

MPF Announcement

2019-20

March 25, 2019

Alert

Policy Update ■

New Policy ■

Reminder

Clarification

Training Information

Audience

Program Management ■

Origination ■

Quality Control

Servicing

Underwriting ■

Compliance/Legal

Product

MPF Xtra®

MPF® Direct ■

MPF Government MBS

MPF Traditional

Effective Date:

April 1, 2019

MPF Program Announces Availability of Non-Qualified Mortgage Features under the MPF Direct Product

REFERENCE

The MPF Direct product provides PFIs the opportunity to sell their jumbo mortgage loans into the secondary market. The MPF Program currently offers Select QM, Select 90 QM and Choice QM options through its partnership with Redwood Trust, the investor for the MPF Direct Product. The MPF Program is pleased to announce that we are offering the availability of Non-Qualified Mortgage (Non-QM) features through MPF Direct. Beginning April 1, 2019 PFIs will be able to take advantage of Select Non-QM and Choice Non-QM products offered by Redwood Trust.

Eligible Non-QM Features

- Debt-to-income ratios > 43%
- Qualifying income stream using asset depletion calculation
- Projected income without a guaranteed non-revocable contract
- Gaps of employment outside of QM requirements (exception basis only)
- Investment purchase transactions using rental

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

- income with no lease agreement
- Departure residence excluded from DTI when the property is not listed for sale or leased to rent

Please note that interest only loans are ineligible under the MPF Direct product. PFIs are required to follow any restrictions and overlays referenced in the MPF Direct Selling Guide.

All loans must document the borrowers Ability to Repay and identify the Non-QM feature in the loan file.

Please refer to Select Non-QM, Choice Non-QM, and the MPF Direct Selling Guide for complete details.

Please contact your local MPF Bank for additional details and training opportunities for the MPF Direct Non-QM product offering.