

Habitat Illinois Community Impact Grant

Habitat Illinois Building Impact



HIBI Affiliate Training
April 17, 2024

*Program Updates &
Refresher*

Welcome



Presenters:

Dru Bergman, Chicagoland HFH
Nick Furst, Chicago Title
Jonathan Gibson, Habitat Illinois

**Please type your name &
affiliate name in chat box**



Today's Training

- Update on **Round 4 extension**
- Review of **procedures & forms**
- Updates from **Chicago Title** on closing process
- Answers to **affiliate questions**



HIBI Program Status

- IHDA renewed Round 4 **until 2/27/26**
- Must spend **50% of remaining funds by 2/27/25**
- **\$830,000** in grant funds available right now!

What's New?

- Grant amounts increased:
 - 50% AMI or lower: **\$25,000**
 - 51%-80% AMI: **\$20,000**
- Can use HIBI with **USDA 502** Loans
- Updates to selected forms
- Tightening submission process to **keep files moving** expediently



Pre-approval Documents

When to Submit Pre-approval Documents

- Documents must be dated within **90 days of closing** (except appraisal – up to 6 months)
- Submit **at least 30 days** before closing
- Administrator will **NOT** review until **all docs** are submitted (can still call/email questions)
- Have borrowers sign docs **AFTER** review

Pre-approval Documents

How to Submit Documents

- Refer to **the Pre-approval Checklist – Tips** in HIBI Workbook for detailed instructions on completing forms.
- Upload to your **pCloud** folder
- Use **document naming convention** as outlined in HIBI Workbook



Pre-approval Documents

What to Submit

- 0 - IHDA Authority for Release of Information – MUST have signed form to review file
 - 0.1 – Borrower IDs (do NOT copy SS cards, per HFHI)
- 1 – Pre-closing Checklist
- 2 – MITAS Reservation – Administrator provides
- 3 – IHDA Application for DP Assistance



What to Submit (continued)

4 - IHDA Income Calculator

- 4.1 - Pay stubs (2 most current, consecutive months)
- 4.2 - Verifications of Employment
- 4.3 - Tax returns – third-party or IRS transcripts
- 4.4 - Proof of funds for borrower's downpayment
- 4.5 - Benefits award letters
- 4.6 - Profit & loss statement for self-employed
- 4.7 - Court orders for child support, alimony



What to Submit (continued)

5 - IHDA Monthly Housing Debt Worksheet

5.1 - Copy of tri-merge Credit Report

5.2 - Real estate tax bill (actual or comp)

6 - Purchase contract

7 - Appraisal (no more than 6 months old)

8 – HB Education Certificate

9 – IHDA HB Counseling Acknowledgement



What to Submit (continued)

10 - Homeowner's Insurance ("Illinois Housing Development Authority" as additional insured)

11 - Title Commitment

12 - First mortgage commitment letter

12.1 – Mortgage application (1003 or affiliate app)

Do **NOT** upload documents not requested.

A Note About HIBI Document Requirements



- Information requested **aligns with HFHI's best practices**
- It's the same information **third-party lenders** would request
- Consistency helps to **ensures fairness and mitigate affiliate risk**
- Properly documented loan files **facilitate mortgage leveraging or sales**



Where to Start

- Document & calculate **household income**
 - Determines eligibility
 - Determines grant amount
 - Affects so many other parts of package
- Make sure you have the **current version** of the IHDA Income Calculator



Calculating Income

- Eligibility based on annual gross income – current snapshot & **projecting 12 months forward** (unless documented otherwise)
- Use guidance found in **HUD's Part 5 Income Definition**
- Count income of **all** household members ages 18 & older



What to Include

- Wages, salaries, overtime, commission, tips, and bonuses
- Net income from a business
- Periodic payments
- Payments in lieu of earnings (i.e., SSI, pension, etc.)



What to Exclude

- Earned income of minors
- Earned income of full-time students after the first \$480 (except head of household or spouse)
- Income of live-in aides



Income Calculation Tips

- Documentation (VOEs, pay stubs, award letters) **must support & match** calculations
- Look at **pay period & type of employment:** hourly, salaried, full- or part-time
- Look for **variations/seasonal fluctuations**
- Look for bonuses, tips, commission, overtime
- Look at gross income **before** deductions



Income Calculation Help

- IHDA Community Affairs Income Calculator **User Guide**
- HUD Occupancy Handbook, Chapter 5: **Determining Income & Calculating Rent** (Appendix A of User Guide)
- Still have questions - **contact HIBI Administrator**



IHDA Pre-closing Checklist

- Complete all fields **except** Date Submitted for Preapproval & MITAS Commitment Confirmation – Administrator provides these
- Make sure all sources of funds **add up to sales price** of home
- List IHDA HIBI mortgage as **subordinate** to all larger mortgages

IHDA Application for Down Payment Assistance



Part A – Applicant Information

- Complete all fields
- Name on application must match name on ID
- Marital status & family composition must match on all forms
- Verify dependents against tax returns

