

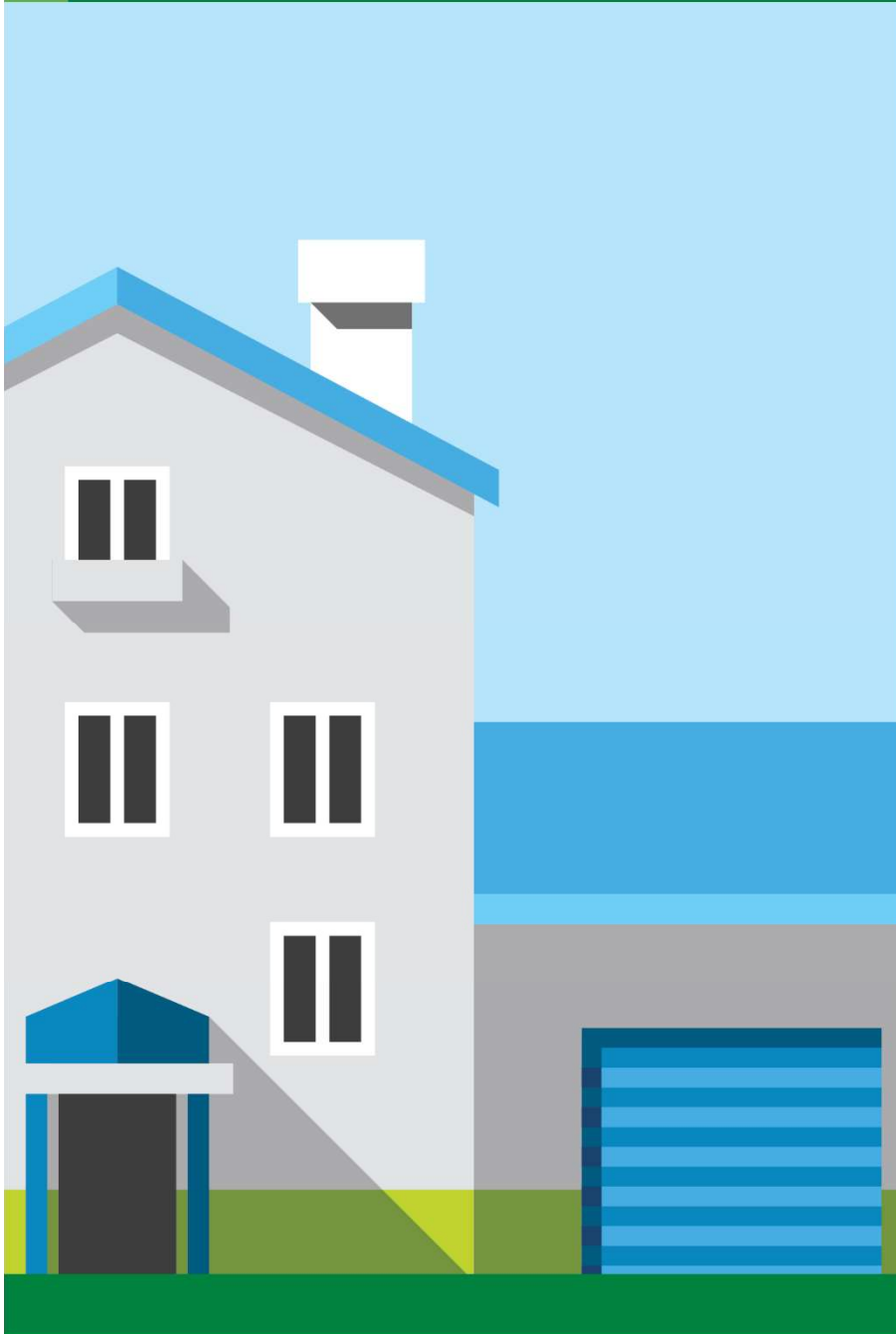
2022 Equity Builder Program & Housing Our Workforce

Next Steps: Enrolling Homebuyers



Agenda

- Program Introductions/Benefits
- Homeownership Programs Comparison
- Roadmap for Homeownership Assistance Programs
- Member & Household Eligibility Requirements
- Documents Required at Time of Enrollment
- Income Calculation Reminders/MAR
- HCI Contacts



About Our Homeownership Programs

EBP

- FHLBank Boston offers the EBP to members as a means of providing grants to income-eligible homebuyers to be used towards down-payment, closing costs (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 2003, over \$48.9 million has been disbursed to members, assisting 4,251 homebuyers

HOW

- FHLBank Boston offers the HOW program to members as a means of providing match 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 2019, \$5.6 million has been disbursed to members, assisting 421 homebuyers

