete, and the entire mortgage application must comply with all FHA requirements.

### **2.6.2 VA Mortgage Loans**

VA Mortgage Loans may be underwritten manually in compliance with the requirements of the MPF Selling Guide as well as VA requirements or underwritten using DU or LP as described below.

#### **2.6.2.1 DU Underwritten VA Mortgage Loans**

Any VA Mortgage Loan underwritten using DU must comply with the terms of the VA Lenders Handbook and Fannie Mae’s DU requirements.

Any VA Mortgage Loan underwritten using DU must include the Underwriting Reporting in the Mortgage Loan File as well as meet all conditions and requirements identified by DU.

#### **2.6.2.2 LP Underwritten VA Mortgage Loans**

Any VA Mortgage Loan underwritten using LP must comply with the terms of the VA Lenders Handbook and the Freddie Mac LP requirements.

LP files must include:

- Loan Prospector Feedback Certificate;
- All documents as indicated by the Loan Prospector Feedback Certificate, including all conditions; and
- Indication of “Freddie Mac LP” on the completed loan submission summary report.

## **2.7 Government Mortgage Insurance**

Government Mortgage Loans must maintain the insurance or guaranty from the applicable Government Agency. If any premium is not paid to the Government Agency when due, or if the insurance or guarantee is canceled by the Government Agency for any reason, the MPF Bank may:

- Require repurchase of the Mortgage Loan; or

- Advance the premium on behalf of the PFI and debit the PFI's DDA for the amount of the advance.

## **CHAPTER 3. MORTGAGE LOAN DOCUMENT EXECUTION AND RETENTION**

This chapter describes which documents must be retained in the Mortgage Loan File, as well as the requirements for executing certain Closing documents.

### **3.1 Mortgage Loan File Contents**

The Mortgage Loan File must be maintained in accordance MPF Program Requirements. All documents that demonstrate compliance with all Applicable Standards and MPF Program Requirements must be included in the Mortgage Loan File. All documents in the Mortgage Loan File must be legible.

#### **3.1.1 Closing Documents (3/16/17)<sup>7</sup>**

The following Closing documents must be retained in the Mortgage Loan File:

- A copy of the front and back of the Note showing all endorsements, any applicable addenda and allonges, and any related modification or Assumption/Release of Liability instrument;
- POA (if applicable) attached to the copy of the Note;
- The original Security Instrument, complete with recording notation and any applicable riders and addenda. In jurisdictions where Applicable Law or common practice requires the presentation of the original Security Instrument to obtain a release, a certified copy of the original Security Instrument complete with recording notation must be retained in the file;
- A copy of all Assignments of the Security Instrument with any applicable riders and any documents that modify the mortgage terms;
- The final, fully executed Settlement Statement detailing all costs to the home buyer and seller;
- Closing instructions;
- All disclosures required under Applicable Law;
- The following insurance documentation is required:
  - The original mortgage or guaranty insurance certificate;
  - Title policy;
  - Plat of survey or title insurance that provides coverage over "matters of survey"
  - Current, endorsed property insurance policy, or suitable evidence of insurance, obtained at Closing;
  - Flood zone determination; and

<sup>7</sup> MPF Announcement 2017-12 (3/16/17)  
MPF Announcement 2017-03 (1/30/17)

- Flood insurance policy (if required); and
- All flood insurance documents necessary to comply with Applicable Standards.

### 3.1.2 Underwriting Documents (1/4/18)<sup>8</sup>

The following underwriting documentation must be retained in the Mortgage Loan File:

- Uniform Residential Loan Application (must be a version of the FNMA Form 1003 / FHLMC Form 65 that is acceptable to the applicable Government Agency);
- A credit report meeting the requirements of this Selling Guide and which shows valid credit scores. For a Mortgage Loan originated in a jurisdiction that requires a Borrower's consent to obtain the Borrower's credit information (report), this consent must be included in the Mortgage Loan File, and must extend to the Originator's successors and assigns and/or to subsequent investors and Servicers;
- Verification of Employment and Income;
- Verification of all sources of cash or other equity or assets utilized for down payment, prepaid items, closing costs, financing costs, and reserves;
- An intelligible payment history for the Mortgage Loan is required beginning with the Closing date of the Mortgage Loan;
- Verification of the Borrower's housing payment history;
- A completed Uniform Underwriting and Transmittal Summary (most current version of FNMA Form 1008 / FHLMC Form 1077) is required for manually underwritten Mortgage Loans;
- A written explanation fully supporting the underwriting decision is required when there are any special or extenuating circumstances;
- The Uniform Residential Appraisal Report;
- Automated Underwriting System Certificate for loans underwritten with DU or LP; and
- For Mortgage Loans with subordinate financing, the following documents must be retained in the Mortgage Loan File:
  - A copy of the subordinate Note;
  - A copy of the subordinate Security Instrument; and
  - A copy of Settlement Statement or HELOC closing statement, as applicable.

<sup>8</sup> MPF Announcement 2018-1 (1/4/18)  
MPF Announcement 2017-12 (3/16/17)

### **3.1.3 Special Purpose Documents (1/30/17)<sup>9</sup>**

The following special purpose documents must be retained in the Mortgage Loan File, if applicable:

- For New York Consolidation, Extension, and Modification Agreements (CEMA) loans, the original previous Notes and the gap Note listed on Exhibit A of the FNMA/FHLMC Form 3172.
- A legible signed copy of the sales contract, or an equivalent document, is required for purchase transactions.
- The original buydown agreement and evidence of the total amount of Buydown Funds, property interested party contributions, and the calculation of the Principal and Interest Payments are required, if applicable.
- A Satisfactory Completion Certificate (FNMA Form 1004D / FHLMC Form 442), or equivalent, is required to be completed and maintained in the Mortgage Loan File when the Appraisal is made subject to conditions.
- The legal opinion, if any, addressed to the Originator and the MPF Bank, unconditionally confirming the legal conclusions in the certification of compliance with the warranties of condominium or PUD projects.
- If the Mortgaged Property is dependent upon assurance of an adequate supply of water from a water or irrigation company that supplies water only to its shareholders, the Mortgage Loan File must contain a stock certificate, duly endorsed to the MPF Bank, entitling the property owner to an adequate supply of water.
- If the Mortgaged Property is secured by existing subordinate financing, the Mortgage Loan File must contain a copy of the executed note, trust deed, and subordination agreement.
- If the Mortgaged Property is secured by new subordinate financing, the Mortgage Loan File must contain a copy of the note executed at closing on the subordinate financing, if available.

### **3.1.4 Access to Records**

Upon request, the PFI must deliver all Mortgage Loan records and documents to the MPF Bank or MPF Provider. Each Mortgage Loan File must be clearly identified. If the records have been microfilmed or otherwise condensed, the PFI must reproduce them at its own expense. The MPF Bank will not execute any trust receipts for documents it requests and will not participate in, or provide compensation for, their delivery.

