

SMARTBUY 101

How to Originate, Process, and Review SmartBuy Loans



877-456-2656



mortgage@ihda.org

Please Mute Your...

We want (almost) everyone to be heard so please mute your mic and place your questions in the chat box for the Q&A at the end!



Microphones



Children



Dogs



Etc.

How does SmartBuy work?



SmartBuy aims to increase access to homeownership by removing the burden of student loans for homebuyers.

- It comes with a flat \$5,000 deferred that can be used for down payment assistance or closing costs.
- It will also pay 15% of the purchase price toward the payoff of student loans up to \$40,000!





SMARTBUY

**1st Mortgage
Term**

30-Year fixed rate

**Allowed Loan
Type**



Fannie Mae® ONLY

DPA Assistance

\$5,000 flat deferred

**Student Loan
Assistance**

**15% of purchase price up
to \$40,000**

**2nd Mortgage
Term**

Due upon the sooner of the
maturity date or repayment of
the 1st mortgage

**Student Loan
Assistance Terms**

Promissory Note and Deed
Restriction; no repayment
required after 36 months



SmartBuy Terms



Borrower

- 640 minimum FICO
- Must have at least \$1,000 in student loans from qualified source (no private loans)
- First-time or non-first time homebuyer
- Must be current on their student loans (forbearance is ok)

Limits

- Borrower's income must not exceed the applicable county limits
- Purchase Price cannot exceed the applicable county limits

Financing

- Fannie Mae Loan Types Only!
- All student loans must be paid off at closing by the 15% assistance or in combination with borrower funds



SMARTBUY

Initial Eligibility Review



SMARTBUY Process

1

Borrower applies for SmartBuy with a SmartBuy Lender.

2

Lender checks eligibility against IHDA Mortgage income limits and SmartBuy submission cover

You
Are
Here



Before we get started...

Three BIG things to pay attention to on SmartBuy...

1)

If the assistance (15% of the sale price up to \$40k) does not cover the student debt, the borrower must cover the difference. (Gift funds are ok)

2)

If you use any of the assistance to pay a borrower or co-borrower's student loans, then ALL their student loans must be paid off. Either with the assistance, their own funds, or a combo of both.

3)

You can leave either borrower's student loans unpaid and still use their income to qualify.



Initial Eligibility Review

Is my borrower eligible?

► Income and Purchase Price Review

- Gather the income documentation to determine if the borrower is eligible under the income *AND* purchase price limits for the county they would like to buy in.
- You can see limits at www.IHDAmortgage.org/limits but for the actual qualification, complete the household income calculator found on www.ihdamortgage.org/docs.
- REMEMBER: When calculating IHDA household income, ONLY the income of those on the Note is utilized.





Initial Eligibility Review

Is my borrower eligible?

▶ Student Loan Review


- ▶ Request a current student loan statement for every student loan the borrower has (do this for all borrowers using the assistance).
- ▶ Review all the student loans reported on the credit report to ensure you have accounted for ALL student debt.
- ▶ Once you have this information, you will use it to complete the SmartBuy Submission Cover.
(we'll cover this on the next slide)





Is my borrower eligible?

► The SmartBuy submission cover is programmed to:

