



FHLBank
Chicago

2024 Downpayment Plus Programs®

COMMUNITY INVESTMENT & DIVERSITY, EQUITY & INCLUSION

Presenters



Karen Liu-Yates

Sr. Community Investment Programs Specialist

kyates@fhlbc.com 312.552.1259



Angela Ashlaw

Sr. Community Investment Operations Specialist

aashlaw@fhlbc.com 312.565.5328



Resources & Questions

- Consult the [DPP Program Guide](#) for program information
- Given the large number of participants today, please:
 - Use the GoToWebinar **questions feature** to ask a question
 - Send any **follow-up questions** to dpp@fhlbc.com

Funding for FHLBank Chicago DPP Programs

In 2023:

DPP®

\$42M allocated

(35% plus additional funding)

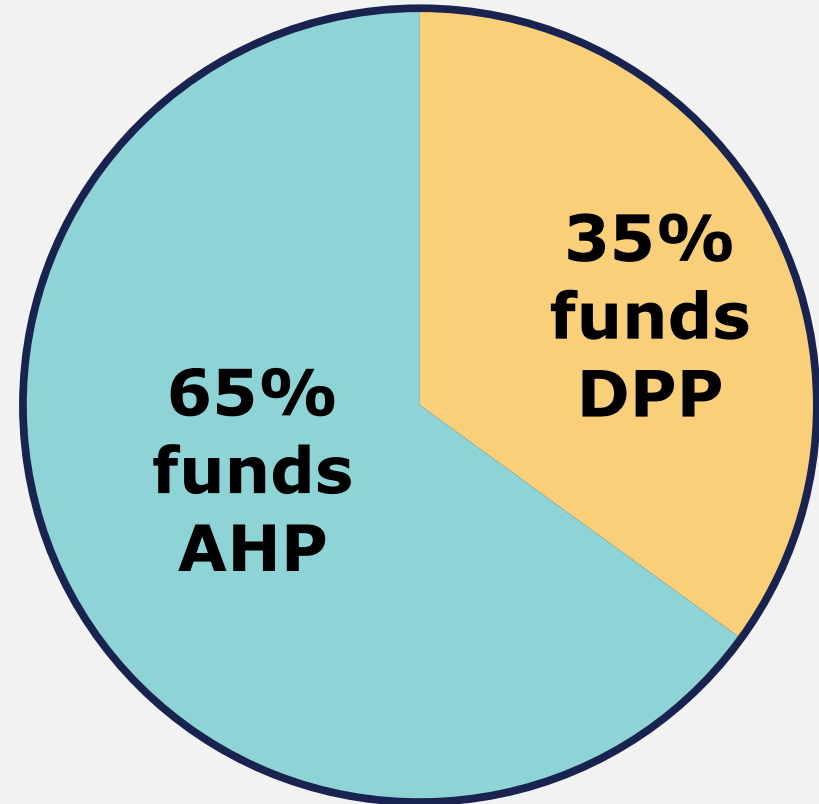
3,000+ grant reservations

AHP

\$33M allocation

44 awarded projects

10%
of prior year's net
earnings



Downpayment Plus Programs

- Forgivable grants of up to **\$10,000** per homebuyer with income at or below **80% AMI**
- **Two Programs available:**

Downpayment Plus[®] (DPP[®])

FHLBank Chicago
member institution
originates and/or funds
the first mortgage

Downpayment Plus Advantage[®] (DPP Advantage[®])

Non-profit organization
funds the first mortgage;
FHLBank Chicago member
submits grant reservation

2024 PROGRAM OVERVIEW

2024 Program Overview

- **Program opens January 16, 2024**
- **Maximum grant** is lesser of **\$10,000** or **25%** of the first mortgage amount. Minimum **\$1,000** net homebuyer contribution
 - DPP Advantage[®] : No homebuyer contribution required
- Reservations **first-come, first-served**, up to **\$700,000** per member
- **Grants are forgiven 1/60th per month over 5 years**, and secured with a **recorded retention agreement**
- Assisted **homebuyers may purchase a property in any state where the member does business**, as long as the member is originating or funding the first mortgage





