

MPF Announcement

January 07, 2019 2019-03

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

Federal Government Shutdown- Policy Impact for Mortgage Loans Sold under the MPF Direct Product

Due to the recent federal government shutdown, the Investor under the MPF Direct product, Redwood Trust, has temporarily updated policies for loans closing as of December 22nd and will expire once the federal government resumes full operations.

Refer to the attached Redwood Trust Announcement 2019-01-03 published on January 3, 2019 for additional information.

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Contact: MPF Service Center, 877-FHLB-MPF or 877-345-2673 or your MPF Bank Representative

Federal Government Shutdown – Policy Impact

Due to the recent federal government shutdown, the following policies will be in place *temporarily* for loans closing between December 22nd and will expire once the federal government resumes full operations:

Tax Transcripts and W-2 Transcripts – Loans may be delivered to Redwood and purchased by Redwood without the applicable tax transcripts or W-2 transcripts. Seller will be required to provide the applicable transcripts post- funding within 21 business days of the government resuming operations. Failure to provide the applicable transcripts or discrepancies between transcripts and tax returns/W-2s may result in the repurchase of the loan.

Flood Insurance on Loans in a Flood Zone - Loans may be delivered to Redwood and purchased by Redwood with one of the following provided:

- Copy of a completed application for flood insurance and a copy of the check or Closing Disclosure reflecting payment of the initial premium.
- An assignment of the existing policy from the property seller to the borrower is acceptable.
- Flood policy from a private insurer that meets equivalent terms and conditions under the standard NFIP policy.

Verification of Employment for Government Employees - A verbal verification of employment is required within 10 days prior to Note date. Borrowers on mandatory furlough must return to work prior to closing in order to use the income for qualifying. The verification must indicate the borrower has returned to work under the same terms as prior to the government shutdown.