

Equity Builder Program and Housing Our Workforce Disclosure

Homebuyer Information and Authorization to Release/Certification

The Program:

The Equity Builder Program and Housing Our Workforce are purchase assistance programs offered to income-eligible homebuyers. Both programs are designed to assist homebuyers who are purchasing owner-occupied primary residences.

Borrower's Responsibility:

The EBP/HOW disclosure that is 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. All required pages are to be initiated by the homebuyer(s) in addition to the completion of the *Household Members & Income Worksheet and the Authorization to Release/Certification of Information*. This disclosure 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/HOW grant request.

In order to be approved for the EBP/HOW 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 changes expected 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 **is only required** when an adult household member, who intends to reside in the property, does not receive or have a source of income.

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

- Signed and fully completed copies of the attached forms *Household Members & Income Worksheet and the Authorization to Release/Certification of Information*
- 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 FHLBank Boston based on the information you have provided to them. This information will determine your eligibility to receive an EBP/HOW grant.

FHLBank 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.), FHLBank Boston's Affordable Housing Program Implementation Plan, Schedule D, and the EBP/HOW procedures.

Lender's Responsibility:

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

EBP/HOW Disclosure

At the Closing:

In exchange for the EBP/HOW funds, you will be required to execute an EBP/HOW mortgage or deed restriction and note for the entire amount of the funds at closing. The EBP/HOW mortgage or deed restriction 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 will continue 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/HOW mortgage or deed restriction and note do not prohibit your ability to sell or refinance the property. Instead, the EBP/HOW mortgage or deed restriction and note enforce the required repayment of the EBP/HOW 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/HOW grant. If the EBP/HOW repayment obligation has not been triggered during the first five years of your ownership of the property, the EBP/HOW repayment obligation ends after five years. The originating lender at the time of purchase is responsible for discharging the EBP/HOW mortgage.

Repayment during the First Five Years Following Your Purchase

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

Refinancing Your Home

If the transaction is for the purpose of refinancing:

- The EBP/HOW mortgage/deed restriction may remain in place and can be subordinated to the new mortgage loan. Upon notification, the original lender will contact FHLBank Boston for processing. Repayment calculations will not apply.
- However, if the EBP/HOW mortgage/deed restriction is not going to remain in place or be subordinated, your original lender must contact FHLBank 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 page 4.
- 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/HOW mortgage/deed restriction should be discussed with your original lender who recommended your household for the EBP/HOW grant.
- Your lender will contact FHLBank Boston for all repayment calculations for the EBP/HOW grant.

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In the Event of Foreclosure

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

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 FHLBank 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 FHLBank Boston to document this information and calculation. Your obligation under the EBP/HOW mortgage/deed restriction will terminate upon sale.

The Repayment Calculation

- a.) FHLBank Boston will review the *Closing Disclosure* 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. If the homeowner has performed any repairs to the property, these can be used to reduce any net gain realized by the homeowner at time of sale. The homeowner will need to provide detailed receipts (to include homeowner's name) as well as a written narrative detailing the repairs that were done.
- c.) If there is no net gain, there is no repayment of the EBP/HOW 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/HOW retention period.
- e.) If the net gain is greater than the repayment due on the EBP/HOW funds, the full amount of the EBP/HOW repayment will be due. However, if the net gain is less than the repayment due on the EBP/HOW funds, the maximum collected will be the amount of the net gain.

Basic Example: Homebuyer received a \$10,000 EBP/HOW grant at time of closing.

Home originally purchased on June 10, 2018: \$195,000

Home is sold on June 10, 2020: \$210,000

Resulting in a net gain of: **\$15,000**

(\$210,000-\$195,000=\$15,000)

- \$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/HOW period have passed
- The remaining three years must be repaid: \$6,000 or $\$2,000 \times 3 = \$6,000$.

