

FHLBI Eligibility Matrix				
Fixed Rate, First Lien Only	Minimum Credit Score 680		Maximum DTI 43	
Transaction Type 5-30 year terms	Number of Units	Maximum LTV/CLTV/ HCLTV	Credit Score/LTV	Minimum Reserves
Primary Residence				
Purchase	1 Unit	95/90/90	680	2 months**
Limited Cash-Out	2 Unit	85/75/75	680	5% own funds
Special Purpose Refinance	3-4 Unit	75/75/75	680	2 months**
Cash-Out Refinance	1 Unit	80/80/80	720 if > 75%	
		75/75/75	680 if ≤ 75%	
	2-4 Unit	75/75/75	680	
Second Home				
Purchase Limited Cash-Out Special Purpose Refinance	1 Unit	90/90/90	680	2 months** 5% own funds
Cash-Out Refinance	1 Unit	75/75/75	720	2 months**
Construction Perm				
Purchase	1 Unit	95/90/90	680	2 months**
Limited Cash-Out Refinance*	2 Unit	85/75/75	680	5% own funds
	3-4 Unit	75/75/75	680	2 months**
Cash-Out Refinance	1 Unit	80/80/80	720 if > 75%	5% own funds
		75/75/75	680 if ≤ 75%	
	2-4 Unit	75/75/75	680	5% own funds

Income per AUS

\* When a limited cash-out refinance transaction is used, the borrower must have held legal title to the lot before he or she receives the first advance of interim construction financing. The borrower is using the proceeds from the construction financing to pay off any existing liens on the lot and finance the construction of the properties.

\*\*Reserve requirements when loan includes multiple financed properties and manually underwritten loans.

Limitations and Restrictions

In addition to the underwriting guidelines provided in Section 6 of the MPP Guide, the following limitations and restrictions are highlighted:

Limitations Applicable to all Matrices
<b>Acreage</b> – If the land is in excess of 40 acres an exception is required.
<b>Cash-Out Refinance</b> – If the property was purchased within the prior six months; the borrower is ineligible for a cash out transaction unless the loan meets the delayed financing exception.
<b>Construction-to-permanent</b> – These transactions are subject to applicable eligibility requirements based on the loan purpose. Single-closing transactions are processed as purchases or limited cash-out refinances and two-closing transactions are processed as limited cash-out or cash-out refinances. Minimum credit score 700 with AUS Approve or Accept/Eligible findings.
<b>Debts paid by others</b> –Co-signed debts and debts paid by a business can be excluded if properly documented per industry standards.
<b>Escrow Holdback</b> – Permitted only for grade and seed and/or weather related for new construction.
<b>Gift of Equity</b> - Exception approval required.
<b>Life Estates</b> – Life Estates are not allowed with the exception of Enhanced Life Estates in the state of Michigan (Lady Bird Deed) with a qualified title policy.
<b>Minimum cash investment</b> – Second home, 2-4-unit and manually underwritten loans require 5% of the borrower's own verified funds.
<b>Multiple financed properties</b> – Borrowers of second homes with additional financed properties are subject to additional reserves requirements.
<b>Property for Sale</b> - Properties that have been listed for sale must be taken off the market prior to application of the new mortgage loan.
<b>Second Homes</b> – Limited to one-unit single family dwelling or condominium in a project only.

Restrictions (Overlays) Not Eligible For Purchase
Appraisals: Condition rating of C5 or C6
Appraisal alternatives - Fannie Mae Property Inspection Waiver (PIW) & Freddie Mac Automated Collateral Evaluation (ACE)
Credit Score below 680
High-Balance Loans
Income from the following: <ul style="list-style-type: none"><li>Foreign shell banks</li><li>Medical marijuana dispensaries</li><li>Any business or activity related to recreational marijuana use, including the growing, selling or supplying of marijuana, even if legally permitted under state or local law</li><li>Business engaged in any type of internet gambling</li></ul>

Restrictions (Overlays) Not Eligible For Purchase
Investment Properties
Ineligible Condominium project types <ul style="list-style-type: none"><li>Any project that is operated as a hotel</li><li>Timeshare or segmented ownership projects</li><li>Projects that permit an owner to hold title to more than one unit under only one deed or mortgage</li><li>Projects with legal non-conforming use of the land if zoning does not allow rebuilding to current density in the event of full or partial destruction</li><li>Houseboat projects</li><li>Projects consisting of manufactured housing</li><li>Cooperatives</li></ul>
Judgements, Tax Liens, Collections, Charge-Offs or Repossessions' must be paid in full for manual underwriting
Land Contract – Cash Out
Non-occupying Borrowers
Non-Warrantable Condominiums
PACE program in 1st lien position
Partnerships and/or Corporations
Private transfer fee covenants
Properties: <ul style="list-style-type: none"><li>Manufactured Homes</li><li>Mobile Homes</li><li>On Frame Modular Homes</li><li>Post Frame (pole barns, barndominiums) Homes</li></ul>
Reduced Private Mortgage Insurance
Rural Properties <ul style="list-style-type: none"><li>Greater than 40 acres</li><li>Properties with multiple houses or multiple living units</li><li>Commercial agricultural or land use</li><li>Non-Residential in nature: Working farms, orchards, ranches; Undeveloped land; Land development-type properties; Properties that are not suitable for year-round occupancy regardless of location; and Properties that are not readily accessible by roads that meet local standards, etc.</li></ul>
Second home: Cash Out owned ≤ 6 months
Second Mortgages
Temporary Buy Downs
Third Party Originated Loans



# FHLBank Indianapolis Underwriting Guidelines

FHLBank Indianapolis (FHLBI) will accept any loan that has been underwritten in accordance with an Automated Underwriting System (AUS) with Fannie Mae (DU) or Freddie Mac (LPA) as well as FHLBI's underwriting guidelines contained in Section 6 of the FHLBI's Mortgage Purchase Program Guide, as it may be amended or supplemented from time to time, (MPP Guide), provided that the loan also meets criteria established in the applicable Mortgage Commitment Contract with FHLBI.

## Questions?

Contact Keith Pempek, MPP Account Manager  
(317) 465-0558 | [kpempek@fhlbi.com](mailto:kpempek@fhlbi.com)



8250 Woodfield Crossing Blvd. | Indianapolis, IN | [fhlbi.com](http://fhlbi.com)



# Advantage MPP Underwriting Guidelines Quick Reference

