

2024 Lift Up Homeownership

Enrollment and Disbursement



Agenda

- The Value of Homeownership Assistance Programs
- Workflow
- Member & Household Eligibility Requirements
- Income Practices & Calculations
- Disbursement Requirements & Documents
- First-time Homebuyer Education/Counseling
- Monitoring and Retention
- Resources & Contacts



Lift Up Homeownership Program



- Increase the opportunity for people of color to purchase a home in New England through a people-based SPCP
- Assist in narrowing the racial homeownership gap
- Incentivize members' mortgage lending to people of color by providing enhanced down-payment and closing-cost assistance
- FHLBank Boston member must make the first mortgage financing

Buying Power Through Numbers

Mortgage Details	30-Year Fixed <u>-LUH</u>	30-Year Fixed <u>+LUH</u>
Purchase Price	\$500,000	\$500,000
Buyers' Down payment	\$25,000	\$25,000
LUH Grant	\$0.00	\$50,000
Other Assistance	\$25,000 Mass Dreams	\$25,000 Mass Dreams
Loan Amount	\$450,000	\$400,000
Interest Rate	6.25%	6.25%
Monthly P&I	\$2,401	\$2,207
Monthly Taxes	\$435.45	\$435.45
Monthly Insurance	\$119.58	\$119.58
Total Mortgage Expenses	\$3,270.03	\$3,017.90



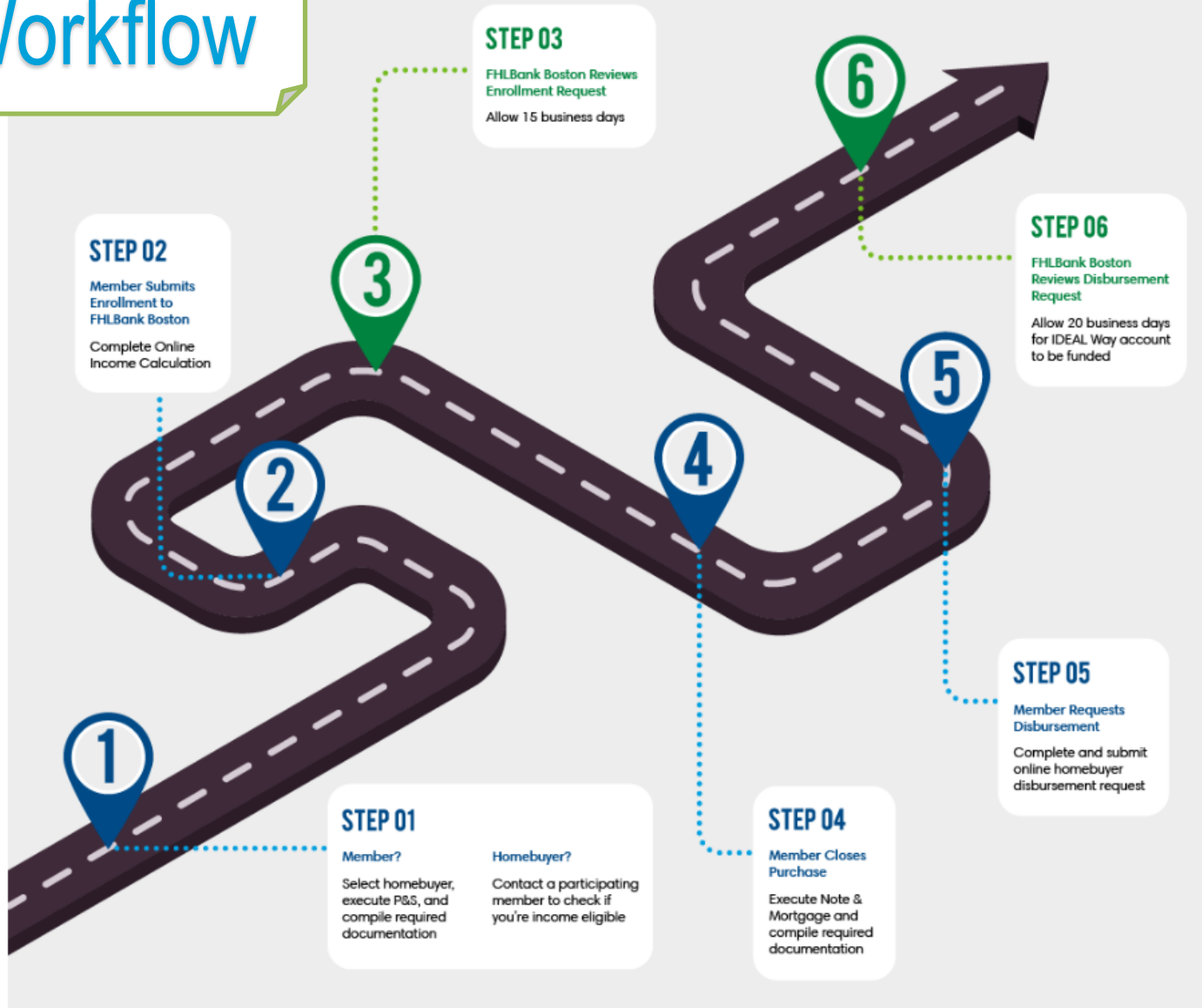
Lowers housing ratio
Lowers loan-to-value



