Federal Home Loan Bank
NEW YORK

MORTGAGE PARTNERSHIP FINANCE® PROGRAM

mpf Mortgage Partnership Finance™

The Federal Home Loan Bank of New York (FHLBNY) offers the Mortgage Partnership Finance® (MPF®) Program as an alternate way for Participating Financial Institution (PFI) members to fund mortgages and be competitive in offering fixed-rate mortgage loan products.

Whether you sell your loans today to the agencies, or simply hold your loans in your own portfolio, the MPF Program has the potential to help you increase profitability, ensure liquidity, and earn greater fee income from the loans you originate.

Unique Risk-Sharing Structure

A key benefit of the MPF Program is its unique risk-sharing structure that capitalizes on the expertise of both member PFIs and the FHLBNY. The FHLBNY pays PFIs Credit Enhancement (CE) fees for retaining a portion of the credit risks associated with the mortgage loans sold to the FHLBNY.

Member PFI	FHLBNY
Credit Risk and Servicing Risk	Interest Rate Risk and Option/Prepayment Risk

MPF Product Options: MPF Original and MPF 125

The FHLBNY offers two different MPF conventional loan products, allowing the PFI to choose the extent of credit risk they are comfortable with. With these products, the PFI originates, closes, and then sells the loans to the FHLBNY. Regardless of the MPF product used, PFIs retain all typical origination, closing, and miscellaneous fees, while the FHLBNY pays PFIs CE and servicing fees.

	MPF Original	MPF 125
Minimum "best efforts" Master Commitment (MC)	$5 Million	$5 Million
FHLBNY First Loss Account	4 bps annually (multiplied by the PFI's outstanding loan balance)	100 bps (of the total funded amount of loans sold)
PFI's CE Obligation	Amount equivalent to investment grade	Amount equivalent to investment grade less the 100 bps First Loss Account
CE Fee Paid to PFIs	10 bps (not performance-based)	7 bps for ≤ $30 Million delivered per MC 10 bps for > $30 Million delivered per MC (performance-based: allows the FHLBNY to recoup losses charged to the First Loss Account from future CE fees)
Servicing Fee Paid to PFIs	25 bps	25 bps

For more information on the MPF Program, please contact an MPF Representative at (212) 441-6710 or your Calling Officer at (212) 441-6700 or visit www.fhlbny.com/mpf.

See reverse for product details and features and benefits>

PFIs can deliver fixed-rate conforming conventional mortgage loans with terms of 5 to 30 years on owner-occupied (1-4 unit) and second homes. Property types include manufactured homes, condos, and units in Planned Unit Developments (PUDs). In addition, PFIs have a choice of remittance types: Actual/Actual, Actual/Actual Single Remittance, and Scheduled/Scheduled. The FHLBNY also offers an MPF government loan product without the risk-sharing feature. A servicing-released alternative is available for all MPF products to maximize the value of the loans sold.

MPF conventional products require PFIs to hold risk-based capital equal to the amount of the CE obligation. PFIs are required to purchase activity-based FHLBNY stock, equal to 4.5% of any new MPF delivery commitments, and PFIs are also required to post collateral equal to the CE obligation.

Features and Benefits

- Access to the secondary market with competitive upfront pricing
- Elimination of guarantee fees and loan level price adjustments
- Transfer interest rate and prepayment risks to the FHLBNY
- Additional fee income earned for assuming a portion of the credit risk and for servicing the loans
- Choice of two product options, depending on your risk tolerance
- No minimum amount of loan deliveries required for participation
- Free web-based training programs and access to a dedicated customer service staff
- Convenient electronic transaction processing through the eMPF® website

Allocation of Credit Losses / Steps to Recover

Primary Loss Coverage	Mortgage Insurance
First Tier Loss	FHLBNY First Loss Account (product specific)
Second Tier Loss	PFI Credit Enhancement (CE)
Third Tier Loss	FHLBNY Remaining Losses