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CHAPTER 1. GENERAL PROVISIONS

1.1 Applicability of Servicing Guide

This MPF Xtra® Servicing Guide ("Servicing Guide"), the MPF Program Guide, the MPF Xtra Selling Guide, product specific manuals, forms, exhibits, (together referred to herein as the "Guides"), and the Applicable Agreements apply to all Servicers Servicing Mortgage Loans sold under the MPF Xtra product. This Servicing Guide outlines the requirements and/or processes for Servicers servicing MPF Xtra Mortgage Loans under the MPF Program.

Servicers must abide by the procedures, terms, and conditions set forth in this Servicing Guide, as it may be amended from time to time. Failure of a Servicer to perform its obligations under either the Applicable Agreements or the Guides constitutes an Event of Default entitling the MPF Bank to exercise all available remedies as provided in the Guides and Applicable Agreements, including but not limited to termination of its Servicing Rights.

Where the MPF Xtra Guides reference specific Fannie Mae Guide provisions, Servicers are required to follow Fannie Mae's guidelines or requirements. For any topics not addressed in the Guides, including the Program Guide and the MPF Xtra Servicing Guide, the Servicer must follow the requirements of the Fannie Mae Servicing Guide. In instances where an MPF Xtra Guide provides operational or procedural guidance that conflicts with a Fannie Mae provision, the MPF Xtra Guide provisions will supersede the Fannie Mae provision. For example, where the Fannie Mae Servicing Guide directs communication to Fannie Mae or to utilize systems that are only available to Fannie Mae Seller/Servicers, Servicers must contact the Master Servicer. In addition, regardless of provisions in the Fannie Mae Guides, Servicers should not communicate with Fannie Mae directly, all communications regarding MPF Xtra loans should be addressed to the Master Servicer or MPF Provider, as provided for in the Guides.

1.2 The MPF Provider (12/20/24)[1]

This section addresses the role of the MPF Provider. Servicers are required to ensure they provide certain notices to MPF Provider and obtain Investor approval by submitting requests to the MPF Provider in the manner provided for in the Guides. When submitting requests to the MPF Provider, Servicers should assume the MPF Provider needs a minimum of 5 business days to respond unless otherwise noted in the Guides. Servicers must ensure all required or relevant forms, information and documentation is submitted with requests to avoid delays.

Unless otherwise provided for in an MPF Guide, whenever PFIs/Servicers have any questions or concerns, or are directed in an MPF Guide to contact the MPF Provider, to

[1] MPF Announcement 2024-78 (12/20/24)

notify MPF Provider, to submit something to MPF Provider, this should be done by contacting the MPF Service Center through the MPF Customer Service Portal or contacting MPF Service Center (MPF-Help@fhlbc.com or 877.345.2673). Contact information for the MPF Banks, MPF Provider, Master Servicer, MPF Program Custodian, and MPF Government MBS Custodian, can be found in the MPF Directory (Exhibit T).

1.2.1 Notifying the MPF Provider

Servicers are required to maintain accurate records and provide the MPF Provider certain notices, in the manner provided for in the Guides. Some notices are required to be made immediately, including but not limited to discovering any of the following:

- Deterioration of waste, or lack of repair to, any Mortgaged Property, including the presence of hazardous materials or conditions;
- Sale or transfer of any Mortgaged Property that was not in compliance with the Guides;
- Material litigation involving any Mortgaged Property;
- Vacancy or abandonment of any Mortgaged Property;
- Occupancy of the Mortgaged Property by a tenant, if the related Mortgage Loan documents indicate such property is to be owner-occupied;
- A material default under the terms of any Security Instrument, Note, condominium project or PUD constituent document or similar obligations of the Borrower (except in the case of a monetary default of the Borrower already addressed under the requirements for Delinquency management set forth in the Guides); or
- Any other situation that may materially and adversely affect any Mortgage Loan or Mortgaged Property.

1.3 The Master Servicer

This section addresses the role of the Master Servicer. Servicers are required to ensure they provide certain notices to and obtain certain approvals from the Master Servicer, in the manner provided for in the Guides. When submitting requests to the Master Servicer, Servicers should assume the Master Servicer needs a minimum of 5 business days to respond unless otherwise noted in the Guides. Servicers must ensure all required or relevant forms, information and documentation is submitted with requests to avoid delays.

1.3.1 MPF Program Master Servicer

The terms and conditions of this Servicing Guide will be administered by the MPF Bank, the MPF Provider acting on behalf of the MPF Bank, or the Master Servicer acting on behalf of the MPF Provider. The Master Servicer is authorized to require the Servicer to perform its obligations hereunder and under the Applicable Agreement. Computershare will serve as the Master Servicer. The MPF Bank or the MPF Provider may, at any time, without the Servicer's consent, direct in writing that all or part of the functions of the

Master Servicer be performed by another entity designated for such functions and time periods as the MPF Bank or the MPF Provider deems appropriate. The Servicer must comply with the instructions of such entity as if it were the Master Servicer.

Correspondence relating to the servicing and administration of the Mortgage Loans should be directed to the Master Servicer.

1.3.2 Master Servicer Prior Approvals

The Master Servicer may waive some requirements for prior approval in this Servicing Guide so long as the Servicer:

- Maintains Delinquency rates for Mortgage Loans at or below industry standards for mortgages of similar types in similar locations;
- Achieves Foreclosure time intervals at or below Fannie Mae's standards for the states in which the Mortgaged Properties are located; and
- Maintains Foreclosure losses at or below Fannie Mae's standards for mortgages of similar types in similar locations.

This waiver must be in writing and may be withdrawn at any time at the sole discretion of the MPF Bank, MPF Provider, or the Master Servicer.

1.4 Servicer's Relationship with the MPF Program

This section describes the relationship between the Servicer and the MPF Program.

1.4.1 Servicer as Independent Contractor

The Servicer is an independent contractor of the MPF Bank for the purpose of collecting Mortgage Loan payments, processing and collecting insurance claims, foreclosing, and otherwise enforcing the terms of the Mortgage Loan documents after default.

The Servicer shall act on behalf of the MPF Bank for the purpose of disposing of real estate owned ("REO") properties.

All services, duties and responsibilities of the Servicer under the Applicable Agreement and the Guides shall be performed and carried out by the Servicer as an independent contractor, and none of the provisions in the Guides (except where expressly provided) shall be deemed to make, authorize or appoint the Servicer as agent, partner, or representative of the MPF Bank, MPF Provider, or Master Servicer or any of their affiliates. Nothing in the Guides or in the Applicable Agreements shall be deemed or construed to create a partnership or joint venture between the parties hereto.

The Servicer's authority as an independent contractor is strictly limited to those acts necessary to carry out its Servicing Responsibilities in accordance with the Guides and the Applicable Agreements. Except where express permission was received from the Master Servicer or MPF Provider in writing, the Servicer is not authorized to waive any right or remedy of the Mortgage Loan documents.

1.4.2 Servicer Performance

Upon breach of any requirement, including, without limitation, the occurrence of any Event of Default, or of any of the Servicer's representations, warranties or covenants contained in the Guides or in the Applicable Agreements, the Servicer must:

- Promptly notify the MPF Bank and MPF Provider in writing of the nature of the breach, the date on which the breach occurred or began, and the Servicer's plans, if any, for curing the breach; and
- Effect a cure of the breach, if deemed curable by the MPF Bank, within thirty (30) days after the occurrence or onset of the breach.

If the breach is not deemed curable or if no complete cure has been effected, the MPF Bank may, in its sole discretion, require the Servicer to purchase or repurchase any Mortgage Loan which has been impaired or has suffered a material impairment of value.

1.4.3 Servicer Authority – Legal Representation

The Servicer has the full authority to do or cause to be done all things as may be necessary and appropriate to perform the Servicing responsibilities in its own name and right as if the Mortgage Loans were owned by it for its own account. In employing attorneys, filing claims in bankruptcy, probate, and other courts, or when appearance in any court is to be made, any such employment, filing, or appearance shall be done in the Servicer's name unless the Applicable Law, the Guides, Master Servicer, MPF Bank or MPF Provider authorize or direct the Servicer to take such action in the MPF Bank's name.

1.5 Repurchases (1/10/25)[2]

PFI and Servicers do not have a unilateral right to purchase or repurchase Mortgage Loans. This Guide provides specific instances where a PFI or Service may voluntarily purchase or repurchase an MPF loan. Any other voluntary purchase or repurchase by a PFI or Servicer must be pre-approved by the MPF Provider and Fannie Mae, and no steps to initiate a purchase or repurchase should be taken without the written approval or consent of the MPF Provider and the Investor. The PFI/Servicer must submit requests for purchase or repurchase to the MPF Provider by contacting the Service Center. The MPF Provider and Fannie Mae reserve the right to refuse voluntary purchase or repurchase requests that are not specifically permitted in the Guides.

The Investor may retain all Loan Level Price Adjustments (LLPAs), Investor Price Adjustments (IPAs), and any premiums paid in connection with any purchased or repurchased Mortgage Loan.

The MPF Provider waives its right to enforce Section 3.05 (Adverse Investor Determination) of the MPF Xtra Addendum to the PFI Agreement. This waiver does not

[2] MPF Announcement 2025-05 (1/10/25)

relieve the PFI of any of its other obligations, duties or requirements under the PFI Agreement, the MPF Xtra Addendum, and the MPF Guides, Applicable Law or the terms of the Mortgage documents. Nor does this change affect any other rights of the MPF Provider, an MPF Bank or Fannie Mae under the PFI Agreement and MPF Xtra Addendum, including, without limitation, the right to require repurchase of a Mortgage or indemnification for a reason other than those stated in Section 3.05 of the MPF Xtra Addendum.

See additional purchase and repurchase requirements in MPF Program Guide Section 3.5 Purchase or Repurchase Requirements and "Exhibit GG-X - MPF Xtra Repurchase Request."

1.6 Indemnification

The Servicer shall indemnify and hold harmless: (a) the MPF Bank; (b) the MPF Provider; (c) the Master Servicer; and (d) the officers, directors, employees, agents and affiliates of the MPF Bank, MPF Provider and Master Servicer from and against any and all claims, losses, damages, judgments, penalties and any other costs, fees, and expenses (including reasonable attorneys' fees and court costs) arising out of, based upon, or relating to: (i) a breach by the Servicer, its officers, directors, employees or agents of any representation, warranty or covenant contained in the Applicable Agreement and the Guides, or any failure to disclose any matter that makes any representation or warranty misleading or inaccurate, or any inaccuracy in material information furnished by the Servicer; (ii) a breach of any representation, warranty or covenant, failure to disclose, or inaccuracy in information furnished by the Servicer regarding itself; or (iii) a violation of Applicable Law or MPF Program requirements.

In addition, the Servicer shall provide legal representation on behalf of the indemnified parties in connection with any legal proceeding involving a Mortgage Loan. Neither an indemnified party nor the holder of a related security shall be liable for any attorneys' fees, court costs or other expenses incurred in connection with such litigation, except to the extent that the attorneys' fees, court costs or other expenses result from the negligence or wrongful misconduct of the party entitled to indemnification. Any judgment against the MPF Bank, MPF Provider or Master Servicer, or their officers, directors, employees, agents and affiliates shall be satisfied by the Servicer, as a recoverable advance, except to the extent that the judgment results from the negligence or wrongful misconduct of the party entitled to indemnification.

1.7 Servicing Standards

This section describes the general servicing standards the Servicer must follow when Servicing Mortgage Loans.

The Servicer is required to service Mortgage Loans in accordance with the requirements of this Guide, which includes payment of escrow items, safeguarding the Mortgaged Property, and adhering to reporting and remitting requirements through Liquidation or

disposition of the Mortgaged Property. The Servicer is responsible for servicing each Mortgage Loan until it receives express notice from the MPF Provider relieving the Servicer of its responsibilities in writing.

The Servicer must provide any records, information, data or documents as requested by the MPF Bank, MPF Provider, and/or Master Servicer in a timely manner, within the time frame provided for in the Guides or in the request itself, as applicable. Some requests, such as requests to provide data elements that were provided on the Supplemental Consumer Information Form (SCIF Form 1103) at origination, may require responses within two business days of the request.

1.7.1 Applicable Standards

Notwithstanding the presence or absence of language in certain sections of the Servicing Guide or the Applicable Agreement that expressly requires compliance with Applicable Standards, the Servicer must service the Mortgage Loans and fulfill all other obligations under this Servicing Guide and the Applicable Agreement in strict conformance with the Applicable Standards, which are any requirements contained in:

- The Guides;
- The applicable sections of the Fannie Mae Servicing Guide, including but not limited to Chapter A2-1, Servicer Duties and Responsibilities;
- The Applicable Agreements;
- Any other contractual obligation of the Servicer;
- The reasonable and customary practices of prudent mortgage lending institutions that service mortgage loans of the same type as the Mortgage Loans in the jurisdiction in which the relevant Mortgaged Properties are located;
- The terms of the Mortgage Loan documents; and
- All Applicable Laws (See also MPF Program Guide, Chapter 7).

1.7.2 Servicing Files

The Servicer must maintain an individual Mortgage Loan File for each Mortgage Loan by either storage of:

- The physical documents; or
- Images of the documents on:
    - Optical disks;
    - Microfilm;
    - Micro-fiche; or
    - Other electronic storage medium.

The storage medium must be marked in a way that clearly identifies the MPF loan numbers contained therein.

Any electronic storage of the documents must be in accordance with the Applicable Standards and must meet the following requirements:

- The process must accurately reproduce originals onto a durable medium;
- The MPF loan number and the Servicer loan number must be clearly marked;
- The contents of the media must be easily transferable to legible hard copies;
- The Servicer must retain the original recorded Mortgage, the original of any Assignments; the original Conventional mortgage insurance certificate, the Government Loan insurance certificate or guaranty certificate; and originals of any documents that change the mortgage terms, unless such documents are held by the Custodian; and
- The Servicer must make backup copies of the electronic files and retain the backup copies off-site to protect against fire and other hazard losses.

If the copies, optical storage or magnetic media become damaged or lost for any reason, the Servicer must bear the entire cost of restoring each Mortgage Loan File and any other related documents.

Mortgage Loan Files must be made available for review by the MPF Bank, the MPF Provider, the Master Servicer, the applicable investor or Government Agency, their representatives, agents, or examiners. If the requestor requires legible hard copies, the Servicer bears the cost for reproducing and delivering the hard copies.

