

Federal Home Loan Bank of Boston's Equity Builder Program Homebuyer Information

The Program:

The Equity Builder Program is a down-payment and closing-cost assistance program offered to income-eligible homebuyers.

Borrower's Responsibility:

The *Authorization to Release/Certification of Information* and *Household Members and Income Worksheet* forms that are being provided to you for your review, input, and signature allow your lender to request enrollment and provide income information to Federal Home Loan Bank of Boston. These forms must be signed by all adult household members (over the age of 18) that will live in the property.

Failure to disclose intended household members of the subject property, failure to disclose income sources, or failure to provide accurate income data and documents may result in cancellation/denial of your EBP grant request.

In order to be approved for the EBP grant funds, the following information must be provided to your lender:

- 1.) **A fully executed purchase and sale agreement:**
 - a.) Related parties must be disclosed and explained.
 - b.) Evidence of a minimum contribution of \$500 in down-payment funds.
- 2.) **Any changes in the household composition over the past 12 months, or expected changes to occur within the next 12 months.**
(Examples include: marital status, birth/adoption, employment change, etc.)
- 3.) **All intended household members of the subject property must be disclosed.**
Household members are defined as: Any person or persons expected to live in the property at the time of closing, going forward. This includes, but is not limited to: all adults, children, grandparents, roommates, relatives, etc.

Note: The total household size is not based on your mortgage application provided to your lender and is not limited to borrower(s).

- 4.) **All income sources received and anticipated for the next 12 months, by ALL adult household members that will occupy the subject property.** (Adults are defined as person or persons 18 years of age or older.)

Income is defined as, but is not limited to:

- a.) Payroll income – full-time, part-time, seasonal, etc.
- b.) Self-employment income – IRS form 1099, Schedule C, S-corporation, partnership
- c.) Unemployment – current or expected
- d.) Child support and alimony

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- e.) Social security, pension, retirement, or disability
- f.) Rental income from the subject property
- g.) Government assistance programs
- h.) Income received on behalf of children
- i.) Income or rental income from any assets
- j.) Annual interest income of \$100 or more

If you are not sure about a particular source of income, please be sure to discuss with your lender at the time of application. Income data and documentation is required for all members of the household, including children, who receive income.

A ***Certification of Zero Income*** form must be provided for all adults who will reside in the property but do not have a source of income.

In accordance with program guidelines, your lender will be providing the FHLBBoston with the following documentation:

- Signed and fully completed copies of the attached forms (*Authorization to Release/Certification of Information and Household Members and Income Worksheet*).
- Current income documents including:
 - 1.) Current paystubs covering one-full month of year-to-date earnings, OR
 - 2.) Completed verification of employment - Fannie Mae Form 1005
 - 3.) Additional income documentation for all types of income received by the household
 - 4.) Other information as requested
- Tax return(s) or IRS tax transcript(s) for most recent year. Additional years (filed) signed tax returns and/or profit and loss statement will be required for self-employed households. Upon review of the tax documents provided, an explanation will be requested when income levels vary year over year or when there is anticipated changes in income.

Your lender will provide your income information and purchase documentation to FHLB Boston based on the information you have provided to them. This information will determine your eligibility to receive an EBP grant.

The FHLB Boston will review and approve your eligibility based on the Federal Housing Finance Agency's regulation of the Affordable Housing Program (12 CFR Part 1291, et seq.), the FHLB Boston's Affordable Housing Program Implementation Plan, Schedule D, and the EBP procedures.

Lender's Responsibility:

Once the lender has determined that you are eligible for an EBP grant, the loan originator will review with you the EBP guidelines, the documentation required of you, and the documents that FHLB Boston requires to be signed at the time of enrollment and closing.

At the Closing:

In exchange for the EBP funds, you will be required to execute an EBP mortgage and note for the entire amount of the funds at closing. The EBP mortgage will be recorded along with other documents required by your lender to secure the grant funds for a five-year period.

Your involvement in the program is for a five-year period from the date of closing. Your lender at the time of purchase will remain your point of contact for all questions.

After the Closing:

The affordability retention provisions in your EBP mortgage and note do not prohibit your ability to sell or refinance the property. Instead, the EBP mortgage and note enforce the required repayment of the EBP grant funds in the event the property is sold and, in some cases, refinanced during the first five years from the date of closing. There is no monthly payment required for the EBP grant. If the EBP repayment obligation has not been triggered during the first five years of your ownership of the property, the EBP repayment obligation ends after five years. The originating lender at the time of purchase is responsible for discharging the EBP mortgage.

Repayment during the First Five Years Following Your Purchase

If during the first five years of the EBP mortgage the property is refinanced, sold, or otherwise transferred, all parties (including FHLB Boston and your original lender) must be notified at the time of the new transaction and made aware of the existing EBP mortgage and note.

