

The Mortgage Partnership Finance® Program

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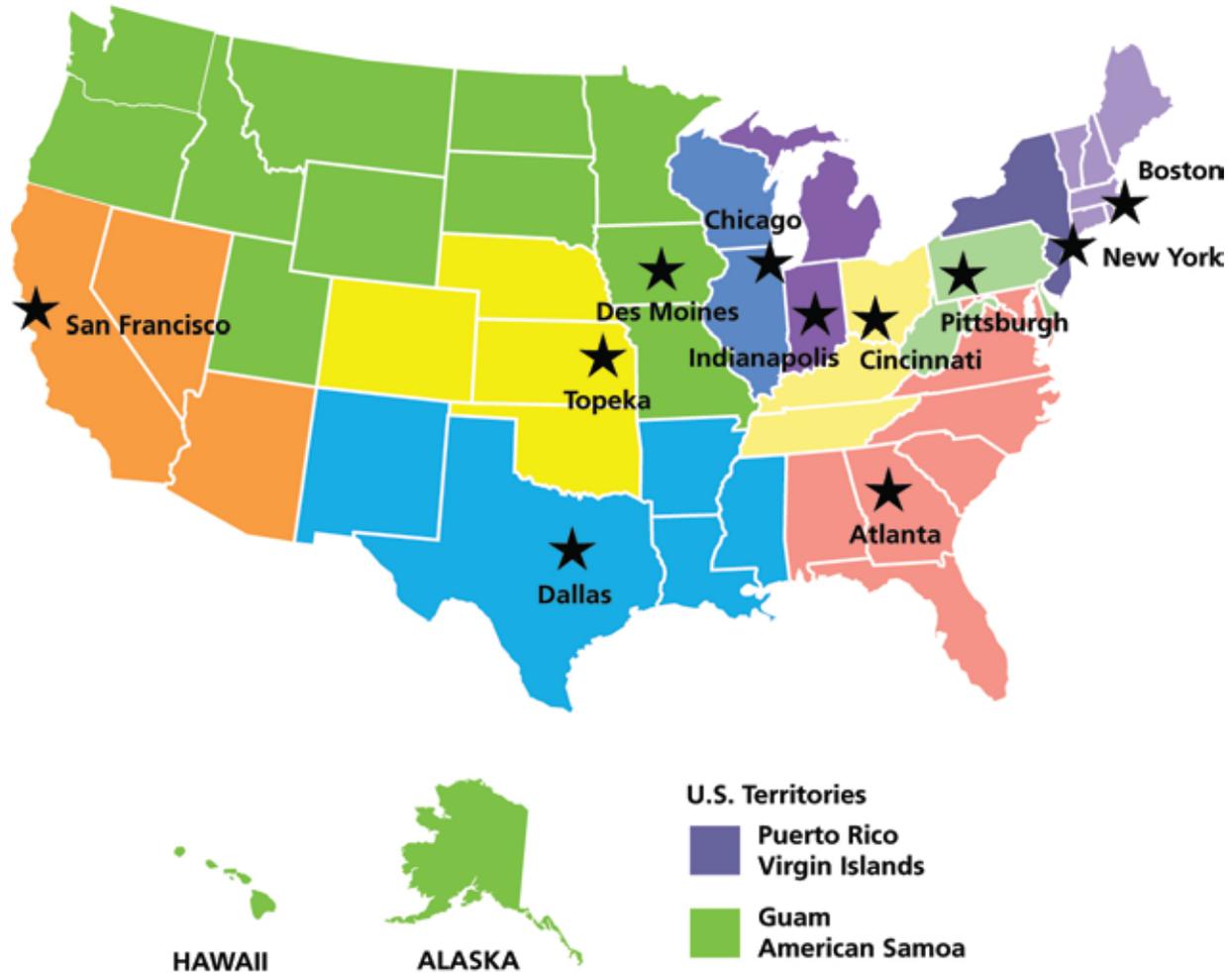
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Federal Home Loan Banks

FHLBank Districts



FHLBanks: The Biggest Banks You Have Never Heard Of

In Billions, as of 12/31/14

<u>Rank</u>	<u>Bank Holding Companies & GSEs</u>	<u>Assets</u>
1	Fannie Mae*	\$3,248
2	J.P. Morgan Chase	\$2,573
3	Bank of America	\$2,107
4	Freddie Mac*	\$1,946
5	Citigroup	\$1,843
6	Wells Fargo	\$1,687
7	Federal Home Loan Banks (combined)	\$ 914
8	Goldman Sachs	\$ 856
9	Morgan Stanley	\$ 801
10	General Electric Capital Corp.	\$ 508

