



Technical Assistance: Down Payment Products

# **DISBURSEMENT PROCESS**

## **REIMBURSEMENT OF GRANT FUNDS ADVANCED AT CLOSING**

# Program Requirements and Helpful Guidance

## **Initiating Disbursements - Do not let your Reservation expire!**

- Requesting a Disbursement requires the User to select each eligible reservation that has completed the purchase, initiate the disbursement and submit it after all sections are completed. This must all be completed within the 120 days allowed after approval
- The DPP Disbursement Checklist, found on the Bank's [Forms and Resources page](#), provides information on required documentation

# Program Requirements and Helpful Guidance

## Eligible Loan Programs and Requirements

- Approved mortgage programs include Conventional, VA, FHA, USDA, HUD-184 or a portfolio loan
  - HELOC's are not approved loan products to be used with grant funds
  - Seller held financing is not permitted – with the exception of a Bank preapproved seller such as a Habitat for Humanity program
- First mortgages must be at least 5 years in term to match the Down Payment Deed Restriction/Lease Addendum
- First mortgage loans must be amortizing, second mortgages may be amortizing or deferred; either may be fixed or adjustable-rate mortgages, and the loan fees and terms must not exceed HOEPA thresholds
- Grant funds may be used with other affordable housing grant or loan products and may be in last position

**Deed Restrictions and Lease Addendum** - found on the [Forms and Resources page](#) of the Bank's website

- Deed Restrictions and Lease Addendums must be recorded separately from the first and subordinate lending documents and are applicable by land type for either down payment program
- **Purchases on Tribal Land require the use of the Tribal Land Deed Restriction**
- **Purchases on Hawaiian Home Lands require the use of the Lease Addendum**
- Those individuals named and the spelling of their names on the Warranty Deed/Land Lease must match the individuals and spelling/format of their names on the Deed Restriction/Lease Addendum exactly

# Program Requirements and Helpful Guidance

## Required Documentation

- Closing Disclosures for all amortizing liens on title – subordinate liens may require additional documentation to verify the repayment structure
  - **Some entities such as Hawaiian Home Lands or tribal lands have other types of documentation rather than a closing disclosure for their closings. Inquire with the down payment team to see what is acceptable documentation in these circumstances.**
- A Homebuyer education certificate for a course completed prior to closing for a homebuyer on the mortgage – this should be a first-time homebuyer for the Home\$tart program
- Copies of the recorded Deed Restriction/Lease Addendum and Warranty Deeds, or Land Lease and Land Trust Documentation; as applicable
- Purchase and sale agreement addendums that impact the transaction costs or significantly extend the closing date

# Program Requirements and Helpful Guidance

## Eligible Expenses, Ineligible Expenses and Cash Back restrictions

- Eligible expenses include typical closing cost items such as appraisal, inspections, closing fee, escrow account set up, title fees, etc.
- Grant funds **may not** be used to fund ineligible expenses and these include rehabilitation expenses, escrowed construction, payment of collections, judgments, or personal debt
  - Buyers must bring cash to closing or receive gift funds which cover the cost of these items – gifts of equity are not cash and cannot be used to balance the math for these expenses
  - Please check in with DP staff before closing if there are ineligible expenses on the transaction to ensure there will be no issues with reimbursement post-closing
- Cash back is restricted to no more than \$250 with the exception of Paid Outside of Closing (POC) items such as prepaid appraisals, inspections, homeowner's insurance etc.
  - Reduction of the first mortgage or principal reductions in the amount of the excess, or grant reduction are all acceptable methods to balance excess cash to close prior to closing
  - Receipts to be provided by the Member
- Excess cash back will require a principal reduction to the first mortgage in the amount that exceeds program guidelines to receive disbursement approval and grant reimbursement

# Disbursement Process

## Initiating a Disbursement

- Disbursements must be initiated and submitted within 120 days of Reservation approval
- The DPP Disbursement Checklist <https://www.fhlbdm.com/products-services/affordable-housing/homestart/forms-and-resources/> provides information on required documentation.
- Initiate a disbursement by opening the desired eligible Reservation and hovering over "Initiate"
- Select "Disbursement"
- Answer the question on the initiation screen yes or no. If you select that something has changed, then a comment box will open for you to make a comment.
- You must answer the question and add comments, if applicable, to save this screen and submit the reservation.

