

First Home Club Savings Plan Information

What is the First Home Club?

The First Home Club is a program provided through the Federal Home Loan Bank of New York (FHLBNY) to help individuals and families save money toward down payment and closing costs. Households may earn a grant of up to \$7,500 toward down payment and closing costs by completing a dedicated savings plan through a local, participating bank.

How does it work?

The Federal Home Loan Bank of New York will match \$4 for every \$1 that a household saves in a dedicated savings plan. Participants must save for a minimum of ten months, maximum of twenty-four months, to qualify. When enrolling in the program, a savings plan is determined, declaring the amount of money that will be saved on a monthly basis and the number of months over which the household will complete the plan. The money must be saved consistently on a monthly basis and not deposited in lump sums.

The savings account is held at a local Member Bank that participates with the First Home Club program. Households will want to select a bank that offers branches in the area where they live and intend to purchase a home. It is up to the household to stay on top of the savings plan and make certain that all deposits are completed in full on a monthly basis. If the plan is completed as declared, the Federal Home Loan Bank will provide, at settlement, the matching money towards the home purchase.

Who can join?

In order to participate, you must be income eligible (see enclosed guidelines) and be a first time home buyer (see enclosed definition).

How do I sign up?

First, be certain that you have all of the necessary income documentation (see attached list) required to enroll in the program. Next, schedule an appointment to meet with a Home Start counselor and bring all of your documents with you. During this meeting you will sign the paperwork to enroll in the program. Finally, you take your enrollment form to a local branch of the participating bank that you have chosen and open a First Home Club savings account.

Once the account is opened, you must follow up with your Home Start counselor so that you will be enrolled during the next FHLBNY open enrollment period. Please note, you are *not* enrolled with the Federal Home Loan Bank until all of these steps are completed. If you fail to notify Home Start once your account has been opened and submit any remaining documents, you will not be enrolled with the FHLBNY right away and your matching funds may not be available to you upon the completion of your savings period.

This packet of information has been compiled for you by Home Start, Inc. and The Affordable Homes Group, Inc. to help explain and outline the program offered by the Federal Home Loan Bank of New York. If you have questions about the rules and guidelines of the program, please ask a Home Start counselor. This information is provided by Home Start and does not come directly from FHLBNY. To verify any of the information contained here, or to contact the FHLBNY, please visit their website at <http://www.fhlbny.com>.

Is there some kind of catch?

There are two important things you should know before entering the program.

First, this money is not given to you free and clear. The matching funds are a grant, and there is a five-year recapture period during which you must remain in the home. You will sign a second mortgage at closing to receive the grant money, which allows the FHLBNY to reclaim the funds if you sell the house or fail to occupy it as a principal residence during the first five years. If you remain in the house for at least five years, the money is forgiven - free and clear. If you sell the home before that five years is up, you must repay 20% of the funds for each year that you do not remain in the home. If you refinance your mortgage and take out equity, you may also be required to repay all or a portion of the funds.

Second, you must obtain a mortgage loan through the participating Member Bank where you complete your savings when it comes time to purchase a home. You need not qualify for a loan at the time that you begin the savings program, but must meet the bank's lending criteria in order to purchase and ultimately receive the matching grant.

What if I sign up and do not complete the savings plan as declared?

If you fail to complete the savings program at any time, you will no longer be eligible to receive the matching grant funds. Any money that you have saved in the bank will always be yours to keep.

If you fail to complete your savings plan, but still wish to participate in the program, you have the option to start over again with a new savings plan. You will first be dis-enrolled and then you can re-enroll in the program. You will be required to start the whole process over by providing up-to-date income documentation, opening a new savings account, and following up with your counselor. Please note that you must begin again at month one, even if you completed ten-plus months of savings before being dis-enrolled.

If you have started the savings plan and come across trouble at any point, be sure to contact your counselor right away. In some cases, the matter may be resolved without you being dis-enrolled from the program. Remember to ask for help when you need it. Your counselors are here to work with you throughout the savings process, all the way until closing.

