

# 2021 Equity Builder Program and Housing Our Workforce Submitting an Application



# Agenda

- Program Introductions/Benefits
- Homeownership Program Comparison
- Application Overview
- Member and Household Requirements
- Accessing the Online Application Process
- Program Information & Workflow
- Upcoming Training Sessions/Website Resources
- Questions/HCI Contacts

# Equity Builder Program Introduction

- FHLBank Boston offers the EBP to members as a means of providing grant money to qualifying homebuyers to be used towards down-payment, closing-cost (including homebuyer education/counseling), and rehabilitation assistance
- The EBP is a separate set-aside of FHLBank Boston's Affordable Housing Program and regulated by Federal Housing Finance Agency
- Since its inception in 2003, over \$45.9 million has been disbursed to member institutions, assisting 4,038 homebuyers



# Housing Our Workforce Introduction

- FHLBank Boston offers the HOW program to member financial institutions as a means of providing matching grants to income-eligible homebuyers to be used towards down payment
- The HOW program is a separate voluntary program of FHLBank Boston with a 3-year commitment
- Since its inception in 2019, \$4.3 million has been disbursed to member institutions, assisting 292 homebuyers



# Program Benefits

## EBP

- Expands business development opportunities
- Expands homeownership opportunities for income-eligible households that lack funds for down payment **and/or** closing costs
- Supports your existing mortgage-lending programs
  - May qualify for Community Reinvestment Act consideration for flexible and innovative financing
- Can be used with other grants and down-payment assistance programs (except AHP)
- Qualified and Non-Qualified mortgage loans are eligible for EBP grants

## HOW

- Expands business development opportunities
- Expands homeownership opportunities for income-eligible households that lack funds for down payment
- Supports your existing mortgage-lending programs
- Can be used with other grants and down-payment assistance programs (except AHP)
- Qualified and Non-Qualified mortgage loans are eligible for HOW grants

# Homeownership Program Comparison

<b>Program Comparison</b>	<b>EBP</b>	<b>HOW</b>
Income Limits	<= 80% AMI	> 80% to <=120%
Maximum Grant per Household	\$15,000	\$10,000 with a 1:1 homebuyer match
Maximum Funds to Member	\$150,000	\$100,000
<b><i>Use of Grant Funds</i></b>		
- Down Payment	Yes	Yes
- Closing Costs	Yes	No
- Homebuyer Education & Counseling Fee	Yes	No
- Rehabilitation Assistance	Yes	No
Member Application Period	January 21 – February 25, 2021	January 21 – February 25, 2021
Purchase Price Limit	No	Yes, based on Mortgage Revenue Bond limits
Annual Member Application	Required	Required
Certification of Staff Training	Required	Required
Executed EBP/HOW Disclosure	Required	Required
Purchase property must be an owner-occupied primary residence?	Yes	Yes
First-time homebuyer for first 1/3 enrollments	Required	NOT Required
First-time homebuyer education and counseling	Required	Required
5-year retention mortgage and note	Required	Required
Member concession/incentive to homebuyer	Required	NOT Required
Limited to New England states?	No	Yes
Homebuyer down-payment match requirement?	No	Yes

# Application Overview

- Open only to FHLBank Boston members
- Non-competitive online application process
- Members must submit applications through <https://housing.fhlbboston.com/>. All supporting documentation must be uploaded using FHLBank Boston online system
- FHLBank Boston retains sole discretion to approve a member's application based on its current membership/credit status and its experience with the program and FHLBank Boston

# One Round - One Application Period

## Application Period:

- FHLBank Boston will accept online applications from members beginning **January 21, 2021 through February 25, 2021 at 3 p.m.**
  - Receive approval to participate in the EBP or HOW by **March 5, 2021**
- Members must apply for EBP and HOW **separately.**

**NOTE:** Once approved, all funds are available on a ***first-come, first-served basis***. Enrollments are homebuyer specific. Subject property address can be updated or changed.



