

Welcome Home Instructions for Closing Agents

RE: _____ (Homebuyer)

The above referenced client(s) will be using the FHLB Cincinnati's Welcome Home grant funds. The Welcome Home Program helps make homeownership more attainable for low- and moderate-income households by providing assistance with down payment and closing costs.

The program is designed to work with a variety of mortgage programs, including FHA, VA, Rural Development (RHS), and conventional loans. **The Member must originate the first mortgage but may close the loan in their investor's name.**

As the loan closer for the Welcome Home grant, you are responsible for:

- Disbursing the Welcome Home grant funds;
- Providing the FHLB Member with a fully executed Closing Disclosure. The Closing Disclosure must be signed by the buyer(s);
- Ensuring that the Welcome Home funds are shown on the Closing Disclosure as a grant from the FHLB to the borrower. The item should be identified as "Welcome Home Funds," "FHLB Grant," "Welcome Home Grant," or some similar term;
- Ensuring that the homebuyer contribution in the transaction is at least \$500. Items paid outside of closing can count towards this requirement (e.g., homeowner's insurance premiums, application fees, earnest money, appraisal fees, home inspections, etc.);
- Ensuring the borrower does not receive any cash back at closing. If it appears there would be cash back, those amounts should be applied as a "principal reduction" or "mortgage prepayment" and shown on the Closing Disclosure. All deposits made toward the purchase must stay in the transaction. Earnest money cannot be given back to the buyer under any circumstances. If earnest money is paid by some other party, that earnest money cannot be returned to the other party or to the buyer;
- Ensuring the first mortgage loan rate is not higher than 8.50%;
- Ensuring the second mortgage loan rate is not higher than 12.00%. Welcome Home funds **may not** be used in transactions involving a second mortgage provided by an individual as seller. Second mortgages provided by formal organizations, including financial institutions, Community Development Financial Institutions, housing finance agencies, non-profit organizations, etc. are acceptable;
- Ensuring the current year's Welcome Home Retention Language Acknowledgement for FHA Loans form is executed (required for FHA loans only);
- Ensuring the FHLB's current Welcome Home retention language is included in the new warranty deed. The retention language can be included in the body of the warranty deed or as a referenced attachment/exhibit; and,
- Ensuring that no other debt is being paid off through the closing. It is not acceptable to payoff credit cards, loans, collections, etc., unless the borrower brings sufficient funds to closing (over and above the \$500 required) to make these payments.