

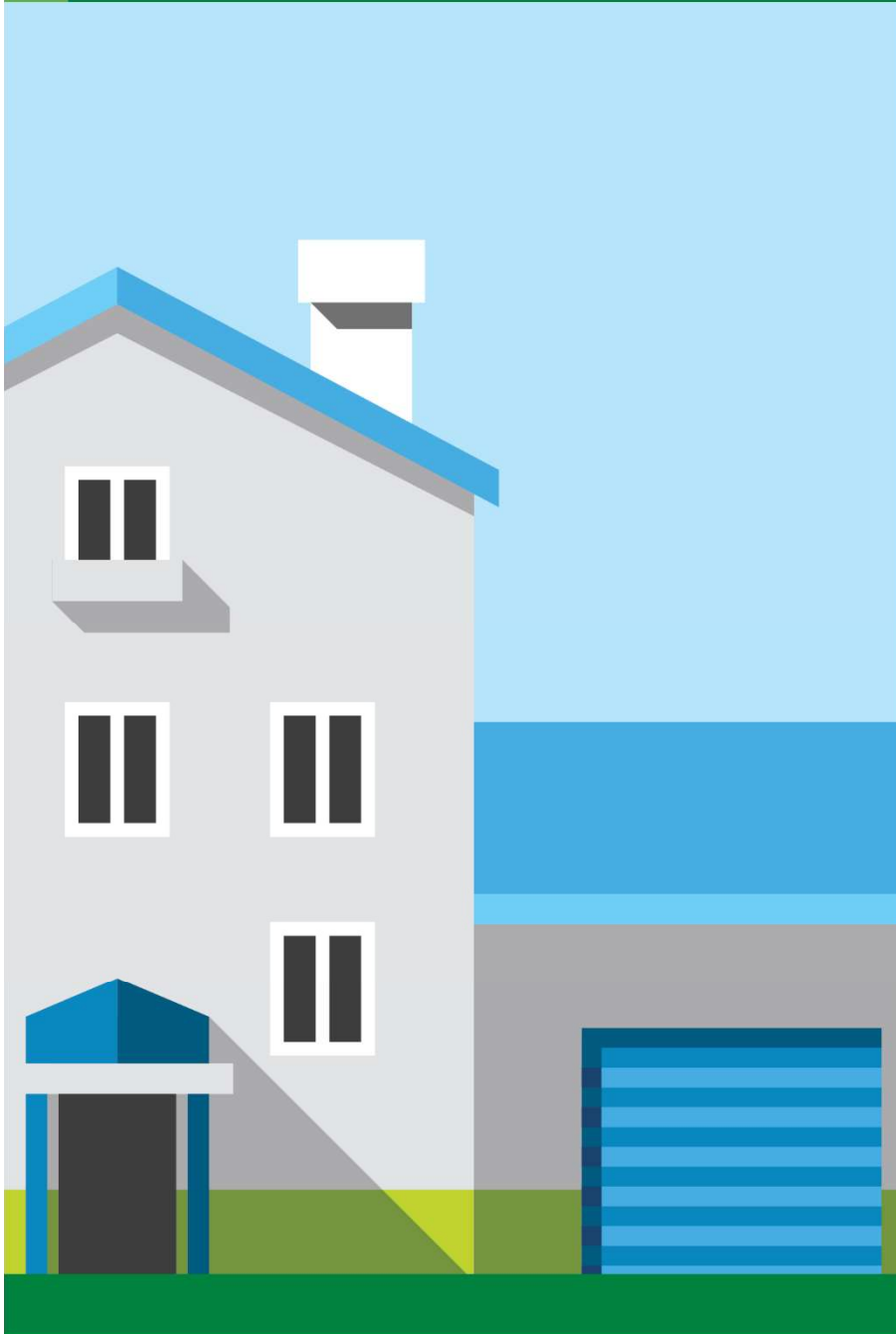
2022 Equity Builder Program & Housing Our Workforce

