

Federal Home Loan Bank of Seattle
Community Investment Program Overview
Washington CRA Roundtable

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Members' Community Investment Advantage

The Seattle Bank's community investment programs offer members the opportunity to:

- Meet CRA obligations
- Attract new customers and build customer loyalty
- Increase deposits and mortgage volumes
- Improve credit quality and lending ratios of mortgage borrowers
- Foster community relationships
- Raise corporate profile within the community
- Reduce funding costs

Seattle Bank Community Investment Programs

Product	Description	Monitoring and Compliance	Volume
Affordable Housing Program (AHP)	Direct subsidy or subsidized advances for capital costs of affordable rental or owner-occupied housing for households at or below 80% of area median income (AMI)	<ul style="list-style-type: none"> Highly regulated and examined application, disbursement, and monitoring processes Rental housing restricted and monitored for 15 years Owner-occupied housing restricted for five years 	\$149.4 million in grants leveraging over \$3.2 billion to finance more than 28,000 units
Home\$tart Program (H\$P)	Grants for downpayment and closing costs for homebuyers at or below 80% AMI	<ul style="list-style-type: none"> Highly regulated and examined Restricted for five years 	\$43.8 million in grants for more than 8,800 homebuyers
Community Investment Program / Economic Development Fund (CIP/EDF)	One- to 30-year discounted advances for housing and economic development. Reduced-rate Standby Letters of Credit also available	<ul style="list-style-type: none"> CIP/EDF advance may be drawn up to 90 days after loan funding Prior to drawing the CIP/EDF advance, members reconfirm the loan details No additional compliance or monitoring requirements 	\$3.0 billion in advances made \$433.93 million outstanding

Affordable Housing Program (AHP)

Purpose

Provides direct subsidy or subsidized advances to acquire, develop, and/or rehabilitate affordable rental or owner-occupied housing for households earning up to 80 percent of area median income, adjusted for family size.

Since Program Inception (1990)

\$149.4 million awarded

28,088 units



Stone Way Apartments
Seattle, WA

\$700,000 AHP Award
Sterling Bank

AHP Application Process

At least \$5.9 million available for 2013

Application Details

Mid-May: Online AHP application is available on the Seattle Bank's website.

- Sponsors complete the AHP application and submit it to the member. Only the sponsor can edit the application.
- Members underwrite the AHP application to the standard they would use if providing a loan. If the project is feasible, the member submits the application to the Seattle Bank.
 - Be sure to allow plenty of time for the member to underwrite the application.
 - Repayment of the AHP subsidy is required if the project does not meet the terms and conditions of the award.

Mid-June: The Seattle Bank hosts a series of webinars explaining AHP requirements and scoring criteria.

August 1: Applications due no later than 4:00 p.m. Pacific Time.

Mid-December: AHP awards are announced after the meeting of the Board of Directors.

2013 AHP Scoring Criteria

A total of nine scoring criteria, each worth a minimum of five points; 100 points total

Donated Property	5 points	Fixed
Nonprofit Sponsorship	5 points	Fixed
Homeless Housing	9 points	Variable
Empowerment	5 points	Fixed
First District Priority	8 points	Variable
<i>Special Needs Housing</i>		
Second District Priority	19 points	Variable
<i>Farmworker or Native Housing, or Preservation, or District Distribution</i>		
Income Targeting	20 points	Variable
AHP Subsidy per Unit	6 points	Variable
Community Stability	23 points	Variable
<i>Reduce Substandard Properties and Funder Support</i>		

AHP Requirements

Awarded projects are subject to AHP requirements:

- Semi-annual Progress Reports are required until the time of project completion.
- A “Final Audit” is required at the time of project completion.
- Rental projects are subject to long-term monitoring for 15 years from the date of project completion, unless they are financed by Low Income Housing Tax Credits.
 - Annual Sponsor Certifications
 - Periodic Member Certifications
 - Tenant Income Verification
- Owner-occupied projects are subject to AHP retention for five years from the date of project completion.
 - If the home is sold before the end of the five-year retention period, the household must repay a pro rata portion of the AHP award, reduced for every year they owned the home unless certain conditions are met.
 - If the household remains in the home for five or more years, the full amount of the AHP award becomes their equity.

Home\$tart Program

Purpose:

The Home\$tart Program provides grants for downpayment and closing costs to homebuyers earning up to 80 percent of area median income, adjusted for family size.

Home\$tart provides \$3:\$1 of an eligible household's funds, up to \$5,000.

Home\$tart Plus provides \$2:\$1 of an eligible household's funds, up to \$10,000, and is available to recipients of public housing assistance.

Since Inception (1995)

\$44.4 million disbursed
8,988 households served



Home\$tart Program

At least \$2.3 million available in 2013

Home\$tart funds are available to members on an ongoing, first-come, first-served basis.

After one third of the funds are allocated to income-eligible first-time homebuyers, the remaining funds may be allocated to non first-time income-eligible households.

Households are required to:

- Complete homebuyer education and financial literacy
- Qualify for a mortgage
- Provide an account statement to evidence homebuyer's funds

Each unit is subject to retention requirements for five years from the date of closing.

- If the home is sold before the end of the five-year retention period, the household must repay a pro rata portion of the Home\$tart grant, reduced for every year they owned the home unless certain conditions are met.
- If the household remains in the home for five or more years, the full amount of the Home\$tart grant is forgiven.

