2017 Welcome Home Program

Logistics

- Presenter – Jill Cravens, Voluntary Programs Manager.

- Phones are muted.

- Participants can ask questions via text.

- Webinar is being recorded and will be posted at www.fhlbcin.com within two business days.
This presentation may contain forward-looking statements that are subject to risks and uncertainties including, but not limited to, the effects of economic market conditions on demand for the FHLB’s products, legislative or regulatory developments concerning the FHLB System, competitive forces and other risks detailed from time to time in the FHLB’s filings with the Securities and Exchange Commission. The forward-looking statements speak as of the date made and are not guarantees of future performance. Actual results or developments may differ materially from the expectations expressed or implied in the forward-looking statements, and the FHLB undertakes no obligation to update any such statements.

Welcome Home Webinar Agenda

- Background
- Overview of Program Guidelines
- Changes for 2017
- Requirements for Members and Homebuyers
- Property Eligibility
- The Process
- Welcome Home Documents
- Closing of the Welcome Home Program
- Repayment of Welcome Home Funds
- Do and Do Not
- Contact Information
- 2017 Welcome Home webinars
Background

General FHLB Profile

♦ Congressionally chartered in 1932, privately owned wholesale bank.

♦ Government Sponsored Enterprise (GSE).

♦ Not a government agency; no Federal appropriations.

♦ Owned by “Member Financial Institutions”.

♦ Cooperative Structure; Members are both owners and customers.
FHLB Mission

Provide financial intermediation between our Member stockholders and the capital markets in order to facilitate and expand the availability of financing and flow of credit for housing and community lending throughout the Fifth District.

FHLB Cincinnati
is the Fifth District

- Ohio, Kentucky, and Tennessee
- Approximately 700 Members
Housing & Community Investment

♦ The Housing & Community Investment (HCI) department administers the FHLB’s housing and economic development programs.

Source of Welcome Home Grant Funds

♦ 10 percent of the FHLB’s annual net earnings are allocated to the Affordable Housing Program.
Allocation of AHP Subsidy

AHP Competitive 65%
Welcome Home 35%

Available Funds by Year 2010 - 2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Funds (in Millions)</th>
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<tbody>
<tr>
<td>2010</td>
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<tr>
<td>2011</td>
<td>$7.1</td>
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<td>$11.1</td>
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<tr>
<td>2017</td>
<td>$11.4</td>
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</table>
Overview of Program Guidelines

Program Description
Basic Guidelines

- Maximum grants of $5,000 per household.
- Members limited to $200,000 annually.
- No cash back of any amount under any circumstances!
- No return of earnest money!
- An appraisal is required at time of funds reservation for all manufactured homes.
- Mortgage approval cannot be based on non-occupant co-borrowers or co-signers.
Basic Guidelines

- Any Reservation Requests submitted without a signed loan application will be denied when reviewed. This applies to loan applications taken by phone and internet also.
- No funds will be disbursed if the Member closes the loan prior to reservation approval.
- The retention language must be included in the deed or shown as a referenced attachment.
- The 2017 Welcome Home Retention Language Acknowledgement for FHA Loans is required for FHA loans only and should be signed and dated on or before the loan closing.

Eligible Mortgage Products

Welcome Home funds may be used with:

- A fixed-rate mortgage loan with a term and amortization period of at least 10 years;
- An adjustable rate mortgage, underwritten at its fully-indexed rate, with a term of at least 10 years and an amortization period of at least 20 years; or,
- A balloon mortgage with a term and amortization period of at least 10 years.
Definition of Fully-Indexed Rate

- The rate is determined by adding the margin to an index level at the time the loan is made.
  \[
  \text{Index (at the time the loan is made)} + \text{Margin (established at the time the loan is made)} = \text{Fully-indexed rate}
  \]

- For example, given a one-year LIBOR rate of 2.00 percent, the fully-indexed interest rate on an adjustable rate mortgage tied to the one-year LIBOR rate (the index) with a margin of 3.75 percent would be 5.75.

- The fully-indexed rate is not affected by any annual or lifetime caps on adjustments based on the index. Instead, it reflects what the interest rate would have been at the time the mortgage was made based solely on the index at that time and the stated margin.

Note: the “fully-indexed rate” is not the same as the “fully-indexed rate at maturity.” The fully-indexed rate at maturity is based on the index at the time the loan is originated but adds the maximum amount the interest rate could increase over the life of the loan. It is a worst-case calculation.

Changes for 2017
Changes for 2017

- Reservation Requests will be accepted beginning on March 1, 2017 at 8:00AM ET.
- All commitments expire on December 1, 2017 at 5:00PM ET.
- The retention language has changed and only the 2017 version will be accepted.
- Reference the Income Eligibility Guide for instructions on determining household size and household income.
- When submitting an online Reservation Request or Request for Payment of Reserved Funding, all documents must be uploaded as ONE attachment.

