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City of Chicago



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City Home Buyer Assistance Program Master Program Term Sheet

General Parameters (All Loans)

Effective Date	6.1.2016.
Program Sponsor	Chicago Infrastructure Trust (“CIT”), an Illinois not-for-profit corporation established by the City of Chicago (“City”).
Program Purpose	Provide down payment and closing cost assistance for qualified Borrowers in connection with FHA, VA and Freddie Mac eligible loan financing for properties within the City limits.
Program Administrators	Collectively, George K. Baum & Company, Cabrera Capital Markets, LLC, Melvin Securities LLC.
Program Funding	Continuous funding to all eligible Borrowers. The City reserves the right to suspend the Program at any time with no impact to reserved loans and with notice to Lenders.
GRI as Servicer	GRI will originate and service its own loans.
Eligible Area	Program is available throughout the City limits.
Eligible Loans	See attached Addendums for loan type details and terms.
Rate Locks	Rate locks are available through the GRI on-line portal from [redacted] CT to [redacted] CT. Rates and Grant options for FHA/VA and Freddie Mac loans posted separately. Extensions are permitted subject to an extension fee.
Occupancy	Primary residence only. Borrowers and spouses must permanently reside in the U.S. and must occupy the property as their principal residence within 60 days of closing.
Borrower Eligibility	<p>Borrowers must meet the Program income limits. Only the qualifying income of Borrowers on the Note – the income to be used for underwriting – will be applied against the program income limits to determine eligibility.</p> <p>Borrowers must have a minimum representative/indicator credit score in accordance with FHA, VA or Freddie Mac and mortgage insurer guidelines.</p> <p>City employees must meet the qualifications for “Eligible Persons” set forth in Section 2-45-130 of the Municipal Code of Chicago (see Program Manual page 5 <i>City Employee Rules</i> section).</p> <p>Borrowers need <u>not</u> be a first-time homebuyer. If Borrowers are first-time homebuyers, they must complete a City approved HUD-certified Homebuyer Education Course and receive a Certificate of Completion.</p> <p>Non-occupant co-borrowers, non-occupant co-signers are not permitted.</p> <p>As of the Note Date, the Borrower may not own an ownership interest in another residential property. Trailers and mobile homes are not considered residential property.</p>
Purchase Price Limits	None.
Program Income Limits	<ul style="list-style-type: none">• <u>FHA/VA Loans</u>: Currently, qualifying annualized income of up to <u>\$87,400</u>, regardless of family size, as reported in the FHA Underwriting and Transmittal Summary, or such other income limits approved by the Program Sponsor.• <u>Freddie Mac Loans</u>: Currently, qualifying annualized income of up to <u>\$133,000</u>, regardless of family size, as reported in the Freddie Mac Underwriting and

	<p>Transmittal Summary, or such other income limits approved by the program Sponsor.</p> <p>Qualifying income must include all stable monthly income for all Borrowers on the Note. Household income does not apply. Income limits are subject to annual update and revision by the Program Sponsor.</p>
Homebuyer Education	<p>Required for Borrowers on the Note who are first-time home buyers. Borrowers must attend local home buyer education courses with counseling centers approved by the City. A Homebuyer Education Certificate of Completion in the Borrower's name is a condition for the loan to close. Please refer to the City's home buyer counseling web site at: http://www.cityofchicago.org/city/en/depts/dcd/supp_info/homeownership_housingcounselingcenters.html for a list of approved home buyer counselors.</p>
Borrower Assistance	<p>The City's Grant may be used to fund up to 100% of the Borrower's cash to close, including the Borrower's required down payment (subject to the minimum Borrower Investment as stated herein), closing costs, financing costs, prepaids/escrows as defined by HUD and Freddie Mac.</p>
GRI Program Fees	<p>Up to 1% origination fee and "reasonable and customary" loan related fees.</p> <p>GRI Fees: \$ ___ Funding and Tax Service Fee.</p> <p>City Homebuyer Assistance Program qualifies as a Housing Finance Agency Program and is therefore exempt from Ability To Repay (ATR) restrictions, subject to a 5% cap on points and fees.</p>

