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## 1. Program Description

The HomeBoost Down Payment Assistance (HomeBoost) Program helps minority and first-generation, first-time homebuyers, for whom total household income is at or below 120% of area median income (AMI), with financial assistance that can be put towards down payment, closing costs or housing counseling costs when purchasing their primary residence in either Indiana or Michigan. The maximum subsidy that can be requested per household is **\$25,000**.

The financing terms for loans made under this program must be no less favorable to the borrower than the interest rates, points, fees and other charges for loans of similar maturity, terms and risk charged by the lender for all transactions, whether the loan is originated by a Bank Member or another organization (non-member).

The HomeBoost program may be discontinued by the Board at any time prior to exhaustion of the HomeBoost funds.

## 2. Member Participation

Institutions that are current Members of and eligible to borrow from the Bank may participate in this Program. The Bank does not accept applications from institutions with pending applications for membership in the Bank.

### A. *Registration:*

All Members must sign and submit a **HomeBoost Master Agreement** and **Registration and Certification Form**. Members will be responsible for all terms and conditions contained in the **HomeBoost Master Agreement** and **Registration and Certification Form**, including, but not limited to, the requirements outlined in this document.

### B. *Submitting Disbursement Requests:*

Upon approval of the **HomeBoost Master Agreement** and **Registration and Certification Form**, Members will be provided user registration procedures for use of the Bank's online system.

## 3. Funding – Use, Limits and Availability

- Program funding may go towards down payment, closing costs and/or counseling costs
- The rate of interest, points, fees and any other charges for all loans that are made for the project in conjunction with the subsidy shall not exceed a reasonable market rate of interest, points, fees and other charges for loans of similar maturity, terms and risk.
- Funds will be made available on a first-come, first-served basis until all funds are exhausted.

## 4. Member Requirements

- Members are responsible for structuring the purchase transaction in a manner that complies with all applicable laws, regulations and this Plan.
  - Members must provide subsidy only to homebuyers who meet the income guidelines as described in the **HomeBoost Income Guidelines Document**.
  - Members must provide subsidy only to homebuyers who complete a housing counseling program as described in these guidelines and further defined in the Counseling Resource Guide.
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- Members must comply with Bank requirements to provide copies of settlement statements and other documentation as described in this document.
- Members must maintain project files with all applicable information for all grant recipients. The Bank may conduct on-site compliance reviews.
- Members may not charge fees to provide subsidy to any homebuyer.
- Members must pass the entire amount of the subsidy to the homebuyer.

## 5. Recipient Requirements

### Minority Household

If the household meets eligibility criteria for the HomeBoost Down Payment Assistance Program on the grounds of being a minority-identified household, the recipient must self-identify on their home mortgage loan credit application (or other application-related HMDA data-gathering document) and/or on the program's HomeBoost 2024 Self-Certification Form:

- Their Ethnicity as "Hispanic or Latino,"
- Their Race as "American Indian or Alaska Native,"
- Their Race as "Asian,"
- Their Race as "Native Hawaiian or Other Pacific Islander," *or*
- Their Race as "Black or African American."

Households who do not self-identify their ethnicity or race as set forth above, and who further do not meet the criteria below as a first-generation homebuyer, will not be eligible for this program.

### First-Generation Homebuyer

If the household meets eligibility criteria for the HomeBoost Down Payment Assistance Program on the grounds of being a first-generation homebuyer as defined below, the recipient must self-identify as such by executing the HomeBoost 2024 Self-Certification Form stating that the individual meets one of the following criteria:

- The parents and/or legal guardian of at least one borrower does not currently own a home in the United States and has not previously owned a home in the United States;
- At least one borrower has aged out of foster care; *or*
- At least one borrower has become emancipated.

Households who do not self-identify as a first-generation homebuyer, and who further do not meet the criteria above as a minority-identified homebuyer, will not be eligible for this program.

### First-Time Homebuyer

The recipient must execute a first-time homebuyer affidavit ("HomeBoost Down Payment Assistance Program 2024 Self-Certification Form") stating that the individual meets one of the following criteria:

- An individual who has had no ownership in a principal residence during a three-year period ending on the date of the purchase of the property.
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### Household Location

The homebuyer must purchase property located either in the state of Michigan or Indiana.

### Housing Counseling

The homebuyer(s) must complete a housing counseling/education program prior to the loan closing. Housing counseling must be provided by an organization certified and recognized as experienced in housing counseling by HUD or a state Housing Finance Agency. The counseling can be completed in-person or via an online course. HomeBoost funds may be used to pay for housing counseling where counseling fees have not been covered by another funding source. Counseling must take place before closing and generally not more than one year prior to the enrollment date.

