

Frequently Asked Questions

About the First Home Club

What is the First Home Club (FHC)?

The FHC is a first-time homebuyers program that provides subsidy funds to assist households earning 80% or less of area median income (AMI) overcome the financial difficulties of purchasing a home. The program provides households with \$4 match for every \$1 of savings (a grant of up to \$7,500) that they systematically deposit in their dedicated account with your credit union. A second grant of up to \$500 (no match required) is available to defray homebuyer education and credit counseling costs of a Federal Home Loan Bank of New York (HLB) approved non-profit counseling agencies for households which purchase a home using FHC assistance.

What are the FHC funds to be used for?

The matching funds are to be used for down payment and closing cost assistance. The homebuyer counseling defrayal grants are awarded to HLB approved non-profit homebuyer counseling agencies and the grant funds are used only to help defray the counseling costs for FHC households which close on a home.

Who is qualified to receive FHC funds?

In order to participate in the program, a prospective household must meet the following requirements:

- They are a first-time homebuyer
- Reside and purchase their home within HLB's district area (New Jersey, New York, Puerto Rico and the U.S. Virgin Islands)
- Gross household income is 80% or less of the area median income as defined in the Program Guidelines
- Open a dedicated savings account with an approved Credit Union and agree to save systematically on a monthly basis for a period of 10-24 months
- Complete an approved homebuyer counseling program
- Execute the FHC Enrollment Terms & Conditions Agreement (FHC-104)
- Obtain mortgage financing from the Credit Union
- At closing, execute a subordinate mortgage for subsidy funds for a five-year term

Where do the funds from the FHC come from?

The FHC is completely funded by the profits of the HLB and does not rely on taxpayer assistance.

What type of property must the household have in order to be eligible?

One to four-family homes, co-ops, condos and mobile homes attached to a permanent foundation within the HLB's district area.

How long does the household have to deposit funds into their dedicated savings account?

A minimum of ten (10) consecutive months, to a maximum of twenty-four (24) months.

Is the household still eligible to receive subsidy if the 10 consecutive monthly deposit requirement is not met?

No. The household must meet the minimum monthly deposit requirement of no less than 10 deposits.

Is the household still eligible to receive subsidy if a monthly deposit is missed, but made up?

It is up to the discretion of the member institution and ultimately the HLB. Decisions will be based on the homeowner's written explanation of the missed deposit as well as the consistency of the remaining savings history.

Is this an asset-based program?

No. The program is strictly income-based. However, any interest, dividends or other net income earned on monetary assets will be assessed as income.

What if a household's income increases over the program's allowable income level threshold after the household has been approved to participate in the program?

Once a household becomes a qualified participant in the program, the income level that was submitted (at time of enrollment) will be locked-in through the term of the subsidy grant.

What if a household's size increases or decreases during the enrollment period and prior to the closing date?

In this event, the household income will be re-evaluated retroactively to the time of enrollment.

What if a household wishes to enroll in the program but has previously owned a home?

If it has been at least three (3) years since the household has owned a home, then they may be eligible to participate in the program. If the household is that of a single parent or a displaced homemaker (a previously owned home has been sold due to dissolution of a household) the three-year rule is waived.

What if a household requires a co-borrower in order to obtain a mortgage from the member; however, the co-borrower either currently owns a home or has income that exceeds 80% of the AMI?

As long as the co-borrower will not be residing at the mortgaged property, the household will still qualify for FHC subsidy.

What if a household currently resides outside of the HLB's district, but wishes to purchase a home within HLB's district boundaries?

The household must reside and purchase a home within HLB's district boundaries in order to receive subsidy.

Does the HLB disburse funds directly to the household?

No. Once a household has been approved and a closing date has been set, the funds are disbursed to the Credit Union's Direct Deposit Account. The Credit Union will then disburse the funds on behalf of the household at the time of closing.

Once the household receives the grant, how long will the HLB have interest in the property?

There is a five- (5) year retention period which starts on the settlement date, which requires the member to place a lien on the property. The lien is forgiven at a rate of 1/60 per month for properties that remain in use as agreed upon in the FHC subordinate mortgage.

In what position will the First Home Club lien be?

The FHC lien is generally in second lien position, however, in some circumstances, it is acceptable for the lien to be moved to another position.

If the homeowner sells the house before the end of the five-year retention period, must they repay the subsidy?

The household must remain in compliance with FHC regulations for five years. In the event that the property is to be sold to a household who is not income eligible for FHC subsidy, the HLB may request that a pro-rata amount of the subsidy be returned. During each year of the five-year retention period, 20% of the grant is forgiven.

If the homeowner refinances the first mortgage before the end of the five-year retention period, must they repay the subsidy?

If the household refinances the first mortgage, they are not obligated to repay a portion of the grant at that time.

Who prepares the "Subordination of Lien" when a household refinances or sells to an ineligible household?

The member, as the lender, generally prepares the "Subordination of Lien."

At the end of the five-year retention period when the subsidy has matured, who prepares the "Satisfaction of Lien?"

The Credit Union generally prepares the "Satisfaction of Lien."

Can the FHC subsidy funds be used with other grant programs?

Yes, the funds may also be used in conjunction with other grant programs including the HLB's Affordable Housing Program (AHP); however, the combined FHC and AHP subsidy funds may not exceed \$20,000 per household. If the use of FHC subsidy was not originally approved when the AHP application was scored, the application will have to be rescored reflecting the use of FHC subsidy to determine the effect of the ranking.

What if a household is not ready to close, for whatever reason, twenty-four (24) months after the date of enrollment?

The HLB may extend the date of expiration for a household's 24-month enrollment period for a one time 12 month extension. All program requirements must be fulfilled (savings and home ownership counseling completed). Members are expected to monitor their FHC households to insure that enrollment status is correct. Extensions must be made prior to the date of expiration. Please refer to FHC Program Guidelines for the appropriate procedure.

To apply or learn more about the First Home Club, call a Lending Expert at (518) 393-1326 and press '3'.