Refinancing Your Home

If the transaction is for the purpose of refinancing:

- The EBP mortgage may remain in place and can be subordinated to the new mortgage loan. Upon notification, the original lender will contact FHLB Boston for processing. Repayment calculations will not apply.
- However, if the EBP mortgage is not going to remain in place or be subordinated, your original lender must contact FHLB Boston to initiate the repayment calculation. Depending upon the type of refinance transaction, for example a rate and term or cash-out at closing, the recapture calculation may result in a net gain-required repayment. See the repayment calculation on the next page.
- If there is a realized net gain at the time of the refinance transaction, the repayment due will be pro-rated over the five-year period based on the original closing date and the current date of the transaction. The amount due will be for the remaining portion of the five years.
- In both cases, the option to subordinate the existing EBP mortgage should be discussed with your original lender who recommended your household for the EBP grant.
- Your lender will contact the FHLB Boston for all repayment calculations for the EBP grant.

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Selling Your Home

If the transaction is for the purpose of selling your home or transferring title:

- a.) Upon notification, the original lender will contact FHLB Boston to request the details and initiate the repayment calculation.
- b.) Repayment will be due from any net gain on the transaction, unless the home is being sold to a very low-, low-, or moderate-income household. If this applies to your sale transaction, your original lender will work with FHLB Boston to document this information and calculation.

In the Event of Foreclosure

The obligation to repay the EBP funds will terminate after any documented foreclosure within the five-year period.

The Repayment Calculation

- a.) FHLB Boston will review the *Closing Disclosure/HUD-1* Settlement Statement from your original closing and compare it to the Seller's Closing Disclosure for the current transaction to determine if there is a net gain to you on the transaction.
- b.) The net gain calculation takes into account the difference between the original purchase price and the current sales price, including the closing costs, in each of the transactions.
- c.) If there is no net gain, there is no repayment of the EBP funds.
- d.) If there is a net gain, the repayment due is pro-rated over the five-year period based on the original closing date and the current date of the transaction. (Credit is given for the period that you have owned your home.) Repayment is due only for the remainder of the five-year EBP retention period.
- e.) If the net gain is greater than the repayment due on the EBP funds, the full amount of the EBP repayment will be due. However, if the net gain is less than the repayment due on the EBP funds, the maximum collected will be the amount of the net gain.

Basic Example:

Homebuyer received a \$10,000 EBP grant at time of closing (June 10, 2014).

Home originally purchased on June 10, 2014:	\$195,000
Home is sold on June 10, 2016:	<u>\$210,000</u>
Resulting in a net gain of: (\$210,000-\$195,000=\$15,000)	\$15,000

- The \$10,000 EBP grant is pro-rated to \$2,000 per year or $\$10,000/5 = \$2,000$.
- Two years of the five-year EBP period have passed or June 10, 2016 – June 10, 2014
- The remaining three years must be repaid equaling \$6,000 or $\$2,000 \times 3 = \$6,000$.

Household Members and Income Worksheet

Household Name: _____ Total Number of Occupants: _____

HOMEBUYER/HOMEOWNER INSTRUCTIONS:

- 1.) For **each** HH member, each line and box, **for all** categories, must be completed with a checkmark and initial.
- 2.) Please list complete information for **each** household member, including children in the home. (List children as Child 1, Child 2, etc.) Use an additional page if needed.
- 3.) Include all current and anticipated sources of income for **each** household member.
- 4.) If not employed, adults must complete the ***Certification of Zero Income*** and include with the income documentation.
- 5.) Refer to the Federal Home Loan Bank of Boston Equity Builder Program *Homebuyer Information* disclosure for specific program details related to income.

<u>HH member #1</u>	Yes	No	HB Initial	<u>HH member #2</u>	Yes	No	HB Initial
Print Name: Age: _____				Print Name: Age: _____			
If over 18, Full-time student?				If over 18, Full-time student?			
Regular Wages: Name of Employer:				Regular Wages: Name of Employer:			
Self Employed:				Self Employed:			
Second/Seasonal job: Name of Employer:				Second/Seasonal job: Name of Employer:			
Public Assistance/Unemployment				Public Assistance/Unemployment			
Child Support/Alimony:				Child Support/Alimony:			
Pension/Social Security/Disability: (include for dependent children)				Pension/Social Security/Disability: (include for dependent children)			
Rental Income:				Rental Income:			
Interest Income:				Interest Income:			
Other:				Other:			

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HH member #3	Yes	No	HB Initial	HH member #4	Yes	No	HB Initial
Print Name: Age: _____				Print Name: Age: _____			
If over 18, Full-time student?				If over 18, Full-time student?			
Regular Wages: Name of Employer:				Regular Wages: Name of Employer:			
Self Employed:				Self Employed:			
Second/Seasonal job: Name of Employer:				Second/Seasonal job: Name of Employer:			
Public Assistance/Unemployment				Public Assistance/Unemployment			
Child Support/Alimony:				Child Support/Alimony:			
Pension/Social Security/Disability: (include for dependent children)				Pension/Social Security/Disability: (include for dependent children)			
Rental Income:				Rental Income:			
Interest Income:				Interest Income:			
Other:				Other:			

All signatures are required:

PLEASE NOTE: Failure to disclose intended household members of the subject property, failure to disclose income sources, or failure to provide accurate income data and documents may result in cancellation/denial of your EBP grant request and/or repayment of any disbursed funds.

Homebuyer(s): _____ Date: _____

Loan Originator: _____ Date: _____

EBP Contact: _____ Date: _____

Refer to: <http://www.fhlbboston.com/downloads/communitydevelopment/fundingprograms/ebp> for specific program guidelines, income Calculations and forms required to complete the enrollment request.

