



# Announcements

## 2007 Urban First-time Homebuyer Fund

Beginning September 1, 2007, the Federal Home Loan Bank of Des Moines (FHLB Des Moines) will allocate \$1 million of its annual required Affordable Housing Program (AHP) contribution to the Urban First-time Homebuyer Fund. Funds can be used to provide down payment, closing cost, counseling or rehabilitation assistance to eligible first-time homebuyers that are purchasing one-to-four family, owner-occupied properties in urban locations. See definition of urban in the Bank's 2007 AHP Implementation Plan Attachment A, [http://www.fhlbdm.com/ci\\_ahp\\_app.htm#2007\\_AHP\\_Implementation\\_Plan](http://www.fhlbdm.com/ci_ahp_app.htm#2007_AHP_Implementation_Plan).

Urban First-time Homebuyer facts:

- Any member that received funding in the 2006 Urban First-time Homebuyers Fund is ineligible to apply unless all previously awarded funds were expended by April 30, 2007.
- Funds are reserved by member charter and can be used by the member in any urban location.
- During the initial 30-day application period, an eligible member may reserve from a minimum of \$5,000 up to a maximum of: the lesser of \$50,000 or \$5,000 multiplied by the number of loans for the purchase of a home that the member has originated in the two preceding calendar years in urban locations. Tips for determining the amount to request can be found on the reservation form.
- Urban First-time Homebuyer Funds will be distributed to applicants randomly through a lottery until all funds are reserved.
- The Urban First-time Homebuyer Fund is available for first-time homebuyers only and eligible first-time homebuyers may receive up to a total of \$5,000.
- The Urban First-time Homebuyer Fund is designed to assist homebuyers at targeted income levels. Eligible homebuyers must be at or below 80% of the area median income. The income guidelines are based on a percentage of the Mortgage Revenue Bond (MRB) income guidelines published by each state. The current MRB guidelines for IA, MN, MO, ND and SD are available on our website, [http://www.fhlbdm.com/ci\\_ahp\\_rhf.htm](http://www.fhlbdm.com/ci_ahp_rhf.htm). However, the member is responsible for obtaining income limits for any other state and for requesting approval of the limits from the Bank prior to disbursing any funds.
- Eligible homebuyers must purchase a one-to-four family, owner-occupied property in an urban location. Funds will not be available to households that already own a home.

**To be considered urban, a project must meet one of the following criteria; (1) Any housing located in a unit of general local government where the population is more than 25,000 or (2) Any housing located in an area that is not eligible for USDA Rural Housing Service programs. Please check the USDA website at <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do?NavKey=home@1>.**

- All homebuyers must complete a Financial Literacy Program, defined as an educational program that includes homebuyer education and financial literacy instruction in ways to recognize and avoid predatory lending, prior to closing. There will be no exceptions to this requirement.
- Urban First-time Homebuyer Funds **may not** be used in conjunction with programs utilizing funds from other AHP awards.
- Members that finance home purchases using Urban First-time Homebuyer Funds must provide an incentive to the borrower. Acceptable incentives are described in the program guidelines. Any fee reduction must be a minimum of \$50 in order to qualify as an incentive. Other incentives may be acceptable if approved by FHLB Des Moines. Loans originated to be sold into the secondary market, other than the State Housing Agency, must provide a monetary incentive.
- The property being purchased must be subject to a deed restriction, "soft" second mortgage or another legally enforceable retention agreement or mechanism in an amount equal to the Urban First-time Homebuyer Fund grant. Members providing grants must file retention documentation in the member's name at closing. Members must immediately inform FHLB Des Moines if they are notified that the encumbrance has been released prior to the end of the five-year retention period. Properties sold prior to the end of the fifth year may be required to repay a prorata portion of the funds received.
- Urban First-time Homebuyer Fund disbursements will be credited to the member's Demand Deposit Account upon the closing of the loan and submission of the required paperwork to FHLB Des Moines.
- All funds must be disbursed by September 30, 2009 and members must request reimbursements by October 31, 2009. Any undisbursed funds will be added to the AHP contribution for the next round of applications.

Members are encouraged to review the program guidelines on the Bank's website, [http://www.fhlbdm.com/ci\\_ahp\\_rhf.htm](http://www.fhlbdm.com/ci_ahp_rhf.htm), prior to completing the application.

To apply, please log onto eAdvantage and follow the instructions for completing the on-line application. The system will accept only one application per member charter. Applications must be received no later than 4:30 PM CDT on Friday, October 5, 2007. You will receive a message on eAdvantage confirming that your reservation was successfully submitted. If you experience any technical problems with eAdvantage, please contact the Help Desk at 800.544.3452, ext. 1029. Results will be available around November 5, 2007 – everyone who applied will be notified.

**Please contact the Community Investment Department, 800.544.3452, ext. 1173, with questions about the Urban First-time Homebuyer Fund.**