



MPF[®] Plus

Product Description

The participating Federal Home Loan Banks (FHLB) closed loan product, MPF Plus, allows members to effectively compete on price with other mortgage lenders based upon the credit quality of their loans. 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.

Under MPF Plus, the first layer of losses (following any primary MI coverage) is applied to a 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 a SMI policy to cover the second layer of losses which exceed the deductible (amount equal to the FLA) of 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 for the Master Commitment. The total CE for the pool of loans in a Master Commitment is set so as to achieve a "AA" rated credit level. The member is paid monthly a performance based fee for providing a CE obligation, the payment of which will be delayed by twelve months. The FHLB will absorb all losses in excess of the member's CE obligation. For depository institution members, the CE obligation for MPF Plus is subject to the low level recourse rule for risk based capital purposes, resulting in a capital requirement equal to 100% of the member's CE obligation. There is zero leverage capital required. MPF Plus should be attractive to those members who typically sell their closed loan production into the secondary market.

MPF Plus offers members an alternative when deciding on their "best execution" for delivering their mortgage loans.

Features

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 guidelines (LP/DU decisions considered)
Remittance	Scheduled/Scheduled
Master Commitment size	\$100 million minimum
Delivery Commitment	3, 10, 20, 30 and 45 business days
Pricing	Premium and Discount pricing available
Credit Enhancement obligation	Reset periodically
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)

Benefits

- Superior execution
- Credit Enhancement fee income
- Closed loan delivery flexibility
- Servicing fee income
- Electronic access through the eMPF[™] website

Who should take advantage of this product?

A member that is actively engaged in mortgage lending, values the income derived from originating and servicing loans, is currently a member of a participating FHLB, and is accustomed to delivering closed loans. Through the addition of SMI coverage, MPF Plus offers the member excellent risk based capital treatment with favorable income and profitability. The member interested in MPF Plus would value the economic advantages of selling the underlying mortgage assets yet retaining the customer relationships and the servicing cash flow streams. The member who should be interested in MPF Plus would recognize the operational ease of our delivery and servicing systems.

For more information

For general information about the MPF Program or to locate a contact name from your participating Federal Home Loan Bank call our toll free assistance number at **1-877-463-6673 (Info-MPF)**.