



Member driven.
Community focused.

Affordable Housing Program 2023 Funding Manual

Rental Projects



Disbursement Delay

FHLB Dallas reserves the right to delay subsidy disbursements if:

- Either the Member or Sponsor has failed to respond to a prior request for information regarding this or other AHP projects,
- If the Member or Sponsor has been asked by FHLB Dallas to cure a noncompliant situation, or
- The Sponsor currently has other older, open, and incomplete AHP projects that it must complete or make adequate progress towards completion

Subsidy Adjustments

FHLB Dallas reserves the right to make reasonable adjustments to all disbursement requests if:

1. The project's funding sources have changed and there is no longer a need for the level of the AHP subsidy previously requested;
2. The costs presented are not reasonable and if ineligible expenses are included as development or operating costs;
3. The project no longer meets the applicable scoring criteria as outlined in the AHP Agreement; or,
4. The project does not meet feasibility guidelines.

Disbursement Process – Need for Subsidy

FHLB Dallas reviews the information submitted with the disbursement request and compares it to the information submitted with the approved application. FHLB Dallas verifies that the project continues to qualify for the awarded subsidy based on applicable threshold requirements and scoring criteria set forth in the Implementation Plan in place when the project was awarded AHP funds. At this point, FHLB Dallas is re-evaluating the financial and operational feasibility and the project's continued need for subsidy.

Common Mistakes that can delay a disbursement

The person assembling the disbursement packet is not familiar with the AHP requirements, responsibilities and commitments made in the approved AHP application.

The disbursement packet contains documentation that contradicts the development budget, sources and uses of funds, construction/rehabilitation documents, and loan/mortgage notes.

There are significant differences in the project's financial feasibility from the time of application including the 15-year proforma and development budget without clarification or communication with FHLB Dallas.

The AHP Sponsor and/or Member is delinquent with regard to additional information submission or report/monitoring requirements.

All funding sources listed on the Sources of Funds are not documented with executed grant agreements, notes or mortgages, or equity letters.

Progress Towards Completion Question

Is the project nearing completion? ☐ Yes ☐ No

Please explain the project's progress including the completion date and outstanding work items.

- For rehab projects that will not have a new certificate of occupancy issued, the date rehabilitation is determined to be complete per the contractor's progress/pay requests, invoices, or Certificate of Substantial Completion.
- For new construction, the date of issuance of the final Certificate of Completion is the completion date.

Financial questions

Has the total development budget changed more the 10% since application/last disbursement? ☐ Yes ☐ No

If yes, please explain what changed and why. If construction and/or rehabilitation costs increase then please be specific as what changed from application such as windows, HVAC, site work, et.

Have the project's operating expenses increased 10% or greater or line item? ☐ Yes ☐ No

If yes, please explain what changed and why the expense increase.

Funding Documentation Questions

Does the disbursement request include copies for all applicable funding sources. (Including executed construction(s), permanent loan(s), CDBG grant/loan agreement, HOME grant/loan agreement, final Limited Partnership Agreement, etc.) ☐ Yes ☐ No

Is the project receiving rental subsidies? ☐ Yes ☐ No

If yes, please provide the fully executed rental subsidy agreement.

Note, if commitment letters were submitted with the application, executed loan/grant documents are required at disbursement.

Closing Documentation Questions

Does disbursement request documentation to support site control such recorded deeds, settlement statements and signed/recorded site/land leases? ☐ Yes ☐ No

Please explain the documents provided and how the sponsor has ownership especially if there are multiply entities and/or transfers.

Affordable Housing Program Funding Manual

Table of Contents

This manual is designed to help you become familiar with the funding process. It provides information you'll need to make your funding request(s) complete and accurate.

The following documents provide detailed instructions on each of the forms that must be submitted to the Bank in order to process your funding request(s). This information must be provided for **each** funding request. ***Tip: Duplicate the form in this section for future use.***

1) Questions & Answers: Answers commonly asked questions about the funding process.	2
2) Request for Disbursement of Funds: This form is used to make your funding request. The member institution completes this form.	4
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4) Sources and Uses of Funds: This form is used to identify all sources of funds for the project. It also provides information on how the funds are being used	7
5) Long-Term Retention Documentation: All requests must include a deed restriction or other legally enforceable long-term retention document. A preliminary unrecorded document in proper form will be accepted provided a legally recorded version is submitted to the Bank within the required time frames. Sample documents are included.	10
6) Pro Forma: A 15-year projected income/expense statement is required to determine the project's ongoing feasibility. Because AHP funds are used as gap financing, this statement aids in determining if the project still requires AHP funds.....	14
7) Comparison of Market Terms: This form provides a comparison of the project's actual loan costs (term, rate, points, fees and other charges) to the current market. The organization originating the loan must complete this form.....	18
8) Rental Funding Record: This form is used to determine that the project rents at least 20% of the units to very low-income households, and that the rents do not exceed 30% of the income of a household of maximum income and size expected to occupy the unit or that the rents are otherwise "affordable" as defined in Attachment A to the Bank's Affordable Housing Program Implementation Plan.	21
9) Rental Projects Worksheet: This worksheet is used to verify that the rent cost charged to the prospective tenants does not exceed 30% of the income of a household of maximum income and size expected to occupy the unit or that the rents are otherwise "affordable" as defined in Attachment A to the Bank's Affordable Housing Program Implementation Plan.....	22
10) Key Participants: This form is used to identify all key participants for this project and any related party affiliations. ..	24