Requirements for Members and Homebuyers
Requirements for Members and Homebuyers

- The program is available to all Members. Members do not have to sign up or be approved to use the program.
- Funds are available on a first-come, first served basis until all funds are reserved.
- The homebuyer must have an executed purchase contract in hand before the Member can submit a Reservation Request. The Member will be asked to enter the date of the fully executed contract on the reservation request.
- The reservation is valid only for the specific homebuyer and specific property.

Welcome Home is for Members

- The Member who reserves the Welcome Home funds must originate the first mortgage.
  - The loan can close in another lender’s name.
  - After closing, the first mortgage may be sold or assigned.
- Loans may not be originated by mortgage brokers or others who are not Members of the FHLB Cincinnati.
- Welcome Home funds must be:
  - Reserved by the Member; and
  - Requested by the Member.
Requirements for Members

- The Bank will not provide Welcome Home assistance to any project in which the homebuyer’s first mortgage interest rate exceeds 7.25%.

- The Bank will not provide Welcome Home assistance to any project in which the homebuyer’s second mortgage interest rate exceeds 10.75%.

- The Bank will not provide Welcome Home assistance to any project in which a loan exceeds the annual percentage rate, or points and fees thresholds of the Home Ownership and Equity Protection Act of 1994 and its implementing regulations (Federal Reserve Board Regulation Z).

- The Welcome Home transaction may not include single-premium credit life insurance. If the Closing Disclosure shows a charge for single-premium credit life insurance, no Welcome Home funds will be disbursed.

Requirements for Members

- Welcome Home is not intended for any purchases requiring significant repair or rehabilitation.
  - If any funds are escrowed for repairs, the funds must come either from the seller or from the buyer’s own funds, in addition to the $500 otherwise required. Pre-approval from the FHLB is required prior to closing if the escrow is being held from the buyer.
  - If any funds are escrowed for repairs from the buyer, Welcome Home funds will not be disbursed until the Member certifies that:
    - All repairs were required for mortgage approval as evidenced by the appraisal;
    - All repairs have been completed; and
    - All escrowed funds have either been disbursed or released
  - If any escrowed funds are returned to the homebuyer, the Welcome Home grant may be reduced by a like amount.

  Note: We expect the Member or their closing agent to hold the escrowed funds and only disburse them upon presentation of receipts and invoices.
Requirements for Members

- Welcome Home funds may not be used for any other purposes except those specifically stated. For example, Welcome Home funds may not be used to pay off consumer debt, pay off liens or judgments, buy down the mortgage rate, etc.

- Welcome Home can be combined with other sources of down payment or closing costs assistance, except the FHLB’s Affordable Housing Program.

Homebuyer Eligibility

- Total household income must be at or below 80% of Mortgage Revenue Bond (MRB) program income limits, as adopted by the appropriate state housing finance agency, adjusted for family size for county where property is located.

- The most current MRB limits for KY, OH, and TN are available at www.fhlbcin.com. The income limits will not be changed once posted on our website, regardless of any changes by the state housing finance agencies.
Program Income Limits

♦ Income limits can be found at www.fhlbcin.com. Click on Community Investment/Program Documents and Forms.

Homebuyer Eligibility

♦ Homebuyers must contribute at least $500 of their own funds toward down payment and closing costs (60% of these funds may be received as a gift).
♦ Funds received from sellers, non-profit or other organizations, including state and local government agencies, for down payment assistance grants are not considered “gifts” and cannot be used to reduce the homebuyers required contribution.
♦ Funds paid for items outside of closing, such as hazard insurance, taxes, application fees, and other items related to the purchase are considered as part of the homebuyer’s required contribution. Such items should be shown on the Closing Disclosure or other documentation provided.
Homebuyer Eligibility

• “First-time homebuyer” means an individual or household who has not owned a home during the three-year period prior to the purchase of a home, 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 or her spouse or resided in a home owned by the spouse;
  • 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 or her spouse or resided in a home owned by the spouse; or,

Homebuyer Eligibility

• Any individual or family who owns a home that:
  • Is not intended as a dwelling;
  • Was lost through natural disaster; or
  • Is “Manufactured housing” that was not originally assembled to meet nationally recognized standards or is not permanently affixed to a foundation that meets nationally recognized building code standards.
Property Eligibility

- Any one to four unit property to be used as the homebuyer’s residence is eligible for Welcome Home assistance.
  - For any property with two or more units, 85% of the projected rent of the other units must be included in the homebuyer’s income.
- Manufactured housing is eligible for Welcome Home assistance but the home must be permanently attached to a fixed foundation (meeting FHA guidelines) and must be taxable as real property.
  - A single section manufactured home is eligible if it is Energy Star rated.
  - An appraisal is required at time of funds reservation to document eligibility.
  - See the specific definition in the Welcome Home Guide.
Property Eligibility

- The housing unit assisted with Welcome Home funds must be subject to a legally enforceable restriction in the warranty deed or restrictive covenant to the warranty deed requiring that the Federal Home Loan Bank of Cincinnati be given notice of any sale, refinancing, foreclosure, conveyance by deed-in-lieu of foreclosure, assignment of the first mortgage to the Secretary of HUD, or change in ownership of the unit occurring prior to the end of the Retention Period.