Key Program Benefits

Homebuyers

- The opportunity to bridge the gap between mortgage and purchase price
- The potential for lower debt ratios
- A greater equity position in the subject property with lower loan-to-value ratios
- Down-payment **and/or** closing cost assistance
 - **HOW** is down payment only
- The potential for reserves in savings after purchasing home

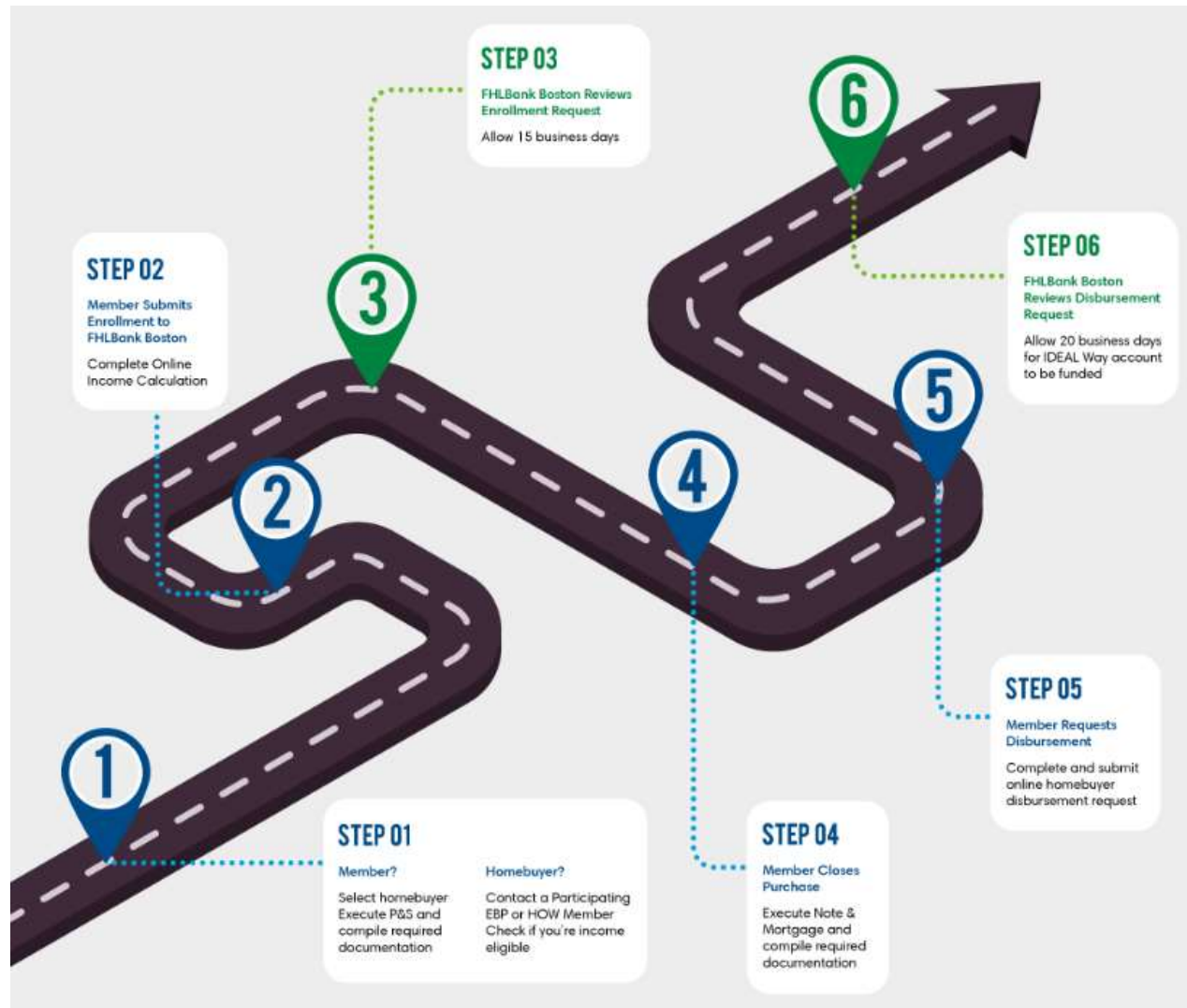
Members (YOU)

- 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
 - **EBP** 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

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

Roadmap for Homeownership Assistance Programs



Funding Periods

- The 2022 funding round will be divided between three funding periods for both programs
- Allocation schedule posted on website:
 - **April 1**
 - **May 2**
 - **June 1**
- The allocation of funds is FHLBank Boston's sole discretion based on the current program year's need and member/homebuyer demands
- Available funds will continue to roll into the next funding period until all funds have been committed within the annual funding period
 - Funding periods are subject to change