*Effective 1/1/2010 Assets now include Variable Interest Entities in consolidation. Source: American Banker, GSE Reports

Membership Composition

- About 7,367 financial institutions are FHLBank members.*

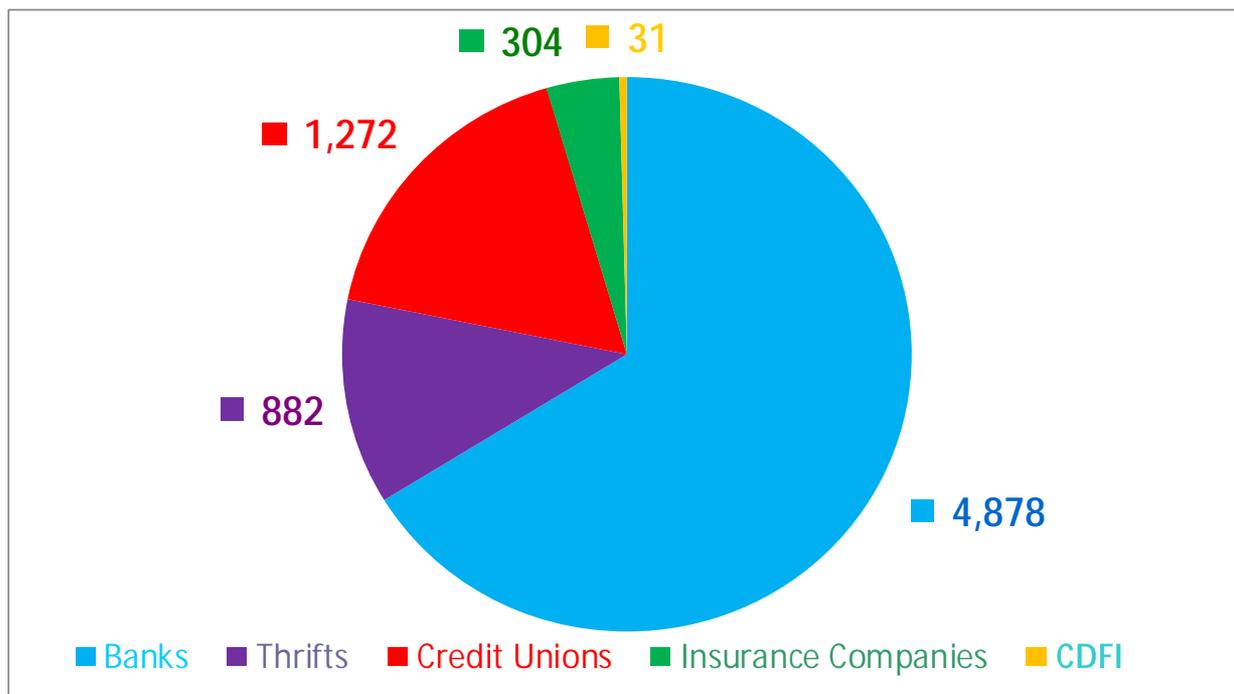
Banks

Thrifts

Credit Unions

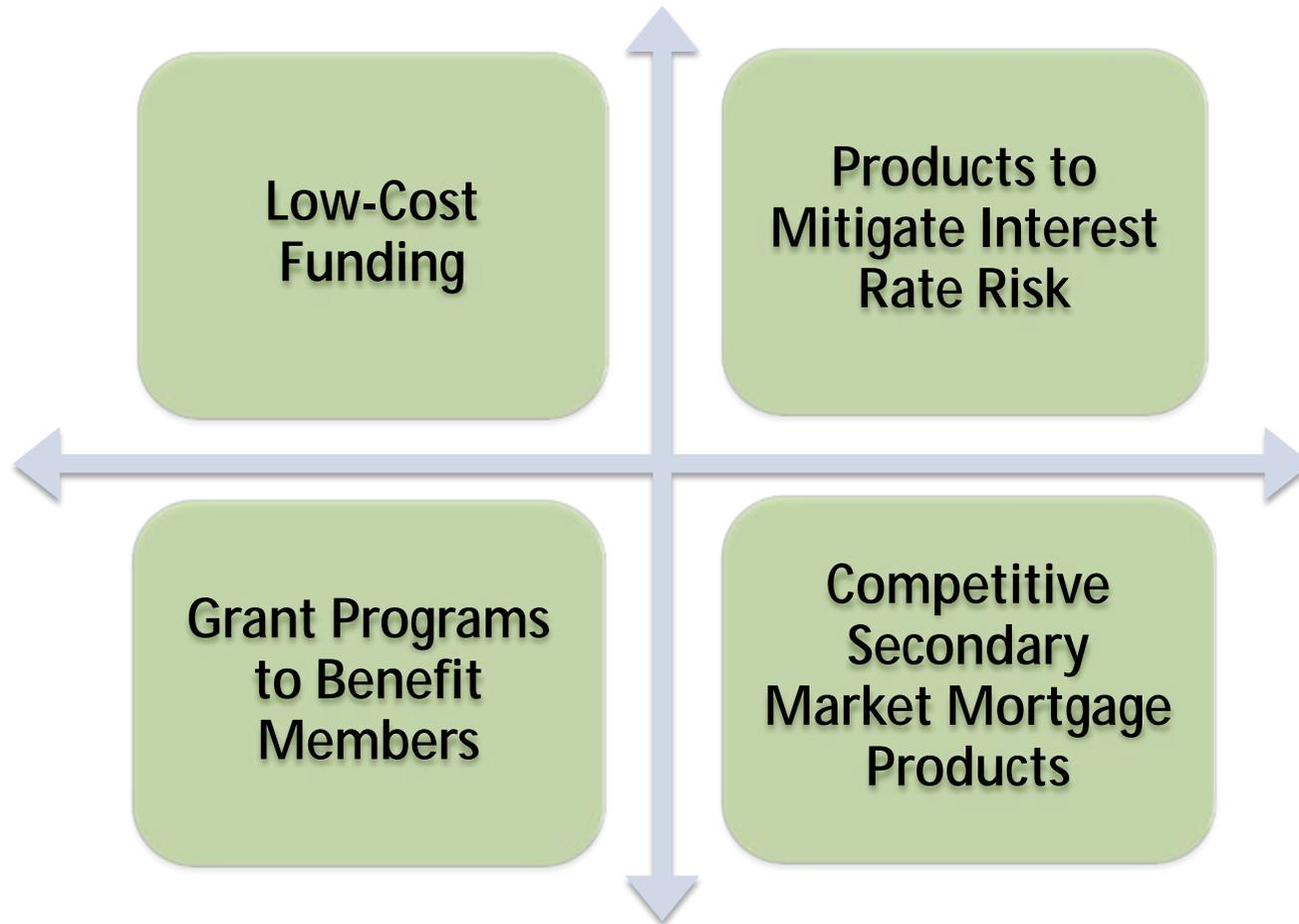
Insurance Cos

CDFIs



* As of December 31, 2014

How Can the FHLBanks Help Your Institution?