The screenshot shows the FHLB Des Moines 'Reservation Home' interface. At the top, there's a navigation bar with 'Reservation', 'Dashboard', and 'Initiate' (highlighted with a red box). A dropdown menu for 'Initiate' is open, showing 'Reservation', 'Disbursement' (highlighted with a red box and a mouse cursor), and 'Withdraw'. Below this, the 'Reservation Home' section displays reservation details: 'Grant Requested' (\$ 5,000.00), 'Reservation Status' (Reservation Request Eligible - highlighted with a red box), 'Withdrawal Requested (Y/N)?' (N), 'Set Aside Round' (2018 Home\$tart), and 'Current Member Institution Name' and 'Original Member Institution Name' (both blurred). Below these details is a table with two columns: 'Description' and 'Status'.

| Description                        | Status |
|------------------------------------|--------|
| Reservation Initiation Information | ✓      |
| Additional Member Contacts         | ✓      |
| Site Selection                     | ✓      |
| Homeowner Selection                | ✓      |
| Eligibility                        | ✓      |
| Request Timeline                   | ✓      |
| Household Income                   | ✓      |

Have there been changes to the reservation since approval? e.g. -property address change, purchase price change, homebuyer added/removed from loan, seller credit or gift funds added or any other material change.\* ☐ Yes ☒ No

# Initiate Disbursement

Complete all 11 Sections within **Disbursement Home**.

Six Sections will be complete after initiating the disbursement; from information carried over from the Reservation and the information entered on Sections 1 and 2 of the disbursement.

When all 11 Sections are complete with a green check mark, click **Submit** to submit a disbursement request.

The screenshot displays the 'Disbursement Home' interface. At the top, there are tabs for 'Disbursement', 'Dashboard', and 'Initiate'. Below the tabs, the 'Disbursement Home' section shows the following details:

- Reservation Approved Amount: \$ 5,000.00
- Disbursement Request Amount: \$ 5,000.00
- Disbursement Status: **Disbursement Request Pending** (highlighted with a red circle)
- Withdrawal Requested?: N
- Set Aside Round: Home\$Start
- Homeowner 1: Cheryl Tester
- Homeowner 2:

To the right of these details, a yellow box contains instructions: 'Please complete individual screens.' and 'All checkmarks must be green before you can submit the disbursement.'

Below the details is a table with 11 rows, each representing a section of the disbursement process. The table has two columns: 'Description' and 'Status'. The 'Status' column contains green checkmarks for all 11 sections, which are circled in red:

| Description                         | Status |
|-------------------------------------|--------|
| Disbursement Initiation             | ✓      |
| Additional Contacts                 | ✓      |
| Site Selection                      | ✓      |
| Homeowner Selection                 | ✓      |
| Household Income                    | ✓      |
| Disbursement Information Page 1     | ✓      |
| Disbursement Information Page 2     | ✓      |
| Certificate of Borrower Eligibility | ✓      |
| FHA Documentation                   | ✓      |
| Disbursement Information Page 3     | ✓      |
| Timeline                            | ✓      |

Below the table, there is a certification statement: 'I hereby certify that I am an authorized employee of the participating member, that this distribution request is being submitted on behalf of the participating member, and that all of the information included in this request is true and correct to the best of my knowledge.'

The member agrees to:

- (1) maintain all Down Payment Assistance documents used to determine eligibility (e.g., recorded mortgages and related notes, HUD-1, and income, first-time homebuyer, and counseling documentation) and provide any and all requested documentation to the Bank;
- (2) notify the Bank of any sale, refinance or foreclosure of the property prior to the expiration of the five-year retention period and reimburse the Bank for any and all amounts that are recaptured in connection therewith;
- (3) verify that each of the homebuyers identified (a) is a first-time homebuyer, (b) is a member of a low-to moderate-income household with maximum household income at or below 80 percent of the area median income, (c) has completed a homebuyer counseling program, (d) has met the funds matching requirements, and (e) meets all eligibility criteria in accordance with the Down Payment Assistance Program Manual and section 12911.6(c) of the AHP regulation;
- (4) provide financial or other incentives in connection with the first mortgage financing to the homebuyer;
- (5) limit the rate of interest, points, fees and any other charges to a reasonable market rate of interest, points, fees, and other charges for a loan of similar maturity, terms and risk;
- (6) verify that the first mortgage and Down Payment Assistance mortgage have been executed and recorded;
- (7) reimburse the Bank for any and all funds in the event that any past, present or future misrepresentation causes the homebuyer or the member to be in violation of program requirements as stated by the Bank or the Federal Housing Finance Agency; and

At the bottom, there is a 'Submit' button (highlighted with a red circle) and a 'Not Visited' link.

# Initiate Disbursement: Section One and Two

Logout

Home | Messages (0) | User Guide

DashboardInitiate

Initiate Disbursement

1Disbursement Information

2Additional Member Contacts

Disbursement Member Institution Name

Member Contact Name

Member Contact Email

Purchase Property State

Please review and verify that all information is correct.