# Funding Periods

- The 2021 funding round will be divided between two funding periods for both programs
- The allocation of funds is at FHLBank Boston's sole discretion based on the current program year's need and member/homebuyer demand and is subject to change

<b>Monday, March 15</b>	<b>Monday, June 14</b>
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# Member Requirements

1. Apply to participate in the program
  - Submit an EBP and/or HOW agreement signature page by an authorized officer of the institution under the Advance Entitlements listed in Online Banking
2. Originate an eligible first mortgage loan product: conventional fixed-rate or adjustable-rate mortgage
3. Provide the EBP-assisted homebuyer(s) with at least one special incentive/concession at the time of purchase
  - Does NOT apply to HOW
4. The first one-third of member's enrollments must be to first-time homebuyers
  - EBP only

# First-Time Homebuyer Definition

- 42 U.S.C. §12704(14): Individual and spouse who have **not owned a home during the three-year period** prior to purchase, with exceptions for:
  - Displaced homemakers
  - Single parents
  - Owned a dwelling unit that was not permanently affixed to a permanent foundation; or
  - Owned a dwelling unit not in compliance with codes and which cannot be brought into compliance for less than the cost of constructing a permanent residence



# Eligible Property Types

- **Primary residences only**
- **Single-family, owner-occupied housing including:** 1-4-family properties, duplexes, cooperatives, and condominiums occupied as the borrower's primary residence
- **Manufactured homes** meeting HUD guidelines and anchored to the ground on property owned by borrower
- **Foreclosure and Short Sale properties**



# Household Requirements

- Homebuyer(s) will review, initial and sign the **EBP/HOW Disclosure** – **UPDATED for 2021**
- Homebuyer(s) will need to identify the household members and income sources for the entire household
- A household member is defined as an individual who expects to live in the property at the time of closing, going forward
- Household(s) cannot earn more than each program's respective Area Median Income (AMI) limits and must have sufficient income to support the purchase:
  - EBP **less than or equal to 80 percent** of AMI
  - HOW **greater than 80 percent and less than or equal to 120 percent** of AMI
- Homebuyer education/counseling is required for **first-time homebuyers** only and at least one adult member of the household must participate
  - Homebuyer education/counseling (if applicable) must be completed within 24 months prior to enrollment submission OR prior to the closing of the subject property

# Household Requirements (continued)

- Homebuyer(s) will be required to provide a minimum of a \$500 down-payment contribution
  - HOW homebuyer(s) will want to put down more than \$500 minimum as grant is based on **one-to-one** match of the homebuyer(s) contribution of their own funds
- Provide a fully executed P&S agreement identifying the subject property's address, estimated closing date, and down payment
  - The agreement must be current at the time of enrollment and include all amendments
- Homebuyer(s) will be subject to FHLBank Boston's affordability retention Mortgage and Note

# Accessing the Online Application

- Online application: <https://housing.fhlbboston.com/>
- First-time users will need to register for a Community Lending account
  - Password will be emailed to you (manually approved by FHLBank Boston)
- Existing usernames with passwords for CDA/AHP/EBP are valid
  - If you do not remember your username or need to reset your password, both can be done online

**NOTE:** Everyone should have their own username and password.

Please do not share!

# Member Information

Members are **required** to provide a:

- Primary Contact
- AND
- Secondary Contact

All automated emails and correspondence will be sent to the primary and secondary contact people listed on the EBP and/or HOW application

- KEY individual(s):
  - Are required to participate in training sessions and should be able to offer training to other members in your organization
  - Should be knowledgeable about the EBP and/or HOW
  - Should be able to aid the homebuyer
  - Can be the same contacts for each program or different



# Program Information

## Eligible EBP/HOW Loan Products include:

- Typical financing products - Conventional fixed, portfolio, or adjustable: Fannie Mae, Freddie Mac, FHA, Rural Development, and State Housing Finance Agencies
- Adjustable-rate mortgage (ARM) must include initial interest rate, annual and lifetime caps
  - Maximum 2 percent annual and 6 percent lifetime cap

**NOTE:** ARMs are *not* eligible if:

- Interest-only and payment-option loans
- Adjustment term is less than 5/1
- 6/2/6 or 5/2/5 annual/lifetime percentage cap ARM programs

# Program Concessions - EBP Only

Approved members provide a homebuyer an incentive or concession:

- Explain the incentive/concession that you are offering to the homebuyer; and
- Indicate how this differs from your standard residential lending product(s)
- Examples of concessions
  - Lender credit
  - Waiving or reduction of fees
  - Below market rate
  - Expanded underwriting guidelines

The concession will need to be indicated at Enrollment, documented at the time of closing, and provided at the time of disbursement request

Best practice would be to clearly document the concession provided to the homebuyer on the Closing Disclosure:

- Page 2 of CD Section J: Lender credits, and/or
- Page 3 of CD Section L: Other credits (line 06-09) or
- Waiving or reduction of fees
- If not on CD, provide additional supporting documents i.e., rate sheet or underwriting guidelines

