Habitat Illinois Community Impact Grant

Habitat Illinois Building Impact

HIBI Training 2023: Successful Closing and Funding
Today’s Training

Presenters:
Dru Bergman, Chicagoland Habitat for Humanity
Nick Furst, Chicago Title

- Update on available HIBI funds
- Review of closing & post-closing procedures & forms
- Overview of Chicago Title’s role in process
- Answers to Affiliate questions
## Key Program Partners

<table>
<thead>
<tr>
<th>Organization</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>IHDA</td>
<td>Funds program; sets program rules &amp; requirements; approves disbursements</td>
</tr>
<tr>
<td>Habitat Illinois</td>
<td>Program grantee</td>
</tr>
<tr>
<td>Administrator (Chicagoland Habitat for Humanity)</td>
<td>Reviews documents prior to submission to IHDA for compliance; markets program to Affiliates; provides technical assistance &amp; training to Affiliates</td>
</tr>
<tr>
<td>Local Habitat Affiliate</td>
<td>Works directly with borrowers &amp; screens for program eligibility; submits eligible closing packages to Administrator</td>
</tr>
<tr>
<td>Chicago Title</td>
<td>Handles all closings</td>
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HIBI Program Status

IHDA renewed Round 4 until 2/27/2024

Over $1 million in grant funds available right now!
Process Overview

1) Affiliate submits **Pre-approval Package** to Administrator w/Supporting Docs

2) Administrator submits **Pre-approval Package** to IHDA

3) IHDA issues **Pre-approval**

These steps were covered in 11/16/22 webinar – recording available at habitatillinois.org.
Today’s session reviews the rest of the process:

4) **Pre-closing** – IHDA’s Clear-to-Close email

5) Affiliate’s **closing with home buyers**

6) **Post-closing** document submission

7) **Receipt of HIBI funds** from IHDA
Pre-closing Package

- After IHDA pre-approval, **affiliate can move toward closing**

- Affiliate submits **Pre-closing Package** to Administrator 10 business days before closing:
  - Preliminary Closing Disclosure
  - Affiliate’s and IHDA’s draft Mortgage & Note
  - Draft Warranty Deed

- IHDA reviews package within 5 business days of receipt & provides **Clear-to-Close** email
Is a Closing Disclosure (CD) required for HIBI?

YES!

Even affiliates not normally required to provide a CD must provide both preliminary and final CDs to borrowers using the HIBI program.
Closing Disclosure

Who is responsible for issuing the CDs?

- **Mortgage lender** is responsible for issuing the CDs
- Administrator can **answer questions** about IHDA’s requirements for CDs
- Chicago Title will **review CDs** to confirm they balance, but does not issue CDs
# Closing Disclosure - IHDA Requirements

## L. Paid Already by or on Behalf of Borrower at Closing
<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>01. Deposit</td>
<td>$206,700.00</td>
</tr>
<tr>
<td>02. Loan Amount</td>
<td>$2,060.50</td>
</tr>
<tr>
<td>03. Existing Loan(s) Assumed or Taken Subject to</td>
<td></td>
</tr>
<tr>
<td>04. Seller Credit</td>
<td></td>
</tr>
<tr>
<td>Other Credits</td>
<td></td>
</tr>
<tr>
<td>Adjustments</td>
<td></td>
</tr>
<tr>
<td>08. IHDA Trust Funds</td>
<td>$15,000.00</td>
</tr>
<tr>
<td>09. FHLB Downpayment Plus Advantage</td>
<td>$6,000.00</td>
</tr>
</tbody>
</table>

## N. Due from Seller at Closing
<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>01. Excess Deposit</td>
<td></td>
</tr>
<tr>
<td>02. Closing Costs Paid at Closing (J)</td>
<td>$53.00</td>
</tr>
<tr>
<td>03. Existing Loan(s) Assumed or Taken Subject to</td>
<td></td>
</tr>
<tr>
<td>04. Payoff of First Mortgage Loan</td>
<td></td>
</tr>
<tr>
<td>05. Payoff of Second Mortgage Loan</td>
<td></td>
</tr>
<tr>
<td>06. Seller financing 1st Mortgage</td>
<td>$206,700.00</td>
</tr>
<tr>
<td>07. IHDA Trust Funds (POC)</td>
<td>$15,000.00</td>
</tr>
<tr>
<td>08. Seller Credit</td>
<td>$2,060.50</td>
</tr>
</tbody>
</table>

## Adjustments for Items Unpaid by Seller

### CITY/TOWN TAXES
- 01/01/2022 to 06/15/2022: $1,360.50

### COUNTY TAXES
- | |
| Assessments | |

## CALCULATION
- Total Due from Borrower at Closing (K): $233,421.00
- Total Paid Already by or on Behalf of Borrower at Closing (L): $231,121.00
- Cash to Close: $2,300.00

- Total Due to Seller at Closing (M): $230,000.00
- Total Due from Seller at Closing (N): -$225,174.00
- Cash: $4,826.00

CLOSING DISCLOSURE
Calyx Form - CD3_SOT.frm (07/2018)
Closing Disclosure - Key Points

- IHDA grant is listed on **Buyer’s Side Section L** under Adjustments as IHDA Trust Fund
- IHDA grant listed on **Seller’s side Section N** as IHDA Reimbursable Down Payment
- Sellers now permitted to receive cash at closing; therefore, any loans provided at closing on behalf of buyer no longer need to be listed on Seller’s side (except IHDA’s loan)
- Buyers **cannot receive cash back** at closing
Closing Disclosure - a Note About APLD