IHDA Application for Down Payment Assistance



Part B – Gross Monthly Income

- Must **match** information in Income Calculator

Part C – Employment Status

- Fill out completely for all employed household members ages 18 and over

IHDA Application for Down Payment Assistance



Part D – No Income Certification

- All household members ages 18 and over, including full-time students, must complete and **sign** if they do not have income

IHDA Application for Down Payment Assistance



Part E – Monthly Housing Expenses

- Loan # = first mortgage lender's loan #
- Figures must **match** across all forms
- Property taxes – use **tax bill for completed home**; if not available, use **comparable** property

IHDA Application for Down Payment Assistance



Part F – Other Expenses

- Debts must match what appears on **credit report**, unless additional documentation provided confirming payoff/forgiveness

IHDA Application for Down Payment Assistance



Part F – Other Expenses

If using a third-party lender, we will use their guidelines for determining how debts are counted.

If not using a third-party lender, we will use guidelines based on Fannie Mae/Freddie Mac standards.

IHDA Application for Down Payment Assistance



Type of Debt	How monthly liability is determined for DTI
Credit card	Minimum payment or 5% of outstanding balance
Installment debt	Stated payment (if >10 payments left)
Student loans	Stated payment or 0.5% of outstanding balance, even if deferred
Collections	Must pay off if balance on individual account >\$250, or total balances on all accounts >\$1,000
Alimony or child support	Stated amount per court order (if >10 payments left)
401(k) loan	Not counted
Lease payments	Stated payment, regardless of remaining term
Medical collections	Not counted

IHDA Monthly Homebuyer Housing Debt Worksheet



- A. First Mortgage Payment - must be same on all docs
- B. Other Monthly Housing Debt – most often HOA fee
- C. Property Taxes – must be same on all docs
- D. Property Insurance – must be same on all docs
- E. Other – generally blank; don't add things that aren't part of housing debt
- F. Total Monthly Housing Debt – auto calculates

IHDA Monthly Homebuyer Housing Debt Worksheet



- G. Income of Purchasing Household – must equal
Income Calculator
- H. Housing DTI – auto calculates
- I. Total Monthly Expenses – must match info from
Credit Report & Application for Down Payment
Assistance
- J. Total Debt – auto calculates
- K. Total Debt/Income Ratio – auto calculates

IHDA Monthly Homebuyer Housing Debt Worksheet



- Housing Debt Ratio must be **between 20% and 30%** of gross monthly income as determined using IHDA's Income Calculator
- Total Debt Ratio cannot exceed **41%** of gross monthly income



Credit Report

- Must be **tri-merge** report (Experian, Equifax and TransUnion)
- Information on Application for Down Payment Assistance and Monthly Homebuyer Housing Debt Worksheet **must match information on credit report**, unless borrower provides additional documentation otherwise

Real Estate Purchase Contract



- Sales price **cannot exceed** appraised value
- **No blanks** in contract
- Contract signed **before** final loan application
- Contract signed & any changes initialed by **both parties**



Proof of Borrower Funds

- **\$500** required borrower down payment – must be own funds
- **Cannot use seller credits** to cover
- Document with **bank statements** or copy of **check or receipt from affiliate**
- If using **rent credit** from affiliate, must provide copy of sales contract amendment & proof that rents were collected and escrowed

Appraisal



- **Independent** appraisal of completed property
- Less than **six months old** at closing
- Sales price **cannot exceed** appraised value
- Sum of first mortgage and other funding sources **cannot exceed appraised value**



Real Estate Tax Bill

- Use **actual tax bill** for current year for completed property, if available
- If not available, use current tax bill for **comparable property**
- Monthly tax payment **must match** on all application documents
- If you adjust comp, **document** how new tax estimate derived

First Mortgage Commitment Letter



- Mortgage amount must **match on all docs**
- Term: minimum **20 years**/maximum **30 years**
 - EXCEPTION: USDA 502 Direct Loans – 33 years
- Fixed-rate, fully amortizing, **no balloons**
- Lender must **escrow** for taxes and insurance
- Cannot be dated **before** sales contract



Homeowner's Insurance

- Must list Illinois Housing Development Authority as **Additional Insured**
- This is the **only** acceptable verbiage – must be exact
- Make sure monthly insurance payment amount **matches** across all documents

IHDA Pre-purchase Counseling Acknowledgement Form



- Borrowers must attend **one-on-one counseling** with HUD-certified counselor
- Counselor must cover **all topics** listed on IHDA's form and **check all boxes** on form
- Make sure counselor **signs form** and includes borrower's **credit score**

HUD-certified Home Buyer Education Class Certificate



- Borrowers also must attend HUD-certified **8-hour home buyer education class**
- Affiliate must include borrower's certificate of class completion in the HIBI application package **in addition to** IHDA Counseling form

Finding a HUD-certified Counseling Agency



Housing Action Illinois
<https://housingactionil.org/>

**U.S. Dept. of Housing & Urban
Development**
<https://www.hud.gov/counseling>



Title Commitment

- **Chicago Title** handles all closings
- Contact **Nick Furst at Elgin office** to order title/schedule closing: 847-649-2065 - ctelgin@ctt.com
- Use CT's **HIBI Order Form** to capture key information Nick needs to start process (in Submission Forms package on Habitat Illinois website)