# Training Requirement

## Upon approval of your EBP and/or HOW Application:

- Members certify that they will attend either live or pre-recorded online training session(s)
- Each training session will guide your staff through the specific covered topic and provide updated program changes for 2021
- Best practice would be to assign a coordinator to act as a liaison to ensure all requirements are met and all documents are submitted for each step
- Enrollment and Disbursement processes will be presented separately



# Homebuyer Education/Counseling

- Homebuyer education/counseling is required for first-time homebuyers only-  
Select from the list of organizations (CHAPA, HUD or NISHEC) OR submit another counseling agency for approval
  - To submit an agency for approval, at the time of application, attach the counseling curriculum with the application
  - Education/ counseling should follow accepted industry standards regarding the purchase and ownership, including maintenance of the home
- Although a minimum is not required, the Bank recommends a minimum of 8 hours of homebuyer education with a counseling component

# Homebuyer Education/Counseling

- While education/counseling must be completed through an approved agency, the education component may be completed online through either Framework or eHome America, but only through the Bank’s list of recognized agencies **via CHAPA, HUD or NISHEC**
  - The Bank will not permit online education/counseling agencies other than Framework and eHome America. i.e.: Fannie Mae, Freddie Mac or MGIC are not approved
- If a homebuyer completes online education directly through Framework or eHome America, the members are required to ensure the homebuyer completes the post-counseling component.



## Certificate of Completion

THIS CERTIFICATE IS AWARDED TO



ON February 27, 2019

For Successfully Completing  
The Framework® Homeownership Education Course

Framework® is administered by a HUD-Approved Intermediary  
and meets the National Industry Standards for Homeownership Education

Framework Homeownership LLC is owned and managed in partnership by the Housing Partnership Network and the Minnesota Homeownership Center. The Framework® Homeownership Education Course meets the homeownership education requirement for the Fannie Mae HomeReady® mortgage loan, HomePath Ready Buyer™ program, and may fulfill requirements for other home buying programs. [www.frameworkhomeownership.org](http://www.frameworkhomeownership.org)

