

TURN UP YOUR  
VOLUME



## SECONDARY MORTGAGE OPERATIONS CONFERENCE

October 23, 2008 | 8 am - 4 pm



## FHLBank Topeka's Affordable Housing Program and the MPF® Program

Mark Ward      Operations and Community Programs Manager  
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Chris Endicott      MPF Member Operations Manager

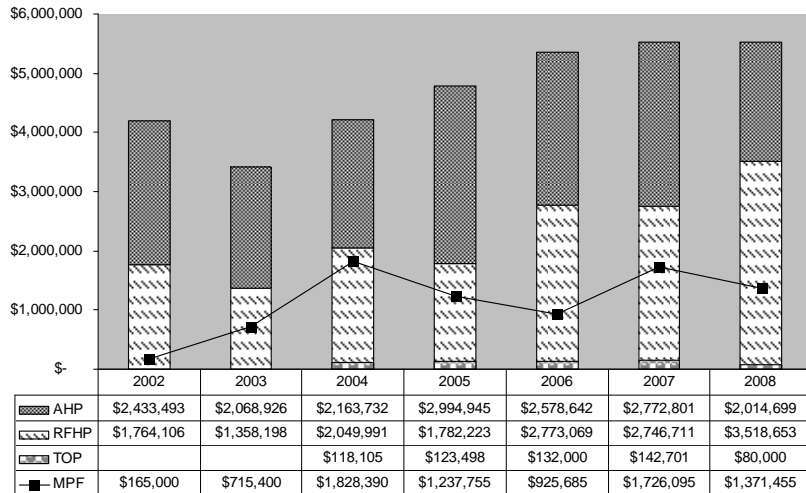
## Affordable Housing Program Grants

### ▶ About the Affordable Housing Program (AHP)

**FHLBank allocates 10% of its previous year's earnings for the AHP competitive program, Rural First-time Homebuyer Program (RFHP) and Targeted Ownership Program (TOP).**



## ▶ AHP and MPF Usage



## ▶ AHP Requirements

- Up to \$450,000 for down payment, closing cost or rehabilitation assistance
- Must apply for AHP funding through member institution
- All units must be at or below 80% of the AMI for homeownership projects
- 5-year retention period for all homeownership projects
- Primary residence



## ▶ AHP Process

- **Awarded in two competitive rounds**
  - Application deadlines: April 1 and October 1
- **Pre-application review**
  - Four weeks prior to application deadline
- **Web seminar on disbursement and monitoring of AHP funds**
- **MPF® and Housing and Community Development departments work together to determine if projects are eligible for the MPF Program**
  - Must meet MPF Program Guide eligibility requirements

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## ▶ MPF Program Eligibility Requirements

(FHLBank Topeka Approved Grant Programs)

- **MPF loan must be in first position**
  - Grants are considered “subordinate liens”
- **Maximum LTV is 100% with a maximum TLTV of 105%**
  - TLTV is determined using the lesser of purchase price or appraised value
- **Fixed rate loan**
- **Conventional and Government**
- **Primary residence**
- **Residential and completed property**
- **Grant forgivable within five years**

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## ▶ AHP Approved Projects Timelines

- **12 months to draw AHP funds or secure other financing** (additional 6-month extension can be granted)
- **42-month timeline to request funds**
- **48 months to complete project**

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## ▶ AHP/MPF Funding Requests

- **Request AHP funds at least 10 business days prior to loan closing**
- **Funds credited to member institution's DDA**
- **Stockholders must disburse funds to eligible households within 60 days after receiving AHP funds**
- **MPF Process**
  - **Loan Presentment** (fax only)
  - **Active Delivery Commitment**
    - Delivery Commitments of 3, 10, 20, 30 & 45 **business days**
    - Accept loans with no more than 12 P&I payments (service retained only)
  - **Loan funding through eMPF Web site**

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## ▶ AHP/MPF Funding Requests (continued)

Address <https://parahel.fhlb-mpf.com/emp/Eng/Page.aspx?tab=TransactionsSubMenu--LoanPresentment>

**Loan Statistics**

Loan Origination Source: Retail

MERS M/N:

Loan Plan Type: Conventional

Loan Purpose: No Cash-out Refinance

Occupancy: Primary Residence

Loan Features FHLB AHP: **No**

Loan Features FHLB CICA: No

Loan Type: Closed

Product Type: Fixed 15 Year

Term (Months): 180

Note Rate (%): 6.000 %

Original Loan Amount (\$): \$100,000.00

Appraised Value (\$): \$200,000.00

Sales Price (\$):

Note Date: 05/16/2008

LTV (%): 50.000 %

Subordinated Financing: No

TLTV (%): 50.000 %

Housing Expense Ratio (%): 28.000 %

Done

## Rural First-time Homebuyer Program (RFHP) Grants



## Mortgage Revenue Bond Income Limits

To calculate a 10% % of AMI divide the 10% annual income by the 10% number calculated with the correct 10% size for the county the property is located in.

