

FHLBank Pittsburgh
Community Investment Department

First Front Door
Program Booklet and Instructions Manual
2008 Edition

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Federal Home Loan Bank of Pittsburgh

First Front Door

Agreement

The Federal Home Loan Bank of Pittsburgh ("FHLB") works to be a strategic business partner with its member institutions. The First Front Door Program ("FFD Program") has been designed to support FHLB members in meeting the needs of low-income homebuyers by offering down payment and closing costs assistance to qualified participants.

It is the policy of the FHLB that any member institution that is either currently enrolled in, or that is seeking enrollment in, the FFD Program must agree, in writing, to adhere to the policies and procedures of the FHLB with regards to the FFD Program.

In consideration of the foregoing, you (by your execution in the space provided below for your signature) hereby agree that you:

- (i) are in receipt of, and understand all subject matter set forth in, the FFD Program Booklet and Instructions Manual;
- (ii) will abide by all the policies, procedures, rules and regulations of the FHLB governing the FFD program, whether now existing or hereafter amended or implemented;
- (iii) are, and will continue to be, responsible for providing all FFD Program documentation to the FHLB upon request; and
- (iv) understand that final determination on all issues relating to the FFD Program shall be made by the FHLB in its sole discretion.

Please evidence your acknowledgement, agreement and consent to the terms and provisions set forth above by executing in the space provided below for your signature, and forwarding the original of this agreement to: Federal Home Loan Bank of Pittsburgh, FFD Administrator, 601 Grant Street, Pittsburgh, Pennsylvania 15219-4455. Please retain a copy of this agreement for your files.

WITH THE INTENT TO BE LEGALLY BOUND HEREBY, THE UNDERSIGNED HEREBY ACKNOWLEDGES, AGREES AND CONSENTS TO THE FOREGOING AS OF THIS

_____ DAY OF _____, _____.
 (date) (month) (year)

(name of institution)

Signature: _____

Name: _____

Title: _____

GENERAL INFORMATION

A major challenge to any potential homeowner is accumulating enough savings for the down payment and closing (settlement) costs. But to a low-income family, this can seem insurmountable.

First Front Door (FFD) has been developed to address the funding needs of low-income homebuyers. Specifically designed for first-time purchasers, FFD provides grant assistance toward down payment and closing costs to families at or below 80% of the area median income. Participating banks register potential homebuyers into the FFD program while working with the participant in obtaining a home.

Through the FFD, the Federal Home Loan Bank of Pittsburgh (FHLBank) will match the participant's contribution 3-to-1. For every \$1 of funding provided by the participant, the FHLBank will provide \$3 in matching grant assistance up to \$5,000. To be eligible for funding, participants must complete a mandatory pre-homeownership counseling program, which must include counseling on predatory lending, and meet all contribution requirements.

Funds are distributed annually on a first-come, first-served basis. Only those FHLBank members registered to participate in the FFD program may apply for funding. Nonmember banks with a cooperation agreement signed by both the enrolled member receiving the FFD and the nonmember are eligible to participate in the program. Members enrolled in the program may contact the FHLBank for materials that may be of assistance to them in marketing the program.

Members who have not previously participated in the Program must first complete, execute and submit the Member Enrollment Form and FFD Agreement. Submissions of the Participant Registration Form and the Funds Distribution Form must be submitted in hard copy with the required documentation as noted in the Manual.

DEFINITIONS

Contribution

Amount contributed by the homebuyer, and matched by the FHLBank, toward the down payment and closing costs. This can be in the form of savings, a gift, short-term loan, tax refund, inheritance or any other funds accumulated by the homebuyer.

Gifts may be in the form of cash or equity and require appropriate documentation such as intent letter and bank statement reflecting gift deposit or mortgage documentation clearly reflecting gift use. A short-term loan is defined as a loan with a repayment period of 5 years or less.

Contribution cannot take the form of a grant, forgivable loan or long-term loan defined as a loan with a repayment period of more than five (5) years.

Once the contribution amount is submitted as part of the Participant Registration Form, it cannot be adjusted for a higher amount. Consequently, the maximum grant amount, as listed on the applicant's approval letter, also cannot be increased.

Items paid outside of closing in conjunction with the mortgage may be considered as part of participant contribution. Please refer to the Eligible Down Payment/Closing Costs section for further information on eligible items. Pre-paid items for home repairs or pre-homeownership counseling will not be considered as part of the participant contribution.

Eligible Closing/Settlement Costs

Items Connected with loan

Appraisal Fees
Assumption Fee
Credit Report
Lender Inspection Fee
Loan Discount
Loan Origination Fee
Mortgage Insurance App. Fee

Advanced Payment Items

Hazard Insurance Premium
Interest
Mortgage Insurance Premium

Reserves

Annual Assessments

City Property Taxes
County Property Taxes
Hazard Insurance

Mortgage Insurance
School Tax

Title Charges

Abstract or Title Search
Attorney's Fees
Deed Preparation
Document Preparation
Endorsement
Notary Fees
Settlement or Closing Fee
Title Insurance

Title Examination
Title Insurance Binder

Govt. Recording/Transfer Charges
City/County Transfer Charges
State Transfer Charges
Recording Fees

Additional Settlement Charges
Environmental Inspection
(Lead, Radon, Etc.)
Flood Certificate
Home Inspection
Mortgage Survey
Pest Inspection
Pest Treatment
Survey Cost

FFD funds cannot be used for:

- repairs to the property
- home ownership counseling fees

Note: It is the responsibility of the member bank to itemize those settlement costs that are not part of the approved listing above. These items should be listed on a separate attachment and submitted with the Funds Distribution Form.

Eligible Properties

- Single family, owner-occupied units that are intended as the primary residence of the participant. Structures include single family units, townhouses, condominiums and modular homes. Other types of housing may be considered.
-or-
Units that are manufactured and transported to a specific location may be considered an eligible property if the home is permanently fixed to a site. Mobile homes such as campers and those established as a transportation vehicle are not eligible for FFD funding.

Eligible Recipients

Eligible recipients include those individuals or households:

- With a household income at or below 80% of the area median income level **as determined by household size** and based on the current year's income standards issued by the FHLB. The income limits as published by HUD are used to determine a household's eligibility.
- Who are first-time homebuyers as defined below.
- Who complete the required counseling component as described in this manual, including predatory lending.
- Who have assets, excluding IRAs, 401(k)s, accounts and other similar retirement accounts, and 529 education accounts with a market value of \$30,000 or less.
- Who adhere to all rules and regulations governing the FFD program as described in this manual and any and all applications associated with this program.

