

# MPF Announcement

May 1, 2019

2019-26

## 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:

**May 1, 2019**

## REFERENCE

Please note you can access the [MPF Guides](#) and [MPF Announcements](#) on our [MPF Website](#).

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## Eligibility of DU Appraisal Waivers Added to MPF Traditional Selling Policies

MPF Traditional loan eligibility was updated to reflect the eligibility of loans delivered into the MPF Program as of the date of this announcement, with accepted Appraisal Waiver offers from Desktop Underwriter (DU). **Please note that while the MPF Program is making these loans eligible, not all MPF Banks accept delivery of loans with no Appraisals, and some MPF Banks may impose additional restrictions on delivery of loans with Appraisal Waiver offers; therefore, PFIs should contact their local MPF Bank before delivery of any loans with an Appraisal Waiver offer, to ensure eligibility and compliance with MPF Bank specific requirements.**

PFIs wishing to deliver such loans will be required to execute a separate Appraisal Waiver specific Master Commitment Amendment and will be required to ensure the loans meet all applicable MPF Program eligibility requirements, including requirements contained in any applicable agreement and in the MPF Guides. See MPF Traditional Selling Guide sections 4.2.1.1.2.

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

**DU Appraisal Waivers**

This eligibility change is for loans with DU Appraisal waivers only, and does not apply to loans without a DU Appraisal Waiver that only have a Freddie Mac Automated Collateral Evaluations (ACEs) appraisal waiver.

**Government Loans**

This eligibility change applies to conventional MPF Traditional loans only, and does not apply to MPF Traditional government loans.

**Ineligible Transaction Types**

The following property types are NOT eligible for this policy change:

- properties located in a disaster-impacted area, unless the Mortgage Loan meets MPF Guides and Fannie Mae's requirements for such transactions;
- when the lender has any reason to believe an appraisal is warranted;
- construction and construction-to-permanent loans;
- two- to four-unit properties;
- value of the subject property provided to DU is \$1,000,000 or greater;
- community land trusts or other properties with resale restrictions, which include loan

casefiles using the Affordable LTV feature;

- manufactured homes;
- when the mortgage insurance provider requires an appraisal;
- DU loan casefiles that receive an Ineligible recommendation;
- transactions using gifts of equity;
- Texas Section 50(a)(6) loans; and
- Any other property type ineligible for appraisals waivers under Fannie Mae's guidelines.

**MPF Traditional Guide Changes**

Various non-substantive changes were made throughout the MPF Guides to provisions originally appearing to require Appraisals, to ensure clarity as to Appraisal requirements and use of Appraisal Waivers. See MPF Program Guide Sections 8.2, 8.4, 8.7, and 8.8.4; MPF Traditional Selling Guide 2.6.3.1, 2.6.4, 2.6.11, 2.7, 4.2.1, 4.2.1.2, 5.15.22, 6.3, 6.4.2, 6.7.2, 6.7.4, 6.8.8, 6.8.11, 7.15, 8.6.1, 8.6.2, 8.6.7, 10.1.2, 10.1.3, 14.3.

In addition, a new section was added to the MPF Traditional Selling Guide detailing the transactions that are not eligible for Appraisal Waivers and detailing specific MPF Program requirements PFIs must meet when delivering a Mortgage Loan with an Appraisal Waiver offer, including but not limited to:

- executing an Appraisal Waiver specific MC Amendment;
- receiving valid Appraisal Waiver

- offer on final DU submission;
- ensuring date of the DU Appraisal Waiver does not precede the date of the Note and Security Instrument by more than four months;
- ensuring Appraisal Waiver offer for properties in Major Disaster areas are obtained at least 120 days after the disaster ended;
- identifying appropriate appraisal type (i.e., Appraisal Waiver) in eMPF and leaving "Appraiser's State License Number" blank;
- using Special Feature Code (SFC) 801;
- ensuring Appraisal is not required by Applicable Law;
- ensuring Appraisal is not required by applicable mortgage insurance (MI) provider;
- ensuring no other factors warrant an Appraisal, such as, for example, the occurrence of a natural disaster or event potentially causing damage to the property;
- ensuring transaction is not one that DU was unable to identify as having ineligible criteria (for example, Texas 50(a)(6) loans);
- ensuring Appraisal was not obtained;
- ensuring loan meets the property eligibility type for sale into the MPF Program;
- ensuring condition of the Mortgaged Property meets the requirements of the Guides as of the date of loan delivery into the

#### MPF Program;

- representing and warranting no statements to any third party (including a Borrower) were made that suggest a property valuation review was or would be performed, or that an Appraisal was obtained;
- representing and warranting data pertaining to the Mortgaged Property submitted through DU was accurate and complete;
- representing and warranting property value estimate entered into DU; and
- representing and warranting Mortgage Loan meets all other requirements of the MPF Traditional product as set forth in the Guides and by the MPF Bank.

See MPF Traditional Selling Guide Section 4.2.1.1.2 renumbered as 4.2.1.1.3, and a new Section 4.2.1.1.2, and 7.15

Finally, the terms "Appraisal Waiver" and "AW" were added to the MPF Glossary and the Acronyms chart.