Overall Savings with LUH

\$307.13 per month
\$3,685.56 per year
\$110,566.80 over 30 years

Workflow



Program Requirements & Changes

Requirements	Original 2023 Pilot Program	2024 LUH Enhancements
Maximum grant per household	\$50,000	\$50,000
Maximum funds to member	\$250,000	\$500,000
Allocation by State	Not applicable	<u>New</u>
Grant Use	<ul style="list-style-type: none"> • Down payment • <u>customary closing costs</u> • up to 2 points interest-rate buydown 	<ul style="list-style-type: none"> • Down payment • closing costs (<u>including escrows and prepaids</u>) • up to 2 points interest-rate buydown
Income Limits	<= 120% HUD AMI	<= 120% HUD AMI
First-time homebuyer	Yes	Yes
Minimum homebuyer contribution	\$1,000	\$1,000

2024 Allocation Methodology

State-By-State Allocation- **NEW!**

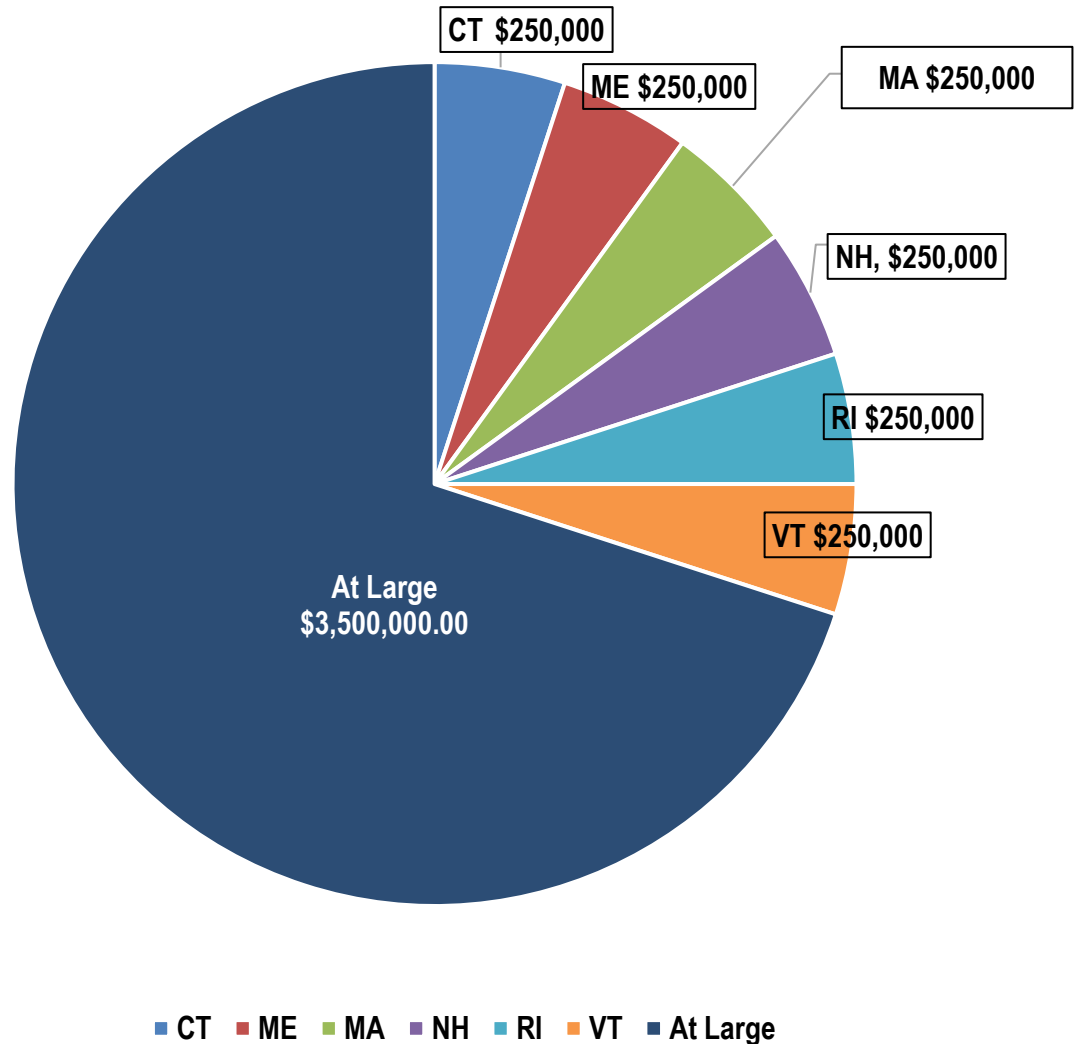
- Each N.E. state has a defined amount of money for 60 days
- Funds not utilized after July 15th will move into the 'at-large' pool
- State-by-state allocation is based on the homebuyer's primary purchase address not the member's headquarters