NOTE: Students with no income or only part time income are not eligible for the FFD grant. Part time is defined to be 30 hours per week or less.

First-Time Homebuyer

A first-time homebuyer is defined as follows:

An individual who has not owned a home within the past three years or owned a home only while married but not as a single person within the past three years.

NOTE: For the participant who is separated and not yet divorced, one of the following must be provided to evidence the separation:

- Legal separation agreement
- Court papers filed for divorce
- 2 utility bills for 2 months for the current residence of the spouse

Grant Expiration Period

The FFD grant reservation expires six (6) months from the approval date. The Funds Distribution Form, required for grant reimbursement, should be received at the FHLB main office within the 6-month time period or the grant may be forfeited. An extension of the commitment may be granted at the sole discretion of the FHLBank.

If the FFD grant has expired, the participant may reapply for funding using current income and household size information.

It is the sponsoring bank and participant's sole responsibility to monitor the six month time parameter.

Household Size

In order to determine income eligibility, the member bank for FFD applicants must obtain verification of all income sources for all adult household members age 18 and older, as well as benefits paid on behalf of minors in the household. Income from assets is to be included in annual income. A household's income determination cannot occur until third-party verification of all income and assets has been obtained.

Member Concessions

Some form of a tangible, measurable financial contribution(s) towards the participant's mortgage.

Acceptable concession(s) are limited to the following:

- Waived or reduced fees
- Waived or reduced points
- Reduced interest rate
(below the standard, conventional market rate mortgage)
- Reduction or elimination of other items that lower the participant's financial outlay

Concessions are to be awarded to each participant at or prior to settlement. If the agreed upon concessions are not awarded to a specific participant, the FHLBank reserves the right to determine whether the alternative concessions are equivalent to the agreed upon concessions and whether the grant will be reimbursed. Members must provide at least one of the concessions agreed to for each homebuyer. Failure to provide the concession(s) may result in a loss of reimbursement for that grant.

In order for our members to respond to market demand, changing economic conditions and to ensure delivery of quality products and services, concessions may be adjusted during the calendar year. A formal request for adjustments must be sent in writing to the FHLBank and must include a detailed explanation of the intended change. Adjustments or changes cannot be implemented until written approval is received by the FHLBank. Any reimbursement request received before concession adjustments have been approved will be reviewed using the current concessions. If the concessions for a specific participant do not adhere to the approved concessions, the FHLBank reserves the right to determine if the alternative concessions are equivalent to the approved concessions and whether the grant will be reimbursed.

Concessions are to be awarded to each participant at or prior to settlement. The failure to award concession(s) will result in a loss of reimbursement for that grant.

Homeownership Counseling

Homeownership counseling is defined as:

- Person-to-person counseling sessions or group counseling sessions where the recipient is the mortgage holder and a resident of the home. One adult family member must complete counseling. (On line counseling will be considered and approved on a case-by-case basis.)
 - Counseling sessions are at least 4 hours (aggregate) or more in length.
 - Completion verified by certificate or letter bearing the counseling agency's logo or masthead.
 - Conducted by an accredited counseling agency or "in-house" by the sponsoring bank by an accredited counseling agent.
 - Counseling must include topic on predatory lending.
-
- Must cover at least four (4) topics or more relating to home ownership including:

Down Payment Savings	Predatory Lending
Mortgage Finance	Household Budgeting
Home Maintenance	Credit-Worthiness
<i>Other topics may be considered</i>	

All approved counseling agencies are requested to issue a certificate or letter stating the number of counseling hours that the specific participant received.

All counseling agencies must either be HUD approved or approved by the FHLBank prior to implementation. To register a counseling agency, the following must be forwarded to the FHLBank:

Letter from the member bank stating:

- their intent to use the listed counseling agency
- that the counseling provided will adhere to all FHLBank guidelines relating to pre-homeownership counseling
- counseling topics covered
- instruction time on each topic and the aggregate instruction of all topics combined
- counseling agency's specific counseling qualifications including accreditation

Families who have received pre-homeownership counseling prior to enrolling into the FFD program may be exempted from this requirement if (1) the counseling meets all parameters as specified above and (2) was completed not longer than 12 months prior to official FFD enrollment.

RETENTION REQUIREMENT

Each participant is required to meet a 5-year retention period. This requirement provides that if the participant (a) sells the dwelling purchased with the FFD funds, (b) establishes primary residency in another dwelling, (c) goes into loan default, or (d) otherwise vacates the funded unit before the retention period has expired, the sponsoring member institution will be required to repay all or a prorated portion of the grant to the Federal Home Loan Bank of Pittsburgh. Repayment is required from any net gain realized upon the sale of the home, after deduction of sales expenses. The obligation to repay the grant terminates upon foreclosure.

To ensure compliance with the retention requirement, a note in the amount of the grant, secured by a second mortgage, must accompany the primary mortgage. This second mortgage is between the participant and the sponsoring bank. However, specific language relating to the FHLBank must be included in the second mortgage. *The following pages provide the FHLBank language required in the second mortgage.*

Under the FFD program guidelines, the member is responsible for ensuring the required FFD second mortgage position. In the event that the second mortgage position is unattainable due to extenuating circumstances, a third position mortgage may be acceptable. Final approval for a third mortgage is at the sole discretion of the FHLBank.

If for any reason the FFD participant vacates or refinances the home before the 5-year retention period has elapsed, it is the sponsoring member's responsible to contact the FHLBank immediately. A recapture calculation is performed at that time and the member is notified of the recapture amount.

Recapture scenarios:

Example 1: Participant sells unit to

A low-income family whose household income level is at 80% or below the area median income level

- The sponsoring member institution must notify the FHLBank immediately
- No repayment is due from the seller (original recipient)
- The new buyer must show proof of income prior to settlement
- The new buyer must execute a note secured by a second mortgage acknowledging that the property is subject to the remaining retention requirement time from the seller. For example: If the seller resided in the FFD funded unit for 2 years, the buyer would agree to a retention period for the remaining 3 years to complete the 5-year retention requirement

A family whose household income is above 80% of the area median income level

- The sponsoring member institution must notify the FHLBank immediately
- The FHLBank will calculate the appropriate recapture amount
- The FHLBank will send notification of the recapture amount to the member institution.

The recapture amount is calculated on a monthly pro-rated basis. If a recipient receiving \$3,000 in grant funding has resided in the FFD funded unit for 2 years and 4 months, their recapture repayment will be equal to 53% (32 months out of a total of 60 months) of the original grant amount or \$1,600.