State	County	10% AMI		100% AMI		30% AMI		50% AMI		80% AMI	
		1-2	3+	1-2	3+	1-2	3+	1-2	3+	1-2	3+
Kansas	Atchison County	\$63,200	\$70,300	\$40,960	\$56,384	\$30,600	\$39,190	\$30,600	\$39,190	\$30,600	\$39,190
	Cherokee County	\$63,200	\$70,300	\$40,960	\$56,384	\$30,600	\$39,190	\$30,600	\$39,190	\$30,600	\$39,190
	Cherokee County (Horse, Harco, Seneca)	\$63,200	\$70,300	\$40,960	\$56,384	\$30,600	\$39,190	\$30,600	\$39,190	\$30,600	\$39,190
	Cherokee County (Horse, Harco, Seneca)	\$63,200	\$70,300	\$40,960	\$56,384	\$30,600	\$39,190	\$30,600	\$39,190	\$30,600	\$39,190
	Cherokee County (Horse, Harco, Seneca)	\$63,200	\$70,300	\$40,960	\$56,384	\$30,600	\$39,190	\$30,600	\$39,190	\$30,600	\$39,190
	Cherokee County (Horse, Harco, Seneca)	\$63,200	\$70,300	\$40,960	\$56,384	\$30,600	\$39,190	\$30,600	\$39,190	\$30,600	\$39,190
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Cherokee County (Horse, Harco, Seneca)	\$63,200	\$70,300	\$40,960	\$56,384	\$30,600	\$39,190	\$30,600	\$39,190	\$30,600	\$39,190	
Nebraska	Adair County	\$67,100	\$77,100	\$50,325	\$57,825	\$37,575	\$43,575	\$37,575	\$43,575	\$37,575	\$43,575
	Adair County	\$67,100	\$77,100	\$50,325	\$57,825	\$37,575	\$43,575	\$37,575	\$43,575	\$37,575	\$43,575
	Adair County	\$67,100	\$77,100	\$50,325	\$57,825	\$37,575	\$43,575	\$37,575	\$43,575	\$37,575	\$43,575
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Adair County	\$67,100	\$77,100	\$50,325	\$57,825	\$37,575	\$43,575	\$37,575	\$43,575	\$37,575	\$43,575	
Oklahoma	Adair County	\$67,100	\$77,100	\$50,325	\$57,825	\$37,575	\$43,575	\$37,575	\$43,575	\$37,575	\$43,575
	Adair County	\$67,100	\$77,100	\$50,325	\$57,825	\$37,575	\$43,575	\$37,575	\$43,575	\$37,575	\$43,575
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Available on  
[www.fhlbtopeka.com](http://www.fhlbtopeka.com)  
 under Community  
 Programs, AHP

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## Rural First-time Homebuyer Program (RFHP)

- Awards grant funds to stockholder to help low- and moderate-income, first-time homebuyers purchase home in rural area
- **\$4,000 Maximum RFHP subsidy per household**
- **\$50,000 per stockholder**
  - Amount increases \$25,000 monthly beginning May 1
  - First-come, first-served structure
- Six offerings in 2009
- Disbursement period opens the first day of the month beginning in March

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## ▶ Member Registration

- **FHLBank notifies members of funds available**
- **Members must submit RFHP agreements in order to submit disbursement requests**
- **No registration deadlines; RFHP agreements will be accepted from members at any time during the year**
- **Complete RFHP agreement (authorized signer)**
  - Sign up for TOP

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## ▶ RFHP Criteria

- **First-time homebuyer with income < 80% MRB limits**
- **Must be primary residence and located outside the urbanized area of the central city of an MSA**
- **Minimum of \$500 down or documented sweat equity, no cash back received**
- **Mandatory homebuyer education**
- **Homebuyer has been qualified for financing**  
(Income information must be based on the most recent applicable current income documentation)

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## ▶ RFHP Criteria – con't

- **Income must be documented and qualified based on all members of the household age 18 and over that reside in the home**
- **The member ensures that set-aside is being used for permissible purposes**
  - Interest rate, points, fees and other charges do not exceed reasonable rates for loans of similar maturity, terms and risk

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## ▶ MPF Program Eligibility Requirements (FHLBank Topeka Approved Grant Programs)

