



MPF[®] Direct

MPF Direct is a jumbo loan product that partners the MPF Program with Redwood Residential Acquisition Corporation (Redwood Trust), a real estate investment trust located in Mill Valley, CA. This unique partnership offers Federal Home Loan Bank Participating Financial Institutions (PFIs) the opportunity to access private capital when they sell their mortgages into the secondary market, leveraging their FHLBank membership to obtain liquidity for loans up to \$2.5 million.

The MPF Direct product benefits PFIs that want to:

- Offer competitive jumbo residential mortgage loans to their borrowers
- Sell the servicing rights
- Maintain control of the underwriting process
- Continue the ability to cultivate and/or maintain relationships with their customers
- Receive attractive all-in pricing (asset price + servicing released premium); and
- Transfer the interest-rate, prepayment and credit risks of the jumbo loans to an investor

With no retained credit risk on loans sold under the MPF Direct product structure, PFIs have no risk-based capital or credit risk collateral requirements.*

Features of the MPF Direct product are:

- Maximum LTV: 90%
- No private mortgage insurance required
- Loan Limits: Up to \$2.5 million; Cash out refinances up to \$750,000
- Loan Types: Conventional, fully amortized fixed rate and 5/1, 7/1, 10/1 Hybrid ARMS
- Occupancy: Owner-Occupied, second homes, and non-owner occupied
- Property Type: 1 to 4 unit Owner Occupied; 1 unit Second Home; 1 to 4 unit Investment Properties; Condominiums (warrantable and non-warrantable); Coops; PUDs, Condotels
- Delivery Commitment: Best Efforts
- Remittance: Servicing Released Only

PFIs that want the advantages of the MPF Direct product must obtain approval through their MPF Bank. Contact your MPF Bank Representative for more information.

About Redwood Trust

Redwood Trust primarily invests in residential mortgage loans, commercial loans, and other forms of commercial real estate financing, and in securities collateralized by real estate loans. Their investments in residential mortgage loans are generally made with a view towards securitizing those loans.

* The FHLBanks do not provide accounting or legal advice with respect to the accounting treatment of MPF Program assets and liabilities. The participating member is expected to consult with its own accountants and attorneys for advice on this matter.



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