Frequently Asked Questions

MORTGAGE RATE REDUCTION PRODUCT

HOW CAN A PFI TAKE ADVANTAGE OF THIS PRODUCT?

PFIs must complete our on-demand training, must have a current Master Commitment for either the MPF® Original or MPF 125 product and must verify income eligibility to ensure borrowers' incomes do not exceed 80% AMI. A unique sub-product code (Fixed 30 Yr Permanent Buydown FHLB) has been created in eMPF. Only loans with this sub-product code will receive the product benefits. Additional underwriting requirements are noted below.

HOW DOES THE PRODUCT WORK?

FHLBank Topeka is allocating a subsidy to purchase income-eligible loans through the Mortgage Partnership Finance® (MPF®) Program. The subsidy amount paid to the PFI is the total cost of buying down the rate and the payout of the premium guaranteed via the rate sheet. The product will be available on a first-come, first-served basis until the subsidy is exhausted.

AS A PFI, HOW CAN I ENSURE THAT SUBSIDY IS AVAILABLE TO BE ABLE TO SELL THE LOAN AT A PREMIUM?

Once you identify an income-eligible borrower, you should execute a Delivery Commitment (DC) to lock in subsidy funds for your borrower. FHLBank Topeka will honor all unexpired DCs for this product type (Fixed 30 Yr Permanent Buydown FHLB) as long as the loan is sold by Dec. 31, 2026. PFIs that have not executed a DC are not guaranteed subsidy funds to cover the sale of the loan at a premium.

WHAT TYPES OF LOANS ARE ELIGIBLE FOR SALE USING THE PRODUCT?

Eligible loans must be 30-year conventional fixed-rate loans for one-to-four family owner-occupied residential properties. **Loans for second homes are not eligible.** As previously noted, PFIs must have a Master Commitment for the MPF Original or MPF 125 product. No third-party originations (TPO) are permitted.

HOW MANY LOANS CAN A PFI ORIGINATE AND SELL USING THIS PRODUCT?

PFIs are limited to $4 million in total loan originations via the Mortgage Rate Reduction product. FHLBank Topeka will monitor activity and notify PFIs as they reach their capacity.

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DOES PRICING VARY ON LOAN SIZE OR DC TERM?

Although you may see slight pricing differentials for different commitment terms on eMPF, net pricing under the Mortgage Rate Reduction product has been pre-determined by FHLBank Topeka regardless of loan size or commitment term. FHLBank Topeka will pay a premium for each loan sold under the product. The price will be set by FHLBank Topeka and displayed on eMPF daily. PFIs are encouraged to use a commitment term that allows sufficient time to close the loan. Extension fees will apply if a DC needs to be extended.

IS A SEPARATE MASTER COMMITMENT REQUIRED TO SELL INTO THIS PRODUCT?

No. PFIs may execute DCs under an existing MPF Original or MPF 125 Master Commitment.

IF I HAVE A DELIVERY COMMITMENT, DOES THAT MEAN I AM GUARANTEED ACCESS TO THE SUBSIDY TO SELL THE LOAN AT A PREMIUM?

Yes. FHLBank Topeka will honor all unexpired DCs under this product if the loan is funded on or before Dec. 31, 2026. A DC should be executed only after you identify an eligible borrower. If you have not executed a DC, you are not guaranteed subsidy funds to sell the loan at a premium.

ARE THERE ANY ADDITIONAL REQUIREMENTS FOR UNDERWRITING LOANS UNDER THE MORTGAGE RATE REDUCTION PRODUCT?