General/ At-Large Allocation

- General allocation operates on first-come, first-served basis
- At-large pool access begins once a New England state is exhausted
- July 15th all funding will reside in the general pool

Allocation Amounts

- \$5.0 MM total voluntary contribution to LUH
- \$1.5 MM distributed by New England state has its own allocation for LUH - *effective 2024*
- \$3.5MM general pool



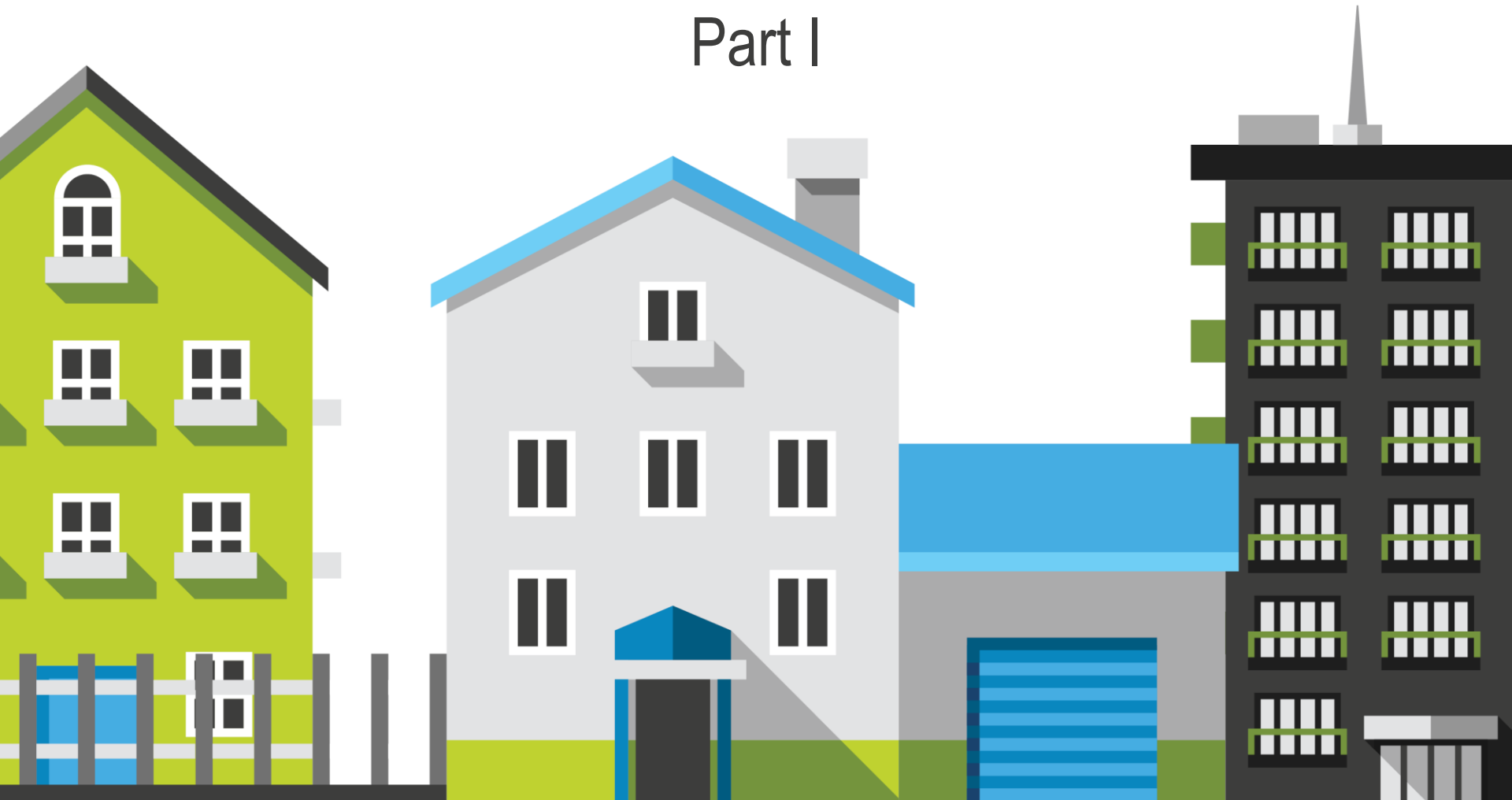
Eligible Grant Uses

- Down payment
- Closing costs including:
 - Prepaid and escrows
 - Interest rate buydown up to 2 points
- Home purchase within New England
 - 1- to 4-family homes, townhouses, condominiums, cooperative housing units and manufactured housing



2024 Next Steps: Enrolling Homebuyers

Part I



Homebuyer Requirements



- Execute Disclosure
 - Identify entire household and all income streams
- Execute Self-Certification
- Determine AMI limits for one of the programs
- Fully executed P&S
 - Primary residences only
- Ensure homebuyer contributes own funds toward the purchase
- Require completion of first-time homebuyer education/counseling

Interviewing Potential Homebuyers



- Review disclosure with borrower(s)
 - Verify total occupants to reside in the property
 - Adults are 18 years or older
- Validate income/household against disclosure
- Zero Certification of Income to be executed if applicable
- Other considerations may include
 - Homebuyer is an employee
 - Non-occupant co-borrowers
 - Full-time students
 - 50/50 custody

Homebuyer Self-Certification

- Must be executed to qualify for people-based program
 - Certification says 'optional' but required for grant eligibility
- Only one borrower/person on the first mortgage must identify as a person of color
 - Select as many that are applicable

Applicant Self-Identification (Optional)

I, _____, certify that I identify as one or more of the following (check all that apply):

