



## TurnKey Closing Checklist for Members (HSP, HSP+ & HOPE)

### PREPARATION OF CLOSING DISCLOSURE:

- The loan closing date is not prior to reservation approval (status “Reservation Request Eligible”).
- The property address on the Closing Disclosure (CD) matches the property address for which funds were reserved. Contact FHLBank prior to closing if the reservation does not include the correct address.
- All names on the CD were included as household members on the Household Summary tab of the Income Calculation Workbook (ICW) that was submitted with the reservation request.
- The first mortgage loan term is between five and 40 years.
- All mortgage interest rates are at or below the FHLBank maximum interest rates in effect as of the date of closing. FHLBank maximum interest rates are posted on the TurnKey public website.
- Lender fees (fees paid to the member and/or lender) paid by homebuyer, including but not limited to origination fees, document preparation fees, application fees, etc. do not exceed 3% of the loan amount for all mortgage loans associated with the transaction.
- Discount points paid by homebuyer do not exceed 3% of the loan amount for all mortgage loans associated with the transaction.
- The Homebuyer Education fee does not exceed \$500.00. **(HSP & HSP+ Only)**
- The subsidy amount shown on the Closing Disclosure does not exceed the subsidy amount reserved.
- The subsidy amount shown on the Closing Disclosure is not less than \$2,500.00.
- The subsidy amount shown on the Closing Disclosure does not exceed \$15,000.00 for HSP or \$25,000.00 for HSP+. The HOPE maximum will be determined by the member.
- The subsidy is appropriately labeled “HSP Grant”, “HSP+ Grant”, or “HOPE Grant” depending on the subsidy type or labeled similarly demonstrating positive identification of the subsidy. **Do not label the subsidy as “second mortgage” or “gift funds.”**
- The loan terms and loan information sections of the CD (amount, interest rate, term, product, etc.) are filled out completely.
- A processing fee is not being charged by any entity for providing the TurnKey subsidy to the household.
- Payments toward non-housing related expenses (debt collection, credit card payoffs, car loan payoffs, etc.) are not part of the transaction and are not listed anywhere on the Closing Disclosure, regardless of the amount of funds the household and/or other parties contribute to the transaction.
- The household will not receive cash back exceeding \$250.00 at any point in the purchase transaction.
- Non-occupying co-borrowers and co-owners are not part of the transaction. (Non-occupying co-borrowers and non-occupying co-owners are not eligible. Refer to FHLBank Topeka definitions in the TurnKey User Guides).
- A non-occupying co-signer/guarantor’s income was not used to assist in qualifying the household for the home loan. (Co-signer/guarantors as defined by FHLBank Topeka are allowed, however their income may not be used to assist the household in qualifying for the loan. Refer to FHLBank Topeka definitions in the TurnKey User Guides).
- The final CD is signed by all borrowers listed on the CD.
- The front ratio, determined using FHLBank’s qualifying income calculation, does not exceed 38% for HSP & HOPE, or 44% for HSP+.
- The loan to value is not less than 80%. **(HOPE Only)**

- If the loan to value is 80%, a principal reduction was not applied to the loan. **(HOPE Only)**
- If the household currently owns a primary residence, it has been sold, and the purchase agreement was provided to HCD at reservation submission for review. **(HOPE Only)**

#### **HOMEBUYER EDUCATION CERTIFICATE: (HSP & HSP+ ONLY)**

- A homebuyer education course, from an approved provider, was taken by at least one adult household member. Refer to the TurnKey public website or the HSP/HSP+ User Guide for more information regarding approved homebuyer education providers.
- The homebuyer education certificate includes the homebuyer's name(s).
- The homebuyer education certificate is signed by the provider if the course was taken in a face-to-face or classroom setting.
- The date the homebuyer education course was taken appears on the certificate. The course must be completed within the current or previous calendar year of the purchase closing date.

\*Completing the homebuyer education course prior to loan closing is not required but is highly recommended.

#### **FHLBANK REAL ESTATE RETENTION AGREEMENT (RERA):**

- The RERA is the current version available on the TurnKey public website. Always obtain a new RERA for each household from the TurnKey public website.
- The RERA is fully completed including homebuyer signature, printed name and date.
- The RERA is fully completed by the notary and dated the same day as the homebuyer.
- The RERA is recorded. FHLBank recommends recording the RERA immediately following the loan closing.

\*Refer to the RERA Sample on the TurnKey public website for instructions on how to complete the document.

#### **REPAIRS:**

REPAIR DOCUMENTATION SHOULD BE OBTAINED AND REVIEWED BY THE MEMBER PRIOR TO THE LOAN CLOSING. REPAIR DOCUMENTATION IS REQUIRED TO BE PROVIDED AS PART OF THE DISBURSEMENT REQUEST.

If repair expenses are included on the Closing Disclosure, they must be documented by one of the two options below:

#### **Option 1: Escrow**

- Repair expenses are held in escrow and disbursed by the member or closing agent.
  - The funds held in escrow must be shown on the Closing Disclosure.
  - An estimate from the contractor or vendor for the repairs and a detailed list of the repairs must be provided to FHLBank. Printouts of online shopping carts, cash register receipts home inspection reports, appraisal requirements, etc. will not be accepted as estimates. In addition, estimates cannot be prepared or altered by the member or homebuyer.
  - The estimate includes the address of the property in which the repairs are to be made.
  - Copies of the estimates detailing the repairs and cost of the repairs must be provided to FHLBank with the Disbursement Request.
  - Any unused funds must be applied to the new first mortgage as a principal reduction or be held in escrow and applied toward future payments. Documentation showing the principal reduction applied, funds are being held in escrow to be applied to future payments or payments have been applied, must be provided.
  - Under no circumstance can unused escrow funds be issued to the household before, at or after the loan closing in excess of the \$250 cash back guideline.
  - The household may not be reimbursed for repair labor or repair expenses paid outside of closing.

#### **Option 2: Paid at Closing**

- Repair expenses are listed on the Closing Disclosure.
  - The repairs are listed on the Closing Disclosure, detailing the repair, as well as the cost for that

specific repair.

- Copies of paid invoices and/or receipts detailing the repairs and cost of the repairs are provided to FHLBank with the Disbursement Request.
- The invoices and/or receipts match the vendor, amount, and repair type documented on the Closing Disclosure. Printouts of online shopping carts, cash register receipts, home inspection reports, appraisal requirements, etc. will not be accepted as invoices. In addition, invoices cannot be prepared or altered by the member or homebuyer.
- The household may not be reimbursed for repair labor or repair expenses paid outside of closing.

**ADDITIONAL GRANTS/FORGIVABLE LOANS AND SECOND MORTGAGES:**

- If there are other grants/forgivable loans or second mortgages included in the transaction, the corresponding documentation must be submitted with the Disbursement Request. The documentation should be obtained from the provider of the grant/forgivable loan or from the second or subsequent mortgage lender.
- Documentation should be homebuyer and property specific.
- Documentation for grants/forgivable loans should include the terms of repayment or verification that no repayment is required.
- Documentation for second mortgages should include the loan amount, APR, loan term, interest rate, borrower paid origination charges and/or discount points.