### Income Guidelines

Eligible households must have projected annualized incomes of less than or equal to 120% of area median income (AMI) for the household size, county in which the property is or will be located, and the year of qualification. To determine eligibility, the Member must compare the household's annual income to the HUD median income guidelines for the specified year. The Member must calculate the annual household income for each household member based on acceptable income documentation and the household disclosures. The Bank will review current and verifiable income source documents submitted by the Member for the applicant household.

The homebuyer(s) may not be students with part-time or no income while in school who ordinarily would have a reasonable prospect for a substantial increase in income exceeding the income eligibility limit upon entering the workforce full-time. In determining an applicant's eligibility, the Bank will consider factors including but not limited to the applicant's current student status, number of hours currently enrolled, anticipated date of graduation and field of study. Supporting documentation will be required.

### Homebuyer Contribution

The homebuyer(s) must contribute a minimum of **\$500** in personal funds toward the home's purchase transaction.

## **6. Eligible Property Types and Purchase Transaction Information**

The following property types are eligible to receive program funding:

- Owner-occupied 1 - 4 family properties,
- Townhouses,
- Condominiums,
- Cooperatives, *and*
- Manufactured housing deeded as Real Estate

All properties must be titled as real estate and be permanently affixed to a permanent foundation. The property must be an existing dwelling.

The homebuyer may not acquire the property under the terms of a cash purchase. An amortizing mortgage must be transacted to purchase the property. Purchase transactions requiring funds to be escrowed for property rehabilitation or repairs are not eligible unless the rehabilitation/repair escrow is

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paid outside of closing or by a third party at closing as evidenced by either the Closing Disclosure or other documentation.

### **7. Settlement/Closing Statement**

The Member, on behalf of the grant recipient, will submit the following items to our online system post-closing on the transaction:

- Closing Disclosure as described below
- Underwriting Transmittal Summary Form 1008

The program subsidy must be used for down payment, closing costs or counseling costs associated with the purchase transaction and must be reflected as a line item on the current HUD approved Closing Disclosure.

The appropriate grant amount received from the Bank must be clearly identified. Other guidelines are as follows:

The net contribution to the purchase of the home, from the homebuyer, in the amount of at least **\$500** should be clearly reflected on Closing Disclosure. The \$500 can be met through deposit or earnest money, cash brought to closing and/or expenses paid outside of closing (such as insurance, appraisals, etc.). The Bank, in its sole discretion, will determine the eligibility of items paid outside of closing.

Homebuyers may not receive more than **\$250** in cash back at closing. Any funds in excess of the approved mortgage amount, closing costs, and cash back to the homebuyer shall be used as a credit to reduce the principal of the mortgage or as a credit toward the household's monthly payments on the mortgage loan.

### **8. Post-Disbursement**

All purchase transactions must be closed within 90 days of the subsidy disbursement to the Member. Closing documentation must be submitted to the Bank immediately following the closing. If the purchase transaction does not close within 90 days of the subsidy disbursement to the Member, the subsidy will be recaptured. If the household would still like to pursue down payment assistance, the household will need to submit a new application.

### **9. Monitoring, Reporting and Documentation**

Annually, the Bank will monitor a random sampling of households disbursed to each Member to ensure compliance with the program requirements.

#### *On-Site Monitoring*

At the discretion of the Bank, participating Members may be selected for an on-site monitoring review. During reviews, which are held at the Member's place of business, the Bank reviews the Member's policies and procedures for grant administration and a sampling of the grant recipient files. The Bank reserves the right to review all files if sampling indicates compliance issues.

### **10. Housing Counseling Requirements**

Members may only provide funds to households who complete an approved homebuyer counseling program.

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*Approved Counseling Programs:*

Housing counseling must be provided by an organization certified and recognized as experienced in housing counseling by HUD or a state Housing Finance Agency. The counseling can be completed in-person or via an online course. A reference of qualified online counseling programs can be found in the Counseling Resource Guide on the Bank's public website. When using an online course, the member is to follow-up with the household and answer/clarify any questions they may have.

Additionally:

Funds may be used to pay housing counseling where counseling fees have not been covered by another funding source, including the Member. The fee must be clearly documented on the Closing Disclosure. Counseling must take place before closing and generally not more than one year prior to the enrollment date. To help prevent grant recipients from later becoming targets of predatory lending, the Bank recommends that financial literacy and predatory lending be given emphasis as part of the training.

**11. Income Guidelines**

All Members must use the Income Guidelines as outlined in the HomeBoost Income Guidelines Document available on the HomeBoost webpage. Households must have incomes at or below 120% of the HUD area median income limit, based on the household size for the area at the time the household is accepted for enrollment by the Member.

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