<sup>9</sup> MPF Announcement 2017-03 (1/30/17)

## **3.2 Document Execution**

This section details the requirements for executing certain Mortgage Loan documents.

### **3.2.1 Instruments and Notes**

For Government Mortgage Loans, forms specified by the applicable Government Agency must be used. No modifications to any Security Instrument or Note is permitted other than as required by the applicable Government Agency or by law.

### **3.2.2 Security Instrument Preparation**

The Security Instrument must be properly executed, acknowledged and recorded in all places required to perfect a first lien security interest in the Mortgaged Property in favor of the Mortgagee.

These actions must be completed by the PFI at its own expense and include actions necessary to conform with the local practice and state law, or to fulfill a request from the MPF Bank, MPF Provider or Custodian. The PFI must inform the Custodian of any material changes to these requirements as they occur.

### **3.2.3 Assignment Preparation (3/16/17)<sup>10</sup>**

The Assignment must meet the following requirements:

- The Assignment must not contain any statement to the effect that the Assignment is “without recourse”. Any statement in the Assignment to the effect that the Assignment is made with recourse will in no way affect the PFI's delivery or repurchase obligations under the PFI Agreement;
- Must not be dated prior to the Note;
- Must include the date of the Security Instrument;
- Must include the Mortgaged Property's legal description or the property address; and
- The PFI must ensure the Assignments of the Security Instrument are prepared and completed for each applicable condition as follows:
  - Recordable But Unrecorded Assignments - The PFI must prepare and execute an Assignment of the Security Instrument "in blank" in recordable form. The PFI must not record this Assignment;
  - Intervening Assignments - If the PFI is not the original Mortgagee on the Security Instrument, the chain of Assignments must be complete and recorded from the original Mortgagee to the PFI. If the PFI concurrently or subsequently transfers the Servicing Rights, an Assignment must be completed to the new Servicer, thus keeping the chain complete; and

<sup>10</sup> MPF Announcement 2017-12 (3/16/17)

- States without Recorded Assignments - If a state does not accept or require Assignments for recordation, the PFI must provide a copy of an attorney's opinion maintained with the unrecorded Assignment, stating that the law in the state does not permit or require recordation of Assignments of the Security Instrument.

The MPF Provider or the MPF Bank reserves the right to require that the recordable Assignment be recorded at any time.

The PFI agrees to complete and record any Assignment necessary at its own expense to transfer the Security Instrument to the MPF Bank or its assignee, designee or transferee.

### **3.2.4 Note Preparation (3/16/17)<sup>11</sup>**

The Note must be prepared in accordance with the following requirements:

- The Note must be signed by any individual whose income or financial strength is used in the underwriting process;
- The Note Rate must be indicated in one-eighth percent (0.125%) increments. Examples of eligible Note Rates are: 5.375%, 5.625%, or 5.125%.

#### Note Endorsement

The PFI must endorse the Note must be endorsed "in blank" as follows:

PAY TO THE ORDER OF WITHOUT RECOURSE (Name of PFI) (Signature of authorized officer) (Typed name and title of authorized officer)
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For loans sold under an MPF Government MBS Servicing Released Master Commitment, the PFI must endorse the Note to the Federal Home Loan Bank of Chicago.

This endorsement "without recourse" will in no way affect the PFI's obligations under the PFI Agreement.

The original payee on the Note may not delegate to an attorney-in-fact its authority to execute a Note endorsement. An authorized signer that is an employee of the original payee must execute the Note endorsement.

<sup>11</sup> MPF Announcement 2017-12 (3/16/17)

If the PFI is not the original payee on the Note, then the chain of endorsements must be proper and complete from the original payee shown on the Note to the PFI.

### **Use of an Allonge**

An allonge to the Note may be used for the endorsement if the following requirements are met:

- If the allonge is dated, the endorsement must be dated on or after the Note date;
- The allonge must be permanently affixed to the Note;
- The allonge must identify the associated Note by referencing:
  - The Note date;
  - Borrower(s) name(s);
  - Note amount;
  - Mortgage Property Address.
- The form of the allonge, and its use, complies with all Applicable Laws; and
- The use of the allonge does not impair the MPF Bank's or any other investors' status as a "holder in due course" or any of the MPF Bank's or any other investors' rights.

### **3.2.5 Power of Attorney**

When the Borrower has designated an individual to act as attorney-in-fact by granting a Power of Attorney (POA), the POA must be notarized and dated on or before the Note date. The POA must specifically grant the attorney-in-fact the power to act in the transaction, either by specifically describing the applicable transaction or by generally describing the type of transaction. The original POA must be attached to and delivered with the Note, unless:

- It is recorded with the Security Instrument, in which case a certified copy of the POA must be attached to the Note; or
- The signatory used a general POA to sign the Note and the signatory needs the general POA for other legal documents, in which case a certified copy of the POA must be attached to the Note.

### **3.2.6 Facsimile Signatures (3/16/17)<sup>12</sup>**

If facsimile signatures are used to endorse the Note, the documentation described below must be provided as evidence that such endorsements are valid in relevant states, are authorized by appropriate corporate action, and are valid and enforceable. The following documentation is required:

<sup>12</sup> MPF Announcement 2017-12 (3/16/17)

- A copy, certified by the PFI's secretary or other authorized officer, of the resolution by the PFI's board of directors: (i) authorizing specific officers to use their facsimile signatures to endorse Notes; (ii) stating that such facsimile signatures by the authorized officer will be a valid and binding act by the PFI; and (iii) authorizing the PFI's secretary or other appropriate officer to certify the validity of the resolution, the names of the officers authorized to endorse Notes using their facsimile signatures and the authenticity of specimen forms of facsimile signatures;
- A notarized "certification of facsimile signature", which includes both the facsimile and the original signatures of the signing officer(s) and each officer's certification that the facsimile is a true and correct copy of his or her original signature; and
- Legal opinions from the PFI's counsel indicating that facsimile signatures are valid for each jurisdiction in which the PFI uses them.

Additionally, the PFI must indemnify and hold the MPF Bank harmless against any claims, losses, judgments, costs and expenses, including reasonable attorneys' fees, arising from the invalidity of its use of facsimile signatures. The PFI must provide a copy of all documentation to the MPF Bank and must retain a copy in its records.

### **3.2.7 MERS Registration (3/16/17)<sup>13</sup>**

The PFI must comply with the requirements of the Mortgage Electronic Registration System (MERS) Membership Agreement if it is a MERS Member and delivers Mortgages registered in MERS to an MPF Bank.

If any requirement of the MERS Membership Agreement is in conflict with the requirements of the Selling Guide, the PFI must comply with the requirements of the Selling Guide.