Example 2: Participant defaults on mortgage loan and

The property is sold to a low-income family whose household income level is 80% or below the area median income level

- The sponsoring member institution must notify the FHLBank immediately
- No repayment is due from the seller (original recipient)
- The new buyer must show proof of income prior to settlement
- The new buyer must execute a note secured by a second mortgage acknowledging that the property is subject to the remaining retention requirement time from the seller. For example: If the seller resided in the FFD funded unit for 2 years, the buyer would agree to a retention period for the remaining 3 years to complete the 5-year retention requirement

The property is sold to a family whose household income is above 80% of the area median income level (all liens and mortgages are satisfied)

- The sponsoring member institution must notify the FHLBank immediately
- The FHLBank will calculate the appropriate recapture amount
- The FHLBank will send notification of the recapture amount to the member institution.

The recapture amount is calculated on a monthly pro-rated basis. If a recipient receiving \$3,000 in grant funding has resided in the FFD funded unit for 2 years and 4 months, their recapture repayment will be equal to 53% (32 months out of a total of 60 months) of the original grant amount or \$1,600.

The member bank cannot find a home buyer for the unit and must sell the property for a loss

- The sponsoring member institution must notify the FHLBank immediately
- Member bank will be responsible for reimbursing any net gain after the first mortgage and sales costs are satisfied in an attempt to satisfy the second mortgage

Example 3: Participant vacates unit and

Participant cannot be located

- The sponsoring member institution must notify the FHLBank immediately
- Member bank will be responsible for reimbursing any net gain after the first mortgage and sales costs are satisfied in an attempt to satisfy the second mortgage

Participant is renting the unit and is no longer the primary resident

- The sponsoring member institution must notify the FHLBank immediately
- Reimbursement of partial or full funds will be determined on a case-by-case basis.

Example 4: Participant "pays off" or refinances the mortgage early (before five years retention period has expired)

If the participant remains the primary occupant of the unit, and is not renting the unit to a third party, recapture is not necessary. Note, the FHLBank second mortgage must remain in place.

Sample Documentation Language For First Front Door

SECOND MORTGAGE PROMISSORY NOTE

The following is a sample of language, which is to be inserted into a standard second mortgage promissory note to be executed by a homebuyer in favor of a member in connection with funding received under the FFD:

GENERAL TERMS

"The loan evidenced by this Note ("Loan") has been made pursuant to the Federal Home Loan Bank Act, 12 U.S.C. §1421 et seq., and the Affordable Housing Program regulations issued thereunder, 12 C.F.R. Part 951, as well as the policies, procedures, and guidelines of the Affordable Housing Program and the First Front Door Program of the Federal Home Loan Bank of Pittsburgh, as each may be amended from time to time."

PAYMENT AND FORGIVENESS OF DEBT

"Provided that I own the Property purchased in connection with the First Front Door Program of the FHLBank for five (5) years or more from the date hereof and comply with the terms of the mortgage executed in connection herewith, the entire amount of the Loan will be automatically and completely forgiven.

The amounts due and payable under this Note shall be deferred until the sale, transfer, or refinancing of the Property. No interest will be charged on the Loan. The principal amount of the Loan shall be forgiven at a rate of one/fifth (1/5th) of the original principal balance of the Loan for each full year the Property is not sold, transferred, or refinanced. Such annual reductions shall take effect in arrears on the annual anniversary date of the Loan. The amount of the Loan due and payable at any time shall be determined after deducting the principal amount of the Loan which has been forgiven provided hereinabove.

The principal amount of this Note which has not been forgiven, shall be due and payable at the option of __ (name of lender) __ in the event of any sale, transfer, or refinancing of the Property which occurs within five (5) years of the date of this Note. In the event of any sale or transfer of the Property prior to five (5) years of the date hereof, an amount equal to the unforgiven pro rata share of the principal amount hereof shall be paid to Lender from any net gain realized, after deduction for sales expense and the amount payable to any senior lender or lien holder, unless the subsequent purchaser is a low- or moderate-income household as defined by the Affordable Housing Program regulations, 12 C.F.R. Part 951. In the event of any refinancing of the Property prior to five (5) years of the date hereof, an amount

equal to the unforgiven pro rata share of the principal amount hereof shall be paid to ___(name of lender)___ from any net gain realized upon refinancing, unless the Property continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism as defined by the Affordable Housing Program regulations, 12 C.F.R. Part 951.”

SECOND MORTGAGE AGREEMENT

The following is a sample of language which is to be inserted into a standard second mortgage to be executed by a home buyer in favor of a member and to be recorded in the appropriate local real estate records in which the Property being purchased is located in connection with funding received under the FFD:

GENERAL TERMS

“The loan being secured by this instrument has been made pursuant to the Federal Home Loan Bank Act, 12 U.S.C. §1421 et seq., and the Affordable Housing Program regulations issued thereunder, 12 C.F.R. Part 951 as well as the policies, procedures, and guidelines of the Affordable Housing Program and the First Front Door of the Federal Home Loan Bank of Pittsburgh, as each may be amended from time to time.”

TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST OF HOMEBUYER

“Provided that I own the Property purchased in connection with the First Front Door Program of the FHLBank for five (5) years or more from the date hereof and comply with the terms of the mortgage executed in connection herewith, the entire amount of the Loan will be automatically and completely forgiven.

The amounts due and payable under this Note shall be deferred until the sale, transfer, or refinancing of the Property. No interest will be charged on the Loan. The principal amount of the Loan shall be forgiven at a rate of one/fifth (1/5th) of the original principal balance of the Loan for each full year the Property is not sold, transferred, or refinanced. Such annual reductions shall take effect in arrears on the annual anniversary date of the Loan. The amount of the Loan due and payable at any time shall be determined after deducting the principal amount of the Loan which has been forgiven provided hereinabove.

The principal amount of this Note which has not been forgiven, shall be due and payable at the option of ___(name of lender)___ in the event of any sale, transfer, or refinancing of the Property which occurs within five (5) years of the date of this Note. In the event of any sale or transfer of the Property prior to five (5) years of the date hereof, an amount equal to the unforgiven pro rata share of the principal amount hereof shall be paid to Lender from any net gain realized, after deduction for sales expense and the amount payable to any senior lender or lien holder, unless the subsequent purchaser is a low- or moderate-income household as defined by the Affordable Housing Program regulations, 12 C.F.R. Part 951. In the event of any

refinancing of the Property prior to five (5) years of the date hereof, an amount equal to the unforgiven pro rata share of the principal amount hereof shall be paid to ___(name of lender)___ from any net gain realized upon refinancing, unless the Property continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism as defined by the Affordable Housing Program regulations, 12 C.F.R. Part 951.”

SAMPLE NOTE FOR USE IN FFD PROGRAM

Remove this notice before executing this document.