Final Steps: Requesting A Disbursement

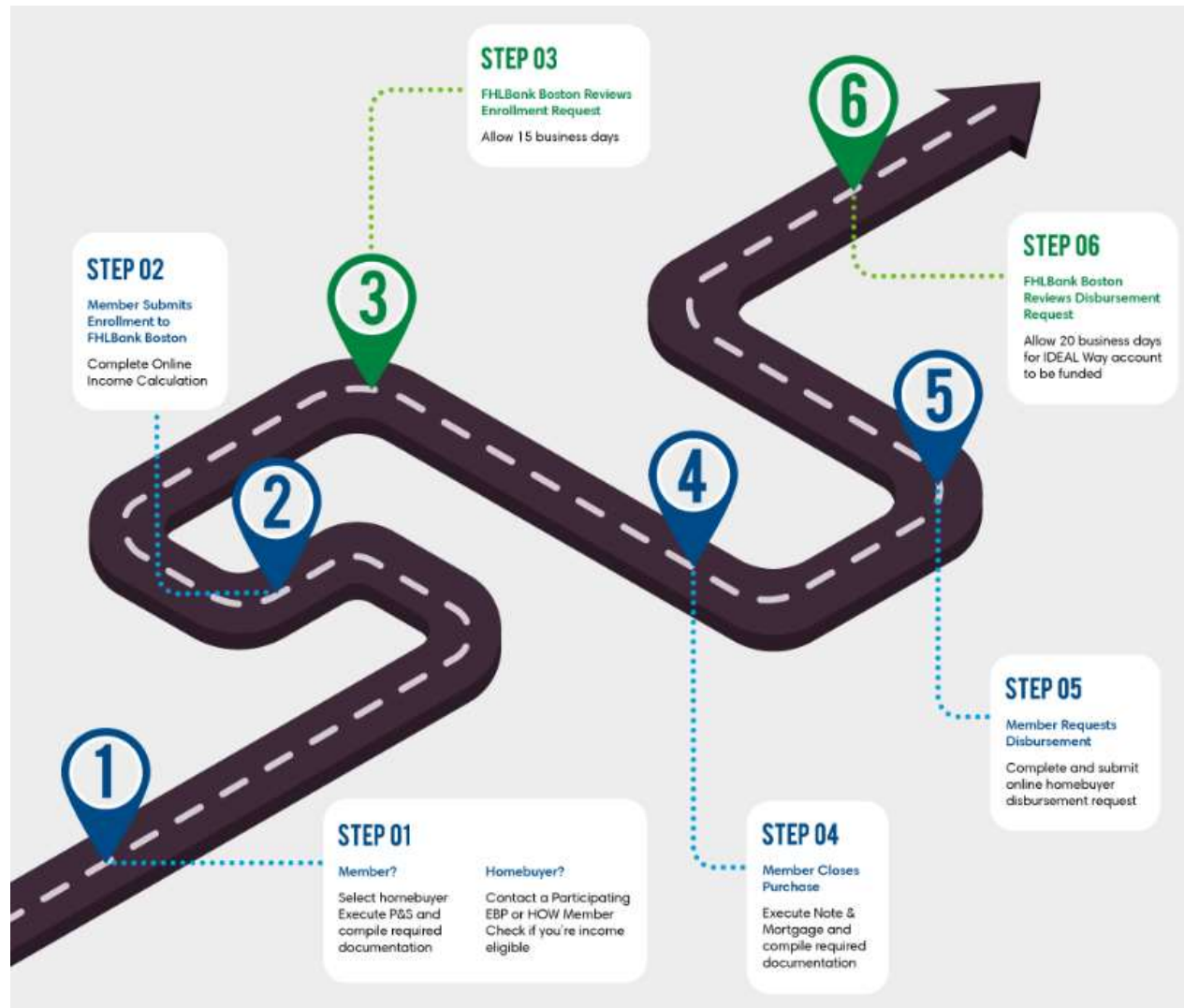


Agenda

- Roadmap for Homeownership Assistance Programs
- Disbursement Requirements
- Required Documents/Data
- First-time Homebuyer Education/Counseling
- Homeownership Comparison Grid
- Member Action Required (MAR)
- Managing Pipeline After the Closing
- Monitoring and Retention
- HCI Contacts



Roadmap for Homeownership Assistance Programs



Communication is Key!

NOTE: Members will be responsible for managing usernames and password updates

- The two contacts identified at the time of application for the EBP and/or HOW will:
 - Receive all emails and correspondence
 - Remain a point of contact for the homebuyer
 - Coordinate a workflow and train appropriate staff personnel such as:
 - Loan Originators
 - Underwriters/Processors
 - Closers/Post-closers

Disbursement Requirements

- Closing must be completed for the purchase transaction
 - Member will table fund the grant at time of closing
 - EBP or HOW retention documents (mortgage and note) must be executed at closing and mortgage recorded with Registry of Deeds
- Disbursements can only be requested through the [online system](#)
- EBP or HOW funds are reimbursed once all documents have been reviewed
 - Allow **20 business days** for review by FHLBank Boston once all documents have been received

NOTE: Property addresses can change but member must re-verify there is no impact to the income-eligibility via HUD income limits

Documents Required at Disbursement

1. Buyer(s) Closing Disclosure
 - EBP or HOW does not require a separate CD
 - CD must be fully executed and reflect grant on page 3
 - CDs for all mortgage liens (if applicable)
2. EBP or HOW note - **2022 Versions Updated**
3. EBP or HOW mortgage - **2022 Versions Updated**
 - Recorded versions with book/page or document number
4. Homebuyer education/counseling certificate - **First-time homebuyers only**
5. Homebuyer counseling invoice (if applicable for **EBP only**)
6. Evidence of member concession - **EBP only!**
7. Notes and Mortgages for additional down-payment assistance programs or other liens in addition to EBP or HOW

NOTE: We cannot accept documents through regular or encrypted email. All information/documents must be submitted through online system.

