

## Equity Builder Program and Housing Our Workforce Disclosure

### *Homebuyer Information and Authorization to Release/Certification*

The Federal Home Loan Bank of Boston's Equity Builder Program (EBP) and Housing Our Workforce (HOW) assist income-eligible homebuyers who are purchasing owner-occupied primary residences.

#### **Borrower's Responsibility:**

The EBP/HOW disclosure informs you of the requirements to participate in the programs, and you must review, complete, and execute the disclosure. The disclosure allows your lender to request grant funds on your behalf and provide income information to FHLBank Boston. All pages must be completed by the homebuyer(s) and signed by all adult household members (18 years of age or older) who will live in the property.

To be approved for the EBP/HOW grant funds, the following information must be provided to your lender:

- 1.) **An offer to purchase OR fully executed purchase and sale agreement.**
  - a.) Related parties must be disclosed and explained. Further documentation may be requested.
  - b.) Closing date must allow 15 business days upon enrollment submission. Enrollments submitted less than 15 business days prior to closing must obtain an extension before grant reservation is submitted.
  - c.) Evidence of the homebuyer(s) minimum contribution in down-payment funds from the homebuyer's own funds. If funds have not been provided prior to closing, the homebuyer must bring the required minimum contribution in down payment to the closing, and the contribution must be documented on the Closing Disclosure (CD). Each homeownership assistance program has different minimum down-payment requirements.
    - EBP has a minimum of \$500 down-payment contribution
    - HOW has a minimum of \$2,000 down-payment contribution

- 2.) **Disclosure of all intended household members of the subject property.**

Household members are defined as any person expected to live in the property at the time of closing. This includes 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).

- 3.) **All income sources received and anticipated for the next 12 months, by ALL adult household members who 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/or alimony
- e.) Social Security, pension, retirement, or disability (this includes income sources received on behalf of minor children)
- f.) Rental income from the subject property
- g.) Income received on behalf of children such as adoption subsidies but excluding foster care subsidies
- h.) Income or rental income from any assets
- i.) Annual interest income over \$100

If you are not sure about a source of income, please discuss with your lender at the time of application. Income data and documentation are required for **all** members of the household, including children, who receive income. **Household members cannot falsify and/or manipulate income sources to qualify for any of the homeownership assistance programs.**

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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 provide FHLBank Boston with the following documentation:

- Signed and fully completed copies of the EBP/HOW disclosure.
- Income documentation in accordance with FHLBank Boston's income calculation guidelines for all types of income received by the household.
- Tax return(s) or IRS tax transcript(s) for most recent year for **all** income streams. (**Self-employment requires two most recent years of personal and business returns**)
- An explanation and/or supporting documentation will be requested when income levels vary or when there are 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 be used to review and approve your eligibility to receive an EBP or HOW grant under the Federal Housing Finance Agency (FHFA) regulation of the Affordable Housing Program (12 CFR Part 1291, et seq.), FHLBank Boston's Affordable Housing Program Implementation Plan, Attachment D, and the EBP/HOW Procedures. A homebuyer cannot utilize multiple lenders to request FHLBank Boston's homeownership assistance grant.

### **Lender's Responsibility:**

The loan originator will review the homeownership income guidelines to identify applicable documentation needed to determine income eligibility. FHLBank Boston requires this document to be fully executed at time of enrollment.

### **At the Closing:**

You will be required to execute an EBP or HOW mortgage or deed restriction and an EBP or HOW note for the EBP/HOW grant funds at closing. The EBP or 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.

### **After the Closing:**

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. The affordability retention provisions in your EBP/HOW mortgage or deed restriction and EBP/HOW 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 original lender at the time of purchase is responsible for discharging the EBP or HOW mortgage. It is advised that you maintain a record of receipts and invoices of any capital improvements made to the home during the five-year period as they will be factored into the repayment calculation. It is advised that you maintain record of receipts and invoices of any capital improvements made to the home during the five-year period as they will be factored into the household investment.

### **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, assigned, 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.

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#### Definitions:

*Net Proceeds* is defined as the sales price **minus** reasonable and customary closing costs paid by the homeowner **minus** homeowner's outstanding superior debt.

*Household investment* is defined as reasonable and customary transaction costs paid in connection with the purchase, down payment, cost of capital improvements made, and any mortgage principal repaid since the purchase of the property until the time of sale.

