

DOWNPAYMENT PLUS®
PROCEDURAL STEPS
2010

Part 1 – Annual Member Enrollment

- Members of the Federal Home Loan Bank of Chicago (FHLB) will be notified by the Illinois League of Financial Institutions (ILFI), sent an invitation and encouraged to participate in the Downpayment Plus® and Downpayment Plus Advantage® programs.
- The member will complete the Affordable Housing Program (AHP) Agreement for the Downpayment Plus program, and send it to ILFI with the annual participation fee of \$100. Checks should be made payable to the Illinois League of Financial Institutions.

NOTES: The AHP Agreement must be signed by an officer who is authorized by the institution's board of directors to sign the Agreement. Institutions that were participants in any of the previous FHLB of Chicago Downpayment Plus programs are not exempt from this requirement. The \$100 annual participation fee is reimbursement to ILFI for costs associated with this program. Payment of the fee does not guarantee that the member's subsequent request(s) for funds will be approved. Funds are limited and will be provided on a first-come, first-served basis.

- On receipt of the signed AHP Agreement ILFI will review the document and forward it to the FHLB of Chicago with the recommendation that the member be accepted into the program within 10 day work period.
- ILFI will acknowledge receipt of the AHP Agreement by e-mail or fax to the member institution, at which time the member may begin marketing and reserving Downpayment Plus and Downpayment Plus Advantage funds.

Part 2 – Reservation of Grant Funds for Member Lenders (first-come, first-served)

- A member who has identified a potential DPP® or DPP Advantage® program home buyer will log on to the website (www.ahpillinois.org), complete the **Grant Disbursement Reservation Form** and transmit it to ILFI electronically. The member also will print the completed form, sign it and fax, email or mail the signed copy to ILFI. Prior to ILFI's processing of the reservation request, the member also is to send to ILFI a **Beneficiary Income Questionnaire** for all household members age 18 and older, **income verifications**, **Income Calculation Worksheet** (income-related documents), **Household size checklist** and **copy of loan application**. If a member doesn't have web access, paper copies of the required documents will be provided by ILFI.

NOTE: The home buyer must have an executed purchase contract before the member can reserve funds on-line.

- Upon receipt of the Reservation Form and income-related documents, ILFI will log in the request, review the documents and process the request, determine whether funds are available, acknowledge receipt and, if appropriate, approve the request by e-mail or fax within 5 working days. ILFI will send emails requesting any necessary information to complete the approval procedure. ILFI will process reservations in closing date order.

- ILFI will note a follow-up date on the program calendar for monitoring purposes. ILFI may cancel reservations for loans that have not closed within ninety (90) days, unless extended by ILFI. ILFI will send a 90 Day Notice prior to the two weeks of the 90 day expiration date.
- ILFI will transfer the reservation to the program database for use in disbursement, tracking, monitoring and reporting to FHLB of Chicago.

Part 3 – Income Calculations

- ILFI will ensure receipt of the verifications of income from the member--Verification of Employment, 3 recent and consecutive pay stubs, borrower's Federal Income Tax Returns for the past 2 years and current Income Statement (only if self-employed or borrower has a ITIN rather than a social security #) and evidence of other income such as child support and/or SSI. **Verifications of income for all household members 18 years of age or older from all sources must be faxed, emailed or mailed to ILFI before ILFI will process the reservation request. A DPP Beneficiary Income Questionnaire must be completed for each household member 18 years of age or older. The Questionnaire(s), Household Size checklist and an Income Calculation Worksheet must be sent to ILFI with the verifications of income.** Members must use the FHLB of Chicago's income standards in determining the household's income eligibility.
- ILFI will review the member's income calculation to confirm borrower eligibility for program funds and record the verification in the database within 10 working days. (Completing this step before closing insures that errors in the income calculation will be discovered before closing).

Part 4 – Receipt of Certificate of Borrower Eligibility and Disbursement Request Form, Closed Loan Documents and \$150 Processing Fee from Member (documents to be received within 15 days from date of loan closing).