FHLBank Community Investment Products

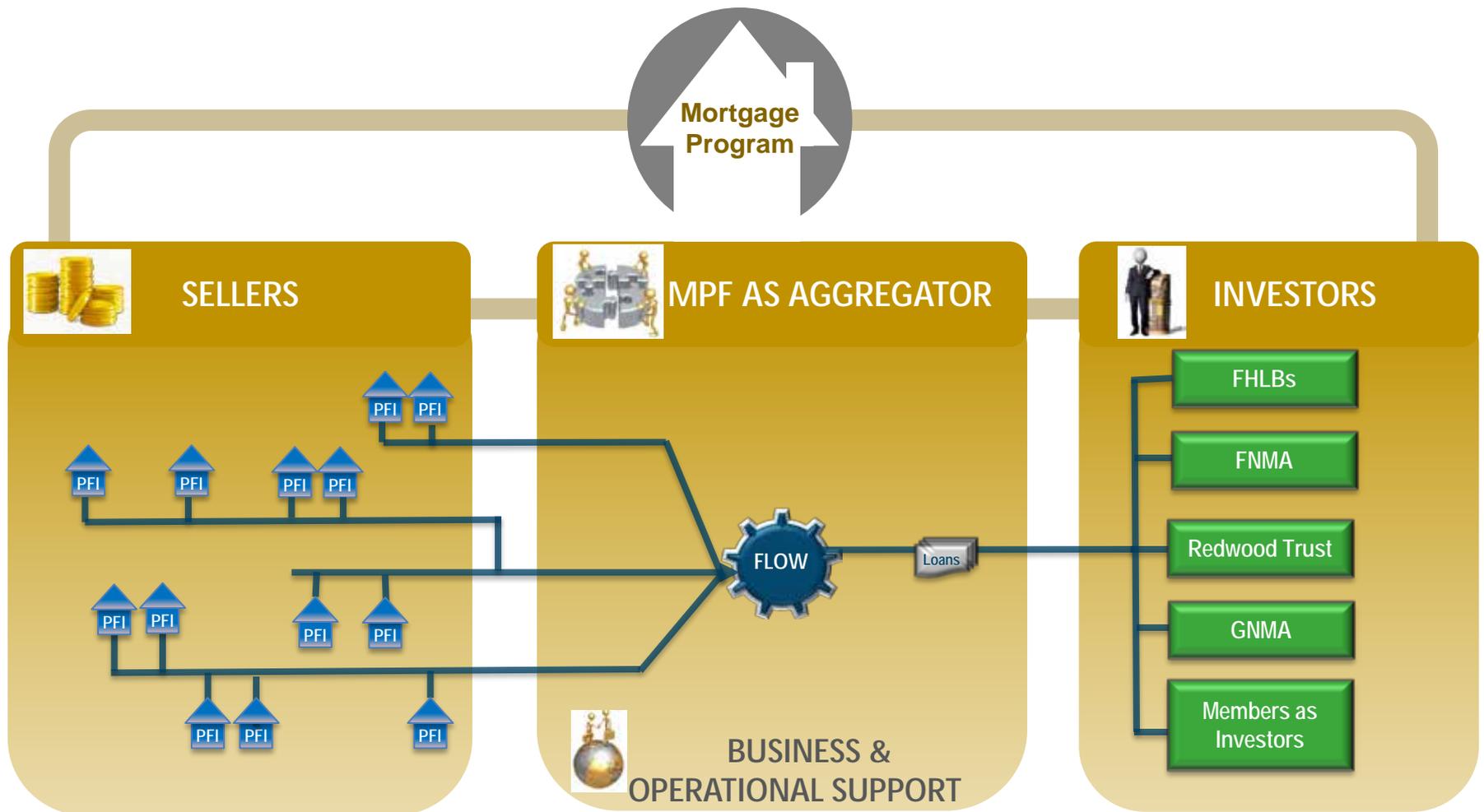


MPF Program

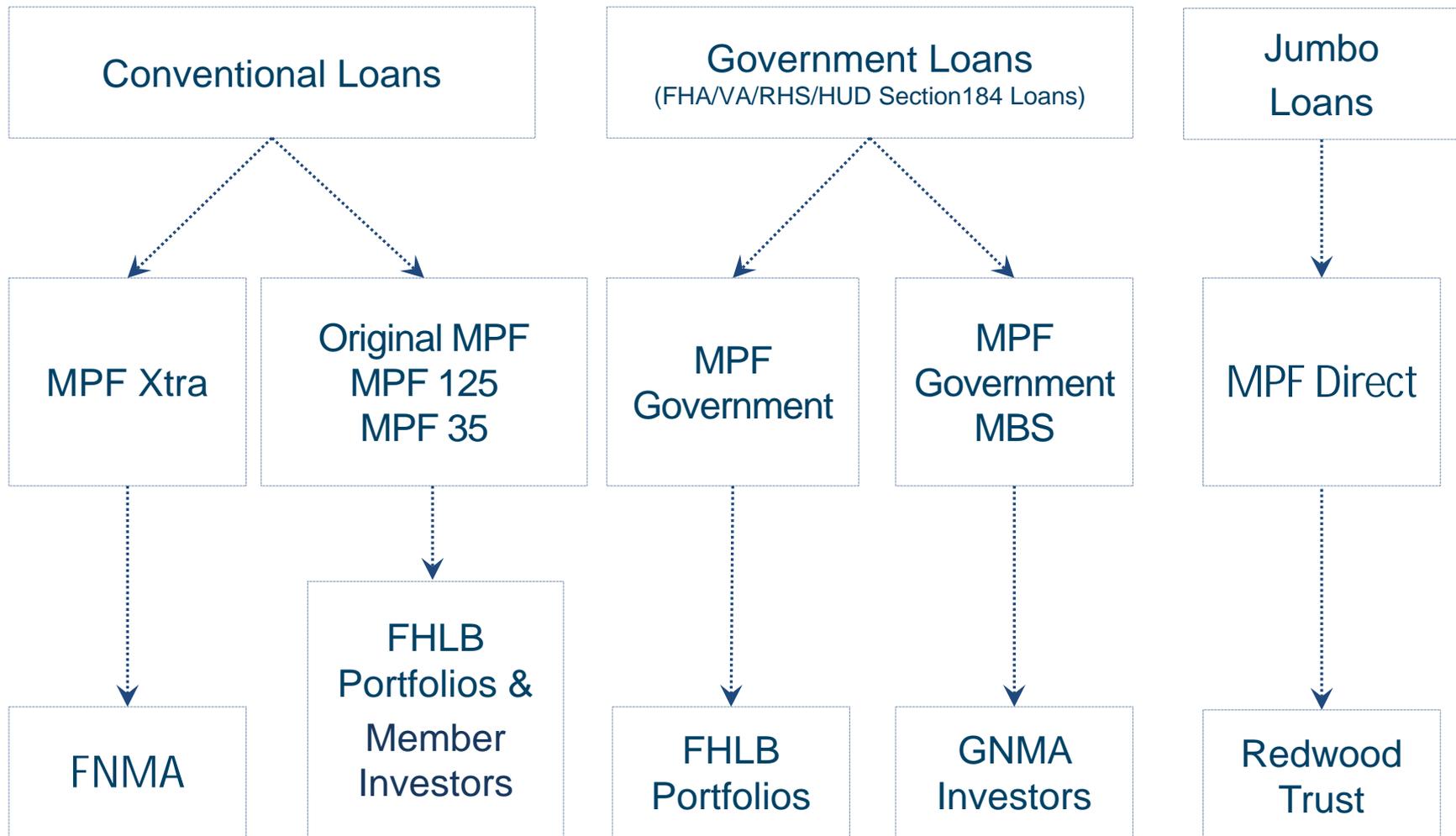
Brief History of the MPF Program

- The Mortgage Partnership Finance Program was created in 1997 with the goal of bringing secondary mortgage market pricing benefits to members. FHLB Chicago was the first investor.
- First products were risk-sharing which provided members the opportunity to benefit from the credit performance of the loans they originated.
- Nine Federal Home Loan Banks (FHLBs) subsequently joined the MPF Program.
- In 2008, the MPF Xtra product was launched introducing FNMA as an investor and providing access to the securitization market.
- In 2008, the MPF Governance Committee was formed.
