

## Disaster Relief Program Procedures

### I. Policy to Which These Procedures Relate:

The Disaster Relief Program (DRP) is a pilot initiative launched by FHLBank Boston to provide mortgage assistance to homeowners and small businesses in New England affected by state and federally declared natural disasters. The program aims to help eligible participants maintain their mortgage and rental payments for primary residences and business locations. Funds are distributed through member institutions on a first-come, first-served basis, subject to member caps and eligibility criteria.

### Table of Contents

I.	Policy to Which These Procedures Relate: .....	1
II.	Administration: .....	1
A.	Roles and Responsibilities .....	1
B.	Governance .....	1
C.	Exception Management/Procedure Interpretations: VP, HCI Operations Manager ...	2
III.	Glossary/Definitions: .....	2
IV.	Procedures History Log: .....	2
	Overview of Procedures for the Disaster Relief Program .....	3
V.	Annual Funding and Limits .....	3
A.	Annual Program Allocation: .....	3
B.	Member and State Annual Program Limits: .....	3
VI.	Application Submission, Review, and Approvals .....	3
A.	Solicitation of Applications .....	3
B.	Disaster Relief Application .....	3
C.	FHLBank Boston Review and Approval of Disaster Relief Program Applications...	4
VII.	Disaster Relief Program Training.....	4
VIII.	Disaster Relief Program Agreement .....	4
IX.	Eligible uses of Disaster Relief Program Grants .....	5
X.	Disaster Relief Program Grant Recipient Eligibility Requirements .....	5
XI.	Disaster Relief Program Enrollment and Disbursements .....	6
XII.	Time Limits and Extensions.....	8
XIII.	Reporting and Document Retention.....	9

### II. Administration:

#### **A. Roles and Responsibilities**

- a. Administrator: Vice President of Operations, HCI Operations Manager
- b. Authorized Approver: Senior Vice President, Director of HCI

#### **B. Governance**

- a. Approval frequency: Annually

- b. Review frequency: Annually
- c. User Access: Access review reporting will be completed by Information Security on a semi-annual basis in quarters 2 and 4. The VP, HCI Operations Manager will assess the reports from Information Security to confirm the appropriateness of each user's access.

**C. Exception Management/Procedure Interpretations: VP, HCI Operations Manager**

### III. Glossary/Definitions:

**Adobe Sign:** FHLBank Boston's cloud-based e-signature platform used for electronic signature and tracking.

**Agreement:** The contract between FHLBank Boston and the Member Financial Institution governing DRP participation and use of DRP grant funds.

**DRP Grant:** Disaster Relief Program grant

**AMI:** Area Median Income

**Disaster Relief Program (DRP):** Disaster Relief Program, a voluntary mortgage assistance program serving households at or below 100% AMI and small businesses.

**Disbursement:** When the enrollment for the homeowner or small business is approved by FHLBank Boston, the DRP Grant funds are sent to the member's IDEAL Way account.

**FEMA:** Federal Emergency Management Agency

**FHLBank Boston:** Federal Home Loan Bank of Boston

**HCI:** Housing and Community Investment department of FHLBank Boston. Contact information for the department can be found under the [HCI department](#).

**MAR:** Member Action Required occurs when FHLBank Boston releases the file back to the member because of missing pertinent/required documentation.

**Member/Member Financial Institution:** New England financial institutions that are members of Federal Home Loan Bank of Boston.

**OLB:** Online Banking platform system differs from the Community Lending platform. OLB is utilized for the annual Disaster Relief Program agreements that are executed by UEA.

### IV. Procedures History Log:

Date	Purpose	Author	Approved by
	Creation/Initial Adoption	HCI Staff	Livia Bourque

## Overview of Procedures for the Disaster Relief Program

The DRP provides targeted mortgage assistance payments to homeowners with incomes at or below 100% of the area median income (AMI) and small businesses which meet the definition of small business as defined by the Small Business Act (15 U.S.C. 632(a)) and implemented by the Small Business Administration under 13 CFR part 120 504, or any successor provisions, who is impacted by federal or state-declared disasters within New England. Eligible participants may receive up to six months of mortgage assistance with a maximum of \$15,000 per DRP Grant, and a minimum of \$5,000 per DRP Grant, with funds covering principal, interest, insurance, and taxes. The program is activated following a state or federal disaster declaration approved by FHLBank Boston. Approved members with executed Agreements may request support through the community lending portal on a first-come, first-served basis, ensuring timely relief to help homeowners and small businesses.

## V. Annual Funding and Limits

### A. Annual Program Allocation:

- Annual program allocation amounts will be determined by FHLBank Boston

### B. Member and State Annual Program Limits:

- The annual state cap is \$1,000,000
- The annual member cap is \$150,000
  - The member cap may be increased at the discretion of the FHLBank Boston.