Buyer's Closing Disclosure

- Buyer/Seller/Property Address/Member/Closing Date
- Contract sales price (page 3, borrower's transaction, sec. K, line 01)
- Earnest money down payment (page 3, borrower's transaction, other credits, line 06/07)
 - HOW grant can only be used toward down payment and re-verified at disbursement **(two-to-one match)**
- Member concession (if applicable) - **EBP only!**
- Loan program (page 1)
- Total loan costs
 - (page 2, sec. D, closing costs; subtotal (A+B+C), first column only-borrower-paid at closing) - Cash (To/From) the borrower at closing (page 3, bottom)
 - Cash to borrower cannot exceed **\$250**

EBP or HOW Note

- Must use the 2022 version (located on FHLBank Boston’s website [January 2022](#))
 - Remember to execute the appropriate program note (cannot accept EBP note for HOW or vice versa)
- Homebuyer(s) to execute at closing
- Paragraph 1, must match and support closing documents
- The EBP or HOW note covers both the Standard EBP or HOW mortgage and the Deed Restriction
 - The EBP or HOW note must be amended by the member to allow for the use of the standard mortgage of deed restriction

EXAMPLE:

1. BORROWER’S ACKNOWLEDGMENTS AND AGREEMENTS

A. The Borrower hereby agrees that the Lender and the Federal Home Loan Bank of Boston (the “Bank”) or its designee shall be given thirty (30) days prior written notice of a sale, refinancing, or transfer of the Property (as defined in that certain **Subordinate Mortgage (or Deed Restriction, as applicable)**, of even date herewith, executed by Borrower in favor of Lender (as amended from time to time, the “Security Agreement”) that secures this Note during the five-year term of this Note (such five-year period, the “Retention Period”).

EBP or HOW Mortgage

- Must use the 2022 version (located on FHLBank Boston's website [January 2022](#))
 - Remember to execute the appropriate program Note (cannot accept EBP Note for HOW or vice versa)

- Deed Restriction - **only to be used for FHA loan products!**
 - If not FHA loan use Standard Mortgage template

- Homebuyer(s) to execute at closing
 - Non-borrowing spouse or person on title, mortgage, and deed must be reflected on EBP or HOW mortgage

- Paragraph 1, must match and support closing documents

- Paragraph 5, EBP or HOW grant amount must match CD, note and system entry

- MA, NH, ME, RI and VT must be notarized and witnessed
 - CT EBP or HOW mortgage must be witnessed by two different individuals and notarized

Homebuyer Education/Counseling (First-time Homebuyers Only)

- Select from the list of organizations (CHAPA, HUD or NISHEC)
 - To submit an agency for approval (not listed), attach the curriculum
 - Curriculum to follow accepted industry standards regarding the purchase and ownership, including maintenance of the home

- Online education component is acceptable online through either Framework or eHome America, through the Bank’s approved agencies (CHAPA, HUD or NISHEC)
 - 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.

- The Bank will not permit online education/counseling agencies from Fannie Mae, Freddie Mac or MGIC



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

CERTIFICATE ID: 451647

Member Concession - EBP Only

- Must be provided at the time of closing
 - Evidenced on CD or documents to support
- 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
- 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

Grant Used for Rehabilitation - EBP Only

Rehabilitation Funded by EBP Only:

- In connection with a purchase transaction only
- 100% of the rehabilitation work must be completed **prior** to disbursement of EBP funds
- Closing Disclosure must evidence escrowed funds

Documentation Required to Support the Transaction:

- Copies of paid invoices detailing scope of work completed
- Evidence of disbursement(s) from escrow account
- Copies of checks paid to the contractors/builders and the homebuyer
- Final inspection and/or member confirmation that repairs have been completed in a satisfactory manner

Grant Match - HOW Only

- Grant is for down-payment assistance only
 - **Two-to-one match** that must be documented
 - For example, homebuyer contributes \$10,000, then eligible for \$20,000
 - Cannot request a grant amount that exceeds the difference between the purchase price minus the first mortgage loan amount
 - For example, if the purchase price is \$300,000 with a first mortgage loan amount of \$280,000 the total downpayment is \$20,000