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

Member Reminders

- Complete enrollment and disbursement training – **required**
 - Either live *or* pre-recorded webinars
- Submit income-eligible households through the [online system](#)
 - Housing debt (front-end ratio) of **37** percent
(Exceptions allowed on case-by-case basis – *HH must be able to carry monthly debt*)
- Review and manage EBP and/or HOW pipeline regularly
 - Request all increases/decreases to the EBP or HOW grant for enrolled homebuyers online
- Review **first-time** homebuyer education/counseling requirements
- Provide a concession/special incentive at closing - **EBP Only!**

Household Reminders

- Purchase of an owner-occupied **primary residence**
 - One- to four-family units, condos, multifamily and manufactured homes (permanently affixed/wheels up axels down – homeowner must take title)
- Provide the total household headcount and all income received
 - EBP/HOW Disclosure
- Cannot receive more than \$250 cash back at closing
- Contribute a minimum of \$500 in down-payment funds
 - Earnest money down payment must stay in the transaction
 - HOW homebuyer(s) will want to put down more than \$500 minimum as grant is **two-to-one** match based on homebuyer(s) contribution of their own funds
- Execute EBP or HOW retention documents (note and mortgage) at closing
- First-time homebuyer(s) must complete education/counseling

Identifying Eligible Households

Interviewing potential homebuyer(s):

- Verify the total number of household occupants who will live in the property at the time of closing and foreseeable future
- Validate the total household income:
 - Cannot exceed each program's respective Area Median Income (AMI) limit based on the current HUD Income guidelines at <https://www.huduser.gov/portal/datasets/il.html>
 - **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
 - Household members 18 years or older, must include their income
- Review income sources and household members against the most recent filed tax return for each adult

*Remember: **EBP** and/or **HOW** are income-based eligibility programs. The first one-third of homebuyers must be first-time homebuyers for **EBP** only!*

Documents Required at Enrollment

1. **EBP/HOW Disclosure - 2022 version only**
 - Document to be completed by all household members
 - Loan originator should review and validate the information against the income documents requested and received
 - Form needs to be reviewed by homebuyers and signed by all parties (pages 6-7)
 - E-signatures permitted
2. **Income Documentation**
 - Documents from all sources of income, defined in the Income Calculation Guidelines
 - Dated within 45 days of enrollment submission - **12 months prospective**
3. **Zero Certification of Income (if applicable)**
4. Most recent year **tax returns or IRS transcripts** NOT required for W2 wage earnings

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

Documents Required at Enrollment - Continued

5. Purchase and Sales Agreement

- Legible, executed, valid and a complete copy of the agreement
- Include all addendums and exhibits

6. **Signed/date letters of explanation** from homebuyer/household member for unusual income(s), if applicable

NOTE: Income eligibility is approved by FHLBank Boston at enrollment and is required to be re-reviewed with any change to the property



Income Calculation

Standard Practices:

- Prior to submission, a manual review of the income should be performed and should be in line with the income calculator results
- The accuracy of the enrollment and income calculation is based on a comparison of the EBP/HOW disclosure, tax returns or transcripts (if applicable), and income documents
- Approval of the enrollment is determined by FHLBank Boston upon review of the documents provided

Reminders:

- EBP income is prospective (next 12 months), annualized
 - Income Calculation Guidelines available at www.fhlbboston.com
- Income calculations under the EBP and/or HOW will vary from secondary market income requirements
- Online automated system is designed to provide a standard way of determining income-eligibility and must be used
- HUD income limits <https://www.huduser.gov/portal/datasets/il.html>

80% HUD Income Limit Example

INCOME LIMITS

DATASET / INCOME LIMITS

HUD's Office of Policy Development and Research (PD&R) is providing a new interface (API). With this API, developers can easily access and use HUD data. To create an account and get an access token, please visit the API page.

The Department of Housing and Urban Development (HUD) sets income limits based on the Median Family Income (MFI) for each area. HUD also sets Fair Market Rent (FMR) based on the Median Family Income estimates and Fair Market Rent area definitions.

FY 2021 INCOME LIMITS DOCUMENTATION SYSTEM

First select a state:

- Idaho - ID
- Illinois - IL
- Indiana - IN
- Iowa - IA
- Kansas - KS
- Kentucky - KY
- Louisiana - LA
- Maine - ME
- Maryland - MD
- Massachusetts - MA

Then select a county:

- Barnstable town (Worcester County), MA
- Bernardston town (Franklin County), MA
- Beverly city (Essex County), MA
- Billerica town (Middlesex County), MA
- Blackstone town (Worcester County), MA
- Blandford town (Hampden County), MA
- Bolton town (Worcester County), MA
- Boston city (Suffolk County), MA**
- Bourne town (Barnstable County), MA
- Boxborough town (Middlesex County), MA
- Boxford town (Essex County), MA

View County Calculations

- 2021
- 2020
- 2019
- 2018
- 2017
- 2016

FY 2021 Income Limit Area	Median Family Income Click for More Detail	FY 2021 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area	\$120,800	Very Low (50%) Income Limits (\$)	47,000	53,700	60,400	67,100	72,500	77,850	83,250	88,600
		Click for More Detail								
		Extremely Low Income Limits (\$)*	28,200	32,200	36,250	40,250	43,500	46,700	49,950	53,150
		Click for More Detail								
		Low (80%) Income Limits (\$)	70,750	80,850	90,950	101,050	109,150	117,250	125,350	133,400
		Click for More Detail								

NOTE: Boston city is part of the **Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area**, so all information presented here applies to all of the **Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area**. HUD generally uses the Office of Management and Budget (OMB) area definitions in the calculation of income limit program parameters. However, to ensure that program parameters do not vary significantly due to area definition changes, HUD has used custom geographic definitions for the **Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area**.