- In 2014, the MPF Direct product was launched introducing Redwood Trust as an investor.
- In 2014, the MPF Government MBS product was launched with Ginnie Mae.

Strategic Vision – Supporting Community Lenders



An Example of the Strategy's Value



MPF Program Statistics

MPF Program to Date Statistics	
Mortgage Loans Purchased	\$224.6 billion
Outstanding Portfolio	\$43.7 billion
# of Mortgage Loans Purchased	1,551,382
# of Purchases	510,535
# of Refinances	1,040,847
# of Borrowers	2,073,262
Approved member Participating Financial Institutions (PFIs)	1,726
States served	50

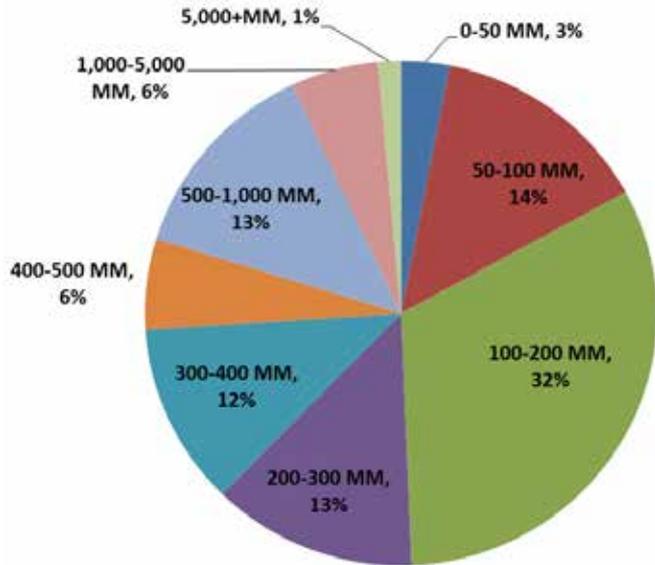
MPF Program Recent Statistics (Jan 2013 – March 2015)	
Mortgage Loans Purchased	\$16.1 billion
Funding PFIs	949
Community Bank* Funding PFIs	855
Community Bank* Volume	\$13.1 billion