Each Mortgage Loan File, at a minimum, must contain the following information/documents:

- Borrower correspondence letters and responses;
- Loan transaction/payment histories;
- Consolidated conversation notes and telephone contact attempts;
- Any assumption, modification, or other documents;
- Legal notices;
- Documentation of any modifications to the Mortgage Loan or releases of any collateral for the Mortgage Loan;
- A copy of the tax service contract;
- Routine form letters, all customer service/collection/bankruptcy/foreclosure/claims information, and full loan accounting history;
- Any documents required to be maintained in the Mortgage Loan File in accordance with the MPF Traditional Selling Guide;

- Any approval required to have been obtained from the MPF Provider, Investor, or applicable Government Agency, pursuant to the Guides, as to any of the items listed above; and
- All other records, data and documents customarily maintained in a Mortgage Loan File in accordance with Applicable Standards, including the Fannie Mae Servicing Guides.

1.7.3 Mortgage Records

The Servicer must maintain records to show the payment history for each Mortgage Loan, including the date of each transaction, funds credited to the account, and disbursements made from the account.

1.7.4 Record Retention (10/1/25)[3]

For more convenient storage, the Servicer may scan (or otherwise condense, including the use of computer imaging) most of the papers required to document and service the Mortgage Loan. Servicers must ensure any documents processed, stored, or transmitted electronically, comply with Fannie Mae Servicing Guide A2-5-01 Ownership and Retention of Individual Mortgage Loan Files and Records, in addition to any requirements in the MPF Guides that do not conflict with the Fannie Mae guide requirements.

The Servicer must maintain the mortgage loan file in accordance with A2-5-01, Ownership and Retention of Individual Mortgage Loan Files and Records, in addition to any requirements in the MPF Guides that do not conflict with the Fannie Mae guide requirements.

However, the Servicer shall retain copy of the recorded Security Instrument, the original of any Assignments (except for any original Assignment that the Custodian may be holding), the original PMI certificate or applicable Government Agency mortgage insurance certificate or loan guaranty, and originals of any documents that modify the loan terms (unless required that they be sent to the MPF Bank or MPF Provider). When the Servicer uses any form of reduced (condensed) documents, it shall be able to promptly reproduce legible, exact duplications of the original documents if they are needed for any reason.

The Servicer is responsible for promptly delivering to the Custodian any documents that come into its possession which are required to be maintained in the Collateral File.

After a Security Instrument is re-conveyed or assigned, or a Mortgaged Property disposed of, the Servicer must keep the individual Mortgage Loan File for at least seven (7) years (from the date of payoff or the date of disposition).

[3] MPF Announcement 2025-78 (10/1/25)

1.7.5 Release of Documents (12/20/24)[4]

The Note and the Assignment must remain in the Custodian's possession, except as needed by the Servicer from time to time as appropriate for Servicing of a Mortgage Loan. When items from the Collateral File are needed, the Servicer must submit a Request for Release of Documents (Form SG340-X) to the Custodian.

The Custodian will release the requested Collateral File upon receipt of a properly executed Request for Release of Documents form. The Servicer will be responsible for the Collateral File while it is in the Servicer's possession and will be deemed to hold such Collateral File in trust for the MPF Bank. The Servicer must safeguard the Collateral File until it is returned to the Custodian, which includes protecting it from external elements (such as fire), identifying it as an MPF Bank asset, and keeping it separate from other unrelated documents.

If the Mortgage Loan has not been paid in full or otherwise liquidated, the Servicer shall promptly return the Collateral File when it is no longer required by the Servicer.

The MPF Provider will notify Servicers on a monthly basis regarding Collateral Files that have been released for non-liquidation purposes for more than ninety (90) days.

Within 24 hours of receipt of notification from the MPF Provider, the Servicer must respond to the MPF Provider with the reason the Collateral File has not been returned to the document Custodian. The Servicer's response must indicate one of the following:

- The Mortgage Loan has been paid in full, repurchased, or liquidated as a result of Foreclosure, short sale, or Mortgage Release. The Servicer must provide an updated Form SG340-X with reason "1", "2", or "4" selected;
- The Servicer no longer needs the documents, and the Servicer will return the documents to the Custodian; or
- The Servicer still needs the released documents, and the reason for the continuing need of the documents.

1.7.6 Release of Lien (4/15/25)[5]

At payoff, liquidation, or as otherwise necessary, the Servicer is responsible for releasing the lien of the Security Instrument, including executing the appropriate satisfaction, release, or reconveyance on behalf of the MPF Bank, and for complying with all Applicable Laws requiring timely release or reconveyance.

The Servicer must complete the appropriate Request for Release of Documents (Form SG340-X) and submit it to the Custodian no later than the second business day of the month following payoff/liquidation (i.e. Request for Release of Documents for all January

[4] MPF Announcement 2024-79 (12/20/24)

[5] MPF Announcement 2024-31 (4/15/25)

payoffs must be submitted by the 2nd business day of February). A monthly request may be submitted by using one SG340-X form accompanied by an excel spreadsheet listing all MPF Xtra paid off loans for which Servicer is requesting release of the Notes. Any Servicer failing to submit timely requests will be subject to a $10 monthly late fee. Such fee will be imposed every month a required release remains unsubmitted to the Custodian. Any specific instructions pertaining to endorsement and/or disposition of the original Mortgage Loan documents must accompany the Request for Release of Documents form.

The Custodian shall return the original Note by UPS or FedEx (using number provided by the PFI at onboarding) once the Mortgage Loan is paid in full or otherwise liquidated. The Servicer is responsible for complying with Applicable Law with respect to the Note being altered to indicate the Mortgage Loan has been paid in full.

The Mortgage Loan must also be deactivated on MERS if the Mortgage Loan is registered with MERS.

1.7.7 Disclosure of Servicer Information

The Servicer must furnish to the MPF Bank or any other investor upon request, and to keep up to date, a description of the Servicer and its activities, suitable, in the MPF Bank's or other investor's discretion, for disclosure purposes related to securitization. The Servicer consents to the inclusion of such description in any prospectus, private placement memorandum, or offering circular. The Servicer recognizes that they MPF Bank will rely upon the truthfulness and accuracy of such description, including when using Mortgage Loans as collateral for mortgage-backed securities or similar transactions.

1.7.8 Lien Priority

The Servicer must take all such actions as are reasonably necessary to preserve the lien and its priority upon the Mortgaged Property securing each Mortgage Loan at all times.

1.7.9 Delinquency Ratio Exceeding MPF Program's Standard

The Servicer shall maintain monthly total portfolio Delinquency ratios at or below the maximum allowable total delinquent ratio as determined by its MPF Bank.

A Servicer may be disqualified or suspended if the Servicer's 30-, 60-, or 90-day Delinquency rate or REO property rate for Mortgage Loans is more than 50% higher than the average 30-, 60-, or 90-day Delinquency rate or REO property rate for all Mortgage Loans owned by MPF Banks or delivered under the MPF Program nationally or for loans which are secured by Mortgaged Properties located in the same geographic area (which may include Standard Metropolitan Statistical Area, county, or state) as the loans being serviced by the Servicer and with similar mortgage and borrower characteristics (for example, origination year, loan to value ratio, documentation type, etc.)

1.7.10 Customer Contact

Servicers must promptly respond to all inquiries received from Borrowers about the terms of their Mortgage Loans, the status of their accounts, loss mitigation, or any actions the Servicer took (or did not take) in servicing their Mortgage Loans.

If a borrower's written inquiry includes a request for the number of the Fannie Mae pool or trust related to their loan, the Servicer must reach out to the MPF Provider in order to obtain the requested information.

The Servicer's staff must be able to communicate with Borrowers in a manner reasonably expected to be understandable to the Borrower.

The Servicer shall not refer Borrowers to the MPF Bank or the MPF Provider for resolution of issues that are the Servicer's responsibility.

If Servicer requires information from Master Servicer, MPF Provider, or Investor to respond to such Borrower inquiry, Servicer must allow at least 5Business Days for the request to be processed, and, to avoid delays, should ensure the request include at minimum the following information:

- MPF loan number;
- Borrower name(s);
- 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);
- Deadline for response to inquiry, and whether the deadline is regulatory;
- Copy of the original inquiry (if received in writing); and
- Any other relevant loan or borrower information that may be needed to provide response to Servicer's request.

1.7.11 Rescission Notices

The Servicer must immediately notify the MPF Provider of the Mortgage Loan when a rescission notice is received from or on behalf of a 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 by Servicer;
- Copy of the Notice of Rescission;
- Copy of any other communication received from Borrower or Borrower's representative related to the rescission;
- Status of loan (If loan is in foreclosure or bankruptcy: name and contact information of attorney representing Servicer and attorney representing Borrower); and
- Any other relevant loan or borrower information that may be needed to address the rescission demand.

1.7.12 Other Loan Inquiries

Servicers must promptly respond appropriately pursuant to Applicable Laws to all inquiries received regarding Mortgage Loans they service, including inquiries from non-authorized individuals, regulators, government representatives etc....

The Servicer shall not refer such individuals to the Master Servicer, MPF Bank, or MPF Provider for resolution of issues that are the Servicer's responsibility.

If Servicer requires information from MPF Provider to respond to such inquiry, Servicer must allow at least 5 Business Days for the request to be processed, and, to avoid delays, should ensure the request include at minimum the following information:

- MPF loan number;
- Borrower name(s);
- 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);
- Deadline for response to inquiry, and whether the deadline is regulatory;
- Copy of the original inquiry (if received in writing); and
- Any other relevant loan or borrower information that may be needed to provide response to Servicer's request

1.7.13 Occupancy Status

The Servicer shall maintain accurate records of the occupancy status of Mortgaged Properties, including any changes in occupancy they have been made aware of. In addition, Servicers must immediately advise the notify the MPF Provider via email, upon discovering that the Mortgaged Property is no longer owner-occupied, including when it is vacant, abandoned or occupied by a tenant, if the related Mortgage Loan documents indicate such property is to be owner-occupied, and provide recommendations with

applicable supporting documentation as to any actions that are to be taken as a result of the change in occupancy status.

1.7.14 MERS Registered Mortgage Loans

If the Servicer uses MERS or if the use of MERS is required under a particular servicing option, in addition to complying with the requirements of the MERS Membership Agreement, Servicers of MERS registered Mortgage Loans must check for electronic messages from MERS. If an unidentified notice related to a Mortgage Loan is received, the Servicer must take any appropriate and timely action based on the notice, and advise MERS that it is the Servicer of the Mortgage Loan.

1.7.15 Execution by MPF Bank

If the MPF Bank's signature is required on any document (e.g. for payment in full, Assumption, or Foreclosure), the Servicer must provide a written notice to the MPF Provider requesting the MPF Bank's execution and certifying the reason that the execution is required. Servicer must allow at least 5 Business Days for the request to processed, and, to avoid delays, should ensure the request include at minimum the following information:

- MPF loan number;
- Borrower name(s);
- Explanation as to why request is being made, including any deadlines related to legal processes; and
- Any other supporting documentation or relevant loan or borrower information that may be needed to respond to Servicer's request.

Upon receipt of the executed documents, the Servicer must promptly record, file, or deliver the documents as applicable.

1.7.16 Late Charges

The Servicer must collect late charges pursuant to the terms of the note and in accordance with the Applicable Standards. However, the Servicer cannot collect a late charge that is more than five percent (5%) of the late Principal and Interest Payment and/or collect a late charge on a monthly payment received on or prior to the 15th calendar day of the month.

The Servicer should use discretion when considering a request for waiver of late charges, taking into consideration delinquency history, etc.

The Servicer must accept a late full monthly payment without the late charge included, unless Applicable Law states otherwise or acceptance of the payment would pose a risk to the Servicer during legal proceedings.

1.7.17 Property Address Change

When the Servicer has determined that the property address has changed, the Servicer must email the MPF Provider at MPF-Help@fhlbc.com with the following information:

- MPF loan number;
- Borrower name;
- Old property address;
- New property address; and
- Documentation reflecting the property address change.

1.7.18 Electronic Signatures

Electronic signatures are acceptable provided the document is permitted to be electronically signed by applicable laws and the MPF Program, including the requirements provided in MPF Program Guide Section "7.4 Electronic Signatures in Global and National Commerce Act (E-SIGN)".

In addition to the above requirements, PFIs must ensure that recording offices (if document is meant to be recorded), and all guarantor, insurer, Investor, or Government Agency (as applicable) permit electronic signatures and their requirements for the use of such electronic signatures are met.

See Fannie Mae Selling Guide A2-4.1-03, Electronic Records, Signatures, and Transactions.

1.7.19 Notarization Standards

Certain loan documents and instruments may require notarization under applicable laws to allow for either recognition, enforcement, or recordation of the loan document or instrument. PFIs must ensure the notarization complies with applicable laws, MPF Program requirements, recording offices (if document is meant to be recorded) requirements, and all guarantor, insurer, Investor, or Government Agency (as applicable) requirements.

For the MPF Program requirements refer to MPF Program Guide section – "7.4.2 "Notarization Standards". See Fannie Mae Selling Guide A2-4.1-04, Notarization Standards.

1.7.20 Business Continuity and Information Security Programs (4/23/25)[6]

In addition to MPF Program requirements for business continuity and information security programs, PFIs/Servicers must meet Fannie Mae requirements for such programs, including those provided for in A2-1-01, General Servicer Duties and Responsibilities of

[6] MPF Announcement 2025-34 (4/23/25)

the Fannie Mae Servicing Guide and the Fannie Mae Information Security and Business Resiliency Supplement

All notices required to be made by Servicers to Fannie Mae in such sections should instead be made to the MPF Service Center through the MPF Customer Service Portal or contacting MPF Service Center (MPF-Help@fhlbc.com or 877.345.2673).

1.8 Military Indulgence

The Servicer must comply with all Applicable Laws (federal, state, and jurisdictional) regarding the Service member's Civil Relief Act (SCRA). In addition, Servicers must comply with Fannie Mae Servicing Guide Chapters D2-3.4-01: Military Indulgence and F-1-19: Processing Military Indulgence.

1.9 Delegation of Duties

This section covers the services the Servicer is permitted to delegate to another party.

The Servicer shall assure that each delegee retained to provide any permitted delegation of duties is fully licensed and holds all required federal, state, and local governmental franchises, certificates and permits, and that such person is reputable, knowledgeable, skilled, and experienced and has the necessary personnel, facilities, and equipment required to provide such services.

Any delegee shall be retained solely for the Servicer's account and at the Servicer's sole expense and shall not be deemed to be an agent or representative of the MPF Bank or MPF Provider, the Master Servicer or its successors or assigns.