PLEASE CONSULT LEGAL COUNSEL TO ENSURE FULL COMPLIANCE WITH RECORDING AND OTHER REQUIREMENTS OF STATE LAW. BY PROVIDING YOU WITH THESE DOCUMENTS, THE FEDERAL HOME LOAN BANK OF PITTSBURGH IS IN NO WAY PROVIDING LEGAL ADVICE OR MAKING ANY REPRESENTATION AS TO THE EFFECTIVENESS OF THE DOCUMENTS.

SUBORDINATE NOTE

DATE: «close_date»

OWNER'S PROMISE TO PAY

FOR VALUE RECEIVED, «Owner_name(s)» ("Owner"), residing at «property_address», «property_city», «property_state» ("Property") promises to pay to the order of «lender_name» ("Lender"), maintaining offices at «headquarters_street_address», «headquarters_city_state_zip», «FFD subsidy amount» Dollars ("Subsidy") in lawful money of the United States of America, which is the amount of the direct subsidy that the owner received from the Lender through the Federal Home Loan Bank of Pittsburgh ("FHLB Pittsburgh") First Front Door Program ("FFD").

INTEREST

Interest shall not accrue on the Subsidy.

PAYMENTS; PREPAYMENTS PERMITTED

Owner shall make all payments hereunder at such address as the Lender may provide to the Owner. The Owner may repay the Subsidy, in whole or in part, at any time without penalty.

NOTICE OF SALE OR REFINANCING

Owner shall notify the Lender if the Owner sells or refinances the Property, which secures this Note, during the 5-year term of the Note ("Retention Period").

EVENTS OF DEFAULT

1. It shall be an Event of Default if the Lender determines that the Subsidy will not be or was not used for the purposes approved by the Lender, in which case the Subsidy not used in compliance with the approved purposes must be immediately repaid by the Owner.
2. In the event the Property is sold prior to the end of the Retention Period, the Owner agrees to repay to the Lender an amount equal to a pro rata share of the Subsidy, reduced for every year the Owner owned the property, from any net gain realized upon the sale of the Property, after deduction of sales expenses ("Repayment Obligation"), unless the purchaser is a low- or moderate-income household, as defined by the Federal Housing Finance Board's Affordable Housing Program Regulations 12 CFR 951 et seq. as may be amended, and as determined by the FHLB Pittsburgh.
3. In the event the Owner refinances the Property prior to the end of the Retention Period, the Owner must repay the Lender an amount equal to a pro rata share of the Subsidy reduced for every year that the Owner owned the Property, from any net gain realized on the refinancing, unless the Property continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism incorporating the notice of sale or refinancing requirements set forth in this Paragraph 3 and in Paragraph 2 above.

FORECLOSURE

The obligation to repay the Subsidy to the FHLB Pittsburgh or the Lender shall terminate after any foreclosure.

FORGIVENESS

The Owner hereby acknowledges and understands that the Subsidy represents a reduction in the Owner's purchase for the Property, which shall be used as the Owner's primary residence. Provided that the proceeds from the Subsidy are used for the approved purposes set forth herein, and no Event of Default has occurred, the Subsidy will be forgiven five years from the date hereof (the "Expiration Date") and no payment will be due on the Subsidy.

CHANGES IN TERMS

This Note may not be changed orally, but may be changed only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

WAIVERS

All parties to the Note, whether maker, principal, surety, guarantor, or endorser, hereby waive demand, notice, and protest.

IN WITNESS WHEREOF, the undersigned has executed this instrument as of the date and year above set forth.

Owner

Owner

SAMPLE PENNSYLVANIA MORTGAGE FOR USE IN FFD PROGRAM
SUBJECT TO ANY ADDITIONAL STATE LAW REQUIREMENTS.

Remove this notice before executing and recording this document.

PLEASE CONSULT LEGAL COUNSEL TO ENSURE FULL COMPLIANCE WITH RECORDING AND OTHER REQUIREMENTS OF STATE LAW. BY PROVIDING YOU WITH THESE DOCUMENTS, THE FEDERAL HOME LOAN BANK OF PITTSBURGH IS IN NO WAY PROVIDING LEGAL ADVICE OR MAKING ANY REPRESENTATION AS TO THE EFFECTIVENESS OF THE DOCUMENTS.

Prepared by and Return to:

Above space is intentionally left blank for recording data

SUBORDINATE MORTGAGE

THIS MORTGAGE is made on _____ by <Owners' name>

_____ ("Owner")

in favor of _____ <Lender's name> ("Lender"), maintaining

offices at _____ <Lender's address>.

WHEREAS, the Federal Home Loan Bank of Pittsburgh ("FHLB Pittsburgh") is providing a direct subsidy in the amount of _____

<FFD subsidy amount>

(\$ _____) Dollars ("Subsidy") under its First Front Door Program to the Owner, through the Lender, in connection with the purchase of a home by the Owner, which shall be used as the Owner's primary residence; and

WHEREAS, the Owner has executed and delivered to the Lender a Subordinate Mortgage Note ("Note") dated this date, providing for the payment Subsidy when required pursuant to the terms of the Note.

NOW, THEREFORE, to secure the repayment of the Subsidy, the Owner does hereby mortgage, grant and convey to the Lender the following described real property located in the County of _____, Commonwealth of Pennsylvania, which real property has the address of _____, and is described as follows:

See Appendix "A" attached hereto and incorporated herein.

TOGETHER with all the improvements now or hereafter erected in the property, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water rights and water stock, and all fixtures nor or hereafter attached to the property, all of which including replacements and additions thereto, shall be deemed to be and remain a part of the property covered by this Mortgage ("Property").

OWNER'S COVENANT

The Owner covenants and warrants that the Owner lawfully owns the Property hereby conveyed and has the right to mortgage, grant and convey the property to the Lender.

GENERAL TERMS

The Subsidy being secured by this Mortgage has been made pursuant to the Federal Home Loan Bank Act, 12 U.S.C. 1421 et seq., and the Affordable Housing Program regulations issued thereunder, 12 C.F.R. Part 951 as well as the policies, procedures, and guidelines of the Affordable Housing Program and First Front Door Program of the Federal Home Loan Bank of Pittsburgh ("FHLB"), as each may be amended from time to time.

