



---

## MEMORANDUM

---

DATE: March 22, 2006

FROM: Community Investment Analyst

TO: «cust\_contct\_saltn\_name» «cust\_contct\_first\_name» «cust\_contct\_mi\_name»  
«cust\_contct\_last\_name» «cust\_contct\_sufx\_name»  
«cust\_contct\_title\_desc»  
«cust\_name»

RE: **«borw\_list»**

Attached is an original First Home Club<sup>SM</sup> Commitment Agreement for the above-captioned household to be executed by «cust\_name» and the household.

Please print three Commitment Agreements, have each one signed by «cust\_name» and the household, and return the three originals to the Federal Home Loan Bank of New York ("Bank").

The Bank's representatives will sign the Commitment Agreements and return two Commitment Agreements to «cust\_name». Please retain one original for your files and forward one to the household.

If you have any questions, do not hesitate to contact me at (212) 441-6855.

# First Home Club<sup>sm</sup>

## COMMITMENT AGREEMENT

### COMMITMENT OF FEDERAL HOME LOAN BANK OF NEW YORK FIRST HOME CLUB<sup>sm</sup> FUNDS

in the amount of

«commt\_amt»

by

**Federal Home Loan Bank of New York**

to

«borw\_list»

and

«cust\_name»

Dated: «commt\_eff\_date»

*The phrases "First Home Club", "Federal Home Loan Bank of New York First Home Club",  
and all related symbols are service marks of the Federal Home Loan Bank of New York.*

**FEDERAL HOME LOAN BANK OF NEW YORK  
AFFORDABLE HOUSING PROGRAM**

**COMMITMENT OF FIRST HOME CLUB<sup>sm</sup> FUNDS**

This Commitment Agreement (“Commitment”) of First Home Club<sup>sm</sup> funds is made on «**commt\_eff\_date**» (“Commitment Date”) by the Federal Home Loan Bank of New York (“Bank”) to «**cust\_name**» (“Lender”) and «**borw\_list**» (“Borrower”).

WHEREAS, the Bank enrolled the Borrower into the First Home Club<sup>sm</sup> on «**fhlb\_enroll\_date**» (“Date of Enrollment”) through the Lender; and the Bank set aside matching funds for downpayment and closing cost assistance for the purchase of a home by the potential first-time homebuyer, the Borrower; and

WHEREAS, the Lender has determined that the Borrower meets the definition of a first-time homebuyer as defined by the Bank and has also determined that at the time of enrollment with the Lender, the Borrower had a total family income of 80% or less of the area median income for their current place of residence, adjusted for family size, as defined by the Bank and agreed upon by the Lender in the Enrollment Report on the Date of Enrollment; and

WHEREAS, the Borrower has established a First Home Club savings account with the Lender and has demonstrated a pattern of systematic savings in the dedicated account which is consistent with the agreed upon schedule and the Borrower has substantially completed or has been regularly attending the approved homeownership counseling sessions, as approved by the Bank; and

WHEREAS, the Lender has received from the Borrower an executed Enrollment Terms and Conditions statement and the Lender has submitted to the Bank the First Home Club Member Certification statement.

NOW THEREFORE, the Bank hereby makes this Commitment to issue a grant of matching funds to the Borrower and Lender in the amount of up to «**commt\_amt**» (“Subsidy Amount”).

**TERMS OF COMMITMENT**

1. The Borrower and Lender agree to meet all First Home Club program requirements. If all program requirements are met, the Subsidy Amount will be committed to the Borrower and Lender. The Commitment will expire on «**commt\_expire\_date**» (“Expiration Date”).

**BORROWER’S CONDITIONS AND OBLIGATIONS**

2. The Borrower hereby acknowledges and understands that the subsidy represents a reduction in the Borrower’s downpayment and/or closing costs for the acquisition of a property within the Lender’s lending area. No payments will be due on the Subsidy Amount. In the event any of the proceeds of the Subsidy Amount are not, or cease to be, used for the purposes approved by the Bank, the proceeds will be returned to the Bank as stated in the Recapture Obligation section of this Commitment (paragraphs 7 through 9).
3. The Borrower agrees to have made or to continue making systematic savings deposits in the dedicated account which are consistent with the agreed upon schedule as set forth in the Enrollment Terms and Conditions document and must complete the homeownership counseling sessions by the Expiration Date of this Commitment.
4. The Borrower must qualify and obtain mortgage financing from the Lender for the purchase of a home.

