

MPF® 125

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Under MPF 125, the risks associated with home mortgage finance are shared with your Federal Home Loan Bank (FHLB) to maximize comparative advantages. Using MPF 125, 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 125?

Any member actively engaged in mortgage lending that:

- Values the income derived from originating and servicing loans
- Is currently a member of a participating FHLB

Features of MPF 125

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

Pricing: Premium and discount pricing available

Credit Enhancement Fee: Typically 7–10 bps paid on outstanding Master Commitment balance; adjusted for loan losses

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Summary of Benefits

- Competitive execution
- Credit Enhancement Fee income paid monthly
- Economic value for quality loans
- Same day funding
- Closed loan delivery flexibility
- Servicing fee income
- Servicing released options available
- Electronic processing through the eMPF® website

Benefits

Under MPF 125, the first layer of losses for each Master Commitment (following any primary 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. The member's minimum CE Obligation is 25 bps based on the delivered amount. The member is paid a performance-based Credit Enhancement Fee for providing the CE Obligation.

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

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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.