

## MEMBER FINANCIAL INSTITUTIONS' FREQUENTLY ASKED QUESTIONS

### **HOW DO I ACCESS HOP/NIP FUNDS?**

After the member has submitted an approved Homeownership Initiatives Program Master Agreement and Registration & Certification Form, available at [fhlbi.com/services/community-programs/homeownership-initiatives/](http://fhlbi.com/services/community-programs/homeownership-initiatives/), the member may begin requesting funds on a household-by-household basis via FHLBI.GIVES by following the procedures outlined in the FHLBI.GIVES User Guide - [fhlbi.com/fhlbi-gives/](http://fhlbi.com/fhlbi-gives/).

### **ONCE I HAVE SUBMITTED A DISBURSEMENT APPLICATION, WHAT SHOULD I EXPECT?**

Allow a reasonable turnaround for review of the application and disbursement – most typically a first review is provided within 10 business days. Upon review, any questions pertaining to the application will be sent via .GIVES.

*Once disbursement has occurred, notification will be provided by FHLBI.GIVES.*

### **ONCE THE FUNDS HAVE BEEN DISBURSED BY FHLBI, WHAT ARE MY RESPONSIBILITIES?**

**HOP:** Transactions should close within 60 days. Following the closing, the household's application file in FHLBI.GIVES must be updated with required closing information along with copies of the following:

- Final CD Settlement Statement
- Homeownership Counseling Certification
- Optional: Copy of the Recorded Real Estate Retention Agreement
  - *A percentage of all files will be selected for monitoring. For those households selected for monitoring, a copy of the recorded retention agreement will be required.*
- Additional items that should be available for review if requested:
  - Documentation supporting other grants or awards included on the CD
  - If the property address has changed since disbursement, a copy of the Underwriting Transmittal Summary will be required.
  - Documentation supporting items paid outside of closing (POCs).

**NIP:** Repairs and modifications should be completed within 6 months. Following completion, submission of copies of the following documentation must be submitted via FHLBI.GIVES:

- Completed Rehabilitation Closing Statement, signed by homeowner(s)
- Cost validation in the form of copies of checks/wire receipts made payable to the contractor(s)

### **HOW DO THE CONTRACTORS FOR NIP GET PAID?**

Members are responsible for the grant funds and issue all payments to the contractor(s). Some members allow for a limited upfront disbursement to purchase materials and then disburse the remaining funds at completion.

### **WHAT IS THE RETENTION PERIOD REQUIRED FOR USING THE FUNDS?**

No household may receive funds more than once every five years. For HOP households, the retention period is five (5) years and shall be secured by the member with the recording of FHLBI's Real Estate Retention Agreement.

*A pro rata return of funds may be required if the HOP-assisted home is sold or refinanced prior to the end of the retention period.*

### **IS A MANUFACTURED HOME ELIGIBLE FOR HOP/NIP?**

If the home is titled as real estate and permanently affixed to a permanent foundation it will be eligible.

*An Affidavit of Affixture or similar documentation is required.*

### **ARE LAND CONTRACTS ELIGIBLE?**

A land contract is not an eligible form of ownership for FHLBI programs. HOP cannot be used to purchase a property that will be utilizing a land contract versus a traditional form of mortgage lending. NIP properties cannot be in a land contract.

**WHAT IF I HAVE A HOUSEHOLD WHO IS SELLING THEIR HOP/NIP-ASSISTED HOUSEHOLD?**

The Member is responsible for any recording, subordination, or release of the Real Estate Retention Agreement (retention agreement).

**HOP:** The member is responsible for the recording of the Real Estate Retention Agreement (HOP only) as well as any subordination or release of the retention agreement.

- If a payoff is necessary, please complete the HOP Payoff Worksheet – available under HOP RESOURCES on the website and forward to FHLBI. Further information will be provided by FHLBI staff at that time.

**NIP:** Due to a change in federal regulation, the retention agreement is no longer required for NIP assisted households. Previously recorded retention agreements may be released at any time without prejudice.

**WHAT IF THE CHOSEN NIP BID IS GREATER THAN 30% OF THE BID NOT CHOSEN (HIGH-COST BID)?**

Bids should be within 30% of one another, demonstrating cost reasonableness. If the chosen bid is 30% higher than the non-chosen bid(s), a letter of explanation should be provided by the member as to why the higher cost bid was chosen. A letter from the contractor supporting the costs of the bid may be helpful.

**COMMON AREAS FOR MISTAKES**

<i>Income Documentation</i>	<i>Income Calculation</i>
Outdated: >60 days old	Seasonal or irregular schedule not explained
Paystubs are not consecutive	Unemployment status not provided
Does not represent at least 28 days of income	Annualized versus Average calculation differs significantly
Special items such as bonus structure or unusual pay items are not addressed	

**TIPS**

**Income Documentation:**

- A Verification of Employment (VOE) may be required for current or previous employer(s) in circumstances such as the following:
  - *Start date and/or date of separation is necessary*
  - *There has been a change in employment within the last 12 months*
  - *Change in employer(s), status (part-time vs. full-time), and/or rate of pay (raise; hourly vs. salaried)*
- Include additional information in the comments section of if necessary
  - *Such as explanation of odd work periods, seasonal position, or gaps in employment*
  - *Supporting documentation from employer/previous employer necessary*
- Include a Certification of Zero Income for all applicable parties 18 years of age or older

**Income Calculation:**

- Double check pay stubs are consecutive and the most recent pay stub is entered first in the income calculation
- Use total gross pay period and YTD earnings – include OT, bonuses, shift differentials

**DO THE MATH! – because we will!**

**General Program Requirements:**

- Ensure all forms are fully completed and applicant signs/dates all forms where required.

**Household Size:**

- For all household members where the subject property is not immediately identifiable as primary/permanent residence, obtain formal documentation reflecting primary residence.

**Bids should include (NIP only):**

<i>Itemized costs by repair</i>	<i>Provide quantity when relevant</i>	<i>Property address &amp; household name</i>	<i>Contractor's name &amp; address</i>	<i>Date of bid</i>
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