Title Commitment



CHICAGO TITLE

2175 POINT BOULEVARD
SUITE 165
ELGIN, IL 60120

March 1, 2024



HIBI ORDER FORM

Select HFH Location Ordering Title:

HFH Northern Fox Valley HFH Will County HFH DuPage HFH Chicago

Other _____ Address: _____

Buyer/Borrower:	First and Last Name	Co-Buyer/Borrower:	First and Last Name
Seller:	Dollar Amount	Lender:	Loan No. or Reference
Property Street Address:	Street Address	Property City:	City
Property County:	County	Property State:	Select State

Key Points When Reviewing Package



- **Authorization** to share information included & signed?
- **All required documents** in package & completed correctly?
- Borrowers' **names listed correctly** on all documents & **match official ID**?
- Income **calculated correctly** & within program limits?

Key Points When Reviewing Package



- **All debts** included & ratios calculated correctly?
- Sales price of home **does not exceed** appraised value?
- First mortgage term **no less than 20 years and no more than 30 years** (except USDA loans)?
- Mortgages have **no balloon** payments?
- First mortgage lender **escrowing** for taxes & insurance?

Key Points When Reviewing Package (cont.)



- Borrowers completed HB education and counseling?
- Homeowners insurance lists IHDA as **additional insured**?
- Correct **title commitment amounts**?
 - Owner's Policy = Appraised Value of Home
 - Lender's Policy = First Mortgage Amount
- Key figures **match** across all documents?
- All information **less than 90 days old**?



Pre-approval Submission

- Administrator reviews documents
 - **Written response** within 5 business days
 - **Technical assistance** to correct any issues
- Administrator enters package into **MITAS** & generates MITAS Commitment Confirmation
- IHDA **approves/rejects** in 5 business days
- Affiliate has 10 business days to **cure any deficiencies** noted



Pre-closing Package

- While IHDA is reviewing Pre-approval Package, Affiliate submits **Pre-closing Package** to Administrator for review
 - Draft Closing Disclosure (CD)
 - IHDA's draft Mortgage & Note
 - Draft Deed
- **Administrator** submits draft CD to Chicago Title to balance to CT's figures



Pre-closing Submission

- Administrator submits Pre-closing Package to IHDA; they have 10 business days to review and provide **clear-to-close** (CTC)
- Affiliate must use the **SAME documents that IHDA approved** at closing
- **Notify Administrator** if anything must be changed after IHDA issues CTC email

Closing Disclosure



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 (continued)



- **First mortgage lender** issues Closing Disclosure (CD)
- Notify Administrator if you need us to create CD for your approval - **it's your CD**
- Buyers must sign CD at least **3 days before** closing; Affiliate must retain proof of delivery to buyer



IHDA Mortgage and Note

- Correct closing date on all documents
- Correct address & PIN
- Correct HIBI grant amount (\$20,000 - \$25,000)
- 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



Close Sale 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

Close Sale with Home Buyer (continued)



- Nick coordinates with local CT office – **contact Nick**, NOT your local CT office
- CT will engage a third-party notary for **off-site closings** (additional charges apply)
- Submit package of closing documents to Nick at least **24 hours prior** to closing



Ensuring Smooth Closings

- **Inform your attorney** re: HIBI
 - Affiliate-Atty Closing Info form/HIBI Workbook
- Use **IHDA-approved versions** of documents
- Provide **ALL docs & order of recording**
 - CT Closing Docs Checklist form/HIBI Workbook
- Provide **closing document distribution** instructions
 - CT Post-closing Doc Instruction form/HIBI Workbook

Understanding Chicago Title's Role



CT Does:

- Balance CD to their #'s
- Check closing docs against affiliate's list
- Ensure correct signing and notarizing of docs
- Record docs per affiliate's list
- Distribute closing docs per affiliate's list

CT Does NOT:

- Create CD
- Provide any closing docs
- Proof content of docs
- Determine recording order of docs
- Provide borrower's Assistance Impact Statement

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 **IHDA Note & Mortgage**
- Copy of signed final **Closing Disclosure**
- Certified copy of **Warranty Deed**
- **Owner's Title Policy**, which must show:
 - Coverage for **all** mortgages
 - IHDA mortgage **recording information**
 - IHDA mortgage **correctly subordinated**

Post-closing (continued)



Affiliate submits to Administrator:

- **IHDA Assistance Impact Statement** completed by borrower



IHDA Disburses Funds

- Administrator checks docs from Closing Agent & prepares **Request for Payment & Certification**
- Administrator and Chicago Title **submit docs to IHDA** as listed on Disbursement Checklist
- 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



Webinar, Slide Deck, and Current Forms: will be posted on Habitat Illinois website: habitatillinois.org

HIBI Affiliate Workbook: provides instructions, record of file review, forms, and reference guide

Technical assistance:

Dru Bergman – hibi@chicagolandhabitat.org

Nick Furst – ctelgin@CTT.com

Training Wrap-up



Affiliate Questions?

**Thank you for participating in
today's training!**

