

New England Fund (NEF) Program Eligibility Guide

M.G.L.c 40B Comprehensive Permit Projects (40B)

M.G.L.c 40R (40R) Smart Growth Overlay District Projects (40R)

Rhode Island Comprehensive Permit Initiative

Federal Home Loan Bank of Boston

New England Fund Eligibility

New England Fund (NEF) provides member financial institutions with financing to support the production of ownership and rental housing as part of the regulatory guidelines for Comprehensive Permit and Smart Growth Overlay District Projects.

If you are a member working with a developer who is interested in using the New England Fund to access low-cost, fixed-rate advances for initiatives in Massachusetts or Rhode Island benefitting income-eligible households, the developer must first obtain written determination of project eligibility (a site-approval or project-eligibility letter) from the state-approved project administrator/subsidizing agency.

Ownership - One- to four-family mortgage loans are eligible if they are part of:

Massachusetts 40B Initiative

- Subdivision or condominium where the incomes of at least 25% of the individual homeowners will not exceed 80% of the area median income; or
- Subdivision or condominium where at least 20% of the units are targeted to households earning up to 50% of the area median income; or

Massachusetts 40R Initiative

- Subdivision or condominium where at least 20% of the units are targeted to households earning up to 80% of the area median income.

Rhode Island Comprehensive Permit Initiative

- Subdivision or condominium where at least 20% of the individual homeowners earning up to 80% of the area median income.

Rental - Multifamily rental or cooperative projects are eligible if they are part of:

Massachusetts 40B Initiative

- Initiative where the incomes of at least 25% of the units are affordable to tenants whose incomes do not exceed 80% of the area median income; or
- Initiative where at least 20% of the units are affordable to tenants whose incomes do not exceed 50% of the area median income.

Massachusetts 40R Initiative

- Initiative where at least 20% of the units are affordable to tenants whose incomes do not exceed 80% of the area median income.

Rhode Island Comprehensive Permit Initiative

- Initiative where at least 20% of the units are affordable to tenants whose incomes do not exceed 80% of the area median income.

NEF Application Requirements: As part of the NEF application to FHLBank Boston, the member must submit at least one of the following “executed” project eligibility documentation:

- Site Approval/Project Eligibility Letter
- Comprehensive Permit Decision
- Lender Certification(s)
- Final Approval Letter

Members can apply online through the Community Lending portal at <https://housing.fhlbboston.com/>. FHLBank Boston will review applications within 10 business days.

Available Products and Maturities: NEF advances are available in maturities of one year and longer. Three kinds of NEF advances are always available: Classic, Member-Option, and Amortizing. Once the application is approved, the member calls our Member Funding Desk to take down the advance.

Approval Expiration: Approvals for NEF expire 12 months from the date of approval. If a member is unable to take down the advance within the specified take-down period, the member may submit a written request for approval extension to

Paulette Vass
Federal Home Loan Bank of Boston
Community Development Advance Manager
800 Boylston Street, 9th Floor
617-292-9792
paulette.vass@fhlbboston.com

Rhode Island Housing

Rhode Island Housing facilitates the Comprehensive Permit process for Rhode Island municipalities. Developments financed under Rhode Island's comprehensive permit law is similar to Massachusetts' 40B/40R. The Rhode Island law sets a 20% affordability threshold for units affordable to households earning up to 80% of the area median income. To obtain additional information regarding eligibility contact:

Anne Berman
Director of Real Estate Development
401-457-1269
aberman@rihousing.com

MassHousing – 40B/40R

- As part of Site Approval Application, MassHousing requires a Letter of Interest from a current FHLBank Boston member bank regarding financing for the proposed development. The letter of interest must include, at a minimum, the following information:
 - Identification of proposed borrower and brief description of the member's familiarity with the borrower
 - Brief description of the proposed project
 - Confirmation that the financial institution is a current FHLBank Boston member and that the member will allocate the required NEF funds to the proposed development
- As part of the Final Approval Application to MassHousing, the developer must submit Commitment Letters for **construction and permanent financing**.
 - **Minimum Requirements for Loan Commitment Letters:**
 - Confirmation that the financial institution is a current FHLBank Boston member and that the member will allocate the required amount of NEF funds for the proposed project
 - All-in annual interest rate for the financing, or member spread over FHLBank Boston's NEF Amortizing Advance or other applicable NEF rate
 - Maximum loan term and amortization
 - Maximum loan-to-value
 - Any other applicable limitation impacting loan size

NEF Subsidy Requirements

Homeownership Projects:

- A minimum of 25% of the construction financing must be obtained from the NEF program.
- The term of the construction financing must be reasonable for the size and complexity of the project.
- Other financing terms must be substantially similar to terms used by the subsidizing agency, MassHousing, in its own lending programs or otherwise be commercially reasonable.
- Any transfer of all or a portion of the NEF lender's interest during the entire term of the construction financing shall be subject to the approval of the subsidizing agency.
- NEF lender must provide Construction Lender Monitoring and sign an NEF Certification. The following information must be provided by the NEF lender:
 - Certify that 25% of the construction financing is being provided through the NEF

- Provide a description of the construction monitoring process to be used by the construction lender (including the name, experience and scope of service to be provided by any outside construction monitor)
- To the extent that the construction lender cannot provide for such monitoring, MassHousing will require an additional six (6) weeks minimum to complete the Final Approval process in order to secure such services by contract, the cost of which must be borne by the applicant

Rental Projects:

The construction financing may be obtained from any source, but a minimum of 25% of the permanent financing must be obtained from the NEF program.

- The permanent financing must be for a term of at least five years following completion of construction of the project.
- Other financing terms must be substantially similar to terms used by the subsidizing agency in its own lending programs or otherwise be commercially reasonable.
- Any transfer of all or a portion of the NEF lender's interest during the entire term of the construction financing shall be subject to the approval of the subsidizing agency.
- The NEF lender must sign a Permanent Lender Certification which certifies the following:
 - 25% of the permanent financing is being provided through the NEF
 - NEF lender shall not transfer all or any portion of its interest in the NEF Loan (including participations or sale of servicing rights) or consent to a refinancing during the initial five (5) years of the NEF Loan without the prior written approval of the subsidizing agency

MassHousing Contact

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