

HELP Program Questions and Answers

GRANT REQUEST SUBMISSION

Q: *Can HELP funds be reserved prior to submitting a grant application?*

A: No, our program does not allow reserving funds before submitting an application. Upon receipt of a complete HELP request application via the GrantConnect portal, the requested grant amount is earmarked for the specific application on a first-come, first-served basis.

Q: *Can partial HELP applications be submitted?*

A: No, each application must include all applicable items as detailed on the Request for Disbursement of Funds form when uploaded through the GrantConnect portal. Applications not containing the required initial documentation will delay review of the grant request.

FIRST-TIME HOMEBUYER REQUIREMENT

Q: *What constitutes a First-Time Homebuyer?*

A: Each individual who will be executing the final Closing Disclosure as a Borrower must fully complete an Attestation for Eligibility as a First-Time Homebuyer (form located in the HELP Funding Manual). As shown on the Attestation form, various criteria satisfy the program First-Time Homebuyer requirement. The completed Attestation must indicate which of the criteria options is applicable, be signed and dated by the applicable Borrower.

HOMEBUYER TRAINING REQUIREMENT

Q: *Who should complete the homebuyer counseling course?*

A: At least one individual who will be executing the final Closing Disclosure as a Borrower must complete a valid First-Time Homebuyer counseling or training. Acceptable first-time homebuyer training can be either classroom or online training, including but not limited to online training available through HUD, FannieMae, FreddieMac and private mortgage insurance companies. HUD-approved classroom training provided by a non-profit organization is also acceptable. Evidence of completed training is required at time of grant application submission.

HOUSEHOLD INCOME REQUIREMENT

Q: *How is annual household income determined?*

A: There are several acceptable methods of calculating income depending on the source of income and the income documentation. Our program considers income on a forward-looking basis by annualizing documented earnings or benefit amounts.

- For wage earners, we require a paystub issued no more than 90 days prior to the date the grant application was submitted to FHLB. For wage earners, the preferred method of income calculation is a determination of annualized income utilizing the Income Calculation Tool available on our HELP website. The Income Calculation Tool is an Excel worksheet which produces a projected annualized income based on gross YTD earnings from the date the YTD earnings began.
- Overtime, bonus, commission, tips, other pay: for wage earners, any recurring OT, bonus, commissions, tips or other pay is considered in determining the qualifying income. We typically annualize these types of earnings based on average of amounts earned YTD. Depending on the nature of the income type, it may be acceptable to annualize the YTD amount separate from base wages. One-time pay amounts or income types that are no longer continuing can be excluded from annual income calculation if there is satisfactory documented confirmation of the non-

recurring or non continuation status.

- For Self-employed applicants, we require the most recent 2 years of signed, filed IRS tax returns. Self-employment income is considered stable and eligible for qualifying purposes if the income has been received for a full 2 calendar years. The income is calculated by taking an average of the net profit based on the most recent 2 full years of tax returns. Deductions in income for depreciation, amortization, depletion and other non-cash deductions should be added back to Net Profit on Schedule C, partnership or corporation income to determine compliance income. If the two-year average yields a negative number, the income for self-employment earnings should be reflected as \$0. For qualifying, net losses from self-employment should not be deducted from or counted against any other income received. If self-employment is less than 2 years prior, W-2's signed personal and business federal income tax returns may be required.
- For Social Security pension, SSI or Social Security Disability, we require the applicable current benefit letter confirming the gross monthly benefit amount. The gross monthly benefit is annualized for a 12-month period.
- For private pension income, we require a letter or statement from the Pension Plan confirming the current gross monthly pension amount. The gross monthly pension amount is annualized for a 12-month period.

NOTE: Copies of bank statements are not accepted as income documentation as amounts deposited into bank accounts may not represent full gross amounts.

Q: Does income of minors count as qualifying income?

A: Gross amounts of all Social Security benefits and Social Security Disability benefits received by the household on behalf of an occupying minor are counted as qualifying income. Job wages earned by an occupying minor are not counted as qualifying income.

Q: Does child support or alimony count as qualifying income?

A: Child support and/or alimony received on a consistent basis are counted as qualifying income. Court records reflecting the income receipt history are required.

Q: Are HUD Housing Vouchers counted as qualifying income?

A: Yes, the monthly Housing Voucher amount must be documented and counted in annual income.

Q: What is the requirement regarding adult occupants of the subject home who have no income?

A: If a household member (who is not a full-time student) is 18 years of age or older and has no income, a signed and dated Certification of Zero Income is required. The Certification of Zero Income form is located in the HELP Funding Manual. A completed form is required including a response for item #3 which specifically asks, "State the sources of funds you will use for your necessities."

Q: Are there some types of income that do not count as qualifying income?