If a Mortgage has been registered with MERS, no Assignment from the PFI is required. However, the PFI must immediately register with MERS that the investor for that Mortgage is "Org ID 1000491".

If MERS is the original Mortgagee (a MOM loan), a certified copy of the Security Instrument showing MERS as the original Mortgagee must be delivered to the Custodian.

### **Use of MERS Rider in Specified Geographic Areas**

In the states listed below, use of the MERS Rider (Fannie Mae/Freddie Mac Form 3158) is required when a newly originated Mortgage will be registered with MERS. In addition, the instructions to the MERS Rider must be followed in order to make changes to the standard Security Instruments for the following states:

- Montana;
- Oregon; and

<sup>13</sup> MPF Announcement 2017-12 (3/16/17)

- Washington

As the MERS Rider must be used in these specified states, post-closing assignments into MERS are prohibited.

The new rider and instructions are available on the Single-Family Riders & Addenda page at <https://www.fanniemae.com/singlefamily/riders-addenda>. The instructions are under the “Summary” link for the Form 3158.

## CHAPTER 4. LOAN PRESENTMENT

This chapter addresses the requirements for submitting a Mortgage Loan for Loan Presentment.

### 4.1 Loan Presentment Overview (2/12/19)<sup>14</sup>

The Mortgage Loan must be submitted for Loan Presentment prior to delivery. The Loan Presentment Request (Form OG3) must be completed and submitted electronically via the eMPF website or via secure email to MPF-Help@fhlbc.com.

#### 4.1.1 Submission (2/12/19)<sup>15</sup>

Secure emails will be accepted any time and will be processed each Business Day between 8:30 A.M. and 3:30 P.M. Central Standard Time. A Loan Presentment Request received via the eMPF Website will be accepted 7 days per week, including holidays, between 6:00 A.M. and 8:00P.M. Central Time, except when system maintenance is necessary and the eMPF Website is not available. Note that during non-business hours and on holidays and weekends, MPF Service Center staff will not be available to provide assistance to PFIs who may experience problems with their Loan Presentments. If problems occur, PFIs need to contact the MPF Customer Support Desk for assistance the next Business Day.

#### 4.1.2 Special Instructions (3/16/17)<sup>16</sup>

In limited instances where a loan originator may be exempt from licensing or registration under the de minimus exception of the SAFE Act and does not have a loan originator identifier through NMLS, the PFI should populate all applicable data fields related to an NMLS license number, including the OG3, with a value of “1000”.

For the purpose of Loan Presentment, the TLTV must be calculated using the full HELOC limit, even if undrawn.

The following table provides an example of how to calculate the TLTV for Loan Presentment:

1) First Mortgage Amount	2) Full HELOC Limit	3) Outstanding HELOC Amount	4) Mortgaged Property Value	TLTV (1+2) / 4
\$50,000.00	\$40,000.00	\$10,000.00	\$100,000.00	90%

<sup>14</sup> MPF Announcement 2019-15 (2/12/19)

<sup>15</sup> MPF Announcement 2019-15 (2/12/19)

<sup>16</sup> MPF Announcement 2017-12 (3/16/17)

### **4.1.3 Resubmission**

If any of the Loan Presentment data changes after submission, the PFI must re-submit the Loan Presentment data. For a resubmission, only the data that has changed since the last submission should be submitted.

For Government Mortgage Loans, the most recent Loan Presentment submission is considered the only valid data.

### **4.1.4 Inability to Obtain a Usable FICO Score (3/16/17)<sup>17</sup>**

Credit repositories are unable to provide FICO scores to the Originator when:

- No file is found; or
- There is a match, but there is insufficient credit data to calculate a FICO score (known as a “thin file”).

In the case where only a thin file can be obtained, the loan must be submitted for Loan Presentment, and the PFI must indicate “thin file” in place of a FICO score.

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<sup>17</sup> MPF Announcement 2017-12 (3/16/17)

## CHAPTER 5. MASTER COMMITMENTS

This chapter describes the requirements for establishing, filling, and closing a Master Commitment.

### 5.1 Master Commitment Overview

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A Master Commitment is an agreement between the PFI and the MPF Bank which defines the terms under which the MPF Bank will purchase a pool of Mortgage Loans delivered by the PFI. A Master Commitment must be completed and signed by an authorized party of the PFI in accordance with the PFI Agreement, and must be signed as accepted by the MPF Bank.

The signing of a Master Commitment does not require the PFI to originate or sell any mortgages under the agreement, but it does constitute the PFI's best efforts commitment to deliver mortgages to the MPF Bank. The MPF Bank reserves the right to limit the number and/or total dollar amount of Master Commitments.

### 5.2 Establishing a Master Commitment (11/24/20)<sup>18</sup>

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Master Commitments must be established for each distinct Mortgage Loan type and distinct remittance type.

When establishing a Master Commitment, the PFI and the MPF Bank must determine and/or be aware of the following:

- The estimated number and dollar amount of Mortgage Loans it believes it will deliver to the MPF Bank over the term of the Master Commitment (The estimated dollar amount of Mortgages will be shown as the amount of the Master Commitment);
- The remittance type for the Master Commitment (actual/actual, actual/actual single remittance or scheduled/scheduled);
- The initial term of the Master Commitment (the term must be at least three (3) months and, at the discretion of the MPF Bank, may be up to five years with a renewal term of up to an additional five years).
- Whether Servicing of the Mortgage Loans will be retained, or sold concurrently with the sale of Mortgage Loans.

The following combinations of Mortgage Loan types are not allowed within the same Master Commitment and require separate Master Commitments:

- Conventional Loans may not be combined with Government Loans;
- HUD Section 184 loans may not be mixed with any other Government or Conventional Loans;

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<sup>18</sup> MPF Announcement 2020-76 (11/24/20)

- RHS Section 502 loans may not be mixed with any other Government or Conventional Loans; and
- Remittance types (actual/actual, actual/actual single remittance, and scheduled/scheduled) may not be combined.

### **5.3 Filling a Master Commitment**

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The Master Commitment gets filled when Delivery Commitments are obtained under the Master Commitment and when Mortgage Loans are delivered under the Delivery Commitments.

The PFI must assign each Delivery Commitment to a specific open Master Commitment. A Master Commitment is open for the issuance of a new Delivery Commitment as long as the sum of open Delivery Commitments and the Mortgage Loans already delivered under the Master Commitment is less than the Master Commitment amount.

### **5.4 Amending a Master Commitment**

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The PFI may request that the MPF Bank amend an open Master Commitment at any time. Any Master Commitment amendment made by the MPF Bank will be made at the MPF Bank's sole discretion.

Amendments may be requested to:

- Change the size and term of the Master Commitment; or
- Extend the expiration date of the Master Commitment.

Amendment requests are subject to the following conditions:

- Requests for amendments must be accompanied by complete information and supporting data;
- No request for amendment may be made which would affect a Mortgage Loan or Delivery Commitment already assigned to a specific Master Commitment.