- American Indian or Alaska Native*
- Asian*
- Black or African American*
- Hispanic or Latino*
- Native Hawaiian or Other Pacific Islander*
- I do not wish to provide this information*

Borrower/Homebuyer

Date

Income Calculation Best Practices

- Calculate income manually against the system
 - Prospective income
 - Annualized over 12 months
 - Varies from secondary market
- Review income guidelines
 - Provide explanations for unusual scenarios
- System generates [HUD income limits](#) based on data input




Income Limits

2024 HUD Limits

LUH 120% Calculation:
 $\$81,600 (50\%) \times 2 \times 1.2 = \$195,840$

LUH does not need to exceed 80% like HOW

FY 2024 Income Limit Area	Median Family Income Click for More Detail	FY 2024 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area	 \$148,900	Very Low (50%) Income Limits (\$) Click for More Detail	57,100	65,300	73,450	81,600	88,150	94,700	101,200	107,700
		Extremely Low Income Limits (\$)* Click for More Detail	34,300	39,200	44,100	48,950	52,900	56,800	60,700	64,650
		Low (80%) Income Limits (\$) Click for More Detail	91,200	104,200	117,250	130,250	140,700	151,100	161,550	171,950

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.

Member Requirements

- Submit all documents [online](#)
- Manage grant pipelines
- Compensating factors for housing DTI ratios [over 37%](#)
- Disclose related-party transactions (i.e., renter/landlord)
- Provide P&S with closing date at least [15 business days](#) upon submission date



Member Action Required

- Enrollments missing documentation go into MAR
- 10 business days to provide or clarify documentation
- Can be denied after 10 business days
 - Review extension policy

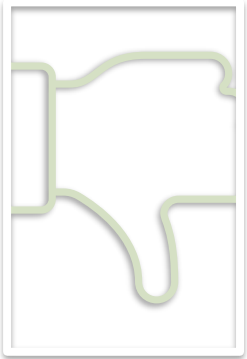
Procedural Reminders



Homebuyer reservation
specific



Subject property can
change



No placeholder
documents



Approvals are valid for 120
days

Refer to the website for [2024 LUH Procedures!](#)