### C. Maximum/Minimum DRP Grant Amounts:

- Both homeowners and small businesses are eligible to receive mortgage assistance for up to six months, with a maximum DRP Grant amount of \$15,000
  - The minimum DRP Grant amount is \$5,000

## VI. Application Submission, Review, and Approvals

### A. Solicitation of Applications

The annual Notice of Changes will be distributed and published on FHLBank Boston's website within a reasonable timeframe. The audience includes member CEOs, CFOs, prior year DRP contacts, FHLBank Boston's Advisory Council, and Board of Directors.

### B. Disaster Relief Application

FHLBank Boston does not allocate or commit DRP Grant funds to individual financial institutions through the DRP member application process. Each member must complete an application to participate in the program each year, and it does not automatically renew.

Members will complete the DRP application, including all required data fields through the [Community Lending](#) online system. Applications can be submitted at any time during the year. Members are encouraged to complete the application in January.

### **C. FHLBank Boston Review and Approval of Disaster Relief Program Applications**

FHLBank Boston reserves the right at its sole discretion to determine whether a member is eligible to participate in the DRP.

FHLBank Boston members are subject to the Community Support Requirements (12 CFR 1290). The [FHFA](#) will review the membership biennially. If it is determined that a member falls under FHFA “restriction” status because of the Community Support process, they will be ineligible to participate in the DRP.

FHLBank Boston will notify member applicants of their decision by email within a reasonable timeframe. Members not receiving approval will receive email notification.

## **VII. Disaster Relief Program Training**

Following approval of the DRP applications, at least one person/staff member from the member financial institution must attend the live or pre-recorded DRP training. The staff member who attends the training is required to train all personnel involved in DRP transactions or ensure that all appropriate personnel have viewed the recorded training.

## **VIII. Disaster Relief Program Agreement**

Members approved for DRP Grant funds are required to execute the Agreement prior to participating in the program, which may be done via Adobe Sign as part of the application process. Members have the option to request a wet-sign document.

The Agreement is not considered valid unless it is signed by authorized staff of the member with user entitlements. This person is designated and authorized to sign on behalf of the member by its User Entitlements Administrators (UEAs) listed in the [Online Banking Portal](#). Please note that this authorized UEA may or may not be the member’s DRP main point of contact. Each organization has a UEA who can designate the DRP entitlements. Within the annual application process, each member will identify the designee responsible for signing the agreements utilizing a drop-down feature within the annual application. If a member does not see the appropriate contact, the member can contact their UEA. These entitlements are outside of the [Community Lending platform](#) and in the [Online Banking Portal](#). For further information about navigating Online Banking, please see the [Online Banking Resource Center](#) or contact us at [customerservice@fhlbboston.com](mailto:customerservice@fhlbboston.com) or 800-357-3452 (option 3).

The Agreements will be sent directly to the designated contact with DRP entitlements through Adobe Sign. The member must have one person execute the document. This agreement cannot be forwarded to other staff members for e-sign execution. All members will receive a copy of the Agreement through Adobe Sign upon execution by all parties.

## IX. Eligible uses of Disaster Relief Program Grants

DRP Grants must be used exclusively to cover monthly principal, interest, insurance, and taxes. Payments are made by the member on a monthly basis for the full term of the DRP Grant. Funds cannot be applied toward a principal reduction.

If a homeowner or small business sells, transfers, assigns title or deed, or refinances the subject property within six (6) months of the date the member receives the DRP Grant on behalf of that homeowner or small business, the member shall reimburse FHLBank Boston any unused portion of the DRP Grant. Any unused portion of the DRP Grant cannot be applied towards any outstanding amounts due and owing on the subject mortgage at the time of such sale, transfer, assignment or refinance by the homeowner or small business.

## X. Disaster Relief Program Grant Recipient Eligibility Requirements

All DRP enrollments are completed in FHLBank Boston's [Community Lending](#) system in accordance with FHLBank Boston's DRP policy and procedure.

### **A. Mortgage Requirements**

The DRP is only available for mortgages which are held or serviced by the member.

### **B. Property Location:**

Mortgage assistance from the DRP is only available to properties of homeowners and small businesses located within a state or FEMA declared disaster area approved by FHLBank Boston in New England that meets all eligibility requirements.

### **C. Financial Hardship:**

The homeowner or small business must be facing financial hardship defined as: a material reduction in income, or a material increase in living or operating expenses associated with a federal or state declared disaster, creating or increasing the risk of mortgage delinquency, mortgage default, missed rental payments, foreclosure, loss of utilities, or displacement of a homeowner. This will be verified and attested to by the member.

### **D. Homeowner Income:**

A review of the homeowner's income, which consists of all people on the deed, must be at or below 100% of the HUD AMI. Should the household income exceed 100% of HUD AMI limit for the property location, the enrollment will be denied. (AMIs available at <https://www.huduser.gov/portal/datasets/il.html> ; use the 50% limit and multiply by two).