CERTIFICATE ID: 451647



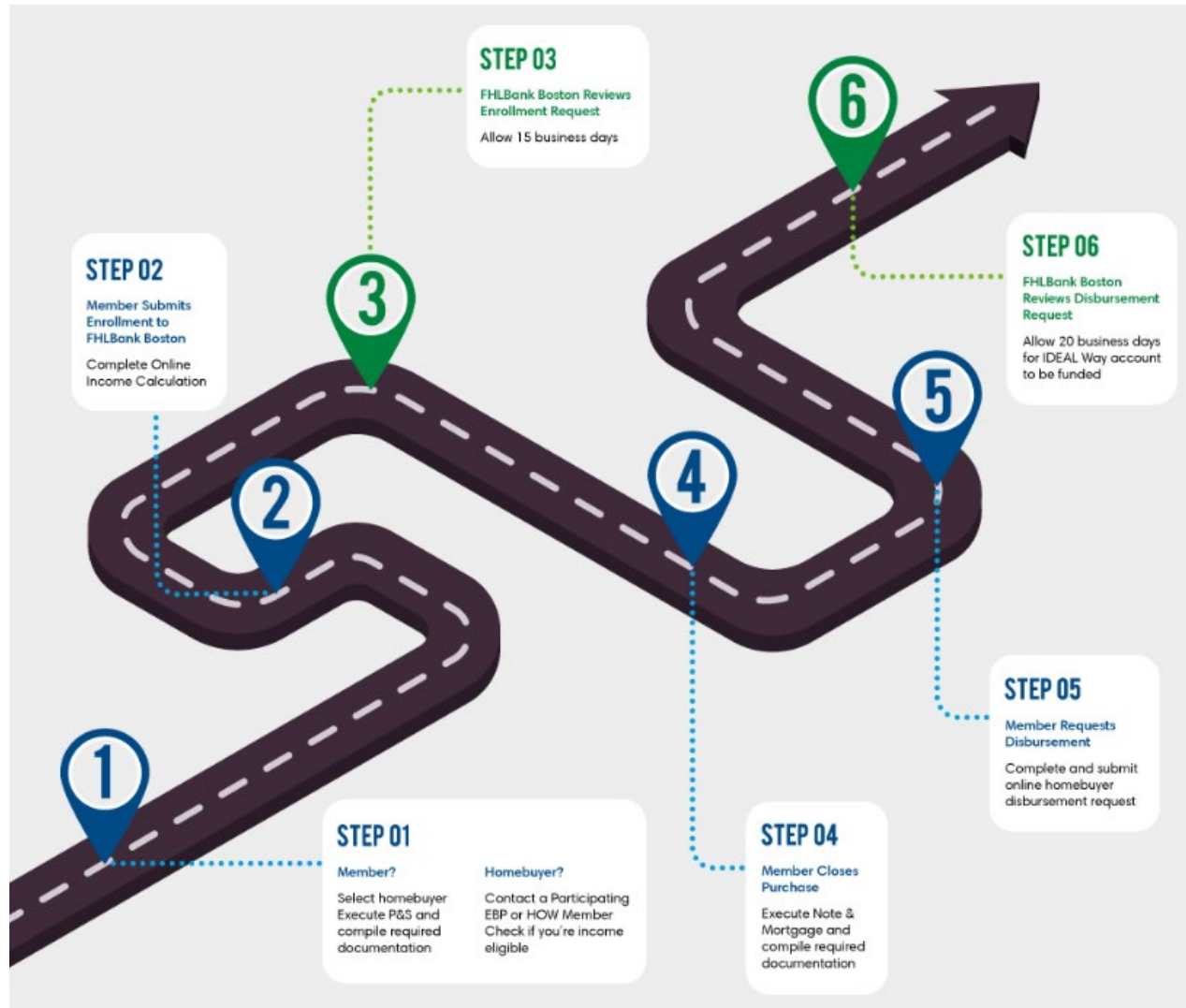
# Program Agreements

- The Agreements are part of both the EBP and HOW Application processes and have been updated in 2021
  - Must be executed *separately*
- Carefully review both Agreements and execute Agreement signature pages
- Must be signed by an officer of the member institution authorized to initiate under the *Advance Entitlements listed in Online Banking*
  - Please contact us if you are unsure who is an authorized officer
- After signing, upload the entire Agreement to the respective program - **Submit all pages!**

# Validate and Submit

- Validation screen identifies incomplete or missing information
  - All validation issues must be resolved in order to submit the application
- Summary page will confirm the attachments/exhibits
- Submit—sends the completed application to the Bank
  - Please print a copy of the application for your records

# Roadmap for Homeownership Assistance Programs





# EBP/HOW Webinar Sessions

## Enrollment

- Describes only the homebuyer enrollment process in detail
- Live or pre-recorded training is **required** prior to reserving funds for income-eligible households
- Open to all participating members and their staff

## Disbursement

- Describes only the disbursement/reimbursement process in detail
- Live or pre-recorded training is **required** prior to requesting disbursements by at least one staff member
- Covers the 5-year retention period and the requirements for both member and homebuyer



### Register for LIVE sessions

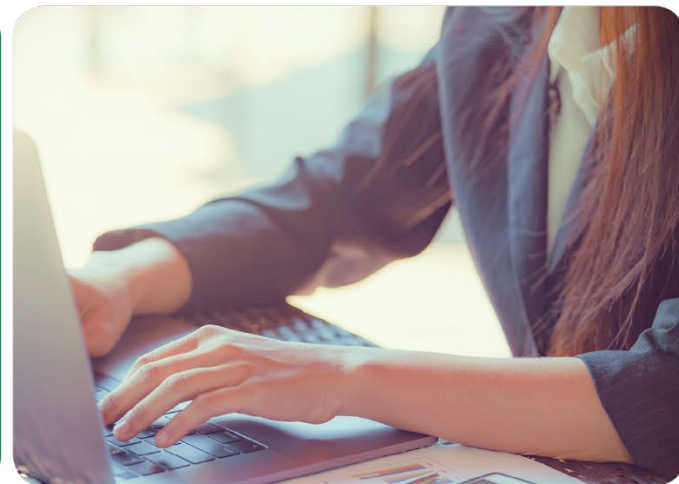
Next Steps: Enrolling Homebuyers

March 4, 2021 and March 9, 2021

Final Steps: Requesting Disbursement

March 23, 2021 and April 1, 2021

\*\*\*Pre-recorded will be made available after via our website\*\*





# Website/Resources

## To learn more about EBP and HOW:

- Register for EBP/HOW LIVE Training Sessions or access pre-recorded versions
- Locate current EBP/HOW Documents and Forms - **UPDATED 2021**
- Find the AHP Implementation Plan, Attachment D - **UPDATED as of 12/10/2020**
- Visit the Housing and Economic Growth section of the FHLBank Boston's website at: <https://www.fhlbboston.com/fhlbank-boston/products-programs/housing-economic-growth#/>

# Questions?



# Housing and Community Investment

## For more information, contact:

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# Thank You!

## We look forward to working with you!

