



Federal Home Loan Bank
NEW YORK

Homebuyer Dream Program[®]

Guidelines:

Homebuyer Dream Program[®]

Homebuyer Dream Program[®] Plus

Homebuyer Dream Program[®] Wealth Builder

— 2027 —

Effective February 2027

Table of Contents

TABLE OF CONTENTS	1
INTRODUCTION.....	2
PROGRAM OVERVIEW	5
Program Offering	5
Member Participation	6
HDP File Transfer System.....	6
Submission of a New Household Reservation Request.....	6
Commitment of Funds.....	8
Submission of a Funding Request.....	8
Funding of the HDP Grant.....	9
Submission of Other Documentation.....	10
Status Reporting	10
PROGRAM REQUIREMENTS	11
Household Income	13
<i>Eligible and Ineligible Income Sources.....</i>	14
<i>Household Income Calculation and Documentation Requirements.....</i>	15
<i>Employment Income</i>	16
<i>Social Security, Retirement/Pension, Public Assistance, and Disability Income</i>	19
<i>Self-Employment Income.....</i>	19
<i>Child Support.....</i>	20
<i>Seasonal Employment, Unemployment, and Miscellaneous Income</i>	21
<i>Rental Income.....</i>	22
<i>Zero Income Earning Adults.....</i>	22
<i>Non-Income Payments</i>	23
Homeownership Counseling	23
Household Equity Contribution.....	24
Use of the HDP Grant	24
Closing Requirements.....	25
<i>Execution of HDP Retention Documentation</i>	25
<i>Closing Disclosure</i>	25
Retention Period.....	26
RETENTION MONITORING PRACTICES	27
EVENTS OF NON-COMPLIANCE AND RECAPTURE.....	27
Events of Non-Compliance.....	27
Foreclosure	28
Inheritance	28
Processing of a Recapture.....	28
Lien Subordinations.....	30
Lien Releases	30
SUSPENSION AND DEBARMENT POLICY.....	31
CONFLICT OF INTEREST.....	31
RECORD RETENTION REQUIREMENTS	31

Introduction

The mission of the Federal Home Loan Bank of New York (“FHLBNY”) is to provide members with prompt, on-demand liquidity in support of housing, local community development and financial stability.

The FHLBNY meets our mission by providing our members with access to economical wholesale credit and assistance through our credit products, mortgage finance program, housing, and community lending programs, and correspondent services. Access to liquidity enables our members to meet their customers’ needs and is crucial to the health of local economies and the growth of individuals, households, and communities.

The FHLBNY offers three first-time homebuyer programs:

Homebuyer Dream Program® (“HDP®”)

The Homebuyer Dream Program® (“HDP®”) is a federally regulated first-time Homeownership Set-Aside Program, offered under the FHLBNY’s Affordable Housing Program (“AHP”) and managed within regulatory requirements established by the Federal Housing Finance Agency (“FHFA”) 12 C.F.R. Part 1291, as may be amended from time to time (“AHP Regulation”). HDP provides funds in the form of a grant to be used towards down payment and closing cost assistance to first-time homebuyers earning at or below 80% of the Area Median Income (“AMI”).

The maximum grant that a household may receive is \$30,000, as determined by the member, and submitted to the FHLBNY.

Homebuyer Dream Program® Plus (“HDP® Plus”)

Homebuyer Dream Program® Plus (“HDP® Plus”) is a voluntary program that gives members the opportunity to provide grant funds to first-time homebuyers earning greater than 80% of the AMI. The maximum grant amount of up to \$30,000 will be utilized towards down payment and closing cost assistance.

Participating members may offer HDP Plus to households that meet the following income thresholds:

- New York and New Jersey: Earning over 80% AMI, but not to exceed 120% AMI.
- Puerto Rico and U.S. Virgin Islands: Earning over 80% AMI, but not to exceed 150% AMI.

HDP Plus may only be administered within the FHLBNY District.

Homebuyer Dream Program® Wealth Builder (“HDP® Wealth Builder”)

Homebuyer Dream Program® Wealth Builder (“HDP® Wealth Builder”) is designed to address the wealth gap by providing grants to first-time homebuyers who have historically experienced challenges accessing the credit or housing markets. HDP Wealth Builder may only be administered within the FHLBNY District. The

maximum grant amount of \$30,000 must be utilized towards down payment and closing cost assistance and participating members may offer HDP Wealth Builder to households that meet the following income thresholds:

- New York and New Jersey: Earning income equal to or less than 120% of the AMI.
- Puerto Rico and U.S. Virgin Islands: Earning income equal to or less than 150% of the AMI.

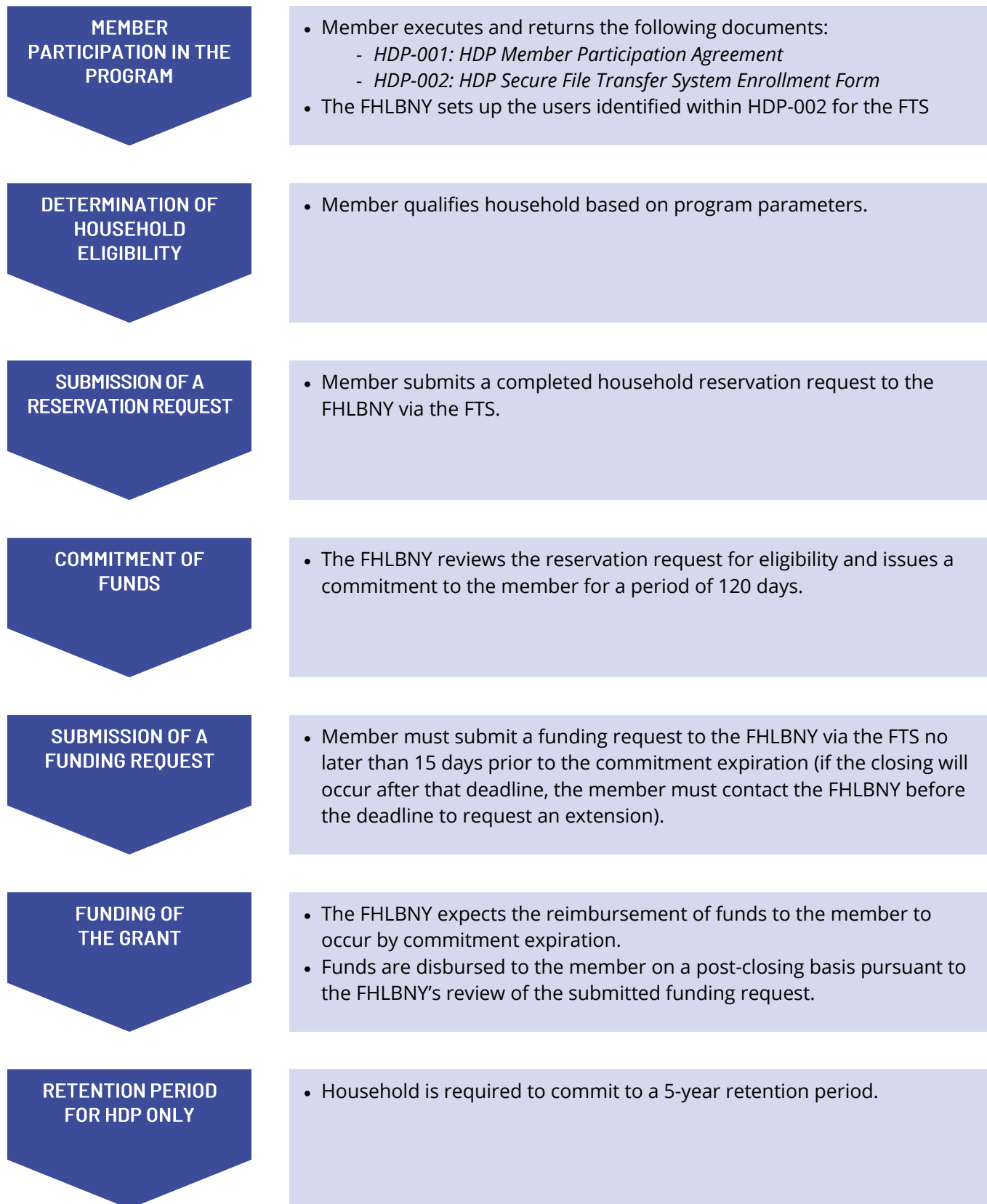
Eligible households must also qualify as first-generation homebuyers, meaning that:

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

The Homebuyer Dream Program Guidelines ("Program Guidelines") provide guidance to members working with homebuyers and counseling agencies to ensure HDP grants are administered and funded in a timely manner and in compliance with the AHP Regulation, the FHLBNY AHP Implementation Plan ("AHP Implementation Plan") and these Program Guidelines, where applicable. These Program Guidelines are intended to be illustrative, not exhaustive, as not all possible scenarios can be addressed herein.

These Program Guidelines serve as a reference to all three HDP Suite first-time homebuyer programs, and the programs may be referred to collectively as "Homebuyer Dream Program" or "HDP"; unless specified, it should be assumed that a guideline is applicable to all three programs.

The diagram below outlines the program life cycle.



Program Overview

Program Offering

Subject to the availability of HDP funds, the FHLBNY shall provide an annual allotment of HDP funds to be administered through its qualified participating members. In this endeavor, the FHLBNY needs to ensure that all interested members can equitably participate in the HDP and ensure commitments remain within the constraints of available annual funding. Members may elect to participate in the 2027 HDP Round (the "Round") by executing an updated *HDP Member Participation Agreement (HDP-001)* submitted via email to HDP@fhlbny.com no later than January 8, 2027. Members that do not comply with this deadline may not be eligible to participate in the Round.

A notification of initial allotments will be distributed prior to the start date of the Round (scheduled to commence on February 8, 2027). It is the member's responsibility to monitor their assigned allotment.

The initial allotment will be based upon a three-year weighted average of commitments issued for the applicable program. Newly participating members and members with low historical commitments will be allotted a floor, which is the minimum amount of funds allotted to any one participating member. Qualified participating members with high historical commitment volume may be impacted by a ceiling, which is the maximum amount of funds allotted to any one member. The floor and ceiling take the following factors into consideration: 1) total allocation of the Round, 2) number of participants for the Round and 3) the maximum grant amount.

Qualified participating members will have until August 27, 2027, to fully reserve their initial allotment. All unreserved allotments across the participating members remaining as of 5:00 p.m. ET on August 27, 2027, will be removed from each member and combined for the purpose of redistribution during the reallocation. The collective funds will be distributed in rank order to members who exhausted their initial allotments, with exhaustion of funds being defined as \$15,000 or less from the initial allotment remaining unreserved. The first reallocation will occur on or around September 7, 2027. Multiple reallocations can occur dependent upon funds available. There is no guarantee that additional funds will become available nor that participating members with exhausted allotments will receive additional funds. The Round will end on November 26, 2027, as of 5:00 p.m. ET or whenever funds are exhausted, whichever comes first.

Once the Round opens, participating members may begin submitting reservation requests for eligible households. The maximum grant amount that a household may receive is \$30,000, as determined by the participating member and submitted to the FHLBNY. Funds may be used toward the down-payment and/or closing costs for the purchase of a home by a qualified household.

Member Participation

Members who are in good standing with the FHLBNY may apply to participate in the Homebuyer Dream Program rounds by completing the *HDP Member Participation Agreement (HDP-001)*. By executing this agreement, the member agrees that it has received notification of and will comply with all the requirements established by the AHP Regulation, the FHLBNY AHP Implementation Plan, and the FHLBNY Homebuyer Dream Program Guidelines, which govern the Homebuyer Dream Programs as applicable, whether now existing or hereafter amended or implemented. The member also agrees that it will pass on the full amount of the grant to the household and the grant will be used in accordance with the terms of the *HDP Member Participation Agreement* and the requirements of the AHP Regulation, Program Guidelines and the AHP Implementation Plan, as applicable.

Participation in the suite of Homebuyer Dream Programs may be restricted at any time at the sole discretion of the FHLBNY.

HDP File Transfer System

Pursuant to applicable Federal and State laws, to protect household information that may be utilized to develop a credit profile if intercepted by an unauthorized third-party, the FHLBNY requires that relevant documentation be submitted through FHLBNY's File Transfer System ("FTS").

The FHLBNY must receive a fully executed *HDP File Transfer System Enrollment Form (HDP-002)* identifying member representatives authorized to submit HDP documentation to the FHLBNY. Member representatives listed in the *HDP File Transfer System Enrollment Form (HDP-002)* for HDP must have both a User ID and password established for the FTS. It is the member's responsibility to advise the FHLBNY of any changes in member representatives by submitting an updated *HDP File Transfer System Enrollment Form (HDP-002)*.

All files submitted through the FTS must be done as one Zip file per household and must contain a completed and accurate *HDP Request Form (HDP-005)* in MS Excel format, containing the .xlsx file extension and all supporting documentation in PDF format. All submissions through the FTS should occur during regular business hours. Submissions received by the FHLBNY via e-mail or methods other than the FTS will not be accepted. A successful upload through the FTS does not constitute a reservation or commitment of funds.

Submission of a New Household Reservation Request

To submit a new household reservation request, the member must complete the *HDP Request Form (HDP-005)* selecting the appropriate Homebuyer Dream Program and the New Household Reservation Request option.

Homebuyer Dream Program® Request Form - 2026 Round

Which program would you like to select?

Homebuyer Dream Program

Which type of Homebuyer Dream Program request would you like to submit?

New Household Reservation Request

Initiate New Household Reservation Request

Note that once you've started the request form, you will not be able to change the form type; please ensure the correct type is selected before proceeding.

The *HDP Request Form (HDP-005)* (in MS Excel format, containing the .xlsx file extension) listing all household members along with the following required documentation (in PDF format) must be submitted to the FHLBNY via the FTS as one Zip file per household:

- Income documentation for all sources of income for each income-earning adult in the household.
- Fully executed *HDP Homebuyer Certification (HDP-004 or HDP-104)* for the applicable program dated within 60 days of the reservation date.
- Fully executed homeownership counseling certificate completed within 18 months of the reservation date.
- Fully executed *HDP Zero Income Certification (AHP/HDP-001)* form(s) for each member of the household, age 18 years and older, with zero income.
- Fully executed legal separation agreement or divorce decree (if applicable).

Prior to the submission of the *HDP Request Form*, ensure the required fields section (located on the top right of the form) reflects 100% completion.



The submission of a new household reservation request through the FTS does not constitute a reservation or commitment of funds. In the event the FHLBNY receives an incomplete *HDP Request Form* and/or missing supporting documentation, the FHLBNY reserves the right to reject the household reservation request, and the member will be required to submit a new household reservation request.

FHLBNY seeks to provide a response to a complete reservation request within 15 business days of submission; however, during periods of high submission volume, response times may vary.

If the household reservation request is conditioned for additional documentation or information, the member will have two business days to respond to the request. If not received after two business days, the reservation request will be cancelled, and the member will be required to submit a new household reservation request.

If the household is applying for grants under multiple programs within the HDP Suite, a separate request form is required for each program and they must be submitted through the FTS as separate submissions.

Commitment of Funds

The FHLBNY, in its sole discretion, will determine whether each household has met the eligibility requirements, prior to commitment of a HDP, HDP Plus or HDP Wealth Builder grant.