Tips & Tricks



DO NOT:

- Promise funds to homebuyers prior to receiving enrollment approval
- Provide more documentation than requested
- Tell us if income has changed after enrollment approval

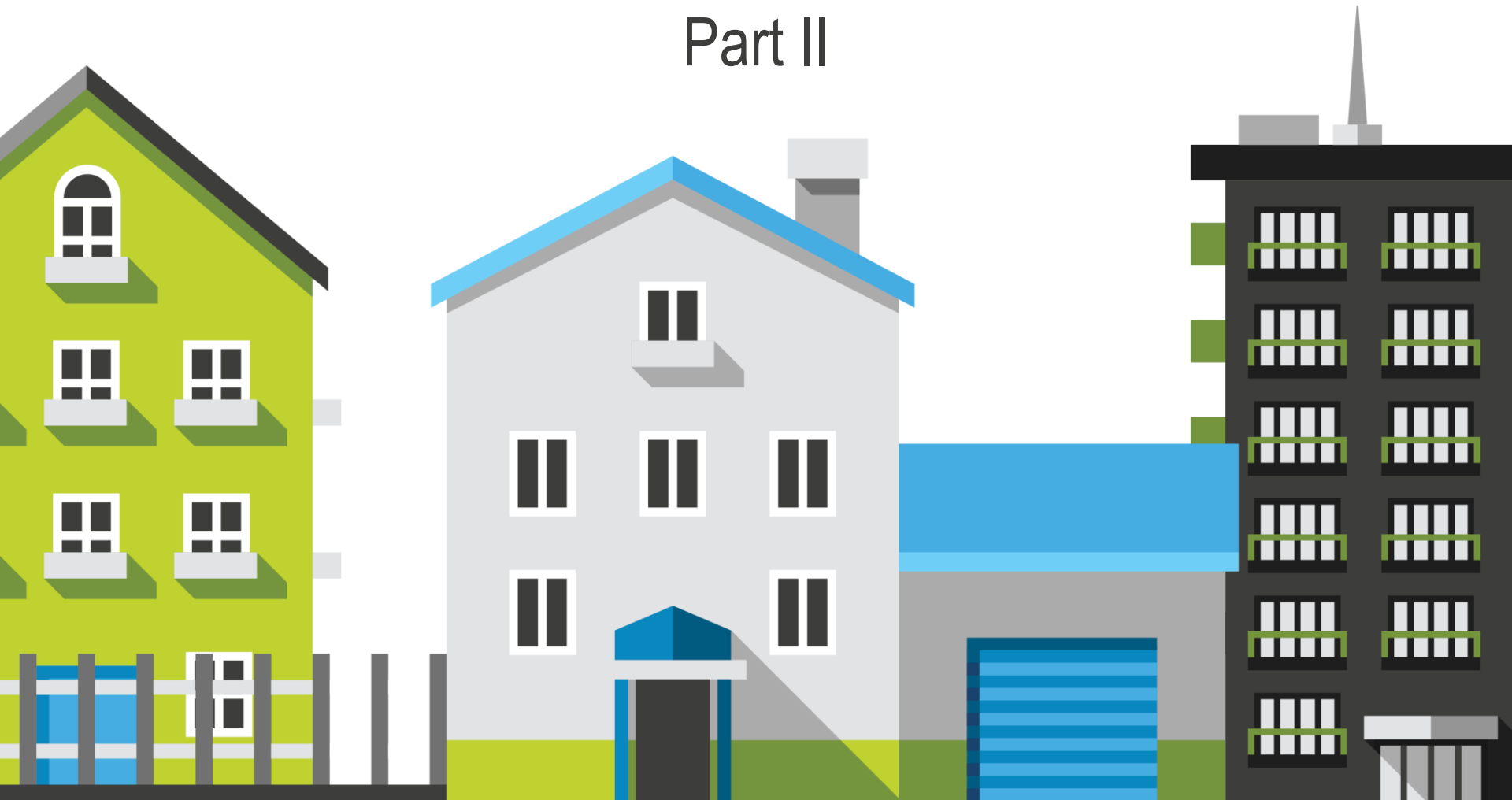


DO:

- Promote the programs for your benefit and help homebuyers in need
- Queue up homebuyers before monies are released to determine income eligibility
- Contact our team if you have unique loan scenarios or questions before enrollment period opens