### **5.5 Closing a Master Commitment**

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A Master Commitment is closed when any of the following occurs:

- The sum of open Delivery Commitments and the Mortgage Loans delivered under the Master Commitment equals or exceeds the Master Commitment amount; or
- The Master Commitment term has expired.

## CHAPTER 6. DELIVERY COMMITMENTS

This chapter describes the requirements for establishing, filling, and closing a Delivery Commitment.

### 6.1 Overview (3/16/17)<sup>19</sup>

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A Delivery Commitment is an agreement between the PFI and the MPF Bank that defines the Note Rate, premium or discount, Closing time interval, product type, total dollar amount, and other terms pertaining to the purchase of Mortgage Loans under the terms of the corresponding Master Commitment.

Except for Best Efforts Delivery Commitments delivered under specified MPF Xtra® Master Commitments, all Delivery Commitments are mandatory and may be filled with a single Mortgage Loan or multiple Mortgage Loans. For information on Best Efforts Delivery Commitments see the MPF Xtra Selling Guide.

A Delivery Commitment cannot be assigned to a closed Master Commitment, nor reassigned to another Master Commitment.

### 6.2 Establishing a Delivery Commitment (2/12/19)<sup>20</sup>

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By 8:30 A.M. Central Time each Business Day, the MPF Provider will publish electronically on the eMPF® Website, the Rate and Fee Schedules for each remittance type, if available from the MPF Bank. Each individual Rate and Fee Schedule posted will have a unique schedule number.

Posted Rate and Fee Schedules expire at 3:30 P.M. Central Time on the date of issue. The MPF Provider may cancel, withdraw and/or reissue the Rate and Fee Schedules at any time during the Business Day. Each new issue of a Rate and Fee Schedule will be assigned a new unique schedule number and will be published electronically as indicated above.

The Rate and Fee Schedules posted directly by the MPF Provider on the eMPF Website or by a third- party investor for the MPF Direct product provide indicative pricing and do not constitute an offer by the MPF Bank to the PFI for a Delivery Commitment.

At any time between 8:30 A.M. Central Time and 3:30 P.M. Central Time, the PFI may obtain a Delivery Commitment using the following methods:

- For Delivery Commitments less than \$10 Million, the PFI may utilize the eMPF Website; or
- For Delivery Commitments greater than or equal to \$10 Million, the PFI must contact the MPF Servicer Center. All telephone conversations relative to obtaining a Delivery Commitment will be tape-recorded.

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<sup>19</sup> MPF Announcement 2017-12 (3/16/17)

<sup>20</sup> MPF Announcement 2019-15 (2/12/19)

MPF Announcement 2017-62 (10/27/17)

MPF Announcement 2017-12 (3/16/17)

The PFI will supply the following information to the MPF Provider:

- PFI name and number (if via telephone);
- The name of the person calling and authorized to obtain a Delivery Commitment (if via telephone);
- The number of the Master Commitment to which the Delivery Commitment is to be assigned;
- The Rate and Fee Schedule number, and associated product type and delivery period;
- The Note Rate for the Delivery Commitment; and
- The Delivery Commitment amount.

The PFI is required to make specific representations and warranties when requesting a Delivery Commitment for certain MPF Mortgage Products.

The MPF Provider will verify the following information:

- The referenced Rate and Fee Schedule is still valid; and
- The referenced Master Commitment is open and the remaining amount equals or exceeds the amount of the Delivery Commitment.

If the above items are confirmed, the MPF Provider will assign a Delivery Commitment number and issue a binding Delivery Commitment. The terms of each Delivery Commitment will be confirmed with the PFI on the day of issuance via on-screen notification and e-mail.

### 6.2.1 Note Rate Range

For each Government MBS Delivery Commitment, all the associated Note rates included must be provided in one-eighth percent increments (0.125%) at the time the Mortgage Loans are delivered to the MPF Bank by the PFI.

Note Rate (X denotes any integer)	Note Rate Change (see MPF Government MBS Selling Guide section <a href="#">3.2.4</a> for acceptable increments)
X.000%	Minus (-) 0.250% and Plus (+) 0.125%
X.125%	Minus (-) 0.375% and Plus (+) 0.000%

X.250%	Minus (-) 0.000% and Plus (+) 0.375%
X.375%	Minus (-) 0.125% and Plus (+) 0.250%
X.500%	Minus (-) 0.250% and Plus (+) 0.125%
X.625%	Minus (-) 0.375% and Plus (+) 0.000%
X.750%	Minus (-) 0.000% and Plus (+) 0.375%
X.875%	Minus (-) 0.125% and Plus (+) 0.250 %
X.000%	Minus (-) 0.250% and Plus (+) 0.125%
X.125%	Minus (-) 0.375% and Plus (+) 0.000%

Further examples substituting four (4) or five (5) for X:

Sample Note Rate	Note Rate Range (see MPF Government MBS Selling Guide section <a href="#">3.2.4</a> for acceptable increments)
4.000%	3.750% to 4.125%
4.125%	3.750% to 4.125%
4.250%	4.250% to 4.625%
4.375%	4.250% to 4.625%

4.500%	4.250% to 4.625%
4.625%	4.250% to 4.625%
4.750%	4.750% to 5.125%
4.875%	4.750% to 5.125%
5.000%	4.750% to 5.125%
5.125%	4.750% to 5.125%

### **6.3 Extending a Delivery Commitment**

A Delivery Commitment may be extended prior to its expiration by contacting the MPF Service Center or via the eMPF website. The extension is in one-day increments up to a maximum of thirty (30) Calendar Days. A Delivery Commitment extension fee will be assessed for each extension. The Delivery Commitment must have delivery capacity available in order to be extended.

### **6.4 Closing a Delivery Commitment**

A Delivery Commitment is closed on the applicable expiration date or on the date the Delivery Commitment is filled, whichever occurs first.

A Delivery Commitment is considered filled when Mortgage Loans aggregating the maximum permitted dollar amount have been delivered. The maximum permitted dollar amount is the greater of:

- 101% of the original Delivery Commitment amount; or
- The original Delivery Commitment amount plus \$100,000.

Price adjustment fees may apply when the aggregate principal amount of the Mortgage Loans delivered under the Delivery Commitment is greater than the Delivery Commitment amount at expiration.

No Mortgage Loan may be delivered under a Delivery Commitment if it would cause that Delivery Commitment to exceed the maximum permitted dollar amount.

## **6.5 Delivery Commitment Fees**

This section describes the fees that may be assessed in relation to a Delivery Commitment.