Upon the FHLBNY's approval of the reservation request, the grant commitment will be issued via email to the member confirming commitment of the grant for a 120-day period.

Once a commitment has been issued, changes to the grant amount will not be permitted. If a request for a grant amount change occurs, it must be done prior to the issuance of the commitment. The homebuyer and property address on the commitment must match the homebuyer and property address identified on the retention documentation (where applicable) and Closing Disclosure. Commitments may not be transferred to another member, property or homebuyer(s). Commitments that are withdrawn may be credited back to the member's allotment, assuming the allotment period remains open.

The FHLBNY expects reimbursement of funds to the member to occur by the commitment expiration date. It is the members' responsibility to monitor the commitment period and communicate with the FHLBNY if there are any issues with submitting the funding request no later than fifteen (15) days prior to commitment expiration. If a member requests a commitment extension, it will be evaluated on a case-by-case basis. At the time of commitment expiration, the household will be withdrawn from the program.

Submission of a Funding Request

Funding requests must be submitted by the member to the FHLBNY upon receipt of closing documentation and no later than fifteen (15) days prior to commitment expiration date. The member must submit a *HDP Request Form (HDP-005)* (in MS Excel format, containing the .xlsx file extension) selecting the Funding Request option. Prior to the submission of the *HDP Request Form*, ensure the required fields section (located on the top right of the form) reflects 100% completion.

FHLBNY seeks to provide a response to a complete funding request within 15 business days of submission; however, during periods of high submission volume, response times may vary.

The *HDP Request Form (HDP-005)* (in MS Excel format, containing the .xlsx file extension), along with the required documentation (in PDF format), must be submitted to the FHLBNY via the FTS as one Zip file per household. Program documentation requirements are as follows:

- Homebuyer Dream Program
 - Closing Disclosure
 - Subordinate Mortgage Retention Documents (HDP-006) including Exhibit A and Certification of Intention to Record (excluding cooperative housing (“co-op”), mortgages financed by Federal Housing Administration (“FHA”), and mortgages originated in Puerto Rico.)
 - UCC-1 Filing (applicable to cooperative housing)
 - ‘Secured Party’s Name’ section must list the member.
 - ‘Optional Filer Reference Data’ or ‘Miscellaneous’ section should list HDP grant with the amount, e.g. “Homebuyer Dream Program \$30,000.”
 - Co-op Intention to Record (HDP-006COOP)
 - Declaration of Restrictive Covenant FHA Retention Documents (HDP-006FHA) (applicable to FHA financing), including Exhibit A and Certification of Intention to Record
 - Promissory Note and Subordinate Mortgage (HDP-006PR or HDP-006FHAPR) (applicable to Puerto Rico only)
- Homebuyer Dream Program Plus
 - Closing Disclosure
- Homebuyer Dream Program Wealth Builder
 - Closing Disclosure

It is the member’s responsibility to review the closing documentation to ensure completeness and adherence to the guidelines prior to the submission for reimbursement of subsidy. Failure to submit the required *HDP Request Form* and all supporting documentation to the FHLBNY within the required timeframe may affect the member’s participation status in the Homebuyer Dream Program. The FHLBNY reserves the right, in its sole discretion, not to fund the request if the required *HDP Request Form* and all supporting documentation are not received and/or deemed unacceptable to the FHLBNY.

The FHLBNY will disburse subsidies only to institutions that are members of the FHLBNY at the time they request a draw-down of the subsidies. If a member with an approved Funding Request for grant subsidy loses its membership in the FHLBNY, the FHLBNY may disburse grant subsidies through another Federal Home Loan Bank to a member that has assumed the former member’s obligations.

Funding of the HDP Grant

Upon review and approval by the FHLBNY of the *HDP Request Form* and all supporting documentation, the grant will be disbursed to the member’s Overnight Investment Account (“OIA”) on a post-closing basis. An email notification confirming the transfer will be issued to the member.

If the member’s funding request is denied, the member will be required to record a release of the *Subordinate Mortgage* or the *Declaration of Restrictive Covenant*, or another legal encumbrance, if applicable.

Submission of Other Documentation

If additional documentation is requested by the FHLBNY, the member must submit a *HDP Request Form* (in MS Excel format, containing the .xlsx file extension) selecting the Other Documentation Request category. The *HDP Request Form* along with the requested documentation (in PDF format) must be submitted via the FTS as one Zip file per household.

If the FHLBNY conditions a reservation request and requests additional income documentation or clarification, the member must submit an Other Documentation Request. When submitting the requested information, the member must also recalculate and resubmit the household income determination to account for any newly provided income information, corrections, or clarifications that may affect eligibility.

Status Reporting

Members are required to notify the FHLBNY of any household that ceases participation, no longer qualifies, experiences a change in household size, or if it is determined that income received by the household at the time of reservation was not previously reported. On a monthly basis, an *HDP Member Pipeline Status Report* will be issued to the member via the FTS. Upon receipt of the report, members must review the status report and update the FHLBNY regarding any changes to the household's status to ensure that the member's records align with the records of the FHLBNY.

Reports provided to the member will remain available within the FTS until the end of a quarter, at which time reports dated ninety (90) days or older are automatically deleted. The member is solely responsible for downloading the *HDP Member Pipeline Status Report*.

Program Requirements

Determining household eligibility is the responsibility of the member and is based upon the reservation request date, defined as the date a new household reservation request is submitted to the FHLBNY via the FTS. The member must ensure the following Homebuyer Dream Program eligibility requirements are met:

- At least one homebuyer must meet the definition of a “first-time homebuyer” which, based on the definition by the U.S. Department of Housing and Urban Development (“HUD”), is defined as an individual who meets any of the following criteria:
 - An individual who has had no ownership in a principal residence during the 3-year period ending on the date of the purchase of the property. This includes a spouse (if either meets the above test, they are considered first-time homebuyers).
 - A single parent who has only owned with a former spouse while married.
 - An individual who is a displaced homemaker and has only owned with a spouse.
 - An individual who has only owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations.
 - An individual who has only owned a property that was not in compliance with state, local or model building codes and which cannot be brought into compliance for less than the cost of constructing a permanent structure.
 - Note: For purposes of these programs, the term "displaced homemaker" means an individual who:
 - is an adult;
 - has not worked full-time, full-year in the labor force for a number of years but has, during such years, worked primarily without remuneration to care for the home and family; and
 - is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.
- Household must meet the program’s income requirements of the AMI for the county (or county equivalent) in which the household is purchasing, adjusted for household size, as determined under 26 U.S.C. 143(f), Mortgage Revenue Bonds, as published by a state agency or instrumentality for New York, New Jersey and Puerto Rico. For all other states and U.S. territories, including the U.S. Virgin Islands, the area median income for the county (or county equivalent), as published annually by HUD, is used. The income requirements for each program are as follows:
 - HDP
 - 80% AMI or less

- HDP Plus
 - New York and New Jersey: earning over 80% AMI, but not to exceed 120% AMI.
 - Puerto Rico and U.S. Virgin Islands: earning over 80% AMI, but not to exceed 150% AMI.
- HDP Wealth Builder
 - New York and New Jersey: 120% AMI or less
 - Puerto Rico and U.S. Virgin Islands: 150% AMI or less
- Household size is based upon the number of people who will reside in the home being purchased.
 - Divorced or separated homebuyer(s) who have joint custody of their children should include the children in their household count, regardless of the amount of custody time.
 - Non-occupying co-signers, non-occupying co-borrowers, or guarantors are not to be included in household size, although they should be included in the household income.
- Household must adhere to the income and underwriting standards of the FHLBNY as described in the Household Income section within this document.
- Household must purchase an eligible property type in the geographic area specified by the program:
 - HDP
 - Any U.S. state or Territory
 - HDP Plus
 - FHLBNY District: New York, New Jersey, Puerto Rico, and U.S. Virgin Islands
 - HDP Wealth Builder
 - FHLBNY District: New York, New Jersey, Puerto Rico, and U.S. Virgin Islands
 - Eligible properties include 1-4 family dwellings, townhouses, condominiums, cooperative housing units or manufactured housing (must be affixed to a permanent foundation) to be used as the household's primary residence.
 - In the case of new construction, construction must be completed prior to closing, and member must ensure issuance of a Certificate of Occupancy.
 - Ineligible properties include investment properties, vacation homes, and vacant land.
- Homebuyer(s) must have a fully executed Purchase and Sales Contract dated on or before the reservation request date.
- At least one first-time homebuyer must complete a homeownership counseling program as further defined in the Homeownership Counseling section.
- Homebuyer(s) must provide a minimum equity contribution of \$1,000 toward the purchase of the home as described in the Household Equity Contribution section within this document.