*With assets of \$1.123 billion or less as of 3/31/2015

MPF Participating Financial Institutions

Bank Thrift PFIs Delivering MPF Loans from January 2012 – March 2015

PFI Distribution by Asset Size



PFI Staffing Statistics by Asset Size

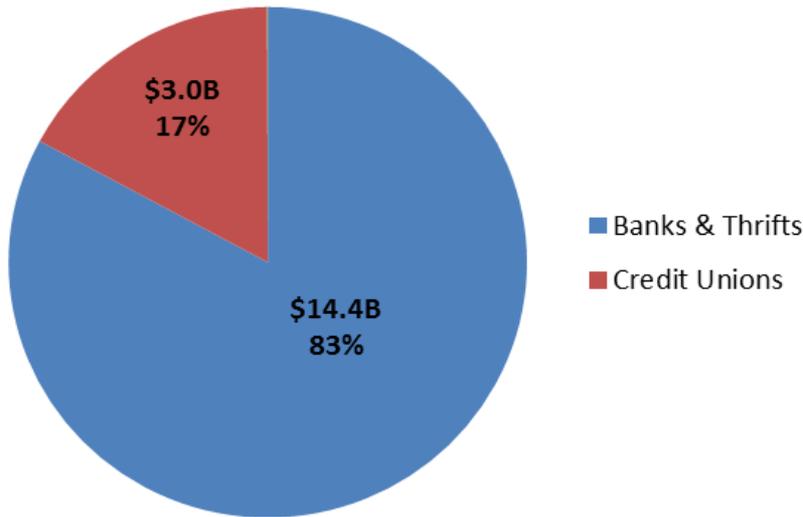
Asset Size	Min # Employees	Max # Employees	Avg Employees
0-50 MM	5	16	9
50-100 MM	8	38	24
100-200 MM	9	130	39
200-300 MM	20	183	58
300-400 MM	22	240	81
400-500 MM	50	200	106
500-1,000 MM	43	553	157
1,000-5,000 MM	150	710	330
5,000+MM	915	2,707	1,918

Nearly 75% of recently active PFIs are small banks and thrifts with assets of less than \$400 million and a limited number of employees

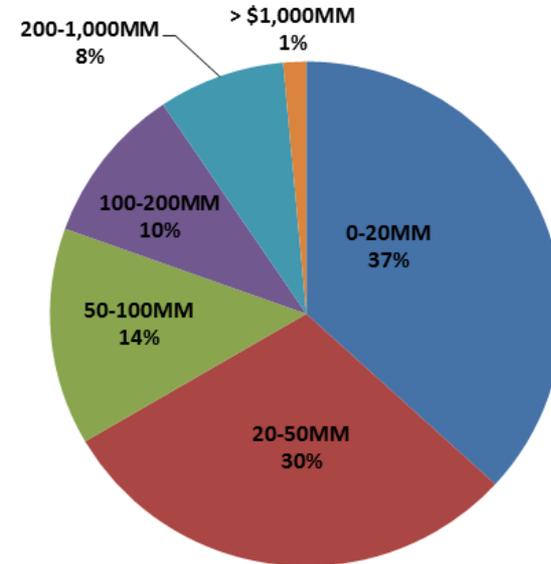
MPF Participating Financial Institutions