A: Yes. Exhibit G of the AHP Implementation Plan lists income categories that are excluded from consideration as qualifying income. The AHP Implementation Plan can be accessed via the HELP website.

Q: Does the date of income documentation matter?

A: Some income documentation, such as paychecks and verification of employment letters or forms, must be dated within 90 days prior to the date the member submits the request for HELP funds. Please refer to the Verification of Income instruction page in the current year Funding Manual to confirm additional requirements or clarification regarding our income documentation requirements.

Q: Are non-occupying co-borrowers allowed for a HELP grant?

A: If a non-occupant co-borrower's income is needed for the lender's mortgage loan qualification ratios, the transaction is not eligible for the HELP program. The occupying borrower(s) must qualify for the mortgage loan based on their own household income. A non-occupant co-borrower included only for credit score purposes is acceptable for the HELP program. If a non-occupant is included for credit score purposes, the non-occupying co-borrower's income is not counted as household income.

Q: *What is the requirement for income of a dependent full-time student age 18 or older?*

A: For full-time students who are 18 years of age or older, a small amount of their earned income will be counted. Count only earned income up to a maximum of \$480 per year for full-time students, age 18 or older who are not the head of the family, or spouse or co-head. If the income is less than \$480 annually, count all the income. If the annual income exceeds \$480, count \$480 and exclude the amount that exceeds \$480.

BORROWER CREDIT REQUIREMENTS

Q: *Does the HELP program have a minimum credit score requirement?*

A: No. The HELP program has no credit score requirement, an applicant's credit score or credit history information is not part of a HELP grant application.

Q: *Does the HELP program allow an automated underwriting decision?*

A: We do not specify a required underwriting method. The submitting Member will follow their own mortgage loan underwriting process and requirements.

Q: *Does the HELP program have a maximum Housing Payment Expense Ratio or Debt-to-Income Ratio?*

A: For a HELP grant, the estimated Housing Payment Expense ratio should not exceed 45%. Based on the estimated total monthly housing payment, if the applicant's monthly Housing Payment Expense ratio exceeds 45% the HELP application must include a brief explanation of compensating credit or financial factors that mitigate the high housing expense ratio. The HELP Program does not have a Debt-to-Income ratio limit. The Member will follow their own policy applicable to DTI ratio based on prudent underwriting of the mortgage loan application.

HOMEBUYER CONTRIBUTION REQUIREMENT

Q: *Is there a minimum contribution required from the homebuyer?*

A: Yes. The homebuyer must contribute a minimum of \$500 of their own funds to the closing transaction. The buyer's contribution must be evidenced on the initial Loan Estimate or draft Closing Disclosure and evident on the final Closing Disclosure. The homebuyer must also cover any payoff of debts included in the transaction. **HELP funds cannot be used to pay off any consumer debts.**

Q: *Are gift funds allowed?*

A: The homebuyer must contribute at least \$500 of their own personal funds exclusive of any gift funds. Gift funds after the \$500 contribution has been met are acceptable. Any payoff of debts included in the closing should also come from the borrower's own personal funds, not to be covered by gift funds or HELP funds.

Q: *Can items paid outside of closing count as buyer's contribution?*

A: Valid buyer closing costs paid outside of closing and/or earnest money deposit can count as buyer's contribution if evidenced on the initial Loan Estimate or draft Closing Disclosure and evidenced on the final Closing Disclosure.

Q: *Can the homebuyer receive cash-back at closing?*

A: The reimbursement of earnest money deposit is considered cash-back and is strictly prohibited. Reimbursement of valid closing cost(s) (i.e. appraisal fee) documented as paid outside of closing may be reimbursed at closing so long as the buyer's personal minimum \$500 contribution is still met. (See additional information below regarding cash back.)

Q: *Can the homebuyer receive funding sources in addition to the HELP grant?*

A: Subordinate loans and valid grants are allowed in conjunction with a HELP grant. Both the initial HELP grant application documentation and the final closing documents must adequately identify any additional loans or non-FHLB grants applicable to the transaction. For any subordinate financing requiring a monthly payment, in the HELP application submission we will need a copy of the proposed applicable subordinate

lien Note or a draft Closing Disclosure for the subordinate financing.

Q: *What is the required process regarding ineligible cash back?*

A: Each planned mortgage closing should be closely reviewed prior to closing to confirm there is no violation of our cash back restriction. Prior to closing, if an ineligible cash back amount will occur, the mortgage loan amount or their funding sources should be reduced, or the original HELP grant amount can be cancelled and a reduced grant amount disbursed to prevent cash back. An executed final Closing Disclosure reflecting unallowable cash back to the buyer will require the member to fund a principal reduction to the applicable mortgage in the amount of the cash back. An on-going pattern of cash back situations may result in grant recapture.