- The homebuyer(s) must complete and execute the applicable *HDP Homebuyer Certification*: HDP-004 for HDP, or HDP-104 for HDP Plus and HDP Wealth Builder. The eligible first-time homebuyer(s) must certify their eligibility. For HDP Wealth Builder, the eligible first-time homebuyer(s) must certify their eligibility as a first-generation homebuyer.
- **For HDP only**, all homebuyer(s) must agree to sign, at time of closing, a 5-year deed restriction or other legally enforceable retention agreement or mechanism ("Retention Agreement"), with the member in the amount of the total HDP grant, which requires (i) notice to the FHLBNY, and in its discretion any designee of the FHLBNY, notice of any sale, transfer, assignment of title or deed, or refinancing of the unit by the household occurring during the AHP five (5) year retention period; and (ii) repayment of a portion of the subsidy unless the transfer is subject to a repayment exception under the AHP Regulation.
- Household closing and reimbursement of funds to the member should occur within the 120-day commitment period. Households that have closed before the issuance of a commitment are not acceptable.
- Obtain mortgage financing from the participating member, or a wholly owned subsidiary, or the federal government, or an instrumentality thereof, for the purchase of a primary residence.
- Member's first mortgage financing does not exceed the annual percentage rate, points and fees, or prepayment penalty thresholds of the Home Ownership and Equity Protection Act of 1994 and its implementing regulation (Federal Board Regulation Z), and that the first mortgage loan does not violate any Anti-Predatory Lending Laws.
- The member must comply with the underwriting standards of the FHLBNY, including but not limited to:
 - Total Debt to Income Ratio greater than 45% requires the member provide an explanation of household affordability on the *Homebuyer Dream Program Request Form*.
 - The term of the first mortgage financing cannot be less than 5 years.

Additionally, for HDP Wealth Builder, at least one of the eligible first-time homebuyers must qualify as first-generation homebuyers, meaning that:

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

Household Income

The member is responsible for verifying all sources of income for all household members, aged 18 years and older. The income of non-occupying co-signers, co-borrowers, or guarantors must also be included in the calculation for determining income eligibility, although they should not be included in the household size.

The homebuyer(s) must demonstrate a reliable stream of income; examples include full-time employment (defined as ≥ 32 hours a week), pension, disability award, Social Security, Individual Retirement Accounts, or other recurring sources.

Household members, age 18 years and older, who do not receive income must execute a *Zero-Income Certification* form (AHP/HDP-001) located on the FHLBNY's website and be identified under Section G of the *Income Calculation Worksheet* embedded within the *HDP Request Form*.

If an individual is separated from his/her spouse, then the individual must also provide evidence of separation with a legal separation agreement, legal documents filed with a court seeking a divorce or a divorce decree.

Eligible and Ineligible Income Sources

The following lists identify what does and does not constitute annual income. Please note that the lists below are intended as guidance and are not exhaustive.

What constitutes "income"?

- Total annual anticipated income from all sources (including part-time jobs), at the time of reservation, received by the household, (even if a household member is temporarily absent), prior to any payroll deductions of wages and salaries, overtime pay, commissions, fees, tips and bonuses and other compensation for personal services. (See Note below.)
- Income derived from pension, disability award, Social Security, Individual Retirement Accounts, annuities, insurance policies, death benefits or similar types of periodic receipts.
- Reported net income derived from operation of a business or profession.
- Income consistently derived from stock portfolio earnings, dividends, and other interest income.
- Net income of any kind of real or personal property.
- Payment in lieu of earnings, such as unemployment, disability compensation, worker's compensation, and severance pay in conjunction with a reliable stream of income.
- Automobile allowance.
- Payments from waiving insurance benefits.
- Alimony, child support, or separate maintenance.
- Welfare assistance, Supplemental Security Income, and other non-earned income paid to children.
- All regular pay, special pay, and allowances of a household member in the Armed Forces.
- 75% of the total annualized anticipated rental income, if purchasing a 2-4 family unit property.

Note: Household members on temporary leave, such as paternity/maternity leave or sabbatical, will have their income calculated as if they were not on leave. A letter from the household and employer

confirming the leave date and anticipated return date as well as a Written Verification of Employment will be required.

What does not constitute "income"?

- Compensation earned by individuals (including foster children) under the age of 18 years.
- Payments received for the care of foster children or foster adults.
- Non-recurring additions to household assets (e.g., inheritances, capital gains, insurance policy death benefit payments, settlement for personal/property losses).
- Amounts received by the household specifically for, or in reimbursement of, the cost of medical expenses for any household member.
- Income of a live-in aide.
- Mileage reimbursement or other reimbursements of expenses related to employment (i.e. parking, travel, supplies, etc.).
- Educational scholarships paid directly to a student, educational institution, or a veteran.
- Earned income tax credits.
- Unreliable and non-recurring income (e.g., gifts, employee stock option buyouts, sign-on bonuses).
- The value of food stamp allotments.
- The special pay to a household member serving in the Armed Forces who is exposed to hostile fire.
- Deferred periodic payments from supplemental security income and Social Security benefits that are received in a lump-sum amount or in prospective monthly drawdowns.
- Amounts received by the household in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit.
- Amounts paid by a state agency to a household with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled household member at home.

Household Income Calculation and Documentation Requirements

The reservation request date must be used to determine the applicable mortgage revenue bond ("MRB") or HUD income guidelines and the age of each household member.

Household income must be calculated using the *Income Calculation Worksheet* embedded within the *Homebuyer Dream Program Request Form*. Income for all household members age 18 years and older must be documented within the *Income Calculation Worksheet*. Supporting income documentation used to calculate

household income must accompany the fully completed *HDP Request Form* at the time of submission of the reservation request to the FHLBNY.

In addition to being clear and legible, all supporting income documentation must indicate the household member's name, as well as the date and source of the document.

At the sole discretion of the FHLBNY, additional documentation may be requested. Income calculation and documentation standards are outlined below.

Foreign Currency

If a household member earns income in a foreign currency, the member must convert the foreign currency to U.S. dollars prior to being inputted into the Income Calculation Worksheet. The member will utilize the exchange rate as listed on the Federal Reserve website as of the most recent date listed on the income documents:

Federal Reserve System Foreign Exchange Rates: <https://www.federalreserve.gov/releases/h10/current>

Employment Income

Employment income from payroll for each member of the household should be captured in **Section A** of the *Income Calculation Worksheet*.

The income documentation utilized to qualify the household must provide the necessary information to perform an annualization of income on the *Income Calculation Worksheet*.

Employment ending or starting within the year of the reservation request will require a third-party verification of both dates.