- | | | | | | | | |
|--|---|---|-----------------|----------|------------------|------------|------------------|
|  <p>SMARTBUY
PRE-CLOSE SUBMISSION
COVER</p> | <p><small>Use duplicate fields and enter calculate the assistance amounts.
Lenders must submit all items on the previous section of the checklist on page following to receive final documents for closing. This section must be completed in Adobe Reader to function correctly.</small></p> | <p>CLOSING DATE: _____
LOAN NO: _____
LOAN TYPE: _____</p> | | | | | |
| BORROWER DATA | | | | | | | |
| Borrower Full Name _____ SSN _____ Email _____ Phone _____ | | Lender Name _____ NMLS ID _____ | | | | | |
| Coborrower Full Name _____ SSN _____ Email _____ Phone _____ | | Loan Officer Name _____ NMLS ID _____ | | | | | |
| Coborrower Full Name _____ SSN _____ Email _____ Phone _____ | | Lender Email file point of contact, final closing doc will be sent here | | | | | |
| PROPERTY DATA | | | | | | | |
| Street Address _____ City _____ ZIP _____ County _____ Appraised Value _____ | | | | | | | |
| PIN _____ New Construction? YES <input type="checkbox"/> NO <input type="checkbox"/> Targeted Area? YES <input type="checkbox"/> NO <input type="checkbox"/> Number Of Units? _____ | | | | | | | |
| HOUSEHOLD AND INCOME DATA | | | | | | | |
| 1. Borrower Marital Status _____ 2. Total Household Members _____ 3. Total Household Income _____ | | | | | | | |
| 4. Non Borrowing Spouse (Full Name) _____ | | | | | | | |
| 5. Are/Were any borrower exempt from filing federal income taxes? _____ | | | | | | | |
| 6. If item 5 is yes, which years were not filed?..... YR1: _____ YR2: _____ YR3: _____ | | | | | | | |
| STUDENT LOANS | | | | | | | |
| <p><small>INSTRUCTIONS: List every student loan for all borrowers whether or not it is being paid or in satisfaction with program finish. One borrower list must be present here their loans paid in full by the 10% SmartBuy assistance or in combination with non-IHDA borrower funds/income. If the assistance did not cover the full balance, the borrower must pay the balance or set out of reducing age of loan 10% SmartBuy assistance toward that student loan. If any borrower's debt is not being paid by the 10% SmartBuy assistance partially or in full, enter the payoff amount to the Lender from outside a valid payoff for each debt using SmartBuy Assistance and the time it paid on it is that closing date.</small></p> | | | | | | | |
| Borrower OR Coborrower | Name of Lender/Creditor | Account Number | Monthly Payment | New Loan | Original Balance | Payoff Amt | Payoff Exp. Date |
| 1 | CB | CB2 | | | | | |
| 2 | CB | CB2 | | | | | |
| 3 | CB | CB2 | | | | | |
| 4 | CB | CB2 | | | | | |
| 5 | CB | CB2 | | | | | |
| 6 | CB | CB2 | | | | | |
| 7 | CB | CB2 | | | | | |
| 8 | CB | CB2 | | | | | |
| 9 | CB | CB2 | | | | | |
| 10 | CB | CB2 | | | | | |
| 11 | CB | CB2 | | | | | |
| 12 | CB | CB2 | | | | | |
| 13 | CB | CB2 | | | | | |
| 14 | CB | CB2 | | | | | |
| 15 | CB | CB2 | | | | | |
| 16 | CB | CB2 | | | | | |
| 17 | CB | CB2 | | | | | |
| 18 | CB | CB2 | | | | | |
| 19 | CB | CB2 | | | | | |
| 20 | CB | CB2 | | | | | |
| DETAILS OF TRANSACTION | | | | | | | |
| <p><small>Click calculate to re-calc when updating amounts</small></p> | | | | | | | |
| 1. Final Purchase Price _____ | | | | | | | |
| 2. 1st Mortgage Amount (including LOANED FUND) _____ | | | | | | | |
| 3. Total Educational Liabilities (Section 2, click calculate to find) _____ | | | | | | | |
| 4. Closing Costs and Fees (include loan cost) _____ | | | | | | | |
| 5. Borrower Funds Applied In Education Loans _____ | | | | | | | |
| 6. Credits (Student loans not applied to closing costs, gift funds, other credit, prepaid rent cost) _____ | | | | | | | |
| 7. SmartBuy 15% Education Assistance (see SmartBuy Calculator) _____ | | | | | | | |
| 8. FINAL Balance (negative = alert to close) _____ | | | | | | | |
| <p><small>2021-2022: Borrowers who have less than \$10,000 (GEO plus anything above and beyond the borrower's maximum assistance of 1% or \$2,000 whichever is greater) will have their loan paid for (prepaid assistance).</small></p> | | | | | | | |
| SMARTBUY CALCULATOR | | | | | | | |
| Total Educational Debt: _____ | | | | | | | |
| SmartBuy Assistance (10k up to \$800): _____ | | | | | | | |
| Borrower Funds Applied: _____ | | | | | | | |
| <p><small>Click calculate to recalc totals</small> Balance owed to IHDA for completion: _____</p> | | | | | | | |
| Notes: _____ | | | | | | | |

How to Enter in DU

FANNIE MAE ONLY



**BEFORE
YOU RUN DU**

- ▶ Student loan assistance will not be included in the CLTV
- ▶ Mark existing student loan as:
 - ▶ 'paid at closing'
- ▶ The following message will appear in the DU Findings:
 - ▶ Include evidence of payoff of the following debts (other than 30-day accounts) in the loan file: Borrower | Creditor | Account Number | Balance

How to Enter in DU

FANNIE MAE ONLY



**BEFORE
YOU RUN DU**

- ▶ Manually input SmartBuy assistance in Liabilities as:
 - ▶ “installment, no payment, 36-month term” – titled SmartBuy Assistance
 - ▶ When this is entered, the debt that has no payment will not be included in the CLTV nor will it be counted against DTI
- ▶ Manually input SmartBuy assistance in Assets:
 - ▶ Select “other liquid asset” – titled SmartBuy Assistance



How to Enter in DU

FANNIE MAE ONLY

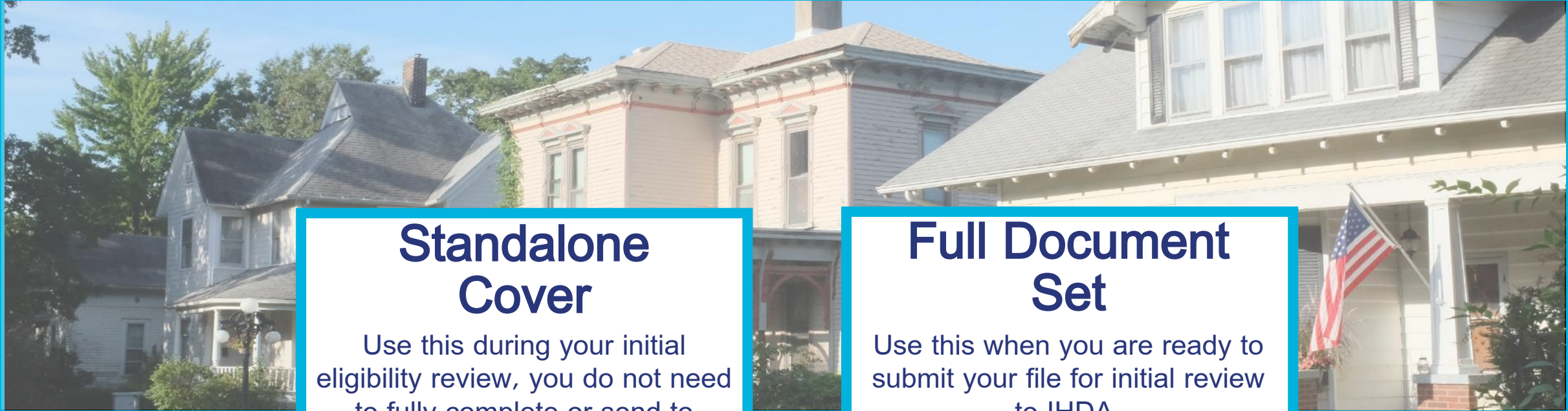
► IF YOU DO THIS CORRECTLY, YOU WILL SEE:



The risk assessment of the loan casefile may not be accurate because the following accounts on the loan application did not have a minimum monthly payment and DU was unable to calculate an accurate debt-to-income ratio...

