Mortgage Rate Reduction Product

THE MORTGAGE RATE REDUCTION PRODUCT PROVIDES ELIGIBLE HOUSEHOLDS A REDUCED MORTGAGE INTEREST RATE COMPARED TO THE CURRENT MARKET RATE.

This product is possible through voluntary funds and is part of our mission of building communities together with our members. Together we can help keep homeownership affordable. To qualify, your institution must be a Mortgage Partnership Finance® (MPF®) Program Participating Financial Institution (PFI), and the borrower household must be at or below 80% of the area median income (AMI) based on property location.

Mortgage Rate Reduction funds are available exclusively with the MPF Traditional Products and are available for both the MPF Original and MPF 125 Products.

OUR CONTINUED EFFORT TO EFFECT CHANGE THROUGH OUR MISSION

FHLBank Topeka has allocated voluntary funding to support the Mortgage Rate Reduction product. These funds are available on a first-come, first-served basis to active PFIs who complete our short on-demand training with the following guidelines.

Loan Amount	Member Limit
Up to FHFA Conforming Loan Limit	$4 Million Principal Sold, subject to availability

Master Commitment (MC) Requirements

- Loans will be sold into existing MPF Traditional Product MCs. Monitoring of total sold into the MCs will be conducted by FHLBank Topeka.
- Loans must be sold by Dec. 31, 2026.

Loan Application Process

- Borrower disclosures are not affected by Mortgage Rate Reduction. Subsidy is disbursed to the PFI, not to the borrower.
- Retail product only – no Third-Party Originations (TPOs). Loan must close in the name of the PFI.
- 30-year fixed conforming conventional loans only
- Owner-occupied 1-4 family residential properties, no second homes
- No discount points will be charged to borrower.

Underwriting

- Purchase or refinance transactions are eligible (both rate/term and cash out are eligible).
- AUS (Desktop Underwriter® DU® / Loan Product Advisor® LPA®) or manual underwriting are allowed.
- 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 doc-

(*continued on next page*)

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umented in accordance with MPF Guide requirements. *See Mortgage Rate Reduction Income Decision Tree, located on FHLBank Topeka MPF Product web page, for additional income inclusion requirements.*

- Income not used to qualify 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.
- PFIs must obtain IRS tax transcripts to validate income and must maintain them in the file for quality control (QC) reviews.
- The Mortgage Rate Reduction product can be used in conjunction with TurnKey or other eligible grant and downpayment programs.
- Grants used in conjunction with the Mortgage Rate Reduction product could have different income requirements – **all requirements would need to be satisfied**.

Delivery Commitments (DCs) and MPF Funding

- One rate, one price, up to 60-day lock period (+ up to 30-day extension, if needed, fees applied).
- Only one loan per DC, no bulk locks will be allowed.
- Note rate must match the DC rate, there will be no tolerance for note rate changes.
- DCs will reflect the market value of the loan (e.g., heavily discounted price) along with the Mortgage Rate Reduction voluntary funds to bring the total PFI effective price to 101.5*.
- Be sure when completing your DC, you select the correct subproduct offering, **Fixed 30 Yr Permanent Buydown FHLB**, in order to obtain the voluntary funds.
- Please note, pair-off fees will be charged in accordance with the MPF Traditional Selling Guide.

Servicing

- Servicing released or retained allowed
- Early payoff – within 120 days of the MPF sale date, the full amount of the subsidy and any Servicing Released Premium (SRP) will be recaptured.

QC Reviews

- Subject to normal QC requirements, but FHLBank Topeka reserves the right to perform additional QC at any time.
- If a loan is determined to be ineligible, the full amount of the subsidy will be recaptured.

MPF SERVICE CENTER

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