



Advantage MPP

Guide Update Bulletin

FHLBank Indianapolis releases updated MPP Guide

MPP Bulletin 03-24

Effective Aug. 1, 2024

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

The revised Mortgage Purchase Program Guide (MPP Guide) from Federal Home Loan Bank of Indianapolis (FHLBank Indianapolis) is now available on our website. [Click here](#) to view the new MPP Guide. The revised MPP Guide is effective for Mandatory Delivery Contracts issued on or after Aug. 1, 2024.

The new MPP Guide also incorporates all outstanding bulletin updates through Guide Update Bulletin 03-24.

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

1.5 Glossary

Alternative Appraisal Waiver

The requirement for a traditional in-person appraisal is waived when purchasing or refinancing a home. Alternative methods are used to determine the property's value. This is determined by Fannie Mae or Freddie Mac during the origination process and provided in the Automated Underwriting Report (AUS) report.

Automated Collateral Evaluation (ACE)

Freddie Mac's appraisal waiver program.

Post Frame Home

A barnstyle frame structure, often with sheet metal siding and roofing that has interior framing finished as a complete living space to serve as a home. Sometimes referred to as a barndominium, a barndo, post and beam, a shouse, or a pole barn home.

Property Inspection Waiver (PIW)

The requirement for a traditional in-person appraisal is waived when purchasing or refinancing a home. Alternative methods are used to determine the property's value. This is determined by Fannie Mae or Freddie Mac during the origination process and provided in the Automated Underwriting System (AUS) report.

Value Acceptance

Fannie Mae's appraisal waiver program.

6. FHLBank Indianapolis Underwriting Guidelines

Section 6 FHLBank Indianapolis Eligibility Matrix has been updated to conditionally include eligibility of Fannie Mae's HomeReady and Freddie Mac's Home Possible qualified loans.

FHLBank Indianapolis will accept HomeReady and Home Possible qualified loans subject to the following limits:

- Minimum Credit Score requirement is 680.
- Maximum LTV/CLTV/HCLTV is 95% for 1-2 units and 75% for 3-4 units.

FHLBank Indianapolis Eligibility Matrix				
Fixed Rate, First Lien Only	Minimum Credit Score 680		Maximum DTI 43	
Transaction Type 5- to30-year terms	Number of Units	Maximum LTV/CLTV/HCLTV	Credit Score/LTV	Minimum Reserves
Home Possible/Home Ready - Primary Residence				
Purchase Limited Cash-Out Refinance*	1 Unit	95/95/95	680	3% for LTV/CLTV/HCLTV > 80%
	2 Unit	95/95/95	680	3% for LTV/CLTV/HCLTV > 80%
	3-4 Unit	75/75/75	680	3% for LTV/CLTV/HCLTV > 80%

6.1 Limitations and Restrictions

Section 6.1 has been updated to add a restriction for Community Land Trusts.

- Add Community Land Trust to Restrictions/Overlay

Section 6.1 has been updated to remove the restriction for Appraisal alternatives or a Property Inspection Waiver (PIW), Post Frame Homes (Barndominium).

- Remove Appraisal alternatives or a Property Inspection Waiver (PIW) from Restrictions
- Remove Post Frame Homes from Restrictions
Properties:
 - Appraisal condition rating C5 or C6
 - Manufactured Homes
 - Mobile Homes
 - On Frame Modular Homes
 - ~~Post Frame Homes (pole barn, barndominium)~~
- Add Alternative Appraisals to Limitations
 - Fannie Mae and Freddie Mac Alternative Appraisal Products (appraisal waiver programs) are acceptable for Purchase and Limited Cash Out refinances with a maximum LTV of 70%.

6.2.1.3 Loan Purpose

Section 6.2.1.3 has been updated to add Texas Cash Out refinancing with AUS approval.

Cash Out Refinances

- Follow Fannie Mae/Freddie Mac underwriting Guidelines.
- Texas Equity Section 50(a)(6) Refinance eligible with AUS approval

Section 6.2.2 Property Eligibility

Follow Fannie Mae/Freddie Mac guidelines for Condominium Projects, Site Condominiums, Planned Unit Developments as well as Modular or Prefabricated Homes and Post Frame homes.

Section 6.2.2.5 Post Frame Homes

Post Frame Homes are eligible for delivery conditional upon:

- The subject property must meet all requirements, including the appraisal, for delivery to Fannie Mae or Freddie Mac.
- The subject property must have been purpose built as a home. Barn conversions are not eligible.
- A full appraisal is required. Not eligible for appraisal waiver programs.
- The loan must be marked in LAS by stating "Post Frame" in Special Feature Code 6.