PFIs Delivering MPF Loans from January 2012 – March 2015

PFI Distribution by Institution Type



PFI Distribution by Origination Volume*



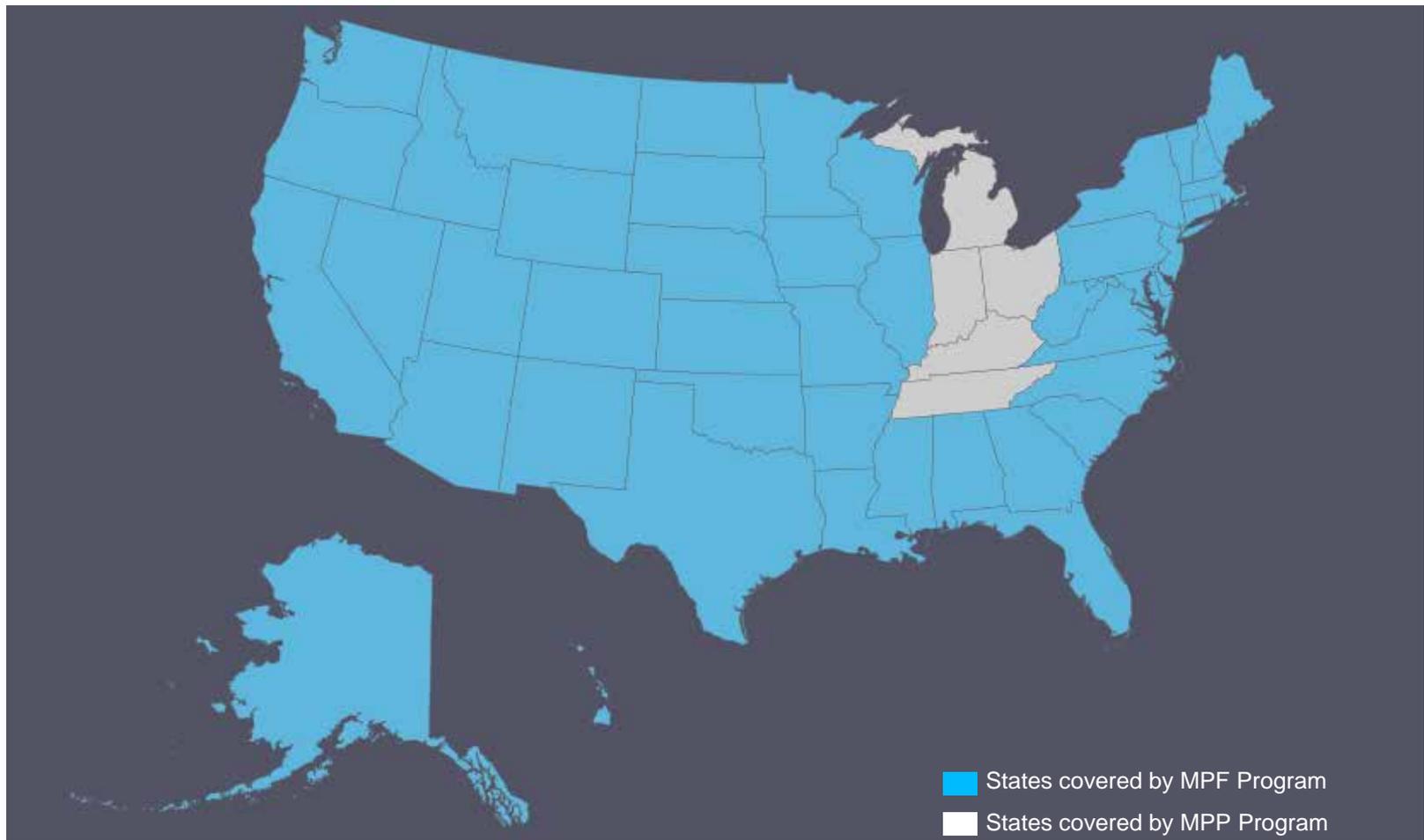
* Represents total mortgage originations, based on 2013 HMDA data