Approved Reservation Amount

\$ 15,000.00

Disbursement Request Amount\*

\$ 15,000.00

Round requires max grant per household.

Uses of Funds (Select at Least One)\*

☒ Assistance with Acquisition Costs

Set-Aside Program Homeowner Name(s)

Homeowner 1

First Name\*firstname1

Middle NameMiddlename1

Last Name\*Lastname1

Homeowner 2

(Required if two Applicants)

First Namefirstname2

Middle NameMiddlename2

Last NameLastname2

Have there been changes to the reservation since approval? e.g. -property address change, purchase price change, homebuyer added/removed from loan, seller credit or gift funds added or any other material change.\*

☒ Yes

☐ No

Provide information about the change(s).\*

You have 1000 characters remaining for your description.

\* Asterisk indicates required field.

Next

Cancel

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**Save and Exit:** Initiates the disbursement request but does not complete the request.

**Save and Continue:** Continues to the next section to be completed.

**Cancel:** If the disbursement initiation needs to be cancelled.

**Identify any material changes to the loan application since approval, if applicable.**

Test Test | Logout

Current as of December 14, 2023 at 9:02 AM CST

Home | Messages (0) | User Guide

DashboardInitiate

Initiate Disbursement

1Disbursement Information

2Additional Member Contacts

If you would like others at your institution to be made aware of status changes for the disbursement please select

Contacts for First National Bank of Ames | Ames, IA

Name

Select

Test Test

☒

All contacts selected will receive emails regarding the status of reservations and/or disbursements.

Please contact your institution's eAdvantage Administrator to add additional contacts if needed.

Back

Save and Continue

Save and Exit

Cancel




## Section Six: Disbursement Information Page 1

**Information in Sections 3 – 5 were carried over from the Reservation and do not require completion.**

- **Upload a single homebuyer education certificate for a household member on the loan.**
- **Other information entered includes:**
  - Property Contract Sales Price
  - Total Closing Costs – closing costs totaled from all funding sources used in the purchase
  - 1<sup>st</sup> mortgage originator - select from drop down options
  - Property in an urban or rural location

### Disbursement Information Page 1 ?

What is the anticipated closing(Settlement) completion date for this unit? \* 12/26/2023 

Is borrower First-time Homebuyer?\* ☒ Yes ☐ No

Does the Member attest that the Homeownership Counseling is Completed? ♦ ☒ Yes ☐ No

Homeownership counseling was provided by \* Framework

Did the counseling conform to the National Industry Standards for Homeownership Education and Counseling or was it offered by a HUD-approved provider? \* ☒ Yes ☐ No

Attach the completed First-time Homebuyer Course Certificate(s)\*

Uploaded File Info

|              |                         |
|--------------|-------------------------|
| HBE Cert.pdf | <button>Remove</button> |
|--------------|-------------------------|

Property Contract Sales Price \* 100000

Total Closing Costs \* 2500

1st Mortgage originated by \* Member/Affiliate ▼

Classify the site location as \*

☐ Urban

☒ Rural

\* Required to save the page

♦ Required prior to submission

To submit your changes please click Save before exiting this page.

Save Undo

• A homebuyer education course certificate is required for at least one household member listed on the mortgage.

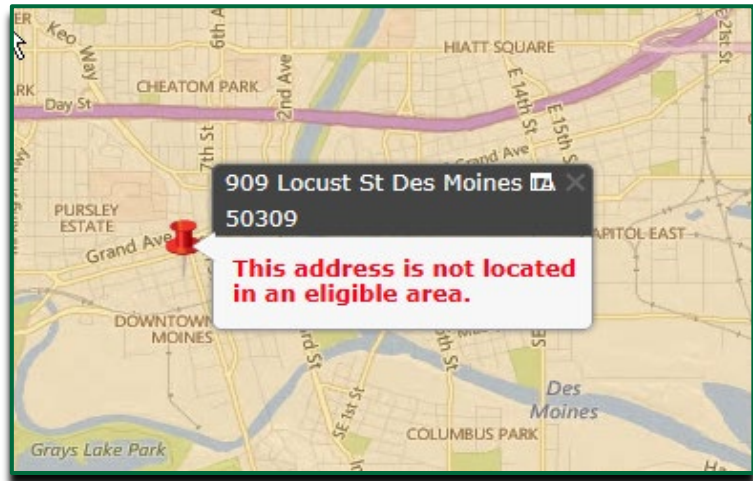
• The class must meet the National Industry Standards for Homeownership Education and Counseling, which is typical of a HUD-approved provider.