- Homebuyer's down payment must be evidenced on the executed Purchase and Sales agreement
 - P&S must evidence buyer contribution as earnest money deposit OR prior to closing
 - Fully executed addendum to P&S will be accepted with additional earnest money deposit
 - **Cannot** be matched based on cash to close on CD

- Contribution must be the homebuyer's own funds and not a gift or gift of equity
 - The homebuyer can receive additional gift or gift of equity in the transaction; however, gift will not be calculated in the two-to-one match

Homeownership Program Comparison

Program Comparison	EBP	HOW
Income Limits	<= 80% AMI	> 80% to <=120%
Maximum Grant per Household	\$22,000	\$20,000 with a 2:1 homebuyer match
Maximum Funds to Member	\$220,000	\$150,000
Use of Grant Funds		
- Down Payment	Yes	Yes
- Closing Costs (including Homebuyer Education & Counseling Fee)	Yes	No
- Rehabilitation Assistance	Yes	No
Member Application Period	February 1, 2022 – February 28, 2022	February 1, 2022 – February 28, 2022
Purchase Price Limit	No	Yes, based on Mortgage Revenue Bond limits
Annual Member Application	Required	Required
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

Member Action Required

- If an enrollment is missing required documentation, it will be placed into Member Action Required (MAR) status and the member will receive notification via email. Examples that an enrollment would be placed into MAR status:
 - Final Closing Disclosure must evidence
 - Grant monies (not a loan)
 - Member concession (EBP only)
 - Executed EBP or HOW note and mortgage with correct template/version
 - Any additional DPA notes and mortgages to determine our grant's lien position
 - Homebuyer education/counseling certificate
- All missing documentation must be submitted within **10 business days**. An email reminder will be sent on the fifth business day to remind the member of the outstanding items.

Managing the Pipeline After the Closing

- All grant obligations are forgiven upon completion of the five-year retention period:
 - Five years from the date of closing
- If a property is scheduled for sale or refinancing within five years:
 - The household will need to contact the originating member for instructions
 - Sale or transfer of the property requires a recapture calculation
 - Refinancing requires a subordination agreement to be executed
- Foreclosure does not trigger recapture of EBP or HOW funds:
 - FHLBank Boston must receive copies of the foreclosure documentation for tracking and reporting purposes

Note: Member is responsible for discharge/release of EBP or HOW mortgage or deed restriction

Monitoring and Retention

Member Responsibilities:

- Remain a point of contact for the household
- Provide contact information to the homebuyer(s)
- Maintain a separate file on each homebuyer with all pertinent documentation for **five years**
- Copies of the EBP or HOW Standard mortgage or Deed Restriction
 - Copy of the EBP or HOW note
 - Copy of the *EBP/HOW Disclosure*

Subordination Process

Subordination Procedures:

- The household member will contact the original financial institution to request the subordination of the existing EBP or HOW mortgage
- No recapture calculation is required for subordination requests of existing EBP or HOW mortgages that will remain in place and be subordinate
- All terms and conditions of the original mortgage and note remain in force and effect
- FHLBank Boston will provide the member with a copy of the template for completion by member

Please instruct homeowner that all contact is through the originating lender. FHLBank 2-tier review | Allow 2 business days

Recapture on Sale, Transfer, Assignment of Title or Deed

Protocol/Procedures:

- The homeowner or attorney should contact the original financial institution to initiate the recapture process
- Submission of the most final Seller's Closing Disclosure (based upon the scheduled closing date)
- FHLBank Boston does the recapture calculation

Regulatory requirements:

- Step 1 determination of LMI household defined by proxy through HUD Home Investment Partnership Program and the Housing Trust Fund value limits based on the subject property location
 - Reg does permit submission of subsequent purchaser's income to be reviewed by FHLBank, if available

Step 2 Pro Rata Calculation

- Calculation:

$$\left(1 - \frac{\text{\# of months homeowner occupied home}}{\text{Retention Period (60 months)}}\right) \times \text{Original Grant Amount} = \text{Pro Rata Grant Amount}$$

Step 2 More Detail

- If recapture is **\$2,500 or less**, no funds are due from the homeowner
- If the amount is **over** \$2,500, FHLBank Boston will further review original Buyer CD and current Seller CD

Please instruct homeowner that all contact is through the originating lender. FHLBank 2-tier review| Allow 2 business days

Housing and Community Investment

For more information, contact:

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Thank You!

We look forward to working with you!