EVENTS OF DEFAULT

1. It shall be an Event of Default if the Lender determines that the Subsidy will not be or was not used for the purposes approved by the Lender, in which case the Subsidy not used in compliance with the approved purposes must be immediately repaid by the Owner.
2. In the event the Property is sold prior to the end of the Retention Period, the Owner agrees to repay to the Lender an amount equal to a pro rata share of the Subsidy, reduced for every year the Owner owned the property, from any net gain realized upon the sale of the Property, after deduction of sales expenses ("Repayment Obligation"), unless the purchaser is a low- or moderate-income household, as defined by the Federal Housing Finance Board's Affordable Housing Program Regulations 12 CFR 951 et seq. as may be amended , and as determined by the FHLB Pittsburgh.
3. In the event the Owner refinances the Property prior to the end of the Retention Period, the Owner must repay the Lender an amount equal to a pro rata share of the Subsidy reduced for every year that the Owner owned the Property, from any net gain realized on the refinancing, unless the Property continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism incorporating the notice of sale or refinancing requirements set forth in this Paragraph 3 and in Paragraph 2 above.

DEFAULT

If the Owner discontinues use of the property as a primary residence, as required by this Mortgage or the Note, or if the Owner violates any other term of this Mortgage or the Note, the Lender may declare this Mortgage to be in default, and accelerate all outstanding indebtedness, by declaring all sums remaining due under this Mortgage to be immediately due and payable in their entirety. In such event, the Lender may institute an action of mortgage foreclosure against the Owner, or such other form of civil action as is determined appropriate by the Lender. If it is necessary for the Lender to institute such legal action, the Owner agrees that the Owner will pay all costs and reasonable attorney's fees actually incurred by the Lender.

PRESERVATION AND MAINTENANCE OF PROPERTY

The Owner shall maintain the Property in good repair and shall not commit waste or permit impairment of deterioration of the Property.

TAXES AND INSURANCE

The Owner agrees that all real estate taxes, water and sewage charges, and other charges that are levied against the Property will be paid in a timely manner. The Owner further agrees that the Owner will maintain adequate liability and hazard insurance to protect the Property against risk of loss, and that the Lender will be named as a Mortgagee on any such policy.

In the event that the Owner fails to maintain adequate liability and hazard insurance, the Lender may obtain such coverage and add its costs to the amount owed to the Lender by the Owner.

CONDEMNATION

The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to the Lender in an amount sufficient to satisfy any outstanding indebtedness owed to the Lender.

REMEDIES CUMULATIVE

All remedies provided in the Mortgage are distinct and cumulative to any other right or remedy under this Mortgage or the Note or afforded by law or in equity, and may be exercised concurrently, independently or successively.

FOREBEARANCE IS NOT A WAIVER

Any forbearance by the Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law shall not be a waiver or preclude the exercise of any such right or remedy at any time.

GOVERNING LAW: SEVERABILITY

This Mortgage shall be governed by the laws of the Commonwealth of Pennsylvania. In the event that any provisions or clause of this Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision, and to this end, the provisions of the Mortgage and Note are declared to be severable.

NOTICE

Except for any notice required under applicable law to be given in another manner, (a) any notice to the Owner provided for in this Mortgage shall be given by mailing such notice by first class or registered or certified mail addressed to the Owner at the Property address or at such other address as the Owner may designate by notice to the Lender as provided herein, and (b) any notice to the Lender shall be given by first class or registered or certified mail return receipt requested, to the Lender address stated herein such other address as the Lender may designate by notice to the Owner as provided herein. Any notice provided for in this Mortgage shall be deemed to have been given to the Owner or the Lender when given in the manner designated herein.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the Owner has executed this Mortgage on the day and year first above written.

WITNESS:

(Owner)

(Owner)

COMMONWEALTH OF PENNSYLVANIA :
COUNTY OF _____ : SS

On this, the _____ day of _____, 20____, before me _____ the undersigned officer, personally appeared _____, known to me (or satisfactorily proven) to be the person whose name(s) is (are) subscribed to within instrument and acknowledged that _____ executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public (SEAL)

INCOME CLASSIFICATION

I. FFD INCOME GUIDELINES

The FFD program requires that a determination of a recipient's household income be established. The household income is to be determined based on documentation. It is not to be estimated. Annual household income as defined within.

II. FFD INCOME TIMEFRAME

Income is determined at the time the household is qualified for participation in the FFD program.

III. FFD INCOME VERIFICATION

In order to determine income eligibility, the member bank for FFD applicants must obtain verification of all income sources of all adult household members age 18 and older, as well as benefits paid on behalf of minors in the household. Income from assets is to be included in annual income.

IV. FFD INCOME LIMITS

The U.S. Department of Housing and Urban Development (HUD) publishes median income information. These limits are published by HUD on an annual basis and will be used for the FFD program to determine whether a household's income is very low, low or moderate.

V. FFD ANNUAL INCOME INCLUSIONS

The following sources are to be included when calculating a household's annual income:

1. The gross amount (before any payroll deductions) of wages and salaries, overtime pay, commissions, fees, tips, bonuses, and other compensation for personal services of all adults of the household, except that of full-time students in excess of \$480. Includes salaries received from a family-owned business.
2. Net income, salaries, and other amounts distributed from a business.
3. The gross amount (before deductions for Medicare, etc.) of periodic Social Security payments. Includes payments received by adults on behalf of minors or by minors for their own support.

Note: If Social Security is reducing a family's benefits to adjust for a prior over-payment, use the amount remaining after the adjustment for the over-payment. This is usually the "gross" amount reported on Social Security's verification form.

4. Annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts.
5. Lump-sum payments received because of delays in processing unemployment, welfare, or other benefits. This does not apply to a lump-sum payment for the delayed start of Social Security.
6. Payments in lieu of earnings, such as unemployment and disability compensation, workers' compensation, and severance pay. Any payments that will begin during the next 12 months must be included.
7. Welfare Assistance:
 - If the payment includes an amount specifically designated for shelter and utilities and the welfare agency adjusts that amount based upon what the family is currently paying for shelter and utilities, special calculations are required.
 - If the welfare agency is reducing the family benefits to adjust for a prior overpayment, use the amount remaining after the adjustment for the overpayment. This is usually the "gross" amount reported on the welfare agency verification form.
8. Alimony and Child Support.
9. Interest, dividends, and other income from net family assets (including income distributed from trust funds). On deeds of trust or mortgages, only the interest portion of the monthly payments received by the applicant is included.
10. All regular pay, special pay, and allowances (except hazardous duty pay) paid to a member of the Armed Forces who is a family member and is the spouse or head of household (whether or not living in the dwelling) and is age 18 or over and has dependents living in the unit.
11. Lottery winnings paid in periodic payments. (Winnings paid in a lump sum are included in net family assets, not in Annual Income.)
12. Recurring monetary contributions for gifts regularly received from persons not living in the unit. (Includes rent or utility payments regularly paid on behalf of the family.)
13. NOTE FOR INTERMEDIATE CARE FACILITIES FOR THE MENTALLY RETARDED (ICF/MR) where Medicaid pays the ICF/MR directly for services and rent and pays the resident only a small personal allowance, e.g., \$30. Owners must not add the personal allowance to the SSI amount. Annual income must include:

- The Supplemental Security Income (SSI) payment the resident would receive if he/she were not living in a group home.
- All income the resident receives from sources other than SSI, e.g., wages, training workshops, interest income, etc,

14. Title II relocation payments authorized by the Uniform Relocation Act of 1970.

VI. Overtime, Bonuses and Commissions

Please use overtime, bonuses and commission income to qualify a participant according to the following guidelines.