## Section Six: Disbursement Information Page 1

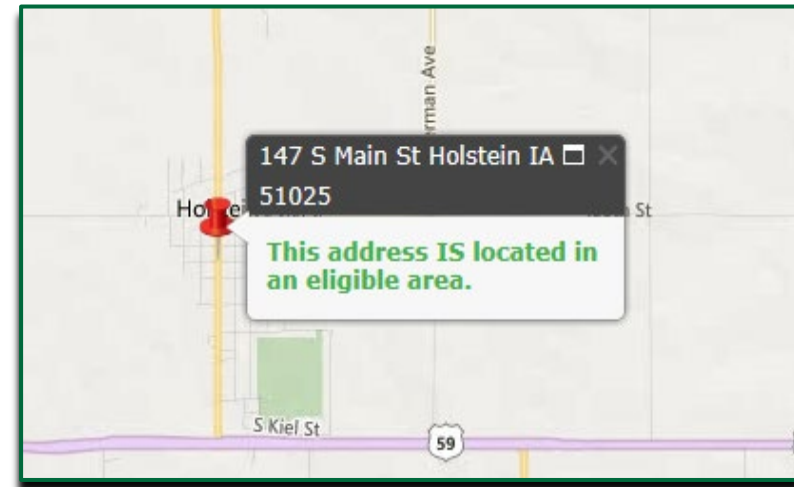
### Determining Urban vs Rural site location

- Typically, an Urban area is a community of more than 25,000 people or one that is part of a larger MSA.
- If in doubt, you can determine Urban vs Rural by entering the property address into the USDA Eligibility website.
- This website can be found here: <https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>
  - Select "Single Family Housing Guaranteed", then click "Accept"

#### Urban



#### Rural



**Once the address is input, the address will populate Red or Green.**

**Red/Not Eligible = Urban. Green/Eligible = Rural**

## Section Seven: Disbursement Information Page 2

**1<sup>st</sup> Mortgage Amount:** = Loan Amount from Closing Disclosure (CD)

**1<sup>st</sup> Mortgage APR:** On page 5 of the CD

**1<sup>st</sup> Mortgage Rate Type:** Fixed or Adjustable

**1<sup>st</sup> Mortgage Term:** Number of months of the loan term

- Must be at least a 60-month term

**1<sup>st</sup> Mortgage Origination Charges:** Page 2 Line A of the CD

**Is the 1<sup>st</sup> Mortgage Loan covered by HOEPA?:** Answer **Yes** if the loan would be defined as a high-cost loan.

- Bank staff test the 1<sup>st</sup> mortgages for high-cost loan status using the Consumer Finance Protection Bureau Rate Spread Calculator. A loan with a rate spread over 6.5 or greater is ineligible.

**Other Grants/Forgivable loan:** Refers to grants or deferred loans in the financing structure which do not require monthly payments. Provide source(s) and total dollar amount.

**2<sup>nd</sup> Mortgage on the Property:** Answer **Yes** if there is a second mortgage requiring monthly amortizing payments.

|  |  |
|--|--|
| 1st Mortgage Amount*                       | <input type="text"/>                               |
| 1st Mortgage Interest Rate %*              | <input type="text"/> %                             |
| 1st Mortgage APR %*                        | <input type="text"/> %                             |
| 1st Mortgage Rate Type*                    | <input type="text" value="Select"/>                |
| 1st Mortgage Term (Months)*                | <input type="text"/>                               |
| 1st Mortgage Amortization Period (Months)* | <input type="text"/>                               |
| 1st Mortgage Program*                      | <input type="text" value="Select"/>                |
| Is 1st Mortgage Program FHA?*              | <input type="radio"/> Yes <input type="radio"/> No |
| 1st Mortgage Funded by*                    | <input type="text" value="Select"/>                |
| 1st Mortgage Origination Charges*          | <input type="text"/>                               |
| Is 1st Mortgage Loan to be sold?*          | <input type="radio"/> Yes <input type="radio"/> No |
| Is 1st Mortgage Loan covered by HOEPA?*    | <input type="radio"/> Yes <input type="radio"/> No |
| Is there a 2nd Mortgage on this Property?* | <input type="radio"/> Yes <input type="radio"/> No |

## Section Seven: Disbursement Information Page 2

- **Amortizing second mortgages are noted by selecting **yes** on this screen**
  - Do not enter a deferred mortgage in this field (a lien which does not require payments for a specified period of time)
- **Provide the APR for the loan, and upload the 2<sup>nd</sup> mortgage Closing Disclosure**
- **Bank staff will confirm if this is a high-cost loan using the Consumer Finance Protection Bureau Rate Spread Calculator. A loan with a rate spread of 8.5 or greater would be ineligible.**
  - If the APR of the second mortgage exceeds the threshold for a high-cost loan, the loan would not be eligible per program requirements.

