

**Federal Home Loan Bank of Chicago**  
**Downpayment Plus<sup>®</sup> (DPP<sup>®</sup>) and DPP Advantage<sup>®</sup> Program**  
**Disclosure Statement**

The DPP and DPP Advantage Programs (collectively DPP Program) are offered by the Federal Home Loan Bank of Chicago (FHLBC) to assist income eligible households with the purchase of a home. DPP Program grants are accessed through financial institutions that are members of the FHLBC and that have enrolled in the DPP Program. The homebuyer(s) receiving the grant and the FHLBC member are required to abide by the Federal Home Loan Bank of Chicago's DPP Program policies and requirements and Federal regulations governing the DPP program.

**Cash Back at Closing:**

The DPP Program does not allow the homebuyer to receive more than \$250 in cash back at closing. Any amount exceeding \$250 paid to the homebuyer at closing must be returned to the FHLBC member.

**Five (5) Year Retention Period:**

The homebuyer must retain ownership of the home and use it as a primary residence for a five year period commencing on the date of purchase of the home. The FHLBC member that provides the DPP subsidy is required to place a lien on the property to ensure that they are notified if the property is sold or refinanced. The DPP lien will remain on the property for the full five year retention period.

The DPP subsidy will be forgiven over the course of the five year retention period with 1/60<sup>th</sup> of the subsidy amount forgiven for each full month the homebuyer remains in compliance with the DPP Program requirements. At the end of the five year retention period, the full amount of the DPP subsidy will be forgiven and the FHLBC member will release the DPP lien.

**Sale of Home:**

If the homebuyer sells the home prior to the end of the five year retention period, the unforgiven portion of the DPP subsidy must be repaid. The repayment amount will be pro-rated based on the number of full months from the date of purchase of the home to the date of sale.

- If the home is sold to an income eligible purchaser, the requirement to repay the unforgiven portion of the grant will be waived. The purchaser must qualify as income eligible based on the FHLBC Income Calculation Guidelines in place at the time of sale of the home. The purchaser's income must be documented by third party evidence and reviewed by the FHLBC.
- If the homebuyer sells the home and does not realize a net gain on sale or the net gain on sale is less than the unforgiven DPP subsidy amount, the repayment amount may be reduced. Net gain will be calculated based on the FHLBC policy in place at the time of sale of the home.
- If the home is sold in a less than arms-length transaction (e.g. to a relative or acquaintance at a discount that is less than the market value of the home) the homebuyer must repay the unforgiven portion of the DPP subsidy to the FHLBC.

**Refinance:**

If the homebuyer refinances their first mortgage prior to the end of the five year retention period, the FHLBC member that holds the DPP lien on the property is not obligated to subordinate the DPP lien to the

homebuyer's new first mortgage.

- If the FHLBC member agrees to subordinate the DPP lien to the new first mortgage, no repayment of the DPP subsidy is required.
- If the FHLBC member chooses not to subordinate the DPP lien to the new first mortgage, the new first mortgage lender will require that the DPP lien be released, in which case the homebuyer must repay the unforgiven portion of the DPP subsidy even though they continue to own and reside in the home. The portion of the DPP subsidy to be repaid will be based on the number of full months from the original purchase date of the home to the payoff date of the DPP subsidy.

**Property no longer used as the homebuyer's primary residence:**

If the homebuyer ceases to use the home as a primary residence prior to the end of the five year retention period, the unforgiven portion of the DPP subsidy must be repaid. The amount of the subsidy to be repaid will be pro-rated based on the number of full months, from the purchase date of the home, that the homebuyer used the home as a primary residence. It is the homebuyer's responsibility to notify the FHLBC member that provided the DPP subsidy of any change in residence. If the homebuyer fails to notify the FHLBC member that the homebuyer is no longer using the home as a primary residence, the homebuyer may have to repay the full amount of the DPP subsidy.

**Other Circumstances:**

- If the home is foreclosed, the DPP lien will remain on the property until the foreclosure is final. After foreclosure is final and documentation is provided to the FHLBC, the obligation to repay the DPP subsidy will be terminated.
- In the case of multiple homebuyers, if one of the original homebuyers dies or moves out of the home as a result of divorce or separation, no repayment of the DPP subsidy will be required as long as one of the original homebuyers continues to own and use the home as a primary residence.
- If the homebuyer has misrepresented household size, income or any other information used to qualify for the DPP Program, and is later found to have been ineligible for the DPP Program at the time of application, the full amount of the DPP subsidy must be repaid to the FHLBC.

This disclosure form cannot cover every circumstance or program nuance. DPP Program policies and requirements may change from time to time without prior notice. The homebuyer should contact the FHLBC member for further information or for answers to questions about the DPP Program.

As evidenced by my/our signature(s) below, I/we have read and understand this disclosure form, and I/we have had any questions about the DPP Program answered to my/our satisfaction. I/we understand that this acknowledgement is a required part of the DPP application process. I/we agree to provide all and any information that the FHLBC member or the FHLBC requests to evidence compliance with the DPP Program.

Sign: \_\_\_\_\_

Sign: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_