### **6.5.1 Pair-off Fees**

For each Delivery Commitment of greater than \$2 Million or for each MPF Government MBS Mortgage Delivery Commitment of any amount, the PFI will be assessed a Pair-off Fee at expiration when the aggregate principal amount of the Mortgages delivered under a Delivery Commitment amount is less than ninety-nine percent (99%) of the original Delivery Commitment amount. The Pair-off Fee will be calculated on the difference between the aggregate principal amount of the Mortgages actually purchased by the MPF Bank and ninety-nine percent (99%) percent of the original Delivery Commitment amount.

The Pair-off Fee will be calculated as of the close of business on the expiration date of the Delivery Commitment.

### **Reduced Delivery Commitments**

The PFI may reduce the amount of a Delivery Commitment prior to the expiration of that Delivery Commitment. For all Delivery Commitments which are reduced, a Pair-off Fee will be calculated on one hundred percent (100%) of the reduction amount of the Delivery Commitment.

The reduction amount of the Delivery Commitment is the amount of the existing Delivery Commitment less the amount of the reduced Delivery Commitment. The Pair-off Fee will be calculated at the time of the reduction.

### **6.5.2 Price Adjustment Fees**

For each Government MBS Mortgage Delivery Commitment of any amount, the PFI will be assessed a Price Adjustment Fee when the aggregate principal amount of the Mortgages delivered under a Delivery Commitment amount is greater than one hundred-five percent (101%) of the Delivery Commitment amount at expiration. The Price Adjustment Fee will be assessed at expiration and calculated on the difference between the aggregate principal amount of the Mortgages actually funded or purchased by the MPF Bank and one hundred-one percent (101%) of the original Delivery Commitment amount at expiration.

The Price Adjustment Fee will be calculated as of the close of business on the date that the aggregate principal amount of the Mortgage Loan purchased exceeds the amount of the Delivery Commitment.

### **6.5.3 Calculation of the Pair-off Fee and Price Adjustment Fee**

The MPF Provider will calculate the Pair-off Fee and Price Adjustment Fee based on the following:

- The nature and amount of the pair-off;
- The premium or discount corresponding to the Note Rate issued for the Delivery Commitment; and

- The premium or discount in effect at the time of pair-off for Delivery Commitments that have the same product type, Note Rate, and delivery period that most closely approximates the remaining term of the Delivery Commitment being paired off.

Pair-off Fees and Price Adjustment Fees will be charged to the PFI's DDA. Under no circumstances will these fees be paid directly to the PFI.

## **CHAPTER 7. MORTGAGE LOAN PURCHASE**

### **7.1 Government Mortgage Loan Seasoning Requirements**

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In addition to complying with all MPF Program and applicable Government Agency requirements for Government Loans, Government MBS Mortgage Loans must meet the following criteria:

- No more than twelve (12) Principal and Interest Payments have been applied to the Mortgage Loan from the original Note date; and
- The most recent payment due from the Borrower cannot be past due:
  - For scheduled/scheduled remittance type, Mortgage Loans must be current through the end of the month prior to delivery to the MPF Bank.

### **7.2 Data to Be Submitted (3/16/17)<sup>21</sup>**

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In order to deliver a Mortgage Loan under the MPF Program, the following data must be submitted electronically via the eMPF website:

- PFI number and name
- PFI loan number
- Loan Application Date
- Name of the person submitting data and authorized to deliver Mortgages
- Master Commitment number
- Delivery Commitment number
- Borrower(s) name
- Borrower(s) ethnicity
- Borrower(s) race or national origin
- Borrower(s) gender
- Borrower(s) age
- Borrower(s) date of birth
- Borrower(s) monthly income
- Borrower(s) Social Security Number
- Borrower(s) FICO score

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<sup>21</sup> MPF Announcement 2017-12 (3/16/17)

- Borrower(s) FICO score source
- Number of Borrowers
- NextGen FICO®<sup>22</sup> score
- Borrower(s) self-employed
- First time buyer
- Loan Origination Source
- Mortgage Identification Number (if MERS registered)
- Loan plan type
- Loan purpose
- Occupancy
- Loan feature
- Product type
- Loan term (in months)
- Note Rate
- Original loan amount
- Appraised value
- Sales price
- Note Date
- Loan-to-Value (LTV) Ratio
- Subordinated financing
- Total Loan-to-Value (TLTV) Ratio
- Housing expense ratio
- Total debt ratio
- Mortgage insurance coverage level (%)
- Mortgage insurance company code (if required)
- Documentation type

<sup>22</sup> NextGen FICO® is a registered trademark of the Fair Isaac Corporation.

- Asset verification
- Automated Underwriting System (AUS)
- Automated Underwriting System (AUS) certificate number
- Appraisal Type
- Buydown
- Anti-predatory lending (APL) category
- HOEPA status
- Rate/APR spread or Average Prime Offer Rate/APR spread
- Higher Priced Mortgage Loan status
- Property street address and apartment number
- City, state and zip code
- Property county name
- Federal Information Processing Standards (FIPS) code
- Property type
- Manufactured housing information
- Number of bedrooms per unit
- Unit owner occupied per unit
- Rent level per unit
- Rent plus utilities per unit
- Principal and Interest Payment
- Outstanding loan balance
- First payment due date
- Next payment due date
- Maturity date
- Funding Date
- Investor due date
- Disbursement date (if refinance)

- Loan Originator and Originator’s Company ID numbers
- Appraiser state license number (if signor on Appraisal form)
- Agency case number (Government Loan only)
- Current Loan-to-Value ratio (seasoned loan only)
- Pay history (seasoned loan only)

Note: Borrower and Co-Borrower income must be collected and delivered to the MPF Provider for all Government Mortgage Loans, regardless of the applicable Government Agency’s requirement to use or collect such information.

In addition to the above requirements, the PFI must submit an electronic transmission of data via eMPF in the following file formats: Detailed List of Uniform Loan Delivery Data (ULDD) File and the Additional Information File. In addition to submitting the electronic data files listed above the PFI must provide a scanned file to the MPF Service Center via the “Upload Mortgage File Documents” link on eMPF within 7 (seven) days of funding containing copies of the following documents in the below order:

- Coversheet (Exhibit S-M), which provides the MPF Provider loan number;
- Underwriting Transmittal Summary:
  - FHA loans: Form 92900 LT;
  - VA loans: Form 1008, VA Loan Analysis, and IRRRL Worksheet, if applicable; or
  - RHS loans: Form 1008.
- Automated Underwriting System (AUS) Certificate or Guaranteed Underwriting System (GUS) Certificate, if applicable;
- Final 1003 Loan Application;
- Case Number Assignment:
  - FHA loans: Case Number Assignment;
  - VA loans: Loan note Guarantee; or
  - RHS loans: USDA-RD Form RD 1980-18 Conditional Commitment or Loan Note Guarantee.
- Final Credit Report with any updates;
- Appraisal and any updates or addendums (VA Mortgage Loans must include Notice of Value);
- Note with all applicable riders;

- Mortgage with all applicable riders-stamped true and certified copy; and
- Settlement Statement or final Closing Statement-stamped true and certified copy.