120% HUD Income Limit Example

INCOME LIMITS

DATASET / INCOME LIMITS

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The Department of Housing and Urban Development (HUD) sets income limits based on the Median Family Income (MFI) for each area. HUD uses the MFI based, Section 8 Housing Choice Voucher, Section 202 housing first, and Section 811 income limits. HUD also uses the MFI based, Median Family Income estimates and Fair Market Rent area definitions.

2021 2020 2019 2018 2017 Year ▾

120% Calculation:
 $50\% \times 2 \times 1.2 = 120\%$

System will automatically calculate this!

FY 2021 INCOME LIMITS DOCUMENTATION SYSTEM

First select a state:

Idaho - ID
 Illinois - IL
 Indiana - IN
 Iowa - IA
 Kansas - KS
 Kentucky - KY
 Louisiana - LA
 Maine - ME
 Maryland - MD
 Massachusetts - MA

Then select a county:

Barnstable town (Worcester County), MA
 Bernardston town (Franklin County), MA
 Beverly city (Essex County), MA
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 Blackstone town (Worcester County), MA
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 Boxborough town (Middlesex County), MA
 Boylston town (Essex County), MA

View County Calculations

FY 2021 Income Limit Area	Median Family Income Click for More Detail	FY 2021 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area	\$120,800	Very Low (50%) Income Limits (\$)	47,000	53,700	60,400	67,100	72,500	77,850	83,250	88,600
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		Extremely Low Income Limits (\$)*	28,200	32,200	36,250	40,250	43,500	46,700	49,950	53,150
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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

Home Purchase Price Limits - HOW Only

- Home purchase price limits apply to homebuyers participating in the HOW program
- The purchase price limits are based on the 2021 Average Area Purchase Prices for Mortgage Revenue Bonds (Rev. Proc. 2021-17) <https://www.irs.gov/pub/irs-drop/rp-21-17.pdf>
- The home purchase price limits are also available on the FHLBank Boston website



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:
 - Missing fully executed Purchase and Sales agreement
 - Incomplete or outdated EBP/HOW disclosure
 - Missing income documentation in accordance with the Bank's income guidelines
- 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
- HCI retains sole discretion to deny an enrollment if the member does not re-submit within 10 business days or if questions regarding the enrollment cannot be resolved

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

Disbursement Training Reminder

- Live or pre-recorded training is **required** prior to requesting disbursements by at least one staff member
 - Registration is open for live training: <https://www.fhlbboston.com/fhlbank-boston/fhl-events#/>
- Will cover the 5-year retention period and the requirements for both member and homebuyer/homeowner
- Who is best suited to attend:
 - Underwriters
 - Closing
 - Post-closing

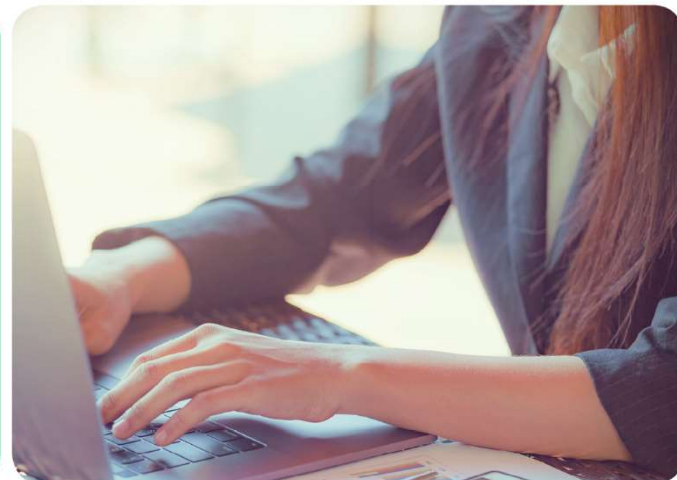


Register for LIVE sessions

Final Steps: Requesting Disbursement

April 12, 2022 and April 21, 2022

Pre-recorded webinars will be available



Housing and Community Investment

For more information, contact:

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Kenneth Willis, Senior Vice President/Director
617-292-9631

Thank You!

We look forward to working with you!