The Servicer shall remain liable to the MPF Bank and its successors and assigns for the performance of the Servicer's duties and obligations hereunder, regardless of the delegation of any Servicing function.

In addition, the Servicer will indemnify and hold harmless the MPF Bank and the MPF Provider, its successors and assigns from and against any and all claims, damages, losses liabilities, costs or expenses arising either directly or indirectly out of any acts or omissions of any person retained to provide the foregoing services, including but not limited to attorney's fees and court costs.

1.9.1 Subservicing

The Servicer must obtain written consent from the MPF Bank and MPF Provider to delegate all of its servicing responsibilities to a subservicer. If servicing is performed by a subservicer, all financial transactions regarding this servicing must take place through the Servicer's DDA with the MPF Bank.

1.9.2 Delegations Not Requiring Consent

The Servicer may elect to delegate by agency, subcontract, or otherwise the following Servicing duties without the written consent of the MPF Bank or MPF Provider:

- Professional collection agencies to perform those duties and functions for the collection of delinquent amounts due on any Mortgage Loan that are customarily performed by such agencies in the locality where the related Mortgaged Property is located;
- Title insurance companies, escrow companies and trust companies to issue or provide reports reflecting the condition of title to any Mortgaged Property and services incidental to the Foreclosure or acquisition in lieu of Foreclosure of any Mortgaged Property, or the sale or disposition of any Mortgaged Property acquired by the Servicer;
- Attorneys licensed to practice in the state in which the Mortgaged Property is located to perform customary legal services in connection with the Foreclosure or acquisition of such Mortgaged Property or the sale or disposition of such Mortgaged Property acquired by the Servicer at or in lieu of Foreclosure, or for the collection of delinquent sums owed on any Mortgage Loan;
- Professional property inspection companies and appraisers to conduct routine inspections of Mortgaged Property and to provide written inspection reports, as required hereunder;
- Title companies, escrow companies and real estate tax service companies to provide periodic reports of the amount of real estate taxes due on any Mortgaged Property and the due date s of each required installment, and the payment of taxes;
- Credit bureaus or credit reporting companies to provide credit reports on Borrowers or persons who have applied to assume Mortgage Loans;
- Construction companies, contractors and laborers to provide labor, materials and supplies necessary to protect, preserve and repair Mortgaged Property, as required hereunder;
- Lock box providers or payment processing administrators to provide payment processing services; and
- Property insurance servicing companies to provide periodic reports as to the amount of property insurance premiums due on any Mortgaged Property and the due date of each required premium payment.

CHAPTER 2. ACCOUNTING AND FISCAL RESPONSIBILITIES

2.1 Maintenance of Loan Accounting Records

This section covers the requirements for maintaining accurate and detailed records for each Mortgage Loan.

2.1.1 General

Permanent accounting records shall be maintained for each Mortgage Loan. The records shall indicate MPF Bank ownership of each Mortgage Loan, the MPF loan number, and the Servicer loan number. The Servicer shall maintain the accounting records in accordance with generally accepted accounting principles and Applicable Standards.

The Servicer's records system must be capable of producing for each Mortgage Loan an account transcript itemizing the following:

- Current unpaid Principal Balance;
- Scheduled Principal Balance;
- Interest paid to date;
- Principal and interest payment;
- Interest collected for each monthly payment;
- Principal collected for each monthly payment;
- Escrow Funds collected for each monthly payment;
- The date, amount, and distribution of each payment received;
- Curtailments;
- Current outstanding balances of principal and interest deposits, advances, taxes and insurance deposits, and unapplied payments;
- Due date of next payment;
- Amount and nature of each disbursement;
- Other transactions affecting the amounts due from or payable to the Borrower; and
- Any servicing reports or loan histories.

The system shall also provide for immediate disclosure of any overdraft and insufficiency in escrow balances.

2.1.2 Maintaining Outstanding Balances

The Servicer shall maintain accurate outstanding balances for each Mortgage Loan. Each scheduled payment, whether collected singly or together with all monthly payments on the same Mortgage Loan, shall be applied first to interest and then to principal according to an amortization schedule. Payments and/or delinquencies shall not be capitalized into the loan balance.

2.1.3 MPF Loan Number

All reports and correspondence submitted to the MPF Bank, MPF Provider, or Master Servicer regarding a particular Mortgage Loan shall reference the corresponding MPF loan number.

2.1.4 Release or Destruction of Records

The Servicer must retain canceled checks, bank statements, and all records and accounts in the Mortgage Loan File for the time period required by the applicable Government Agency or Applicable Law, but in no instance, for less than seven (7) years from the date the Mortgage Loan is paid in full, sold, foreclosed, or otherwise liquidated. Electronic copies are acceptable in lieu of hard copies.

2.2 Payment Collection and Accounting

The Servicer is responsible for the collection and accounting of the following amounts for each Mortgage Loan as further described in this Servicing Guide:

- Monthly principal and interest payments;
- Escrow amounts for taxes, assessments, hazard insurance, flood insurance, mortgage insurance premiums, and any other required escrowed amounts;
- Curtailments;
- Prepayments;
- Payments made pursuant to a modification agreement or bankruptcy plan; and
- Payments from a buy down account (if applicable).

The accounting cycle cut-off date is the last Business Day of the month prior to the month for which a remittance is being calculated.

2.3 Establishing Custodial Accounts

This section covers the guidelines for establishing Custodial Accounts. The establishment and maintenance of the Custodial Accounts are at the Servicer's expense.

2.3.1 Custodial Accounts

Any amounts held by the Servicer received in connection with or pertaining to the Mortgage Loans must be held in Custodial Accounts (and clearing accounts) established with one of the following:

- A Federal Home Loan Bank;
- A Federal Reserve Bank;
- An FDIC-Insured Depository; or
- An NCUA-Insured Depository.

If the Servicer is insured by the FDIC or NCUA, the Custodial Accounts may be established with the Servicer.

The MPF Bank reserves the right to require a Servicer to transfer funds out of a depository institution if the MPF Bank determines that it is in its best interest to do so.

2.3.2 Interest-Bearing Accounts

Custodial Accounts must be demand deposit accounts (DDAs). They may be interest-bearing accounts, provided that the accounts comply with the Applicable Standards and interest is paid separately to the Servicer and not deposited or co-mingled with funds in the Custodial Account. Any interest paid with respect to the Custodial Account will not be the property of the MPF Bank or MPF Provider.

2.3.3 Clearing Accounts

The Servicer may utilize clearing accounts, subject to the following requirements:

- The clearing accounts must be established with an institution that meets the requirements for Custodial Accounts (see MPF Xtra Servicing Guide section 2.3.1);
- The titles of such accounts must reflect that they are custodial in nature;
- A single clearing account must not be utilized both as a collection and disbursement clearing account; and
- A check drawn on funds transferred from a P&I Custodial Account or T&I Custodial Account must be deposited to a disbursement clearing account before or at the same time as any checks on the clearing account are issued; The Servicer must maintain adequate records and audit trails to support all debits and credits of each Borrower's payment records and accounts; and Collections deposited to a clearing account must be credited to the appropriate Custodial Account no later than two (2) Business Days following receipt by the Servicer.

2.4 Custodial Account Maintenance

The Servicer is required to maintain separate Custodial Accounts for Principal and Interest Payments, Escrow Funds, and, if applicable, Buydown Funds as outlined in this chapter. In addition, separate Custodial Accounts are required for each MPF Mortgage Product. Funds held in the Custodial Accounts for the Mortgage Loans may not be commingled with funds related to mortgage loans owned by another party. Any cash received related to a Mortgage Loan must be deposited into the appropriate Custodial Account the next Business Days following receipt by the Servicer.

2.4.1 Custodial Account Location

For the MPF Xtra Product, required Custodial Accounts are as follows:

Type of Account	Account Location
P&I Custodial Account	MPF Provider; and Servicer or other acceptable depository institution as stated in Servicing Guide section 2.3.1 (Optional if cannot deposit directly to the P&I Custodial Account at FHLBC)
T&I Custodial Account	Servicer or other acceptable depository institution as stated in Servicing Guide section 2.3.1

The Servicer must immediately notify the MPF Provider in writing of any change in the account number of a Custodial Account, the title of the account, or those individuals who are authorized signers on the account.

2.4.2 Principal & Interest Custodial Accounts

If the Servicer maintains its own P&I Custodial Account to temporarily house funds prior to depositing the funds to the P&I Custodial Account held by the FHLBC, the account must be titled as follows:

- "(Name of Servicer), as agent, trustee, and/or bailee for Fannie Mae (or the Federal National Mortgage Association) and/or payments of various mortgagors and/or various owners of interests in Mortgage-backed securities (Custodial Account)." Note that this account is only necessary in the event that the Servicer needs to transfer funds into this account temporarily prior to depositing the required funds into the P&I Custodial Account.

The following funds must be deposited into the P&I Custodial Account held by the MPF Provider no later than 2:00pm Central Time the next business day following the Servicer's receipt of the funds:

- Principal collections from the Mortgage Loans, including payoffs and Curtailments, together with month-end Curtailment Interest, if applicable;
- Interest collections from Mortgage Loans (net of Servicing Fees);
- Liquidation and Insurance Proceeds (excluding funds held in the T&I Custodial Account or Escrow Account for the repair/restoration of the Mortgaged Property or for offsetting a deficit in the Escrow Account);
- Short sale proceeds; and
- REO disposition proceeds.

The P&I Custodial Account may not be used as a collection clearing account.

Servicers are not permitted to withdraw funds from the P&I Custodial Account. If the Servicer deposits funds in error, the Servicer must adjust future deposits to account for any excess funds.

2.4.3 Tax & Insurance Custodial Account

Custodial Accounts established for the deposit of taxes and insurance ("T&I") received in connection with Mortgage Loans shall be titled as follows:

- "(Name of Servicer), as agent and/or trustee for Fannie Mae (or the Federal National Mortgage Association) and payments of various mortgagors, respectively (Custodial Account)."

The following funds must be deposited into the T&I Custodial Account no later than the next Business Day following the Servicer's receipt of the funds:

- Escrow Funds;
- T&I advances;
- Remaining balance of property insurance loss drafts;
- Buydown Funds (if not held in a separate Buydown Custodial Account);
- Unapplied (suspense) funds;
- Insurance Proceeds held for the repair/restoration of the Mortgaged Property; and
- Liquidation Proceeds that offset a deficit in the Escrow Account.

Optional Deposits

The following funds may be deposited into the T&I Custodial Account or may be held in the Servicer's own account:

- Late Charges;
- Penalty interest; and
- Assumption Fees.

The Servicer must maintain records for identifying the Escrow Funds deposited into the T&I Custodial Account for each Mortgage Loan.

Permissible Withdrawals

The Servicer may make withdrawals from the T&I Custodial Account for the following reasons, provided the T&I Custodial Account for the Mortgage Loan is never overdrawn:

- Timely payment of the Borrower's escrow items;
- Refunds to the Borrower for excess Escrow Funds;
- Recovery of advances made by the Servicer for escrow items on Borrower's behalf;
- Payment of interest, if required, to the Borrower on his Escrow Funds;
- Removal of deposits made in error; or
- Termination of the Custodial Account.

2.4.4 Buydown Funds

T&I funds and Buydown Funds may be commingled in one account, or Buydown Funds may be held in a separate account.

If a separate account is established, the account must be titled as follows:

- "[Name of Servicer], as agent and/or trustee for Fannie Mae (or the Federal National Mortgage Association) and payments of various Mortgagors, respectively (Custodial Account)."

Buydown funds must be deposited into the Buydown Custodial Account no later than the next Business Day following the Servicer's receipt of the funds

The Servicer is required to keep records identifying each Borrower's Buydown Funds deposited into the Buydown Custodial Account in accordance with the terms of the applicable Buydown agreement.

2.5 Custodial Account Reconciliation (11/12/25)[7]

The Servicer and depository institution shall execute a custodial account agreement for each Custodial Account and submit the original to the MPF Bank.

T&I and Buydown custodial bank accounts must be reconciled monthly using the following forms:

- T&I Custodial Account Reconciliation (SG321A: For Actual/Actual or Single Remittance Actual/Actual Master Commitments); and
- Custodial Buydown Detail Report (SG322), if applicable.

Reconciliations must include copies of the Custodial Account bank statement, proof of cash, and documentation supporting the reconciled items. Upon request, the Servicer must complete all forms in eMAQCSplus and upload copies of all supporting documentation.

2.6 Use of Amortization Method of Accounting

The amortization method of individual loan accounting, with interest calculated in arrears, shall be used. In this method, allocation of an individual payment of principal and interest is determined by first calculating the interest portion and applying the balance of the payment as a principal reduction. The interest at the Note Rate is calculated by using the Principal Balance after application of the preceding payment. The interest computed applies to the thirty (30) day period preceding the due date of the installment being applied. The interest must be calculated and adjusted for any Curtailments, payoffs, and Liquidations.

[7] MPF Announcement 2025-87 (11/12/25)

The calculated interest portion is subtracted from the monthly payment to obtain the principal portion to be applied to the unpaid Principal Balance of the Mortgage Loan.

Where computations involve multiple installments (such as for delinquent installments), each installment is calculated in succession using a Principal Balance resulting after the prior thirty (30) day calculation and principal application. Similarly, a method which strictly applies payments in accordance with an amortization schedule is also acceptable. All monthly calculations shall be made using a thirty (30) day month, and a three hundred and sixty (360) day year. The dollar amount of any interest payment shall be carried out to ten (10) decimal places.

The amortization of each Mortgage Loan must reduce the Principal Balance of such Mortgage Loan to zero at maturity pursuant to the terms of the Note. Capitalization of interest is not permitted.

The Servicer must amortize a Mortgage Loan for which Buydown Funds are applied at the Note Rate, not at the Buydown rate, in order to ensure that payments are collected to properly amortize the Mortgage Loan.

2.7 Application of Mortgage Loan Payments

The Servicer must apply the Mortgage Loan payments in accordance with the terms of the Mortgage Loan documents, Applicable Law, and Fannie Mae Servicing Guide Chapters C-1: Processing Mortgage Loan Payments and Fannie Mae Servicing Guide Chapter F-1-09: Processing Mortgage Loan Payments and Payoffs.

2.8 Partial Payments

The Servicer must follow the partial payment requirements in Fannie Mae Servicing Guide Chapter C-1, Processing Mortgage Loan Payments.

The Servicer must hold partial payments in the T&I Custodial Account. The Servicer must only deposit full payments to the Servicer's DDA or A/A Account.

2.9 Escrow Payments

The Servicer must comply with Fannie Mae Servicing Guide Chapter B-1: Escrow Account Administration.

