

Subsidy Payoff Request Form

The Federal Home Loan Bank of Cincinnati (the FHLB) must be given notice in the event of any sale, transfer, assignment of title or deed such as to the Secretary of HUD, foreclosure, or refinancing of the unit by the household occurring during the RUP 5-year Retention Period. For any property that received FHLB grant assistance, the Seller/Owner may be required to repay part of the remaining balance of the grant if the property is sold, transferred, its title or deed assigned, or refinanced during the retention period.

Complete this form, attach the preliminary Closing Disclosure and the Certification of Household Income Eligibility form (if applicable), and email it to AHPrecaptures@fhlbcin.com. A written statement will be generated and emailed to the contact listed below. Please allow three to five business days for processing. Note: A payoff statement cannot be generated without a preliminary Closing Disclosure.

Subject Property Information:

Seller/Owner's Name: _____

Subject Property Address: _____

Estimated Settlement/Closing Date: _____

Transaction Type: Sale ☐ Transfer ☐ Assignment of Title or Deed ☐ Refinance ☐

If the transaction is a Refinance, will the FHLB retention language remain in the Deed?

Yes ☐ No ☐

If the answer is "No," see the attached document on how a household can reduce the amount of potential recapture.

If the transaction is a Sale, is the property being sold to a low-or moderate-income household as defined in the applicable Federal Housing Finance Agency regulations?

Yes ☐ No ☐

If "Yes," the attached Certification of Household Income Eligibility must be completed and returned with this form.

If "No," see the attached document on how a household can reduce the amount of potential recapture.

Contact Information:

Name: _____

Business Name: _____

Business Address: _____

Phone Number: _____

Email Address: _____

How Can a Household Reduce the Amount Of Potential Recapture?

For any property that received Affordable Housing Program (AHP), Disaster Reconstruction Program (DRP), Welcome Home Program (WHP), or Rise Up Program (RUP) grant assistance from the Federal Home Loan Bank of Cincinnati (the FHLB), the Seller/Owner may be required to repay a pro rata portion of the subsidy in the event of a sale, transfer, assignment of title or deed such as the Secretary of HUD, or refinancing of the property occurring during the 5- year retention period. FHLB will calculate net proceedsⁱ to determine how much of a recapture is due. The subsidy repayment calculation prioritizes return of the household's investmentⁱⁱ in the home, which means the pro rata subsidy amount subject to repayment cannot exceed what is available from the net proceeds of the sale or refinancing. Complete Subsidy Payoff Recapture Procedures can be found at www.fhlbcin.com.

Households who received grant assistance can reduce, or even eliminate, their potential recapture amount by:

1. Selling the property to a household with income that meets the program guidelines. The lender for the Buyer must complete the Certification of Household Income Eligibility, which is attached, to verify household income. The Seller/Owner will not be required to pay the recapture and the retention language can be removed from the Deed.
2. Submitting paid invoices/and or receipts for any capital improvements made to the property, such as roof, HVAC, or window replacement, etc.
3. Submitting a payment history from their mortgage holder that indicates the amount of principal repaid since the purchase of the property.

ⁱ (1) Net Proceeds means in the case of a sale, transfer, or assignment of title or deed of an RUP-assisted unit by a household during the RUP five-year retention period, the sales price minus reasonable and customary costs paid by the household in connection with the transaction (including real estate broker's commission, attorney's fees, and title search fees) and outstanding debt superior to the RUP subsidy lien or other legally enforceable RUP subsidy repayment obligation;

(2) In the case of a refinancing of an RUP-assisted unit by a household during the RUP five-year retention period, the principal amount of the new mortgage minus reasonable and customary costs paid by the household in connection with the transaction (including attorney's fees and title search fees) and the principal amount of the refinanced mortgage.

ⁱⁱ Household's investment means the following, to the extent paid by the household and documented (in the Closing Disclosure or other settlement statement, if applicable, or elsewhere) to the Bank or its designee:

- (1) Reasonable and customary costs paid by the household in connection with the purchase of the unit (including real estate broker's commission, attorney's fees, and title search fees);
- (2) Any down payment paid in connection with the household's purchase of the unit;
- (3) The cost of any capital improvements made after the household's purchase of the unit until the time of the subsequent sale, transfer, assignment of title or deed, or refinancing; and
- (4) The amount of principal on any mortgage senior to the RUP subsidy lien or other legally enforceable RUP subsidy repayment obligation repaid by the household.

Certification of Household Income Eligibility

This form must be completed by the loan underwriter or loan processor.

Loan Underwriter/Processor Name: _____

Name of Homebuyer(s): _____

Subject Property Address: _____

City _____ State _____ Zip code _____

County _____ Phone _____

Below, list each person living at the address above, indicate that person's age as of the date of application, and indicate that person's income as shown on the most recently filed IRS income tax return. (Instructions are included below.)

_____ Age _____ IRS Form _____ Income _____

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_____ Age _____ IRS Form _____ Income _____

_____ Age _____ IRS Form _____ Income _____

Number of Persons in Household _____ Total Household Income _____

MTSP Income Limit for County (based on household size) \$ _____

Total Household Income as a Percent of MTSP Income Limit _____%

Based on the information above, and information received during the loan application process, I certify that the household income listed above is accurate.

Printed Name of Loan Underwriter/Processor

Signature of Loan Underwriter/Processor Contact

Date

Instructions for Determining Household Income

Defining the Household

All persons living in the house should be listed on the “Certification of Household Income Eligibility” (attach additional pages if necessary).

Determining Income

All income for all individuals age 18 and over must be shown. If an individual is under age 18, income should be shown as “0.”

Individual Income and Household Income must be based on IRS Tax Returns. Generally, income will be based solely on the most recent year’s tax returns. Show incomes in whole dollars only.

If an individual is self-employed, the income should be the amount shown on the most recent year’s tax return unless there was a significant increase in the income reported compared to the previous year. If there was a significant increase, the two years’ amounts may be averaged.

If an individual filed IRS Form 1040, show the amount on Line 15.

If an individual filed IRS Form 1040 SR, show the amount on Line 11.

If an individual was not required to file an IRS tax return, show either “0” if the individual actually received no income, or show the individual’s best estimate of the income actually received. Under “IRS Form” indicate “Not Required” or “NR.”

If individuals filed joint or combined returns, list each person separately on the form but show the joint or combined income reported only for the first person listed. For the other persons, show income as “0” and note “Joint” under “Form.” For example, if a return was filed for Person A, Person B as spouse, and showed dependents Person C and Person D, the form would list all four persons but would show the total income for Person A and would identify the IRS Form filed. For Persons B, C, and D, the form would show “0” income with the notation “Joint” under IRS Form.

After all persons and incomes have been entered, add the incomes for all persons and show that amount as “Total Household Income.”

Determining Household Income Eligibility

The MTSP 100 percent and 120 percent Income Limits for Kentucky and Tennessee are listed by county and household size on FHLB’s website.

Divide the “Total Household Income” by the “MTSP Income Limit”, which would be the 100 percent limit for the applicable household size, to determine the percentage.

$\frac{\text{Total Household Income}}{\text{MTSP Income Limit}} = \text{Percentage}$
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