



2023 Homeownership Set-aside Program Closing Checklist for Members

In order to ensure the HSP Disbursement Request for the homebuyer is approved, the following Homeownership Set-aside Program requirements should be met:

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 matches the property address for which funds were reserved.
- All names on the Closing Disclosure were included as household members on the Household Summary tab of the Income Calculation Workbook that was submitted with the reservation request. (Non-occupying co-borrowers and non-occupying co-owners are prohibited. Refer to FHLBank Topeka definitions in the AHP Implementation Plan or HSP User Guide.)
- 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 HSP public web page.
- Lender fees (fees paid to the member and/or lender) paid by homebuyer do not exceed 4% of the loan amount.
- Discount points paid by homebuyer do not exceed 2.5% of the loan amount.
- The Homebuyer Education fee does not exceed \$500.00.
- The HSP subsidy amount shown on the Closing Disclosure does not exceed the HSP subsidy amount reserved.
- The HSP subsidy amount shown on the Closing Disclosure is not less than \$2,500.00.
- The HSP subsidy amount shown on the Closing Disclosure does not exceed \$7,500.00 in non-high-cost areas and does not exceed \$15,000.00 in high-cost areas.
- The HSP subsidy is labeled "HSP Grant," or something similar that demonstrates positive identification of the HSP grant. **Do not label the HSP subsidy as "second mortgage" or "gift funds."**
- The loan terms and loan information sections of the Closing Disclosure (amount, interest rate, term, product, etc.) are filled out completely.
- A processing fee is not being charged by any entity for providing the HSP subsidy to the household.
- The HSP subsidy is not being used for non-housing related expenses.
- The household will not receive cash back in excess of \$250.00 at closing.
- Non-occupying co-borrowers and co-owners are not part of the transaction.
- The final Closing Disclosure is signed by all borrowers shown on the Closing Disclosure.

HOMEBUYER EDUCATION CERTIFICATE:

- A homebuyer education course, from an approved provider, was taken by at least one adult household member. Homebuyer education must be provided by or based on one provided by an organization experienced in homebuyer education. Refer to the HSP public web page or the HSP User Guide for more information.
- The homebuyer education certificate includes the homebuyer's name(s).
- The homebuyer education certificate is: 1) signed by the homebuyer if the course was taken online or 2) signed by the provider if the course was taken in a face-to-face 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 HSP public web page. (Always go to the HSP public web page and obtain a new RERA for each homebuyer, do not save HSP documents on your computer.)
- 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 HSP public web page for instruction on how to correctly 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 SUBMISSION UNLESS THE HOMEBUYER HAS CONTRIBUTED ENOUGH OF THEIR OWN FUNDS TO COVER THE COST OF THE REPAIR(S).

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, home inspection reports, appraisal requirements, etc. will not be accepted as estimates. In addition, estimates should not 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.

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 amount of HSP funds used for that specific repair.
 - Copies of paid invoices and/or receipts detailing the repairs and cost of the repairs are submitted 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, non-detailed cash register receipts, home inspection reports, appraisal requirements, etc. will not be accepted as invoices. In addition, invoices should not be prepared or altered by the member or homebuyer.