Property Eligibility

- Welcome Home may be used only in transactions which convey full title to the homebuyer.
  - Welcome Home may not be used to initiate a lease-purchase or land contract.

- Welcome Home may be used for new home construction. Construction must be complete, the permanent financing closed, and the Request for Payment of Reserved Funding received by 5PM ET on December 1, 2017. The grant funds can only be applied to the closing of the permanent financing.
The Process

Welcome Home Process Flow

Homebuyer executes a purchase contract on an eligible property

Member takes loan application and determines eligibility

Member submits online Reservation Request

FHLB issues approval letter

FHLB reviews the request and deposits the funds to the Member’s DDA

Member submits online Request for Payment of Reserved Funding

Member closes their loan and fronts the grant funds
Welcome Home Documents

Online Forms in Members Only

◆ The Reservation Request and Request for Payment of Reserved Funding forms are available on the FHLB’s website via the Members Only portal at www.fhlbcin.com.

◆ The FHLB will conduct a separate webinar on February 15, 2017 to explain all program forms.
Retention Language

♦ The retention language must be included in the body of the deed or as a referenced attachment/exhibit.

♦ Only the 2017 version will be accepted.

♦ An example deed is posted on our website.
Request for Additional Information

- If we lack sufficient information to process the Reservation or Request for Payment of Reserved Funding, a “Request for Additional Information” will be emailed to the Member contact.

- For items pertaining to a Reservation Request, submit the additional information within five business days or the request will be denied. All documents should be sent together via email to the person indicated on the bottom of the notice.

- Please respond promptly as funds are not reserved until you receive an approval letter from the FHLB.

- For items pertaining to a Request for Payment of Reserved Funding, all additional documentation must be received by 5PM ET on December 1, 2017. All documents should be sent together via email to the person indicated on the bottom of the notice.
Request for Additional Information

♦ This form will be emailed to the Member contact only. It is their responsibility to forward the request to other persons in their organization.

♦ Do not fax documents to us.

Weekly Status Report

♦ All participating Members will receive a weekly report showing the dollar amount and current status of all reservations.

♦ Please review it and notify the FHLB if it is not accurate.

♦ The two columns on the far right indicate when a reservation has been denied or withdrawn. The funds are then added back to the total funds available.

♦ The report will be sent only until the project is complete and closed.
# Status Report

## Project & Location Details

<table>
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<tr>
<th>Project</th>
<th>Member Name</th>
<th>Member Location</th>
<th>Date Requested</th>
<th>Amount Requested</th>
<th>Preliminary App Date</th>
<th>Total Date</th>
<th>Amount Released</th>
<th>Amount Drawn</th>
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<td>$5,000.00</td>
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### Total for Project 490995

<table>
<thead>
<tr>
<th>Minimum Funds Available</th>
<th>Net Funds Requested</th>
<th>Net Funds Available</th>
<th>Remaining Funds Available</th>
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<td>$20,000.00</td>
<td>$5,000.00</td>
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<td>$5,000.00</td>
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</table>

### Closing of the Welcome Home Program

The Welcome Home Program has been successfully closed, and all funds have been released as per the table above. The remaining balance of $5,000.00 is available for any unforeseen expenses or adjustments. If you have any questions or need further clarification, please contact the FHLB Cincinnati office.

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![FHLB Cincinnati Logo](image)
Anticipated Closing for 2017

- Funds are expected to be reserved very quickly.
- Member contacts will receive an email at least one day prior to the program closing.
- All Reservation Requests received by the closing date will be processed but there may not be sufficient funds available to approve them.
- Submission of a Reservation Request is not an approval or guarantee of funds.

Repayment of Welcome Home Funds
Repayment of Welcome Home Funds

- If the property purchased using Welcome Home funds is sold or refinanced within the retention period, the homebuyer, new lender, or closing agent is required to give notice to the FHLB of the sale or refinancing.

- The new lender or closing agent should go to www.fhlbcin.com and complete a Subsidy Payoff Request Form and email it to welcomehome@fhlbcin.com. A payoff letter will be generated explaining if and how much of a recapture is due. If it is a sale transaction, a Low-to-Moderate Income Certification will be included with the payoff letter and must be completed by the new lender, if applicable.