6.3.3 Credit Assessment

Section 6.3.3 has been updated to allow co-borrowers with no credit scores.

Credit Scores

1. Borrower Credit Score Requirements:
 - a. Primary borrower must have a valid credit score.
 - b. At least two valid scores should be obtained for primary borrower.
 - c. Primary borrower must meet a minimum credit score requirement of 680.
 - d. Co-borrower is not required to have a credit score.
2. Credit scores may be obtained from the following major credit bureaus:
 - a. Equifax BEACON
 - b. Trans Union EMPIRICA
 - c. Experian/Fair Isaac (FICO)

Section 6.4.3 Appraisal Reports

Section 6.4.3 has been updated to include additional property reports such as Fannie Mae's Value Acceptance or Freddie Mac's Automated Collateral Evaluation (ACE) with a maximum LTV of 70%.

Section 6.4.3 Appraisal Reports has been adjusted as follows:

~~The appraisal should include all of the following:~~

- ~~1. Photos of subject property, street scene, and comparables~~
- ~~2. Review appraisal (if available)~~
- ~~3. All addenda and explanations~~

~~4. FHLBank Indianapolis will not accept Property Inspection Waivers (PIW).~~

Follow Fannie Mae or Freddie Mac appraisal guidelines.

If using an appraisal waiver program as provided by Desktop Underwriter (DU) or Loan Product Advisor (LPA) the following restrictions apply:

- Purchase or Limited Cash Out Refinances maximum LTV 70%.
- Cash Out Refinance is not eligible.
- As to the value, all Reps & Warrants provided by Seller remain in place.
- Appraisal Type in LAS must be marked as one of the following:
 - PropertyInspectionAlternative
 - ValueAcceptance
 - AutomatedCollateralEvaluation

The existing appraisal grid in section 6.4.3. is being removed.

Appendix A: Document Custodian Manual

1.3 Certification Process

Appendix A: Section 1.3 has been updated to remove the title policy requirement in the document custodian file.

Initial Certification

The Custody File must contain the following documents, all of which must be delivered to the Document Custodian at least one business day prior to the applicable Settlement Date for a particular MDC:

1. **Note.** With respect to a Note in Physical Form, the original Note bearing a complete chain of endorsements from the originator to Seller and further endorsed “pay to the order of _____, without recourse” and the blank line in the endorsement should remain blank (no name filled in). The endorsement should be signed below on behalf of the Seller by an authorized representative (authorized by the Seller’s corporate resolution) signed by an individual authorized by a corporate resolution in the name of the Seller. With respect to an eNote, an electronic copy of the eNote and designations in this eRegistry reflecting:
 - a. The document custodian as “Location” (signifying the location of the Authoritative Copy)
 - b. The Federal Home Loan Bank of Indianapolis (Org ID 1001347) as “Controller.”
 - c. The document custodian as the “Delegatee for Transfers”

The eNote shall contain a tamper evident seal, a physical representation of an electronic signature present and the borrower’s name shall be typed below the electronic signature.

2. **Security Instrument.** A copy of the Security instrument, signed by the mortgagor, that was recorded or sent for recording.
3. **Assignments.** Copies of any interim Assignments of the Security Instrument that were recorded or sent for recording, as applicable, such as when the Seller did not originate the Mortgage or if the Mortgage has been assigned to MERS, and an original Assignment of the Security Instrument to Federal Home Loan Bank of Indianapolis in recordable form but unrecorded (not required for mortgages on MERS). The Assignment of Security Instrument must be to Federal Home Loan Bank of Indianapolis and must not include a recitation that the assignment of the mortgage or lien is “without

recourse.” In general, recordable form is whatever form the local recorder’s office requires. If state law does not specifically address the information required for recording, the following information should be included in the Assignment of the Security Instrument:

- a. Date of Execution
 - b. Lender Name
 - c. Borrower Name
 - d. Legal description of the property
 - e. Recording information related to the Security Instrument such as the deed book and page number or the instrument number.
 - f. Original mortgage amount
 - g. Date of the mortgage
 - h. Authorized signature (must be on Corporate Resolution)
 - i. Appropriate notarization
4. The originals of any assumption, modification, consolidation, subordination, or extension agreements, with evidence of recording thereon, or copies thereof certified by Seller, if any.
 5. A copy of the Power of Attorney (POA) that was sent for recording, as applicable, such as if an attorney-in-fact signed the mortgage note on a borrower’s behalf.
 - ~~6. The original or copy of the mortgagee title insurance policy or a copy of the preliminary title commitment showing the policy number or preliminary attorney’s opinion of title.~~

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.*