Qualifying a Household for Enrollment in Home\$start

The Home\$start and Home\$start Plus Annual Income Calculation Worksheet is used to determine a household's income eligibility.

The worksheet separates household income into the following categories:

- Regular Wages or Salary
- Inconsistent Income
- Self-Employment Income
- Bonus Income
- Other Income (e.g., SSI, Disability, Child Support)

Income documents must be dated within 30 days of the date of qualification, as identified by the member.

Enrollment approval process:

- Once income eligibility is determined by the Seattle Bank, a confirmation email is sent to the member.
- Members may track the status of approved enrollments on the Home\$start web page.

Disbursing a Home\$tart Grant

Before the disbursement is approved, the following required documents must be submitted:

- Evidence of completion of homebuyer education
- Copy of an account statement to evidence homebuyer's funds

After the disbursement is approved, the following required documents must be submitted:

- Copy of the final HUD-1
 - Provides evidence that household received full amount of the Home\$tart grant
 - Household may not receive more than \$250 cash back at closing
 - Confirms that rate, points, fees, and other charges were market rate or below
 - Must be returned within 30 days of the date of the Home\$tart disbursement
- Copy of the recorded deed restriction
 - Must be returned within 90 days of the date of the Home\$tart disbursement

Good Things to Know

From the time a household is income qualified, the Home\$tart funds remain available for up to two years to allow the household time to qualify for a mortgage and purchase a home.

Once income eligibility is established, household income may increase beyond 80 percent of area median without disqualifying the household for Home\$tart funds.

If the household stays in the home throughout the duration of the retention period, they maintain the full amount of the equity provided by H\$P.

Account balance:

- The household is not required to use their funds toward downpayment or closing costs.
- The account statement may not be dated more than 45 days prior to the date of the disbursement request.
- Household participation in sweat equity or another program which earned them an in-kind contribution may count toward the household's account balance.
- Gift funds will not be considered when evaluating the account balance.
- Disbursement may be denied if the household may contribute \$20,000 or more toward the home purchase.

Good Things to Know (cont.)

Homebuyer education must be NeighborWorks certified or include eight hours of training, of which one hour is face-to-face counseling (Skype okay).

Homebuyer may not receive more than \$250 cash back at closing, even if it is their own funds.

Members may not knowingly enroll a household into Home\$start who is also an AHP-beneficiary.

A household who relies on a co-signer to qualify for a mortgage may not be enrolled in Home\$start and is not eligible for a Home\$start grant.

Students are critically analyzed to confirm that they do not have a reasonable expectation that upon graduation they will have an income substantially above 80 area median income.

Members will be asked to explain how a mortgage is affordable if the household is paying more than 35% of gross monthly income toward principal and interest.

Overview of AHP Owner-occupied Subsidy and Home\$tart

	AHP	Home\$tart
Timing and Availability of Funds	Applications due August 1. Scoring criteria determines competitiveness. Maximum of \$30,000/unit, except in Alaska and Hawaii where the maximum is \$50,000/unit.	Household enrollments are accepted on a first-come, first-served basis. \$5,000/unit or \$10,000/unit if the household receives public housing assistance.
Use of Funds	Acquire (includes downpayment assistance), develop, or rehabilitate owner-occupied housing.	Downpayment, closing costs, counseling, or rehabilitation assistance.
Time Limit	Three years from the date of application approval. May be extended to up to four years from the date of approval.	One year from the date of household enrollment. May be extended to up to two years from the date of household enrollment.
Education Requirement	None, although points are awarded in the Empowerment scoring criterion for projects that provide homebuyer education or include self-help requirements.	Household required to complete NeighborWorks-certified homebuyer education or receive a minimum of eight hours, at least one of which is face-to-face, with a curriculum of: preparing for the financing, purchase and maintenance of a home; budgeting and credit; and education about the characteristics of predatory lending.
Income: 80% AMI or less, adjusted for family size HUD income guidelines are used	Determined at the time the household is qualified by the project sponsor for participation in the program. Household income documents must be within 90 days of the date of that the project sponsor qualifies the household for participation in the program.	Determined at the time the household is accepted for enrollment by the member. Household income documents must be within 30 days of the date that the member qualified the household for participation in the program.

If the household stays in the home throughout the duration of the retention period, they maintain the full amount of the equity provided by the AHP or H\$P subsidy. Once income eligibility is established, household income may increase beyond 80 percent of area median without disqualifying the household for AHP or Home\$tart funds.

Community Investment Program/Economic Development Fund (CIP/EDF)

Purpose:

Provide reduced-rate advances and letters of credit for a wide range of affordable housing and community economic development projects.

Since Program Inception (1990)

\$3.0 billion funded

\$413.9 million outstanding

52,554 households served

350 economic development projects



Quality Inn & Suites Federal Way
Federal Way, WA

\$2,540,000 CIP/EDF Advance
UniBank

Seattle Bank Members' Impact



Since 1990, Seattle Bank community investment programs have served 89,218 households.

- \$193.8 million in subsidy to finance affordable housing for 37,076 households
- \$3.0 billion in reduced-rate advances to finance housing for 52,554 households and 350 economic development projects

By comparison, CenturyLink Field in Seattle has 67,000 seats.

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