Approximately 67% of recently active PFIs originated less than \$50M in annual mortgage production, based on most current available HMDA data (2013)

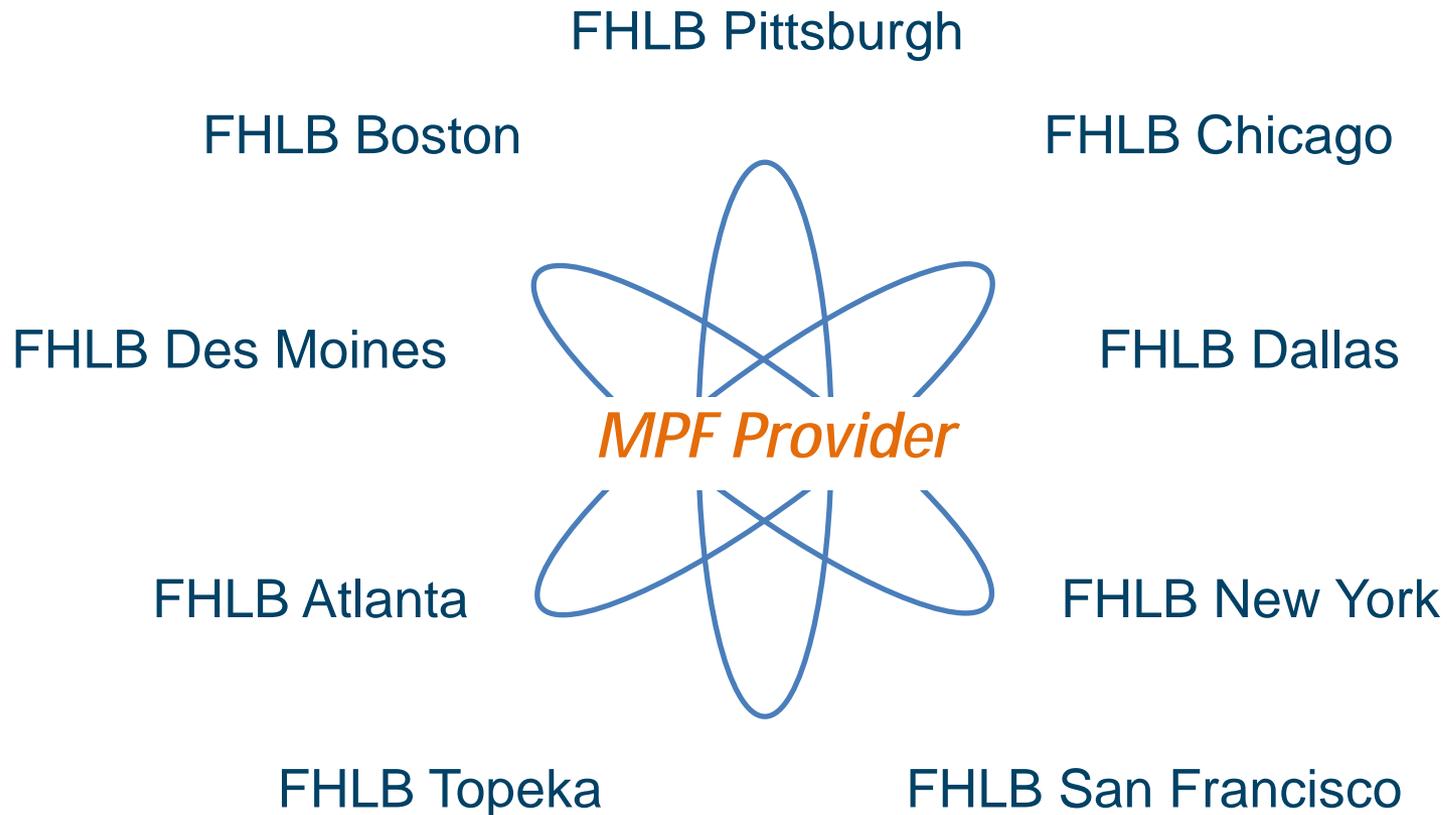
Importance of MPF to Community Lending Institutions