Repayment of Welcome Home Funds

- The Member has no responsibility to monitor the homebuyer or property during the five year retention period. The original Member should only contact the FHLB about a sale or refinance of a property if they are providing the new financing.

Do and Do Not

Do:

- Read the Welcome Home Guide and become familiar with the program requirements and forms.

- Submit a complete Reservation Request and Request for Payment of Reserved Funding to improve the processing time for all participants.

- Make sure all documents are legible, complete, and signed.

- Include all persons who will reside in the home, regardless of age or income. **Household size and income is based on occupants, not applicants.**

- Instead of giving cash back to the homebuyer, apply the excess funds as a principal reduction and show it on the Closing Disclosure.

- Insert the 2017 Retention Language in the deed and be sure it is properly referenced.
Do:

- **YES** Remember: This is not a first-time homebuyer program. Applicants can own other property, either currently or previously.

- Call the Service Desk at 800-781-3090 for technical issues only, not program questions.

- Promptly withdraw a reservation request as soon as you realize the grant funds will not be needed. If the program is still open, the funds become available for other participants. Simply send an email to welcomehome@fhlbcin.com with the homebuyer’s name and request it be withdrawn. A withdrawal letter will then be emailed to the Member contact.

- Submit the online Request for Payment of Reserved Funding immediately after the loan closes. **Do not wait months to request reimbursement.**

Do Not:

- Submit a Reservation Request without having a fully executed purchase contract in hand.

- Submit a Reservation Request without having a fully executed loan application. It is not sufficient to say it was an internet or phone application. You must submit a signed loan application or the request will be denied!

- Close your loan prior to receipt of a reservation approval letter. If the Member closes their loan prior to reservation approval, no funds will be disbursed.

- Submit documentation that is not required such as the purchase contract, W-2’s, credit report, checklists, Good Faith Estimate, etc.
Do Not:

- Submit tax returns, unless documenting income from self-employment, interest/dividends, or rental property.

- Send additional documentation until FHLB staff request it. The Member should not submit information to the FHLB unless/until it is specifically requested.

Contact Information
## Welcome Home Program Contacts

<table>
<thead>
<tr>
<th>Staff Name and Title</th>
<th>Phone Number</th>
<th>Email Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Herman Bowling, Jr. Vice President</td>
<td>513-852-7614</td>
<td><a href="mailto:bowlingh@fhlbcin.com">bowlingh@fhlbcin.com</a></td>
</tr>
<tr>
<td>Jill A. Cravens Voluntary Programs Manager</td>
<td>513-852-7550</td>
<td><a href="mailto:cravensja@fhlbcin.com">cravensja@fhlbcin.com</a></td>
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<tr>
<td>Jodi M. Pendleton Housing Financial Analyst I</td>
<td>513-852-7602</td>
<td><a href="mailto:pendletonjm@fhlbcin.com">pendletonjm@fhlbcin.com</a></td>
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<tr>
<td>Jasmine P. Grant Housing Financial Analyst I</td>
<td>513-852-7617</td>
<td><a href="mailto:grantjp@fhlbcin.com">grantjp@fhlbcin.com</a></td>
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<tr>
<td>Kristina L. Jordan Housing Financial Analyst I</td>
<td>513-852-7609</td>
<td><a href="mailto:jordankl@fhlbcin.com">jordankl@fhlbcin.com</a></td>
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Service Desk (for technical issues only)
800-781-3090

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## Contact Us

**FHLB Cincinnati**
P.O. Box 598
Cincinnati, OH 45201-0598

Toll free: (888) 345-2246
Fax: (513) 852-7648
Email: welcomehome@fhlbcin.com

[www.fhlbcin.com](http://www.fhlbcin.com)
Connect with Us!
Get the latest news, events and updates at FHLB Cincinnati by connecting with us on social media.

@FHLBCin
www.twitter.com/fhlbcin

www.facebook.com/fhlbcincinnati

www.linkedin.com/company/federal-home-loan-bank-of-cincinnati

2017 Welcome Home Webinars

- Welcome Home Program       February 14 at 10:00 AM ET.
- WHP Forms                  February 15 at 2:00 PM ET.
- Determining Income         February 16 at 10:00 AM ET.
- WHP Q & A*                 February 17 at 10:00 AM ET.

*There is still time to submit questions to be addressed during the webinar. Please direct any questions to the Welcome Home Program email inbox at welcomehome@fhlbcin.com.
We encourage all FHLB Members and housing sponsors to notify us of plans to celebrate or recognize any FHLB funded housing or community investment project. The FHLB is often available to participate and to offer public relations assistance for community events such as ribbon cuttings, groundbreakings, and dedications. Please contact Member Services/Public Affairs, toll free at 877-925-FHLB(3453).