Employment income, which includes gross pay and any other income that is recurring and consistent (i.e. salary, commissions, overtime, etc.), should be supported by the following income documentation: paystubs, verifications of employment, contracts, or employment letters.

Paystubs

To calculate **Section A1** of the *Income Calculation Worksheet*, the member must provide one (1) month of consecutive paystubs with accompanying earnings/deductions statements dated with the check dates within 60 days of the reservation date. The pay period end date, not the check date, must be utilized in calculating income. Weekly pay requires four (4) paystubs and bi-weekly/semi-monthly requires two (2) paystubs. The *Income Calculation Worksheet* will perform two calculations and use the higher figure as the annual income. The two calculations are as follows:

- The annualized forecast of current year-to-date ("YTD") earnings; and
- The annualized forecast based on the average of one month of consecutive paystubs.

Note: In cases when the year-to-date income includes income from a pay period that occurs fully within the year prior, the first paystub received for the year must be provided to document number

of YTD paystubs. Additionally, the box entitled “First Pay Period Fully within the Prior Year” must be checked to ensure the correct calculation.

1. Paystubs - Instructions / Documentation													
Applicant Name	Employer	Start Date	End of Pay Period	Paystubs / Year	30-Day Avg. Pay	YTD Gross Income	YTD Paystubs	YTD Pay Rate	Annual Income				
☐ First Pay Period Fully within the Prior Year					30-Day Paystub History: <table border="1"> <tr> <td>Paystub #1</td> <td>Paystub #2</td> <td>Paystub #3</td> <td>Paystub #4</td> </tr> </table>					Paystub #1	Paystub #2	Paystub #3	Paystub #4
Paystub #1	Paystub #2	Paystub #3	Paystub #4										
Gross Pay Amount:													

Applicant Name	Employer	Start Date	End of Pay Period	Paystubs / Year	30-Day Avg. Pay	YTD Gross Income	YTD Paystubs	YTD Pay Rate	Annual Income				
☐ First Pay Period Fully within the Prior Year					30-Day Paystub History: <table border="1"> <tr> <td>Paystub #1</td> <td>Paystub #2</td> <td>Paystub #3</td> <td>Paystub #4</td> </tr> </table>					Paystub #1	Paystub #2	Paystub #3	Paystub #4
Paystub #1	Paystub #2	Paystub #3	Paystub #4										
Gross Pay Amount:													

Section A1, Total Paystub Income									\$ -
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Verification of Employment (VOE)

To calculate **Section A2** of the *Income Calculation Worksheet*, the Verification of Employment must be completed on the Fannie Mae Form 1005. The *Income Calculation Worksheet* will perform two calculations and use the higher figure as the annual income. The two calculations are as follows:

- The annualized forecast of year-to-date (“YTD”) base pay, and
- The annualization of current base pay rate.

Note:

- The YTD recurring non-base income, such as overtime, commission, and bonuses must be added to their respective fields. The sum of these amounts will be annualized and added to the household member’s annual income.
- If an individual has anticipated income based on historical earnings, such as an annual bonus, seasonal overtime, or other forms of income, the member may use the previous year’s amount if that income has not yet been received for the current year. The income amount should be captured in Section A4. The remarks section of the VOE should indicate why an annualization cannot be performed.

2. Verification of Employment (VOE) - Instructions / Documentation						
Applicant Name	Employer	Current Gross Base Pay	Check Period	Average Hours / Week	Base Pay Rate	Annual Income
Date of Employment	YTD Thru	YTD Base Pay	YTD Weeks	YTD Pay Rate	Annual Base Income	
		YTD Overtime	YTD Commissions	YTD Bonus	Annual Other Income	

Section A2, Total VOE Income						\$ -
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Contracts and Employment Letters

To complete **Section A3**, the contract and/or employment letter must provide enough information to perform an annualization of income, including base and any other income earned.

Individuals working under contractual agreements (i.e., teachers) should provide the most recent contract in effect within the year of the reservation date. The contracted salary and any additional income listed above salary must be included in the income analysis.

Employment letters may be accepted as income documentation in cases where a Verification of Employment (VOE) is unable to be obtained, so long as it provides enough information to perform a complete calculation. To be valid, the employment letter must:

- Be dated within 60 days of the reservation date;
- Be printed on official letterhead, if available. In cases where letterhead is not used (e.g., private household employers), the letter must clearly identify the employer and include their full name, address, and contact information; and
- Include the following details:
 - Household member's full name
 - Employment start date (if start date is within the year of reservation)
 - Gross income including frequency of pay (hourly, weekly, monthly, or annual)
 - Average hours per week, if applicable

Offer letters may be accepted only if the household member has commenced employment within 20 days of the reservation date. In such cases, the offer letter must:

- Be accompanied by at least one paystub to substantiate the income stated in the offer;
- Be printed on official letterhead, if available. In cases where letterhead is not used (e.g., private household employers), the letter must clearly identify the employer and include their full name, address, and contact information; and
- Include the following details:
 - Household member's full name
 - Employment start date
 - Gross income including frequency of pay (hourly, weekly, monthly, or annual)
 - Average hours per week, if applicable

3. Contracts and Employment Letters - Instructions / Documentation			
Applicant Name	Employer	Letter Date	Annual Income
Section A3, Total Contract and Employment Letter Income			\$ -

Variable/Bonus Income

Variable/Bonus income is defined as income that should not be annualized, such as bonus income, profit sharing, incentive pay, seasonal overtime, etc. Such income should be removed from the household's year-

to-date gross income and captured in **Section A4** of the *Income Calculation Worksheet*. The amounts listed in the section will be added to the household's income.

The member must certify within the *HDP Request Form*, by selecting the box in this section, that the household has confirmed the income itemized in this section is variable/bonus income. Failure to select the certification box will result in the request form being considered incomplete.

4. Variable/Bonus Income - Instructions / Documentation			
Variable/Bonus income is defined as income that should not be annualized, such as bonus income, profit sharing, incentive pay, seasonal overtime, etc. Such income should be removed from the household's year to date gross income and captured in Section A4 of the Income Calculation Worksheet. The amounts listed in the section will be added to the household's income.			
The member will be required to certify within the Homebuyer Dream Program Request Form that the household has confirmed the income itemized in this section is variable/bonus income.			
☐ The Member certifies that the household has confirmed the income itemized in this section is variable/bonus income			
Applicant Name	Employer	Description	Amount
Section A4, Total Variable/Bonus Income			\$ -

Social Security, Retirement/Pension, Public Assistance, and Disability Income

Social Security, Pension, Public Assistance, and Disability Income should be captured in **Section B** of the *Income Calculation Worksheet*. Acceptable third-party documentation includes the following:

- Supplemental Security Income ("SSI") award letter or 1099.
- Social Security award letter or 1099.
- Retirement, pension and/or disability benefit statements or 1099. In cases of distributions, an average of the year-to-date payments must be calculated and input into the *Income Calculation Worksheet* as the payment amount.
- Letters or case management forms from public assistance agencies.
- Section 8 Homeownership Voucher Program approval letter.
- Other third-party documentation evidencing the amount and frequency of the benefit being received.

The gross benefit amount should be entered in the *Income Calculation Worksheet*. The worksheet will calculate an annualized income amount.

Section B - Social Security, Retirement/Pension, Public Assistance, and Disability Income				Back to Top ^
Applicant Name	Source	Payment Frequency	Payment Amount	Annual Income
Section B, Total Income				\$ -

Self-Employment Income

Self-Employment income should be captured in **Section C** of the *Income Calculation Worksheet*. Household members that report their annual earnings to the IRS through a Schedule C, 1099 statement, own a C or S Corporation, or an ownership interest in a partnership, are self-employed. Acceptable documentation is outlined below.