#### **Selling Your Home**

*If the homeowner is selling the home or transferring title:*

1. The homeowner will notify the original lender who completed the first mortgage financing.
2. The original lender will contact FHLBank Boston and initiate the repayment calculation.
3. The Seller's CD or Settlement Statement is required to complete the repayment calculation process and should have a firm closing date, as any movement will affect the repayment calculation.
4. Repayment calculation will be completed by FHLBank Boston to determine whether further review is required. (See **Step 1 below**).
5. Repayment will be due from any net proceeds realized on the transaction unless the amount of EBP or HOW funds to be repaid in accordance with the repayment calculation is \$2,500 or less (see **Step 2 below**).
6. If the subsequent purchaser, transferee, or assignee is a low- or moderate-income household, as defined by the FHFA AHP Regulations 12 C.F.R Part 1291 et seq. (as amended from time to time, the "AHP Regulations"), neither the Bank nor its designee is required to request or obtain the subsequent purchaser's income. The subsequent purchaser, transferee, or assignee does not have any obligation to provide any income documentation; however, if FHLBank Boston or its designee has documentation demonstrating the subsequent purchaser's, transferee's, or assignee's actual income documentation, FHLBank Boston may not apply the value limits proxy or any other proxy to determine subsequent purchaser income. When the subsequent purchaser's, transferee's, or assignee's actual income documentation is not available, the member and FHLBank Boston shall determine that the subsequent purchase, transferee, or assignee is a low- or moderate- income household, as defined by the AHP Regulation, determined by using the HUD Home Investment Partnership Program (HOME) and the Housing Trust Fund (HTF) value limits of the subject property's location. The limits are posted annually on the HUD website and will be available on the FHFA website. The Bank will confirm the subject property address against the HOME and HTF value limits prior to the sale, determining whether the repayment process will need to be fully executed. **Item #4 is only applicable to EBP. HOW is not a low-to-moderate income-eligible program.**
7. Repayment will be due from any *net proceeds* realized on the transaction, unless either of the following conditions apply (see **Step 2 below**):
  - The subsequent purchaser, transferee or assignee is a low- or moderate-income household as determined by FHLBank Boston in its sole discretion. If this applies to the current sale transaction, the original lender will work with FHLBank Boston to document this information and calculation. The original homeowner's obligation under the EBP/HOW mortgage/deed restriction will terminate upon sale; or
  - The amount of EBP/HOW funds that would be required to be repaid in accordance with the calculation is \$2,500 or less.

#### **The Repayment Calculation - All calculations are done by FHLBank Boston.**

##### **Step 1:**

- Repayment is calculated by reducing the EBP/HOW grant on a pro rata basis per month or days (in favor of homeowner) for the period the home is owned, based on the original closing date and the

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current date of the transaction. Credit is given for the period that the homeowner owned their home. Repayment is due only for the remainder of the five-year retention period and only if the repayment due is over \$2,500.

$$\left(1 - \frac{\# \text{ of months homeowner occupied home}}{\text{Retention Period (60 months)}}\right) \times \text{Original Grant Amount} \\ = \text{Pro Rata Grant Amount}$$

If the amount is over \$2,500, then Step 2 will apply.

#### Step 2:

- The CD will be reviewed from the original purchase and compared to the Seller's CD for the current transaction to determine if any net proceeds from the sale are realized, including consideration of the household investment.
- The calculation will include the *household investment* while owning the home.

#### 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. The original lender will contact FHLBank Boston for processing. Repayment calculations will not apply.
- 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.
  - If net proceeds are realized at the time of the refinance transaction, the repayment due will be reduced on a pro-rata basis per month for the period the property is owned.
  - Your lender will contact FHLBank Boston for all repayment calculations for the EBP/HOW grant.
- In both cases, the option to subordinate the existing EBP/HOW mortgage/deed restriction should be discussed with your original lender who provided your household with the EBP/HOW grant.

#### In the Event of Foreclosure

The obligation to repay the EBP/HOW funds terminates after any foreclosure, transfer by deed-in-lieu of foreclosure, assignment of an FHA first mortgage to HUD, or death of the homeowner within the five-year retention period. Following foreclosure, transfer by deed-in-lieu of foreclosure, or assignment of an FHA first mortgage to HUD of a house purchased with EBP or HOW assistance during the five-year retention period, the EBP or HOW retention agreement terminates and there is no obligation to repay EBP or HOW.