Is there a 2nd Mortgage on this Property?\* ☒ Yes ☐ No

2nd Mortgage Amount\* 2000

2nd Mortgage Program\* Conventional

2nd Mortgage Interest Rate %\* 0 %

2nd Mortgage APR %\* 0 %

2nd Mortgage Rate Type\* Fixed

2nd Mortgage Term (Months)\* 360

2nd Mortgage Amortization Period (Months)\* 360

Attach 2nd Mortgage Signed Closing Disclosure\*

Uploaded File Info

CD 2nd Mortgage.pdf Remove

*Any residential mortgage will be ineligible to be used with DP subsidy if the APR threshold (annual percentage rate including interest, points and fees) charged for the loan exceed the thresholds of the Home Ownership and Equity Protection Act of 1994 and its implementing regulation, (Federal Reserve Board Regulation Z), as redefined under Title XIV of the Dodd-Frank Act.*

# Section Seven: Disbursement Information Page 2

List all applicable funding sources and loan terms for the transaction

Typical funding sources:

- Subordinate Amortizing Lien
- Grant (Non-FHLBDM)
- Deferred Downpayment Lien
- Buyer Funds/Earnest Money
- Seller Credit
- Gift Funds (provide letters with 1<sup>st</sup> mortgage CD if not provided at reservation)
- Gifts of Equity
- Cash to Close
- Other (provide explanation)

Sum of Purchase Price plus the Closing Costs entered in Section 6 is totaled in the background and the system displays the appropriate message regarding insufficient or excess funding when compared to the funding sources entered.

**Total Buyer Funds \$10,000 or greater not disclosed at reservation will need to be sourced at disbursement by the provision of the last two months bank statements.**

- **Insufficient funding** will prevent finalizing the screen preventing file submission. Total Funding = / + Total Cost to Purchase.
- **Total Funding Sources exceeding Total Cost to Purchase** will require correction, explanation and confirmation to comply with program guidelines regarding excess cash back at closing.

FUNDING SOURCES OVERVIEW

Add Funding Source

| Action                   | Funding Source Type | Amount       | Rate Type | Interest Rate | APR     | Term (Months) |
|--------------------------|---------------------|--------------|-----------|---------------|---------|---------------|
|                          | 1st Mortgage        | \$90,000.00  | Fixed     | 3.5000%       | 3.7500% | 360           |
|                          | 2nd Mortgage        | \$2,000.00   | Fixed     | 0.0000%       | 0.0000% | 360           |
|                          | FHLBDM Grant        | \$7,500.00   |           | 0.0000%       | 0.0000% | 60            |
| <div>EditRemove</div>    | Buyer Funds         | \$1,000.00   |           |               |         |               |
| <div>EditRemove</div>    | Gift Funds          | \$2,500.00   |           |               |         |               |
| Total Funding Sources:   |                     | \$103,000.00 |           |               |         |               |
| Total Cost to Purchase : |                     | \$102,500.00 |           |               |         |               |

Total Funding is greater than the Total Cost to Purchase.

A member may not provide cash back to a household at closing on the mortgage loan in an amount exceeding \$250. If the settlement statement or other closing documents show cash back to the homebuyer in an amount greater than \$250, then the member must provide documentation showing that the cash back was used to:

1. Reduce the mortgage amount by the amount of excess predicted at closing so the buyer gets the full benefit of the grant funds.

2. Apply the excess funds as a principal reduction.

☒ I agree to comply with program requirements. Check to confirm.

**Funding Sources Overview Table - The 1<sup>st</sup> mortgage, 2<sup>nd</sup> mortgage (if any) and FHLB grant will automatically populate.**


# Section Eight: Certificate of Borrower Eligibility

## Certificate of Borrower Eligibility Screen

- This document is created after information about homebuyer financing has been input into Disbursement Information Pages 1 and 2.
- Review the document to ensure you input correct information.
- Enter your name and title to verify your certification of the information submitted, per the statement on screen. Saving the screen enters the date for certification.
- If the file is sent back for a correction on Disbursement Information Pages 1 or 2 it will require the recertification of the CBE as this information is updated from there.

