

DOWNPAYMENT PLUS®
PROCEDURAL STEPS
2011

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 along with the Contact Person Form, and send it to ILFI with the annual participation fee of \$100. Checks should be made payable to the Illinois League of Financial Institutions.
- If a member does FHA loans, they must complete the Amendment to the DPP Agreement form when mailing in their agreement.

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.
- 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 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 Summary** 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 **after getting FHLB of Chicago's approval** . ILFI will send emails requesting any necessary information to complete the approval procedure. ILFI will process reservation 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. If a grant is cancelled for any reason, the \$50 non-refundable reservation fee will need to be paid immediately so it will not hold up any future reservations. 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) and evidence of other income such as child support and/or SSI. Child support should be shown by the court order, statement from court showing payment. SSI will be verified by the current year statement borrower has received. **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), an Income Calculation Worksheet, Household Summary and copy of Loan Application 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. (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 \$175 Combined Fees (\$50 non-refundable reservation fee and \$125 Closed Loan Fee) from Member (documents to be received within 14 days from date of loan closing). The combined fees for Advantage grant will be \$125 (\$50 non-refundable reservation fee and \$75 closed Loan Fee).

- 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 14 days of the loan closing.
- The grant fee schedule has been changed. There is a **\$50 non-refundable reservation fee** and a **\$125 closed loan fee**. We are waiving the issue of the prepaid reservation fee, we will wait until you send in the closing documents. The **\$175** check must be sent along with the closing documents. The reservation fee of \$50 is non refundable. If a grant is reserved, reviewed then cancelled you must pay the \$50 reservation fee as soon as possible so it will not delay any future grants. Just a reminder, you may not pass these fees through to the homebuyer.

- The grant fee for the Advantage grant will be will be a **\$50 non-refundable reservation fee and a \$75 closed loan fee** this year compared to \$0 in previous years. We are waiving the issue of the prepaid reservation fee, we will wait until you send in the closing documents. The **\$125** check must be sent along with the closing documents. If an Advantage grant reservation is made and ILFI reviews the reservation but it is cancelled for any reason, the **\$50** reservation fee must be paid as soon as possible so it will not interfere with future reservations. Unlike the DPP fee, **you may pass this fee through to the homebuyer.**
- 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:

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

>HUD-1 Settlement Statement

>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)

>Disclosure Statement signed by the borrowers.

>For DPP, \$175 Combined Fees - \$50 reservation fee and \$125 closed loan fee. (This fee cannot be passed on to the borrower.)

>For Advantage, \$125 Combined Fees - \$50 reservation fee and \$75 closed loan fee for the DPP Advantage grants. (This fee can be passed on to the borrower.)

Checks should be made payable to the Illinois League of Financial Institutions.

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

- ILFI will review and file all documents.
- ILFI will forward the Certificate of Borrower Eligibility and Disbursement Request Form and Settlement Statement to the FHLB of Chicago along with the Date Info sheet.
- 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 \$175. combined fees (\$50 reservation and \$125 closed loan fee) for the DPP grant cannot be passed on to the borrower and as such can be considered as incentives meeting this requirement.

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 \$1000 of their own funds toward the purchase of the home. The \$1000 contribution must occur prior to or at closing. Members risk not receiving reimbursement if the \$1000 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 \$1000 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, Disclosure statement and evidence of disbursement. The combined fees of \$125 (\$50 reservation fee and \$75 closed loan fee) should be sent with the closing documents.

The \$125 combined fees (\$50 reservation fee and \$75 closed loan fee) for the Advantage grant may be passed on to the borrowers.

The Advantage disbursement must be shown on the HUD-1 as “Downpayment Plus Advantage Grant” or “DPP Advantage Grant.”