HELP DEED RESTRICTION REQUIREMENT

Q: *Does FHLB have a standard retention document?*

A: To allow our members as much flexibility as possible, we provide a preferred sample Deed Restriction document in the current HELP Funding Manual. The sample document can be modified as needed to fit a specific situation or recorder's requirement so long as our required regulatory language is included. If the retention document will differ substantially from the sample retention document available in the current HELP Funding Manual, please contact us at 800.362.2944.

Q: *Who is required to execute the HELP Deed Restriction?*

A: The HELP Deed Restriction document must be executed by each individual who is taking title to the subject property.

Q: *Does FHLB Dallas retain the original recorded Deed Restriction?*

A: No. The homebuyer should retain the original recorded document and the submitting Member should retain a copy of the recorded Deed Restriction. The member is responsible for providing to FHLB a copy of the recorded HELP Deed Restriction via the GrantConnect portal.

Q: *Should the retention document be recorded prior to receiving HELP funds?*

A: No. We require a draft Deed Restriction at time of grant application. The initial draft should reflect all required information including the legal description of the property. The fully executed and validly recorded HELP Deed Restriction is then required within 60 days after the HELP grant is disbursed. Failure to provide the recorded Deed Restriction within 60 days may result in a delay of future fundings and/or a recapture of prior disbursed funds related to the deficient document.

Q: *Can the HELP Deed Restriction be bundled with other closing documents for recording?*

A: No, the HELP Deed Restriction is to be recorded as an individual, stand-alone recording. A HELP Deed Restriction included as part of a bundled recording will typically require re-recording as a standalone document, at the member's expense.

Q: *What is the most common mistake regarding the HELP Deed Restriction?*

A: The most common oversights pertain to the referenced HELP grant amount and/or the legal description is omitted/missing. The homebuyer name, subject property address and HELP grant amount on the recorded Deed Restriction must match the same information shown on the final Closing Disclosure of the related mortgage.

Q: *How are mistakes cured regarding a recorded Deed Restriction?*

A: When allowed by the applicable recorder's office, we will accept a recorded Scrivener's Affidavit or other recorded Act of Correction to cure mistakes made on the HELP Deed Restriction. (This would typically relate to an incorrect grant amount). Substantial mistakes in the property address citing or incorrect legal description may require recording a corrected HELP Deed Restriction. Repeat recording of a Deed Restriction will typically require a recorded Release of the original filing at the member's expense. A HELP Deed Restriction included in a bundled recording will also require re-recording of the Deed Restriction at Member's expense as stated above.

Q: *What happens if the subject home is being sold or refinanced during the 60-month Retention Period?*

A: The HELP Deed Restriction document addresses the potential for a pro-rated recapture of the grant if the home is sold or refinanced during the retention period. An electronic Request for Payoff or Release, available on the Community Programs section of our website, must be submitted along with applicable documentation. Upon receipt of the completed payoff request, our staff will confirm if a pro-rated payoff is required and provide a written Payoff Statement with instructions to the requester, if applicable. Once payoff funds are remitted to FHLB, we will provide an executed Release for recording in the applicable jurisdiction. If there is no pro-rated payoff amount owed to FHLB, our staff will notify the requester accordingly and provide an executed Release to be recorded in the applicable jurisdiction.

GENERAL OVERVIEW

Q: *What is meant by “Member Cap”?*

A: The per-member cap established for each HELP offering is the maximum amount that can be awarded to each member in that offering period, subject to funds availability. Since the HELP program grants are issued on a first-come/ first-served basis, the cap amount is not a commitment to, or guaranteed amount for, any individual member.

Q: *Can the related first mortgage loan close in the name of an entity other than the submitting member name?*

A: For the 2026 HELP program, the related first mortgage must close in the name of a member institution, a wholly owned subsidiary of a member, or a registered 501c3 non-profit organization.

Q: *Why does FHLB require documentation before releasing funds?*

A: To validate homebuyers are eligible for HELP funds and to reduce the potential for recapture of funds from our members, prior to grant disbursement we require verification of income of each applicable prospective occupant of the subject home, evidence of completed first-time homebuyer counseling, evidence of acceptable retention and documentation of the pass-through of HELP funds.

Q: *What constitutes “pass-through” of the grant?*

A: The grant application submission requires a copy of a Loan Estimate or draft Closing Disclosure reflecting the requested HELP grant amount. After the mortgage loan closes, a copy of the final, executed Closing Disclosure reflecting the HELP grant amount and recorded HELP Deed Restriction are required within the timeframes indicated in the HELP Funding Manual.

