



ABOUT THE 18A08 FHLB GRANT: The Federal Home Loan Bank of Des Moines (FHLB) offers an “Affordable Housing Program” designed to assist in the development of affordable housing for low-income households. HFH-MN applies for this funding and administers this program on behalf of all greater Minnesota affiliates. **There is \$396,000 available for 40 newly constructed homes at \$9,900 per unit.** Priority will be given to projects built for special needs families; funding after the 20% special needs requirement has been met is available on a first-come, first-served basis. Eligible homeowner income: Earns up to 80% Area Median Income (see [HUD Income Limits by County](#)). Repayment: Each grant is secured with a Deed Restriction on the homeowner’s property that is forgiven monthly over five years.

*****PLEASE NOTE, the total mortgages and deed restriction cannot exceed appraised market value.*****

PRE-QUALIFICATION MATERIALS

To start the pre-qualification process, **please submit Pre-Qualification Materials to HFH-MN at minimum of 30 days prior to your anticipated closing with the homeowner(s).** If you have any concerns or questions regarding eligibility, please feel free to contact HFH-MN to review the pre-qualification guidelines and process.

CONSTRUCTION COST WORKSHEET AND ITEMIZED ACCOUNTING SPREADSHEET

Please use the Exhibit A Construction Cost Worksheet to categorize all costs of the home (cash and in-kind). In addition, provide a supporting spreadsheet, preferably from the affiliate’s accounting system, with a detailed accounting for all cash expenditures, *plus in-kind materials, in-kind professional labor and land acquisition costs.* The spreadsheet should include the names of all professional contractors that provided labor and materials for the home, paid or in-kind.

- Construction Cost Worksheet** categorizing all costs of the home, cash and in-kind
- Itemized cost spreadsheet** (including in-kind material and in-kind professional labor). This should reconcile with the above Construction Cost Worksheet.
- Land Acquisition Settlement Statement.** The settlement statement should match the costs in your worksheet and the accounting detail. If the land was donated, please provide a warranty deed to support the donation.

HOUSEHOLD DEMOGRAPHICS

- Homeowner and Property Data Worksheet**
- Habitat for Humanity Homeowner Application**
- Privacy Notice**

APPRAISAL

A copy of the market value property appraisal is required.

INCOME VERIFICATION

The verification of household income is a very important element of qualifying for the grant funds. The affiliate must independently verify the homeowner’s income, including the income of any household member over the age of 18 living in the home. *****ALL SOURCES OF INCOME, EARNED AND UNEARNED, MUST BE VERIFIED***.**

In order to assure compliance with our grant funder’s guidelines, HFH-MN staff will review the household income and provide the affiliate with a **Household Summary Form** to be signed by homeowners at or before closing. *Your affiliate is responsible for underwriting the mortgage and pricing the home per HFH-I and your affiliate’s policies.*

IMPORTANT: HFH-MN income verification review can be done as early as after Family Selection.

Please note, we are reviewing for need under the grant program guidelines, not for affordability to repay the mortgage. We will need all pre-qualification documents to fully approve the project but the income review can often be time consuming and could potentially delay the closing if appropriate documentation had not previously been obtained.

Please submit the following **Income Verification Documentation**:

- A copy of the homeowner's most recent full Federal Tax Return
- Provide **ONE** of the two following items to verify each adult's wage income:
 1. Written employer verification of employment (**Fannie Mae VOE is preferred**)
 2. Three (3) consecutive pay stubs with sufficient data to determine Year-To-Date income. **Each paystub must have Start Date, End Date, Check Date, Regular/Base Hours, Base Pay Rate, Overtime, Other Income, Gross Wages and YTD Amounts**
- Child support received for the most recent 12 months, verified by the County (*if applicable*)
- Social Security Income (SSI) and/or Social Security Disability Income (SSDI) benefit letter including the date, name of recipient, and monthly amount (*if applicable*)
- To document self-employment income, please provide the most recent two years of their FULL Federal Tax Returns including all schedules (*if applicable*)
- Any other applicable cash income source must be verified (Bank Verification, IRAs, Retirement, Unemployment, etc) (*if applicable*)
- Certificate of Zero Income (*if applicable*)

FHLB COMMITMENT DOCUMENTS

Once your application has been approved, HFH-MN will complete and send you the following documents to be signed by your affiliate and by the homeowner(s):

- **FHLB Deed Restriction**
- **Truth In Lending (TIL) Statement** for the FHLB subordinate financing. The TIL Statement should be given to the homeowner(s) with the early disclosures, the final disclosures and again at closing for final signatures.

MATERIALS TO SUBMIT AFTER THE CLOSING

- _____ **Household Income Summary Form** – Signed by homeowner(s)
- _____ **Privacy Notice** – Signed by homeowner(s)
- _____ **Purchase Agreement** – Signed by homeowner(s)
- _____ **First Mortgage Promissory Note** (Copy)
- _____ **First Mortgage** with County Recording Information (Copy)
- _____ **Second Mortgage Promissory Note** (Copy) – if applicable
- _____ **Second Mortgage** with County Recording Information (Copy) – if applicable
- _____ **Third Mortgage Promissory Note** (Copy) – if applicable
- _____ **Third Mortgage** with County Recording Information (Copy) – if applicable
- _____ **Deed Restriction** with County Recording Information (Copy)
- _____ **Closing Disclosure/HUD-1 and Subordinate Mortgage TIL statement** (copy with homeowner(s) signatures)
- _____ **Processing Fee:** 10% (\$960.00) of the total grant amounts made payable to Habitat for Humanity of Minnesota, Inc. This fee helps cover the costs of applying for the FHLB Affordable Housing Program Grants for affiliates