

MPF Xtra[®] Product

Benefits to Members

- **Attractive alternative for selling first mortgage loans to the secondary market**
- **Ability to retain valuable servicing fee income and borrower relationships**
- **Free web-based training programs**
- **Opportunity to leverage FHLBC membership to obtain competitive pricing**
- **Electronic processing through a members-only website**
- **Access to a dedicated customer support unit**
- **No risk-based capital requirements**

The Mortgage Partnership Finance[®] (MPF[®]) Program provides an alternative to holding conforming fixed-rate loans in portfolio, which creates additional liquidity opportunities for member institutions that are Participating Financial Institutions (PFIs).

The MPF Xtra[®] product is designed for any FHLBC member institution that is actively engaged in mortgage lending in its community, seeks to minimize risk, and has a high regard for the value of customer relationships. With this product, members gain access to secondary market liquidity, which minimizes interest rate and prepayment risks of the loans and transfers the credit risks to the investor. The originating member institution retains the servicing rights and the associated, valuable, customer relationship.

With the MPF Xtra product, Chicago PFIs can:

- Offer fixed-rate residential mortgage loans to their borrowers and deliver those loans into the secondary market;
- Retain the servicing rights and servicing fee income, preserving the ability to cultivate relationships with customers; and
- Transfer the interest rate and prepayment risks as well as the credit risk of the associated loans to an investor.

Because the Chicago PFI does not retain credit risk for loans sold under the MPF Xtra product structure, there are no risk-based capital or additional credit enhancement collateral requirements. Additionally, for depository institution members, there is no leverage capital requirement. The MPF Xtra product offers Chicago PFIs an attractive alternative for selling first mortgage loans they originate. And while Chicago PFIs continue to retain the customary reps and warrants of a secondary market sale, they are able to take advantage of a product designed to transfer loan risks to the investor.

Features

Term	Up to 30 years, fixed rate, fully amortizing
Maximum LTV	95%
FICO Score	Varies depending on loan characteristics
Loan limits	Agency conforming
Occupancy	Owner-occupied and second homes
Property type	1–4 units, manufactured homes, condos, and PUDs. Co-ops and investment properties are not eligible
Underwriting	Follow the MPF Origination Guide and MPF Xtra Manual guidelines (DU/LP decisions considered)
Commitment delivery	3, 10, 20, 30, and 45 business days
Pricing	Premium and discount pricing available
Remittance	Actual/Actual, according to MPF Xtra Manual
Servicing	25 bps, follow MPF Servicing Guide and MPF Xtra Manual
Master Commitment size	\$5 million minimum, best efforts

For More Information

For more information about the MPF Xtra product or how to apply to become a PFI, contact your relationship banker or the MPF Xtra Service Center at 888-362-0011. To see a list of free MPF Xtra product training programs, which cover everything from pricing and delivery to investor reporting and accounting, visit the Events Calendar on www.fhlbc.com.

The MPF Program is not providing accounting or legal advice with respect to the accounting treatment of MPF Program assets and liabilities. The PFI is expected to consult with its own accountants and attorneys

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