



MPF® 100

The MPF® Program provides an alternative to holding fixed-rate loans in portfolio or selling them to the secondary market.

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

Under MPF 100, the risks associated with home mortgage finance are shared with the Federal Home Loan Bank (FHLB) to maximize comparative advantages. With 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

Would you value the economic advantages of originating loans for the FHLB while retaining your customer relationships?

FEATURES OF MPF 100	
Term	Up to 30 years fully amortizing
Maximum LTV.....	95%
Loan limits.....	Agency conforming
Occupancy.....	Owner occupied (1-4 units) and second homes
Property type	All types (except co-ops and investment)
Underwriting.....	Follow MPF Origination Guide guidelines (LP/DU decisions considered)
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

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, for depository institution members there is no leverage capital requirement. The member’s minimum CE Obligation is 20 bps based on delivered amount. The member’s 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 members 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”).

*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.