### **7.3 Purchase Requirements**

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In order to qualify for purchase under the MPF Program, the Mortgage Loan must meet the following requirements:

- Be assigned to an open Delivery Commitment that corresponds to the applicable MPF Mortgage Product;
- Not cause the maximum permitted amount of the referenced Delivery Commitment to be exceeded (within tolerance limits); and
- Have the entire principal amount of the Mortgage Loan fully disbursed to the Borrower, or disbursed or advanced in accordance with the direction of the Borrower, prior to the purchase of the Mortgage Loan by the MPF Bank. For example, a refinance Mortgage Loan cannot be delivered under the MPF Program during any applicable rescission period for the refinance Mortgage.

### **7.4 Amount to be Paid**

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Mortgage Loans will be purchased in the amount of the current principal balance plus interim interest, from the prior payment date to the Funding Date, calculated on a 30/360 basis at the pass-through rate, plus or minus any applicable premium or discount.

For the scheduled/scheduled remittance type, the "outstanding loan balance" on the Loan Presentment Request (Form OG3) is the scheduled principal balance as of the month delivered (if the first payment date is in the future, it is the scheduled principle balance following application of the first payment).

#### **7.4.1 Payment Method (10/27/17)<sup>23</sup>**

Upon determination that a Mortgage Loan can be purchased, the MPF Bank will deposit funds in the PFI's DDA. The purchase of a Mortgage Loan will be confirmed with the PFI on the Funding Date via e-mail or electronically.

The first payment due date for all Mortgage Loans should be the first day of the second month following the disbursement date of the Mortgage.

#### **7.4.2 Reconciliation**

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<sup>23</sup> MPF Announcement 2017-62 (10/27/17)

If at a later date it is determined that a payment error has taken place, regardless of the source of the error, the MPF Bank will make adjusting debits or credits to the PFI's DDA and confirm the details of such adjustments with the PFI.

#### **7.4.3 Premium Pricing Reimbursement (12/22/16)<sup>24</sup>**

The MPF Bank reserves the right to request reimbursement for any premiums paid in connection with Mortgage Loans that are paid off within 120 days of the Funding Date.

#### **7.4.4 Early Payment Default Breach (2/12/19)<sup>25</sup>**

If any of the first three (3) monthly payments due after a Government MBS Mortgage Loan is delivered into the MPF Program becomes Delinquent and is not paid on or before the next scheduled due date of the monthly payment, the MPF Provider or the MPF Bank may require the PFI or Servicer to repurchase the related Mortgage Loan within (7) Business Days after receipt of written notice of the Early Payment Default. This repurchase obligation only applies where the Mortgage Loan is delivered into the MPF Program within one year of its origination date.

<sup>24</sup> MPF Announcement 2016-30 (12/22/16)

<sup>25</sup> MPF Announcement 2019-15 (2/12/19)  
MPF Announcement 2017-03 (1/30/17)

## **CHAPTER 8. DOCUMENT DELIVERY TO THE CUSTODIAN (10/27/17)<sup>26</sup>**

The Collateral Files for Government MBS Mortgage Loans must be held by the MPF Program Custodian. The PFI must obtain acceptance from the MPF Program Custodian that documents are in proper form and are properly executed. PFIs should reference MPF Custody Frequently Asked Questions and Answers (Exhibit J) for assistance with the MPF Custody process.

### **8.1 Collateral File Package (7/24/17)<sup>27</sup>**

Documents must be submitted to the Custodian in the order specified in a legal-sized pocket manila folder. The outside of the manila folder must identify the MPF Program, the PFI's name, the Master Commitment number, the Borrower's name, the MPF loan number and the PFI's loan number.

Collateral Files must be sent in MPF loan number order to the Custodian.

The following documents must be sent to the Custodian in the order indicated:

- Original Note with proper endorsements;  
For Government MBS Mortgages, in the case of a lost Note, a replacement Note must be executed by the mortgagor in accordance with the Initial Certification Review Checklist for MPF Government MBS (Exhibit K-M). A lost note affidavit or a lost instrument bond cannot substitute for the original Note.
- The original unrecorded Assignment of the Security Instrument "in blank" from the PFI;
- Original unrecorded Assignments of the Security Instrument from the Affiliate to the PFI (if applicable);
- All recorded Intervening Assignments or certified copies of Intervening Assignments sent for recording (if applicable);
- Original/certified copy of the Power of Attorney (if applicable);
- Any rider, addendum, modification or Assumption that modifies the Note (if applicable); and
- Trust Agreement(s) (if applicable).

Any copies provided must be certified with the following signed statement: "certified to be a true and correct copy of the original."

#### **8.1.1 New York Consolidation, Extension, and Modification Agreements (CEMA)**

For CEMA, the following documents must be submitted to the Custodian:

<sup>26</sup> MPF Announcement 2017-12 (3/16/17)

<sup>27</sup> MPF Announcement 2017-37 (7/24/17)

Original/Certified Copy of the most current version of CEMA (FNMA/FHLMC Form 3172);

- FNMA/FHLMC Form 3172 Exhibits "A", "B", "C", and "D". Exhibit "A" must list all Notes and Security Instruments being consolidated, modified and extended; and
- The original consolidated Note evidencing the new indebtedness endorsed "in blank", without recourse. (For loans sold under an MFP Government MBS Servicing Released Master Commitment, the PFI must endorse the Note to the Federal Home Loan Bank of Chicago.)

See the Initial Certification Review Checklist for MPF Government MBS (Exhibit K-M) for more CEMA requirements.

### **8.1.2 Data Accuracy**

The PFI is responsible for reviewing all Mortgage documents for completeness and accuracy, and is responsible for the correction of all errors prior to submission to the Custodian. All Closing documents must be error-free. If corrections are necessary, strike-overs that are initialed by the

Borrower must be used. Corrective coverings are not acceptable.

The names and signatures of each Borrower must be consistent on all Closing documents, and must correspond to the names appearing on the title insurance policy.

## **8.2 Document Safeguarding**

The PFI must protect and safeguard all Mortgage documents before they are sent to the Custodian or upon release from the Custodian. These practices include protection from external elements (such as fire), identification of documents as MPF Bank assets, and separation from other unrelated documents. Collateral Files should be stored in secure, fire resistant facilities with customary controls on access to assure their safety and security.

### **8.2.1 Transit Insurance (3/16/17)<sup>28</sup>**

If the PFI has not contractually agreed with the Custodian to have the Custodian assume liability for Notes and Assignments and any other documents in the Collateral File while in transit, the PFI must obtain insurance covering physical damage or destruction to, or loss of, any Notes, Assignments and other documents while such documents are in transit between the Custodian's premises and anywhere, regardless of the means by which they are transported. For the purpose of this insurance, Mortgage Notes are considered to be "Negotiable Instruments" under Section 3-104 of the Uniform Commercial Code (UCC).

