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MORTGAGE RATE REDUCTION PRODUCT (MRRP)

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Agenda

1. Introduction
2. How does it work?
3. Changes for 2026
4. What does funding look like?
5. Highlights of the Product
6. What have we learned?

MRRP

MORTGAGE RATE REDUCTION PRODUCT

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Introduction

- Mortgage Rate Reduction is permanent rate buydown product that provides a lower interest rate and permanently reduced Principal and Interest payment for borrowers whose income is up to **80% of the area median income** (AMI) as determined by the **Federal Housing Finance Agency (FHFA)**
  - FHFA income limits are available via the eMPF® Website*
- Subsidy Product that provides eligible borrowers a reduced mortgage rate to assist in keeping homeownership affordable.
  - Current rate offering is 5.375%
- Funds are only available for use with the MPF® Traditional Product
  - MPF Original and MPF 125 Products

*AMI Amounts by County can be found on the eMPF website on the Home screen under Quick Links

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Changes and Reminders for 2026

- PFIs are prohibited from charging borrowers discount points
- Transcripts are required for every MRRP loan
- PFI volume limit is $4 million
- Track remaining voluntary funds
  - Mortgage Rate Reduction Product - Federal Home Loan Bank Topeka
- Can be used in conjunction with Turnkey down payment assistance products.

How Does it Work?

•Standard underwriting guidelines apply using an automated underwriting system (AUS) or follow MPF Traditional Selling Guide for a manual underwrite.

- •Desktop Underwriter® (DU)
- •Loan Product Advisor® (LPA)

•Property Type must be 1-4 family, owner occupied. Condos and PUDs are acceptable.

•No Second homes will be allowed

•Loan Purpose – Purchase or refinance transactions are eligible (rate-term and cash out refinances)

•Follow the MPF Traditional Selling Guide for LTV/TLTV, conventional loan limits, credit score, property eligibility and Private Mortgage Insurance requirements.

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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
  - Extension up to 30 days
- Still mandatory delivery
  - Pair off fees will 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 credited 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
- 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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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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