

# Downpayment Plus® Program

## Federal Home Loan Bank of Chicago (FHLBC) Member Responsibilities

### 1. Qualifying the borrower

- a. Determine the borrower's income-eligibility in order to reserve funds and recheck eligibility prior to disbursing funds after receiving income verification.
- b. Ensure the borrower completes a homeownership counseling program prior to the closing.
- c. Ensure the borrower makes their required \$750 equity contribution.

### 2. Funding the grant

- a. Review a draft of the settlement statement to ensure the entire grant is used for eligible purposes and cash back to the borrower at closing does not exceed \$250. Any cash back exceeding such an amount must be used as a credit to reduce the principal of the mortgage loan or as a credit toward the household's monthly payments on the mortgage loan. The grant amount will be reduced by any ineligible cash to the borrower at closing.
- b. Disburse grant funds at closing to the borrower.
- c. Forward the required documentation to the administrator for reimbursement by FHLBC.
- d. Ensure that the home is subject to a legally enforceable deed restriction meeting the Downpayment Plus (DPP®) requirements.

### 3. Monitoring changes during the 5 year retention period

- a. Notify the FHLBC if any sale, refinancing or change in ownership of the home occurs prior to the end of the retention period, and
  - 1) In the case of a sale, repay to the FHLBC a pro rata share of the subsidy, reduced for every month the borrower owned the home, from any net gain on sale, unless the new purchaser is a low or moderate income household. Evidence that the purchaser is a low or moderate income household should be submitted to the FHLBC for review prior to releasing the DPP lien.
  - 2) In the case of a refinancing, repay to the FHLBC a pro rata share of the subsidy, reduced for every month the borrower owned the home, from any net gain realized upon the refinancing, unless the unit continues to be subject to a retention agreement.
  - 3) In the case of foreclosure, the obligation to repay any subsidy is terminated, after the foreclosure has occurred.

### 4. Calculating repayments

- a. Information on how to calculate net gain and options in the event of refinancing can be found in the DPP Questions and Answers and on the Repayment Worksheet located on the FHLBC Website at [www.fhlbc.com](http://www.fhlbc.com). Click on Community Investment, Housing Programs (on the left menu bar), Downpayment Plus Program. A Repayment Calculator is also available on the website to assist you in calculating the repayment amount. The repayment calculator can be accessed from the Repayment of Subsidy page on the Downpayment Plus drop down menu list or by going directly to [http://ci.fhlbc.com/ci/hp\\_repaymentcalc.asp](http://ci.fhlbc.com/ci/hp_repaymentcalc.asp).

### 5. Keeping records

- a. Maintain copies of grant documentation even if you no longer hold the first mortgage or are no longer a member of the FHLBC.
- b. Release the lien after the five year retention period is complete.