WARNING: If you do not set this program up correctly in DU, it may trigger a manual underwrite which is **not allowed**.

Standalone or Doc Set? You choose.



Standalone Cover

Use this during your initial eligibility review, you do not need to fully complete or send to IHDA.

Full Document Set

Use this when you are ready to submit your file for initial review to IHDA.

We make two Submission Covers available, here is when you might want to use each...

Initial Eligibility Review

Is my borrower eligible?

Using the Submission Cover (cont.)

- ▶ Complete this section using the credit report and student loan statements
 - ▶ If a loan isn't going to be paid off with assistance it must be listed but the payoff amount must be listed as \$0.
- ▶ Complete this section with the details of transaction
 - ▶ Hit the **Calculate** button on the top, and it will total these amounts for you:
 - #3: Total Education Liabilities
 - #7. Total SmartBuy Education assistance
 - #8. Final Balance (cash needed to close)

Reminder: If you update ANY amount, hit calculate again to be sure your totals updated!
- ▶ The SmartBuy Calc. Section:
 - Is automatically calculated based on what you put in
 - Shows you if the assistance provided covers the total student loans and if not, how much they will need to bring to closing.

STUDENT LOANS

INSTRUCTIONS: List every student loan for all borrowers whether or not it is being paid in connection with program funds. One borrower (minimum) must have their loans paid in full by the 15% SmartBuy assistance or in combination with non-IHDA borrower funds/credits. If any borrower's debt is not being paid by the SmartBuy assistance (partially or in full), enter the payoff amount as \$0. Lenders must include a payoff for each debt using SmartBuy Assistance and list them as paid on the final closing disclosure.

	Borrower OR Coborrower	Name of Lender/Creditor	Account Number	Mthly Payment	Mos Left	Unpaid Balance	Payoff Amt	Payoff Exp. Date
1.	B <input type="checkbox"/> CB <input type="checkbox"/> CB2 <input type="checkbox"/>							
2.	B <input type="checkbox"/> CB <input type="checkbox"/> CB2 <input type="checkbox"/>							
3.	B <input type="checkbox"/> CB <input type="checkbox"/> CB2 <input type="checkbox"/>							
4.	B <input type="checkbox"/> CB <input type="checkbox"/> CB2 <input type="checkbox"/>							
5.	B <input type="checkbox"/> CB <input type="checkbox"/> CB2 <input type="checkbox"/>							
6.	B <input type="checkbox"/> CB <input type="checkbox"/> CB2 <input type="checkbox"/>							
7.	B <input type="checkbox"/> CB <input type="checkbox"/> CB2 <input type="checkbox"/>							
8.	B <input type="checkbox"/> CB <input type="checkbox"/> CB2 <input type="checkbox"/>							
9.	B <input type="checkbox"/> CB <input type="checkbox"/> CB2 <input type="checkbox"/>							
10.	B <input type="checkbox"/> CB <input type="checkbox"/> CB2 <input type="checkbox"/>							
11.	B <input type="checkbox"/> CB <input type="checkbox"/> CB2 <input type="checkbox"/>							
12.	B <input type="checkbox"/> CB <input type="checkbox"/> CB2 <input type="checkbox"/>							
	B <input type="checkbox"/> CB <input type="checkbox"/> CB2 <input type="checkbox"/>							
	B <input type="checkbox"/> CB <input type="checkbox"/> CB2 <input type="checkbox"/>							

DETAILS OF TRANSACTION

Calculate

Click calculate to re-total when updating amounts!

1.	Final Purchase Price	\$ 275,000.00
2.	1 st Mortgage Amount (including UFMIP, PMI)	\$ 250,000.00
3.	Total Edu. Liabilities (sect. 1-20, click calculate to total)	\$ 45,000.00
4.	Closing Costs and Fees (include taxes due)	\$ 0.00
4.	Borrower Funds Applied to Edu Loans	\$ 5,000.00
5.	Credits (borrower funds not applied to EDU loans, gift funds, lender credit, pre-pays, seller credit, lender credit, tax prorations, etc.) NO DPA	\$ 20,000.00
6.	IHDA \$5k SmartBuy Down Payment Assistance	\$ 5,000.00
7.	SmartBuy 15% Edu. Assist. (See SmartBuy Calc)	\$ 40,000.00
8.	FINAL BALANCE (negative = short to close)	\$ 0.00

Leave the table with \$250 plus anything above and beyond the borrower's \$1,000, whichever is greater (all other funds should be used for principal)

SMARTBUY CALC.

Help!

Total Educational Debt.....	\$ 45,000.00
SmartBuy Assist.(15% up to \$40k)....	\$ 40,000.00
Borrower Funds Applied.....	\$ 5,000.00
Balance.....	\$ 0.00

Click calculate to verify totals!

