



FEDERAL HOME LOAN BANK OF INDIANAPOLIS
Mortgage Purchase Program

INFORMATIONAL BULLETIN



MPP BULLETIN 03-16
October 3, 2016

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

FHLBI MPP Informational Bulletin 03-16

The changes to the MPP Guide in this bulletin are effective for Mandatory Delivery Contracts issued on or after October 15, 2016. MPP Guide changes effective October 3, 2016:

GLOSSARY (SECTION 1.5) Added Home Equity Combined Loan to Value (HCLTV) definition. HCLTV = Original Loan Amount + the Full Amount of any HELOCs (whether or not funds have been drawn) + UPB of subordinate financing divided by the Lesser of Property Sale Price or Appraised Value.

LIMITATIONS AND RESTRICTIONS (SECTION 6.1) Revised "Rate Concessions and Buy Downs are not eligible for purchase" to read "Temporary Buy Downs are not eligible for purchase."

MAXIMUM COMBINED LOAN TO VALUE (CLTV) (SECTION 6.3.2) Changed to Maximum Combined Loan to Value/Home Equity Combined Loan to Value (CLTV/HCLTV):

- CLTV/HCLTV is the ratio of the UPB of all liens secured by the property-including the first mortgage, junior liens (including soft seconds), and financed PMI premium (if applicable)-to the lesser of the sales price or appraised value of the property.
- The maximum CLTV/HCLTV for all mortgages with secondary financing is 90 percent (75 percent max CLTV/HCLTV for 2-4 unit properties).

MAXIMUM COMBINED LOAN TO VALUE (CLTV) (SECTION 6.3.2) Removed 6.3.2.3

THIRD PARTY ORIGATION (TPO) (SECTION 6.3.6.5) Changed to read "All TPO loans with LTVs/CLTVs/HCLTVs greater than 80 percent, a minimum of 5 percent of the funds invested in the transaction must be from the borrower's own funds."

RATE-AND-TERM REFINANCE MORTGAGES (SECTION 6.3.8.4) Changed to read "To be eligible for purchase, refinance mortgages must meet FHLBI's LTV and loan amount limits and FHLBI's CLTV/HCLTV limits outlined in this section."

RATE-AND-TERM REFINANCE MORTGAGES (SECTION 6.3.8.5.A) Changed to read "The LTV and CLTV/HCLTV are based on a current Uniform Residential Appraisal Report (URAR) or other acceptable alternative."

CASH OUT REFINANCES (SECTION 6.3.9) Changed second sentence to read “Maximum CLTV/HCLTV for Cash out Refinance is 80 percent (75 percent max CLTV/HCLTV for 2-4 unit properties) unless otherwise indicated in the MCC into which the loan will be delivered.”

CASH OUT REFINANCES (SECTION 6.3.9.3.i) Changed Maximum LTV/CLTV to Maximum LTV/CLTV/HCLTV.

CASH OUT REFINANCES (SECTION 6.3.9.3.IV) Changed Maximum CLTV to Maximum CLTV/HCLTV.

DOWN PAYMENT SOURCES (SECTION 6.4.3.1.A,B,C) Changed LTVs/CLTVs to LTVs/ CLTVs/HCLTVs.

DOWN PAYMENT SOURCES (SECTION 6.4.3.5.c) Changed CLTV to CLTV/HCLTV.

INTERESTED PARTY CONTRIBUTION LIMITATIONS (SECTION 6.4.4.4,5) Changed CLTV to CLTV/HCLTV.

SECOND/VACATION HOMES (SECTION 6.5.7.8) Changed to read “Purchase max 90 percent LTV/CLTV/HCLTV. Limited cash-out/no cash out refinances max 80 percent LTV/CLTV/HCLTV. Cash out refinances are allowed up to 75 percent LTV/CLTV/HCLTV with a minimum credit score of 720.”

FHA DELINQUENCY AND LOSSES (SECTION 14.3) Added a fourth paragraph to read “FHA Servicers must repurchase any FHA loan for an amount equal to 100 percent of the loan’s remaining balance, less the principal payments advanced, when the loan has been modified under FHA guidelines.”

SETTLEMENT WITH FHLBI (SECTION 4.5.5) Changed paragraph one to read “Pursuant to [Section 19](#), where a third party’s participation interest has been notified to the Seller via an MCC, MDC, or separately, the settlement contemplated by this section ([Section 4.5](#)) shall be deemed to take effect as a sale by the Seller, and a purchase by each of FHLBI and such third party or third parties (for these purposes, the participants), of a participation interest in each mortgage listed on the Funding Schedule in the percentages so notified to the Seller. Alternatively, FHLBI may purchase a 100% ownership interest in mortgages and thereafter transfer participation interests in such mortgages to one or more third parties in accordance with Section 19.”

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.