- Prior to the loan closing, the member will go on-line and complete the **Certificate of Borrower Eligibility and Disbursement Request Form** and submit it electronically to ILFI. The member also will print the Certificate and send it to the loan closing where it is to be signed by the borrower(s) and loan officer. The Certificate and all other required closing documents are to be sent to ILFI within 15 days of the loan closing.
- ILFI will review the Certificate of Borrower Eligibility and Disbursement Request Form and all accompanying documents for completeness and accuracy. Required closing documents to be sent to ILFI after the closing include:

Checks should be made payable to the Illinois League of Financial Institutions. for the \$150 reservation fee.

*These DPP forms and documents may be downloaded and printed from ILFI's web site (www.ilfi.org/downpayment_plus/index.htm).

>**Certificate of Borrower Eligibility and Disbursement Request Form** (this document must be completed on-line)

>**HUD-1 Settlement Statement, the new 2010 HUD-1**

>**Executed Downpayment Plus® Promissory Note, Promissory Note Rider and Mortgage for non-FHA loan*** (copies of the Note, Rider and Mortgage must be certified as being true and exact copies of the originals)

>**FHA only--Mortgage Retention and Subordination Agreement** (must be certified as being true and exact copy of the original)

>**Home Buyer Counseling Checklist***

>**Homebuyer Counseling Certification Form***

>**Co-signer's Statement** (if needed)*

>**Evidence of Disbursement (DPP Advantage grants only)**

>**\$150 Processing Fee** (This fee cannot be passed on to the borrower.) No fee is due in connection with DPP Advantage grants.

- ILFI will review and file all documents.
- ILFI will send memorandum to the loan officer requesting any correction necessary within 10 working days of receiving the closing documents.
- ILFI will forward the Certificate of Borrower Eligibility and Disbursement Request Form and Settlement Statement to the FHLB of Chicago when complete.
- Upon receipt, the FHLB of Chicago will review the documents and reimburse the member by making a deposit in the amount of the grant in the member's Daily Investment Deposit (DID) account. FHLB of Chicago will send a memorandum to the member confirming the deposit has been made. FHLB of Chicago will send a list of all reimbursements made to ILFI.

NOTES:

The FHLB of Chicago requires that institutions providing mortgage financing to eligible borrowers in conjunction with Downpayment Plus program must provide financial or other incentives in connection with such mortgage financing. Payment to the ILFI of the \$100. enrollment fee and/or \$150. processing fee cannot be passed on to the borrower and as such can be considered as incentives meeting this requirement. (The \$150 fee is waived in conjunction with DPP Advantage™ grants.)

Cash Back to Household – A member may provide cash back to a household at closing on the mortgage loan in an amount not exceeding \$250. The member shall use any DPP subsidy exceeding such amount that is beyond what is needed at closing for closing costs and the approved mortgage amount 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.

Borrower Contribution – Borrowers are required to contribute \$750 of their own funds toward the purchase of the home. The \$750 contribution must occur prior to or at closing. Members risk not receiving reimbursement if the \$750 contribution is not met, or is met after closing. With respect to the DPP Advantage® program, the sweat equity contributed by the home buyer satisfies the homebuyer contribution requirement. A DPP Advantage® grant recipient is not required to make a \$750 cash contribution to be eligible for a grant.

At the loan closing the member disburses its own funds to the borrower. This disbursement must be shown on the HUD-1 as “Downpayment Plus Grant” or “DPP Grant”. Funds must be disbursed by the member to the home buyer within 90 days of receipt of the grant reservation form.

In connection with DPP Advantage grants, the ILFI will send to the FHLB of Chicago the following documents: Certificate of Borrower Eligibility and Disbursement Request Form, Beneficiary Income Questionnaire(s), verifications of income, income calculation worksheet, Homebuyer Counseling Checklist, Homebuyer Counseling Certification Form, Promissory Note, Promissory Note Rider, Junior Mortgage, Settlement Statement, loan application and evidence of disbursement.

“Downpayment Plus”, “DPP”, “Downpayment Plus Advantage” and “DPP Advantage” are registered trademarks of the Federal Home Loan Bank of Chicago.