(must be \$0 to be compliant)



SMARTBUY

Prep for Pre-Close Review

Pre-Close Review Prep (cont.)

Student Loan Attestation

About this Doc:

- Auto Completed by Submission Cover
- Lists every student loan obligation belonging to the borrower(s)
- Should mirror the amounts found on the payoffs
- Signed by all borrowers
- Notarized (not required with e-signature)

What is collected on this document:

- The payoff amount of each loan
- Payoff Expiry Date
- Account Number
- Current balance
- Monthly Payment
- Months left on loan
- Creditor Name
- Who the debt belongs to

Illinois Housing Development Authority
SmartBuy Program
STUDENT LOAN ATTESTATION

Borrower name..... Street Address.....
Co-Borrower Name..... City.....
Co-Borrower Name..... ZIP Code.....

INSTRUCTIONS:
List all student loans belonging to the Borrower(s) to be paid off with the Illinois Housing Development Authority ("IHDA") Mortgage SmartBuy Program ("Program") funds or in combination with borrower's own funds. The sum of all student loan obligations belonging to the Borrower must be paid off at closing of the Program loan, using the Program funds or the borrower's own funds. Co-borrowers may elect to leave their student loan obligations outstanding. However, a partial payoff of student loans, belonging to Borrower or Co-borrower, using the Program funds is not allowed unless the remaining balance of the student loan obligation is to be paid off with the borrower's own funds at closing of the Program loan.

All items must be reviewed, investigated, and evaluated by the lender to whom you submitted your mortgage loan application (the "Lender") and its respective agents. This Student Loan Attestation must be signed by all borrowing parties.

1. STUDENT LOAN ATTESTATION
This Student Loan Attestation shall be considered part of the application for the loan, and is incorporated therein. If any statement made by you in this attestation is false, the mortgage loan made to you will not be eligible for the single family mortgage purchase program of IHDA, and in such event the outstanding principal balance of the mortgage loan may be declared immediately due and payable.

It may be a federal offense punishable by a maximum of a \$5,000 fine, two years imprisonment, or both, to knowingly make a false statement in this attestation (Title 18 United States Code, Section 1014). Read this attestation carefully to be sure the information in it is true and complete before signing this form. All questions must be answered completely. If any question is not applicable, answer "N/A." The information provided in this attestation is subject to verification by IHDA, the Lender, and their respective agents.

2. STUDENT LOAN OBLIGATIONS
The undersigned, hereinafter collectively referred to as "the Borrower," affirms as follows:

In connection with my application to the IHDA Mortgage SmartBuy Program, I declare the following student loan obligations exist or are expected to exist at the time of closing. I acknowledge knowingly withholding information of undisclosed student loan obligations may constitute mortgage fraud. If this Student Loan Attestation is executed more than 90 days prior to the Closing Date of the purchase of the property, I agree to update and recertify the accuracy of the information in this Attestation within 90 days prior to such Closing Date. I/we hereby certify that, to the best of my knowledge, the following accounts reflect the totality of all student loans I/we are obligated to:

SB-059.1

1) Account Number Creditor Name Debtor
Unpaid Balance Monthly Payment Months Left Payoff Amt. Payoff Exp. Date

2) Account Number Creditor Name Debtor
Unpaid Balance Monthly Payment Months Left Payoff Amt. Payoff Exp. Date

3) Account Number Creditor Name Debtor
Unpaid Balance Monthly Payment Months Left Payoff Amt. Payoff Exp. Date

4) Account Number Creditor Name Debtor
Unpaid Balance Monthly Payment Months Left Payoff Amt. Payoff Exp. Date

5) Account Number Creditor Name Debtor
Unpaid Balance Monthly Payment Months Left Payoff Amt. Payoff Exp. Date

6) Account Number Creditor Name Debtor
Unpaid Balance Monthly Payment Months Left Payoff Amt. Payoff Exp. Date

7) Account Number Creditor Name Debtor
Unpaid Balance Monthly Payment Months Left Payoff Amt. Payoff Exp. Date

SB-059.1

3. PAYOFF OF STUDENT LOANS PROVISION
I/We, understand and meet the following specific requirements under the Program. We hereby attest and affirm that:

a) This student loan attestation represents all student loan obligations belonging to Borrower and any Co-Borrowers.

b) In connection with the Program, all of Borrower's student loans and Co-Borrower's student loans if utilizing Program funds to pay off his/her student loans, must be paid off at the time of closing via:

i. The Program funds, or
ii. Borrower's own funds, or
iii. A combination of Borrower's funds, Co-Borrower's funds, and the Program funds.

c) Any student loans belonging to the Borrower or Co-Borrower(s) left unpaid after closing and after utilizing Program funds to constitute a partial payoff of student loans shall render the loan non-compliant and ineligible for delivery to IHDA.

BORROWER SIGNATURES

Borrower Signature Date Co-Borrower Signature Date
Print Borrower Name Print Co-Borrower Name
Co-Borrower Signature Date
Print Co-Borrower Name

**NOTARY MUST EXECUTE FOLLOWING
~ ACKNOWLEDGEMENT ~**

STATE OF _____
COUNTY OF _____
I, _____, a Notary Public in and for the said county and State, do hereby certify that _____
personally known to me as the same person(s) whose name(s) is/are subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that they signed and delivered the said instrument as their free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and official seal this _____ day of _____, _____.

