



2016 Homeownership Set-aside Program (HSP) Closing Information for Members

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

Closing Disclosure (signed by homebuyer):

- The loan closing did NOT take place prior to reservation of funds and income approval by FHLBank Topeka.
- The FHLBank HSP grant is listed and appropriately labeled. The grant should be labeled as "HSP Grant," "FHLBank Grant," "FHLBank Funds," or similar.
- The first mortgage interest rate is at or below the FHLBank maximum interest rate in effect as of the date of closing. The interest rate is located at www.fhlbtopeka.com/hsp.
- The second mortgage interest rate is at or below the FHLBank maximum interest rate in effect as of the date of closing. The interest rate is located at www.fhlbtopeka.com/hsp.
- The mortgage term is a maximum of 40 years, minimum of 5 years.
- The homebuyer contribution in the transaction is at least \$500.00. Items paid before closing (PBC) can count towards this requirement (e.g. homeowner's insurance premiums, application fees, earnest money, appraisal fees, home inspections, etc.); however, they must be listed as PBC by borrower on the closing disclosure. Participation in USDA direct loans, USDA Self-Help, Habitat for Humanity, or other mutual self-help housing programs supported by documented sweat equity may be substituted for the \$500 down payment.
- The homebuyer did not receive cash back at closing.
- Lender fees (origination fee, document preparation fee, application fee, etc.) do not exceed 4% of the mortgage amount for all mortgages associated with the transaction. (USDA Guaranty fees are not considered a lender fee.)
- Discount points do not exceed 2.5% of the mortgage amount.
- Homebuyer Education fee (if applicable) is identified and does not exceed \$500.00.
- Nonprofit processing fee (if applicable) is identified and does not exceed \$500.00.
- No processing fee is charged by the member for providing the HSP subsidy to the household.
- The loan terms section (amount, interest rate, etc.) is filled out completely.
- No other debt is being paid off through closing (e.g. credit cards, loans, collections, etc.).
- If there are repair expenses please refer to the [Repair](#) Checklist.



**2016 Homeownership Set-aside Program (HSP)
Closing Information for Members**

FHLBank Real Estate Retention Agreement:

- Is the current version available at www.fhlbtopeka.com/hsp.
- Is recorded.
- Is signed by the borrower.

Homebuyer Education Certificate:

- Homebuyer Education was provided by an organization listed on state approved provider list. The provider must be on the state list in which the house is being purchased. State provider links can be found at www.fhlbtopeka.com/hsp.
- The homebuyer education certificate is signed by the provider and/or homebuyer.

Appraisal – An appraisal is only required if the member has an ownership interest in the property being purchased or currently owns the mortgage or lien on the property:

- A complete copy of the appraisal has been submitted.
- The appraisal was completed by a state-licensed appraiser for the state in which the property is located.
- The purchase price of the property does not exceed the appraised value.



**2016 Homeownership Set-aside Program (HSP)
Closing Information for Closing Agents**

RE: _____ **(Homebuyer)**

The above referenced client(s) will be using FHLBank Topeka’s Homeownership Set-aside Program (HSP) grant funds. The HSP promotes homeownership by providing assistance with down payment and closing costs.

As the loan closer for the HSP grant, please ensure the following conditions have been met:

Closing Disclosure (signed by homebuyer):

- The FHLBank HSP grant is listed and appropriately labeled. The grant should be labeled as “HSP Grant,” “FHLBank Grant,” “FHLBank Funds,” or similar.
- The homebuyer contribution in the transaction is at least \$500.00. Items paid before closing (PBC) can count towards this requirement (e.g. homeowner’s insurance premiums, application fees, earnest money, appraisal fees, home inspections, etc.); however, they must be listed as PBC by borrower on the closing disclosure. Participation in USDA direct loans, USDA Self-Help, Habitat for Humanity, or other mutual self-help housing programs supported by documented sweat equity may be substituted for the \$500 down payment.
- The homebuyer did not receive cash back at closing.
- Lender fees (origination fee, document preparation fee, application fee, etc.) do not exceed 4% of the mortgage amount for all mortgages associated with the transaction. (USDA Guaranty fees are not considered a lender fee.)
- Discount points do not exceed 2.5% of the mortgage amount.
- Homebuyer Education fee (if applicable) is identified and does not exceed \$500.00.
- Nonprofit processing fee (if applicable) is identified and does not exceed \$500.00.
- No processing fee is charged by the member for providing the HSP subsidy to the household.
- The loan information section (amount, interest rate, etc.) is filled out completely.
- No other debt is being paid off through closing (e.g. credit cards, loans, collections, etc.).
- If there are repair expenses please refer to the Repair Checklist.

FHLBank Real Estate Retention Agreement:

- Is the current version available at www.fhlbtopeka.com/hsp.
- Is recorded.
- Is signed by the borrower.



2016 Homeownership Set-aside Program (HSP) Rehabilitation Information

In order to ensure the HSP Disbursement Request for the homebuyer is approved, the following Homeownership Set-aside Program requirements must be met for repair expenses.

- Repair expenses must be shown on the closing disclosure and can be handled by either option below:
 1. Repair expenses are held in escrow by the member and draws are disbursed by the member to ensure that draws are used to pay for eligible repairs. Any unused funds must be applied to the new first mortgage as a principal reduction. **OR**
 2. Repair expenses are listed on the closing disclosure with a detailed description of the repair(s) completed. Copies of invoices/receipts for the repairs may need to be provided along with the disbursement request form. Contact FHLBank with questions.

- Eligible repairs includes correction of deferred maintenance and/or replacement of principal fixtures and components of existing buildings including, but not limited to:
 - accessibility improvements
 - roof repair or replacement
 - electrical repair
 - plumbing repair
 - mechanical repair or replacement
 - foundation or other structural repair
 - exterior siding replacement or paint
 - window and door replacement
 - floor coverings
 - wall repair and paint

- Ineligible repair expenses include but are not limited to the following (FHLBank will determine the eligibility of repairs. Contact FHLBank with questions):
 - Payments directly to the household for repair labor
 - Appliances
 - Luxury items (i.e. hot tubs)
 - Room addition(s)
 - Decks
 - Fences
 - Construction/repairs of a detached garage or outbuildings

- Households may be reimbursed only for eligible repair expenses paid before closing for which there is supporting documentation. FHLBank, in its sole discretion, will determine the eligibility of items paid before closing.

Contact Housing and Community Development (866.571.8155) if you have questions about repair expenses.