

1. What is the First Home Clubsm (“FHC”)?

The First Home Clubsm is a first-time homebuyers program that provides subsidy funds to assist households earning 80% or less of area median income (“AMI”) overcome the financial difficulties of purchasing a home. The program provides households with \$4 match for every \$1 of savings (up to \$7,500) that they systematically deposit in their dedicated account with our member bank. A second grant of up to \$500 (no match required), is available to defray homebuyer education and credit counseling costs of a Federal Home Loan Bank of New York (“HLB”) approved non-profit counseling agencies for households which purchase a home using FHC assistance.

2. What are the FHC funds to be used for?

The matching funds are to be used for down payment and closing cost assistance. The homebuyer counseling defrayal grants are awarded to HLB approved non-profit homebuyer counseling agencies and the grant funds are used only to help defray the counseling costs for FHC households which close on a home.

3. Who is qualified to receive FHC funds?

In order to participate in the program, a household must meet the following requirements: prospective household must meet the following requirements:

- Must be a first-time homebuyer
- Income must be 80% or less of the AMI
- Open a dedicated savings account with an approved member bank and agree to save systematically for a minimum of ten (10) months
- Obtain mortgage financing from the member bank
- Execute a FHC Subordinate Mortgage and Demand Note
- Complete a homebuyer counseling program

4. What are the eligibility requirements for a member bank?

In order to participate in the program, a member institution must complete the FHC Lender’s Application and include the following:

- A first-time homebuyer policy statement
- Description of the homeownership counseling program
- Description of dedicated savings accounts
- Description of underwriting guidelines for first-time homebuyers
- Description of special incentives to the households
- A schedule of estimated closing costs and closing requirements
- Samples of marketing materials

5. Where do the funds for the FHC come from?

The FHC is completely funded by the profits of the HLB and does not rely on taxpayer assistance.

6. What type of property must the household have in order to be eligible?

One to four-family homes, co-ops, condos and mobile homes attached to a permanent foundation within the HLB’s district area.

7. What is the HLB’s district area?

New York, New Jersey, Puerto Rico and the US Virgin Islands

8. How long does the household have to deposit funds into their dedicated savings account?

A minimum of ten (10) consecutive months, to a maximum of twenty-four (24) months.

9. Is the household still eligible to receive subsidy if the 10 consecutive monthly deposit requirement is not met?

No. The household must meet the minimum monthly deposit requirement of no less than 10 deposits.

10. Is the household still eligible to receive subsidy if a monthly deposit is missed, but made up?

It is up to the discretion of the member institution and ultimately the HLB. Decisions will be based on the homeowner’s written explanation of the missed deposit as well as the consistency of the remaining savings history.

11. Is this an asset-based program?

No. The program is strictly income-based. However, any interest, dividends or other net income earned on monetary assets will be assessed as income.

12. What if a household’s income increases over the program’s allowable income level threshold after the household has been approved to participate in the program?

Once a household becomes a qualified participant in the program, the income level that was submitted (at time of enrollment) will be locked-in through the term of the subsidy grant.

13. What if a household’s size increases or decreases during the enrollment period and prior to the closing date?

In this event, the household income will be re-evaluated retroactively to the time of enrollment.

14. What if a household wishes to enroll in the program but has previously owned a home?

If it has been at least three (3) years since the household has owned a home, then they are eligible for the program. If the household is that of a single parent or a displaced homemaker (a previously owned home has been sold due to dissolution of a household) the 3 year rule is waived.

15. What if a household requires a co-borrower in order obtain a mortgage from the member bank, however, the co-borrower either currently owns a home or has income that exceeds 80% of the AMI?

As long as the co-borrower will not be residing at the mortgaged property, the household will still qualify for FHC subsidy.

16. What if a household currently resides outside of the HLB’s district, but wishes to purchase a home within HLB’s district boundaries?

The household must reside within the HLB’s district boundaries in order to receive subsidy.

17. Does the HLB disburse funds directly to the household?

No. Once a household has been approved and a closing date has been set, the funds are disbursed to the member bank’s DDA on or around the requested funding date or the scheduled date of closing. The member institution will then disburse the funds on behalf of the household at the time of closing.

18. Once the household receives the grant, how long will the HLB have interest in the property?

There is a five- (5) year retention period beginning once the funds have been disbursed to the member institution. A lien is placed on the property, which is dissolved after the retention period.

19. In what position will the First Home Club lien be?

The First Home Club lien is generally in second lien position, however, in some circumstances, it is acceptable for the lien to be moved to another position.

20. If the homeowner sells the house before the end of the 5-year retention period, must they repay the subsidy?

The household must remain in compliance with the FHC regulations for 5 years. In the event that the property is sold to a household who is not income eligible for FHC subsidy, the HLB may request that a pro-rata amount of the subsidy be returned. During each year of the 5-year retention period, 20% of the grant is forgiven.

