



Concurrent Sale of Servicing Option

Overview

Participating Federal Home Loan Banks (FHLBs) are issuing Master Commitments for MPF® conventional and certain Government Loan products with a Concurrent Sale of Servicing feature. This option allows a Participating Financial Institution that originates mortgage loans (Selling PFI) to sell mortgage loans under the MPF Program while concurrently selling the servicing to Colonial Savings, F.A. of Fort Worth, Texas, another Participating Financial Institution that services mortgage loans (Servicing PFI).

The MPF Program’s Concurrent Sale of Servicing option allows Selling PFIs to effectively compete with other mortgage lenders that sell their loans servicing released based upon the price of the underlying mortgage asset and the servicing released premium (SRP). In addition, for Conventional Loans only, the selling PFI will receive Credit Enhancement Fee (CE Fee) income for retaining the PFI Credit Enhancement Obligation (CE Obligation).

Features

Agreement.....	Agreement between the Selling PFI, Servicing PFI, and FHLB(s)
Master Commitment.....	Servicing released for Conventional and certain MPF Government Loan types (FHA, VA, and RHS 502, RHS limited to 30-year only)
Delivery Commitments.....	Mandatory
Funding.....	Via the eMPF® website
Credit Enhancement Obligation.....	Retained by Selling PFI, Conventional only
Credit Enhancement Fees.....	Typically 7-10 bps, Conventional only, depending on the MPF Mortgage Product
Underwriting.....	Follow MPF Origination Guidelines for Conventional Loans or the applicable Government Agency guidelines for Government Loans
Loan Boarding.....	File due to Servicing PFI within 7 calendar days from funding
Pricing.....	Scheduled/Scheduled pricing - paid at the time of funding
Servicing Released Premium.....	Paid on the 5th business day following the month of acceptance of the loan file by the Servicing PFI
Document Custodian.....	MPF Program Custodian

Benefits

- Combines the benefits of the MPF Program and a servicing released execution
- Competitive all-in Execution = Asset Price + SRP and may include future CE Fees
- Delivery process is similar to other concurrent sale processes
- CE Fee Income- great source of revenue over time for Conventional Products
- Servicing PFI will not compete on products that the PFI offers to its customers

Who should take advantage of this option?

An institution that is actively engaged in mortgage lending, values the income derived from selling loans on a servicing released basis, and is currently a member of a participating FHLB. The Concurrent Sale of Servicing option offers PFIs excellent income and profitability for selling mortgage loans servicing released through its competitive pricing and SRP structure. For Conventional Loans the Selling PFI retains the CE Obligation, and therefore, receives the ongoing CE Fee income. Selling PFIs interested in selling loans servicing released value the economic advantages of selling both the underlying mortgage asset and servicing rights.

For more information about the MPF Program, or to locate a contact at your participating Federal Home Loan Bank, call 1-877-463-6673 (Info-MPF) or visit www.fhlbmpf.com.

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