

Institution Name: _____ **Customer #:** _____
Borrower's Full Name: _____
AHP Project #: _____ **Payoff Date:** _____

Use this table to calculate repayment. See instructions & examples on page 2. Also go to http://ci.fhlbc.com/ci/hp_repaymentcalc.asp to calculate the unforgiven grant amount.

Original AHP/DPP Grant Amount	
# of Months Forgiven _____ divided by 60 months	
Forgiven Grant Amount [# of full months in the property / 60 months] x Grant	
Unforgiven Grant Amount (Original Grant minus Forgiven Grant Amount)	
<i>If there is a net gain on the sale of the property, the unforgiven grant amount must be repaid unless the property is sold to an income eligible purchaser. Calculate Net Gain here and refer to the examples on page 2 to determine the amount to be repaid. You must supply copies of the settlement statements used to calculate the net gain/loss.</i>	
Net Gain Calculation	
Original Purchase Price and Transaction Costs (Line 120 of HUD 1)	
Less Original AHP/DPP Grant Amount	
Equals Purchase Costs Not Paid for by AHP/DPP Grant	
Contract Sales Price	
Less Seller Transaction Costs (see definition on page 2)	
Less Purchase Costs Not Paid for by AHP/DPP Grant (see above)	
Equals Net Gain	

Amount Repaid \$ _____ **Check #** _____

Make check payable to the Federal Home Loan Bank of Chicago. Enclose a copy of the retention agreement (Grant Agreement, or Promissory Note and Rider) that shows the Borrower's Name, Address and Original Closing Date. If you do not have a copy of the Retention Agreement, please provide this information.

Repayment necessary because:

- Property was **sold** with a net gain before end of retention period and purchaser is not income eligible
- Property was **refinanced** and is no longer subject to a retention agreement
- Property is no longer used as the **primary residence**

No Repayment necessary because:

- No net gain (*Please attach settlement statements from purchase and sale*)
- Property was foreclosed (*Please attach evidence of foreclosure proceedings being final*)
- We have verified that the new purchaser's income is less than 80% of area median (*Attach income calculation, income documentation and settlement statement from sale*)
- Grant is still subject to retention agreement, either through subordination or new documents

Lender's Signature

Lender's Name and Phone Number

Return this signed form along with applicable documentation and a check for repayment (if necessary) to the Federal Home Loan Bank of Chicago, Community Investment Group, 111 E. Wacker Drive, Suite 800, Chicago, Illinois 60601. If you have any questions, please contact the Community Investment Group at (312) 565-5824.

Instructions for Repayment Notification

I. When to Give Notice

The Federal Home Loan Bank of Chicago must be given notice of any sale, refinancing, foreclosure or change in owner-occupied status occurring prior to the end of the 5 year retention period.

- In the case of a sale, a pro rata share of the direct subsidy or homeownership set-aside funds shall be repaid to the Bank *from any net gain* realized upon the sale of the unit after deduction for sales expenses, unless the purchaser is a low or moderate income household, i.e. at time of execution of sales contract having an income of 80% or less of the area median based on household size. Income verification must be submitted along with the repayment worksheet to evidence the purchaser is income eligible.
- In the case of a refinancing, a pro rata share of the subsidy shall be repaid to the Bank from any net gain realized upon refinancing unless the unit continues to be subject to a legally enforceable retention agreement.
- In the case of a foreclosure, the obligation to repay any subsidy is terminated.

II. How to compute net gain on sale

If the net gain on sale is less than the unforgiven grant amount, only the net gain amount is repaid. Net gain is calculated as the difference between the sales price less seller transaction costs and the original purchase price and costs associated with the purchase (line 120 of the HUD1). Since the AHP/DPP grant initially paid a portion of the purchase costs, it must be factored into the equation to offset the initial reduction to the first mortgage amount.

Seller Transaction Costs shall include settlement costs listed on page 2 of the HUD 1 as “Paid from Seller’s Funds at Settlement” with the exception of property taxes, utility bills, rehab costs, cash credits to seller and non-housing related costs. Non-housing related costs include, but are not limited to, debt collections, credit card bills, child support payments, and federal or state income taxes.

EXAMPLES

**\$4,000 grant; 60 Month retention period; Property sold after 24 months.
24/60 or 40% of the grant is forgiven
\$4,000 grant minus \$1,600 forgiven = \$2,400 subject to repayment.**

	Example 1	Example 2	Example 3
Original Purchase Price & Transaction Costs	54,500	54,500	54,500
Less Original AHP/DPP Grant	4,000	4,000	4,000
Purchase Costs Not Paid by AHP/DPP Grant	50,500	50,500	50,500
Sales Price	56,000	54,250	60,000
Less Seller Transaction Costs	3,750	3,750	3,750
Less Purchase Costs Not Paid by AHP/DPP Grant	50,500	50,500	50,500
Net Gain	1,750	0	5,750
Original Grant	4,000	4,000	4,000
# Months Forgiven divided by 60 (24/60)	.40	.40	.40
Amount Forgiven (.40 x 4,000)	1,600	1,600	1,600
Unforgiven Amount Subject to Repayment (Grant minus Amount Forgiven):	2,400	2,400	2,400
Amount Repaid	\$1,750	0	\$2,400

In Example 1, the net gain is less than the unforgiven amount, so only a portion of the unforgiven amount is repaid.

In Example 2, there is no net gain so there is no repayment.

In Example 3, the net gain is larger than the unforgiven amount, so the full \$2,400 is repaid.

III. How to Handle First Mortgage Refinancing

- **Agree to subordinate the junior mortgage** that secures the AHP direct subsidy to the refinanced first mortgage. No subsidy would have to be repaid.
- **Transfer the retention agreements to the new lender on the same terms and timetable.** The new lender must also execute a Direct Subsidy Agreement with the Chicago Bank to ensure repayment. No subsidy would have to be repaid.
- **Collect the unforgiven portion of the subsidy** when the new loan is closed if neither of the first two options is chosen.