Household Members & Income Worksheet

Household Name: _____ Total Number of Occupants: _____

HOMEBUYER/HOMEOWNER INSTRUCTIONS:

- 1.) For **each** Household 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 and no source of income, adults must complete the **Certification of Zero Income** and include with the income documentation.
- 5.) Refer to the (Federal Home Loan Bank of Boston's **EBP/HOW Disclosure** for specific program details related to income on pages 1 and 2.

HH member #1 Print Name: Age: _____	Yes	No	HB Initial	HH member #2 Print Name: Age: _____	Yes	No	HB Initial
If over 18, full-time student?				If over 18, full-time student?			
A.) Regular Wages: Name of Employer:				A.) Regular Wages: Name of Employer:			
B.) Self Employed:				B.) Self Employed:			
C.) Second/Seasonal job: Name of Employer:				C.) Second/Seasonal job: Name of Employer:			
D.) Public Assistance/ Unemployment:				D.) Public Assistance/ Unemployment:			
E.) Child/Alimony Support:				E.) Child/Alimony Support:			
F.) Pension/Social Security/Disability (include for dependent children):				F.) Pension/Social Disability (include for dependent children):			
G.) Rental Income:				G.) Rental Income:			
H.) Interest Income: (\$100 or greater only)				H.) Interest Income: (\$100 or greater only)			
I.) Other: (Please specify)				I.) Other: (Please specify)			

EBP/HOW Disclosure

HH member #3 Print Name: Age: _____	Yes	No	HB Initial	HH member #4 Print Name: Age: _____	Yes	No	HB Initial
If over 18, full-time student?				If over 18, full-time student?			
A.) Regular Wages: Name of Employer:				A.) Regular Wages: Name of Employer:			
B.) Self Employed:				B.) Self Employed:			
C.) Second/Seasonal job: Name of Employer:				C.) Second/Seasonal job: Name of Employer:			
D.) Public Assistance/ Unemployment:				D.) Public Assistance/ Unemployment:			
E.) Child/Alimony Support:				E.) Child/Alimony Support:			
F.) Pension/Social Security/Disability (include for dependent children):				F.) Pension/Social Security/Disability (include for dependent children):			
G.) Rental Income:				G.) Rental Income:			
H.) Interest Income: (\$100 or greater only)				H.) Interest Income: (\$100 or greater only)			
I.) Other: (Please specify)				I.) Other: (Please specify)			

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 or HOW grant request and/or repayment of any disbursed funds.

Homebuyer(s): _____ Date: _____

Signature

_____ Date: _____

Signature

Loan Originator: _____ Date: _____

Signature

EBP/ HOW Contact: _____ Date: _____

Signature

Refer to: <http://www.fhbboston.com> for specific program guidelines, income calculations and forms required to complete the enrollment request.

Equity Builder Program and Housing Our Workforce Disclosure

Authorization to Release/Certification of Information

I/We hereby authorize _____ to:

Full Name of Lending Financial Institution

Release any and all information to the Federal Home Loan Bank of Boston, required for the purpose of determining eligibility for the Equity Builder Program or Housing Our Workforce.

This form must be signed by **all** adult household members (over the age of 18) that will reside in the property.

I/We certify that all information including, but not limited to, household size and total household income, for the purpose of determining eligibility for the Equity Builder Program or Housing Our Workforce, is true to the best of my/our knowledge.

I/We understand that false statements or information will lead to cancellation/denial of the application to the EBP or HOW.

I/We acknowledge that the lender has provided, and we have received and reviewed a copy of the **Federal Home Loan Bank of Boston's EBP or HOW Homebuyer Information**.

By signing below, I/we acknowledge that we intend to proceed.

Total number of household members including *all* adults and children: _____

Type/Print Borrower Name	Borrower Signature	Date
Type/Print Borrower Name or Additional Adult Party	Borrower or Additional Adult Party Signature	Date
Type/Print Additional Adult Party Name	Additional Adult Party Signature	Date
Type/Print Additional Adult Party Name	Additional Adult Party Signature	Date