PFIs must obtain IRS tax transcripts as part of the underwriting process (through your approved vendor) to validate income and must maintain them in the file for quality control reviews. PFIs are required to document all qualifying income for all owner/occupants of the property securing the loan. All occupying owners (on title) must be borrowers on the loan/note. All borrower income is to be disclosed and documented in accordance with MPF Guide requirements. Income not used to qualify the loan must be included when determining Mortgage Rate Reduction eligibility. Mortgage Rate Reduction eligible loans must have a documented and verified income at or below 80% of the FHFA AMI. All other standard underwriting requirements apply. PFIs will not be allowed to charge points to borrowers for MRRP loans. **For additional information see the Mortgage Rate Reduction Product Income Decision Tree on determining income to be included in the calculation.**

CAN THE PRODUCT BE USED ON A REFINANCE TRANSACTION?

Yes, the Mortgage Rate Reduction product can be used to refinance existing mortgages to qualified borrowers.

ARE DELIVERY COMMITMENTS HANDLED DIFFERENTLY WHEN SELLING UNDER THE MORTGAGE RATE REDUCTION PRODUCT?

FHLBank Topeka requires PFIs to create a separate DC for each loan sold. There will be no bulk loan sales allowed under the Mortgage Rate Reduction product.

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WHAT IF A LOAN FAILS TO CLOSE AFTER A DC IS EXECUTED?

Pair-off fees will be charged in accordance with the MPF Traditional Selling Guide.

WHAT IF IT IS DETERMINED AFTER CLOSING A LOAN DOES NOT MEET THE INCOME REQUIREMENTS?

If the loan has already been sold to the MPF Program, FHLBank Topeka will have the right to require the PFI to repurchase the loan, including returning the full amount of the subsidy received.

WHAT SERVICING OPTIONS ARE AVAILABLE?

Both servicing released and servicing retained options apply. For loans sold servicing released, SRPs paid by NewRez, LLC will be based on the lower of the Mortgage Rate Reduction rate or the lowest note rate on the SRP schedule at the time the DC is locked.

HOW DOES FHLBANK TOPEKA VERIFY ELIGIBILITY OF THE LOANS SOLD?

Loans are subject to normal Quality Control (QC) requirements, but FHLBank Topeka reserves the right to perform additional QCs at any time. Loans that do not meet the income requirements are subject to repurchase, and the PFI must return any subsidy received.

CAN THE PRODUCT BE USED WITH FHLBANK TOPEKA'S TURNKEY SUITE OF PRODUCTS?

Yes. The product can be combined with the Homeownership Set-aside Program (HSP), Homeownership Set-aside Program Plus (HSP+), or Homeownership Possibilities Expanded (HOPE) programs if the loan and household meet the requirements of these programs. When combining with other programs, be sure you meet the requirements of all programs including income limits.

WILL FHLBANK TOPEKA PROVIDE UNDERWRITING APPROVAL FOR THE INCOME CALCULATIONS?

As is the policy of the MPF Program, we will not provide front-end underwriting. However, we have provided an Income Decision Tree which should aid you in determining what income should be included in your calculations. County income figures which show the 80% AMI limit required based upon the location of the subject property have also been made available on the eMPF website. After logging on to *www.empf.com,* from the homepage go to Quick Links and select "Property Demographics."

DOES THE NUMBER OF HOUSEHOLD OCCUPANTS IMPACT HOW THE 80% AMI WILL BE DETERMINED?

No. Household size is not a factor used for the Mortgage Rate Reduction product.

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CAN I EXCLUDE A SPOUSE TO MAKE THE LOAN ELIGIBLE FOR THE PRODUCT?

No. The intent of the product is to make homeownership available to those with income at or below 80% FHFA AMI.

IF THE BORROWER IS A FIRST-TIME HOMEBUYER, DO THEY NEED TO GO THROUGH ANY HOMEBUYER EDUCATION?

First-time homebuyer education is not required to be eligible for the Mortgage Rate Reduction product.

HOW OFTEN DO THE FHFA AMI NUMBERS CHANGE? WHAT IF THE COUNTY AMI DECREASES AFTER THE APPLICATION IS STARTED?

The FHFA AMI is updated once per year. It was last updated May 13, 2025. If a county's AMI decreases after an application is started, FHLBank Topeka will honor the AMI table in effect at the time of the delivery commitment.

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