## LENDER'S CONDITIONS AND OBLIGATIONS

5. The Lender must establish and maintain files for each household enrolled in the First Home Club at the member's location. The Bank reserves the right to inspect the files upon request, and to evaluate the documents within the files for sufficiency in accordance with the Bank's guidelines. These files must contain the following documents:
  - a) Enrollment Terms and Conditions;
  - b) Commitment Agreement;
  - c) Recorded Note and Mortgage to secure affordability for at least 5 years; years 1 to 5 -- 20% forgiven each year. See Recapture Obligation section of this Commitment (paragraphs 7 through 9).
  - d) confirmation of first-time homebuyer eligibility (Evidence that the Borrower is a first-time homebuyer);
  - e) documents to verify income eligibility (The income documents should reflect the total household income at the time the household is enrolled with the Lender.);
  - f) evidence of systematic savings deposits (Copies of the bank transactions indicating that the household has made systematic deposits.);
  - g) evidence of completion of homeownership counseling (i.e. Certificate of Completion that each qualified mortgagee of the household has completed the homeownership counseling program.);
  - h) underwriting documentation; and
  - i) closing documents.
6. The Lender agrees to notify the Bank if the Borrower sells the home or refinances the first mortgage executed with the Lender.

## RECAPTURE OBLIGATION

7. The Borrower and Lender agree that the Subsidy Amount will only be used for the purpose approved by the Bank, i.e. downpayment and closing costs for the purchase of a home by the Borrower. The Borrower and Lender acknowledge that if the Bank determines by its own monitoring or the Bank is informed by the Lender that the First Home Club funds will not be or are no longer being used for the purposes approved by the Bank ("Event of Noncompliance"), the Bank will recapture a *pro rata* portion of the Subsidy Amount.
8. The Borrower and Lender agree to repay to the Bank a *pro rata* portion of the Subsidy Amount ("Recapture Obligation"), if the Subsidy Amount is not used for the purposes approved by the Bank or if the property does not remain affordable for a minimum of 5 years ("Recapture Period") from the date of closing. If the property is sold to an ineligible homebuyer that exceeds 80% of the area median income, as defined by the Bank and agreed upon by the Lender in the Enrollment Report on the Date of Enrollment, in which the property is located, adjusted for family size, the Bank is entitled to a *pro rata* portion of the Subsidy Amount from the Lender. Recapture of the matching funds will occur if the house is sold to an ineligible homebuyer within the five year Recapture Period, but 20% of the Subsidy Amount will be forgiven each year. The Subsidy Amount may be assumed by an eligible homebuyer. For purposes of this Commitment, it is understood that "eligible homebuyers" are limited to households with incomes that do not exceed 80% of the area median income in which the property is located, adjusted for family size, as defined by the Bank and agreed upon by the Lender in the Enrollment Report on the Date of Enrollment.

9. If an Event of Noncompliance occurs, the Bank will recapture a pro rata portion of the Subsidy Amount by taking the following actions:
- a) The Bank will request that the Lender promptly reimburse the Bank for such amount. The Lender shall, within five (5) business days of the Bank's request, demand that the Borrower pay the Lender the full amount of the recapture. The Borrower must then remit such funds within ten (10) business days of the Lender's request. Upon receipt, the Lender shall promptly remit such funds to the Bank. If the Borrower does not make such payment to the Lender, the Lender may request in writing that the Bank give the Lender a specified period of time to recapture the funds. The Bank may, at its option, grant the Lender a specified period of time ("Remediation Period"), as approved by the Bank, in which to recapture the funds. During the Remediation Period, the Bank agrees to take no action against the Lender regarding recapture.
  - b) If the Lender willfully does not, within five (5) business days of the Bank's request, demand that the Borrower pay the Lender the full amount of the recapture, the Bank may debit the Lender's demand deposit account ("DDA") for such amount. In the event that the balance in such DDA is at any time insufficient to reimburse the Bank for such amount, the Bank may apply any other deposits, credits, moneys, or other properties of the Lender then in the possession of the Bank to the reimbursement of such amount.
  - c) If the Lender, within five (5) business days of the Bank's request, demands that the Borrower pay the Lender the full amount of the recapture and the Borrower does not remit such funds within ten (10) business days of the Lender's request and the Lender does not request in writing that the Bank give the Lender a Remediation Period in which to recapture the funds, the Bank may debit the Lender's DDA for such amount. In the event that the balance in such DDA is at any time insufficient to reimburse the Bank for such amount, the Bank may apply any other deposits, credits, moneys, or other properties of the Lender then in the possession of the Bank to the reimbursement of such amount.
  - d) If the Bank opts not to grant the Lender a Remediation Period, the Lender shall either reimburse the Bank for the full amount of the recapture or commence foreclosure proceedings against its lien on the home purchased by the Borrower. The Lender shall promptly pay to the Bank all moneys realized from such foreclosure proceedings, up to the total of the Subsidy Amount, after payment of any prior lien(s). Any payments realized from the foreclosure proceedings shall satisfy the Lender's obligation, provided that the Lender uses its best efforts to effect recapture of the appropriate Subsidy Amount and provides adequate documentation to the Bank to evidence such proceedings. The Lender's obligation to repay the recaptured funds to the Bank shall not exceed the amount of such funds actually collected or recovered by the Lender from the Borrower or as the result of foreclosure proceedings.
  - e) If the Lender willfully does not take either course of action within five (5) business days of the Bank's option not to grant the Lender a Remediation Period, the Bank will debit the Lender's DDA for such amount. In the event that the balance in such DDA is at any time insufficient to reimburse the Bank for such amount, the Bank may apply any other deposits, credits, moneys, or other properties of the Lender then in the possession of the Bank to the reimbursement of such amount.