### Certificate of Borrower Eligibility ?

• This form may be printed for your records if needed.  
[Print PDF](#)

  
Certificate of Borrower Eligibility

Member and Borrower Information

|                             |   |
|-----------------------------|---|
| Member Name                 | First National Bank Of Ames, IA               |
| Homeowner                   | Test Run                                      |
| Co-Homeowner                |   |
| Property Address            | 1254 E 13th St,<br>DES MOINES, POLK, IA 50316 |
| Census Tract                | 0048.00                                       |
| Homebuyer Counseling        | Framework                                     |
| Related Party Transaction   | no  |
| Number of Household Members | 7   |

Subsidy Information

|                  |              |              |                                   |
|------------------|--------------|--------------|-----------------------------------|
| Amount           | \$ 15,000.00 | Closing Date | 26-Dec-23                         |
| Household Income | \$ 40,000.00 | Use          | Assistance with Acquisition Costs |
| Income Category  | 50           |              |                                   |

I certify that I am an authorized employee of the Federal Home Loan Bank of Des Moines participating member institution through which the down payment assistance grant was distributed. I further certify that: 1) the above information is true, complete, and accurate and that appropriate steps were taken to ensure its accuracy; 2) this household meets the eligibility requirements of the AHP Regulations (12 C.F.R. Part 1291); 3) if applicable, the homebuyer/owner counseling program was provided by, or based on one provided by, a recognized and experienced counseling organization and counseling included financial literacy and predatory lending education per National Industry Standards for Homeownership Education and Counseling; 4) related counseling costs are not covered by another funding source, including my institution, if paid from this subsidy award; and 5) the associated interest rate, points, fees, and any other charges of the mortgage loan do not exceed reasonable market interest rates, points, fees, and any other charges for similar loans.

Certifier's Name \*

Title \*

Classification | Internal

FHLB DES MOINES 14

# Section Nine: FHA Documentation


## FHA Letter for Underwriting

- FHLB Des Moines provides this letter to help facilitate transactions that are FHA guaranteed.
- This letter from the Bank can be provided to an FHA underwriter to satisfy secondary financing requirements by government entities.
- If needed for your records, print the letter and then Save to proceed. If not needed, merely Save and go to the next section.

### FHA Documentation ?

FHA letter is not required since 1st Mortgage program is not FHA. Please proceed to the Disbursement Home screen.

• Please print if applicable  
Print PDF



Federal Home Loan Bank of Des Moines  
909 Locust Street, Suite 200 | Des Moines, IA 50309  
800.544.3452 | www.fhlbdm.com

December 14, 2023

First National Bank Of Ames  
Ames IA

Re: Test Run  
1254 E 13th St ,  
DES MOINES, POLK, IA 50316  
  
FHA Case Number

To Whom It May Concern:

This letter is being provided solely for the purpose of satisfying the FHA's



## Section Ten: Disbursement Information Page 3

### Required Documentation 2023 Funding Round


- Final Closing Disclosure for the 1<sup>st</sup> mortgage loan, signed by the borrowers
- Recorded copies of the Deed Restriction, Lease Addendum and the Warranty Deed
- An upload field for corrections or additional documentation has been provided

### Household Notification Question on the Disbursement Information Page 3 Screen

This question is related to future payoff requests by the Homebuyer, the calculation of the homebuyer's investment at the time of the purchase and subsequent improvements to their home.

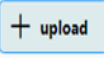
- The amount spent by the homeowner on improvements to their property is an eligible credit at the time of payoff request.
- Please ensure the household is notified of the need to retain these receipts and invoices at closing and select the radio button to complete the screen at disbursement.

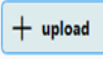
**Disbursement Information Page 3** ?


What is the actual closing (Settlement) completion date for this unit?\*  

Is the correct actual closing date displayed at the top of this page?\* ☒ Yes ☐ No

Please attach all required Documentation listed below:

Signed Final Closing Disclosure\*  ?

Recorded Deed Restriction & Warranty Deed\*  ?

Additional Documentation  ?

Has the downpayment program-assisted household been notified, at the time they purchased their home, that they should maintain documentation of their household investments in case the unit is sold or refinanced during the five-year retention period?\*

☐ I acknowledge that the household has been notified.

- Attached Closing Disclosure should be signed by the borrowers.
- Use the Deed Restriction form provided on the FHLBDM website. Contact the Bank if it cannot be used in your jurisdiction.
- Attached Deed Restriction should be copy of the recorded document. Include a copy of the Warranty Deed in the attachment.