2.10 Prepayments

The Servicer must comply with Fannie Mae Servicing Guide Chapter C-1.2: Processing Unscheduled Mortgage Loan Payments.

2.10.1 Re-amortization and Note Modification

Re-amortization and Note modification of a curtailed Mortgage Loan may be completed only when all of the following conditions are met:

- The minimum Curtailment payment applied to the principal balance of the Mortgage Loan is the greater of $5,000 or 10% of the current Principal Balance, and the

qualified Curtailment was applied to the Mortgage Loan within sixty (60) calendar days prior to the Note modification date. However, re-amortization cannot commence in the same month that the Curtailment is applied;

- The Note modification does not extend the term or change the Note Rate of the Mortgage Loan;
- The re-amortization and Note modification are in compliance with the Fannie Mae Guide;
- The Note modification provides for full amortization of the Mortgage Loan by the maturity date through regular, equal payments of principal and interest; and
- The re-amortization and Note modification must be completed by using Fannie Mae Form 181. Use of Fannie Mae Form 3179 is not permitted for re-amortizations or Note modifications.

Within two (2) days of the Borrower's signing the Fannie Mae Form 181, the Servicer must notify MPF Loan Accounting by providing a copy of the executed modification agreement to MPF-Help@fhlbc.com.

The original signed modification agreement must be retained in the Mortgage Loan File.

2.10.2 Actual/Actual Remittance Mortgage Loans

Curtailments received on Mortgage Loans with an actual/actual remittance option must be deposited into the P&I Custodial Account with the MPF Provider by 2:00pm Central Time the next business day following the Servicer's receipt of the funds.

2.10.3 Mortgage Loan Payoffs and Liquidation Proceeds (1/10/25)[8]

A Mortgage Loan may be paid in full by or on behalf of the Borrower at any time. Unlike purchase or repurchase situations, PFIs/Servicers are not required to obtain the MPF Provider's or MPF Bank's prior approval before processing a full payoff. The Servicer may not collect any prepayment penalties on any Mortgage Loan. The Servicer is responsible for calculating the amount required to pay off the Mortgage Loan, and all payoffs shall be calculated to the date the payoff is made. A partial month's interest and Servicing Fee will be pro-rated on a three hundred and sixty-five (365) day year per diem to the date of the payoff. A full month's payment will be based on a three hundred and sixty (360) day year calculation.

The Servicer must deposit all payoff funds or Liquidation Proceeds, including the funds from a short sale and the disposition of an REO property (sale and primary mortgage insurance proceeds), into the P&I Custodial Account with the MPF Provider by 2:00pm Central Time the next Business Day following the Servicer's receipt of the funds.

[8] MPF Announcement 2025-05 (1/10/25)

The Servicer is also required to notify the appropriate mortgage insurance carrier of the payoff within the timeframe required by the insurer. The Servicer will be responsible for including any unpaid mortgage insurance premiums remittance.

For Mortgage Loans being purchased or repurchased by the PFI/Servicer, see MPF Program Guide section "3.5 Purchase or Repurchase Requirements," MPF Xtra Servicing Guide section "1.5 Repurchases" and "Exhibit GG-X - MPF Xtra Repurchase Request."

2.11 Buy-down Account Payments

Servicers must comply with Fannie Mae Servicing Guide Chapter C-1: Processing Mortgage Loan Payments.

2.12 Remittances

This section covers the requirements for remitting funds to the MPF Bank.

2.12.1 General

The Servicer must deposit all funds into the P&I Custodial Account held with the MPF Provider by 2:00pm Central Time the next Business Day following the Servicer's receipt of the funds.

If the Servicer does not transfer the funds by the required deadline, the MPF Bank may (in addition to exercising all other available remedies) charge the following compensatory fees:

- For the first instance of a late funds transfer: a fee that is determined by multiplying the calculated late transfer amount by the number of days the transfer is late divided by three hundred sixty (360) and then multiplying that product by the sum of the prime interest rate published in The Wall Street Journal's prime rate index and three percent (3%). However, in no instance would the compensatory fee for late transfers for any given month be less than two hundred fifty dollars ($250).
- For the second instance of a late funds transfer (if it occurs within one (1) year of the first instance): a fee that is determined by multiplying the calculated late transfer amount by the number of days the transfer is late divided by three hundred sixty (360) and then multiplying that product by the sum of the prime interest rate published in The Wall Street Journal's prime rate index and three percent (3%). However, in no instance would the compensatory fee for late transfers for any given month be less than five hundred dollars ($500).
- For subsequent instances of late funds transfers (if they occur within one (1) year of the most recent instance): a fee that is determined by multiplying the calculated late transfer amount by the number of days the transfer is late divided by three hundred sixty (360) and then multiplying that product by the sum of the prime interest rate published in The Wall Street Journal's prime rate index and three

percent (3%). However, in no instance would the compensatory fee for late transfers for any given month be less than one thousand dollars ($1,000).

Fannie Mae may assess compensatory fees if it believes that a Servicer is failing to comply with the servicing requirements. Compensatory fees may be assessed due to the action a Servicer failed to take or took on a particular Mortgage Loan and to compensate Fannie Mae for damages.

2.12.2 Payoff and Liquidation Remittances (1/10/25)[9]

When calculating interest on a payoff, Servicers must meet the requirements in this section and must also follow the actual/actual remittance calculation requirements in Fannie Mae Servicing Guide Chapter F-1-09: Processing Mortgage Loan Payments and Payoffs.

The Servicer must deposit all payoff and Liquidation Proceeds into the P&I Custodial Account with the MPF Provider by 2:00pm Central Time the next Business Day following the Servicer's receipt of the funds.

The Liquidation interest payable to the MPF Bank must be calculated as follows:

- Based on the unpaid principal balance of the mortgage loan,
- As of the last paid installment date for the last reporting cycle, not including the date of payoff except for FHA loans, and
- A full month's interest due from the Borrower should be calculated on a 360–day year (30 / 360 day basis) and a partial month's interest due up to, but not including, the date of payoff should be based on a 365–day year (actual days / 365 day basis).

Any remaining Escrow Funds must be refunded to the Borrower within thirty (30) days of the payoff date.

For additional information on how to calculate interest Servicers may refer to the Fannie Mae Investor Reporting Manual.

For Mortgage Loans being purchased or repurchased by the PFI/Servicer, see MPF Program Guide section "3.5 Purchase or Repurchase Requirements," MPF Xtra Servicing Guide section "1.5 Repurchases" and "Exhibit GG-X - MPF Xtra Repurchase Request."

2.12.3 Modification Agreement Remittances

Modification agreement payments must be deposited into the P&I Account with the MPF Provider by 2:00pm Central Time the next Business Day following the Servicer's receipt of the funds.

[9] MPF Announcement 2025-05 (1/10/25)

2.13 Short Payoffs (Pre-Foreclosure/Short Sale)

This section covers the requirements for accepting a short payoff. In addition to the requirements in this section, Servicers must also follow the requirements in Fannie Mae Servicing Guide Chapter D2-3.3-01: Fannie Mae Short Sale.

2.13.1 Conventional Insured Loans

The Servicer shall not agree to a short sale on an insured Conventional Loan unless the Servicer has obtained the respective mortgage insurer's written approval.

The Servicer may negotiate and complete the short sale without seeking the MPF Provider's approval if the sale proceeds and mortgage insurance claim proceeds are greater than or equal to the total indebtedness.

If the short sale and mortgage insurance settlement proceeds combined, will be less than the total indebtedness, then the Servicer shall not accept the offer or proceed until it has obtained express permission from the MPF Provider. The Servicer shall indemnify the MPF Bank against any loss of principal and interest, or other deduction in the mortgage insurance claim payment arising from the Servicer's breach of the mortgage insurance policy or the Applicable Standards.

The Servicer must report the status change on the Delinquent Mortgage & Bankruptcy Status Report (Exhibit B). The Servicer is also required to notify the MPF Provider within two (2) Business Days of the close of the sale by submitting copies of the buyer and seller's Settlement Statements, closing statements or escrow instructions, an estimate of total advances made to date, and a copy of the proceeds check.

The Servicer is required to deposit all short sale proceeds to the P&I Custodial Account with the MPF Provider by 2:00pm Central Time the next Business Day following the Servicer's receipt of the funds.

2.13.2 Short Payoff Reporting (IRS Form 1099)

The Servicer must comply with all applicable Internal Revenue Service reporting requirements, including IRS 1099 reporting requirements, on all short sales. The Servicer filing must show the Servicer's loan number and the MPF Bank loan number for identification purposes.

The Servicer should carefully review and follow IRS instructions for completing and filing the applicable forms. Servicers who fail to timely file the correct IRS form(s) must pay any penalties the IRS may assess.

2.14 Reporting Requirements

This section covers the investor reporting requirements.

2.14.1 Daily Investor Reporting (9/25/26)[10]

Servicers are required to utilize the daily reporting method, all Mortgage Loans with activity must be reported to the Master Servicer by 12:00 pm (Noon) Eastern Time (ET) on the Business Day after the activity occurs. Daily Reports must show the cumulative activity for each Mortgage Loan as of the previous day.

If there is no activity on a given day, a loan level activity report does not have to be submitted to the Master Servicer.

The Servicer must ensure the following requirements are met:

- All Mortgage Loans without activity for the month must be reported to the Master Servicer by 12:00 pm (Noon) ET on the 22nd Calendar Day of the month. If the 22nd Calendar Day falls on a weekend or holiday, then must be reported by 12:00 pm (Noon) ET on the Business Day prior to the 22nd Calendar Day.
- Mortgage Loans delivered from the 1st-21st of the month with no activity must be reported on the 22nd Calendar Day of the month. Mortgage Loans delivered from the 22nd Calendar Day through the last Business Day of the month with no activity must be reported to the Master Servicer on the first Business Day of the following month.
- All removal transactions (payoffs, Foreclosures, short sales, Deeds-in-lieu of Foreclosure, and third party sales) must be included on the daily report and reported to the Master Servicer by 12:00pm (Noon) ET the next Business Day.

  Note: Servicers must contact the MPF Service Center to correct any payoff reporting errors identified no later than the first business day of the month following the reporting period in which the payoff reporting error occurred.
- The Master Servicer will process repurchase removals on the Servicers behalf, Servicers must report the loan on the last activity days and include the amounts in Form SG300 and Form SG301-X as a removal transaction in their monthly reporting.

Servicers must submit the Daily Investor Report by uploading them to https://servicerconnect.trustconnect.computershare.com . Servicers should contact the Master Servicer for assistance with preparing and/or submitting the reports.

[10] MPF Announcement 2024-80 (12/20/24)
MPF Announcement 2026-45 (7/23/26)
MPF Announcement 2026-63 (9/25/26)

2.14.2 Escrow Event-Based Reporting Guideline (11/3/2026)[11]

PFIs are encouraged to implement the Escrow Event Based Reporting Guidelines by **November 4, 2026** and are required to implement them by **December 1, 2026**.

Servicers are required to utilize the daily event-based reporting method, for all Mortgage Loans with an escrow account tied to it. Escrow event reporting is a separate, loan-level report based on daily T & I activity. Each event is reported when it occurs, resulting in an update of the daily escrow balance. The PFI remains accountable for complete and timely reporting even when a servicing system or third-party provider creates or submits the file.

The Servicer must submit the reporting in accordance with Escrow Event Based Reporting instructions (Form SG406-X).

Servicers with escrow accounts must comply with the following:

- Reporting deadline: Submit escrow activity to Computershare by 2:00 p.m. Eastern Time on the Business Day following the day the activity is processed.
- Weekend and holiday activity: Consolidate activity in the next Business Day's file. For example, report Friday-through-Sunday activity on Monday, or Tuesday if Monday is a holiday.

2.14.3 Monthly Accounting Reports (9/25/26)[12]

In addition to the daily reports, Servicers are required to submit Monthly Accounting Reports for the MPF Xtra product that cover the period including the first calendar day of the month through the last calendar day of the month.

All Monthly Accounting Reports must be completed and forwarded to the Master Servicer no later than 12:00pm (Noon) Eastern Time on the first (1st) Business Day of the month following the reporting month (See MPF Investor Reporting Calendar – Exhibit A-X).

Servicers must submit the Monthly Accounting Reports (with correct naming convention) by uploading them to https://servicerconnect.trustconnect.computershare.com. Servicers should contact the Master Servicer for assistance with preparing and/or submitting the reports.

The Servicer must complete and forward to the Master Servicer all forms and reports provided for in this Servicing Guide, and such additional forms or reports reasonably requested by the Master Servicer.

The Monthly Accounting Report forms include, but are not limited to, the following:

- Monthly Summary and Remittance Report (Form SG300);

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[11] MPF Announcement 2026-73 (11/3/26)

[12] MPF Announcement 2024-80 (12/20/24)
MPF Announcement 2026-63 (9/25/26)

- Monthly Remittance Recap – MPF Xtra (Form SG301-X); and
- Any other report that impacts the Monthly Remittance.

2.14.4 Electronic Format (9/25/26)[13]

The electronic daily reporting format must be in one of the following single, complete, usable, and loadable loan level data file formats acceptable to the Master Servicer:

- ASCII File Format (Exhibit C);
- Excel File Format (Exhibit C); or
- LAR 96 File Layout (Exhibit C-X)*.

*The MPF Program is transitioning to the LAR 96 File Layout. To begin using the LAR 96 File Layout (Exhibit C-X), Servicers must notify the Master Servicer by submitting Form SG370-X. Servicers must continue reporting using their current layout until they receive approval and written confirmation of the effective date of the change from the Master Servicer. Electronic reports can be uploaded directly to the Master Servicer's website (https://servicerconnect.trustconnect.computershare.com). Servicers should contact the Master Servicer for assistance with the preparation of electronic reports.

2.14.5 Late Reporting Fee (12/20/24)[14]

Mortgage Loans without activity for the month that are not reported to the Master Servicer by 12:00 pm (Noon) ET on the 22nd Calendar Day of the month, Monthly Accounting Report and Delinquent Mortgage & Bankruptcy Status Report filed incomplete or not filed by the applicable MPF Investor Reporting Calendar due date (see Exhibit A-X) are considered late. Each occurrence of late Investor Reporting, or incomplete Monthly Accounting Reports or a late or incomplete Delinquent Mortgage Report will be subject to a late reporting fee.

A written notice of noncompliance will be sent to the Servicer for all instances of a late Investor Reporting, Monthly Accounting or Delinquent Mortgage & Bankruptcy Status report. In addition to the monetary late fees, beginning with the third late and/or incomplete report or transmission, as applicable, the MPF Provider reserves the right to invoke additional remedies, which may include declaring an Event of Default as grounds for termination of the Servicer.

