

MPF Announcement:

2020-12

Date:

March 26, 2020

Alert:

Clarification

New Policy

Policy Update

Reminder

Training Information

Audience:

Compliance/Legal

Program

Management

Origination

Quality Control

Servicing**Product:**

MPF Direct

MPF Government MBS

MPF Traditional

MPF Xtra[®]**Effective Date:**

Immediately

Impacts of COVID-19 on Servicing

The MPF Program is actively monitoring reports about the potential impact of COVID-19 (coronavirus) on borrowers, PFIs and Servicers. We are communicating temporary policies in this MPF Announcement to enable Servicers to better assist MPF Traditional Conventional loan borrowers impacted by COVID-19. The policies in this Announcement are effective immediately and are effective until further notice.

PFIs and Servicers are expected to abide by any/all federal or state laws or proclamations that may affect borrowers or loans affected by COVID-19.

In addition, PFIs and Servicers originating, delivering or servicing:

- MPF Government loans and MPF Government MBS loans must follow relief policies and guidance issued by the applicable Government Agencies. (including: [HUD Mortgagee Letter 2020-04](#) and [USDA Rural Development Bulletin](#))
- MPF Xtra loans must follow relief policies and guidance issued by Fannie Mae. (including: [Fannie Mae Lender Letter 2020-04](#), [Fannie Mae Lender Letter 2020-03](#), [Fannie Mae Lender Letter 2020-02 \(updated\)](#) or by visiting [Fannie Mae's COVID-19 webpage](#).)
- MPF Direct loans must follow relief policies and guidance issued by the product's investor, Redwood Trust.

The MPF Program will continue to evaluate the situation to determine whether this Announcement or MPF Guide provisions should be modified to provide additional relief.

MPF Traditional

PFIs and Servicers of **MPF Traditional (Conventional)** loans should be familiar with previous COVID 19 related announcements:

Reference[HUD Mortgagee Letter 2020-04](#)[USDA Rural Development Bulletin](#)[Fannie Mae Lender Letter 2020-04](#)[Fannie Mae Lender Letter 2020-03](#)[Fannie Mae Lender Letter 2020-02 \(updated\)](#)[Fannie Mae's COVID-19 webpage](#)[MPF Announcement 2020-10](#)[MPF Announcement 2020-9](#)[MPF Announcement 2020-7](#)

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

Visit the [MPF Website](#) to review and register for upcoming complimentary [MPF Webinars](#).

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- [MPF Announcement 2020-10](#) - Impact of COVID-19 on Mortgage Loan Originations
- [MPF Announcement 2020-9](#) - Servicing Updates on the Impacts of COVID-19
- [MPF Announcement 2020-7](#) - Important Seller/Servicer Information on Potential Impacts of COVID-19

The following guideline updates for MPF Traditional (Conventional) loans are in addition to, and supersede the previous announcements where they conflict.

Attempting to establish Borrower contact

Servicers are required to attempt to establish quality right party contact with all delinquent borrowers to resolve delinquencies. The MPF Guides does not provide the method by which such contact must be achieved, but in accordance with MPF Traditional Servicing Guide 8.3.2 Contacting Borrowers, among other requirements, the servicer is authorized to use various outreach methods to contact the borrower as **permitted by applicable law**, including, but not limited to:

- mail,
- email,
- texting, and
- voice response unit technology.

Reporting a reason for delinquency code

Servicers must report delinquency status information pursuant to MPF Traditional Servicing Guide 8.4 Delinquency Reporting, by providing a Delinquent Mortgage Report (Servicing Guide Exhibit B) that contains the status of all Delinquent Mortgage Loans that are thirty (30) or more days delinquent as of the last day of the preceding month.

In an effort to enable us to identify mortgage loans where the borrower has experienced a hardship associated with COVID-19 while not resulting in a systems impact for us or you, the Servicer must report the delinquency reason code 022, when reporting the delinquency status of such mortgage loans. For mortgage loans where the servicer would have reported the delinquency reason code of 022 the servicer must now use reason for delinquency code 007.

Property inspections and preservation

As a result of the impact of COVID-19, we are temporarily providing some relief with respect

to the completion of property inspections, including:

- inspections for properties securing a delinquent mortgage loan as described in MPF Traditional Servicing Guide 8.3.5 Property Inspections;
- inspections related to hazard loss repairs as described in MPF Traditional Servicing Guide 4.6 Property Damage/Loss Procedures; and
- property preservation activities as described in MPF Traditional Servicing Guide section 10.9 Foreclosure Proceedings Property Inspections.

Servicers unable to complete a property inspection or property preservation activity in accordance with the MPF Traditional Servicing Guide, must document their efforts and the reason for any exception in the mortgage loan file.

Servicers' inability to complete property inspections due to COVID-19 related impacts must not impact disbursement of insurance loss proceeds.

Obtaining valuations associated with MI termination requests

As a reminder, when a borrower requests MI termination based on the original or current value of the property and a BPO or appraisal is required to verify the current value of the property, the property valuation must be based on an inspection of both the interior and exterior of the property. If the impact of COVID-19 results in a delay in obtaining a BPO or appraisal required to verify the current value of the property, the servicer must notify the borrower that it will be unable to approve the termination request until the BPO or appraisal is completed (along with all other requirements for terminating the mortgage insurance being satisfied). See MPF Traditional Servicing Guide 4.7.2 Mortgage Insurance Cancellation for One-Unit Properties and 4.7.3 Mortgage Insurance Cancellation for Two- to Four-Unit Properties.

General resources

The MPF Program and its staff are here to serve our PFIs, and we wish you health and safety in these challenging times. Please contact the MPF Service Center with any questions or concerns (877-FHLB-MPF).