2024 Final Steps: Requesting Disbursement

Part II



Member Requirements

- Member table funds the grant and reimbursed via IDEAL Way
 - Submit all disbursements through [online system](#)
- Closing Disclosure (CD) to reflect grant and not a loan
- LUH 2024 mortgage and notes must be executed
- Evidence of first-time homebuyer certificate
- Document member concession

Document Requirements

- Make sure all documents correlate to the homebuyer
 - Name, date, grant amount, address etc.
- CD page 3 to reflect LUH grant
 - Not a separate CD
- No more than **\$250** cash back
 - Reduce loan amount, grant or principal reduction
- Earnest money deposit must stay in the transaction
- Utilize [LUH](#) retention docs
 - Use 2024 versions only
 - FHA has Deed Restriction template
- First-time homebuyer certificate



Member Concession

- 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
 - Be specific

Examples

- Lender credit (page 2 or 3 of CD)
- Waiving or reducing fee (page 2 of CD)
- Below market rate (rate sheet)
- Expanded underwriting (guidelines or policy)

Homebuyer Education/Counseling

- Certification must be within 24 months of closing or enrollment
- Completed through our approved list
 - CHAPA, HUD or NISHEC)
- Online education is acceptable ONLY through eHome America, Finally Home!, Framework
- Counseling required
 - Prior to OR post-closing

Example Cert.



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 Action Required

- Disbursements missing documentation go into MAR
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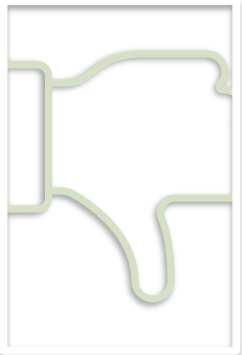
Procedural Reminders



Grant reservation is homebuyer specific, but address can change



CD to reflect buyer's minimum contribution



CD to list grant NOT loan



Disbursements must be submitted within 120 days of approval*

** LUH allows up to 120 days but refer to procedures for extension policy*

Monitoring and Retention

Member Responsibilities:

- Remain the primary contact
- Provide household contact information
- Maintain file on each household for **five years**
 - Grant Notes and Mortgages
 - Disclosure
- Execute all discharges
 - FHLBank Boston is not responsible for recording or associated fees



5-Year Retention Information

During the 5-year retention period:

Refinance	— — — — — ▶	Subordination (not lien sensitive)
Sale	— — — — — ▶	Repayment calculation
Foreclosure	— — — — — ▶	Forgiven*
Death of Owner	— — — — — ▶	Forgiven*

After 5-year retention period:

- Grant is forgiven
- Member must complete discharge

*Subject to documentation to grant forgiveness

Subordination Process

1. Homeowner or attorney contacts the original 1st mortgage lender (member)
2. Member submits the grant subordination template to FHLBank Boston
3. FHLBank Boston reviews and approves subordination
4. FHLBank Boston reviews and approves subordination
5. Member executes subordination and provides electronic copy to FHLBank Boston

Allow 2 business days



Repayment Upon Sale

1. Homeowner or attorney contacts the original 1st mortgage lender (member)
2. Member submits the final seller's CD to FHLBank Boston
3. FHLBank Boston completes the review
4. FHLBank Boston will notify member if money is owed
5. Member provides repayment to FHLBank Boston (if applicable) and executes discharge of grant

Allow 2 business days



Tips & Tricks to Manage Post-Closing



DO NOT:

- Tell the borrower FHLBank Boston is responsible to execute the grant discharge
- Try and calculate a grant repayment (not like a traditional pay off)
- Tell a homeowner FHLBank Boston does not allow subordinations for refinances or HELOCs



DO:

- Reach out to our Homeownership Team for either a subordination or repayment
- Refer the homeowner to pages 3 and 4 of the LUH Disclosure for post-closing info
- Keep a list or pipeline of all grant recipients for 5 years
 - Remember to execute discharge

Questions?



Resources & Contacts

Review our 2024 Materials:

- ✓ Member QC Checklist
- ✓ Disclosures, Notes, and Mortgages
- ✓ Income Guidelines
- ✓ Program Procedures
- ✓ FAQs



Homeownership Team:



Livia Bourque
AVP, HCI Operations Manager



Kaitlyn Mulhern
Homeownership Programs Manager



Jack Newton
HCI Analyst



Kevin Ryan
Senior HCI Analyst



Isabel Tapogna
HCI Analyst

[Housing Community Investment \(HCI\) Department](#)

Technical Assistance:

[CHECK OUT OUR NEW YOUTUBE TUTORIAL CHANNEL!](#)