



Jobs for New England Frequently Asked Questions

What is the Jobs for New England Program?

Jobs for New England (JNE) is a \$7.5 million interest-rate subsidy program designed to enhance our members' economic development lending activities. The subsidy is used to write down interest rates to 0% on Classic Advances that finance qualifying loans to small businesses located in New England. Due to the impact of the COVID-19 pandemic in 2020, JNE was split into two components: "Traditional" JNE to fund projects of SBA 504-eligible small businesses designed to create or preserve jobs in New England communities, and JNE Working Capital Lending Program to help entities eligible for the Paycheck Protection Program (PPP), as well as those not eligible for PPP, meet working capital needs. Both components will draw from the same \$7.5 million annual subsidy pool. Please refer to the comparison table of both programs on the last page.

What is the deadline to apply for JNE funds in 2020?

Applications must be submitted no later than November 13, 2020, though the subsidy pool could be exhausted sooner.

By when do my JNE advances need to be disbursed?

JNE advances must be disbursed within 90 days following approval or by December 31, 2020 if the advance is approved after September 30. Any required follow-up documentation must also be received in accordance with program deadlines, and in any event, no later than December 31, 2020.

Is there a prepayment fee on JNE advances?

No. Because the interest rate is zero, FHLBank Boston will not assess a prepayment penalty for advances paid prior to maturity.

Traditional JNE Program Frequently Asked Questions (FAQs)

How does Traditional JNE work?

Traditional JNE provides 0% Classic Advances (principal paid at maturity) to members in terms from one-through 10-year maturities to support eligible small businesses in New England. Members may apply for interest subsidy to create 0% interest-rate JNE advances.

How are Traditional JNE funds allocated?

In the current round, JNE funds are allocated on the basis of a subsidy allocation per member limited to \$250,000 per member for 2020. Applications are considered on a first-come, first-served basis in this round. The subsidy represents the present value of FHLBank Boston's cost to fund the zero-rate JNE advance. JNE advances may be requested through multiple project requests, provided that the aggregate subsidy allocated to all projects of a single member funded does not exceed \$250,000 in a single funding round.

For information, call 888-424-3863 (option 1), email michael.pingpank@fhlbboston.com, or contact your relationship manager.

How does the application process work?

First, members must submit a program application to reserve funds by logging in to FHLBank Boston's Community Lending website at housing.fhlbboston.com. New online users can easily create an account at this site. **Please note that new account access approval may take up to 48 hours.** FHLBank Boston will notify members via email confirming their approval to participate in the program, providing information regarding their interest-rate subsidy allocations, and outlining next steps.

Members should identify eligible borrower(s) and project(s) and submit JNE project application(s). FHLBank Boston will review and approve qualifying projects on a first-come, first-served basis until subsidy funds are exhausted or by November 13, 2020, whichever comes first.

Funds for this round may be requested beginning July 20, 2020 at 9:00 a.m. Members who applied or had projects funded in the first round are eligible to participate in this round and utilize another \$250,000 of subsidy in 2020. Once FHLBank Boston approves a specific project, members must call the Money Desk at 1-800-357-3452 to request JNE advance disbursement(s), which must occur within 90 days of approval.

What spread should we apply to the loan? Is there a cap?

The advances provided by FHLBank Boston for Traditional JNE loans empower you to offer business loans at below-market rates with spreads comparable to your other loans. The spread cannot be greater than the spread normally charged for a loan of comparable risk and term. For example, a borrower seeking a \$1 million loan for a five-year term was quoted a rate of 4.50% if it was based on funding with a five-year Classic Advance. This rate included a member cost of funds of 2.05% and a spread of 245 basis points. With the JNE program, the member would be advanced the funds at 0%, and the borrower would now be given a rate of 2.45% for the five-year term. This example would utilize \$96,951 of the member's allocated subsidy and pass the interest rate savings through to the borrower.

Are nonprofit borrowers eligible?

No. Nonprofits are not eligible for Traditional JNE at this time because they are not considered small businesses by SBA 504 standards and guidelines. However, nonprofits may be eligible for JNE Working Capital funding (see below).

Can my financial institution fund a Community Development Financial Institution (CDFI) or quasi-financial intermediary involved in small business lending?

Yes. Members may use JNE funds to capitalize a small business loan fund administered by a CDFI or other quasi-financial intermediary, provided the end loan made to the small business meets the general requirements of the JNE program. This includes meeting at least one of the job opportunity and retention or economic development criteria, spread over JNE funds, and reporting requirements.

Can Traditional JNE funds be used for a refinance?

