



HOP Homebuyer Disclosure

Congratulations!

Purchasing your first home is an exciting achievement in life. Below is information regarding the HOP grant you received for down payment and closing costs assistance with your purchase.

The HOP grant (AHP subsidy, or subsidy), from FHLBank Indianapolis (Bank), used to purchase your home has a repayment obligation if the house is sold or refinanced within five (5) years of the purchase date. The repayment calculation is based on a pro-rata amount of the remaining subsidy. If certain criteria are present, the repayment may be waived. Below is information regarding the calculation of any repayment of the subsidy due:

The Bank shall be repaid the lesser of:

(A) The subsidy, reduced on a pro rata basis per month (1/60th) until the unit is sold, transferred, or its title or deed transferred, or is refinanced, during the five-year retention period; or

(B) Any net proceeds from the sale, transfer, or assignment of title or deed of the unit, or the refinancing, as applicable, minus the household's investment.

Where Net proceeds means:

(1) In the case of a sale, transfer, or assignment of title or deed of an AHP-assisted unit by a household during the five-year retention period, the sales price minus reasonable and customary costs paid by the household in connection with the transaction (including real estate broker's commission, attorney's fees, and title search fees) and outstanding debt superior to the AHP subsidy lien or other legally enforceable AHP subsidy repayment obligation;

(2) In the case of a refinancing of an AHP-assisted unit by a household during the AHP five-year retention period, the principal amount of the new mortgage minus reasonable and customary costs paid by the household in connection with the transaction (including attorney's fees and title search fees) and the principal amount of the refinanced mortgage.

Where Household's Investment means:

The "household's investment" is defined as the expenditures that are paid by the household and documented in the Closing Disclosure or other settlement statement, if applicable, or elsewhere. An "other settlement statement" could include, for example, a HUD-1, which was commonly used prior to the change by the Consumer Financial Protection Bureau to the Closing Disclosure. A Bank may accept other documentation besides settlement statements if the Bank determines that they are reasonable evidence of the household's expenditures, including:

- A household may provide copies of cancelled checks as evidence of the down payment paid by a household in connection with the purchase of the unit.

- A household may produce documentation (e.g., cancelled checks, receipts, and invoices) of expenditures associated with capital improvements (e.g., installation of a new roof or a new heating/ventilation/air conditioning system) related to the unit.
- A household may also produce documentation from its mortgage lender (e.g., detailed payoff statements) as evidence of any mortgage principal paid since purchase of the unit.

Subsidy Repayment Exceptions:

In the case of a sale, transfer, assignment of title or deed, or refinancing of the unit by the household during the retention period, the amount of subsidy calculated shall be repaid to the Bank, unless one of the following exceptions applies:

(A) The unit was assisted with a permanent mortgage loan funded by an AHP subsidized advance;

(B) The subsequent purchaser, transferee, or assignee is a low- or moderate-income household, as determined by the Bank.

(C) The amount of the subsidy that would be required to be repaid in accordance with the calculation is \$2,500 or less; or

(D) Following a refinancing, the unit continues to be subject to a deed restriction or other legally enforceable retention agreement.

When selling or refinancing your home within five years of the purchase date, the financial institution that helped you purchase your home and obtain this down payment assistance can help determine the amount of repayment owed, if any.