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City Homebuyer Assistance Program Government Loan Product Addendum

Eligible Loans	FHA/VA: FHA 203(b), 203(b)(2), 203(k) streamlined and standard, 203(h), 234 (c), VA-guaranteed. FHA and VA loan limits apply.
Maximum LTV/TLTV	LTV up to loan size permitted by FHA and VA. TLTV is limited to 105%.
Loan Purpose	Purchases / Refinances “no cash out” / Fixed Rate / 30 year term. There can be no cash back to the Borrower (this restrictions has no impact on any tax credit due the Borrower).
Eligible Properties	1-4 unit, primary residence, Condominiums, PUDs, Townhomes. Manufactured homes are permitted per FHA and VA guidelines.
Rate or Price Adjustments	None.
Debt-to-Income (DTI) Ratio Requirement	Debt to income ratios are subject to AUS approval and FHA and VA underwriting guidelines.
Minimum Borrower Investment	The lesser of \$1,000 or 1% of the purchase price from the Borrower’s own personal funds from eligible sources defined by FHA and VA.
Credit Score Requirement	A minimum indicator score of 600 is required for all borrowers unless a higher score is required herein. If any of the borrowers do not have a usable credit score, the loan is NOT eligible.
Mortgage Insurance	As required by FHA and VA.
Underwriting Decisions	Subject to Scorecard, DU or LP approval. Manual underwriting is permitted subject to FHA, VA and GRI guidelines.
Manual Underwriting	Permitted subject to FHA and VA.
Borrower Assistance	Different Grant options at different loan rates will be posted daily by GRI.
Borrower Assistance Repayment Terms	The Grant is subject to repayment if the property is sold or refinanced within the first 5 years from the Note Date. Such repayment obligation is to be forgiven pro rata for each full month a Borrower resides in the home. The Borrower will be asked to sign a subordinate lien (“Recapture Mortgage”) and Borrower’s Acknowledgement to confirm that they understand the repayment terms. On the 5 year anniversary, the subordinate lien is released free and clear.
Assistance Funding	The Grant will be funded by CIT at the loan closing for the benefit of the Borrower.
Seller Concessions	Per FHA and VA guidelines.
Temporary Buydowns	Permitted subject to FHA and VA guidelines.
Compliance Requirements	No pre-close compliance package or review required.

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Freddie Mac HFA Advantage Loan Product Addendum

See Freddie Mac HFA Advantage Eligibility guidelines <http://www.freddiemac.com/singlefamily/hfa.html>

Eligible Loans	Home Possible for HFAs (HFA Advantage SM) up to 97% LTV. Freddie Mac loan limits apply.
Maximum LTV/TLTV	Up to 97% LTV. Combined Affordable Seconds may not exceed 105% TLTV.
Loan Purpose	Purchases / Refinances “no cash out” / Fixed Rate / 30 year. There can be no cash back to the Borrower (this restriction has no impact on any tax credit due the Borrower).
Eligible Properties	1 unit, primary residence, condominiums, PUDs, Townhomes.
Ineligible Properties	Manufactured Homes are NOT permitted.
Underwriting Decisions	Risk Class: Accept/Purchase Eligibility: ineligible.
Manual Underwriting	Manual underwriting is permitted, subject to a 43% DTI and a 660 minimum indicator credit score of 660 for purchases, 680 for cash-out refinances.
Rate or Price Adjustments	None. No delivery fees.
Debt-to-Income (DTI) Ratio Requirement	No maximum DTI ratio but subject to Loan Prospector approval and manual underwriting guidelines.
Minimum Borrower Investment	The lesser of \$1,000 or 1% of the purchase price from the Borrower’s own personal funds per Freddie Mac guidelines or such greater amount as required by the Mortgage Insurers.
Credit Score Requirement	A minimum indicator score of 640 is required for all borrowers unless a higher score is required herein. If any of the borrowers do not have a usable credit score, the loan is NOT eligible per Freddie Mac guidelines.
Mortgage Insurance	Charter mortgage insurance coverage required: 18% coverage for 95.01-97%, 16% for 90.01-95%. Lender paid and financed MI premiums per Freddie Mac guidelines are permitted.
Mortgage Insurers	Any mortgage insurer approved by Freddie Mac and offering to insure HFA Advantage.
Reserves	None required.
Borrower Assistance	Different Grant options at different loan rates will be posted daily by GRI.
Borrower Assistance Repayment Terms	The Grant is subject to repayment if the property is sold or refinanced within the first 5 years from the Note Date. Such repayment obligation is to be forgiven pro rata for each full month a Borrower resides in the home. The Borrower will be asked to sign a subordinate lien (“Recapture Mortgage”) and Borrower’s Acknowledgement to confirm that they understand the repayment terms. On the 5 year anniversary, the subordinate lien is released free and clear.
Assistance Funding	The Grant will be advanced by GRI at the loan closing on behalf of CIT.
Temporary Buydowns	Permitted subject to Freddie Mac and mortgage insurer guidelines.
Seller Concessions	Permitted subject to Freddie Mac and mortgage insurer guidelines.
Program Identifier for LP	251 Home Possible for HFAs. Grant may be entered into “Total Gift Fund” field.
Compliance Requirements	No pre-close compliance package or review required.