Q: *Does the mortgage loan closing occur prior to receiving HELP funds?*

A: To disburse the requested HELP funds, we will accept a Loan Estimate or draft Closing Disclosure with the same information reasonably expected to be included in the final Closing Disclosure. The final executed Closing Disclosure is then required within 30 days of our disbursement of the grant funds. Failure to provide the final Closing Disclosure in the time required may result in a delay of future fundings and/or a recapture of prior disbursed funds related to the deficient document.

Q: *Does the HELP program accommodate new construction long-term builds?*

A: Because a final Closing Disclosure is required within 30 days after grant disbursement, HELP grant applications should come to us at the point where the related mortgage loan closing is reasonably expected to occur within 30-45 days after the grant application submission date. The HELP program does not accommodate extended closings for long-term construction projects.

Q: *Are mobile homes and manufactured housing allowed in the HELP program?*

A: Owner-occupied, primary residence mobile homes or manufactured housing, either single or double wide, are acceptable so long as the unit will be permanently affixed and mortgaged with the land so the required HELP Deed Restriction can be validly recorded.

Q: *Are condo units and 2–4-unit properties allowed in the HELP program?*

A: Owner-occupied, primary residence condominium units are acceptable. The required monthly HOA dues must be included as part of the homebuyer's estimated mortgage payment obligation in calculating the monthly Housing Payment Ratio. A 2–4-unit property must be an owner-occupied, primary residence and projected net rental income from the tenant-occupied unit(s) must be included in the buyer's qualifying annual income amount.

Q: *Can HELP funds be combined with any other approved funds awarded by any Federal Home Loan Bank?*

A: No. A HELP grant cannot be granted in combination with any additional funds from any Federal Home Loan Bank.

Q: *How is the household size determined?*

A: Each individual projects to be a permanent occupant of the subject property must be included and listed on the Household Income Certification, along with their income, as applicable. A pregnant woman is counted as two within the household size.

Q: *How will the submitting member be notified of grant approval?*

A: Upon approval of the HELP grant application, an email confirming the grant disbursement will be sent to the Member Contact listed on the "HELP Request for Disbursement of Funds" form.

Q: *How will the submitting member institution receive funding after the grant is approved?*

A: Upon approval of the HELP grant application, we credit the submitting member's DDA in the amount approved. The member serves as gatekeeper of the grant funds and remits the HELP grant funds to the applicable closing entity in accordance with their own operating procedures.

Q: *Are extensions allowed for receipt of the final Closing Disclosure and/or recorded Deed Restriction?*

A: We understand there may be circumstances beyond the member's control. The member should keep us apprised of legitimate delays and continue to monitor the situation to accomplish closing and Deed Restriction recording as timely as possible. A pattern of extended past-due final documents without adequate justification may impact our ability to disburse future HELP grants for the member.

Q: *What is the process for HELP applications that are withdrawn or declined prior to the grant being disbursed?*

A: Prior to grant disbursement, if a HELP grant application needs to be withdrawn prior to grant disbursement due to the mortgage loan application withdrawal or declination, notify us via email to ahp@fhlb.com and we will withdraw the grant request in the portal. If a HELP grant application is deemed ineligible by FHLB staff, the applicable member contact will be notified accordingly and the requested funds will be allocated back to the general pool of funds.

Q: *For a funded grant, what is the required process if the mortgage loan does not close after the HELP grant is disbursed?*

A: After a HELP grant is disbursed, if the related mortgage loan application is cancelled by the member, we are to be notified via email to the department mailbox (ahp@fhlb.com) so the grant can be cancelled. The grant cancellation process will generate a debit to the member's DDA in the amount of the grant, reversing the amount originally credited to the DDA. Timing of the cancellation will be coordinated with applicable member staff.

Q: *If a disbursed HELP grant is canceled, do those funds remain allocated to the member for use with a different applicant?*

A: No. If a disbursed HELP grant is canceled, the amount of the canceled funds revert to the general pool of funds available on a first-come/first-served basis.

Q: *Is the member penalized for HELP grant applications that do not close?*

A: There is no financial penalty incurred by the member in connection with a HELP grant disbursement

cancellation, withdrawal or denial. However, a pattern of high cancellations or withdrawals will be a matter of concern and could impact our ability to disburse future HELP grants to the member. Mortgage loan applications should be adequately vetted by the member prior to submitting related HELP grant requests.

Q: *Are grant applicant substitutions allowed?*

A: No. Applicant substitutions are not allowed. Each HELP grant application is registered into the GrantConnect portal on an applicant-specific basis.

Q: *Are property address substitutions allowed?*

A: If a property address substitution is proposed for either a disbursed HELP grant or a pending HELP grant application, please notify us via email (ahp@fhlb.com) and we will contact you to discuss details.