- Copies of the most recently completed year's U.S. Individual Income Tax Returns (i.e., IRS 1040 Forms) accompanied by all supporting schedules and statements.
 - In lieu of U.S. Individual Income Tax Returns, an IRS form 4506-T (Request for Transcript Tax Return) can be submitted to the IRS, and the member can rely on and submit the transcripts furnished by the IRS.
 - If a household submits tax returns from the tax year preceding the most recently completed tax year (e.g., submits 2024 tax returns in 2026) after the federal tax filing, the household must also provide documentation evidencing that a filing extension was granted for the most recent tax year.

Note: If a household member owns 25% or greater of a business, the applicable business tax returns must be provided. If less than 25% ownership in a partnership, S corporation or LLC, the applicable K-1 must be provided.

The following items claimed by the household member must be added back to the net income: depreciation, depletion, business use of a home, amortization, and casualty losses.

The exclusion for meals and entertainment expenses must be deducted from the net income.

When the most recent Schedule C or business tax return does not represent a full twelve (12) months of self-employment activity, the member must use a year-to-date Profit and Loss ("P&L") Statement, with period ending date within 60 days of the reservation date, to determine the household member's anticipated annual income. This includes cases where the household member began self-employment during the current year, began self-employment during the prior tax year but has not completed a full year of activity, or provides tax documentation covering less than a full twelve-month period. The P&L Statement must clearly identify the beginning and ending dates of the period represented and be signed by the applicable household member.

The household's net income and duration of self-employment, as covered in the supporting documentation, must be entered in the *Income Calculation Worksheet*. For example, a tax return that reflects one full year of self-employment income should indicate 12 months or a P&L that reflects six months of self-employment income should indicate six months in **Section C** of the *Income Calculation Worksheet*. The worksheet will calculate an annualized income amount.

Section C - Self-Employment Income				Back to Top ^
Applicant Name	Business Name	# Months	Net Income	Annual Income
Section C, Total Income				\$ -

Child Support

Child support should be captured in **Section D** of the *Income Calculation Worksheet* and should be documented via a court order, printouts from the court or agency responsible for enforcing support payments or any other third-party documentation evidencing the amount and frequency of support payments received. If there is a

private arrangement, the details of the arrangement along with proof of receipt of two support payments must be provided.

When completing the fields on the worksheet, the following guidelines should be followed:

- Children's names cannot be entered on the worksheet; the dropdown menu within the worksheet identifies children as Child #1, Child #2, etc.
- Arrear payments should not be included in the income calculation.
- Income payment frequency must be provided so that the worksheet can calculate the annualized income.
- In the case where child support is not received in line with the court order, an average of the year-to-date payments must be calculated and input into the *Income Calculation Worksheet* as the payment amount.
- Evidence of unpaid child support must be documented to be excluded from household income (e.g., court orders, child support service confirming non-payment, etc.). If unable to provide evidence, the member will default to amount stated on court order/divorce decree/separation agreement.

Section D - Child Support				Back to Top ^
Applicant Name	Dependents (select from dropdown)	Payment Frequency	Payment Amount	Annual Income
Section D, Total Income				\$ -

Seasonal Employment, Unemployment, and Miscellaneous Income

Seasonal employment, unemployment, and miscellaneous income should be captured in **Section E** of the *Income Calculation Worksheet*. The acceptable documentation will vary dependent upon income type.

For seasonal employment, the supporting documentation should include a fully completed Verification of Employment Form providing income amount earned over the most recent year, a W2, or other third-party documentation providing this information.

To verify unemployment income, worker's compensation or severance pay, the benefit notification, award letter, or 1099 should be obtained.

Example of acceptable unemployment income:

- A household whose income is seasonal and receives unemployment during the off season as a supplement until they return to work (e.g., landscaper, roof repair, union employee)

Example of unacceptable unemployment income:

- A household previously employed and receiving income, has lost their sole source of income and is currently receiving unemployment. There is no return-to-work date as they will need to search for new employment.

To document miscellaneous income such as interest or dividends, the most recent tax return, 1099, or brokerage statements verifying stock portfolio earnings, should be obtained. Other options for documentation

include IRS form 4506-T (Request for Transcript Tax Return). Interest and dividend income must be included in the total household income when the combined annual amount exceeds \$100 per filing year.

The gross amount should be entered in the Income Calculation Worksheet. The worksheet will calculate an annualized income amount.

Section E- Seasonal Employment, Unemployment, and Miscellaneous Income				Back to Top ^
Applicant Name	Income Source	Payment Frequency	Payment Amount	Annual Income
Section E, Total Income				\$ -

Rental Income

If the homebuyer(s) is purchasing a 2-4 family property, anticipated rental income must be captured in **Section F** of the *Income Calculation Worksheet*. Rental income must be verified with a Real Estate Market Analysis, or a Small Residential Income Property Appraisal Report (Fannie Mae form 1025) dated within 120 days of the reservation date. In line with program requirements, 75% of the total gross annualized rental income will be calculated within the *Income Calculation Worksheet*. The member should default to using the highest market rents in the calculator, unless otherwise verified.

When verifying rental income on properties other than the subject property, the gross monthly rental income may be verified with the most recent tax return or current lease agreement(s). If tax returns are being utilized, then the net annual income (adding back depreciation) may be inputted in **Section C** – Self-Employment Income.

Section F - Rental Income				Back to Top ^
Applicant Name	Gross Monthly Rental Income	Net Monthly Rental Income	Annual Net Income	
Section F, Total Income				\$ -

Section C - Self-Employment Income					Back to Top ^
Applicant Name	Business Name	# Months	Net Income	Annual Income	
Section C, Total Income					\$ -

Zero Income Earning Adults

All household members age 18 years and older, who will reside in the property, but do not receive any income from any source, must be listed in **Section G** of the *Income Calculation Worksheet*. A fully executed *Zero-Income Certification* dated within 60 days of the reservation date is required for each household member listed in this section of the *Income Calculation Worksheet*.

Section G - Zero-Income Earning Adults		Back to Top ^
Applicant Name		

Non-Income Payments

Any payments that do not constitute income and should not be included in the household's income for program eligibility purposes must be listed in **Section H** of the *Income Calculation Worksheet*. See examples located under [Eligible and Ineligible Income Sources - What does not constitute "income"?](#)

Section H - Non-Income Payments		Back to Top ^
Applicant Name	Payment Type	Amount
Section H, Total Non-Income		\$ -

Homeownership Counseling

The member must ensure that at least one of the homebuyer(s) listed within the *HDP Request Form* has completed a homeownership counseling program within 18 months prior to the reservation request date, as evidenced by a completion certificate.

Grant funds may be used to pay for the cost of the homeownership counseling, which will be provided on behalf of the homebuyer(s) via the member to the non-profit counseling agency, as long as:

- Such costs were incurred in connection with a qualified homebuyer(s) who has attended and successfully completed a formal counseling program and ultimately purchases a property; and
- The cost of such counseling has not been covered by another funding source including the member nor is the cost being reimbursed to the household or other source.

The homeownership counseling program must be provided by an organization recognized as experienced in homebuyer or homeownership courses. While the curriculum may vary amongst the agencies, the topic of predatory lending should be covered. Acceptable counseling entities include the following:

- A counseling agency that is accredited by HUD, a State Government or State Housing Finance Agency ("HFA"), or the National Industry Standards for Homeownership Education and Counseling. For more information, please refer to the following resources:
 - HUD: <http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm>
 - State Government or State HFA: please check with your state offices.
 - National Industry Standards for Homeownership Education and Counseling: <https://homeownershipstandards.org>

The use of online homeownership counseling programs through either Framework or eHome America is permitted. The homebuyer should work directly with recognized education/counseling agencies to receive guidance and instructions to complete the online education through either Framework or eHome America. The FHLBNY does not permit other online education/counseling agencies.

