FHLBank Topeka

MORTGAGE RATE REDUCTION PRODUCT (MRRP)

Help Homeowners with a Lower Mortgage Rate

Agenda

1. Introduction
2. How does it work?
3. What does funding look like?
4. Highlights of the Product
5. What have we learned
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MRRP

MORTGAGE RATE REDUCTION PRODUCT

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Introduction

- Subsidy Product that provides eligible borrowers a reduced mortgage rate to assist in keeping homeownership affordable.
  - Current rate offering is 5.375%
- Eligible borrowers must be at 80% of area median income (AMI) based on property location.
  - FHFA income limits are available via the eMPF® Website
- Funds are only available for use with the MPF® Traditional Product
  - MPF Original and MPF 125 Products

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How Does it Work?

- Lenders identify borrowers based on income eligibility
  - Based on FHFA income limits
  - Eligible homeowner income
- Purchase or refinance transactions are eligible
  - Includes cash-out refinances
  - Not restricted to first-time homebuyers
- Underwriting Requirements remain the same
  - Manually Underwritten loans are allowed
  - Automated Underwriting via DU or LPA is accepted

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How Does it Work?

- PFIs are required to document all qualifying income for all owner occupants of the property.
- 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 Decision Tree available to assist
- All eligible income must be included (even if not needed for loan approval)
  - This is specifically for MRRP

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How Does it Work?

- Nothing is notated on the loan estimate (LE)
- Nothing is notated on the closing disclosure (CD)
- No second lien filed on the property
- Standard 120-day early payoff (EPO) applies
- Loans can be sold service retained or service released

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What Does Funding Look Like?

MPF Traditional

Fixed 30 Yr Permanent Buydown FHLB Actual/Actual

Indicative as of 05/12/2025 09:58:45 AM CT
Note: Data shown is %. All days are calendar days

DOWNLOAD PRINT

Commitment Term	5 Days	15 Days	30 Days	45 Days	60 Days
Last Funding Date	05/19/2025	05/27/2025	06/11/2025	06/26/2025	07/11/2025
Schedule Code	05122500746	05122500747	05122500748	05122500749	05122500750
Note Rate	**Premium/Discount**				
5.3750%	-4.75549513	-4.77217074	-4.80135305	-4.83206299	-4.86273316

*****Permanent Buydown Delivery Commitments will be executed with the Premium/Discount indicated in the grid above. When a loan is funded under the Permanent Buydown Delivery Commitment, your institution will receive a contribution from your Federal Home Loan Bank that brings the Permanent Buydown Price to 1.50000000% .*****

PFI will receive 25 Basis Points for Servicing

PFI may receive Credit Enhancement Income

Phone number to open delivery Commitments: (877) FHLB-MPF (877-345-2673). The above rates will expire at 3:30 PM Central Time today unless superseded during the business day.

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What Does Loan Funding Look Like?

- Lock a Delivery Commitment (DC)
  - Guaranteed a premium of 1.5%
  - Also receive servicing fee or service release premium (SRP) as applicable
- Suggest you lock for 60 days no matter what
  - Provides you the most flexibility
  - Doesn’t impact premium paid
- Still mandatory delivery
  - Pair off fees do apply

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What Does Funding Look Like?

Scenario:

Loan Amount:	$216,000.00	
Rate:	5.375%	
Lock Term/Price:	60 days	-4.3088 or 95.6912
Cost of buydown:	$9,307.08	
Premium Paid:	$3,240.00	

Total Subsidy (buydown + Premium): $12,547.08

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What Does Funding Look Like?

04/21/2025			$12,547.08	182
04/21/2025			$216,000.00	161
04/21/2025	$307.50	164		
04/21/2025	$9,307.08	162		

161	MPF LOAN FUNDING
162	MPF AGENT FEE
164	MPF INTERIM INTEREST
167	MPF CREDIT ENHANCEMENT FEE
182	MPF RATE REDUCTION SUBSIDY

- Credits:
  - Loan Amount
  - Total Subsidy
- Debits:
  - Agent Fee (discount)
  - Interim Interest (normal)

- If you sell service released SRP is credit as normal

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Highlights of the Product

- Don’t have to be a first-time homebuyer
- Available for all loan purposes
  - Purchase
  - Rate-term refinance
  - Cash-out refinance
- Available anywhere you deliver MPF loans
  - Not district specific
- No special paperwork for borrowers to sign
- Delivery Commitments must be locked on a loan-by-loan basis

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Highlights of the Program

- Members are currently limited to $4 million in loan volume
- Loans are accepted on a first come, first served basis
  - Currently XXX% pr $XXX funds remain
- No front-end underwriting by FHLBank Topeka
  - All eligible income should be included in calculations
  - Questions on eligible income should be directed to the MPF Dept. in Topeka

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What have we learned?

- Program is not district specific
  - Different than Turnkey Products
- It is mandatory delivery
  - Pair off fees DO NOT include the subsidy in calculation
  - Why lock early?
- Transcripts are required for each loan
  - If you have removed a borrower or income due to eligibility, be sure to include memo.

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Next Steps

- Do you have an active Master Commitment under the Traditional MPF Product?
  - You can contact the MPF Department if you do not know.
    - Productadministration@fhlbtopeka.com
    - 866.571.8171
- Can you access Fixed 30YR Permanent Buy-Down pricing?
  - Available via the eMPF Website
  - If no, email productadministration@fhlbtopeka.com
- Do you use a Pricing Engine?
  - You may need to contact your representative and request the pricing is activated.
- Are you an approved member of the MPF Program?
  - If no, please contact mpfsales@fhlbtopeka.com

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Questions and Answers

- The time is yours

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