

MPF® Plus

MPF Plus

The structure of MPF Plus allows members added flexibility in delivering closed loans to the FHLB through the addition of supplemental mortgage insurance (SMI) coverage from an approved mortgage insurance (MI) company.

Who would benefit from MPF Plus?

MPF Plus is attractive to members that typically sell their closed loan products to the secondary market, as it provides an alternative when they are deciding on the “best execution” for delivering mortgage loans. MPF Plus would benefit 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
- Is accustomed to delivering closed loans

Through the addition of SMI coverage, MPF Plus offers excellent risk-based capital treatment with favorable income and profitability.

Features of MPF Plus

Term: Up to 30 years fully amortizing

Maximum LTV: 95%

Loan Limits: Conventional conforming and high-balance

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

Remittance: Scheduled/Scheduled

Master Commitment Size: \$100 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: Includes a fixed and a performance fee paid monthly

Supplemental MI Policy: Negotiated between the member and an approved MI Company (coverage requirements set by FHLB)

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Summary of Benefits

- Competitive execution
- Credit Enhancement Fee income
- Closed loan delivery flexibility
- Servicing Fee income
- Servicing released options available
- Electronic processing through the eMPF® website

How It Works

Under MPF Plus, the first layer of losses (following any primary MI coverage) is paid by the FHLB up to the amount of the First Loss Account (FLA) equal to a specified percentage of the loans in the pool as of the sale date. The member procures additional Credit Enhancement (CE) in the form of an SMI policy to cover the second layer of losses that exceed the deductible (initially equal to the FLA) on the SMI policy. Losses on the pool of loans not covered by the FLA and the SMI coverage are paid by the member, up to the amount of the member's CE Obligation, if any, for the Master Commitment. The total CE for the pool of loans in a Master Commitment is set so as to achieve an "AA" rated credit level equivalent.

Every month, the member is paid a CE Fee for providing a CE Obligation. The fee is split into fixed and performance fees. The fixed CE Fee is paid beginning with the month after delivery. The performance CE Fees, which are adjusted for loan losses, accrue and are paid monthly, commencing with the 13th month following each delivery of loans. The FHLB absorbs all losses in excess of the SMI coverage and the member's 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 in 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.