- **MPF loan must be in first position**
  - grants are considered “subordinate liens”
- **Maximum LTV is 100% with a maximum TLTV of 105%**
  - TLTV is determined using the lesser of purchase price or appraised value

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## ▶ MPF Program Eligibility Requirements (continued)

- **Fixed rate loan**
- **Conventional and Government**
- **Primary residence**
- **Residential and completed property**
- **Grant forgivable within five years**

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## ▶ Eligible Uses of RFHP Funds

- **Down payment, closing costs or rehabilitation costs associated with purchase of home**
- **Homebuyer education fees**
- **Single-family homes, manufactured homes or condos**
- **Rehab costs for owner-occupied homes in federally declared disaster areas to address disaster related damage**
- **New construction of homes in federally declared disaster areas**
- **Can only be used in conjunction with first mortgage loans originated by FHLBank members**

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## ▶ Rural Locations (AHP & RFHP)

- **Rural = located outside of the urbanized area of the central city of a Metropolitan Statistical Area (MSA)**
- **Examples of eligible communities:**
  - KS: Hutchinson, Manhattan and Salina
  - NE: Grand Island, North Platte, Columbus and Fremont
  - OK: Shawnee and Ardmore
  - CO: Durango and Canon City
- **Examples of ineligible communities:**
  - KS: Kansas City, Topeka, Wichita and Lawrence
  - NE: Lincoln and Omaha
  - OK: Tulsa and Oklahoma City
  - CO: Denver, Colorado Springs, Pueblo and Fort Collins

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## ▶ Mandatory Homebuyer Education

- **Complete “acceptable” homebuyer counseling program prior to disbursement, including training provided by:**
  - HUD-approved Housing Counseling Agency
  - FHLBank Train-the-Trainer Certified
  - State Homebuyer Education Association Certified (ex. REACH, OHEA)
- **Provide certificate of completion or name of training agency**
- **Training based on a recognized homebuyer education program**
- **FHLBank Topeka prefers classroom counseling, though phone or web-based training may be satisfactory depending on the circumstances. A list of classes for each state is available on our Web site.**

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## ▶ First-time Homebuyer

Definition of a **First-time Homebuyer**: individual and spouse who have not owned a home during the three-year period prior to the purchase of a home with assistance from the RFHP, except that:

Any individual who is a **displaced homemaker** may not be excluded from consideration as a first-time homebuyer on the basis that the individual, while a homemaker, owned a home with his/her spouse; a displaced homemaker means an adult who has not worked full-time, full-year in the labor force for a number of years and during that period, worked primarily without remuneration to care for a home and family; and

Any individual who is a **single parent** may not be excluded from consideration as a first-time homebuyer on the basis that the individual, while married, owned a home with his/her spouse or resided in a home owned by the spouse. A single parent is an individual who is unmarried or legally separated from a spouse and has custody or joint custody of one or more minor children.

Any individual who **did not purchase a home** but is shown as owner of a home as a result of special family circumstances subject to documentation acceptable to the Bank including health or disability of homebuyer or original owner.

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## ▶ Down Payment or Equivalent

- **Minimum \$500 down payment**
  - Gifts cannot be used as part of \$500 down payment
- **Equity contribution (ex. lot on which new house was built or sweat equity contributed through a self-help housing program)**
- **Documented Sweat Equity – Self-help and Habitat programs**
- **Costs paid outside of closing**
  - Provide documentation of cost of appraisal, loan application, inspections, etc. if POCs are not shown on HUD 1

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## ▶ Retention Period

- **5-year retention secured by deed restriction requires:**
  - If refinanced, FHLBank will subordinate its position to the MPF Program or primary lender
  - Must be occupied as their primary residence
  - Notice of any sale or refinancing of the unit during that period
  - If sold, repayment of a pro rata share of the subsidy upon sale, reduced by 1/60 per month for every month the RFHP-assisted borrower owned the unit or sale to an RFHP-qualified buyer

## Targeted Ownership Program Grants



## ▶ Targeted Ownership Program (TOP)

- **Awards grant funds to stockholders to help first-time homebuyers that have a disabled household member to purchase a home**
- **Funds up to \$4,000 per qualified homebuyer**
- **TOP Agreement form must be completed prior to first disbursement**
  - Funds available February 1 through August 31
  - First-come, first-served structure
- **Cannot be used for RFHP or AHP assisted households.**

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## ▶ TOP Criteria

- **First-time homebuyer**
  - Same definition as RFHP
- **Household includes an individual with a physical or developmental disability**
  - Requires documentation of disability
- **Household income < 80% of MRB limits**
- **Home located in rural or urban areas**
- **Household's primary residence**
- **Minimum of \$500 down**
- **Mandatory homebuyer education**