Income Guidelines

- Household must have a projected annual income **at or below 80% of the area median**, as determined by HUD and [published on our website](#)
- Household income includes income of **each household member 18 years or older**, with an exception for students who are not heads of households
- [Income Calculation Guidelines](#) and [workbook](#) are published on www.fhlbc.com and linked through the [DPP Program Guide](#)

Homebuyer Contribution

- **\$1,000** minimum for DPP®; no contribution requirement for DPP Advantage®
- Gross contribution **minus** any cash back at closing
 - Must be homebuyer's **own resources**; gifts or other DPA grants do not qualify
 - May be **assets held jointly** with another householder
 - May be in the form of earnest money, cash paid by the borrower at closing, or costs related to the transaction paid outside of closing.
 - **Cash back at closing cannot exceed \$250**
 - Any cash back to the homebuyer is subtracted from the homebuyer contribution amount. **If the cash back reduces the borrower's contribution to less than \$1,000, the DPP grant cannot be reimbursed.**

Pre-Purchase Education & Counseling

Homebuyer Education

May be with any HUD-Approved counseling agency or an FHLBank Chicago Approved Online Provider:

- **eHome America, Framework, Fannie Mae HomeView, and now accepting Freddie Mac CreditSmart Homebuyer U**

HUD-Approved Homebuyer Counseling

Counseling can be face-to-face, telephonic, or videoconference counseling from a HUD-approved counseling partner.

\$500 of the DPP grant may be applied toward the costs associated with meeting these requirements.

Check out our awarded [HCRP HUD-Approved housing counseling agencies](#) if you're looking for new housing counseling agencies to partner with!



Member Testimonials of Housing Counseling Partnerships



<https://www.fhlbc.com/community-investment/community-first-programs/community-first-housing-counseling-resource-program>

Property Requirements

- Reservations are **per household and per property**.
- An appraisal **is required** for:
 - Related-party transactions and member REO properties
 - Sales price may not exceed the appraised value
- An appraisal **may be required** for:
 - 2-unit properties, to assess market value of rents
 - FHLBank Chicago will apply 75% of the anticipated rent of the second unit toward household income calculation