It is the member's responsibility to validate actual counseling agency costs. Copies verifying costs for each counseling agency must be maintained by the member.

Household Equity Contribution

The homebuyer(s) must have an equity contribution of a minimum of \$1,000 towards the purchase of the property. The equity contribution must be used towards down payment, closing costs, or costs paid before closing as identified on the Closing Disclosure.

- Gift funds from a family member are considered an acceptable source of equity.
- Unacceptable sources of equity are (a) funds received from seller credits, (b) secondary financing, (c) additional grants or credits from a non-profit or other organization, including state and local government agencies.

The equity contribution must be sourced from the Closing Disclosure. It is calculated as the sum of the household deposit, costs paid before closing, and cash to close from the household.

Note:

- Gifts of equity and cash gifts listed on the closing disclosure should be added to the equity contribution.
- Any cash to the household at closing will be deducted from the total equity contribution. If the homebuyer(s) fail to meet the \$1,000 equity contribution requirement, the member will forfeit reimbursement of the entire grant.

Use of the HDP Grant

The HDP grant must be used toward the down payment and/or closing costs for the purchase of a household's principal residence. Acceptable closing costs include but are not limited to:

- | | |
|--|----------------------------------|
| • Loan origination and/or discount fee | • Mortgage tax/tax stamps |
| • Rate buy down | • Survey fees |
| • Appraisal and/or application fee | • Prepaid interest |
| • Credit report | • Title insurance and title fees |
| • Flood certification | • Property inspection fees |
| • Closing fee | • Realtor commissions |
| • Document preparation | • Recording fees |
| • Attorney fees | • Housing counseling fee |
| • Mortgage Insurance (including upfront premium) | • Abstracting fees |
| • Escrow of property taxes, homeowner's insurance, mortgage insurance, and flood insurance | |

The HDP grant may be used in conjunction with other grant programs, including other grant programs offered by the FHLBNY. The combined HDP Suite grant maximum amount is \$60,000 per household. HDP Wealth Builder may be layered with either HDP or HDP Plus; HDP and HDP Plus may not be layered with each other due to the income thresholds.

Closing Requirements

Execution of HDP Retention Documentation

Retention Documentation is applicable only to Homebuyer Dream Program.

The member is responsible for ensuring the following retention documentation, located on the FHLBNY website, is fully executed at the time of closing:

- Subordinate Mortgage including Exhibit A
- Certification of Intent to Record
- UCC-1 (applicable to co-ops only)
- Promissory Note (applicable to Puerto Rico only)
- Declaration of Restrictive Covenant (applicable to FHA financing)

Other than the completion of the necessary fields, no alterations may be made to these documents.

Closing Disclosure

If a homebuyer(s) receives subordinate financing, the loan amount, APR and mortgage term must be reflected on the Closing Disclosure.

- Closing Disclosure must reflect the following details:
 - The full grant amount must be itemized as follows:
 - “Homebuyer Dream Program” or “HDP”
 - “Homebuyer Dream Program Plus” or “HDP Plus”
 - “Homebuyer Dream Program Wealth Builder” or “HDP Wealth Builder”
 - If the full HDP grant is not reflected on a single Closing Disclosure, provide all applicable Closing Disclosure(s) or settlement statement(s) necessary to document the full grant amount.
 - Homebuyer counseling fee should be itemized on the Closing Disclosure regardless of being paid at or prior to closing.
 - The \$1,000 minimum equity contribution used towards down payment, closing costs or costs paid before closing for the purchase of the property.

Note: Any cash to the homebuyer at closing will be deducted from the total equity contribution. If the homebuyer(s) fail to meet the \$1,000 equity contribution requirement, the member will forfeit reimbursement of the entire grant.
- In accordance with AHP Requirements, the member may provide cash back to a homebuyer(s) at closing in an amount not exceeding \$250. A member shall use any AHP direct subsidy exceeding such amount that is beyond what is needed at closing for closing costs as a credit to reduce the principal of the mortgage

loan or as a credit toward the household's monthly payments on the mortgage loan. The Closing Disclosure may not indicate the household has received cash at closing exceeding \$250; the principal reduction or mortgage prepayment must be reflected on the Closing Disclosure. Grant funds cannot be used to reimburse household for earnest deposits, cash down payments, or prepaid closing costs.

Note: If the homebuyer(s) receive cash back exceeding \$250, the member will forfeit reimbursement of the entire grant.

All documentation must be legible, consistent, and accurate as to the household closing, including but not limited to household name, property address, and terms. In cases when the household or property address may be known by another name, the member must provide an explanation or affidavit certifying the alternate city, street, zip code, or other parcel identifier. Under HDP, re-recording of the *Subordinate Mortgage*, *Declaration of Restrictive Covenant*, or *UCC-1 financing statement* will be required for errors including but not limited to:

- Incorrect closing date.
- Member and/or household name is inaccurate.
- Errors in the property street address, zip code and/or state.
- Incorrect subsidy amount.

Retention Period

The Retention Period is applicable only to the Homebuyer Dream Program.

Upon closing, all Homebuyer Dream Program households must comply with the AHP Regulation retention requirements for a minimum five (5)-year period beginning on the date of closing (the "Retention Period").

Transfers of title for owner-occupied properties are monitored through legally enforceable HDP deed restrictions or other legally enforceable retention agreements or mechanisms that require notice to the FHLBNY, and in its discretion any designee of the FHLBNY, of any sale, transfer, assignment of title or deed, or refinancing of the unit by the household occurring during the five-year Retention Period.

The member must promptly notify the FHLBNY if an HDP household sells, transfers, or assigns title or deed to the subject property, and the FHLBNY may require members to certify with respect to the retention status of subject properties by HDP households.

The homebuyer(s) must agree to maintain ownership for a period of five years from the closing date or repay a prorated amount of the HDP grant, or any other remedies authorized by the AHP Regulation.

If the homebuyer(s) owns the home for the full five-year term, the grant is forgiven at the end of the retention period.

The member is responsible for educating the household of its obligations during the retention period and the recapture process if an event of non-compliance occurs during the five-year retention period as identified within Events of Non-Compliance and Recapture.

Retention Monitoring Practices

Retention Monitoring is applicable only to HDP.

The member is responsible for subordination requests during the Retention Period. In the event the household has multiple funding sources, the HDP grant is not required to be in second lien position. In addition, the member is responsible for recording a release of lien at the end of the five-year Retention Period regardless of whether the first mortgage has been sold to another lender. On an annual basis, members will be provided with a Retention Monitoring Report reflecting their portfolio of households within the five-year retention period; members should review the report and report to the FHLBNY if there has been an event of non-compliance.

Events of Non-Compliance and Recapture

FHLBNY may receive notification from a member or through the written notice provision in the retention documentation that the grant will not be or is no longer being used for purposes that conform to the HDP Suite requirements or AHP Regulation. Such a situation would constitute an event of non-compliance which may result in the recapture of a pro rata amount of the grant, or any other remedies authorized by the AHP Regulation.

Events of Non-Compliance

- Evidence of fraud or willful non-compliance by a household, member or counseling agency.
- Sale, transfer or refinancing prior to conclusion of the retention period.
- Pursuant to the FHLBNY AHP Implementation Plan, policies, procedures, guidelines, and instructions, and the Federal Housing Finance Agency's Affordable Housing Program Regulation (12 CFR Part 1291), as may be amended from time to time (the "AHP Regulation," and collectively, the "AHP Requirements"), if an HDP-assisted household sells, transfers, assigns the title or deed, or refinances the Property during the Retention Period, a portion of the AHP Subsidy may need to be repaid to the FHLBNY. However, if any one of the following conditions outlined in the AHP Requirements are met, a portion of the Subsidy may not be required to be repaid:
 - a. The property was assisted with a permanent mortgage loan funded by an AHP subsidized advance.