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Things to Remember

- Household size must include all household members 18 years of age or older, and number of dependents included in household size must be legal dependents.
- Household income must include that of all members 18 years of age or older. It must also include child support, alimony, SSD or SSI, and any other supplemental income you may receive. Although you are not required to report all of these things as taxable income, they are included in determining your eligibility for grant programs.
- You must make your deposits each month in the amount declared in the savings plan - no more, no less. If you sign up for \$100 per month, you must save \$100 per month - not \$150 one month and \$50 the next. If you do not adhere to the plan, you may not receive matching funds from the Federal Home Loan Bank.
- There is no minimum savings commitment. There is only a maximum household limit of \$1,875 savings to receive the matching grant of \$7,500 dollars from the FHLBNY. You are not required to save this much, and there is no monthly minimum. The FHLBNY will simply match four times what you save up to the \$7,500 limit.
- Try not to bite off more than you can chew. You should not attempt to save more than you are capable of doing just to try to reach the maximum savings. If you stretch yourself beyond your means, the result could be that you miss a month of savings, and you will be disqualified yourself from the matching money. If you are determined to save as much as is possible, consider extending your savings period for a few more months.
- You must qualify for a mortgage loan in order to purchase a home and obtain the grant money after you have completed your savings plan. Participation in the First Home Club does not guarantee you loan approval. However, you do not have to be qualified for a loan at the time you *begin* the savings plan. Many participants use this time to work on cleaning up their credit reports or establishing their income.
- The total money available between the household savings and the matching money may not be enough to cover *all* of your down payment and closing costs. Other grant funds may be used in conjunction with this program. You must meet the criteria of each grant source to qualify for their funding. For example, the County of Burlington offers a grant and requires applicants to put down 3% of their own funds on a purchase to receive the grant. If the \$1,875 saved through this program is not enough to meet the 3% down payment, a household will have to contribute more savings to obtain the County grant. The \$7,500 provided by the FHLBNY is not recognized as a household's own funds.
- You are not required to close on the purchase of a home in the final month of your savings period. You have up until the 24th month from the time you open your account in order to purchase a home and receive the grant funds. You are not required to save during those extra months but you may not make any withdrawals from the account. Your original savings commitment must remain in the account until the time that you purchase the home to receive the matching grant funds.

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Definition of a First Time Homebuyer

42 U.S.C. § 12704(14)

UNITED STATES CODE ANNOTATED
TITLE 42. THE PUBLIC HEALTH AND WELFARE
CHAPTER 130--NATIONAL AFFORDABLE HOUSING
SUBCHAPTER 1--GENERAL PROVISIONS AND POLICIES

§ 12704. Definitions

As used in this subchapter and in subchapter II of this chapter:

...(14) The term "first-time homebuyer" means an individual and his or her spouse who have not owned a home during the 3-year period prior to purchase of a home with assistance under subchapter II of this chapter, except that--

(A) any individual who is a displaced homemaker may not be excluded from consideration as a first-time homebuyer under this paragraph on the basis that the individual, while a homemaker, owned a home with his or her spouse or resided in a home owned by the spouse;

(B) any individual who is a single parent may not be excluded from consideration as a first-time homebuyer under this paragraph on the basis that the individual, while married, owned a home with his or her spouse or resided in a home owned by the spouse; and

(C) an individual shall not be excluded from consideration as a first-time homebuyer under this paragraph on the basis that the individual owns or owned, as a principal residence during such 3-year period, a dwelling unit whose structure is--

(i) not permanently affixed to a permanent foundation in accordance with local or other applicable regulations, or

(ii) not in compliance with State, local, or model building codes, or other applicable codes, and cannot be brought into compliance with such codes for less than the cost of constructing a permanent structure.

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10 Steps to Savings: First Home Club Enrollment Process & Procedures

Step 1:

Attend an Open Door to Homeownership meeting and complete the homebuyer education classes offered by Home Start. It is recommended that complete the classes prior to entering the First Home Club, although this may be done during your savings period, if necessary. Attending the training will help you learn how to prepare a budget and determine the time frame in which you may be able to purchase a home, which will in turn help you decide on a savings plan.

Step 2:

Gather together the required preliminary documentation to present to a Home Start counselor (see *Required Documentation* sheet), including verification of your total household income.

Step 3:

Set an appointment to meet with your Home Start counselor. Be sure to bring all of the necessary items with you. During your appointment you will sign the Enrollment Terms and Conditions form, declaring your savings plan.

Step 4:

Visit a participating member branch with your Enrollment Terms and Conditions form and open a First Home Club savings account.

Step 5:

Submit remaining documentation required after opening your savings account (see *Required Documentation* sheet) so that Home Start can enroll you in the next quarterly enrollment period. You will not be enrolled with the FHLBNY until all of the required paperwork is received by your Home Start counselor and submitted.

Step 6:

Meet with your Home Start counselor for one-on-one sessions to discuss budget, savings, credit, and mortgage loan preparedness. You are required to meet with your counselor at least once during your savings period.

Step 7:

Stay on top of your credit and take care of any outstanding items that must be addressed. Also continue to save extra money, as you will want to have a reserve available at the time that you purchase your home.

Step 8:

Stay on top of your savings plan, and remember that you must adhere to the schedule in order to be eligible for matching FHLBNY funds.

Step 9:

Approximately one or two months before the end of your savings plan, speak to a loan officer with the bank and apply for a mortgage pre-approval so that you can begin looking for your home! Notify your Home Start counselor when you have found a home and are signing contracts of sale.

Step 10:

Meet with Home Start counselor one last time before closing. Your Home Start counselor will need to send your final certification to the Member Bank before you may close on a home.

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First Home Club Documentation

The Federal Home Loan Bank of New York requires that you provide a three year history of income and earnings. The following documents are required in order for you to join the savings club. All required documents must be received for each income-earning adult in the household, even if they are not part of the savings plan.