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Fannie Mae (DU) Loan Product Addendum (Eligible for Sale to Freddie Mac)

See Freddie Mac HFA Advantage Eligibility guidelines <http://www.freddiemac.com/singlefamily/hfa.html>

Eligible Loans	Home Ready for HFAs (HFA Preferred) underwritten through DU. Freddie Mac loan limits apply.
Maximum LTV/TLTV	97%/105%
Loan Purpose	Purchases / Refinances “no cash out” / Fixed Rate / 30 year (this restrictions has no impact on any tax credit due the Borrower).
Eligible Properties	1 unit primary residence, Condominiums, PUDs, Townhomes.
Ineligible Properties	Manufactured Homes are NOT permitted.
Underwriting Decisions	Risk Class: Accept/Purchase Eligibility: ineligible.
Rate or Price Adjustments	None.
Debt-to-Income (DTI) Ratio Requirement	No maximum DTI ratio but subject to Desktop Underwriter (DU) approval.
Minimum Borrower Investment	Minimum [\$1,000] from the Borrower’s own funds or such greater investment as required by the Mortgage Insurer.
Credit Score Requirement	A minimum indicator score of 640 is required for all borrowers unless a higher score is required herein. If any of the borrowers do not have a usable credit score, the loan is NOT eligible per Freddie Mac guidelines.
Mortgage Insurance	Charter mortgage insurance coverage required: 18% coverage for 95.01-97%, 16% for 90.01-95%. Lender paid and financed MI premiums per Freddie Mac guidelines are permitted. Split MI premiums are not permitted at this time.
Manual Underwriting	Not permitted.
Reserves	None required.
Borrower Assistance	Different Grant options at different loan rates will be posted daily by GRI.
Borrower Assistance Repayment Terms	The Grant is subject to repayment if the property is sold or refinanced within the first 5 years from the Note Date. Such repayment obligation is to be forgiven pro rata for each full month a Borrower resides in the home. The Borrower will be asked to sign a subordinate lien (“Recapture Mortgage”) and Borrower’s Acknowledgement to confirm that they understand the repayment terms. On the 5 year anniversary, the subordinate lien is released free and clear.
Borrower Assistance Funding	Down Payment and Closing Cost Assistance will be advanced by GRI at the loan closing on behalf of CIT.
Temporary Buydowns	Permitted subject to Freddie Mac and mortgage insurer guidelines.
Seller Concessions	Permitted subject to Freddie Mac and mortgage insurer guidelines.
Program Identifier for LP	251 Home Possible for HFAs. Grant may be entered into “Total Gift Fund” field.
Compliance Requirements	No pre-close compliance package or review required.