Yes. Refinance transactions are eligible for JNE financing if the refinance meets program requirements. The new loan must be at least 115% of the refinanced loan amount and proceeds must be reinvested back into the business. The new interest rate must be lower than the original rate and comply with other pricing terms of the Traditional JNE program.

How does FHLBank Boston review and approve my application?

Traditional JNE project applications (potential borrowers or loans) are reviewed and approved based on the extent to which they satisfy program eligibility requirements and meet the spread requirements.

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Members will receive a notification of approval or a request for additional information within three business days of FHLBank Boston's receipt of an application.

Are there any reporting or compliance requirements after taking down a Traditional JNE advance?

Yes. We will ask members to supply a copy of the promissory note within the earlier of either 30 days following JNE funds being disbursed or December 31, 2020. As part of this submission, members will complete a short, one-time online report describing how the funds were used and demonstrating that the spread did not exceed the member's typical spread for a loan of comparable risk and term.

JNE Working Capital Lending Program Frequently Asked Questions (FAQs)

What is the Jobs for New England (JNE) Working Capital Lending Program?

The JNE Working Capital Lending Program targets small businesses that need assistance in addition to or outside the parameters of the federal Paycheck Protection Program (PPP). JNE will provide members six-month, one-year, two-year, or three-year term 0% interest-rate advances to fund borrower loans for working capital purposes, with a maximum interest rate of 3.00%. Borrower loan terms can be longer than the advance term, and the member may, in its discretion, establish market rates and other terms applicable to the loan after the related advance has been paid. This program is not intended to fund PPP loans directly.

How is the JNE Working Capital Lending Program different from the Traditional JNE?

Eligibility for the JNE Working Capital Lending Program will be limited to advances that support the working capital needs of small businesses and nonprofit organizations. Eligible borrowers are small businesses that qualify for funding under the Small Business Administration's PPP. Under the Traditional JNE program, only small businesses qualifying under the SBA's 504 program were eligible (which did not include nonprofits), and advance proceeds were required to fund a specific project or initiative.

How does the JNE Working Capital Lending Program work?

JNE provides 0% Classic Advances (principal paid at maturity) to members in six-month, one-year, two-year, and three-year maturities to support eligible small business loans in New England. Members may apply for up to \$20 million of 0% interest-rate JNE advances. Members may charge borrowers a rate of up to 3.00% for a term equal to or longer than that of the advance. Beyond the term of the advance, the loan to your borrower may bear a higher rate. Members must deploy 100% of the advance funding to qualifying loans within 90 days of the disbursement of the advance, and provide documentation supporting the eligibility of the loans.

What happens if we don't disburse 100% of the advance as loans to qualifying borrowers?

The amount of any advance funds not used to fund eligible loans and/or for which required documentation is not provided to FHLBank Boston 90 days after the advance is disbursed must be repaid to FHLBank Boston at that time. No prepayment fee will be charged.

For information, call 888-424-3863 (option 1), email michael.pingpank@fhlbboston.com, or contact your relationship manager.

How are JNE funds allocated?

JNE funds may be used to fund loans to borrowers located within the six New England states. JNE advances must be requested through a program application. Separate applications must be completed for six-month, one-year, two-year, and three-year term advances.

Funds will be allocated through November 13, 2020 and will be available on a first-come, first-served basis where all members may submit a request for up to \$20 million of 0% interest-rate advances. Funding reservations from previous JNE funding periods do not carry over to the JNE Working Capital Lending Program. All JNE funds must be disbursed by December 31, 2020.

Can I charge the borrower less than a 3.00% rate?

Yes. The member may charge a rate less than 3.00% but may not exceed 3.00% for the duration of the term of the advance.

Does the term of the loan to my borrower have to match the JNE Working Capital Lending Program advance term?

No. The term of the borrower's loan can be longer, but not shorter, than the advance. However, the interest rate of 3.00% or less must remain in effect for at least as long as the term of the advance. The member may apply market interest rates for the portion of the loan term that exceeds the term of the advance. For example, a member may take a three-year advance and make a loan to a borrower for five years. The first three years must carry an interest rate no higher than 3.00%, but the member may price the remaining term of the loan at a market rate of its choice.

How does the application process work?

There are two key steps in the process to reserve and utilize JNE Working Capital Lending Program subsidy. First, members must submit a program application specifying the principal amount of the advance requested by logging in to FHLBank Boston's Community Lending website at housing.fhlbboston.com. New online users must create an account at this site prior to submitting an application. **Please note that new account access approval may take up to 48 hours.** FHLBank Boston will notify members via email confirming their approval and provide instructions for requesting disbursement.

