



MPF® Traditional Product Permanent Loan Modifications

FAQs

Q: Is the permanent loan modification for MPF Xtra® loans?

A: No. The permanent loan modification is only for MPF Traditional conventional loans. The MPF Xtra product has its own modification option.

Q: Does an MPF Traditional loan need to be removed from a pool during the processing of a permanent loan modification?

A: No, the loan does not have to be removed.

Q: Are we required to use Fannie Mae's Form 3179, or can we use an equivalent?

A: The updated Form SG-354 (Workout Worksheet) and Form 3179 are both required forms for permanent modifications. The equivalent is permitted for the following forms: SG-357 Permanent Modification Worksheet, SG-358 Trial Period Plan Notice, SG-359 Loan Modification Cover Letter and (when required by Chapter 9) the SG-355 Workout Request Application WRA. Equivalent forms may only be used if those forms contain at minimum, the information contained in the applicable MPF Form. In all instances Servicers are required to ensure forms meet Applicable Laws.

Q: Is there a hierarchy for the application of leftover trial payment funds?

A: Leftover funds should be applied to interest first, then escrows, followed by other advances unless otherwise provided for in the mortgage loan documents.

Q: How do I request an exception for a proposed loss mitigation option?

A: To request an exception, submit the new SG-354 form to eMAQCS® Plus, and ensure that the box attesting that the workout meets eligibility requirements outlined in the MPF guides is not checked. Add details regarding the exception request in the space provided for exception requests in Section 4. Please submit any documentation that you feel supports your request. The MPF Default team will escalate your request to your MPF Bank for approval.

Q: Is a drive-by appraisal acceptable valuation type for a permanent modification?

A: Yes, a drive-by appraisals or an exterior broker's price opinion (BPO) are both acceptable. For more information, please refer to Section 9.2.4.6.1 (Obtaining a Property Valuation).

Q: When we extend the loan term, are we extending out an additional 480 months from the effective date?

A: Extend the term 480 months from the first permanent loan modification payment due date (after the trial period). If the new maturity date is more than 20 years beyond the original maturity date, MPF Bank approval is required prior to offering the option to the borrower. If the property is a leasehold estate, the term of the lease must extend at least 5 years beyond the new loan maturity date. If that is not the case, the lease must be renegotiated to satisfy this requirement.

Q: How do I report a permanent loan modification?

A: Servicers must report the mortgage loan using the *Delinquent Mortgage & Bankruptcy Status Report (Exhibit B)*. During the trial period, the loan should reflect an Action Code = 12, a Delinquency Status Code = BF (or 28 after successful completion of the trial payment period). The applicable Delinquency Reason Code should be provided and the Loss Mitigation Type = Modification or MODIFICATION. The Loss Mitigation Approval (effective) Date and Loss Mitigation Estimated Completion Date or Loss Mitigation Actual Completion Date, should also be provided as applicable. Please see Section 9.2.4.13 of Chapter 9 (MPF Servicing Guide) for reporting guidance.

Q: Are non-owner-occupied properties eligible for a permanent modification?

A: Yes. They are eligible.

Q: If a customer hasn't made any trial payments or accepted the trial plan, would that be considered a "failed" trial?

A: No, not accepting the trial plan period is not considered a failed trial. However, if the borrower made one payment of the trial plan and didn't make any of the other payments, the borrower is considered to have accepted the trial and this would equal a failed trial.

Q: Is solicitation permitted for the permanent loan modification like it is for a FNMA Flex Modification?

A: No, a solicitation is not permitted for the permanent loan modification. If you have achieved QRPC with the borrower and ensured that eligibility requirements for a streamline submission have been met (per guide requirements the borrower is not required to submit a complete WRA), you may then complete a streamlined review and submit for a permanent loan modification.

Q: How do I determine how many months should be included in the Trial Period Plan?

A: The trial period is 4 months long if the loan is current or less than 30 days delinquent when evaluated. If it is greater than 30 days delinquent at time of evaluation, it is a 3-month trial period. Please see section 9.2.4.8 of Chapter 9 for additional guidance.

Q: If needed, are we allowed to include a processing month when preparing the loan modification agreement?

A: Yes, a processing month is allowed. Please see Section 9.2.4.11 of Chapter 9 for additional guidance.

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