



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?



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.



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**

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

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**
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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.



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

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

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



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

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

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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