Once FHLBank Boston approves an advance, members must call the Money Desk at 1-800-357-3452 to request the JNE advance disbursement(s). Disbursements generally occur on the same or next business day.

Members have 30 days following disbursement to complete a follow-up report that consists of a spreadsheet of all borrower loans made through the program and a copy of the executed promissory note for each loan. Basic loan information will be reported, including identifying information for the business, eligibility, rate, and term.

How much can my institution lend to small businesses using the JNE Working Capital Lending Program?

The per-member limit for a JNE working capital advance is \$20 million. Members have discretion on the number of loans that may be made with the JNE advance, provided no borrower receives more than \$5 million and all loans utilizing JNE funds adhere to program eligibility and lending guidelines.

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By when do my JNE advances need to be disbursed?

JNE advances must be disbursed within 90 days following approval of the advance, subject to an absolute deadline of December 31, 2020. Members will have up to 30 days following disbursement to report on the use of funds, also subject to an absolute deadline of December 31, 2020. Any advance amounts not used to fund eligible borrower loans must be returned.

Are nonprofit borrowers eligible?

Yes. Nonprofits are eligible for the JNE Working Capital Lending Program if they are qualified to receive funding under the PPP.

How do loans funded by the JNE Working Capital Lending Program differ from the federal PPP?

Below is a side-by-side comparison of PPP loans and loans funded by JNE advances:

Feature	PPP	JNE
Use of funds	Payroll costs, rent, utilities, and mortgage obligations	Working capital expenses
Forgivable?	Yes, provided that proceeds are used for eligible expenses and not more than 40% of proceeds funds non-payroll costs	No, but eligible cost categories may be funded in any proportion (i.e., no cap on non-payroll costs)
Interest Rate	1.00%	Up to 3.00% for initial term equal to that of the advance; thereafter, may adjust to a market rate
Term	Five years, unless forgiven, and may be prepaid at any time	Must be at least the term of the advance, but can be longer
Size Limit	\$10 million per borrower, subject to cap of 2.5 times monthly payroll cost	\$5 million per borrower

Can JNE Working Capital funds be used for a refinance?

No. Refinance transactions are ineligible for JNE Working Capital Lending Program funding.

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Feature	Traditional JNE	JNE Working Capital
Program Purpose	To provide zero-cost long-term funding to finance below-market-rate loans to New England small businesses (as defined under the SBA 504 program) for projects and initiatives that create or preserve jobs, expand woman-, minority-, or veteran-owned businesses, or otherwise stimulate the economy in New England communities.	To provide zero-cost short- and long-term funding to finance low-cost loans to small businesses and nonprofit organizations that are eligible for funding through the SBA's Paycheck Protection Program to assist in meeting working capital needs during the COVID-19 pandemic.
Application Period	Applications accepted through November 13, 2020	Applications accepted through November 13, 2020
Subsidy Pool	FHLBank Boston absorbs the funding cost of both JNE programs through an annual subsidy pool in the amount of \$7.5 million.	
Advance Maturity Terms	Advances may be for terms of one through 10 years.	Advances may be for 6-month, 1-year, 2-year, or 3-year terms.
Maximum Advance Size per Member	Traditional JNE advances to a single member may not exceed an amount that utilizes more than \$250,000 of subsidy.	Members may take up to \$20 million of advances under the JNE Working Capital Program.
Customer Loan Borrower Eligibility	Small businesses eligible for loans under the SBA 504 program.	Small businesses and nonprofit organizations eligible for SBA Paycheck Protection Program (PPP) loans. However, JNE Working Capital Advances may not fund PPP loans.
Maximum Loan Size to Customer	Same as Maximum Advance Size per Member (assuming that one project is funded by the member)	\$5 million per customer
Maximum Loan Cost to Borrower	Loans must reflect customary spreads and fees for borrowers of comparable credit quality.	3.00% for the portion of the loan term that equals that of the advance, plus customary fees for the loan type. For loans with terms longer than the advance, the rate may be adjusted to a market rate after the term of the advance has elapsed.
Application and Disbursement Timing	Members may apply for Traditional JNE advances between July 20 and November 13, 2020. Approved applications must be disbursed within the shorter period of i) 90 days following approval, or ii) December 31, 2020. In addition, FHLBank Boston must receive a copy of the customer loan promissory note by December 31, 2020.	Members may apply for JNE Working Capital advances through November 13, 2020. Approved applications must be disbursed within the shorter period of i) 90 days following approval or ii) December 31, 2020. Documented evidence for closure of working capital loans to customers must be received by the earlier of i) 30 days following advance disbursement or ii) December 31, 2020.

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