Notary Seal My Commission Expires (Seal) Notary Public Signature
SB-059.1

FILE DATA Borrower Name: _____ Closing Date: _____ IHDA Loan No.: _____ Loan Type: _____		LENDER DATA Lender Name: _____ File Contact Name: _____ File Contact Email: _____	
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PRE-CLOSE ITEMS REQUIRED

- ☐ 1. Completed SmartBuy Pre-Close Submission Cover
- ☐ 2. Completed/signed Student Loan Attestation (auto filled by submission cover)
- ☐ 3. SmartBuy Checklist
- ☐ 4. IHDA Borrower Affidavit
- ☐ 5. IHDA Initial Recapture
- ☐ 6. IHDA Certification of Income
- ☐ 7. U.S. Bank Authorization
- ☐ 8. IHDA Tax Code Certification
- ☐ 9. IHDA income calculator
- ☐ 10. All of the most recent income documentation (i.e., paystubs, child support, etc.)
- ☐ 11. Payoff statements for all student loans (within 30 days of closing)
- ☐ 12. Copies of most recent student loan monthly statements
- ☐ 13. Credit report
- ☐ 14. Sales Contract and any addendums
- ☐ 15. AUS results
 - In DU,
 - The existing student loan(s) marked as “paid at closing”
 - The Student Debt that is being covered in the SmartBuy transaction would be input as “unsecured, no payment, forgivable personal loan”

Please Note: It will take up to 10 days for IHDA to review the pre-close package. If any items are updated after IHDA's pre-close review, you must submit for pre-close approval. The 10-day clock will restart IHDA review if a second review is needed.

POST CLOSE ITEMS REQUIRED *If any items are found to be missing during the post close review, the file will be suspended.*

- ☐ 1. Completed SmartBuy Post Close Submission Cover
- ☐ 2. SmartBuy Checklist
- ☐ 3. SmartBuy 2nd Mortgage
- ☐ 4. SmartBuy 2nd Note
- ☐ 5. IHDA Mortgage Rider
- ☐ 6. SmartBuy Signed Servicing Letter
- ☐ 7. IHDA Impact Assistance Letter
- ☐ 8. IHDA Final Recapture
- ☐ 9. Copy of Wire or Check to the applicable Student Loan Companies
- ☐ 10. Copy of Wire or Check for any applicable borrower funds needed for loan payoff
- ☐ 11. All agency required documents as listed on the IHDA Delivery Checklist, as applicable
- ☐ 12. Signed Guaranty Letter *(released by IHDA staff in TPO Connect)*
- ☐ 13. Signed Promissory Note *(released by IHDA staff in TPO Connect)*
- ☐ 14. Signed Deed Restriction *(released by IHDA staff in TPO Connect)*

NOTES

SmartBuy Checklist

- Contains all items required at both stages of the review process
- Is reviewed by IHDA
- Must be included, IHDA cannot move the file forward without it

AUS results

- In DU,
 - The existing student loan(s) marked as “paid at closing”
 - The Student Debt that is being covered in the SmartBuy transaction would be input as “unsecured, no payment, forgivable personal loan”



Pre-Close Review Prep

Readying your documents for IHDA

► Preparing to submit for pre-close IHDA Review

- Now that you've verified the borrower's eligibility you can submit for Pre-Close Review once you have:
 - Confirmed the borrower's estimated closing date
 - Obtained a complete sales contract
 - Obtained payoffs for all student loans
 - Verified all dollar amounts (purchase price, borrower's funds, misc. credits)
 - Obtained all items on the Pre-Close Checklist





SMARTBUY

Submit for Pre-Close Review
(TPO Connect)



SMARTBUY Process

1

Borrower applies for SmartBuy with a SmartBuy Lender

2

Lender checks eligibility against IHDA Mortgage income limits and SmartBuy submission cover

3

Lender uploads pre-close loan package documents for pre-close review approval

You Are Here



SMARTBUY Process

1

Borrower applies for SmartBuy with a SmartBuy Lender

2

Lender checks eligibility against IHDA Mortgage income limits and SmartBuy submission cover

You Are Here

4

IHDA reviews and issues pre-close approval

3

Lender uploads pre-close loan package documents for pre-close review approval





IHDA Review

Readying your documents for IHDA

► Pre-Close IHDA Decision

- After you've successfully submitted your loan to TPO Connect IHDA will status the loan as:
 - Pre-Close Approve
 - Pre-Close Non-Compliant
- Make sure you include the correct file contact on the submission cover!
 - This is where IHDA will send your approval and prepared closing docs!



The IHDA pre-close review can take up to ten (10) Days.
Please give yourself enough time before close.
If there are any conditions/corrections,
the 10-day clock starts over.



IHDA Review

Important Information



If ANY loan level details change (i.e. purchase price) or there are any updates to the assistance amount, you will need to contact the IHDA compliance officer or mortgage@ihda.org requesting updated closing documents. This will include the Promissory Note, the Deed Restriction, and the Guaranty Letter.

The IHDA pre-close review can take up to ten (10) business days.

If there are any conditions/corrections, the 10-day clock starts over.



IHDA Review

Readying your documents for IHDA

- ▶ **Pre-Close IHDA Decision: Non-Compliant**
 - ▶ If your file is statused as Non-Compliant, your next steps are to:
 1. Review conditions emailed to the file contact
 2. Upload all items to TPO Connect for review

DENIED





IHDA Review

Readying your documents for IHDA

▶ Pre-Close IHDA Decision – APPROVAL

- ▶ IHDA will update the status in TPO Connect as approved and issue you the following prepared closing docs:

1. Promissory Note
2. Deed Restriction
3. Guaranty Letter



- ▶ Lender will receive notification via email that the pre-close file was approved, with instructions on how to download.