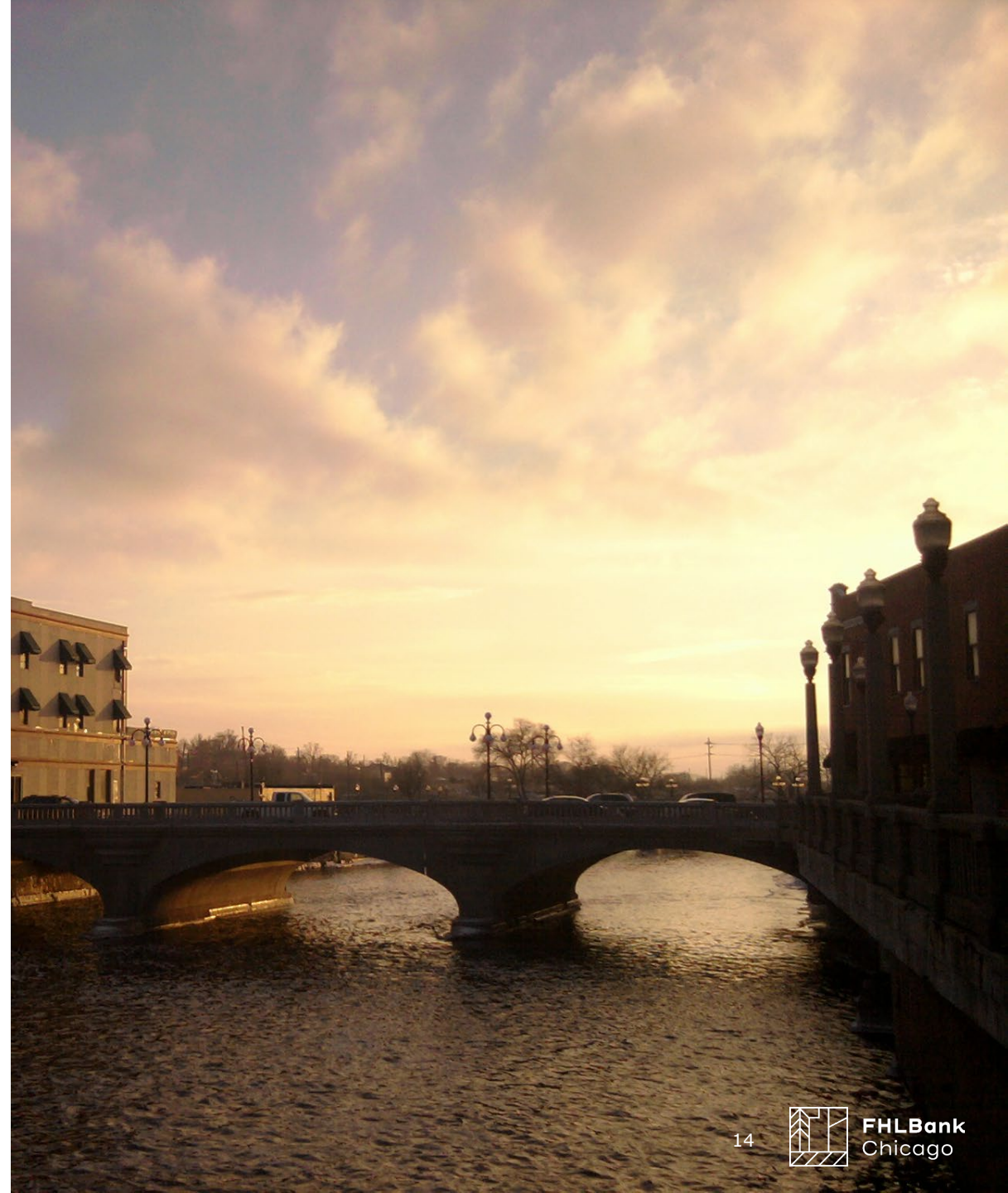


Homebuyer Requirements

- FHLBank Chicago largely defers to member institutions for underwriting; **no minimum credit score or DTI**
 - Total debt-to-income ratios **exceeding 45%** require explanatory statement regarding household affordability
 - AUS verification is acceptable
- No co-signors, guarantors, or other non-occupying co-borrowers

Eligible Uses of Grant Funds

- **Down payment and closing costs**
- **Escrow reserves** deposited with lender
- **Interest rate write-down on mortgage**
- **Eligible rehabilitation costs**
 - Independent property inspection report
 - [Scope of Work and Certification Form](#)
- Up to \$500 for homebuyer **education and counseling**
- Excess funds, if any, must be applied to principal



Eligible Mortgage Products

Types of First Mortgages

- Portfolio
- Rural Development
- Veterans Administration (VA)
- IHDA, WHEDA, or other federal, state, or local housing programs
- Federal Housing Administration (FHA)
- DPP grants may be used with first mortgages sold to MPF, FNMA, or FHLMC, if retention agreement is acceptable
- HUD Section 184

Purpose of Financing

- Purchase
- Purchase/Construction
- Purchase/Rehabilitation
- **Refinance is ineligible**

Amortization and Term

- Conventional fixed-rate
- ARM with minimum term and initial rate lock of five years
- Balloon with min. 5-year term
- **Interest-only is ineligible**



KEY CHANGE FOR 2024

Key Change for 2024

- We now accept **Freddie Mac CreditSmart® Homebuyer U** as an approved online provider for pre-purchase homebuyer education. Pre-purchase homebuyer counseling must still be delivered by a HUD-approved housing counseling agency.
 - **Education:**
 - OPTION 1:** HUD-approved counseling agency
 - OPTION 2:** FHLBank Chicago approved online provider (Framework, eHome America, Fannie Mae HomeView™, Freddie Mac CreditSmart®)
 - **Counseling:** HUD-approved counseling agency





ROLES & RESPONSIBILITIES



Borrower Roles & Responsibilities

- **Apply for first mortgage** financing with participating FHLBank Chicago **member**
- Provide **executed purchase contract** for the property
- Provide **evidence of household income**
- **Complete homebuyer education and counseling** with an approved partner
- Contribute **≥ \$1,000 (net)** to the purchase transaction



Member Roles & Responsibilities

- Complete the [Annual Certification form](#)
- **Verify household income** of borrower(s)
- **Make grant reservation**
- Ensure **homebuyer education and counseling** requirement is met
- Calculate **≥ \$1,000** net contribution
- Ensure borrower does not receive **more than \$250 cash back at closing**
- **Disburse** grant funds at closing
- Oversee **repayments** and **release of recorded retention agreement**