- If the participant has been employed by the same employer for 2 complete previous calendar years and there is a full two year calendar history of overtime, bonus, or commission, use the base salary plus an average of the two year overtime, bonus or commission.
- If there is no two year history or if the current year overtime, bonus or commission exceeds the average, use the year-to-date income to calculate the annual income.

VII. FFD ANNUAL INCOME EXCLUSIONS

1. Employment income of children (including foster children) younger than 18 and employment income of full-time students 18 and older in excess of \$480 (except head of household and spouse).
2. Food stamps, meals on wheels, or other programs that provide food for the needy; groceries provided by persons not living in the household.
3. Grants or other amounts received specifically for:
 - Auxiliary apparatus for a person with a handicap or disability.
 - Expenses for attendant care provided by someone other than a family member living in the household.
 - Medical expenses.
 - Set aside for use under a Plan to Attain Self Sufficiency (PASS) and excluded for purposes of Supplemental Security Income (SSI) eligibility.

- Out-of-pocket expenses for participation in publicly assisted programs and only to allow participation in these programs. These expenses include special equipment, clothing, transportation, childcare, etc.
4. Income associated with persons that live in the unit but are not household members. Includes:
 - Payments received for care of foster children and foster adults.
 - Income of live-in attendants.
 5. The principal portion of payments received on mortgages or deeds of trust.
 6. All amounts for student financial assistance.
 7. Hazardous duty pay to a family member in the military.
 8. Lump-sum additions to family assets, such as inheritances, cash from sale of assets, one-time lottery winnings, insurance settlements under health and accident insurance and workmen's compensation, settlement for personal or property losses. Lump-sum payments of SSI and Social Security benefits received as deferred payments.
 9. Casual, sporadic, or irregular gifts.
 10. Payments, rebates, or credits received under Federal Low Income Home Energy Assistance Programs. Includes any winter differentials given to elderly.
 11. Annual rent credits or rebates paid to senior citizens by government agencies.
 12. Payments received under training programs funded by HUD (Comprehensive Improvement Assistance Program).
 13. Income excluded by federal statute:
 - Relocation payments received under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.
 - Allotment value of coupons made under Food Stamp Act of 1977.
 - Payments received under Domestic Volunteer Service Act of 1973 (employment through VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, and senior companions).
 - Payments received under Alaskan Native Claims Settlement Act.

- Payments from certain sub-marginal U.S. land held in trust for certain Indian tribes.
 - Payments, rebates, or credits received under Federal Low Income Home Energy Assistance Programs. Includes any winter differentials given to elderly.
 - Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for native Americans and migrant and seasonal farm workers. Job Corps, veterans employment programs, State job training programs, career intern programs).
 - Payments from disposal of funds of Grand River Band of Ottawa Indians.
 - The first \$2,000 of per capita shares received from judgments awarded by the Indian Claims Commission of the Court of Claims or from funds the Secretary of Interior holds in trust for an Indian tribe.
 - Payments received under Title V of the Older Americans Act (Green Thumb, Senior Aides, Older American Community Service Employment Program).
 - Student loans (regardless of how they are actually spent).
 - Payments received after January 1, 1989 from the Agent Orange Settlement Fund or any other fund established pursuant to the statement in the In Re Agent Orange product liability litigation, NML No. 381 (EDNY).
 - Scholarships funded under Title IV of the Higher Education Act of 1965, including awards under the Federal work-study program or under the Bureau of Indian Affairs student assistance programs, or veterans benefits, that are made available to cover the costs of tuition, fees, books, equipment, materials, supplies, transportation, and miscellaneous personal expenses. Examples include Pell Grants, Supplemental Opportunity Grants, State Student Incentive Grants, College-Work Study and Byrd Scholarships.
 - Payments received under the Maine Indian Claims Settlement Act of 1980 (Pub. L. 96-420, 9z Stat. 1785).
 - Holocaust reparation payments (effective 04-23-93).
14. Amounts received by a person with a handicap or disability that are set aside for use under a Plan to Attain Self-Sufficiency (PASS).
15. Resident services stipends of \$200 per month or less, received for performing services for the project owner that enhance the quality of life in an assisted housing development such as lawn maintenance, coordination of project activities, etc.

16. Adoption assistance payments in excess of \$480 per adopted child.
17. State homecare payments to families that have developmentally disabled children or an adult family member living at home.
18. Compensation received under a state or local employment training program or from a program to train residents as management staff. (This exclusion only covers compensation received while the resident participates in the training program and the duration of training must be for a limited period determined in advance.

VIII. CALCULATING INCOME FROM EARNINGS AND BENEFITS

Verified income must be converted to annual amounts by using the following calculations:

To annualize full-time employment income, multiply;

- hourly wages by 2080 hours;
- weekly wages by 52;
- biweekly amounts by 26;
- semi-monthly amounts by 24;
- monthly amounts by 12.

Note: Overtime pay must be considered here. Please include all overtime pay amounts in addition to the base or hourly pay calculations. See section VI.

Annual wages should always reflect a full 12-month period, regardless of the pay schedule. For example, if a schoolteacher earns a gross annual salary of \$17,000, the \$17,000 should be used as annual salary whether the teacher is paid over only nine months or throughout the year.

For the self-employed, use the average of the prior two years business income as shown on the tax return; if income is negative, use 0 to average.

If a family indicates that income might not be received for the full 12 months, i.e., unemployment compensation, the member should still annualize the income, i.e., income benefits may be extended.

IX. CALCULATING INCOME FROM ASSETS for FFD

To arrive at an income from assets, the member bank must verify all assets and income derived from such assets. Include all income from eligible assets that the recipient (borrower) has been receiving for two years and will continue to receive.

To calculate income from assets, a 2% annual interest rate will be used to determine asset income. This percentage is automatically calculated on the Participant Registration Form.