## TERMS OF REFINANCING

10. It shall be an event of default in the case of a refinancing, including home equity loans, prior to the end of the retention period, in which event, an amount equal to the pro rata share of the direct subsidy that financed the purchase of the property, reduced for every year the occupying household has owned the unit, *unless* the property continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism pursuant to the Affordable Housing Program regulations.

## FUNDING OF COMMITMENT

11. The Bank has the option, in its sole discretion, to extend the term of this Commitment upon written request of the Lender evidenced by a rider to the Commitment.
12. Funding of this Commitment is contingent upon the Lender properly completing and submitting the following documents to the Affordable Housing Department of the Bank:
  - a) First Home Club Funding Certification;
  - b) complete income documentation reflecting the time of enrollment;
  - c) evidence of savings;
  - d) evidence of homeownership counseling; and
  - e) any other documents that may be required in the discretion of the Bank to fund the Commitment.
13. Disbursement of funds pursuant to this Commitment shall be made by credit to the Lender's DDA at the Bank on or about the requested funding date or the scheduled date of closing. The Lender will disburse the funds to the eligible household within 30 days of receipt into the Lender's DDA. If the funds are not disbursed within 30 days or if the closing date has been postponed, the funds must be returned to the Bank. The funds will be made once again available ten (10) business days before the rescheduled closing date.
14. The Bank may cancel this Commitment or any extension hereof or may deny or limit the amount of funding pursuant to this Commitment in the following circumstances:
  - a) the Lender is in default under the Advances Agreement or is not in compliance with the terms of the Bank's credit policies; or
  - b) the Lender's financial condition is such that the Bank determines that the Lender's ability to repay indebtedness is adversely affected; or
  - c) the Lender does not supply the Bank, if requested to do so, with evidence satisfactory to the Bank that the Subsidy Amount will be used for the purposes of downpayment and closing costs for the purchase of a home by a first-time homebuyer; or
  - d) the Lender is not in full compliance with the Bank's capital stock and collateral requirements at the funding date; or
  - e) the Borrower does not meet all the First Home Club program requirements.

## ACCEPTANCE OF COMMITMENT

15. The Lender acknowledges that the First Home Club funds are not Federal funds and that the Subsidy Amount will be subject to the terms and conditions of this Commitment and the Rules and Regulations of the Federal Housing Finance Board - 12 C.F.R. Part 960 ("Regulations"), as the same may be amended from time to time.
16. By executing this Commitment, or a counterpart hereof, in the space indicated below, the Lender agrees to the terms and conditions of this Commitment and certifies that its representations and warranties contained herein and in its Enrollment Report are true and accurate as of the date of this Commitment. The Lender further represents and warrants that (a) it will fully comply with the Regulations; (b) it is in compliance with the Advances Agreement and the terms of the Bank's credit policies; (c) it is in compliance with the Bank's capital stock and collateral requirements; and (d) it is not subject to any supervisory or consent agreement with any regulatory body that has authority over it. The foregoing representations and warranties are made to the best of the Lender's knowledge, information, and belief.
17. By executing this Commitment, or a counterpart hereof, in the space indicated below, the Borrower fully understands and agrees to the terms and conditions contained herein. The Borrower acknowledges that he/she must satisfy all terms and conditions in order to receive the Subsidy Amount which has been set aside pursuant to this Commitment.
18. The Borrower agrees to be responsible for all tax issues (including, but not limited to, reporting and payment) arising from receipt of First Home Club funds.

**BORROWER**

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

**LENDER**

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**FEDERAL HOME LOAN BANK OF NEW YORK**

Name: \_\_\_\_\_ Joseph Gallo \_\_\_\_\_

Name: \_\_\_\_\_ Edwin Bird \_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_ Vice President \_\_\_\_\_

Title: \_\_\_\_\_ Assistant Vice President \_\_\_\_\_

(6/04)