



Advantage MPP



GUIDE UPDATE

**MPP BULLETIN
11-20
Effective August
3, 2020**

**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)* is now available [online](#). The revised MPP Guide is effective for Mandatory Delivery Contracts issued on or after August 3, 2020.

The new *MPP Guide* incorporates all outstanding bulletin updates through *Informational Bulletin 10-20 (which includes 04-19, 05-19, 07-20)*. Informational Bulletins related to COVID-19 Pandemic (01-20, 02-20, 03-20, 04-20, 06-20, 07-20, 08-20, 09-20, 10-20) have been added as a new section to the Guide as Appendix E.

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

6.2.1.3 Loan Purpose

Land Contract

Follow Fannie Mae or Freddie Mac guidelines

~~When the proceeds of a mortgage loan are used to pay off the outstanding balance on an Installment Land Contract (also known as contract or bond for deed) that was executed within the 12 months preceding the date of the loan application, FHLB INDIANAPOLIS will consider the mortgage loan to be a purchase money mortgage loan.~~

~~The LTV ratio for the mortgage loan must be determined by dividing the original loan amount by the lesser of the total acquisition cost (defined as the purchase price indicated in the land contract, plus any costs the purchaser incurs for rehabilitation, renovation, or energy conservation improvements) or the appraised value of the property at the time the new mortgage loan is closed. The expenditures included in the total acquisition cost must be fully documented by the borrower.~~

~~When the installment land contract was executed more than 12 months before the date of the loan application, FHLB INDIANAPOLIS will consider the mortgage loan to be a Rate/Term Refinance. In this case, the LTV ratio for the mortgage loan must be determined by dividing the original loan amount by the appraised value of the property at the time the new mortgage loan is closed.~~

Cash-out refinance transactions involving installment land contracts are not eligible for delivery.

6.1 Limitations and Restrictions

Added to Restrictions (Overlays) matrix

Appraisal – Post Frame Homes (Pole Barns)

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 in the back of your MPP Guide for easy reference. Bulletins can also be found posted on the MPP Materials page online.