Required At to Sign-Up: Items to Bring to Your Home Start Counselor

1. Home Buyer Information Sheet (provided by Home Start)
2. One Month of the most recent pay stubs for each participant
3. 2008 Federal Tax Return (IRS form 1040 and any attached schedules)
4. 2008 W2(s)
5. 2007 Federal Tax Return (IRS form 1040 and any attached schedules)
6. 2007 W2(s)
7. 2006 Federal Tax Return (IRS form 1040 and any attached schedules)
8. 2006 W2(s)
9. Other income (*if applicable*)
10. SSD/SSI Award Letter (*if applicable*)
11. Pension Award Letter (*if applicable*)
12. Divorce Decree and/or Child Support Court Order (*if applicable*)
13. Child Support Statement Form (*Available from your Home Start counselor, if applicable*)
14. Education Certificate (*if completed*)
15. Copy of Driver's License.

Required to Begin Savings: Items to Take With You to the Bank

1. Enrollment Terms and Conditions – to be completed with counselor
2. Copy of Driver's License

Required After Opening Account: Items to Provide to Your Home Start Counselor

1. Authorization to Release Financial Information form, provided by Home Start when you sign the savings plan
2. Copy of the first deposit slip

Required Prior to Settlement: Items Necessary to Make Final Application for Closing

1. Copies of any new W2s and Federal Tax Return forms if another tax year has passed during your savings period
2. One month of most recent pay stubs at the end of savings cycle
3. Copy of Education Certificate (*if not previously completed*)

This packet of information has been provided for you by Home Start, Inc. to explain and outline the program offered by the Federal Home Loan Bank of New York. If you wish to seek clarification about the rules and guidelines of the First Home Club, please ask a Home Start counselor. This information does not come directly from the FHLBNY, but is considered to be true and accurate to best knowledge of the staff at Home Start, Inc. To contact the FHLBNY, please visit their website at <http://www.fhlbny.com>.

Mortgage Revenue Bond Median Income Guidelines 2009 – New Jersey

Households must be at 80% of less of the Area Median Income (AMI) to qualify for grant money.

<u>County</u>	1-2 Person Households		3+ Person Households	
	<u>Median</u>	<u>80% Limit</u>	<u>Median</u>	<u>80% Limit</u>
Atlantic	\$85,600	\$68,480	\$98,440	\$78,752
Bergen	\$91,200	\$72,960	\$104,880	\$83,904
Burlington	\$85,600	\$68,480	\$98,440	\$78,752
Camden	\$85,600	\$68,480	\$98,440	\$78,752
Cape May	\$85,600	\$68,480	\$98,440	\$78,752
Cumberland	\$85,600	\$68,480	\$98,440	\$78,752
Essex	\$87,600	\$70,080	\$100,740	\$80,592
Gloucester	\$85,600	\$68,480	\$98,440	\$78,752
Hudson	\$85,600	\$68,480	\$98,440	\$78,752
Hunterdon	\$101,100	\$80,880	\$116,265	\$93,012
Mercer	\$90,100	\$72,080	\$103,615	\$82,892
Middlesex	\$101,100	\$80,880	\$116,265	\$93,012
Monmouth	\$87,700	\$70,160	\$100,855	\$80,684
Morris	\$87,600	\$70,080	\$100,740	\$80,592
Ocean	\$87,700	\$70,160	\$100,855	\$80,684
Passaic	\$91,200	\$72,960	\$104,880	\$83,904
Salem	\$85,600	\$68,480	\$98,440	\$78,752
Somerset	\$101,100	\$80,880	\$116,265	\$93,012
Sussex	\$87,600	\$70,080	\$100,740	\$80,592
Union	\$87,600	\$70,080	\$100,740	\$80,592
Warren	\$86,100	\$68,880	\$99,015	\$79,212

Examples of Savings Plans

The Federal Home Loan Bank of New York offers a maximum grant of \$7,500, or four-times what a household saves up to that amount. There is no minimum monthly savings requirement, and households need not save the maximum household commitment to earn matching money.

Example 1 – Maximum Savings

Savings Period (# Months)	Monthly Savings Amount	Total Household Savings	4x Matching from FHLBNY
10 months	\$187.50	\$1,875	\$7,500
12 months	\$156.25	\$1,875	\$7,500
16 months	\$118	\$1,888	\$7,500
18 months	\$105	\$1,890	\$7,500
24 months	\$79	\$1,896	\$7,500

Example 2 – Alternate Scenarios

Savings Period (# Months)	Monthly Savings Amount	Total Household Savings	4x Matching from FHLBNY
10 months	\$50	\$500	\$2,000
10 months	\$100	\$1,000	\$4,000
12 months	\$50	\$600	\$2,400
18 months	\$100	\$1,800	\$7,200
24 months	\$50	\$1,200	\$4,800