X. ASSETS TO BE INCLUDED AND EXCLUDED

ASSETS INCLUDED:

1. Amounts in savings.
2. Stocks, bonds, Treasury Bills, certificates of deposit, money market funds.
3. Equity in real property or other capital investments. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and reasonable costs (such as broker fees) that would be incurred in selling the asset.
4. Principal value of trusts that are available to the household.
5. Personal property -held as an investment (such as jewelry or antiques).
6. Inheritances, lottery winnings, capital gains, insurance settlements and other lump-sum amounts.
7. Assets disposed of for less than Fair Market Value within two years of program qualification (If the Fair Market Value of the disposed assets exceeds the gross amount received by more than \$1,000, include the whole difference between the cash value and the amount received. If the difference is less than \$1,000, ignore it).

ASSETS EXCLUDED:

1. Personal Property, except as noted in Number 7 above.
2. Interests in Indian trust lands.
3. Assets that are part of an active business or farming operations.
4. Assets an applicant/resident legally owns but are not accessible by the applicant, e.g., a battered spouse owns a house with her husband but, because of the domestic situation, she receives no income from the asset and cannot convert it to cash.
5. Assets that are not effectively owned by the applicant, i.e., when asset is held in applicant's name but:

- Asset and income from asset accrue to someone else; and
 - That other person is responsible for paying taxes on the asset income.
 - Not to be confused with joint ownership.
6. Equity in the cooperative unit in which the family lives.
 7. Life insurance Policies that have no cash value to the individual before death.

XI. INCOME AND ASSET VERIFICATION

1. All sources and forms of income and a third party must verify assets. Third party verification must be received by the member bank for FFD participants prior to loan closing.

XII. REQUIRED INCOME VERIFICATION DOCUMENTS (per type of income)

All items that affect a household's income eligibility must be verified.

- Verification of Employment (VOE, FNMA Form 1105) *
- Two months current pay stubs, the dates of which are within three months of registration submission
- Copies of one full month checking, savings, and brokerage statements
- Social Security Statement/letter
- Pension Statement/letter
- Alimony/child support-court records, copies of cancelled checks, divorce decree, or separation agreement
- VA letter/distribution form
- Welfare letter
- Other forms of verification may be acceptable provided the information is provided and signed by a third party.

Member Enrollment Form Checklist

Member Information

- Provide official name, address of main executive offices, general phone number (not specific to any one contact), and your institution's FHFBS docket number.

Contact Information

- Registration/Approval Contact
 - Provide registration/approval contact who is the individual primarily responsible for processing, submitting and acting as the liaison for registering FFD participants.
 - Provide registration/approval contact's full name, title, business address, phone, fax and e-mail address.
- Funding/Reimbursement Contact
 - The funding/reimbursement contact is the individual responsible for processing, submitting and acting as the liaison for FFD grant reimbursement request. It is preferable that only one (1) contact per institution be identified for this function.
 - Provide funding/reimbursement contact's full name, title, business address, phone, fax and e-mail address.
- Chief Residential Loan Officer
 - Provide Chief Residential Loan officer's full name, title, business address, phone, fax and e-mail address.
- Manager of Branch Operations
 - Provide Manager of Branch Operation's full name, title, business address, phone, fax and e-mail address.

Concessions Information

- List the concession(s) your bank will award to FFD participants. Eligible concessions are listed in the Definitions section of this manual.
- Under the *Concession* heading, list the concession(s) your institution will provide to the participant. Under the *Standard* heading and corresponding to the listed concession, list the bank standard for that item.

Concession

Standard

Ex: Lower points to 1.5%

3% for points is the average

(FFD participant is only charged 1.5% for points when the standard customer is normally charged 3% on average)

NOTE: All concessions listed are to be awarded to each FFD participant. If the agreed upon concessions are not awarded to a specific participant, the FHLB reserves the right to determine whether the alternative concessions are equivalent to the agreed upon concessions and whether the grant will be disbursed. Failure to

provide the full complement of concessions may result in a loss of reimbursement for that grant.

Counseling Information

- Provide information and verification regarding counseling organizations
 - List the agency's complete name under Agency
 - Indicate whether or not it is a HUD approved homeownership counseling agency
 - By check mark, verify that the pre-homeownership counseling program covers at least four (4) topics or more from the listing provided under Pre-Homeownership Counseling in the Definitions section of this manual; the counseling must include predatory lending
 - By check mark, verify that the aggregate counseling time is four (4) hours or more in length and is conducted in a group session or through individual consultation

Member Agreement/Authorization

- Signature of appropriate member representative, representative's typed name, current title and date.

Any form not completed in its entirety and submitted with all required documentation will be returned to the member institution for completion and resubmission.

Participant Registration Form Checklist

Registration Form

- Complete all sections
- Sign the form
- Attach copy of most current executed Federal income tax return
- Attach copies of third party income documentation

Member Information

- State member's full legal name
- Enter the member contact information

Participant/Household Information

- State the participant name
- State the participant's full address, including street address, city state, zip code, county
- State the number of adults & children in the household; the spreadsheet will calculate the total household size
- State that the participant is a first-time homebuyer, as defined by the program
- State the amount that the participant will contribute to the purchase of the home

Income Calculation

- Income
 - List each household member who receives income
 - State the source document used to verify income
 - Enter the annual income for that individual from that source
 - Attach copies of the third party documentation
- Assets
 - List the type of asset, for example, savings account, brokerage account
 - Note the document used to validate the asset
 - Indicate the asset value
 - State the annual income generated by the asset (the spreadsheet automatically applies a 2% interest rate)
 - Attach third party documentation
- Other income
 - Answer yes or no to each type of income
 - For other, note the source of the income

Certification and Signature

- Sign and date the form

Any form not completed in its entirety and submitted with all required documentation will be returned to the member institution for completion and resubmission.