Late fees for late Investor Reporting, Monthly Accounting Reports, and late or incomplete Delinquent Mortgage and Bankruptcy Status Reports are assessed using an escalating scale that is based on the number of late and / or incomplete reports or transmissions in the most recent consecutive twelve (12) month period:

[13] MPF Announcement 2025-45 (5/27/25)
MPF Announcement 2026-63 (9/25/26)
[14] MPF Announcement 2024-80 (12/20/24)

- One-hundred dollars ($100) for the first occurrence of a late and / or incomplete report or transmission;
- Two-hundred-fifty dollars ($250) for the second occurrence of a late and / or incomplete report or transmission; and
- Five-hundred dollars ($500) for the third and all subsequent occurrences of a late and / or incomplete report or transmission during the remainder of the consecutive twelve (12) month period beginning with the first occurrence.

The MPF Bank and MPF Provider reserve the right to change the late reporting fees at any time and at their sole discretion.

2.14.6 Other Reports (12/20/24)[15]

When applicable, the Servicer must also complete the following forms and either retain the forms in the Mortgage Loan File or submit them in accordance with the specific instructions on each form:

- Property Inspection Report (Form SG331);
- Notice of Acquired or Conveyed Property (Form SG334);
- Request for Release of Documents (Form SG340-X);
- Property Insurance Loss Draft Notification (Form SG342); and
- MI Cancellation Notice (Form SG343).

2.15 IRS Reporting Requirements

The Servicer shall comply with the Internal Revenue Service's (IRS) requirements for reporting the receipt of six hundred dollars ($600) or more of interest payments from a Borrower, by filing Statement for Recipients of Miscellaneous Income (IRS Form 1099-MISC). This form is also used for reporting payment of fees to attorneys. The Servicer shall use its own name and tax identification number when reporting.

2.16 Reporting to Credit Bureaus

The Servicer must provide a "full-file" credit status report to the four major credit bureaus each month (Innovis Data Solutions, Equifax, Experian, and TransUnion), indicating the exact status of each Mortgage Loan.

2.17 Annual Statements to Borrowers

This section covers annual statements that must be provided to the Borrower.

2.17.1 Escrow Account and Interest Payment Summary

The Servicer will provide Borrowers, without charge, an annual statement in summary form of the Borrower's escrow account, which must include:

[15] MPF Announcement 2024-80 (12/20/24)

- Beginning and ending balances;
- Deposits made on the account; and
- Disbursements made on the account.

In addition, the Servicer will provide Borrowers, without charge, a statement at calendar year end as to the total amount of interest and real estate taxes paid by the Borrower during the year.

2.17.2 Detailed Ledger Analysis

In addition, at least annually, the Servicer will provide Borrowers, without charge, a detailed ledger analysis to determine the adequacy of monthly escrow contributions. Following the review of such ledger, the Servicer should make any necessary adjustments in the monthly contribution to assure the accumulation of sufficient funds to meet anticipated expenses.

2.17.3 Borrower Disclosures

Servicers are required to provide Borrowers with any and all disclosures required by Applicable Law, including, but not limited to, disclosures required by the Homeowners Protection Act of 1998 and CFPB regulations.

CHAPTER 3. SERVICING COMPENSATION

3.1 Servicing Fees

This section covers the Servicing Fees the Servicer is entitled to collect.

3.1.1 Amount of Compensation

In consideration for the Servicing of the Mortgage Loans in accordance with this Servicing Guide and the Applicable Agreement, absent an Event of default by the Servicer, the Servicer shall be entitled to retain the Servicing Fee for each Mortgage Loan as specified in the associated Master Commitment from the interest actually collected with respect to such Mortgage Loan.

The Servicing Fee for each Mortgage Loan shall be payable solely from the interest portion of the related monthly payment paid by the Borrower or the interest portion, if any, of:

- The proceeds from Foreclosure or any judgment, write of attachment or levy against the Borrower or the Borrower's assets;
- Funds paid in connection with any payoff;
- Insurance Proceeds; or
- Liquidation Proceeds.

The Servicer shall have the right to withhold and retain the applicable Servicing Fee from the funds received by the Servicer on account of Borrower payments or other recoveries (including net REO proceeds) prior to the remittance of such payments to the MPF Bank. The Servicing Fee is determined each month by multiplying one-twelfth the applicable Servicing Fee rate by the scheduled Principal Balance of the Mortgage on the last day of the preceding month.

In an Event of default by the Servicer, subject to the Applicable Standards, the Servicer shall also be entitled to retain as additional compensation any late charges, penalty interest, assumption fees paid by the Borrower, or any other similar amounts not required pursuant to the Guides to be deposited into the Custodial P&I Account.

The Servicer shall pay all expenses incurred by it in connection with its servicing activities and shall not be entitled to reimbursement except as specifically provided for in the Guides or Applicable Agreements.

CHAPTER 4. INSURANCE REQUIREMENTS

4.1 Property Insurance

Servicers must comply with Fannie Mae Servicing Guide Chapter B-2: Property Insurance Requirements.

When a Servicer is required to obtain lender-placed insurance, it must comply with Fannie Mae Servicing Guide Chapter B-6: Lender-Placed Insurance.

4.2 Other Insurance

Servicers must comply with Fannie Mae Servicing Guide Chapters B-3: Flood Insurance Requirements and B-4: Additional or Optional Insurance Coverage.

When a Servicer is required to obtain lender-placed insurance, it must comply with Fannie Mae Servicing Guide Chapter B-6: Lender-Placed Insurance.

4.3 Liability Insurance

Servicers must comply with Fannie Mae Servicing Guide Chapter B-7: Liability and Fidelity/Crime Insurance Requirements for Project Developments.

4.4 Fidelity Insurance

Servicers must comply with Fannie Mae Servicing Guide Chapter B-7: Liability and Fidelity/Crime Insurance Requirements for Project Developments.

4.5 Property Loss Events and Insurance Loss Settlements (10/28/25)[16]

Servicers must comply with the requirements in this section for property damage and loss, as well as the requirements in Fannie Mae Servicing Guide Chapter B-5: Property and Flood Insurance Loss Events and Claim Settlements.

The Servicer must submit Form SG342 (Property Insurance Loss Draft Notification) via eMAQCSplus to the MPF Provider for the following scenarios:

- If the Insurance Proceeds are greater than $40,000;
- If the Mortgage Loan is 31 or more Days Delinquent; or
- If the Mortgaged Property is located in an area affected by a Major Disaster.

Servicers must include with all Form SG342 (Property Insurance Loss Draft Notification):

- Insurance Adjustor's Report;
- Copy of the Settlement Check (Front and Back);
- Contract for repairs; and

[16] MPF Announcement 2025-85 (10/28/25)

- Inspection showing completion of the repairs to date (pictures and an attestation of completion of the work from the PFI or the contractor on the PFIs letterhead).

Servicers should assess the extent and impact of the damage and after consulting with the Borrower to ensure that the damage will be appropriately repaired, and take into account whether:

- the Mortgaged Property is occupied.
- the loss is a total or near total loss.
- the insured improvements are repairable.
- the security has been lessened.

The Servicer shall furnish a copy of the repair and rehabilitation plan for such Mortgaged Property to the MPF Provider upon request.

Decisions regarding the amount and timing of disbursements must be made based on the status of the Mortgage Loan at the time of the loss event, as is more fully described in Fannie Mae Servicing Guide Chapter B-5: Property and Flood Insurance Loss Events and Claim Settlements.

The amount of the Insurance Proceeds, the contractor's estimate, the prevailing down payment amount being requested by contractors, and the length of time for repairs to be completed, should all be considered by the Servicer in deciding whether to disburse the proceeds for the repairs and restoration in a single payment or in a series of progress payments as work is completed. The Servicer must monitor the progress of the repair work through periodic property inspections and conduct final inspections to ensure all repairs are completed.

If the Servicer receives any additional refunds following their initial claim settlement after Liquidation, they must contact the MPF Provider for further instructions to remit funds to Fannie Mae within ten (10) Business Days of their receipt.

When Fannie Mae uses a property recovery firm, Servicers must provide any information or documentation requested by the property recovery firm related within three (3) Business Days of the request, including but not limited to insurance claim settlement information.

4.6 Mortgage/ Guaranty Insurance (5/10/24)[17]

The Servicer must comply with Fannie Mae Servicing Guide Chapter B-8.1: Conventional Mortgage Insurance Requirements.

When a Borrower-Initiated MI termination request is received, Servicers must submit the MI Cancellation Notice (Form SG343) to the MPF Provider for processing prior to

[17] MPF Announcement 2025-85 (10/28/25)

cancelling the MI. Servicers cannot cancel the MI until they receive an email notification with a decision from the MPF Provider.

When the MI on a mortgage loan is due to automatically terminate, Servicers must notify the MPF Provider within five (5) Business Days of terminating MI, the Servicer must report the MI termination using the MI Cancellation Notice (Form SG343).

When a Servicer is cancelling or terminating MI for any Mortgage Loan, the Servicer must comply with Fannie Mae Servicing Guide Chapter B-8.1-04, other than instructions to contact Fannie or utilize systems that are only available to Fannie Mae Seller/Servicers. In any such situation, Servicers should contact the MPF Provider.

CHAPTER 5. ASSUMPTIONS AND UNAUTHORIZED TRANSFERS

5.1 General (12/3/25)[18]

Servicers must comply with Fannie Mae Servicing Guide Chapter D1-4: Transfers of Ownership.

All Assumptions must be reported to the MPF Provider submitting Form SG341: Request for Release of Security via eMAQCSplus.

[18] MPF Announcement 2025-85 (10/28/25)

CHAPTER 6. AMENDMENT OF SECURITY INSTRUMENTS

6.1 General

In addition to the requirements in this section, The Servicer must comply with Fannie Mae Servicing Guide Chapter D1-4: Transfers of Ownership.

When a Servicer becomes aware of an unauthorized transfer, the Servicer shall notify the MPF Provider and applicable mortgage insurer immediately.

6.1.1 Notification of the MPF Provider (12/3/25)[19]

As outlined in the Fannie Mae Servicing Guide, Servicers are authorized to process Borrower requests without obtaining prior approval, provided the request meets all applicable Fannie Mae requirements. For each request, Servicers must gather the required documentation pursuant to Fannie Mae's requirements, retain the documentation in the mortgage loan file, and notify the MPF Provider once the request has been processed by submitting the Form SG341: Release of Security via eMAQCSplus.

6.1.2 Submission for Exceptions (12/3/25)[20]

If upon the evaluation of the Borrower's request the Servicer determines that it does not meet all the applicable requirements as outlined in the Fannie Mae Servicing Guide, but the Servicer determines that extenuating circumstances exist, the Servicer must submit the request for an exception. The request must be submitted via eMAQCSplus using the Form SG341: Release of Security. For all exceptions, Servicers must be granted prior approval before processing the Borrower's request. Submission of a recommendation for exception must be accompanied by all supporting documentation that is relevant to the recommendation.

6.2 Partial Property Releases

The Servicer must comply with Fannie Mae Servicing Guide Chapter D1-1-01: Requests for the Release, or Partial Release, of Property Securing a Mortgage Loan.

6.3 Condemnation or Eminent Domain

In addition to the requirements in this section, The Servicer must comply with Fannie Mae Servicing Guide Chapter D1-1-01: Requests for the Release, or Partial Release, of Property Securing a Mortgage Loan.

The Servicer shall immediately notify the MPF Provider and the mortgage insurer upon learning of any planned or impending taking by condemnation or eminent domain of any property securing a loan. The Servicer is instructed to take the necessary steps to prevent the loss of mortgage insurance by reason of eminent domain.

[19] MPF Announcement 2025-94 (12/3/25)
[20] MPF Announcement 2024-94 (12/3/25)

6.4 Lease of Oil, Gas, or Mineral Rights

The Servicer must comply with Fannie Mae Servicing Guide Chapter D1-1-01: Requests for the Release, or Partial Release, of Property Securing a Mortgage Loan.

CHAPTER 7. BANKRUPTCY OF BORROWER

7.1 Bankruptcy Proceedings

The Servicer must comply with the following Fannie Mae Servicing Guide Chapters:

- E-1: Referring Default-Related Legal Matters and Non-Routine Litigation to Law Firms; and
- E-2: Managing Bankruptcy Proceedings.

The Servicer must provide written notice of the bankruptcy to the MPF Provider. The Servicer must submit to the MPF Provider, by the fifth (5th) Business Day of each month, a Delinquent Mortgage & Bankruptcy Status Report (Servicing Guide Exhibit B uploaded to eMAQCSplus) reporting the status of the bankruptcy regardless if the loan is current/delinquent.

CHAPTER 8. DELINQUENCIES

8.1 General

Servicers are expected to assist all Borrowers who are facing default or are in default in avoiding Foreclosure on their home in the shortest possible time, by providing them with the most appropriate, long term home retention or Liquidation option that is available under the MPF Program.

The Servicer's collection staff must be sufficiently skilled in financial counseling and mortgage servicing techniques to assist a Borrower while at the same time protecting the interest of the MPF Bank.

Servicers are required to abide by all requirements of Applicable Laws, including CFPB Servicing Rules, when dealing with Delinquent Mortgages. In addition, Servicers must comply with Fannie Mae Servicing Guide Chapter D2: Assisting a Borrower Who is Facing Default or in Default.

8.1.1 Property Inspections

The Servicer must perform property inspections in accordance with Fannie Mae Servicing Guide Chapter D2-2-10: Requirements for Performing Property Inspections. The cost for all required property inspections must be advanced by the Servicer. The Servicer must comply with all applicable mortgage insurer requirements concerning property inspections.

If a Mortgaged Property is found to be vacant, abandoned, or non-owner occupied, or if evidence of hazardous waste is found on the Mortgaged Property, the Servicer shall immediately report the results of the inspection in writing to the MPF Provider. The Servicer must comply with all Applicable Laws, when a Mortgage Property is determined to be vacant or abandoned, these actions may include, but are not limited to, registering the property with the municipality or securing the property in a specified manner.

In addition, if a property inspection indicates emergency repairs are required to protect the Mortgaged Property or if there is any environmental litigation affecting the Mortgaged Property, the Servicer must immediately contact the MPF Provider.

8.2 Delinquency Reporting

This section covers the requirements for reporting Delinquent Mortgage Loans to the MPF Provider and applicable insurer.