- b. The subsequent purchaser, transferee, or assignee is a low-or moderate- income household, as determined by the FHLBNY pursuant to the AHP Requirements.

Note: If a household's income cannot be obtained pursuant to b. above, FHLBNY will use a proxy as a reliable indicator of the subsequent purchaser's income. The sale, transfer, or assignment of an owner-occupied unit by an AHP-assisted household at a price that is at or below the applicable HUD HOME Investment Partnerships Program ("HOME") and Housing Trust Fund ("HTF") homeownership value limit for existing housing is a reliable indicator. Should the sales price be at or below HUD HOME and HTF value limit, no repayment is necessary.

- c. The portion of the AHP subsidy required to be repaid under the AHP Regulation is \$2,500 or less.
- d. Following a refinancing, the property continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism in compliance with the AHP Regulation.

Example: Subordinating the HDP lien does not result in an event of non-compliance. The household remains compliant to the original retention agreement until maturity or subject to non-compliance in a future event.

- e. Following an event of foreclosure, transfer by deed-in-lieu of foreclosure, an assignment of a Federal Housing Administration first mortgage to HUD, or death of the AHP-assisted homeowner.

Foreclosure

A foreclosure or deed-in-lieu of foreclosure terminates the household's obligation to repay the grant. In addition, when an AHP-assisted home is financed with an FHA-insured first mortgage, an assignment of the mortgage to the Secretary of HUD terminates the household's obligation to repay.

Inheritance

Inheritance of an AHP-assisted home by the heirs of an AHP-assisted owner(s) of the home does not constitute a "sale" or "refinancing" of the home. Upon the death of the AHP-assisted owner, the Retention Agreement (i.e., Subordinate Mortgage), deed restriction or other legally enforceable mechanism terminates and there is no obligation to repay.

Processing of a Recapture

In the event that a member determines a recapture may be required, the member must complete and submit the *Affordable Housing Program (AHP) "Recapture Request Form" (AHP-153)* located on the FHLBNY website. The *Recapture Request Form* has fields in which to enter pertinent data regarding the recapture process. It will inform the member if a recapture is required and, if so, at what amount.

The complete technical instructions for completing the *Recapture Request Form* are contained in the form itself and in a tutorial, also available on the FHLBNY website. In general, the form contains three sections:

1. Qualifying Event: In this section, the member must provide basic information about the event of non-compliance. There is a drop-down menu with several scenarios that may apply to the transaction.

Certain events, by regulation, exempt the household from the recapture process. If the event qualifies as an exception, the member must submit the form to the FHLBNY and retain all applicable supporting documentation.

2. Proxy: This section captures the data used to determine if the subsequent purchaser can, by a reliable indicator, be considered to be a low- or moderate-income household. The form makes calculations from data entered regarding the applicable HUD HOME and HTF homeownership value limit.
3. Repayment: This section allows for the calculation of both the “pro rata” and “net proceeds minus household investment” recapture amounts. If the lesser of these two calculations is \$2,500 or less, no recapture is necessary.

In the case of a sale, transfer, or assignment of title or deed, “net proceeds” are determined by the sales price minus reasonable and customary costs paid by the household in connection with the transaction and outstanding debt superior to the AHP subsidy lien or other legally enforceable AHP subsidy repayment obligation. In the case of a refinancing, “net proceeds” are determined by the principal amount of the new mortgage minus reasonable and customary costs paid by the household in connection with the transaction and the principal amount of the refinanced mortgage.

“Household investment” includes reasonable and customary costs paid by the household in connection with the original purchase, down payment for the original purchase, capital improvements, and repayment of senior mortgage principal. Although not an exhaustive list, transaction costs include recording fees, real estate broker’s commission, attorney’s fees, seller credits, and adjustments for items unpaid by seller. An AHP assisted household may produce documentation from its mortgage lender (for example, detailed payoff statement or monthly statements) as evidence of any mortgage principal paid since purchase of the unit. If documentation is unavailable, principal paid can be estimated using the closing statements (the difference between the original mortgage amount and the mortgage loan payoff amount.) Certain other costs are deemed by regulation to be ineligible, such as prepaid expenses, initial escrow payments, and closing costs financed through the mortgage and FHA 203(k) loans.

Capital improvements may include reconstruction, rehabilitation (can be taken from the Closing Disclosure), addition or other substantive improvements. General maintenance and repairs are not considered substantive capital improvements. Examples of capital improvements include but are not limited to:

- Adding of bath(s) or bedroom(s)
- Installation of air conditioning
- New plumbing or electric wiring
- Finishing a basement
- Exterior painting
- Doors
- Driveways/Sidewalks
- New roof
- Paving a driveway

The member is responsible for gathering and reviewing all supporting documents (e.g. construction/home improvement invoices and/or receipts, closing disclosures, settlement statements, mortgage servicing statements, mortgage discharge, etc.) utilized when calculating the recapture amount. These documents must

be submitted to the FHLBNY along with the completed *Recapture Request Form* by email to HDP@fhlbny.com. Upon review, the FHLBNY may request additional information/documentation to process the recapture.

- Note: The AHP-153 Recapture Request Form must be completed and submitted along with supporting documentation regardless of amount to be repaid, if any.

The member must notify the FHLBNY within 30 days of an event of non-compliance. The member is accountable for recovering the HDP grant from a household as determined by the FHLBNY. If the member does not reimburse the FHLBNY, the member's Overnight Investment Account or any other deposits, credits or moneys of the member then in the possession of the FHLBNY may be debited at the sole discretion of the FHLBNY. If the grant subject to recapture remains in the possession of the member for more than 30 days, the FHLBNY may, in its sole discretion, assess the member a per diem rate of interest.

Lien Subordinations

For subordination requests during the five-year Retention Period, the member should review the transaction before closing to confirm that the HDP lien or other legally enforceable retention agreement will remain in place and continue to satisfy the applicable AHP retention requirements. Subordination of the HDP lien does not, by itself, constitute an event of non-compliance, provided the property remains subject to the deed restriction or other legally enforceable retention agreement or mechanism required under the AHP Regulation. The member is responsible for preparation and recording of the subordination agreement; the FHLBNY does not require notification or documentation regarding the subordination.

Lien Releases

If a household requires the HDP lien or other legally enforceable retention agreement to be released or discharged during the five-year Retention Period for any other reason such but not limited to the household obtaining a Home Equity Line of Credit ("HELOC") or similar financing, the member should contact the FHLBNY before the release occurs to determine whether repayment of all or a portion of the HDP grant may be required. The member must submit the *AHP Recapture Request Form (AHP-153)* with supporting documentation and obtain guidance from the FHLBNY regarding any repayment obligation. The member may utilize the date they execute the mortgage discharge as the Date of Non-Compliance.

Suspension and Debarment Policy

If, in the judgment of either the FHLBNY or the FHFA, the member or a counseling agency shows a pattern of non-compliance or engages in a single instance of flagrant non-compliance with the terms of the AHP Regulation, the FHLBNY, either in its sole discretion or under the regulatory direction of the FHFA, may suspend or debar the member or counseling agency from participation in the HDP Suite.

Conflict of Interest

The FHLBNY's Board of Directors has adopted a written policy regarding the Code of Business Conduct and Ethics. Pursuant to this policy, conflicts of interest or attempts to influence any action that would affect the funding of a household are not permitted by the following parties:

- Members of the Affordable Housing Advisory Council;
- Members of the Board of Directors; and
- FHLBNY staff and management.

Record Retention Requirements

All supporting documentation for households shall be maintained by the member for a period of seven (7) years.