Funds Distribution Form Checklist

Funds Distribution Form

- Complete all sections
- Sign and date the form
- Attach copies of documents noted on page 2 of the form
- **If a recipient receives more than \$250 back at closing, it must be used to reduce the principal of the mortgage or as a credit toward the household's monthly mortgage loan payments.**

Member Bank Contact Information

- State member's full legal name
- Enter the member contact information

Participant Information

- State the participant's name and ID#
- State the participant's new address, including street, city, county, state, zip code, census tract
- State the Congressional district where the property is located, whether it is urban or rural, the amount of the FFD grant shown on the final HUD-1

Participant's First Mortgage/Concessions Information

- Complete both standard mortgage/standard concession information and FFD participant information
- Be sure to enter the annual percentage rate and whether the mortgage is a HOEPA loan
- Concessions – list the standard information (fees, charges) and FFD participant information

Homebuyer Counseling Information

- Note the counseling organization and the number of hours of counseling, and confirm that the certificate notes the number of hours
- Check yes to indicate that the counseling included predatory lending

Needs Assessment

- Buyer's Contribution
 - List all monies contributed by the buyer
 - Gifts of cash and equity and short term loans, as defined by the program, should be included on the same line as the earnest money
 - The spreadsheet totals the contributions and indicates the 3-to-1 match, which never exceeds the maximum grant of \$5,000
 - The spreadsheet also indicates if the homebuyer has contributed more than \$15,000 for the purchase of the home, which makes the homebuyer ineligible for the grant

**Funds Distribution Form
Checklist (continued)**

Need Assessment (continued)

- **Affordability**
 - List the first mortgage monthly principal and interest payments
 - List any second and third mortgage monthly principal and interest payments
 - List the annual taxes
 - List the annual hazard and private mortgage insurance payments
 - The worksheet calculates the monthly taxes and insurance amounts
 - Enter the household annual income as calculated by the FHLBank
 - The spreadsheet calculates the percent of household monthly income applied toward the monthly PITI
 - If the percent is less than 15%, a supplementary needs analysis is required
 - For any second or third mortgage, excluding FFD, indicate the amount, rate, term, APR and whether or not it is a HOEPA loan

- **Documentation**
 - Attach copy of final executed HUD-1

NOTE:

For 2008, copies of the first mortgage and note, the FFD mortgage and note and the counseling certificate are not required to be submitted with each Funds Distribution Form. Please be aware that the Compliance Manager may request copies of these documents at a later date and the member will need to have these available. For newly enrolled members, a draft of the FFD mortgage and note that the member will use for participants is required with the member's initial 2008 funding request.

- **Certification and Signature**
 - Sign and date the form

Any form not completed in its entirety and submitted with all required documentation will be returned to the member institution for completion and resubmission.

PROCESS OUTLINE

Member Enrollment

Review FFD Instructions Manual

Upon thorough review of instructions manual

Complete Member Enrollment Form and
FFD Agreement

Forward completed material to the FHLBank

Notification Will be forwarded from the FHLBank regarding program entry approval

If approved, written verification will be forwarded

If declined based on the initial review, a FHLBank representative will contact you regarding the decision.

Upon program entry

Participant Registration

Identify Potential home buyers / FFD participants

*If participant meets FFD program requirements
(first-time home buyer, household income below 80% area median)*

Complete Participant Registration Form

Attach All required documentation

Forward completed material and attachments to the FHLBank.

Notification Of approval will be forwarded in writing to the registration contact and will include (1) the maximum grant amount, (2) participant's FFD identification number, (3) the grant expiration date and (4) the participant's stated contribution amount. (5) participant's annual income as calculated by FHLBank.

Of "ineligibility" will be forwarded in writing to the registration contact including the reason(s) for declining the applicant.

From the date of approval, applicant has six (6) months to go to settlement and submit a complete Funds Distribution Form

Funds Reimbursement

Before mortgage settlement

Conclude Mortgage settlement and obtain copies of all necessary documentation

Complete Funds Distribution Form

Attach All required documentation

Forward completed material and attachments to the FHLBank

Notification (A) If Funds Distribution Form is incomplete or required documentation is omitted, the entire reimbursement request package will be returned to the funding contact for correction and resubmission.

Upon receipt of complete and correct funding information, proceed to (B) below

(B) If grant reimbursement is approved and all documentation is sufficient, reimbursed funds will be forwarded via the sponsoring member bank's DDA account and the member will be notified of reimbursement, including reimbursed amount and date of reimbursement

Periodically

Monitoring Monitoring may be performed to ensure compliance with the FFD policies and guidelines

Mortgage Settlement Costs - Federal Reserve Standards

Application fee	\$74 - \$300 includes cost of credit report
Loan origination fee also called underwriting fee, administrative fee or processing fee	1% to 1.5% of loan amount
Points	0% - 3% of loan amount
Appraisal fee	\$300 - \$700
Home inspection fee	\$175 - \$350
Private mortgage insurance year	0.5% to 1.5% of loan amount to pre-pay for first year
Homeowner's insurance	\$300 - \$1,000
Flood determination fee	\$15 - \$50
Flood insurance	\$350 - \$2,800 (depending on location and property value)
Survey costs	\$150 - \$400

FFD FAQs

- Q:** Can a gift count toward the homebuyer's contribution?
A: Yes, provided the gift is from a close relative and there is a letter confirming that it is a gift.
- Q:** Can a grant count toward the homebuyer's contribution?
A: No.
- Q:** If the homebuyer has set up an IDA and receives matching funds from the state, can the matching funds count toward the homebuyer's contribution?
A: No. Only the portion that is the homebuyer's actual funds will count toward the homebuyer's contribution. For example, if an individual has saved \$500 and receives another \$500 from the state, only the homebuyer's \$500 will be eligible for the FFD match.
- Q:** Are one-time distributions counted toward the annual income?
A: No. If the homebuyer receives a one-time distribution from an IRA or 401(k), it will not be counted toward the annual income.
- Q:** Is the FFD mortgage in the FHLBank's name or the member bank's name?
A: The FFD mortgage is in the member bank's name.
- Q:** Can the FFD mortgage be subordinated?
A: Yes. If there is funding from a city or county and the amount exceeds the FFD grant, the FFD mortgage may take a third or fourth position.
- Q:** If the homebuyer refinances his mortgage, can the FFD mortgage be subordinated?
A: The FHLBank has no objection to the subordination. However, it is solely the member bank's decision whether or not to subordinate, and it is the member bank's responsibility to prepare any subordination document.
- Q:** If the homebuyer sells his home prior to the expiration of the five-year retention period, is there a pro-rata recovery of the grant?
A: There may be. The recovery is to be paid from the net gain realized upon the sale of the home, after the deduction for sales expenses.
- Q:** Are foster children included as household members and is the income that the household receives for their care included in the household income?
A: Foster children are not included as household members and the income that the household receives for their care is not included in the household income.
- Q:** Is the housing and food allowance which a minister receives included in the household income?
A: Yes, the housing and food allowance is included in the household income.
- Q:** If the home is foreclosed prior to the expiration of the five-year retention period, is there any obligation to repay any part of the grant?
A: No. The obligation to repay any part of the grant terminates upon foreclosure.

- Q:** Is someone who is purchasing a duplex with the intent of living in one unit and renting the other unit eligible for a FFD grant?
- A:** No, this is considered investment property.

FHLBank Pittsburgh

Community Investment Department
Federal Home Loan Bank Building
601 Grant Street
Pittsburgh, Pennsylvania 15219-4455

1-800-288-3400
(412) 288-2826
Fax: (412) 288-4578

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