Homeowners who have received a DRP Grant through FHLBank Boston are not eligible to enroll again during the same fiscal year.

### **E. Small Business:**

Small businesses must meet the federal definition 15 U.S.C. 632(a) and 13 CFR part 121.

Small businesses that have received a DRP Grant through FHLBank Boston are not eligible to enroll again during the same fiscal year.

**F. Conflicts of Interest and Related-Party Transactions:**

FHLBank Boston employees and their immediate family are prohibited from applying for any FHLBank Boston HCI programs with the following exceptions: an immediate family member of a Bank employee who is financially independent of the employee may apply as long as the FHLBank Boston employee is not providing financial support to the family member by having co-signed on the mortgage, assisting with mortgage payments, or providing any other financial assistance. In no way can a FHLBank Boston employee benefit directly or indirectly from the family member's participation in the HCI programs. If, to a Bank employee's knowledge, a DRP enrollment has been submitted by the employee's family member (immediate or other relative affiliated person defined by FHLBank Boston's Code of Ethics and Business Conduct), the employee will promptly notify the SVP/Director of HCI and FHLBank Boston's Ethics Officer.

## **XI. Disaster Relief Program Enrollment and Disbursements**

**A. Enrollment Process**

Funds are available on a first-come, first-served basis. Members must submit enrollments via FHLBank Boston's [Community Lending](#) online system. Access to this enrollment system requires that the member have a username and password. First-time users of the system may request a username and password in this section of the online system. Enrollment and disbursement requests are completed simultaneously.

DRP funds are not reserved for a homeowner or small business until the enrollment is submitted and received by FHLBank Boston. DRP funds are not committed until the enrollment has been approved by FHLBank Boston. Funds are reserved for each homeowner or small business and cannot be transferred. Members cannot submit the same homeowner or small business under multiple disasters within the same fiscal year.

Enrollments for both homeowners and small businesses must include a copy of the most recent mortgage or loan statement reflecting the monthly mortgage, principal, interest, mortgage insurance, and taxes. In addition, members must certify that they either hold or service the mortgage, and the property is located within the disaster declared area.

All enrollment requests should be fully complete when submitted. Placeholder documents (i.e., a purchase and sales agreement that is not fully executed, blank or blatantly inappropriate documentation) will not be permitted when a member submits an enrollment to reserve funds. If FHLBank Boston has determined a placeholder document has been used, the homeowner's enrollment will be denied, and funds will be placed back into the general DRP pool.

Once all the information is entered into the enrollment, the enrollment is submitted to FHLBank Boston for review and approval.

**B. Homeowner Specific Enrollment and Income Calculation Process**

The program has income limits for homeowners, requiring manual income calculations utilizing the FHLBank Boston Disaster Relief Program Income Calculation Guidelines prior to the member's online submission. No exceptions can be granted. DRP Grants for small businesses do not require income calculations.

For homeowners, a completed FHLBank Boston Homeowner Disclosure Form is required, along with proof of income for all individuals listed on the property deed. Income documentation must comply with the FHLBank Boston Disaster Relief Program Income Calculation Guidelines.

The member will be required to complete the income calculation section. Please see FHLBank Boston's Homeownership Programs Income Calculation Guidelines for details on how FHLBank Boston requires income to be calculated. In the income calculation section of the online system, the member must enter information **for each homeowner listed on the deed**.

When the required information has been entered for an individual in the household, the member will be asked to identify the type of third-party income verification being used. The member will enter data from the verification(s) and upload the verification(s) into the system. The member should verify the data prior to completion and submission of the enrollment. Once the data has been reviewed, and the household's information and income have been finalized, the prospective annual income will be automatically calculated and compared to the HUD income limit for the subject property. The member should check the final calculated annual income to be sure it is correct before submitting the income calculation and backup documentation.

Please note: Total household income is determined by the total annual income of the **homeowner(s)** listed on the deed. Income limits are determined using the **total number of persons in the household** and the subject property's state, city/town. See the Disaster Relief Income Calculation Guidelines for guidance on determining household composition.

### **C. FHLBank Boston Review**

Once all the information is entered in the enrollment, the enrollment is submitted to FHLBank Boston for review and approval. All homeowner and small business enrollments will be reviewed in accordance with FHLBank Boston's DRP Policies and Desktop Procedures, FAQs, and FHLBank Boston's guidelines titled Red Flags for Housing and Community Investment Department. FHLBank Boston will review the enrollment for any potentially fraudulent or subprime/predatory characteristics.

The review will begin within 15 business days from the **initial** enrollment submission. FHLBank Boston staff may follow up with the member to address any questions or concerns. All missing documentation and clarification must be submitted within five (5) business days of being requested. If any additional documentation is requested from FHLBank Boston, the review turnaround time is based off the date all sufficient information is re-submitted. All documents uploaded by the member will be reviewed to determine whether a homeowner is income eligible, or the member has certified that the business meets the small business guidelines.