### Final Closing Disclosure

- **The closing disclosure must document grant funds were used for one or more of the following:**
  - Down payment, closing costs, cost of a financial literacy program (homebuyer education)
- **Grant funds are to be documented on Page 3, Section L and named as either “FHLB DM Grant”, “Home\$tart Grant” or “NAHI Grant” depending on the program**
- **Closing costs must be representative of expenses incurred in the purchase and financing of a residence and may include costs for a Financial Literacy Program (homebuyer education)**
- **Borrowers cannot receive more than \$250 cash back at closing. Costs paid outside of closing should be noted the CD in Closing Cost Detail, or other satisfactory documentation attached to the CD for Bank review and determination of eligibility for reimbursement with grant funds.**
  - Cash back includes reimbursement of down payment, deposits, or earnest money, and payment of collections, judgments, or other financial obligations of the borrowers
  - If it is necessary to pay collections or judgments to close a transaction, the CD must demonstrate they are paid from borrower cash funds

### **Recorded copies of the Deed Restriction, Lease Addendum and Warranty Deed**

- **The Deed Restriction/Lease Addendum must be recorded as a separate lien on title in the appropriate jurisdiction at the same time the other closing documents, i.e. Warranty Deed/land lease agreement, are recorded**
  - If there was a delay in recording (generally longer than two weeks) provide an explanation with your disbursement submission
- **The member should be named as “Lender” in the Deed Restriction/Lease Addendum**
- **The member is responsible for servicing the Deed Restriction/Lease Addendum**
- **Upload a .pdf copy of the recorded Deed Restriction, together with the recorded Warranty Deed/Land Lease, and Lease Addendum as applicable, on Disbursement Information Page 3**
- **Always use the most current version of the Deed Restriction/Lease Addendum available on our website as they can be updated yearly.**
  - The Deed Restriction/Lease Addendum is a forgivable grant that must be paid back in part or may be forgiven when the home is sold or refinanced before the full term is met
- **Instructions for [Lien Release and Subordination](#), including repayment of a subsidy award, can be found on our website.**

# Disbursement Process

## Disbursement Submission

- **When your Disbursement Home dashboard shows all sections completed, Submit the disbursement request**
  - All sections must have **green checkmarks** before the Submit button will appear
- **Once the Submit button has been clicked, the status will change to Disbursement Request Submitted**
- **After submission, change in disbursement status can be tracked on Disbursement Home or on the Dashboard**

**Note: If you do not click Submit, the file will expire 120 days after the reservation was approved even if you have all green checkmarks**

### Disbursement Request Home

|                                      |  |
|--------------------------------------|--|
| Reservation Approved Amount          | \$ 15,000.00                           |
| Disbursement Request Amount          | \$ 15,000.00                           |
| Disbursement Status                  | Disbursement Request Pending           |
| Withdrawal Requested?                | N                                      |
| Set Aside Round                      | 2024 HomeStart                         |
| Current Member Institution Name      | First National Bank of Ames   Ames, IA |
| Disbursement Member Institution Name | First National Bank of Ames   Ames, IA |
| Homeowner 1:                         | Test Run                               |
| Homeowner 2:                         |  |

• Please complete individual screens.

• All checkmarks must be green before the Submit button appears, which you must click to complete the disbursement request.

| Description                         | Status |
|-------------------------------------|--------|
| Disbursement Initiation             | ✓      |
| Additional Contacts                 | ✓      |
| Site Selection                      | ✓      |
| Homeowner Selection                 | ✓      |
| Household Income                    | ✓      |
| Disbursement Information Page 1     | ✓      |
| Disbursement Information Page 2     | ✓      |
| Certificate of Borrower Eligibility | ✓      |
| FHA Documentation                   | ✓      |
| Disbursement Information Page 3     | ✓      |
| Timeline                            | ✓      |

#### Status Changes Details

| Changed From                 | Changed To | Changed By             | Changed Date |
|------------------------------|------------|------------------------|--------------|
| Disbursement Request Pending | member1044 | 12/14/2023 09:03:10 AM |              |

I hereby certify that I am an authorized employee of the participating member, that this disbursement request is being submitted on behalf of the participating member, and that all of the information included in this request is true and correct to the best of my knowledge.

The member agrees to:

- (1) Maintain all Down Payment Assistance documents used to determine eligibility (e.g., recorded mortgages and related notes, Closing Disclosure, and income, first-time homebuyer, and counseling documentation) and provide any and all requested documentation to the Bank;
- (2) Notify the Bank of any sale, refinance or foreclosure of the property prior to the expiration of the five-year retention period and reimburse the Bank for any and all amounts that are recaptured in connection therewith;
- (3) Verify that each of the homebuyers identified (a) is a member of a low-to-moderate-income household with maximum household income at or below 80 percent of the area median income, (b) meets all eligibility criteria in accordance with the Implementation Plan and section 1291.6(c) of the AHP regulation;
- (4) Verify that each of the first-time homebuyers identified has completed an approved homebuyers counseling program;
- (5) Limit the rate of interest, points, fees and any other charges to a reasonable market rate of interest, points, fees, and other charges for a loan of similar maturity, terms and risk;
- (6) Verify that the FHLB Des Moines Deed Restriction has been executed and recorded, separate from the first mortgage;
- (7) Reimburse the Bank for any and all funds in the event that any past, present or future misrepresentation causes the homebuyer or the member to be in violation of program requirements as stated by the Bank or the Federal Housing Finance Agency; and
- (8) Adhere to the program guidelines as set forth in the Implementation Plan.