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## ▶ TOP Criteria (continued)

- **Homebuyer has been qualified for financing**
  - Income information must be based on most recent applicable current income documentation
  - Income must be documented and qualified based on all members of household, including anyone age 18 and over who resides in the home
  - Income must be calculated using the forms, instructions and according to the guidelines of FHLBank’s Community Programs department

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## ▶ MPF Program Eligibility Requirements (FHLBank Topeka Approved Grant Programs)

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- **Residential and completed property**
- **Grant forgivable within five years**

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**FHLBank Topeka**

▶ RFHP/TOP information: [www.fhlbtopeka.com](http://www.fhlbtopeka.com)

The screenshot shows the FHLBank Topeka website with the following content:

- Header:** FHLBank Topeka logo, tagline "Building Communities Together", and navigation links: HOME | PRODUCTS & SERVICES | COMMUNITY PROGRAMS | RESOURCES | NEWS & EVENTS | ABOUT US.
- Left Sidebar:**
  - CONTACTS
  - PROGRAMS
    - Affordable Housing Program
    - Community Development Program
    - Community Housing Programs
    - Housing and Community Development Emergency Loan Program
    - Joint Capital Access for...
    - Targeted Owner-Occupied Program** (circled in red)
  - RESOURCES
  - MPS GUIDE
- Main Content Area:**
  - COMMUNITY PROGRAMS**
  - PROGRAMS**

Whether you're converting a treasured downtown building into senior citizens' housing, improving streets and sidewalks through a public works project or financing a commercial loan in a low-income neighborhood, FHLBank Topeka's affordable housing and community development programs can help.
  - Affordable Housing Program**

The FHLBank system's Affordable Housing Program is the largest privately funded housing grant program in the United States. FHLBank members and public and private housing development organizations work together to prepare a detailed application for this competitive program that awards up to \$450,000 in subsidies per project. [Read more.](#)
  - Community Development Program**

The Community Development Program (CDP) provides wholesale loans (advances) priced below FHLBank's regular market rates to help members finance qualifying commercial loans, farm loans and community and economic development initiatives in the areas they serve. [Read more.](#)
  - Community Housing Programs**

Community Housing Programs (CHP and CHP Plus) provide members with wholesale loans (advances) priced below FHLBank's regular rates to help finance owner- and renter-occupied housing in their communities. [Read more.](#)
  - Housing and Community Development Emergency Loan Program**

FHLBank Topeka's Housing and Community Development Emergency Loan Program (HELDP) provides members with wholesale loans priced below FHLBank's regular market rates for members to finance housing and community development loans in areas adversely affected by natural disasters as determined by the Federal Emergency Management Agency (FEMA). [Read more.](#)
  - Joint Opportunities for Building Success**
- Footer:** FHLBank Topeka | 866.671.8155 | [www.fhlbtopeka.com](http://www.fhlbtopeka.com)

**FHLBank Topeka**

▶ MPF Program Guides  
[www.fhlb-mpf.com/transactions/guides.asp](http://www.fhlb-mpf.com/transactions/guides.asp)

The screenshot shows the MPF Program Guides website with the following content:

- Header:** Mortgage Partnership Finance logo, MPF INFORMATION HOTLINE 1-877-463-6673, and a Printer Friendly Page button.
- Left Sidebar:**
  - Home
  - About the MPF Program
  - Contact
  - MPF Products
  - MPF Press Releases
  - eMPF Information
  - eMPF Website
- Main Content Area:**
  - ABOUT THE MPF ORIGINATION & SERVICING GUIDES**
  - The MPF Guides consist of two volumes containing requirements for the origination or sale and servicing of mortgages secured by 1 - 4 unit single family properties under the MPF Program. The first volume, the Origination Guide, governs originations, and includes the MPF Underwriting Guide, Custody Manual, and forms and exhibits pertaining to delivering mortgages under the MPF Program. The second volume, the Servicing Guide, governs loan Servicing and includes forms and exhibits pertaining to MPF loan servicing. For ease of use, the Underwriting Guide is displayed separately, even though it is considered to be part of the MPF Origination Guide.
  - The MPF Origination and Servicing Guides are available electronically free of charge to the User via AllRegs® Online MPF Guides. Please view the AllRegs Online MPF Guides at [http://www.allregs.com/tpl/public/mpf\\_tli.aspx](http://www.allregs.com/tpl/public/mpf_tli.aspx).
- Footer:** FHLBank Topeka | 866.671.8155 | [www.fhlbtopeka.com](http://www.fhlbtopeka.com)



## ▶ Contact Us

### MPF Program

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### RFHP and TOP

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