



Advantage MPP

GUIDE UPDATE BULLETIN

**MPP BULLETIN
02-22**

**Effective
August 1, 2022**

**Annual MPP
Guide Update**

*Please contact our
MPP Department at
1-800-274-4636 with
questions.*

FHLBank Indianapolis Releases Updated MPP Guide

The revised Mortgage Purchase Program Guide (MPP Guide) from Federal Home Loan Bank of Indianapolis (FHLBank Indianapolis) is now available on our website. [Click here to view the new MPP Guide](#). The revised MPP Guide is effective for Mandatory Delivery Contracts issued on or after August 1, 2022.

The new MPP Guide updates also incorporate all outstanding bulletin updates through Informational Bulletin 13-21 (which includes 09-21, 10-21, 11-21 and 12-21).

Following is an overview of the substantive MPP Guide changes not previously communicated through an Informational Bulletin. Changes are indicated in **red**. Please refer to the MPP Guide for all applicable requirements.

2. ELIGIBILITY DETERMINATION

Section 2.1.10 has been updated to include maximum insurance limits for Fidelity Bond and Errors & Omissions coverage.

**The maximum amount of fidelity bond coverage required is \$150 million.
The maximum amount of E&O coverage required is \$30 million.**

6. FHLBI UNDERWRITING GUIDELINES

Section 6.1, the Eligibility Matrix has been updated to include the following addition to the Limitations and Restrictions section.

Gift of Equity – Exception approval Required

6.2.3.3 NUMBER OF FINANCED PROPERTIES

Section 6.2.3.3 has been updated to follow Fannie Mae and Freddie Mac guidelines for Number of Financed Properties:

Subject Property	AUS DU/LPA	Manual Underwrite
Primary Residence	N/A	6
Second Home	10	6

6.5.1.3 ALLOWABLE AGE OF CONSTRUCTION PERMANENT DOCUMENTS

Section 6.5.1.3 has been updated to follow Fannie Mae guidelines for Allowable Age of Construction Permanent Documents:

Allowable Age of Construction Permanent Documents

All credit documents must be no more than four months old on the note date (that is, the closing date of the construction loan). Additionally, income, employment and credit report documents must be no more than four months old at the time of conversion to permanent financing. As an exception, these documents may be more than four months but not exceeding **12** months old at the time of the conversion to permanent financing if all the following conditions were met at the time of the original closing of the construction loan:

- The LTV, CLTV, and HCLTV ratios do not exceed **95%**.
- The representative credit score of the loan is greater than or equal to 700.
- The loan was underwritten through AUS and received an Approve or Accept/Eligible recommendation.
- Manual underwriting is not permitted.

If any of the above conditions was not met or an eligible loan term was modified subsequent to the last AUS submission, the lender must:

- obtain updated income, employment, and credit report documents no more than four months prior to conversion; and
- re-qualify the borrower(s) in accordance with the Requalification Requirements below.

Updated asset documentation is not required at the time of conversion to permanent financing (regardless of the age of asset documents) unless upon requalification, either of the following applies:

- more reserves are required than were required at the time of original qualification
 - the full amount of reserves must then be reverified; or
- the borrower chooses to bring additional funds to the transaction
 - the additional funds must come from an eligible source and be documented.

Requalification Requirements

Requalification of the borrower(s) is required at the time of conversion to permanent financing if:

- the LTV ratio increased due to a decline in property value;
- updated credit documents were obtained; or
- as otherwise required per the modified loan term in the table above.

To be eligible for purchase by FHLBI, the loan must retain an Approve/Eligible recommendation after resubmission to AUS.

When requalification is required

- the LTV ratio must be adjusted based on the updated appraisal, if applicable;
- if credit documents exceed the four- (or 12-) month age of documentation requirement, the updated income, credit, and liability information must be considered; and
- the loan data at delivery must match the data considered in the final requalification of the loan.

18 REPURCHASE

Section 18.1 has been updated to include Early Payment Default.

6. With respect to any Mortgage Loan, if the related Mortgagor fails to make the first, second, third or fourth Monthly Payments due to FHLBank Indianapolis (the Bank) after the related Settlement Date by the last day of the calendar month in which such Monthly Payment is due, the Seller shall, at the Bank's option, repurchase such Mortgage Loan as set forth in the Guide.

APPENDIX A: DOCUMENT CUSTODIAN MANUAL

The Assignment has been updated to spell out Federal Home Loan Bank of Indianapolis in lieu of FHLBI.

3. Assignments. Copies of any interim Assignments of the Security Instrument that were recorded or sent for recording, as applicable, such as when the Seller did not originate the Mortgage or if the Mortgage has been assigned to MERS and an original Assignment of the Security Instrument to **Federal Home Loan Bank of Indianapolis** in recordable form but unrecorded (not required for mortgages on MERS). The Assignment of Security Instrument must be to **Federal Home Loan Bank of Indianapolis** and must not include a recitation that the assignment of the mortgage or lien is "without recourse." In general, recordable form is whatever form the local recorder's office requires. If state law does not specifically address the information required for recording, the following information should be included in the Assignment of the Security Instrument:

- a. Date of Execution
- b. Lender Name
- c. Borrower Name
- d. Legal description of the property
- e. Recording information related to the Security Instrument such as the deed book and page number or the instrument number
- f. Original mortgage amount
- g. Date of the mortgage

- h. Authorized signature (must be on Corporate Resolution)
- i. Appropriate notarization

APPENDIX D: INFORMATION SECURITY STANDARDS FOR NON-MEMBER SERVICERS

The Breach Notification has been updated with a new email address.

4. Breach Notification

Servicers shall notify FHLBank Indianapolis immediately after discovery of any suspected breach or compromise of the security, confidentiality, or integrity of NPI of any person. Servicers shall provide such notice to the Bank's Information Security Officer by phone, email or by overnight courier with confirmation of receipt to the contact below within 72 hours.

Servicers shall cooperate fully, in the event of any unauthorized access, any loss, or unauthorized disclosure of any NPI.

Address for purpose of data breach notification notices:

Federal Home Loan Bank of Indianapolis

Chief Information Security Officer

8250 Woodfield Crossing Blvd.

Email: informationsecurity@fhlbi.com

Phone: 317-465-0200

FHLBank Indianapolis periodically issues Informational Bulletins to provide program updates and information to approved Mortgage Purchase Program (MPP) sellers, including: MPP Guide revisions and changes; operational guidance or clarifications; and notices/reminders of industry issues that may affect sellers and servicers.

The Informational Bulletins are coded so that users can easily identify the issue and year of bulletin publication. For example, "Bulletin 04-20" indicates the fourth Informational Bulletin issued in 2020.

Please retain these bulletins with your MPP Guide for easy reference. Bulletins can also be found posted on the MPP Materials page online.