8.2.1 Reporting to the MPF Provider (9/10/24)[21]

The Servicer must submit to the MPF Provider, by the second (2nd) Business Day of each month, a Delinquent Mortgage & Bankruptcy Status Report (Servicing Guide Exhibit B submitted via eMAQCSplus) containing the status of:

[21] MPF Announcement 2024-62 (9/10/24)

- all Delinquent Mortgage Loans that are thirty (30)* or more days delinquent as of the last day of the preceding month; and
- all Borrower's who are in Bankruptcy status must be reported regardless of the status of the loan (current/delinquent).

* If a payment is not made in the month in which it is due, the Mortgage Loan is considered delinquent and must be included on the Delinquent Mortgage & Bankruptcy Status Report (Exhibit B) as if it was 30 days or more delinquent, even if the month has less than 30 days.

Servicers that report Mortgage Loans as 30+ days delinquent reporting Action Codes 0 (No Action), 12 (Relief Provision), or 20 (Loss Mitigation) on their monthly Exhibit B: Delinquent Mortgage & Bankruptcy Status Report, will receive an automated email notifications from eMAQCSplus with the MPF Xtra Supplemental Data excel attachment requesting additional mortgage loan information. Servicers must submit the additional reporting information to the MPF Provider by uploading the file to eMAQCSplus within five (5) business days.

Exhibit B must be uploaded with the following additional provisions:

- The "Delinq_Status_Code" field of the Standard File Layout is to be completed using the Delinquency Status Codes provided in Appendix 1 of Exhibit B; and
- The "Delinq_Reason_Code" field of the Standard File Layout is to be completed using the Delinquency Reason Codes provided in Appendix 2 of Exhibit B.

8.2.2 Report to Insurers

The Servicer must provide notice of Delinquency to the applicable mortgage insurer within the time frames and using the methods required by the insurer. The Servicers shall furnish to the insurer all reports requested by the insurer and/or as required in the insurance policy.

8.3 Loss Mitigation

Eligible loss mitigation options can be found in Fannie Mae Servicing Guide Chapter D2-3: Fannie Mae's Home Retention and Liquidation Workout Options.

While Servicers have discretion to extend appropriate relief options to Borrowers encountering a hardship, they are required to obtain approval prior to offering some options to a borrower, such as a payment deferral (including COVID-19 or disaster-related deferrals), Flex Modification, Deed-in-Lieu of Foreclosure or a short sale, and are required to comply with all Applicable Laws, including CFPB regulations, insurer requirements, and the requirements found in the Fannie Mae Servicing Guide as they pertain to loss mitigation alternatives and efforts.

Servicers must adequately document any relief requiring prior approval and must submit the request for approval to the MPF Provider through eMAQCSplus. For guidance on

submitting such requests for approval through eMAQCSplus, see Exhibit Z-X: MPF Flex Modification (FLEX) Request - Instructions, Exhibit AA-X: MPF Xtra Payment Deferral (PD2023) Request – Instructions, Exhibit BB-X: Disaster Payment Deferral (PDD) Request - Instructions, and Exhibit CC-X: MPF Xtra COVID-19 Payment Deferral (PDX) Request - Instructions. Servicers must allow at least 5 Business Days for any request to the MPF Provider to be processed. To avoid any delays, Servicers must ensure a submission is complete and accurate.

Requirements for short sale, deed-in-lieu and loan modifications, including the approval process, can be found in 8.4.1. Short Sale, 8.4.2 Deed-in-Lieu of Foreclosure and 9.1 Loan Modifications.

The Servicer must maintain policies and procedures to ensure compliance with any and all applicable “dual tracking” restrictions.

8.4 Alternative Solutions

This section describes additional solutions for Delinquent Mortgage Loans. The Servicer must provide written notification to the MPF Provider and applicable mortgage insurers no later than ten (10) days after the start of the alternative solution.

8.4.1 Short Sale

For short sale requirements, the Servicer must comply with the requirements of Fannie Mae Servicing Guide Chapter D2-3.3-01, Fannie Mae Short Sale. Prior to offering a short sale, Servicer must adequately document a request for short sale and must submit the request for approval to the MPF Provider through eMAQCSplus. Servicers must allow at least 5 Business Days for any request to the MPF Provider to be processed. To avoid any delays, Servicers must ensure a submission is complete and accurate.

8.4.2 Deed-in-Lieu of Foreclosure

When a Mortgaged Property is subject to a Deed-in-Lieu of Foreclosure the Servicer must comply with the requirements of Fannie Mae Servicing Guide Chapter D2-3.3-02, Fannie Mae Mortgage Release (Deed-in-Lieu of Foreclosure).

Prior to offering a deed-in-lieu of foreclosure, Servicer must adequately document a request for deed-in-lieu and must submit the request for approval to the MPF Provider through eMAQCSplus. Servicers must allow at least 5 Business Days for any request to the MPF Provider to be processed. To avoid any delays, Servicers must ensure a submission is complete and accurate.

The servicer must notify the MPF Provider that it has acquired a property within twenty-four (24) hours after the deed-in-lieu of foreclosure was executed by submitting Form SG334 (Notice of Acquired or Conveyed Property submitted via eMAQCSplus). If the Servicer does not report to the MPF Provider within the required time-frame, the investor may charge the servicer $100 per day until the Servicer notifies the MPF Provider of the acquired property. The fee will not be enforced if the Servicer provides a reasonable

explanation for the delay, however, the Servicer must indemnify the Investor for all losses, expenses, judgments, costs, and attorney fees that the Investor sustains as a result of its failure to submit the information in a timely manner.

8.5 Natural Disaster Assistance (5/1/26)[22]

As soon as the Servicer learns of a natural disaster (e.g. earthquake, flood, hurricane) which results in casualty loss to a Mortgaged Property, it must perform a property inspection, get complete details on the damage, determine whether the Borrower has filed the proof of loss (if insured and as applicable), and discuss with the Borrower plans for repairing the Mortgaged Property. The Servicer must inform the MPF Provider and recommend appropriate action to protect the Mortgaged Property and assist the Borrower.

In addition, the Servicer must comply with Fannie Mae Servicing Guide Chapters D1-3-01: Evaluating the Impact of a Disaster Event and Assisting a Borrower and D2-3.2-07: Fannie Mae Flex Modification.

Prior to offering a disaster-related payment deferral, Servicer must adequately document a request for deferral and must submit the request for approval to the MPF Provider through eMAQCSplus. For guidance on submitting such requests for approval through eMAQCSplus, see Exhibit BB-X Disaster Payment Deferral (PDD) Request - Instructions. Servicers must allow at least 5 Business Days for any request to the MPF Provider to be processed. To avoid any delays, Servicers must ensure a submission is complete and accurate.

If Servicer determines a property was impacted by a disaster, it must obtain prior written approval from the MPF Bank before referring the mortgage loan to foreclosure, initiating any judicial or non-judicial foreclosure process, moving for a foreclosure judgement or order of sale, or executing a foreclosure sale, if such delays are permitted under applicable law. To obtain approval, Servicer must email a request with a subject line "Foreclosure Proceedings for Disaster-Impacted Properties MPF Loan #XXXXXXX" to mpf-help@fhlbc.com with the following information, within one business day of the disaster as available and follow up emails within one business day after receiving additional required documentation:

- Whether the recommendation is to initiate or to continue foreclosure proceedings, including the foreclosure referral date if the request is for a continuation;
- The date the disaster event occurred;
- The status of any repairs to the property;
- Insurance loss claim date, status, and the amount of proceeds that have been or are expected to be disbursed, as applicable; and

[22] MPF Announcement 2026-24 (5/1/26)

- A summary of any engagement with the borrower, including whether Quality Right Party Contact (QRPC) has been achieved and the borrower's intention for the property.

8.6 Early Payment Default (EPD)

An Early Payment Default (EPD) is where a Conventional Mortgage Loan becomes delinquent within the first twelve (12) months of the Borrower's first payment due date as specified in the Note and subsequently becomes ninety (90) days past due. This definition only applies to a Conventional Mortgage Loan that becomes ninety (90) days past due within fourteen (14) months of the Borrower's first payment due date as specified in the Note. The Servicer should pay particular attention to a Delinquency which occurs during the first twelve (12) months and must make every effort to contact the Borrower as soon as Applicable Law permits in order to try to cure the Delinquency.

The Servicer is required to perform a QC review for all EPDs. In addition, the MPF Provider will perform a QC review for all EPDs the month after the Mortgage Loan first reaches EPD status.

8.7 Cross-Default Provisions

The Servicer must comply with Fannie Mae Servicing Guide Chapter D1-5: Call Provision Enforcement.

CHAPTER 9. LOAN MODIFICATIONS

9.1 Description

The intent of a loan modification is to eliminate the arrearage and provide the Borrower, who is in default or facing imminent default, with a monthly loan obligation that is affordable and sustainable. Loan modification requirements can be found in Fannie Mae Servicing Guide Chapter D2-3.2: Home Retention Workout Options.

Prior to offering a loan modification, Servicer must adequately document a request for the loan modification and must submit the request for approval to the MPF Provider through eMAQCSplus, For guidance on submitting such requests for approval through eMAQCSplus, see Exhibit Z-X Flex Modification (FLEX) Request - Instructions. Servicers must allow at least 5 Business Days for any request to the MPF Provider to be processed. To avoid any delays, Servicers must ensure a submission is complete and accurate.

9.2 Reporting Requirements

This section covers the requirements for reporting a loan modification.

9.2.1 Reporting to the Master Servicer

During the period that the loan modification is in effect, the Servicer reports the loan modification in their Monthly Accounting Reports to the Master Servicer.

9.2.2 Tax Reporting

The Servicer will be responsible for completing certain forms or providing other information required under the IRS Code, and/or by state taxing authorities for temporary loan modifications. If at any time, any debt, as defined by the Code or state authorities, is canceled, the Servicer shall forward to each Borrower and the IRS, such forms and information within the control of the Servicer as are required by the Applicable Laws.

9.2.3 Disclosures and Notices

Some actions taken by Servicers in the context of reviewing and granting modifications may necessitate the use of certain federal or state required disclosures. Servicers are responsible for ensuring that all disclosures and notices required under Applicable Law (e.g. ECOA, TILA, RESPA, FCRA, and FDCPA) are provided to the Borrowers, and if applicable, any individuals with interest in the Mortgaged Property.

CHAPTER 10. FORECLOURE PROCEDURE

10.1 General

The Servicer is required to follow the Applicable Standards and the Fannie Mae Servicing Guide when administering a Foreclosure.

In conjunction with the Servicer's decision to begin Foreclosure, the Servicer must provide written notification to the MPF Provider and applicable mortgage insurers no later than ten (10) days after the start of the Foreclosure proceedings.

- E-1: Referring Default-Related Legal Matters and Non-Routine Litigation to Law Firms.
- E-3: Managing Foreclosure Proceedings
- E-5: Requesting Reimbursement for Expenses Associated with Default-Related Legal Matters
- F-1-05: Expense Reimbursement

10.2 Repurchase Requirement (1/10/25)[23]

At the MPF Bank's option, the Servicer may be required to repurchase any loan regardless of insurer, if a Foreclosure is prevented, delayed, or judicially denied because of any defect in the Security Instrument or Note. This repurchase requirement is binding, should the MPF Bank exercise its option herein, even if the defect was caused by the Servicer's predecessor or the loan originator. See "Exhibit GG-X - MPF Xtra Repurchase Request."

10.3 Foreclosure Referral

This section describes the requirements for referring a Mortgage Loan to Foreclosure.

10.3.1 Attorney/Trustee Referral

When commencing a Foreclosure proceeding, the Servicer must select the attorney/trustee in compliance with the following Fannie Mae Servicing Guide Chapters:

- A4-2.2: Requirements for Default-Related Law Firms;
- E-1: Referring Default-Related Legal matters and Non-Routine Litigation to Law Firms; and
- E-1.2: Timing of the Referral to a Law Firm.

All referrals to attorneys for default-related legal services on MPF Xtra Mortgages, including loss mitigation, foreclosure, and bankruptcy actions, must be made to law firms selected and retained directly by the Servicer and reviewed by Fannie Mae. Fannie Mae will not approve the law firm, but will issue a determination about the law firm based on the information submitted by the Servicer to its MPF Bank. It is recommended that all

[23] MPF Announcement 2025-05 (1/10/25)

servicers identify an attorney they would like to retain for the purposes of default-related legal services and move forward with this new process, even if there are no delinquent Mortgages in the servicer's portfolio at this time. This will allow a smoother transition into the process and help avoid any possible delays in the handling of these loans should delinquent Mortgages arise in the future.

Default-Related Legal Service Attorneys Resources

To assist Servicers in the selection and retention of law firms that may be able to provide default-related legal services in a jurisdiction in which the Servicer anticipates needing default-related legal services, there are several resources to find such law firms:

Mortgage Bankers Association	https://www.mba.org/
Attorney Networks: • **USFN** • **American Legal & Financial Network (ALFN)**	https://www.usfn.org/ https://www.alfn.org/

These resources are only intended to provide some possible sources of information that the Servicer may find helpful in locating a law firm that the Servicer may wish to contact regarding default-related legal services. By providing the above listed resources, the MPF Program is not endorsing the organization, its website, the website contents or any attorney listed therein. The MPF Program is not responsible for the website's content or the Servicer's reliance on the information contained therein.

The Servicer shall submit a complete referral package to a qualified, experienced attorney/trustee who will perform in accordance with Applicable Law, and professional standards of conduct. The Servicer is expected to monitor the attorney/trustee it chooses to retain to ensure the Foreclosure is completed in a timely and cost-effective manner.

The Servicer is required to keep the attorney/trustee advised of any significant negotiations for modifications, repayment plans or workout agreements under consideration, so as not to impair or impede the Foreclosure process in the event the plan fails and Foreclosure must be resumed.

10.3.2 Allowable Time Frames

The maximum allowable days in which "routine" Foreclosure proceedings must be completed within each State are found in Fannie Mae's Foreclosure Time Frames and Compensatory Fee Allowable Delays Exhibit and Fannie Mae Servicing Guide Chapters E-3.2-15: Allowable Time Frames for Completing Foreclosure and A1-4.2-02: Compensatory Fees for Delays in the Liquidation Process. If the Foreclosure proceedings for a Mortgage Loan exceed the maximum number of allowable days and no reasonable explanation for the delay is provided through monthly delinquency status reporting, the Servicer will be

required to pay a compensatory fee. Some examples of reasonable explanations for delays include bankruptcy, probate, military indulgence, contested Foreclosure or consideration for an approved modification program.