<sup>28</sup> MPF Announcement 2017-12 (3/16/17)

The PFI or PFI's insurer, insurance broker or agent must notify the MPF Provider at least thirty (30) calendar days prior to cancellation or nonrenewal of the insurance.

The PFI's insurance policy must:

- Be underwritten by an insurer that has a B+ or better rating and also a financial size category of VI or better according to the A.M. Best Company, or be affiliated with Lloyd's of London;
- Be maintained in an amount that is deemed adequate for the number of Notes and Assignments held in custody and that is deemed appropriate based on prudent business practice; and
- Have a deductible amount no more than the greater of five percent (5%) of the PFI's GAAP net worth or \$100,000, but in no case greater than \$10,000,000.

If the PFI is covered under its parent's insurance program rather than by its own insurance, then the following additional requirements apply:

- The acceptable deductible amount for each insurance policy may be no more than the greater of five percent (5%) of the parent's GAAP net worth or \$100,000, but in no case greater than \$10,000,000; and
- The PFI must be a named insured

### **8.3 Initial Certification Review (3/16/17)<sup>29</sup>**

The PFI must deliver all required documents to the MPF Program Custodian for review, certification and safekeeping within seven (7) calendar days of the Funding Date by the MPF Bank. The MPF Program Custodian will review the Collateral File in accordance with the Initial Certification Review Checklist for MPF Government MBS (Exhibit K-M).

For each Collateral File not received and certified within the required time frame, an uncertified loan fee will be assessed to the PFI each calendar day thereafter until the date of Initial Certification by the MPF Program Custodian or repurchase of the Mortgage Loan.

All Collateral Files for Government MBS Mortgages must receive Initial Certification from the MPF Program Custodian within twelve (12) calendar days of the Funding Date. All Mortgages that are not certified within this timeframe are subject to repurchase. Prior to the repurchase being initiated by the PFI, the MPF Provider must repurchase the Government MBS Mortgage Loans from the Ginnie Mae security in accordance with Ginnie Mae's requirements and adhere to all applicable Ginnie Mae standards.

The MPF Provider will notify the PFI of all Mortgage Loans for which the MPF Program Custodian has not received a Collateral File.

If the MPF Program Custodian determines that the documents submitted are not acceptable, the Collateral File will be suspended or deemed ineligible. The MPF Provider will notify the PFI of any Mortgage Loans for

<sup>29</sup> MPF Announcement 2017-12 (3/16/17)

which the Collateral Files are suspended or ineligible, and the detailed reasons for the suspension or ineligibility.

If the MPF Program Custodian sends documents to the PFI for correction, the PFI must immediately correct any defects and return all documents to the MPF Program Custodian. Penalty charges may be assessed for delays in correcting and resubmitting required documents.

### **8.3.1 Correction of Exception (10/27/17)<sup>30</sup>**

When the PFI discovers an Exception, which includes an error on one of the documents in the Collateral File or a discrepancy between the Loan Presentment information and the loan document information, the PFI must immediately report the Exception by emailing the MPF Custody Department at [MPFCustody@FHLBC.com](mailto:MPFCustody@FHLBC.com) and work with the MPF Custody Department to correct the Exception.

Exceptions are detailed in the Exception Report on the eMPF website. PFIs should reference Exhibit H (Document Codes) and Exhibit I (Exception Codes) for a translation of the codes on the Exception Report.

### **8.3.2 Loan Not Eligible**

If the Custodian determines that the documents in the Collateral File do not meet the MPF Program requirements, the Custodian will inform the MPF Provider of the conditions that cause ineligibility, and the Mortgage Loan must be repurchased by the PFI. The MPF Bank will affect the repurchase by withdrawing the required funds from the PFI's DDA.

## **8.4 Final Certification (3/16/17)<sup>31</sup>**

The documents for Government MBS Mortgage Loans must be submitted to and certified by the Custodian for Final Certification within twelve (12) months of the Funding Date (Conventional Mortgage Loans are not subject to Final Certification). The documents may be forwarded on a piecemeal basis as the PFI receives them, or the documents may be immediately forwarded once the PFI receives all of them. Multiple documents must be delivered in Master Commitment number order and then within each Master Commitment, by MPF loan number order. The final documents may be provided in a legal-sized pocket manila folder, or as an alternative, the PFI may provide the applicable Government Agency insurance certificate or loan guaranty in the acceptable delivery format listed in the Government Mortgage Final Certification Review Checklist (Exhibit L). The Custodian will review the Collateral File in accordance with the Exhibit L.

An uncertified loan fee will be assessed to the PFI each calendar day for each Mortgage Loan that fails to receive Final Certification in the required time frame.

<sup>30</sup> MPF Announcement 2017-62 (10/27/17)

<sup>31</sup> MPF Announcement 2017-12 (3/16/17)

### **8.4.1 Required Documentation (10/27/17)<sup>32</sup>**

The PFI must submit the following documentation for Final Certification:

- The original recorded mortgage or other Security Instrument and, in the case of a modified Government Mortgage, the original Note, the modification agreement, and any required subordination agreement or title endorsement;
- The original (or electronic) Loan Guaranty Certificate (LGC), Mortgage Insurance Certificate (MIC), or Loan Note Guaranty (LNG) evidencing the Mortgage Loan has received insurance or a guaranty from the applicable Government Agency;

If the PFI is unable to obtain the applicable certificate or guarantee, the PFI must submit a fully executed Uninsurable Mortgage Notification for Government Mortgages (Form SG350M) along with the Request for Release of Documents – MPF Government MBS (Form SG340M). If the Custodian has direct access to FHA Connection or VA TAS, the Custodian may reconcile the accuracy of the data directly with the system.

- All original recorded Intervening Assignments or clerk-certified copies; and
- A Mortgagee title insurance policy or other evidence of title acceptable to FHA, VA, RD, or HUD (not required for loans owned by the Secretary of HUD or for VA-Vendee loans if VA does not provide title insurance).

### **8.4.2 Past Due Final Certifications (3/16/17)<sup>33</sup>**

For each Mortgage Loan for which final documents are not received and certified within the required time frame, an uncertified loan fee will be assessed to the PFI each calendar day thereafter until the date of Final Certification by the Custodian, pledging collateral or repurchase of the Mortgage Loan.

If a Government MBS Mortgage Loan has not received final certification within twelve (12) months from the Funding Date the PFI may be required to repurchase the Mortgage Loan. Prior to the repurchase being initiated by the PFI, the MPF Provider must repurchase the Government MBS Mortgage Loan(s) from the Ginnie Mae security in accordance with Ginnie Mae's requirements and adhere to all applicable Ginnie Mae standards.

