



**FHLBank**  
Chicago

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## **Notes From the Mortgage Desk: Borrowers Benefit From Current, Attractive Pricing**

Housing activity has remained resilient through 2021, even with a modest increase in mortgage rates since last year. This may be the last chance to offer historically low rates to your customers as mortgage rates inch higher, weakening the incentive for borrowers to refinance.

Mortgage Partnership Finance® (MPF®) Program pricing remains very competitive for mortgage rates below 3%, where you can lock-in a premium on 30-year MPF traditional conforming loans and receive aggressive pricing on high balance and 20-year loans to facilitate term refinances for your customers. With mortgage rates seemingly on a new, steady upward trajectory, there may not be another mortgage refinance boom like this in the foreseeable future.

### **Take Another Look at Traditional**

Pricing for MPF Xtra® compared to our MPF Traditional product has continued to tighten into 2021, driving Traditional prices to become more attractive to our members. In addition to an attractive up-front price in MPF Traditional, PFIs receive additional income for sharing the credit risk with FHLBank Chicago. Combining this with other features such as the lack of a Refinance LLPA and great delivery tolerance, your institution can have the flexibility it needs without sacrificing price.

## **Other Trends and Market Activity**

Across the industry, we have noticed conversations regarding restrictions by Fannie Mae and Freddie Mac on loan attributes. We are monitoring the risks and opportunities that these Fannie and Freddie changes are having on our PFIs, and potentially on us, and issuing updated policy changes in a timely manner.

In case you missed it earlier this year, we announced we will begin requiring activity stock on MPF Traditional products and letters of credit. With this new activity stock requirement, PFIs will earn additional dividend income on loans sold into the program. To learn more, watch our webinar about our new activity stock requirements and the excess capital stock repurchase process. To access the webinar, log onto eBanking and navigate to "Solutions," click "Weekly Market Update," and select "March 11, 2021 Capital Plan Webinar."

Please reach out to your sales director if you would like to learn more or have questions.