10.3.3 Expense Limitations

Servicers are responsible for reviewing and approving attorney's fees before requesting reimbursement to ensure they are in compliance with the guidelines as laid out in the Fannie Mae Servicing Guide (See Section E-1: Referring Default Related Legal Matters and Non-Routine Litigation to Law Firms and Section E-3.2-10: Paying Certain Expenses During the Foreclosure Process). Servicers must continue to ensure that fees and expenses charged to the Borrower are permitted under the terms of the Note, Security Instrument, and Applicable Laws and are prorated to reasonably relate to the amount of work actually performed.

To request reimbursement for expenses incurred during the Foreclosure process, see Fannie Mae Servicing Guide Chapters E-5, Requesting Reimbursement for Expenses Associated with Default-Related Legal Matters, and F-1-05, Expense Reimbursement.

All expense reimbursement requests must be submitted to the MPF Provider.

10.4 Postponements of Foreclosure Sale

In addition to the requirements in this section, the Servicer must comply with Fannie Mae Servicing Guide Chapter E-3.4: When Foreclosure Proceedings must be Suspended or Canceled.

If the Foreclosure sale is postponed or canceled, the Servicer must immediately notify the MPF Provider. Where the postponements is not pursuant to an Applicable Law or a court ordered stay, the Servicer must submit a request for approval to the MPF Provider by submitting an explanation of the reason and allowing 5 business days for the request to be processed.

10.5 Reinstatements

The Servicer can accept full reinstatement of a loan, even if Foreclosure proceedings have already begun, up to and including the scheduled Foreclosure sale date. Reinstatements must be processed in accordance with Fannie Mae Servicing Guide Chapter E-3.2-08: Processing Reinstatements During Foreclosure.

Upon receipt of reinstatement funds from a Borrower, the Servicer must:

- Notify the MPF Provider and, if applicable, the primary and/or secondary mortgage insurer of the reinstatement;
- Return the Note and other related Mortgage Loan documents to the Custodian to be returned to the Collateral File; and
- Immediately apply the reinstatement funds to pay the expenses enumerated above.

If an Assignment has been recorded from MERS to the Servicer and the Borrower reinstates the Mortgage Loan prior to completion of the Foreclosure proceedings, the Servicer need not re-assign the Mortgage to MERS nor re-register it with MERS. Any such action will be at the discretion and expense of the Servicer.

10.6 Foreclosure Sale

In addition to the requirements in this section, the Servicer must comply with Fannie Mae Servicing Guide Chapter E-3.3: Preparing for the Foreclosure Sale.

The Servicer shall also provide the MPF Provider and applicable mortgage insurer appropriate advance notice of pending Foreclosure sales. Such notice must include the date, location, and time of the Foreclosure sale. The Servicer shall instruct its foreclosing attorney, trustee, or other responsible party to provide direct and separate mailing of the Foreclosure sale to the MPF Provider.

When applicable, the Servicer must submit bidding instructions to the MPF Provider

The Servicer is required to notify the MPF Provider of Foreclosure sale results within twenty four (24) hours of conducting the public sale.

10.6.1 Rescission of Foreclosure Sale

The Servicer must notify the MPF Provider as soon as they receive notice that the Foreclosure sale may be rescinded. The Servicer is to provide the MPF Provider following information when requesting approval of a rescission of a Foreclosure sale:

- The date and time Foreclosure sale was cried;
- If a bankruptcy was filed the same day as the Foreclosure sale was held, the bankruptcy filing with the date and time. if the party filing the bankruptcy was not the Borrower, then the Servicer must provide documentation to show the transfer of ownership from the Borrower to the party filing Bankruptcy);
- If there is another reason for the Foreclosure sale not to be valid: incorrect NOD, TOS or some other documentation regarding the Foreclosure sale; and
- When the Servicer found out about the possible rescission.

10.7 Foreclosure Proceedings Property Inspections

In addition to the requirements in this section, the Servicer must comply with the following Fannie Mae Servicing Guide Chapters:

- E-3.2-12: Performing Property Preservation During Foreclosure Proceedings;
- E-3.3-03: Inspecting Properties Prior to Foreclosure; and
- E-4.3-02: Inspecting Properties Post-Foreclosure Sale.

All inspections must be documented on the Property Inspection Report (SG331), retained in the Mortgage Loan file, and made available to the MPF Provider upon request.

It is the contractual obligation and duty of the Servicer to report any such findings in writing to the MPF Provider where the Servicer learns of, or finds evidence of, potential hazardous toxic waste, or property damage claimable under a property insurance policy. The Servicer shall postpone pending Foreclosure action unless it obtains written direction from the MPF Provider proceed. Should the Servicer acquire a property where there is evidence of hazardous waste or substantial property damage, such acquisition shall be for the Servicer's own account. The Servicer will be required to remit to its MPF Bank the unpaid Principal Balance of the Mortgage Loan, together with all accrued but unpaid interest. In such case, the Servicer's actions shall be its own, and not as agent for the Master Servicer, the MPF Bank or MPF Provider.

Should the Servicer fail to conduct property inspections which results in property damage or causes the MPF Bank to incur any loss, Servicer shall indemnify the MPF Bank for that loss. The extent of Servicer indemnification shall include, but is not limited to, attorney fees, legal fees, fines, penalties, and cost of correction or cleanup.

10.8 Servicing During Foreclosure

This section describes the responsibilities for servicing a Mortgage Loan in Foreclosure.

10.8.1 Loss Mitigation

The Servicer should not foreclose on a Delinquent Mortgage Loan if there is a reasonable chance of avoiding Foreclosure. If the reason for default appears to be long term or too serious for short term relief measures to be effective, the Servicer should consider permanent Foreclosure prevention alternatives. Any loss mitigation plan proposed by the Servicer after initiating Foreclosure must be submitted to the MPF Provider and receive approval. However, the Servicer may not pursue Foreclosure while still pursuing loss mitigation options with the Borrower.

10.8.2 Taxes and Insurance

The Servicer must pay all taxes and/or insurance premiums when due. The Servicer shall maintain property insurance in an amount sufficient to rebuild unit and include a vacancy clause on the property.

10.8.3 Homeowners Association (HOA) Dues

For Mortgaged Properties that are located in states that provide for homeowners association (HOA) assessment lien priority over a previously recorded mortgage document, the Servicer must take steps to protect the priority of the Mortgage Loan lien. Necessary steps the Servicer must take include, but are not limited to:

- Payment of the amount due, generally the lowest of:
    - The actual delinquent assessment balance and allowed costs;
    - The maximum amount due from the foreclosing first mortgage entity based on the provisions in the project's declarations; or

- The maximum amount due from a foreclosing first mortgage entity under the relevant state statute.

- Clearing the priority lien within thirty (30) days after the Foreclosure sale date or acceptance of a deed in lieu of foreclosure.

10.8.4 Reporting to the MPF Provider

The Servicer must report the current status of the Foreclosure proceedings to the MPF Provider on the monthly Delinquent Mortgage & Bankruptcy Status Report.

10.8.5 After the Foreclosure Sale

The Servicer must comply with Fannie Mae Servicing Guide Chapter E-3.5: Servicer Responsibilities Following the Foreclosure Sale.

10.9 IRS Reporting Requirements

IRS Code requires information returns be filed when a third party acquires property in satisfaction of the secured debt, or upon determination the property has been abandoned and/or upon cancellation of six hundred dollars ($600) or more of a borrower's mortgage debt. It is the Servicer's responsibility to accurately and timely report acquired properties. The Servicer filing must comply with the Fannie Mae Servicing Guide Chapter F-1-23: Reporting to Third Parties, which includes listing Fannie Mae's name, followed by the Servicer's address, and Fannie Mae's federal tax identification as well as the Servicer's loan number and the MPF loan number for identification purposes.

Servicers who fail to file an Acquisition or Abandonment of Secured Property (IRS Form 1099-A) or Cancellation of Debt (IRS Form 1099-C) or correction, when it is due, must reimburse the MPF Bank for any penalties the IRS may assess.

10.10 Release of Documents (5/14/26)[24]

The Servicer must complete the Request for Release of Documents (Form SG340-X) or its electronic equivalent and submit it to the Custodian no later than the second business day of the month following payoff/liquidation.

[24] MPF Announcement 2026-28 (5/14/26)
MPF Announcement 2024-79 (12/20/24)

CHAPTER 11. POST FORECLOSURE & REO PROPERTIES

11.1 Notification

The Servicer must notify the MPF Provider within 24 hours of acquiring a Real Estate Owned (REO) property by submitting Form SG334 (Notice of Acquired or Conveyed Property). If the Servicer does not report to the MPF Provider within the required time-frame, the investor may charge the servicer $100 per day until the Servicer notifies the MPF Provider of the acquired property. The fee will not be enforced if the Servicer provides a reasonable explanation for the delay. However, the Servicer must indemnify the Investor for all losses, expenses, judgments, costs, and attorney fees that the Investor sustains as a result of its failure to submit the information in a timely manner.

In addition, the Servicer must comply with the post-Foreclosure and REO property requirements in the following Fannie Mae Servicing Guide chapters:

- E-3.5: Servicer Responsibilities Following the Foreclosure Sale;
- E-4: Managing Acquired Properties; and
- E-5: Requesting Reimbursement for Expenses Associated with Default-Related Legal Matters.

11.2 Conveyance Documents

In addition to the requirements in this section, the Servicer must comply with Fannie Mae Servicing Guide Chapter E-4.2-01: Completing Conveyance Documents.

Conveyance documents must be forwarded to the MPF Provider for approval. Once approved, the conveyance documents will be returned to the Servicer for execution and recordation.

The conveyance documents must not transfer the Mortgaged Property to the MPF Provider, the MPF Bank, the investor or the Master Servicer unless the Servicer is explicitly instructed to do so by the MPF Provider or the MPF Bank. If the Mortgaged Property is transferred to the MPF Provider, the MPF Bank or the Master Servicer by the Servicer without explicit instructions to do so, the Servicer will be charged a one-hundred dollar ($100.00) fee for completion of an assignment, quitclaim deed or other conveyance document to transfer the property back to the Servicer or to any other party.

11.3 Third-Party Acquisition

In addition to the requirements in this section, the Servicer must comply with Fannie Mae Servicing Guide Chapter: E-3.5-02: Handling Third-Party Sales.

If a third party outbids the Servicer's credit bid at the Foreclosure sale, the Servicer must notify the MPF Provider of the sale within 24 hours by submitting Form SG334 (Notice of Acquired or Conveyed Property) via eMAQCSplus, and must deposit the proceeds from the Foreclosure sale into the P&I Custodial Account within the next Business Days after receipt.

Investor Reporting Requirements

Servicers must report the following Action Codes on the Delinquent Mortgage & Bankruptcy Status Report (Exhibit B) following a third party sale:

- report an Action Code 71 for one reporting cycle for the month in which the foreclosure sale occurred, and
- Servicers are required to liquidate the mortgage loan as a monetary transaction and must report the mortgage loan as an Action 60 on the next reporting cycle.

11.4 REO Property Acquisition

The Servicer must comply with the requirements in Fannie Mae Servicing Guide Chapter E-4: Managing Acquired Properties. Servicers must notify the MPF Provider within 24 hours of acquiring a Real Estate Owned (REO) property by submitting Form SG334 (Notice of Acquired or Conveyed Property) via eMAQCSplus.

Investor Reporting Requirements

Servicers must report the following Action Codes on the Delinquent Mortgage & Bankruptcy Status Report (Exhibit B) following an REO Acquisition:

- Report an Action Code 70 or Action 72 for one reporting cycle after acquisition:
  - Action Code 70 if the Property has been reverted to the PFI/Servicer, or
  - Action Code 72 if Property has been reverted to the PFI/Servicer and mortgage insurance is in place.
- Servicers are required to liquidate the mortgage loan as a non-monetary transaction and must report the mortgage loan as an Action 60 on the next reporting cycle.

Servicers must ensure that all actions related to REO Property Acquisition are completed within 60 days following the foreclosure sale.

11.5 Mortgage Insurance Claim

The Servicer must comply with Fannie Mae Servicing Guide Chapter E-4.5: Filing MI Claims for Liquidated Properties.

CHAPTER 12. LEGAL

12.1 Lawsuits

This section covers the guidelines for handling legal actions.

12.1.1 Notice of Legal Action

The Servicer is not authorized to accept service on behalf of the MPF Provider or the MPF Bank, and shall so advise anyone attempting to serve either entity through the Servicer.

The MPF Provider reserves the right to direct litigation involving a Mortgage Loan, and the Servicer and any law firm retained to handle the litigation must cooperate fully with the MPF Provider in the prosecution, defense, or handling of the matter.

In instances in which the Note and/or Security Instrument provides for the Borrower to reimburse any legal fees and costs incurred by the MPF Bank or the Servicer, the Servicer shall instruct its legal counsel to notify the Borrower about his or her responsibility for such expenses. The Servicer's legal counsel should attempt to handle such matters by stipulation or any other expeditious manner that will reduce the fees and costs that the Borrower has to pay.

Additionally, if the Security Instrument has MERS as nominee for lender, as the named beneficiary, and MERS is named in the action or proceeding, the Servicer shall immediately notify MERS and otherwise comply with all MERS requirements in regard to such litigation, as more fully set forth in MERS rules. In particular, the Servicer should be aware of Rule 14 MERS System Rules of Membership, which requires notification to MERS regarding "Legal Filings" that raise certain MERS-related challenges as detailed therein.

12.1.2 Notification Time Frames

The Servicer shall provide appropriate notice of any legal action in accordance with the timeframes below.

The Servicer must forward any of the following to the MPF Service Center, within five (5) Business Days of receipt by the Servicer:

- A petition or complaint in a lawsuit naming the Servicer as defendant which involves the origination or servicing of any Mortgage Loan, or which alleges that the Servicer has failed to comply with any Applicable Laws in its mortgage origination or servicing activities;
- A petition or complaint in a lawsuit attempting to establish the existence of a class of plaintiffs that includes mortgagors whose Mortgage Loans are being serviced by the Servicer or mortgagors whose Mortgage Loans were originated by the Servicer;
- Correspondence involving a Mortgage Loan that threatens legal action or alleges violation by the Servicer or any other person of any Applicable Laws with respect to a Mortgage Loan; or

- Correspondence from a state or federal regulator involving the alleged violation by the Servicer of any Applicable Laws in its mortgage origination or servicing activities.