SMARTBUY

Doc Prep for Closing



SMARTBUY Process

1

Borrower applies for SmartBuy with a SmartBuy Lender

2

Lender checks eligibility against IHDA Mortgage income limits and SmartBuy submission cover

3

Lender uploads pre-close loan package documents for pre-close review approval

4

IHDA reviews and issues pre-close approval

5

Lender closes loan and uploads post-close loan package

You Are Here



IHDA Review

Readying your documents for IHDA

- ▶ **Documents Unique to SmartBuy**
 - ▶ IHDA will status as approved and issue you prepared closing docs via TPO Connect:
 1. Promissory Note
 2. Deed Restriction
 3. Guaranty Letter
- ▶ **Let's cover some of the new docs...**

Closing Doc Prep (cont.)

Promissory Note

About This Document:

- Is prepared and sent to the lender AFTER pre-close approval
- Must be signed at closing
- Amount will always be the amount of the assistance for student loan debt relief
- NOT recorded



PROMISSORY NOTE

THIS PROMISSORY NOTE ("this 'Note'") is made as of this _____ day of _____, 20____ by _____

(the "Maker") to the order of the ILLINOIS HOUSING DEVELOPMENT AUTHORITY, a body politic and corporate established pursuant to the Illinois Housing Development Act, 20 ILCS 3805/1 et seq., as amended from time to time (the "Act"), and the rules promulgated under the Act, as amended and supplemented (the "Rules"), having its principal office at 111 E. Wacker Drive Suite 1000 Chicago, Illinois 60601 (the "Payee").

1. FORGIVABLE ASSISTANCE.

The Maker has requested, and the Payee has agreed to provide forgivable assistance to the Maker pursuant to the requirements of the Illinois SmartBuy Program in an amount not to exceed _____ No/100 Dollars (\$_____,00) (the "Forgivable Assistance") for that certain residential real property owned by the Maker which is commonly known as _____, Illinois _____

(Street Address) (City, State) (ZIP)
(the "Property").

2. COVENANT TO PAY THE FORGIVABLE ASSISTANCE

For value received, the Maker promises to pay to the order of the Payee the Forgivable Assistance, or so much thereof as may be advanced hereafter to Maker at such times and in such amounts as Payee shall determine in accordance with the terms of this Note, bearing no interest except in the Event of a Default (as defined herein); provided, however, the Forgivable Assistance shall be reduced by one-thirty-sixth (1/36th) for each month from the date of this Note. All payments under this Note are to be paid as provided in this Note, or such other place as the holder of this Note may from time to time designate. The Forgivable Assistance shall be subject to repayment and recapture for a term of three (3) years from the date of this Note (the "Term"). Absent the occurrence of an Event of Default (as defined herein), which has not been cured or waived by Payee, or an event that but for the passage of time or giving of notice would be an Event of Default:

- (i) no payments of principal shall be due and payable by Maker to Payee, and
- (ii) at the expiration of the Term, Payee shall forgive the entire principal balance of the Forgivable Assistance and cancel this Note.

3. SMARTBUY DOCUMENTS

The Forgivable Assistance is also evidenced, and governed by, among other things:

- (a) that certain Deed Restriction (SmartBuy Program) executed by Maker (the "Deed Restriction"); and

SB-058 1 of 4

- (b) all other documents that evidence, or govern the Forgivable Assistance including, but not limited to the required supporting documentation submitted therewith (collectively, the "Ancillary Documents").

This Note, the Deed Restriction, the Student Loan Attestation, and the Ancillary Documents are collectively referred to herein as the "SmartBuy Documents". Terms not otherwise defined herein shall have the meaning ascribed thereto in the other SmartBuy Documents.

4. MONTHLY PAYMENTS

No payments of principal and interest shall be due unless there is an Event of Default (as defined herein) which is not cured during any applicable notice and cure period. Upon the occurrence of an Event of Default (as defined herein), Maker shall pay the entire outstanding balance of the Forgivable Assistance and Default Interest (as defined herein), to the Payee.

Payments to be made under this Note or under any of the other SmartBuy Documents are to be made at such place as the legal holder of this Note may from time to time in writing appoint, and, in the absence of such appointment, then at the following address:

Illinois Housing Development Authority
21412 Network Place
Chicago, Illinois 60673-1412

5. EVENT OF DEFAULT

A breach by the Maker of any of its representations, certifications, warranties or covenants contained in any of the SmartBuy Documents or in the performance of any of its obligations under the SmartBuy Documents shall constitute an "Event of Default" under this Note. Upon the occurrence of an Event of Default and until such Event of Default is cured, interest shall accrue on the Forgivable Assistance at the rate of five percent (5%) per annum (the "Default Interest").

6. REMEDIES

The Payee shall have the right to exercise any one or more of the following remedies upon an Event of Default:

- (a) terminate the SmartBuy Documents;
- (b) declare the then outstanding balance of the Forgivable Assistance, together with any Default Interest, immediately due and payable at the place of payment;
- (c) the Payee may proceed to exercise any rights and remedies available to the Payee under the SmartBuy Documents; or
- (d) exercise any other rights and remedies that may be available at law, in equity or otherwise.

The Payee's remedies are cumulative, and the exercise of one remedy shall not be deemed an election of remedies, nor foreclose the exercise of any other remedy by the Payee. No waiver of any breach of this Note by the Payee shall be deemed to be a waiver of any other breach or a subsequent breach. If the Payee fails

SB-058 2 of 4

to exercise, or delays in exercising, any right under this Note, such failure or delay shall not be deemed a waiver of such right or any other right. If suit is brought to collect the sums due under this Note, the Payee shall be entitled to collect all reasonable costs and expenses of suit, including, but not limited to, reasonable attorneys' fees.