- Supports FHLB housing finance and community and economic development mission.
- Provides liquidity, a reliable secondary market conduit and operational support to PFIs.
- Allows community lenders to offer competitive mortgage products.
- Allows PFIs to manage risk by selling 30-year fixed-rate loans off their balance sheets.
- Risk sharing MPF products allow PFIs to be rewarded for good credit decisions through credit enhancement fees.
- Allows PFIs to maintain their customer relationships through retained loan servicing, if they choose to retain servicing.

FHLB Mortgage Programs Cover All States



MPF Program - A National Program of Local Partners



MPF Government MBS Product

MPF Government MBS Product – Overview

PFI Originates, Sells and Services Loans
FHA/VA/RHS/HUD 184
(release option will be available)

PFI Sells Loan to the FHLBC, FHLBC pools loans and then issues Ginnie Mae Security

PFI maintains Borrower Relationships

“Ease of Use”
No Additional Underwriting Overlays
Scheduled/Scheduled Servicing Remittance Only

MPF Government MBS Purpose

Continuous product access to secondary market providing FHLBanks with a liquidity option for assets

- Provides Community Lenders with a competitive pricing execution they can pass through to consumers
- Full access to FHA, VA and RHS product options to meet borrower needs – NO OVERLAYS!
- Eliminates costs and barriers for Community Lenders to benefit from Ginnie Mae securitizations

Government Products

MPF Government MBS Products



Federal Housing
Administration Loans (FHA)



Department of Veterans Affairs
Loans (VA)



RHS Section 502 Loans



HUD Section 184 Loans*

* Special approval required.

Basics

Members sell government loans to the FHLBC under the MPF Government MBS product scheduled/scheduled remittance servicing retained option

- § Loan presentment is completed using ULDD file with additional information file (additional fields)
- § The PFI controls the underwriting process
- § PFI closes the loan with the borrower(s)
- § Funding can occur on the same day as closing
- § Initial certification and data validation documents are to be delivered within seven calendar days of purchase by the MPF Provider

Loan Eligibility

Government-insured or guaranteed loans

- § Purchase and refinance loans, including streamlined refinance
- § Fixed-rate fully amortized loans
- § One- to four-unit residential mortgages (primary or second home)
- § Insured or guaranteed by the applicable government agency
- § Maximum loan amount, LTV limits, and minimum loan terms are according to the applicable Government Agency guidelines

Support

A variety of support options for PFIs

FHLBC and MPF staff

- § On-site initial training
- § MPF Guides for MPF Government MBS
- § MPF Service Center Help Desk staff
- § Regular webinar training

Questions

