

2019
Downpayment Plus® Programs
Comprehensive Overview




Community Investment

Program guide, information, and forms available [online](#)

FHLB Chicago | Federal Home Loan Bank of Chicago

Source Funding

DPP is funded annually from a portion of the FHLBank Chicago's previous year's net earnings



FHLBank Chicago Products = FHLBank Chicago Earnings → 10% → DPP and AHP Grants

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Downpayment Plus Programs

- Forgivable grants to assist with down payment and closing costs for households with incomes at or below 80% of the area median income (AMI)
- Two programs available:
 - **Downpayment Plus® (DPP®)**: FHLBank Chicago member originates and/or funds the first mortgage
 - **Downpayment Plus Advantage® (DPP Advantage®)**: Non-profit organization funds the first mortgage

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Downpayment Plus Programs

- DPP Online, accessed via eBanking
- Reservations on a first-come, first-served basis up to \$420,000 per member
- Member originates or funds first mortgage
- Property may be located in any state where the member does business
- **Maximum grant is** the lesser of \$6,000; three times the homebuyer's net contribution; or 25% of the first mortgage amount

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First Mortgages Originated/Funded by Member

Types of First Mortgages	Purpose of Financing
<ul style="list-style-type: none"> • Portfolio • Rural Development • Veterans Administration (VA) • IHDA, WHEDA, or other federal, state, and local housing assistance programs • Federal Housing Administration (FHA) • HUD Section 184 • DPP grants may be used with first mortgages sold to MPF, FNMA, or FHLMC 	<ul style="list-style-type: none"> • Purchase • Purchase/Construction • Purchase/Rehabilitation • <i>Refinance is ineligible</i>
	Amortization and Term
	<ul style="list-style-type: none"> • Conventional fixed-rate • ARM with minimum term and initial rate lock of five years • Balloon with minimum five-year term • <i>Interest-only not permissible</i>

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Homebuyer's Net Contribution

- Homebuyer's gross contribution minus any cash back at closing
- Net contribution must come from the homebuyer's own resources; assets held jointly with other household members are allowed
- Gifts and other downpayment assistance programs do not count



If a member provides a DPP grant that is greater than three times the homebuyer's net contribution, the member will not be fully reimbursed by FHLBank Chicago

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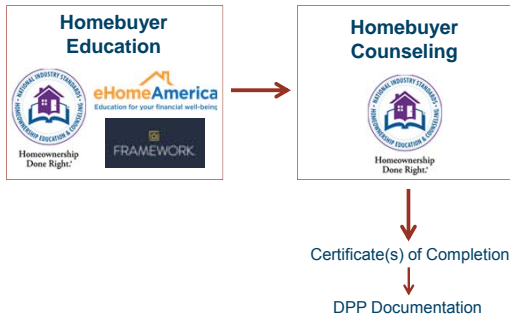
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Key Changes for 2019



- Program opened January 14th
- Repayments will be drafted from the member's Daily Investment Deposit (DID) account
- Pre-Purchase Education and **Counseling** Requirements

Homebuyer Education and Counseling



Eligible Uses

- Down payment and closing cost assistance
- Escrow reserves deposited with the lender
- Up to \$700 for homeownership education and counseling
- Eligible rehabilitation costs in conjunction with a purchase

Using DPP Grants for Rehabilitation

- If DPP funds are used to escrow for rehabilitation an independent property inspection report and [Scope of Work and Certification Form](#) are required
- Grant reimbursement will occur after the rehab work is completed
- Unused escrow funds, if any, must be applied to the mortgage loan principal

Property Requirements

- Reservations are household and property specific
- Two unit building maximum. If purchasing a two unit property, an appraisal with market value of rents may also be required.
- An appraisal is required for related-party transactions and member REO properties; the sales price may not exceed the appraised value.

Borrower Income Requirements

- No co-signors, guarantors, or other non-occupying co-borrowers
- Total debt-to-income ratios exceeding 45% require explanatory statement regarding household affordability
- For self-employed borrowers, full tax returns are required

Income Guidelines

- Household must have a projected annual income at or below 80% of the area median, as determined by the U.S. Department of Housing & Urban Development (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](#).

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Borrower Roles and 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

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Member Roles and Responsibilities

- Verify household income of borrower(s)
- Make grant reservation
- Ensure borrower satisfies homebuyer education and counseling requirement
- Ensure borrower satisfies ≥ \$1,000 net contribution requirement
- Ensure borrower does not receive more than \$250 cash back at closing
- Disburse grant funds at closing of first mortgage

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Member Roles and Responsibilities

- Ensure property is subject to recorded retention agreement
- Submit documentation via DPP Online
- Monitor retention document and release the encumbrance upon completion of retention period

Making a DPP Reservation

- Initiate Reservation via DPP Online
- Reservation Documents (see [Reservation Document checklist](#))
 - Purchase contract and 1st mortgage loan application
 - [Beneficiary Questionnaire](#) for each household member 18 years of age & older
 - [Income Calculation Workbook](#)
 - Income documentation
- Allow two weeks for FHLBank Chicago approval

Closing and Disbursement

- Closing package uploaded within 14 days after closing:
 - Closing Disclosure (most recent)
 - Certificate of Borrower Eligibility and Disbursement Request Form (signed)
 - [Retention Agreement](#)
 - Homebuyer Education and Counseling Certificate(s) of Completion
- Up to four weeks from 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 remaining system-required data and documents. Otherwise, the reservation and disbursement request automatically expire.

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Repayments

- Grants are forgiven on a monthly basis over a five-year retention period
- Forgiveness is based on the number of full months the owner(s) owns the property
- Borrower must repay a *pro rata* portion of the grant from any net gain realized in any of the following circumstances:
 - Borrower sells property prior to end of retention period to a non-income-eligible buyer
 - Borrower refinances mortgage prior to the end of the retention period and retention agreement no longer applies to the property

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Downpayment Plus Advantage®

- Designed for homebuyers receiving first-mortgage financing directly from non-profit organizations, such as Habitat for Humanity and NeighborWorks Organizations (NWOs)
- DPP Advantage grants do not count toward \$420,000 member limit
- Homebuyer contribution not required
- DPP Advantage is not a matching funds program

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DPP Online Challenges

- Incomplete beneficiary questionnaires
- Inaccurate income calculation workbooks
- Expired reservations
- Not ensuring minimum net contribution and/or <\$250 cash back at closing
- Reserving funds under incorrect DPP program

DPP Online Recommendations

- 'Pending' status
- Additional member contacts
- 'Submit' button
- Reservation and Disbursement screen flows
- Determining grant amount at reservation

Benefits of Centralization



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 and one-on-one technical assistance
- [Customizable marketing brochures](#)

DPP® Marketing Resources



Lower Your Borrowing Costs Up to \$6,000 available for the purchase of your home	Reduzca los costos de su préstamo Hasta \$6,000 disponibles para la compra de su vivienda	Réduisez vos coûts d'emprunt Jusqu'à \$6,000 disponibles pour l'achat de votre maison	Obniż koszty kredytu Do \$6,000 dostępne na zakup własnego domu	Txo Cov Qqi Txais Nyiaj Miaj bog \$6,000 pab koj yuav lub tsev
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Contact Information

For questions on Program Requirements, Administration, and Borrower Eligibility:

[DPP Staff and Community Investment Group](#)

Phone: 312-565-5824, Option 1

Email: dpp@fhlbc.com

For questions on DPP Program Enrollment, eBanking, and DPP Online access:

[Member Support](#)

Phone: 855-345-2244, Option 0

Email: membersupport@fhlbc.com