State of Illinois requires Anti-Predatory Lending Database (APLD) Certificate ($50) if property is in one of the following counties:

Kane  Cook
Peoria  Will
Closing Disclosure - Key Items to Remember

- Affiliate must account for **ALL documents being recorded**
- CD must indicate Habitat is **escrow for taxes & insurance**
- Home buyers must:
  - Receive & acknowledge receipt of **preliminary CD at least 3 days prior** to closing
  - **Sign final CD at closing**, even if it has not changed from preliminary CD
  - **NOT receive cash back** at closing
Affiliate Mortgage and Note

- Correct address, PIN & legal description
- Mortgage amount & payment amount match prior HIBI documents
- Affiliate escrowing for taxes & insurance
- No prepayment penalties
- No balloons
- Loan term minimum 20/maximum 30 years
IHDA Mortgage and Note

- Correct address & PIN
- Correct HIBI grant amount ($20,000 or $15,000)
- Correct subordination of IHDA mortgage to all larger mortgages
- Correct legal description attached to mortgage
Warranty Deed

- Correct property address
- Correct PIN
- Legal description matches other documents
- Correct name of home buyer
- Correct closing date
IHDA’s Clear-to-Close

- Administrator submits Pre-closing package to IHDA
- IHDA reviews within 5 business days
- IHDA provides Clear-to-Close (CTC) email – green light to proceed to closing
Closing with Home Buyer

- All closings conducted with **Chicago Title** to ensure compliance with IHDA requirements
- Closings processed through CT’s Elgin office, but can be held at **any CT office** in Illinois
- **29 offices** in Chicago metro area, plus
  - Bloomington
  - Pekin
  - Pontiac
  - Champaign
  - Springfield (2)
  - Tuscola
  - Ottawa
  - Peoria
To order title or schedule a closing, Affiliate contacts **Nick Furst** at CT’s Elgin office:

- ctelgin@CTT.com
- nicholas.furst@ctt.com
- (847) 649-2065

- Nick coordinates with local CT office
- CT also can engage a third-party notary for off-site closings (additional charges apply)
Closing Documents and Instructions

Affiliate emails to Nick at CT prior to closing (copy dp@habitatnfv.org on email):

• Completed CT Document Instructions Form (tab in HIBI Workbook)

• Affiliate Note & Mortgage

• IHDA Note & Mortgage

• Documents & recording instructions for all other financing of purchase and closing costs (i.e., FHLB DPP, state tax credits, county or city programs, etc.)
Closing Documents and Instructions (continued)

• Warranty Deed

• Affidavit that Affiliate will receive HIBI funds post-closing for benefit of borrowers

• Final Plat of Survey (or order endorsement through CT for additional $175 fee)

• Final Closing Disclosure (borrower signs at closing)

• Invoices for any third-party expenses paid at closing (except attorney fees – CT just needs address)
Closing Documents and Instructions (continued)

- **Nick is Affiliate’s point of contact** – do **not** call your local CT office

- Nick organizes closing documents and sends them to your local CT office

- All fund transfers go to CT’s BMO account; Nick will overnight checks to designated recipients after closing
Tips for Successful Closings

- Identify and provide **instructions for ALL documents** that must be recorded, including where to send after recording (use CT Document Instructions Form in HIBI Affiliate Reference Workbook to organize information)

- Share HIBI information **with your closing attorney** so everyone is on the same page (see Affiliate-Atty Closing info tab of HIBI Affiliate Reference Workbook)
A Word About MyDec

- State website (https://mytax.illinois.gov/MyDec/) that allows individuals, law firms, and settlement agencies (title companies) to file Transfer Tax Declarations online & view Declarations already created.

- Chicago Title has created a workflow document to help affiliates with this, if applicable to your situation - will be posted on Habitat Illinois website.
Post-closing: **Chicago Title**

Emails to Administrator

- Certified copy of executed IHDA Note & Mortgage
- Copy of executed final Closing Disclosure
- Certified copy of Warranty Deed
- Waived Title
Post-closing: **Affiliate Emails to Administrator**

**Immediately** after closing, email:

- IHDA Assistance Impact Statement

**Upon receipt** after closing, email:

- Title Insurance Policy, which must show
  - Coverage for all mortgages
  - IHDA mortgage recording information
  - IHDA mortgage subordinate to all larger mortgages

Send to: dp@habitatnfv.org
IHDA Disburses Funds

- Administrator checks docs from Chicago Title & prepares Disbursement Checklist and Request for Payment & Certification
- Administrator submits docs to IHDA
- IHDA reviews for completeness & accuracy
- Within 15 business days of approval, IHDA disburses funds to Administrator’s HIBI account
- Administrator disburses funds to Affiliate
Resources to Help You With the HIBI Process

Recordings of Training Webinars and Slide Decks: posted on Habitat Illinois website: habitatillinois.org

HIBI Excel Workbook: Administrator’s record of file review and your reference guide for HIBI process; Administrator will provide at start of each new file

Technical assistance:

Dru Bergman – dp@habitatnfv.org
Nick Furst – ctelgin@CTT.com
Training Wrap-up

Affiliate Questions?
Thank you for participating in today’s training!