



Rural Homeownership Fund Checklist for a Successful Program

1. Review the following documents found at the RHF Fund page of the Bank web site at http://www.fhlbdm.com/ci_ahp_rhf.htm
 - Program Guidelines
 - Definitions and Acronyms
 - Certification & Draw Request
 - Instructions for Submitting the Certification & Draw Request

2. Determine Household Eligibility: Eligibility is described in the Program Guidelines.
 - Eligible households will be determined using the greater of the area median income for an area: 1) as periodically published for use under the MRB program for the state in which the retention document will be recorded; 2) as published annually by HUD and adjusted for household size for each county or MSA; or 3) the applicable median income for purposes of NAHASDA income limits for eligible Native American households.
 - Total household income as of the enrollment date may not exceed the greater of 80 percent of the area median income as determined above. The MRB and HUD income guidelines for Iowa, Minnesota, Missouri, North Dakota, and South Dakota and the NAHASDA income limits can be found on our website at http://www.fhlbdm.com/ci_ahp_rhf.htm or requested by calling 1-800-544-3452, extension 1173. The member is responsible for obtaining income limits for any other state and for requesting approval of the limits from the Bank prior to disbursing any funds.

Review the following documents found at: http://www.fhlbdm.com/ci_ahp_rhf.htm

 - Calculation of Income Worksheet
 - Calculation of Income Worksheet Instructions
 - Income Determination Guidelines

3. Determine Eligible Property: Ensure that the address of the property being purchased meets our definition of Rural as defined in Definitions and Acronyms. Only properties in Rural areas are eligible.

4. Determine the Type and Amount of Assistance: RHF funds must be used to pay for down payment, closing costs, counseling, or rehabilitation in connection with an eligible household's purchase of an owner-occupied unit, including a condominium or cooperative housing unit or manufactured housing, to be used as the household's primary residence. Refer to our Definitions and Acronyms for a description of eligible closing costs.

5. Special Requirements. Please refer to Program Guidelines and appropriate forms:

- Financial Literacy Counseling. All First-Time Homebuyer's must complete a financial literacy education program as described in Definitions and Acronyms, and certify this in the Certification & Draw Request form.
- Limited Cash Back to Borrower. A member may not provide cash back to a household at closing of the mortgage loan in an amount exceeding \$250.00, excluding reimbursement for eligible items paid outside of closing. Down payment and earnest money do not qualify as eligible items paid outside of closing. Refer to the Program Guidelines.
- Retention/Deed Restrictions. Owner occupied units are subject to a five year deed restriction (Retention Agreement). Sample copies for use with fee simple land and for property on Native American tribal trust land are located on the Bank website at http://www.fhlbdm.com/ci_ahp_home.htm. Documents suitable for use with mobile homes may be obtained by contacting the Bank. If you wish to use a document other than the samples provided, the Bank must approve the document before any draw request. Contact the Bank at 1-800-544-3452, ext. 1173 for assistance.
- Foreclosed property. If a borrower is receiving an increased subsidy by purchasing a foreclosed property, please ensure that you have documentation to evidence foreclosure status for monitoring purposes. See Program Guidelines and Definitions and Acronyms for foreclosure requirements and for definitions. Acceptable documentation of foreclosure can include a copy of a Sheriff Deed, Deed-in-Lieu of Foreclosure, petition for non-judicial foreclosure, or documentation of a short sale agreed to by lender.
- Appraisals. Copies of appraisals are required for real estate owned property sold by the member or a subsidiary of the member to the borrower.

6. Anti-predatory lending requirements: Any residential mortgage that does not comply with all applicable anti-predatory lending laws will be ineligible to be used with an RHF grant. Please see the Program Guidelines and page 5 of the Certification & Draw Request Form for guidance. Eligibility requirements will include:

- If a mortgage loan for a home purchase exceeds the interest rate and/or points and fees threshold of the Home Ownership and Equity Protection Act of 1994 (HOEPA) and its implementing regulations (Federal Reserve Board Regulation Z), it will be ineligible.
- Effective October 1, 2009 amendments to Regulation Z established a new class of "higher priced mortgage loans" to consumers. A mortgage loan may be defined as higher-priced if it is a first-lien mortgage and has an annual percentage rate (APR) that is 1.5 percentage points above an "average prime offer rate" established by the Federal Reserve Board, or 3.5 percentage points above that rate if it is a subordinate-lien mortgage. For these higher priced mortgage loans certain prohibitions apply including balloon payments within the first seven years of a borrower's loan and prepayment penalties, except under certain conditions. The rules also require that lenders verify the borrower income and assets relied on to make the mortgage payment and provide for escrow of tax and insurance on first mortgage liens. Mortgage loans must be in compliance with regulation Z to be eligible for funding.

7. Submitting the Certification & Draw Request: Please refer to the Instructions for Submitting a Certification and Draw Request at http://www.fhlbdm.com/ci_ahp_rhf.htm.
8. Reimbursement to you: This is a reimbursement program and the Member will not receive funds until after the Bank's Community Investment Department has received the completed Certification & Draw Request form and supporting documents. Reimbursement to the Member will be in the form of a credit to its Demand Deposit Account (DDA) at the Bank.
9. Recapture of Funds: In most cases, if the home is sold during the five-year retention period a portion of the award funds must be returned to the Bank. Terms for recapture are described in the Deed Restriction. You should use the Recapture Calculation of AHP Funds form located at http://www.fhlbdm.com/ci_ahp_home.htm to calculate recapture and return funds to the Bank. Contact the bank at 1-800-544-3452, ext. 1173 if you require assistance.
10. Keep in touch with the Community Investment Department. The Bank's Community Investment Department is here to help you! We encourage you to call if you feel you need assistance. If you have questions, please call 1-800-544-3452, ext. 1173 or visit the Community Investment Page at our web site: <http://www.fhlbdm.com/communityinvestment.htm>.