



# Advantage Mortgage Purchase Program

## GUIDE UPDATE BULLETIN

### **MPP Bulletin 02-25 (effective June 11, 2025)**

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

This Guide Update Bulletin is issued to highlight the MPP fraud detection requirements, clarify expectations related to sub-servicing, as well as remittance reporting and amortization of principal and interest payments after a principal curtailment. Guide changes are identified below in red.

Section 1.3 is adjusted in part as follows:

#### Section 1.3 Standards, ~~and Regulatory Compliance~~, and Fraud [Detection/Mitigation]

Section 1.3.4 was added to read as follows:

##### Section 1.3.4 FHLBank Indianapolis MPP Fraud Detection and Mitigation Program

FHLBank Indianapolis adheres to processes to minimize exposure to fraud and escalate potential instances of fraud appropriately. In addition to the above, FHLBank Indianapolis requires representations and warranties by the PFIs that ensure loans sold to MPP are not fraudulent. As stated later in the Guide, FHLBank Indianapolis also performs reviews of loans near the time of origination or at the time of an event, such as delinquency. To the extent any loan reviews, inquiries, or general items are deemed suspicious, MPP escalates the issue to FHLBank Indianapolis' Compliance team for further evaluation.

Section 2.2.1.2 is adjusted in part to read as follows:

#### Section 2.2.1.2 Other Significant Changes

FHLBank Indianapolis requires written notice of, among other things, and without limitation, the following significant changes relating to the Seller/~~Servicer~~:

9. Any contracting or employment of a subservicer to perform servicing duties for FHLBank Indianapolis loans.

Section 2.2.2 is adjusted to read as follows:

#### Section 2.2.2 Periodic Eligibility Review

The Seller must make available the following documentation as requested by FHLBank Indianapolis:

1. Annually, the Seller must make available its most recent financial statements (if available) to FHLBank Indianapolis, and, if the Seller has a parent corporation, the Seller must also deliver the parent corporation's most recent financial statements.
2. The Seller must make available a report summarizing its overall delinquency statistics for the prior year to FHLBank Indianapolis.
3. The Seller or its assigned Servicer ~~or Subservicer~~ will undergo periodic servicing audits performed by FHLBank Indianapolis' Quality Control Contractor (QCC).
4. The Seller or its assigned Document Custodian will undergo periodic document custodial audits performed by FHLBank Indianapolis' QCC or FHLBank Indianapolis staff.
5. The Seller must provide other documentation as may be necessary to satisfy FHLBank Indianapolis that the Seller meets, and will continue to meet, the eligibility requirements of this Guide.
6. If the Seller is selling loans and retaining the servicing rights and is utilizing a subservicer to perform servicing duties for FHLBank Indianapolis mortgage loans, although the Seller/Servicer is still the servicer of record and is still responsible for all applicable reps and warrants, the Seller/Servicer must perform its own periodic review of the subservicer to determine appropriate servicing performance.

Section 8.1 is adjusted in part to read as follows:

#### Section 8.1 Limitations and Restrictions

In addition to the Servicer Approval Guidelines provided in this section ([Section 8](#)), the following limitation is highlighted:

- FHLBank Indianapolis is not obligated to approve a servicer or a transfer of servicing.
- If a servicer is using a sub-servicer to perform servicing duties for FHLBank Indianapolis mortgage loans, FHLBank Indianapolis may require the servicer to have direct access to the sub-servicer's servicing platform for loan monitoring purposes.

Section 9 is edited in part to read as follows:

#### Section 9 Remittance Schedule and Application

Each month the servicer must collect and apply borrowers' payments to the mortgage loans. Full principal and interest payments are required to roll the due date forward. The loan must be current in order to apply a principal curtailment. Therefore, the principal and interest for the current month's payment must be applied prior to the application of any additional curtailment to the principal.

Section 10.2.9.1 is adjusted to read as follows:

#### Section 10.2.9.1 Modifications Due to Curtailments

1. In the event of a curtailment, the Servicer may find it necessary to recast the existing P&I to accommodate a mortgagor request. A recast may be allowed if there are no changes to the original terms of the loan and the UPB would be reduced by \$10,000 or more.
2. To recast the P&I, the Servicer must request a recast authorization from FHLBank Indianapolis in writing. The request must include the amount of the principal curtailment and the new P&I amount. Once the request is received by FHLBank Indianapolis, it will be reviewed, and a written response is issued for approval or denial by FHLBank Indianapolis.
3. To qualify for a modification due to a curtailment, the loan must be current, and no other modifications are permitted that would change the applicable mortgage interest rate, defer, or forgive the payment of any principal or interest, reduce the outstanding principal balance (except for actual payments of principal), or extend the final maturity date.
4. For loans modified after sale to FHLBank Indianapolis, the effective date of the first modified payment must be at least one month after the first payment following the loan sale.
5. Once the loan modification is complete, the Servicer must provide a copy of the executed modification agreement to FHLBank Indianapolis and the Master Servicer.

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*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 02-24" indicates the second Informational Bulletin issued in 2024.*

*Please retain these bulletins with your MPP Guide for easy reference. Bulletins can also be found posted on the **MPP Guide and Other Resources** page on [www.fhlbi.com](http://www.fhlbi.com).*