7. PREPAYMENT

Maker may prepay the Forgivable Balance outstanding in whole or in part at any time without penalty.

8. JOINT AND SEVERAL LIABILITY.

Presentment, notice of dishonor, and protest, are waived by all makers, sureties, guarantors and endorsers of this Note. If more than one party is executing this Note as Maker, then all such parties executing this Note agree to be jointly and severally bound by it.

9. NOTICES

Any notice, demand, request or other communication which any party may desire or may be required to give to any other party under this Note shall be given in writing, at the addresses set forth below, by any of the following means:

- (a) personal service;
- (b) overnight courier, or
- (c) registered or certified United States mail, postage prepaid, return receipt requested.

If to Maker: _____

At the address of the Property: _____, Illinois _____

If to Payee: Illinois Housing Development Authority

111 E. Wacker Drive STE 1000
Chicago, Illinois 60601
Attention: Legal Department

Maker's addresses may be changed by notice to Payee given in the same manner as provided in this Note, and the Payee's address may be changed by notice to Maker via email at the email address provided in the Maker's Ancillary Documents. Any notice, demand, request or other communication sent pursuant to subsection

- (a) shall be served and effective upon such personal service. Any notice, demand, request or other communication sent pursuant to subsection
- (b) shall be served and effective upon one (1) business day after deposit with the overnight courier. Any notice, demand, request or other communication sent pursuant to subsection
- (c) shall be served and effective three (3) business days after deposit with the United States Postal Service.

SB-058 3 of 4

10. GOVERNING LAW

Maker agrees that this instrument and the rights and obligations of the parties under this Note shall be governed by the laws of the State of Illinois, without reference to its conflict of law principles.

~ ACKNOWLEDGEMENT ~

IN WITNESS WHEREOF, Maker has executed and delivered this Note as of the day and year first written above.

MAKER

Printed Name

Date

MAKER

Printed Name

Date

SB-058 4 of 4



What is a Deed Restriction?

How to explain to your borrowers

- ▶ **A deed restriction** is a **restriction** that is placed on a piece of land or property and recorded with the county that limits what the owner of the property can do.
- ▶ The SmartBuy deed restriction comes into play if the borrower chooses to sell before the 3-year forgiveness period of the Student Loan Assistance has not elapsed.
- ▶ Borrowers who choose to sell before the 3 years will be required to find a buyer that meets the IHDA income limits and purchase price limits in effect of the year they purchased the home. (They would not be required to use an IHDA program.)



Closing Doc Prep (cont.)

Letter Of Guaranty

- Prepared by IHDA and sent after pre-close approval to the file contact on the Submission Cover
- Guarantees reimbursement to the lender for the educational assistance (15% of purchase price up to \$40k)
- This amount should mirror the total of student loans on the Submission Cover
- Valid ONLY if reviewed and e-signed by IHDA



Illinois Housing Development Authority LETTER OF GUARANTY

Date	Borrower Name
IHDA Loan No.	Coborrower Name
Subject Property Street Address	Coborrower Name
Subject Property Zip	IHDA Lender Name
Subject Property State	Assistance Amount

The Illinois Housing Development Authority (the "Authority") is a body politic and corporate of the State of Illinois, created by and existing pursuant to the Illinois Housing Development Act, 20 ILCS 3805/1 et seq., (the "Act"). The Authority administers the SmartBuy Program pursuant to the Act and the administrative rules.

This letter provides a guaranty of reimbursement in the Assistance Amount to the aforementioned participating IHDA Lender for the specified loan number. The reimbursement amount shall not exceed \$40,000. The Authority will review all loan documentation for compliance with the Act and certify eligibility of specified borrower under the SmartBuy Program prior to closing. Reimbursement will occur after loan closing, at the time of loan purchase by the Authority via its agent U.S. Bank HFA division, or subsequent agent as may apply. In the event the first mortgage should become unsalable to IHDA via its Agent, Lender will receive reimbursement for the Assistance Amount. Lender agrees to make every attempt to achieve loan salability.

A Promissory Note and Deed Restriction are attached and must be executed by borrower at time of closing and subsequently included in the assistance documentation provided to the Authority. The Deed Restriction is to be recorded with the appropriate recorder's office immediately after recording of the deed and the original Promissory Note is to be sent to the Authority via its agent at the time of purchase.

Any questions regarding this letter should be addressed to the Authority's Homeownership Department by telephone at 877.456.2656 or by email to Mortgage@ihda.org.

Important Note: This Letter of Guaranty supersedes and replaces in its entirety any previously executed Letter of Guaranty with respect to the same IHDA Loan Number.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tara Pavlik".

