

MPF® 100

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Under MPF 100, the risks associated with home mortgage finance are shared with your Federal Home Loan Bank (FHLB) to maximize comparative advantages. Using MPF 100, members can market and service fixed-rate, residential mortgage loans —and instead of getting charged a fee by the secondary market investor, **members receive a fee** for their credit expertise. The FHLB manages the liquidity, interest rate, and prepayment risks of the loans while the member manages the credit risk of the loans.

Who would benefit from MPF 100?

Any institution actively engaged in mortgage lending that:

- Values the income derived from originating and servicing loans
- Is currently a member of a participating FHLB
- Values the risk-based capital treatment of MPF 100

Features of MPF 100

Term: Up to 30 years fully amortizing

Maximum LTV: 95%

Loan Limits: Conventional conforming and high-balance

Occupancy: Owner-occupied (1-4 units) and second homes (1-unit)

Property Type: All types (except co-ops and investment)

Remittance: Actual/Actual, Actual/Actual Single Remittance, Scheduled/Scheduled

Master Commitment Size: \$5 million minimum, optional delivery

Delivery Commitment: 3, 10, 20, 30, and 45 business days, mandatory delivery

Agent Fee: An agent fee (similar to a premium or discount) available

Credit Enhancement Fee: Typically 7 to 10 bps, paid on outstanding Master Commitment balance; adjusted for loan losses after guaranty period specified in Master Commitment

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Summary of Benefits

- Competitive execution
- Credit Enhancement Fee income paid monthly
- Economic value for quality loans
- Same day funding
- Servicing fee income
- Electronic processing through the eMPF® website

Benefits

Under MPF 100, the first layer of losses (following any MI coverage) is paid by the FHLB up to the amount of the First Loss Account (FLA) which is 100 bps of the delivered amount. The member then provides a second loss Credit Enhancement Obligation (CE Obligation) for each Master Commitment. Loan losses beyond the first and second layers are absorbed by the FHLB. Under MPF 100 there is no leverage capital requirement for depository institution members. The member's minimum CE Obligation with respect to typical mortgage pools will, for risk-based capital purposes, receive direct credit substitute treatment resulting in a capital requirement equal to 8.0% of the CE Obligation.* The member is paid a performance-based Credit Enhancement Fee for providing the CE Obligation.

MPF 100 offers member an alternative option when deciding on their "best execution" for the loans they originate. Under MPF 100, members originate loans as agents for the FHLB and the FHLB provides the funds to close the loans ("Bank Funded Loans.")

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*The FHLB is not providing accounting or legal advice with respect to the accounting treatment of MPF Program assets and liabilities. The participating member is expected to consult with its own accountants and attorneys for advice on this matter.

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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