No more than four percent (4%) of the Mortgage Loans in the PFI's MPF Government MBS Mortgage Master Commitments may be past due for Final Certification. If the past due ratio exceeds 4%, at the sole discretion of the MPF Bank, the PFI must:

<sup>32</sup> MPF Announcement 2017-62 (10/27/17)

MPF Announcement 2017-12 (3/16/17)

<sup>33</sup> MPF Announcement 2017-12 (3/16/17)

1. Pledge collateral equal to one hundred percent (100%) of the aggregate unpaid Principal Balance of the overdue Government MBS Mortgage Loans, as of the date of the MPF Provider notifies the PFI, in accordance with the PFI's Advances Agreement. The amount due for all Government MBS Mortgage Loans requiring collateralization may be combined into a single collateralization. If the PFI brings its Government MBS Mortgage Loans into compliance with the tolerance levels stated above before the collateralization expires, the PFI may request that the MPF Bank release its collateral. If after the six-month period the Government Loans are still not in compliance with the Final Certification thresholds, the collateralization must be extended prior to expiration; or
2. Repurchase the overdue Government Mortgages.

For any Government Mortgage Loans past due for Final Certification after three (3) years, the PFI will be required to collateralize the Principal Balance of the overdue Government Mortgage Loans or repurchase such Mortgage Loans, regardless of the percentages of total Mortgage Loans past due for Final Certification.

### **8.5 MPF Program Custodian Fees and Service Charges (3/16/17)<sup>34</sup>**

The MPF Program Custodian assesses the PFI the following fees and service charges:

- Rush release or rejected release request : (i) a request issued within the timelines listed below or (ii) for an invalid release request as determined by the MPF Program Custodian.
  - 1 Business Day turnaround -- \$5.00
  - 2 Business Day turnaround -- \$3.50
- Nonstandard or rejected release request - A fee charged to the PFI for: (i) the release of a Collateral File for a purpose other than Liquidation, Foreclosure or other Servicing responsibility that requires the physical possession of the Note or other documents (such as Exception correction for Initial or Final Certification requirements, etc.) or (ii) an invalid release request as determined by the Custodian.
  - 1 Business Day turnaround -- \$5.00
  - 2 Business Day turnaround -- \$3.50
  - 3-4 Business Day turnaround -- \$2.00
- Non-standard or rejected file reinstatement requests -- A fee charged to the PFI for: (i) the file reinstatement following a release request for a purpose other than Liquidation, Foreclosure or other Servicing responsibility that requires the physical possession of the Note or other documents (such as Exception correction for Initial or Final Certification requirements, etc.) or (ii) an invalid reinstatement request as determined by the Custodian -- \$3.00

<sup>34</sup> MPF Announcement 2017-12 (3/16/17)

- Copies of documents -- \$1.00 plus \$0.25 per single sided copy
- Exception correction (per Exception) – A fee charged to the PFI for every Exception cited by the MPF Program Custodian for Initial Certification, Final Certification, or recertification. Exception fees will be billed to a new PFI once one of the following occurs: sixty (60) calendar days have passed from first receipt of Collateral Files or one hundred (100) Collateral Files have been received by the Custodian from the PFI -- \$3.50
- External file transfer (change of Custodian) -- \$3.50

The MPF Provider will create preliminary custody invoices no later than the fifth (5th) Business Day of each month for the custody fees and service charges accrued in the previous month. The MPF Provider will create the final custody invoices on the eighteenth (18th) calendar day of each month or on the preceding Business Day if the eighteenth (18th) is not a Business Day, indicating the amount that will be drafted from the PFI's DDA. Both the preliminary and final invoices are available on the eMPF website. The MPF Provider reserves the right to amend the custodian fee schedule from time to time.

## **CHAPTER 9. POST-CLOSING REQUIREMENTS**

### **9.1 Payments and Correspondence**

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If the Originator is not the current Servicer any payments and correspondence that the Originator receives from the Borrower after Closing must be immediately forwarded to the current Servicer of the Mortgage Loan.

### **9.2 Rescission Notice**

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The Originator must immediately notify the current Servicer of the Mortgage Loan, the MPF Provider, the investor, and the MPF Bank if a rescission notice is received from the Borrower. To avoid delays, the notification to the MPF Provider must include at minimum the following information:

- MPF loan number;
- Borrower name(s);
- Loan product, name of Investor(s) and any applicable Government Agency insuring or guaranteeing the Mortgage Loan;
- Who inquiry was received from and relationship to Borrower (Note that any request received related to inquiry from alleged successors in interests will be assumed to have been confirmed as a Successor in Interest by Servicer pursuant to its policies and procedures);
- Date and method notice of rescission was received;
- Copy of the Notice of Rescission;
- Copy of any other communication received from Borrower or Borrower's representative related to the rescission; and
- Any other relevant loan or borrower information that may be needed to address the rescission demand.

## **CHAPTER 10. SERVICING REQUIREMENTS**

This chapter provides an overview for servicing retained loans and servicing released loans.

This chapter does not cover the requirements for the following types of transfers (which are addressed in the Servicing Guide):

- Transfers of servicing initiated post-loan delivery; or
- Transfers of servicing arising from mergers or other portfolio dispositions.

### **10.1 Servicing Retained**

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PFI's that are retaining the Servicing of the Mortgage Loans must refer to the MPF Government MBS Servicing Guide for the MPF Program servicing requirements.

For FHA Mortgage Loans where the Servicing is retained by the PFI, the PFI must report the change of holder to the FHLBC using FHA Connection within ninety (90) days of the endorsement of the case for FHA insurance. The FHLBC's FHA Holder ID number is 94089.

### **10.2 Servicing Released**

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The concurrent sale of servicing structure under the MPF Government MBS Mortgage Product involves the PFI selling Mortgage Loans to the Federal Home Loan Bank of Chicago (FHLBC) while concurrently selling the Servicing Rights to Nationstar Mortgage LLC (Nationstar). See the Nationstar Mortgage LLC Concurrent Servicing Sale Manual (Exhibit F-M) for more information.

To participate in this concurrent sale of servicing option, PFI's must contact their MPF Bank Representative.

For FHA Mortgage Loans that are sold service released, the PFI must report the change of holder and Servicer using FHA Connection within 90 (ninety) days of the endorsement of the case for FHA insurance. The PFI must report the change of holder to FHLBC, and the change of servicer to Nationstar. The FHLBC's FHA Holder ID number is 94089, and Nationstar's FHA Servicer ID number is 26450.

For VA Mortgage Loans that are sold service released, the PFI must use VALERI (VA reporting system) to report the change of Servicer to Nationstar. Nationstar's VA servicer number is 889993.

For RHS Mortgage Loans that are sold service released, the PFI must report Nationstar as Servicer to the USDA by completing USDA-RHS Form 3555-11.