The FHFA's suspended counterparty list must be reviewed for all homeowners as part of the enrollment process. Any matches found must be reported to FHLBank of Boston's compliance

department. Homeowners on the suspended counterparty list are not eligible to receive DRP Grant funding from any FHLBank program.

Upon approval, the member will be notified by email, and the DRP grant funds will be committed to the transaction of a specific household. Upon enrollment/disbursement approval, an email will be sent to the member contact notifying them that DRP funds have been deposited to their IDEAL WAY account at FHLBank Boston. Funds are available to the members after 4:00 p.m. on the day of disbursement.

Misappropriation of DRP Grant reservations is prohibited. DRP Grants are reserved specifically for a homeowner or a small business and cannot be shifted to a different homeowner or small business.

#### **D. Enrollment Denial**

FHLBank Boston has the discretion to deny the disbursement request. In such instances, the member will receive an email and/or a phone call notifying them of the decision. The member will be provided with an opportunity to cure any deficiencies, including if the total household income exceeds the AMI limit for the location of the subject property. The member may submit additional documentation for further consideration by FHLBank Boston. FHLBank Boston staff will follow the Disaster Relief Program Desktop Procedures to ensure all the appropriate steps have been completed. Prior to any DRP Grant being declined, an additional compliance review will be completed to consider all submitted documentation. If a DRP Grant is denied, the monies will be released into their respective funding pools.

## **XII. Time Limits and Extensions**

After a state or federally declared natural disaster triggers the program, FHLBank Boston will notify its members of the program activation and provide approximately 30 days' advance notice regarding the availability of funding. The program will remain open for 30 days after the date of funding availability. Enrollments must be received during those 30 days. No extensions will be given to the enrollment deadline.

#### **A. Cancellation of Enrollment**

Members can only withdraw through [Community Lending](#) online system when an enrollment is in 'Submitted' status. If the member would like to withdraw an enrollment in MAR status, they must notify the HCI team via [housing@fhlbboston.com](mailto:housing@fhlbboston.com) or by contacting Livia Bourque, VP, HCI Operations at [livia.bourque@fhlbboston.com](mailto:livia.bourque@fhlbboston.com)

#### **B. FHLBank Boston Review:**

The review will begin within 15 business days from the **initial** enrollment submission. If any additional documentation has been requested by FHLBank Boston, the review turnaround time is based off the date all sufficient information is re-submitted.

#### **C. Expiration of a Submitted Enrollment Requiring Member Action:**

FHLBank Boston staff may follow up with the member to address any questions or concerns with the enrollment. All missing documentation and clarification must be submitted within five (5)



business days of being requested. The enrollment may be denied if a response is not received within the five (5) business days.

### **XIII. Reporting and Document Retention**

#### **A. Reporting**

Members must submit reporting within seven months of disbursement, including proof of full fund pass-through and evidence of mortgage assistance for the six-month period. Mortgage statements or a record of payments reflecting the member utilized the funds to make monthly mortgage payments equaling the amount of the DRP Grant is required.

#### **B. Document Retention**

The member is required to retain a separate file for each individual DRP Grant. In accordance with the Agreement, the member will remain the point of contact for the household or small business.

#### **C. Reporting intentional or unintentional fraud**

Members are required to report in writing any instances of fraud or unintentional fraud related to a purchase or sale of a loan using DRP to FHLBank Boston. Fraud may result from:

- a.) False information contained in identification, employment, or income documents reviewed during the underwriting and monitoring process;
- b.) Omissions of persons on the deed;
- c.) False information about the number of household members;
- d.) Properties not within the declared disaster area;
- e.) Use of DRP Grant funds for a property previously funded during the same year; or
- f.) False information about the small business meeting the SBA guidelines

FHLBank Boston has established policies and is committed to implementing and maintaining processes and controls to discover fraud. The member is expected to support FHLBank Boston's efforts in addressing fraud by immediately providing written notification of any suspected fraudulent activity in relation to their dealings with FHLBank Boston. Should the member discover or suspect an instance of fraud related to an FHLBank Boston business transaction, which may include any material misstatement, misrepresentation, or omission, the member must notify FHLBank Boston immediately. Additionally, it is at FHLBank Boston's discretion to inquire if potential fraud has been committed, based on information provided at enrollment or disbursement. If either intentional or unintentional fraud has been identified by HCI, the member will be monitored further than the standard two-tier review and require additional training.

#### **D. Fraud Requirements for FHLBank Boston**

If FHLBank Boston is notified of any misstatements, etc., FHLBank Boston will collect all appropriate information and documentation, review the information, and act appropriately per the AHP Regulation and FHLBank Boston's policies and procedures.