

## 2008 EQUITY BUILDER PROGRAM

January 18, 2008

### *NOTICE OF CHANGES*

As you prepare to submit your application, please note the following changes that have been incorporated into the Federal Home Loan Bank of Boston's Equity Builder Program (EBP) application, enrollment, and disbursement processes for 2008.

#### **Enrollment Authority**

In 2008, approved members will be able to enroll eligible home buyers for up to \$200,000 in EBP subsidy based on the availability of funds. EBP funds will be allocated to members on a first-come, first-served pool basis as in 2007. EBP funds are not reserved for any one member.

The first one-third of each member's enrollments shall be used to assist first-time home buyers.

#### **Enrollments**

Member financial institutions are required to confirm the following at enrollment:

- The household size and the ages of all children, and student status and anticipated graduation dates of all adult household members; and
- The property type, for example, owner-occupied, single-family, or a two- to four-family, owner-occupied property with rental apartments. A condominium or cooperative unit would qualify as an owner-occupied, single-family dwelling.

Also, effective December 31, 2007, the Housing and Community Investment Department (HCI) has made enhancements to streamline the income calculation methodology member financial institutions shall use to determine income-eligibility of participating households.

#### **Enrollment and Disbursement Deadlines**

In 2008, members are required to submit enrollments at least five (5) business days prior to the scheduled closing date in order to allow HCI sufficient time to review the enrollment. All income documentation should be submitted with the enrollment request no more than ten (10) business days after the submitted request. Enrollments submitted less than the five business days prior to the closing or missing income documentation after 10 business days may not be reviewed, at HCI's discretion. Should the department agree to review the enrollment, the member institution is still at risk for any funds disbursed prior to formal approval of the enrollment and/or disbursement.

In order for the department to process disbursement requests in a timely manner, member financial institutions are required to submit all of the required information with the disbursement request. HCI reserves the right to deny any disbursement request still missing any documentation thirty (30) days after the disbursement was requested.

### **Use of EBP Funds for Rehabilitation**

If EBP funds are being used for rehabilitation, the work must be paid for before the member can request disbursement. The amount of EBP funds used for rehabilitation must be reflected as escrowed funds for rehabilitation on the HUD-1 settlement statement and the member must document that the rehabilitation work is paid for and the escrowed funds were spent for this purpose. This documentation may include paid invoice(s) or lien waiver(s) confirming that the scope of work was completed. If a balance remains in the escrow, the entire balance must be applied to the principal of the first mortgage or as a credit towards the household's monthly payment on the mortgage. The use of the escrow balance must also be documented prior to disbursement.

### **Use of the Current EBP Retention Mortgages and Notes**

Because the EBP retention mortgages and notes may change over time, please ensure that for each transaction, your institution is using the correct and most current EBP mortgages and notes published on the Bank's web site at:

[http://www.fhlbboston.com/communitydevelopment/formsandapplications/03\\_04\\_05\\_ebp\\_forms.jsp](http://www.fhlbboston.com/communitydevelopment/formsandapplications/03_04_05_ebp_forms.jsp)

### **Certification by the Member Financial Institution at Disbursement**

Based on changes in the AHP regulation governing the EBP, HCI has amended the certification required by member financial institutions at disbursement to include the confirmation of first-time home buyer status of a household (if appropriate) and the household size.

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### **Questions?**

Additional information is available at:

[www.fhlbboston.com/communitydevelopment/fundingprograms/ebp/index.jsp](http://www.fhlbboston.com/communitydevelopment/fundingprograms/ebp/index.jsp). You may also contact your community investment manager; Theo Noell, manager of programs and outreach at [theodore.noell@fhlbboston.com](mailto:theodore.noell@fhlbboston.com); Mary Ellen Jutras, assistant vice president/deputy director at [mary.ellen.jutras@fhlbboston.com](mailto:mary.ellen.jutras@fhlbboston.com); Ken Willis, vice president/director at [kenneth.willis@fhlbboston.com](mailto:kenneth.willis@fhlbboston.com); or the Housing and Community Investment Department, at 888-424-3863.