Tara Pavlik
Managing Director
Homeownership Programs

Lender Signature Date

REVIEWED BY (for IHDA use only)

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SB-019



IHDA Review

Readying your documents for Closing

- ▶ After preparing all docs as listed in the closing section of the checklist, it's time to close!
- ▶ After your smooth and successful closing, it's time to submit the post-close loan package for review.
- ▶ Submit all docs listed in the post-close section of the checklist via TPO Connect

POST CLOSE ITEMS REQUIRED *If any items are found to be missing during the post close review, the file will be suspended.*

1. Completed SmartBuy Post Close Submission Cover
2. SmartBuy Checklist
3. SmartBuy 2nd Mortgage
4. SmartBuy 2nd Note
5. IHDA Mortgage Rider
6. SmartBuy Signed Servicing Letter
7. IHDA Impact Assistance Letter
8. IHDA Final Recapture
9. Copy of Wire or Check to the applicable Student Loan Companies
10. Copy of Wire or Check for any applicable borrower funds needed for loan payoff
11. All agency required documents as listed on the IHDA Delivery Checklist, as applicable
12. Signed Guaranty Letter *(released by IHDA staff in TPO Connect)*
13. Signed Promissory Note *(released by IHDA staff in TPO Connect)*
14. Signed Deed Restriction *(released by IHDA staff in TPO Connect)*

All
regular
IHDA
docs, will
also be
required





SMARTBUY

Post-Close Review



SMARTBUY Process

1

Borrower applies for SmartBuy with a SmartBuy Lender

2

Lender checks eligibility against IHDA Mortgage income limits and SmartBuy submission cover

3

Lender uploads pre-close loan package documents for pre-close review approval

4

IHDA reviews and issues pre-close approval

5

Lender closes loan and uploads post-close loan package

6

IHDA reviews package and issues approved for purchase

You Are Here



Final Steps

Readying your documents for Closing

- ▶ Once your loan is closed, IHDA will issue an approval or conditions
- ▶ Just like other IHDA programs, there are two final post close reviews:
 - ▶ The IHDA review
 - ▶ The U.S. Bank review (follow the normal steps to upload to DocVelocity)
- ▶ Upon approval by both U.S. Bank and IHDA, lenders will be reimbursed for the DPA and student loan assistance



Account Managers



Racheal Falzone



RFalzone@ihda.org
(312) 914-5023

John Maksim



JMaksim@ihda.org
(312) 802-1894

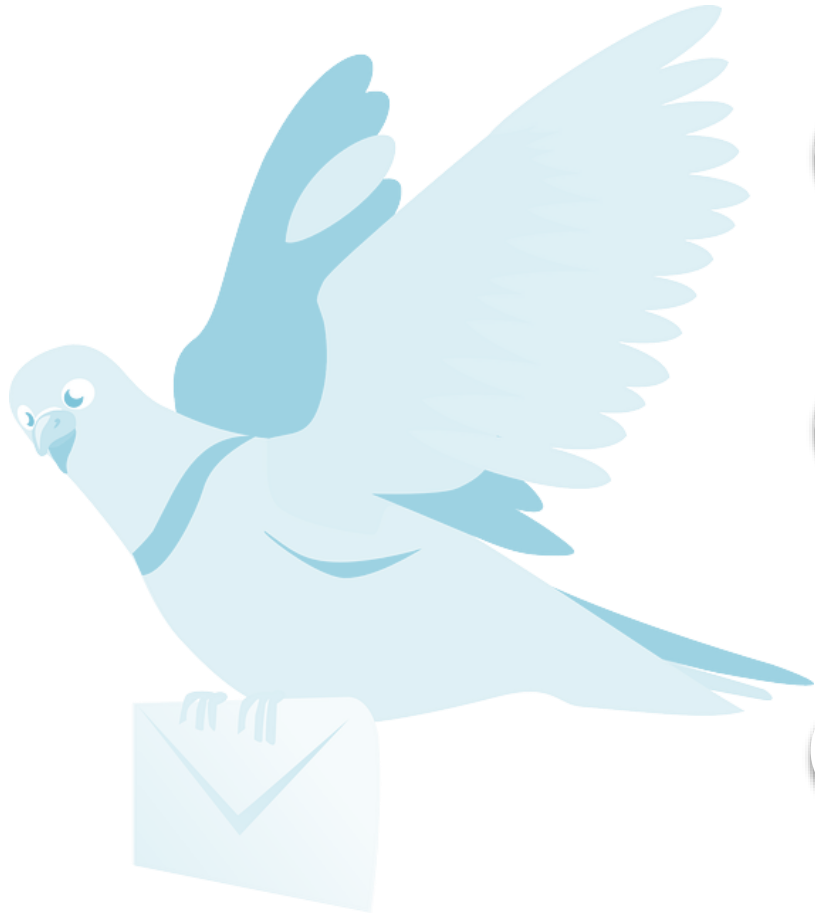
Rosie Verdin



RVerdin@ihda.org
(312) 438-3538

We need your help!

Let's get the word out!



Tell friends and family!

People are 90% more likely to utilize a product or program if it's endorsed by a friend or family member.



Share on your social channels!

SmartBuy will have a dedicated link for interested homebuyers, and we'll be sending along information to everyone that participated in this webinar soon!



Go old-school with flyers!

We will have flyers available to anyone that is interested in promoting these programs soon. Also, if you need something different that is co-branded, let us know! We'll work with you!



Tell us how we're doing!

We love feedback. If you have comments, suggestions, or criticism, we're all ears!

Can any
lender
participate?



Yes, but...

Lenders must indicate they
want to participate.

*A separate list of lenders and
resources will be available on
www.ihdamortgage.org/smartbuy*

Q & A

Get your questions ready!

1. Please keep your mic muted!
2. Put your questions in the chat and we'll answer them in order.

You can also email Mortgage@ihda.org with any questions we didn't cover!



A background image of a man carrying a box and a woman standing in front of a house, overlaid with a blue gradient and diagonal lines.

Thank You!

We Appreciate Your Partnership!

Tara Pavlik
Managing Director



877-456-2656



mortgage@ihda.org

