

MPF Announcement

July 6, 2018 2018-35

Alert

Policy Update
New Policy

Reminder ■

Clarification
Training Information

Audience

Program Management ■

Origination
Quality Control

Servicing ■

Underwriting
Compliance/Legal

Product

MPF Xtra®
MPF® Direct

MPF Government MBS ■

MPF Traditional

Effective Date:

Immediately

MPF Government MBS Product Audit Requirements Reminder

The MPF Program would like to remind PFIs who deliver MPF Government MBS Mortgage Loans under the MPF Program of specific Ginnie Mae audit requirements, as is further described on attached “Government MBS Mortgage Audit Disclosure.” PFIs must comply with all applicable Government Agency origination and servicing requirements to maintain accurate and complete records and to be able to provide those records upon request to the applicable Government Agency, the MPF Bank or the MPF Provider. PFIs that service, subservice, or have hired a sub-servicer must ensure compliance.

We have highlighted below some requirements that were the focus of a recent audit. PFIs should review their current written procedures and any applicable supporting documentation as required by the applicable Government Agency to mitigate any future potential findings:

- A form SG340 Release of Documents is required to be submitted to the Custodian within 5 calendar days following the payoff of a loan. See MPF Government MBS Servicing Guide section 1.6.6 for specific details.
- PFIs must perform reconciliations of all custodial accounts within 30 days of the monthly reporting cutoff. See MPF Government Servicing Guide section 2.5 for specific details.
- All proceeds from payoffs or liquidation must be deposited into the P&I Custodial Account within 2 business days of receipt. See MPF Government MBS Servicing Guide section 2.10.6 for specific details.
- PFIs must ensure all data is submitted accurately and is correctly reflected in all systems including applicable Government Agency systems of record. See MPF Program Guide section 4.2.2 for specific details.

In addition to the MPF Guides requirements for Government MBS, PFIs should also refer to the most recent versions of the applicable Government Agency guides to ensure their compliance with the agency's mortgage documentation and procedural requirements.

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Government MBS Mortgage Audit Disclosure

Ginnie Mae will be conducting audits relating to Government MBS Mortgages of the MPF Provider, in addition to the ability to audit PFIs independently as outlined in MPF Program Guide Section 4.16. PFIs that service, sub-service, or have hired a sub-servicer to service Government MBS Mortgages may be in possession of certain documentation, and will be asked to provide such documentation to the MPF Provider within **a few business days** as indicated in the request. The activities listed below are some of the frequently focused areas of Ginnie Mae audits for which PFIs should have the required Government Agency processes in place and be prepared to provide all relevant records:

- **Cash Management**
- **Collections**
- **Liquidations**
- **Claims**
- **Delinquencies**
- **Investor Reporting**

In addition, the PFI's written procedures as required by the Government Agency, and any applicable supporting documentation, should be readily available upon request. The list below contains some examples of commonly requested documentation:

- Bank Account Activity
- Collection Notes
- Loan Histories
- Property Inspection and Preservation Evidence
- Evidence of Loss Mitigation (Foreclosure, Bankruptcy Filings or Forbearance)
- Proof of Claims for bankruptcy loans, motions for relief, proof of claims, if applicable
- Letter Logs
- State Foreclosure Requirements
- Payment History
- VALERI Event Reporting (VA Loans)
- Neighborhood Watch
- Escrow Analysis
- Evidence of MIP or Guaranty Insurance Payments
- Evidence of current Hazard Insurance Coverage or Master Insurance Policy for condominium or PUD loans as applicable
- Bank Overdrafts
- File Documentation
- Government Agency Audit or Review and any necessary corrective action

In addition to the MPF Program's requirements for Government MBS Mortgages in the MPF Guides, PFIs should also refer to the most recent versions of the applicable Government Agency guides to ensure their compliance with the agency's mortgage documentation and procedural requirements.