Grant Reservation Process

- Initiate reservation via **DPP Online**
- **Reservation Documents** (see [Reservation Document checklist](#))
 - Purchase contract and 1st mortgage loan application
 - [Income Calculation Workbook](#) and income documentation
 - Household Member Questionnaire for each household member 18 years of age and older
- Complete reservation within **30 days** or it will **expire**
- Allow **two weeks** for FHLBank Chicago **approval**
- **Transaction must close within 90 days of approval**

Closing & Disbursement

- Closing package must be uploaded within **14 days** after closing, and must include:
 1. Closing Disclosure (most recent)
 2. Certificate of Borrower Eligibility and Disbursement Request Form (signed)
 3. [Retention Agreement](#)
 4. Homebuyer Education and Counseling Certificate of Completion
 5. If borrower DTI is above 45%, AUS approval or underwriter's explanation of affordability
- **Allow up to four weeks from closing package upload to disbursement**



Timeline Management

- Reservations automatically expire in **30 days** if required data and documents are **not submitted** via DPP Online.
- Once the DPP reservation is approved the member has **90 days to close and submit the closing package**, or the reservation will automatically expire.



DPP Grant Process

RESERVATION

- Initiate reservation via DPP Online
- Complete reservation within **30 days** or it will expire
- Allow **two weeks** for FHLBank Chicago approval

DISBURSEMENT

- Transaction must close within **90 days** of approval
- Closing package must be uploaded within **14 days** after closing
- Allow up to **four weeks** from closing package upload to disbursement

DPP ONLINE NAVIGATION











DPP Online Challenges

- Incomplete household member questionnaires
- Inaccurate income calculation workbooks
- Expired reservations
- Not ensuring $\geq \$1,000$ net contribution and $< \$250$ cash back at closing
- Reserving funds under correct DPP program



DPP Online Recommendations

- Address pending items
- Retain copies of all documents submitted
- Use a different file name or clarifications and resubmission of documents
- Ensure Submit button is clicked

- | | |
|---|--|
|  | Not Visited |
|  | In Progress |
|  | Complete |
|  | Modified by Community Investment Group staff |
|  | Pending Clarification |
|  | Clarification Addressed |
|  | Data Correction |

Program Resources

- [DPP Program Guide](#), including forms, documentation checklists, and [DPP Online step-by-step procedures](#)
- [Income Calculation Guidelines](#), [Income Calculation Workbook](#), and [Income Calculation Workbook Instructions](#)
- [Repayment Guidelines](#) and [calculation worksheet](#)
- Webinars, [video trainings](#), and one-on-one technical assistance
- Customizable [marketing brochures](#)



Marketing Materials



Lower Your Borrowing Costs

Up to \$10,000 available for the purchase of your home



Reduzca los costos de su préstamo

Hasta \$10.000 disponibles para la compra de su vivienda



Réduisez vos coûts d'emprunt

Jusqu'à 10 000 \$ disponibles pour l'achat de votre maison



Obniż koszty kredytu

Do \$10 000 dostępne na zakup własnego domu



Txo Cov Qqi Txais Nyiaj

Muaj txog \$10,000 pab koj yuav lub tsev

Marketing Materials



Downpayment Plus (DPP®) Program For Homebuyers

What is the Downpayment Plus (DPP®) Program?

The Downpayment Plus (DPP®) Program provides up to \$10,000 in down payment and closing cost assistance for income-eligible homebuyers of less than or equal to 80% of HUD area median income (AMI). FHLBank Chicago provides assistance in the form of a forgivable grant paid on behalf of the borrower at the time the borrower closes on first mortgage financing with a participating member financial institution.

How can I qualify for DPP® as a homebuyer?

Homebuyers must meet income eligibility requirements and must:

- Contribute a net minimum of \$1,000 from their own funds toward the purchase transaction
- Complete pre-purchase homebuyer education and counseling
- Live in the home as your primary residence

Contact Information

FHLBank Chicago Community Investment Group

Program Administration, Borrower Eligibility

Phone: 312-565-5824, Option 1

Email: dpp@fhlbc.com

Member Support

DPP Program Enrollment, eBanking, and DPP Online

Phone: 855-345-2244, Option 0

Email: membersupport@fhlbc.com