Please Mute Your... Microphones
Children
Dogs
Etc.

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!
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!
<table>
<thead>
<tr>
<th><strong>1st Mortgage</strong></th>
<th><strong>30-Year fixed rate</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Term</strong></td>
<td><strong>Fannie Mae ONLY</strong></td>
</tr>
<tr>
<td><strong>Allowed Loan</strong></td>
<td><strong>$5,000 flat deferred</strong></td>
</tr>
<tr>
<td><strong>Type</strong></td>
<td><strong>15% of purchase price up to $40,000</strong></td>
</tr>
<tr>
<td><strong>DPA Assistance</strong></td>
<td><strong>Due upon the sooner of the maturity date or repayment of the 1st mortgage</strong></td>
</tr>
<tr>
<td><strong>Student Loan</strong></td>
<td><strong>Promissory Note and Deed Restriction; no repayment required after 36 months</strong></td>
</tr>
<tr>
<td><strong>Assistance</strong></td>
<td><strong>Terms</strong></td>
</tr>
</tbody>
</table>

*SMARTBUY*
Borrower Limits Financing

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 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.
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.
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)*
Using the Submission Cover

- The SmartBuy submission cover is programmed to:
  - Total all the student loan debt and autofill the required documents
  - Calculate the assistance amount needed
  - Calculate the funds the borrower will need to bring if the assistance amount does not cover the full balance
How to Enter in 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
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.

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

**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.
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.
SMARTBUY
Prep for Pre-Close Review
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

1. 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, including the amounts.
   - Autocomplete by Submission Cover.
   - Signed by all borrowers.
   - Notarized (not required with e-signature).

When to Get this Signed/Completed:
- All payoffs are in.
- Closing date is confirmed.
- Signed by all borrowers.

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.

3. PAYOFF OF STUDENT LOANS PROVISION
   (Worth understanding for the following reasons of the Program. We cannot state, and have not: a.
   - This student loan attestation represents all student loan obligations belonging to the borrower(s) and co-borrowers.
   - In connection with the Program, all of the borrower’s student loans and co-borrowers’ student loans of which Program funds pay or to which student loans, must be paid off at the time of closing.
   - The Program funds, or
   - The borrower’s own funds, or
   - A combination of both, or
   - The co-borrower’s own funds, or
   - The Program funds.
   - Any student loans, not the borrower or co-borrower(s) that are not paid off at closing and after utilizing Program funds to complete a partial payoff of student loans shall be in default and ineligible for delivery in IHH.

Borrower Signature Date
First Borrower Name
Co-Borrower Signature Date
First Co-Borrower Name
Co-Borrower Signature Date
First Co-Borrower Name

NOTARIES MUST EXECUTE FOLLOWING - ACKNOWLEDGEMENT -

STATE OF: A Notary Public in and for the said county and state, do hereby certify that personally known to me (and the above-named) whose signature is subscribed that the foregoing instrument, or any other instrument or paper, not or notary, for the same and purposes herein or both.

Given under my hand and official seal this day of

Notary Seal
My Commission Expires (End)
# 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

## Pre-Close Items Required

1. Completed SmartBuy Pre-Close Submission Cover
2. Completed student loan documentation (if applicable)
3. SmartBuy Checklist
4. IHDA Borrower Affidavit
5. IHDA Initial Reconciliation
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., paystub, 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. Sale 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”

## Post Close Items Required

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 Reconciliation
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 in the IHDA Delivery Checklist, as applicable
12. Signed Guaranty Letter (released by IHDA staff in TPO Credit)
13. Signed Promissory Note (released by IHDA staff in TPO Credit)
14. Signed Deed Restriction (released by IHDA staff in TPO Credit)
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)
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
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. IHDA reviews and issues pre-close approval

4. Lender uploads pre-close loan package documents for pre-close review approval
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.
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.
**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

If there are any conditions the 10-day clock starts over.
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
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...
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 ("Note") is made on the day of , 20__ , by (the "Maker") in the amount of $ . This Note is secured by the Security Instrument, a deed of trust and mortgage, held by (the "Holder") in the amount of $ .

1. RECITALS

The Maker has applied for, and the Holder has approved, a loan in the amount of $ .

2. PAYMENT

The Maker agrees to pay the Holder the principal amount of $ , plus interest at the rate of % per annum, commencing on the date of this Note and continuing on the same day of each month until the same is fully paid.

3. EVENT OF DEFAULT

The event of default is defined as:
- Failure to pay any installment of principal or interest on the due date
- Bankruptcy or insolvency
- Transfer of title to the property

4. REMEDIES

The Holder may exercise any remedy available to it under the Note or the Security Instrument, including foreclosure, without notice or demand.

5. ACKNOWLEDGEMENT

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.

IN WITNESS WHEREOF, Maker has executed and acknowledged this Note on the day and year first above written.

MAKER

[Signature]

DATE

[Date]

HELD BY

[Signature]

DATE

[Date]
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.)
Deed Restriction

Requirements:
- Is prepared and sent to the lender AFTER pre-close approval
- Contains the PIN, address, legal description, and closing date
- MUST BE RECORDED and sent to IHDA after recordation
- Signed at closing by all borrowers, like other IHDA closing docs, it cannot be e-signed
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
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.
SMARTBUY
Post-Close Review
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
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.
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!
Thank You!

We Appreciate Your Partnership!

Tara Pavlik  
Managing Director  
877-456-2656  
mortgage@ihda.org