21. If the homeowner refinances the first mortgage before the end of the 5-year retention period, must they repay the subsidy?

If the household refinances the first mortgage they will not be obligated to repay a portion of the grant.

22. Who prepares the "Subordination of Lien" when a household refinances or sells to an ineligible household?

The member bank generally prepares the “Subordination of Lien.”

23. At the end of the 5-year retention period when the subsidy has matured, who prepares the “Satisfaction of Lien?”

The member bank generally prepares the “Satisfaction of Lien

24. When can member institutions enroll households into the program?

There are three (3) enrollment periods throughout the year. Generally, they are announced via e-mail, first class mail and on our website www.fhlbny.com.

25. Are members limited to a number of households they may enroll?

In order to ensure availability of funds, the HLB may, at any given time, limit the number of households that a member may enroll during a particular enrollment period.

26. Can the FHC subsidy funds be used with other grant programs?

Yes, the funds may also be used in conjunction with other grant programs including the HLB's Affordable Housing Program ("AHP"); however the combined FHC and AHP subsidy funds may not exceed \$20,000 per household. If the use of FHC subsidy was not originally approved when the AHP application was scored, the application will have to be rescored reflecting the use of FHC subsidy to determine the effect of the ranking.

27. Once a household has enrolled in the FHC and begins making deposits with one member institution, can the household transfer their enrollment and deposits to another member institution?

Under very limited circumstances, a household may transfer to another approved member institution. In order to commence the transfer, a letter must be submitted to the HLB by the member bank who is willing to let the household transfer. Please refer to FHC Program Guidelines for the appropriate procedure.

28. What if a household is not ready to close, for whatever reason, twenty-four (24) months after the date of enrollment?

The HLB may extend the date of expiration for a household's 24-month enrollment period for a one time 12 month extension. All program requirements must be fulfilled, (savings and home ownership counseling completed). Members are expected to monitor their FHC households to insure that enrollment status is correct. Extensions must be made prior to the date of expiration. Please refer to FHC Program Guidelines for the appropriate procedure.

29. How long does the member institution have to disburse the FHC funds to the household?

Once the HLB has credited the member institution's DDA, the member institution has 30 days or the funds must be returned to the HLB.

30. If the household does not meet the maximum equity goal in order to receive the full \$7,500 grant, does the HLB take into consideration any interest earned on the deposits made into the account?

Yes, the HLB does take into consideration any interest earned on deposits made into the account.

31. Why, if the maximum FHC grant assistance to a household is \$8,000 (up to \$7,500 for downpayment and closing costs and up to \$500 to defray non-profit housing agency counseling costs) is the FHC savings account equity goal \$1,875 rather than \$2,000?

The downpayment and closing cost subsidy of up to \$7,500 is directly related to the purchase of a particular home. Home ownership counseling is an FHC programmatic requirement for which up to \$500 may be granted to defray the costs of the non-profit housing agency providing the

counseling and associated services for an FHC household which has closed on a home.

32. May a household opt out of a grant for the defrayment of homeownership counseling costs?

No. It is the choice of the HLB member whether to participate in the special set-aside program for the defrayal of nonprofit housing agency counseling costs or not.

33. How will the amount of the grant for the non-profit housing agency be determined?

On a one time basis, the non-profit housing agency will provide a cost basis for providing home ownership counseling, financial education and other expenses directly associated with fulfilling HLB FHC requirements.

34. If a non-profit housing agency is approved for one member bank, is it approved for all?

While approval of the homeownership counseling program and of proof of associated costs will be granted routinely once granted. Each FHC approved participating member must forward their endorsement of the syllabus and costs and confirm their decision to participate in the AHP set-aside grant program to defray the costs of each specific non-profit housing agency home ownership counseling program.

35. If a household's equity goal is less than \$1,875, is the counseling cost defrayment grant proportionally less?

No. The grant amounts are independent of each other. Housing agency per household counseling expenses are the same regardless of the amount of the FHC closing cost and downpayment assistance grant.

36. If an HLB FHC participant member directly provides homeownership counseling using member staff, will the counseling defrayal grant be available to the member?

No. As a condition of participation in the FHC program, members are expected to provide households certain financial assistance. Since the FHC program requires members to offer a homeownership counseling program, members may provide counseling or arrange for non-profit housing agencies to provide counseling. The set-aside is specifically intended to help defray the costs of non-profit housing agencies providing counseling.

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For more information, please visit www.fhlbny.com/community or contact Peter King, Affordable Housing Officer at (212) 441-6858.



FIRST HOME CLUBSM

*Frequently
Asked
Questions*



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