The Servicer must forward any of the following to the MPF Service Center, within two (2) Business Days after receipt by the Servicer:

- A petition or complaint in a lawsuit naming the MPF Provider, any MPF Bank or the Master Servicer as a party to the lawsuit; or
- A petition or application for temporary injunction or other temporary equitable relief which involves the mortgage servicing activities of the Servicer.

The Servicer must forward to the MPF Provider, within three (3) Business Days after receipt by the Servicer, a copy of any motion or pleading of any type in a Foreclosure or bankruptcy action which asserts a counterclaim or alleges the right to recover damages from the Servicer, an MPF Bank or the MPF Provider.

12.1.3 Servicer Initiating Litigation

The Servicer shall not initiate litigation on the MPF Provider or MPF Bank's behalf (except as otherwise provided in the Guides), unless it obtains prior written consent from the MPF Provider or MPF Bank.

12.1.4 Retained Counsel

In the event that the Servicer is made aware that the MPF Bank, the MPF Provider, the Servicer, or the PFI that sold the Mortgage Loan to the MPF Bank is a named defendant in a lawsuit related to a Mortgage Loan it is servicing, the Servicer shall contact the MPF Provider. The MPF Provider will either approve the Servicer's retaining counsel or require that the case be turned over to the MPF Provider for referral to the counsel of the MPF Provider's choice. Whenever the Servicer retains counsel on behalf of the MPF Provider, it shall do so in accordance with the Guides. Where the defendant is an MPF Bank, the MPF Provider will discuss case handling and retention of counsel with the MPF Bank and will notify the Servicer of the direction to be taken.

In situations where an attorney must be retained immediately to protect the MPF Provider and/or MPF Bank's interests, such as to oppose an ex parte application for a temporary restraining order, and MPF Provider and/or MPF Bank approval cannot be obtained timely, the Servicer may retain counsel on the MPF Provider and/or MPF Bank's behalf, to appear and oppose the application. The MPF Provider shall immediately be advised, and copies of all pleadings shall be forwarded to the MPF Provider's Office of General Counsel.

If a case is to be handled by the Servicer's legal counsel, the Servicer will be notified of the MPF Provider staff attorney to whom their counsel shall report. The Servicer's legal counsel shall cooperate, coordinate, and follow the direction of the assigned staff attorney, and report to the MPF Provider staff attorney at frequent intervals, depending on the progress of the case.

The Servicer should provide the MPF Provider with copies of all pleadings, motions, responses, replies and briefs with sufficient time in advance of any deadline to review and comment upon the proposed filings.

The Servicer of a Mortgage Loan that is the subject of litigation should notify retained counsel if it intends to offer any Mortgage Loan modification or other Foreclosure-avoidance alternative and provide retained counsel with sufficient opportunity in advance of the solicitation to review and provide comments in connection with any solicitation materials.

12.1.5 Counsel Selected and Retained by Servicer

All Counsel selected and retained by the Servicer to represent the MPF Provider and/or MPF Bank shall:

- Be knowledgeable and experienced in the applicable field of law;
- Be financially responsible; and
- Immediately advise the assigned MPF Provider and/or MPF Bank staff attorney of any actual, potential, or apparent conflict of interest.

12.1.6 Referring to Other Counsel

If at any time during the progress of the case, the MPF Provider or MPF Bank determines the case should be referred to other counsel, the Servicer will be advised in writing.

12.1.7 Attorney's Fees

The MPF Provider and/or MPF Bank will review the Servicer's legal counsel's bills in relation to the reports made to the MPF Provider and/or MPF Bank's staff attorney by the Servicer's legal counsel. The MPF Provider and/or MPF Bank will reimburse the Servicer only for fees determined by the MPF Provider and/or MPF Bank to be reasonable, and which have actually been paid by Servicer. The fees charged shall not exceed those charged by the legal counsel retained by the Servicer or others for the same or similar legal services and representation. To the extent allowed by law, the Servicer's legal counsel shall endeavor to recover all costs and fees from the Borrower, or other responsible party.

12.2 Notice of Lien

The Servicer shall take all reasonable actions to prevent new liens that would be superior to the lien of the Mortgage Loan from being attached against the Mortgaged Property. When it becomes aware that any new superior lien has been attached, the Servicer shall notify the MPF Provider.

12.2.1 HOA Liens

For Mortgaged Properties that are subject to a homeowners association (HOA) and that are located in states that provide HOA assessment lien priority over a previously recorded mortgage loans, the Servicer must take all steps necessary to protect the priority lien of

the Mortgage Loan. In states where particular actions or steps are required to receive notices of Foreclosure action taken by the HOA or others, Servicer must ensure all such actions or steps are taken.

12.3 Property Forfeitures and Seizures

Various federal statutes (including the Controlled Substances Act) provide for the civil or criminal forfeiture of certain types of property (including real estate) that are used, or are intended to be used, to commit or to facilitate the commission of certain violations of federal law. If the Servicer receives notice of any lien, seizure, or forfeiture, it shall immediately notify the MPF Provider about all deadlines and requirements specified in the notice and promptly send the MPF Provider a copy of the notice and any accompanying documents.

12.4 Default Related Legal Services

All referrals to attorneys for default-related legal services on MPF Xtra Mortgages, including loss mitigation, foreclosure, and bankruptcy actions, must be made to law firms selected and retained directly by the Servicer and reviewed by Fannie Mae. Fannie Mae will not approve the law firm, but will issue a determination about the law firm based on the information submitted by the Servicer to its MPF Bank. It is recommended that all servicers identify an attorney they would like to retain for the purposes of default-related legal services and move forward with this new process, even if there are no delinquent Mortgages in the servicer's portfolio at this time. This will allow a smoother transition into the process and help avoid any possible delays in the handling of these loans should delinquent Mortgages arise in the future.

Default-Related Legal Service Attorneys Resources

To assist Servicers in the selection and retention of law firms that may be able to provide default-related legal services in a jurisdiction in which the Servicer anticipates needing default-related legal services, there are several resources to find such law firms:

Mortgage Bankers Association	https://www.mba.org/
Attorney Networks: • **USFN** • **American Legal & Financial Network (ALFN)**	https://www.usfn.org/ https://www.alfn.org/

These resources are only intended to provide some possible sources of information that the Servicer may find helpful in locating a law firm that the Servicer may wish to contact regarding default-related legal services. By providing the above listed resources, the MPF Program is not endorsing the organization, its website, the website contents or any

attorney listed therein. The MPF Program is not responsible for the website's content or the Servicer's reliance on the information contained therein.

For the management of default related legal services, Servicers must comply with the requirements in the following Fannie Mae Servicing Guide chapters:

A4-2.2-01 Selecting and Retaining Law Firms

- Managing Legacy Matters
- Performing Due Diligence When Selecting and Retaining Law Firms
- Submitting a Servicer Selection Form

  The Servicer must submit the Servicer Selection Form (Form 200) for review to its MPF Bank by email, not directly to Fannie Mae. (The electronic signature on Form 200 must be from an individual on the PFI's Resolution for Mortgage Partnership Finance Participating Financial Institution Agreement).
- Law Firm Training and the Limited Retention Agreement
- The Use of special Counsel

A4-2.2-02 Law Firm Management and Oversight

- Overview of Law Firm Management and Oversight
- Establishing Written Policies and Procedures Related to Law Firm Oversight and Compliance
- Conducting Law Firm Compliance Reviews and Training
- Reporting Law Firm Performance to Fannie Mae
- Escalations of Law Firm and Servicer Issues and Government and Media Inquiries

A4-2.2-03 Prohibition against Servicer-Specified Vendors for Fannie Mae Referrals, Use of Vendors, and Outsourcing Companies

A4-2.2-04 Law Firm Suspensions, Matter Transfers, and Terminations

- Servicer-Directed Suspensions
- Fannie Mae-Directed Suspensions
- Implementation of Suspensions

F-2-04 Firm Minimum Requirements

12.5 Law Firm Escalations

The Servicer must notify its MPF Bank via email and must email the MPF Provider at FHLB_Relations@fhlbc.com within (2) Business Days of discovering any law firm matters requiring special attention and escalation. Such matters include but are not limited to:

- Information regarding a law firm that may warrant a suspension of referrals or the transfer of matters to another law firm, and/or termination of the law firm;

- Information suggesting legal or reputational risk posed by a law firm (i.e. bar complaints or sanctions) or litigation asserting systemic issues with the law firm or its practices;
- Any actual or suspected data security breach involving the law firm;
- Any actual or alleged fraud on the part of the law firm;
- Federal, state or local governmental inquiries, including Congressional inquiries, regarding a law firm, MPF Xtra loans or Servicer practices affecting MPF Xtra loans;
- Media inquiries relating in any way to the MPF Bank, MPF Provider or the Master Servicer;
- Volume or capacity issues with a law firm;
- A breach of the limited retention agreement between Fannie Mae and a law firm;
- Any systemic issue with a law firm;
- Significant issues with the law firm's process for handling Delinquent Mortgage Loans; or
- Any material change in the ownership, partnership, or organization of the law firm after executing the limited retention agreement, including instances where a named partner leaves the law firm or a practice group separates from the law firm.

Additional information regarding escalated matters may be requested from the servicer and should be promptly provided.

CHAPTER 13. TRANSFERS OF SERVICING

13.1 General Transfers of Servicing Requirements

This chapter covers transfers of Servicing made after the associated Mortgage Loans have been sold under the MPF Program. This chapter also applies when Servicing activity occurs after the Mortgage Loans have been sold to the MPF Bank but prior to the effective Servicing transfer date. For Servicing released options, see MPF Xtra Selling Guide Chapter 17.2. In addition to ensuring compliance with provisions of this Guide, Servicers are expected to comply with applicable Fannie Mae Guide sections (See F-1-11, Post-Delivery Servicing Transfers and A2-7-03, Post-Delivery Servicing Transfers) related to:

- Notifying Borrowers
- Notifying Third Parties
- Transfer of Individual Mortgage Loan Files and Portfolio Information
- Preparing Mortgage Loan Assignments
- Transitional Responsibilities

13.2 Assuming Servicers

Transfers of Servicing may be made to a Servicer who is a member of an MPF Bank or a Non-Member Servicer (NMS). To participate in Transfers of Servicing, other than concurrent sale of servicing, the PFI must contact their MPF Bank Representative.

The Servicer may not sell or transfer the Servicing Rights of any Mortgage Loan without the prior written consent of the MPF Bank. The Servicer selling its Servicing Rights is considered a Selling Servicer, and the Servicer acquiring the Servicing Rights is considered an Assuming Servicer.

The Servicer must submit all requests for the sale or transfer of its servicing portfolio (all or substantially all of the Mortgage Loans it is Servicing) in writing to the MPF Bank. The Assuming Servicer must be a Servicer. It is the Selling Servicer's responsibility to verify the Assuming Servicer is approved to acquire Servicing for the MPF Program.

The MPF Bank must receive all supporting documentation at least forty-five (45) days prior to the requested date of transfer.

No modifications may be made to the applicable Master Commitments without the prior written consent of the MPF Provider.

Assuming Servicers may be limited to specific remittance type(s) and/or certain product types of the Mortgage Loans for which it would be eligible to acquire the Servicing Rights. Additionally, the MPF Bank may set a portfolio limit for the Mortgage Loans the Assuming Servicer is acquiring, which may be increased, decreased, or terminated at the discretion of the MPF Bank.

In the month of the transfer date, the transferor Servicer will be contractually responsible for all MPF Program reporting obligations, as provided for in the MPF Guides. In the month following the transfer date, the Assuming Servicer will be responsible for such reporting.

The Assuming Servicer shall be responsible for all funds collected from or on behalf of the Borrowers of the Mortgage Loans for the benefit of the MPF Provider or the Investor. The transferor Servicer must provide the Assuming Servicer with shortage/surplus reconciliations for the final monthly accounting period for all mortgage loans included in the servicing transfer. The two servicers should agree on how to resolve any differences and reconcile items or funds that are owed MPF Provider.

The Assuming Servicer is required to maintain Custodial Accounts in accordance with the Guides.

As of the servicing transfer date, the Assuming Servicer shall be responsible for the Subject Servicing in accordance with the Applicable Standards defined in the Guides, the Applicable Agreements, and the Sale of Servicing Contract. The Assuming Servicer must assume all of the responsibilities, duties, and selling warranties that were agreed to whether made when the mortgage loan was originally sold to MPF Provider or subsequent to that date. This includes responsibility for the performance of obligations that predate the transfer, including special servicing obligations. However, the Assuming Servicer's assumption of these responsibilities, duties, and warranties will in no way release the transferor Servicer from its contractual obligations related to the transferred mortgage loans.

As of the earlier of the sale date or the transfer date for an approved transfer of servicing, the two servicers will be jointly and severally liable to MPF Provider for duties, all representations and warranties, all recourse and repurchase obligations, all obligations under agreements previously made by the transferor Servicer or any previous seller or servicer with MPF Provider (including actions that arose prior to the transfer), and servicing responsibilities and liabilities relating to the transferred mortgage loans and acquired properties. When a servicer transfers its contractual right to service some or all of its MPF Xtra loans, any variance or waiver granted to a transferor Servicer does not automatically transfer to the Assuming Servicer. In addition, the transferor Servicer and Assuming Servicer must ensure that all existing special servicing obligations associated with the transferred mortgage loan are disclosed.

By beginning to service the mortgage loans the Assuming Servicer agrees to assume all obligations related to the servicing of the transferred loans, bearing all costs and risks previously borne by the transferor Servicer or any earlier seller or servicer, as well as any additional costs and risks that arise subsequent to, or as the result of conditions imposed on, the transfer.

MPF Provider's consent to a transfer of servicing does not release either the transferor Servicer or the Assuming servicer from any obligation it would otherwise have to MPF Provider. As of the sale date for an approved transfer of servicing or subservicing the transferor servicer and the Assuming servicer acknowledge their joint and several liability with respect to the transferred mortgage loans (and for any special obligations outstanding as of the sale date, unless MPF Provider has agreed to release one of the servicers from a specific responsibility). MPF Provider may look to either the transferee Servicer or Assuming servicer for fulfilling any financial or other obligations related to the warranties, repurchase, and special obligations. In fact, all servicers also acknowledge their obligation to ensure that MPF Provider is paid directly any proceeds of the servicing transfer that may be required to offset any claims MPF Provider may have against the transferor servicer and agree to indemnify and hold MPF Provider harmless against all losses arising out of a failure to fully transfer all documents, records, and funds required by the servicing transfer agreement.

For any servicing transfers involving Fannie Mae, only the MPF Bank is authorized to work with Fannie Mae. PFIs should not contact Fannie Mae without prior written consent from the MPF Bank.

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