#### **After the Five-Year Retention Period**

##### Grant Discharge

The original lender will be responsible in the execution of the discharge once the five-year retention period concludes, including the costs associated with its recording. Please reach out to your original lender's loan servicing department five years from the date of the closing, ensuring the proper discharge has been completed.

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### Household Members & Income Worksheet

Household Name: \_\_\_\_\_ Total Number of Occupants: \_\_\_\_\_

#### **HOMEBUYER/HOMEOWNER INSTRUCTIONS:**

- 1.) For **each** household member, **all income** categories must be completed with a checkmark and initial.
- 2.) Please 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***.
- 5.) Refer to the **EBP/HOW Disclosure** for specific program details related to income on pages 1 and 2.

**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.

<b><u>HH member #1</u></b> Print Name: Age: _____	Yes	No	HB Initial	<b><u>HH member #2</u></b> Print Name: Age: _____	Yes	No	HB Initial
<b>If over 18, full-time student?</b> <small>Execution of additional certification required</small>				<b>If over 18, full-time student?</b> <small>Execution of additional certification required</small>			
A.) Regular Wages:  <b>Name of Employer:</b>				A.) Regular Wages:  <b>Name of Employer:</b>			
B.) Self Employed:				B.) Self Employed:			
C.) Second/Seasonal job:  <b>Name of Employer:</b>				C.) Second/Seasonal job:  <b>Name of Employer:</b>			
D.) Unemployment Assistance:				D.) Unemployment Assistance:			
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:(specify)				I.) Other:(specify)			

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<b>HH member #3</b> Print Name: _____ Age: _____	Yes	No	HB Initial	<b>HH member #4</b> Print Name: _____ Age: _____	Yes	No	HB Initial
<b>If over 18, full-time student?</b> <small>Execution of additional certification required</small>				<b>If over 18, full-time student?</b> <small>Execution of additional certification required</small>			
A.) Regular Wages:  <b>Name of Employer:</b>				A.) Regular Wages:  <b>Name of Employer:</b>			
B.) Self Employed:				B.) Self Employed:			
C.) Second/Seasonal job:  <b>Name of Employer:</b>				C.) Second/Seasonal job:  <b>Name of Employer:</b>			
D.) Unemployment Assistance:				D.) Unemployment Assistance:			
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: (specify)				I.) Other: (specify)			

**All signatures are required:**

Homebuyer(s): \_\_\_\_\_ Date: \_\_\_\_\_  
Signature

\_\_\_\_\_ Date: \_\_\_\_\_  
Signature

Loan Originator: \_\_\_\_\_ Date: \_\_\_\_\_  
Sign and print name

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Refer to: <http://www.fhlbboston.com> for specific program guidelines, income calculations and forms required to complete the enrollment request.  
*The words "execution," "signed," "signature," and words of like import in this agreement shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based record keeping system, as the case may be, to the extent and as provided for in any applicable law, including, without limitation, Electronic Signatures in Global and National Commerce Act or any other similar state laws based on the Uniform Electronic Transactions Act, and the parties hereto hereby waive any objection to the contrary.*

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I/We hereby authorize \_\_\_\_\_ to:

**Full Name of Lending Financial Institution**

Release all information to FHLBank 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 (18 years and older) 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 **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

*The words "execution," "signed," "signature," and words of like import in this Agreement shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based record keeping system, as the case may be, to the extent and as provided for in any applicable law, including, without limitation, Electronic Signatures in Global and National Commerce Act or any other similar state laws based on the Uniform Electronic Transactions Act, and the parties hereto hereby waive any objection to the contrary.*

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## First-time Homebuyer Certification

If you are first-time homebuyer, please complete the following signature by signing below, I/we acknowledge that we intend to proceed. EBP is for first-time homebuyers only.

(I/we) will not have held a "present ownership interest" in a principal residence (including a manufactured home permanently affixed to land) at any time during the three-year period immediately preceding the closing of the mortgage loan (excluding a first mortgage loan) in accordance with HUD 42 U.S.C. §12704(14).

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

*The words "execution," "signed," "signature," and words of like import in this agreement shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based record keeping system, as the case may be, to the extent and as provided for in any applicable law, including, without limitation, Electronic Signatures in Global and National Commerce Act or any other similar state laws based on the Uniform Electronic Transactions Act, and the parties hereto hereby waive any objection to the contrary.*