Submit

## Disbursement Process, cont.

- **Disbursements are reviewed in the order they are received. Please see the website for current review timelines.**
- **Bank staff will review the disbursement and Member contacts will receive a system-generated email requesting clarifications.**
  - A **"?"** will appear in the Status of the Section requiring clarification on the **Disbursement Home** screen. The member must **Submit** again after clarification.
- **Members must submit requested documents to the Bank within 120 cumulative days of the file status "Disbursement Clarification Pending" to complete the disbursement.**
  - Time does not accrue when the file is with FHLB DM's control. If the file review is not completed after 120 cumulative days, the disbursement will expire, and the Member must contact the Bank to determine next steps for reimbursement.

**Approved disbursements are funded directly to the Member's DDA account, and an approval email is sent to the Member contacts on the Disbursement.**

**Should a Disbursement not comply with program requirements the Member will be contacted to review the issue and determine potential cures.**

| Reservation Number                  | Disbursement Number                | Homeowner Last Name                 | Homeowner First, Middle Name        | Member Contact                      | Date Reservation Submitted  | Current Status  | Subsidy Reserved | Grant Expiration            | Withdrawal Requested | Subsidy Disbursed | Proposed Settlement Date | Disbursement Date |
|-------------------------------------|------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-----------------------------|---|------------------|-----------------------------|----------------------|-------------------|--------------------------|-------------------|
| <input type="text" value="Search"/> | <input type="text" value="10142"/> | <input type="text" value="Search"/> | <input type="text" value="Search"/> | <input type="text" value="Search"/> |                             |   |                  |                             |                      |                   |                          |                   |
| 13206                               | 10142                              | Lastname1                           | firstname1, Middlename1             | FirstName_53<br>LastName_53         | Jul 13, 2020<br>02:16:40 PM | Disbursement Request<br>Clarification Pending<br><i>Disb. Expires: 01/04/2021</i> | \$ 7,500.00      | Jan 06, 2021<br>12:00:00 AM | N                    | \$ 0.00           | Sep 18, 2020             |                   |



Technical Assistance: Down Payment Products

# **APPENDIX: RESERVATION AND DISBURSEMENT STATUS CHANGES**

# Appendix for Reservation and Disbursement Status Changes

## How do I better understand the status of my submission?

| Status Descriptions                                      |   |
|--|---|
| Reservation/Disbursement Request Pending                 | A Reservation or Disbursement has been initiated, but not yet submitted. You may begin and save the progress on the request, then return to complete the work. All screens will need to be completed and then <i>submitted</i> before the expiration date.  |
| Reservation/Disbursement Request Submitted               | The Reservation or Disbursement has been submitted and is now available for FHLB Des Moines to review and approve. You are no longer able to edit this request.   |
| Reservation/Disbursement Clarification Request Pending   | The Reservation or Disbursement has a clarification request outstanding. You can edit only the pages where FHLB Des Moines has indicated clarification is needed.   |
| Reservation/Disbursement Clarification Request Submitted | The Clarification has been submitted, returning the reservation request to FHLB Des Moines. You cannot edit the clarification once submitted.   |
| Reservation Request Eligible                             | The request has been reviewed, and FHLB Des Moines has determined the homebuyer is approved for a reservation. Disbursements may now be initiated and submitted within 120 days.  |
| Disbursement Request Approved                            | The request has been reviewed by FHLB Des Moines and approved. Funds will be deposited into the member's FHLB Des Moines Demand Deposit Account.  |
| Expired (Reservation Stage)                              | If a disbursement request was not submitted within 120 days of reservation approval, the reservation has expired. Reserved funds from expired reservations are automatically returned to the general first-come/first-served pool.  |
| Expired (Disbursement Stage)                             | If a disbursement request has been submitted, reviewed by FHLB staff, and has been in Clarification Pending status for 120 cumulative days, the disbursement has expired. Pending final review, the reserved funds will be manually returned to the general first-come/first-served pool by FHLB staff. |



Technical Assistance: Down Payment Products

# WHERE TO FIND US

## Contact Information: Down Payment Products

### **Community Investment:**

Toll Free: 800.544.3452, ext. 2400

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# Thank you

## Technical Assistance: Down Payment Products