

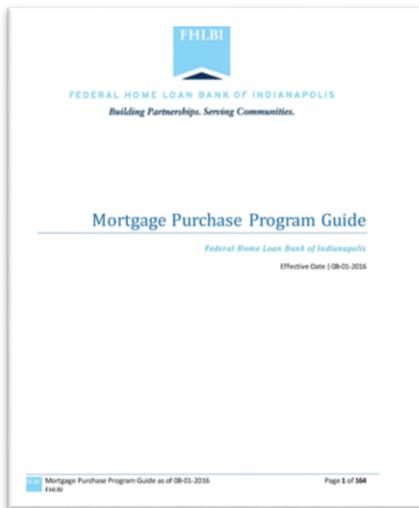


FEDERAL HOME LOAN BANK OF INDIANAPOLIS Mortgage Purchase Program

INFORMATIONAL BULLETIN



MPP BULLETIN 02-16 July 29, 2016



Please contact FHLBI's MPP Department at 1-800-274-4636 with questions concerning MPP Guide changes.

FHLBI Releases Revised *MPP Guide* August 1

FHLBI's revised *Mortgage Purchase Program Guide* is now available [online](#) and is effective August 1.

The new guide incorporates all outstanding bulletin updates through *Informational Bulletin 01-16* as well as other changes to the MPP Guide.*

Below is an overview of the substantive Guide changes not previously communicated through an *Informational Bulletin*.

LIMITATIONS & RESTRICTIONS (SECTION 6.1) Escrow Holdbacks are generally not permitted (except grade and seed), unless approved by FHLBI.

MAXIMUM AGE OF DOCUMENTATION (SECTION 6.2) Single-closing construction loan transactions with credit and appraisal documents dated between four-months and 18-months prior to the time of conversion to permanent financing are eligible for delivery if all of the following conditions were met at the time of the original closing of the construction loan:

- Documents dated within 120 days of the closing date of the original construction loan.
- LTV, CLTV, and HCLTV ratios ≤ 70%.
- Borrower credit score ≥ 700.
- The loan was underwritten through DU and received an *Approve/Eligible* recommendation. Manual underwriting is not permitted.

SERVICER APPROVAL PROCESS (SECTION 8.3) Provides expanded information for approval of non-member servicers.

SELLER/SERVICER RESPONSIBILITIES (SECTION 8.4) Describes expanded seller/servicer responsibilities for servicer approval and servicing transfer requests.

SUBMITTING INFORMATION FOR SERVICER APPROVAL (SECTION 8.4.1) Updated list of required items to be submitted to FHLBI for servicer approval.

SUBMITTING REQUESTS FOR TRANSFERS OF SERVICING (SECTION 8.4.2)

Updated list of required items to be submitted to FHLBI at least 60 days before requested transfer date.

RATE-AND-TERM REFINANCE MORTGAGES (SECTION 6.3.8) Removed the 120 day seasoning requirement when the mortgage being refinanced was a purchase money transaction.

* These changes are effective for Mandatory Delivery Contracts issued on or after August 1, 2016.

FHLBI 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.

The *Informational Bulletins* are coded so that users can easily identify the issue and year of bulletin publication. For example, "Bulletin 04-15" indicates the fourth *Informational Bulletin* issued in 2015.

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.