Affordable Housing Program Questions and Answers

Q. Why does the Bank require documentation before releasing subsidy funds?

A. In order to determine that subsidy recipients are eligible for AHP funds and to reduce the potential for recapture of funds from our members, we require documentation of pass-through of AHP funds, evidence of acceptable long-term retention documentation, evidence of all sources of funds for the project are secured, updated development budget, current Sources and Uses of Funds with clarification on any changes from application, information on how the funds are being used, a 15-year projected income/expense statement and documentation the project has satisfied any conditions of disbursement discussed at application.

Q. Does the Bank have a standard retention document?

A. No. In order to allow our members and project sponsors as much flexibility as possible, we only provide sample documents. These can be modified as needed to fit the specific situation as long as they include the statements specified in the Long-Term Retention Documentation section of this Funding Manual. If your retention document will differ substantially from the Bank's sample retention documents or your project involves a ground lease, please contact the Bank at 800.362.2944.

Q. Does the retention document have to be recorded prior to receiving AHP funds?

A. No. We will accept a preliminary document, but the document must be legally recorded and submitted to the Bank within sixty (60) days after (1) the date the certificate of occupancy or similar document was issued, if the project was constructed, (2) the date of completion of rehabilitation, if the project was rehabilitated, or (3) the closing of the sale of the project if the project was purchased. Please note that the Bank will not consider the project to be complete until the Bank receives the legally recorded retention document.

Q. Will HOME or tax credit retention documents be accepted as evidence of long-term retention?

A. Retention documents must contain the statements specified in the Long-Term Retention Documentation section of this Funding Manual and the retention period may not exceed 15 years. HOME or tax credit documents are acceptable if they can be amended to include these items. If your retention document will differ substantially from the Bank's sample retention documents, please contact the Bank at 800.362.2944.

Q. One of my proposed funding sources was not approved. Will my project be cancelled?

A. If other financing can be obtained within a reasonable time frame, the project will not be cancelled.

Q. If I received approval for an AHP subsidy, why do I need to send updated financial information when I request a disbursement of AHP funds?

A. The approval of AHP funds for your project is a commitment to fill the financial gap that you have identified. Our regulator requires the Bank to analyze a project's financial structure for **continued need** for AHP fund at several stages. These included application approval, disbursement of funds, project modifications, project completion and post-completion. At any of these stages, the AHP subsidy could be reduced, or eliminated, if the project has changed significantly enough. In most cases, our analysis process should not be cause for undue concern, since the great majority of projects continue to demonstrate the need for the full amount of the AHP commitment.

Q. My project involves the renovation of an occupied building. Do the residents have to comply with the income restrictions outlined in my application, or are the income restrictions only applicable to new tenants?

A. The AHP regulations require that all tenants meet the income qualifications at the time the application for AHP funds is submitted unless the project has an approved relocation plan submitted at the time of application.

- Tenants who occupy the facility at the time the renovations are complete must meet the targeting levels outlined in your AHP application. The Rental Funding Record must be submitted electronically.
- The move-in year and information for tenants already living in the project at the time of the AHP application should reflect the information for the year the project received an award of AHP funds. That is, tenants have to be income-certified for AHP eligibility.
- For example, if the Smith household has lived at the property since 2019 but the project did not receive an award of AHP funds until 2022, the household's information including income should reflect 2022 data as the household has to be re-certified for AHP income eligibility.

B. Can AHP funds be drawn down before other funds.

A. Yes, only if all other funding is secured and the project has completed 10% of hard costs.

C. Can AHP funds be loaned to the project?

A. Yes, but if the loan is repayable, payments must be made directly to the Bank. The Bank also requires that additional actions be taken regarding the loan, which actions are outlined in Section 7 of the Affordable Housing Program Agreement for Rental Projects. For LIHTC projects involving the loan of the AHP subsidy, please contact the Bank at 800.362.2944.

Q. What is the purpose of the Comparison of Market Terms?

A. Under the AHP regulations, the rate of interest, points, fees, and any other charges for all loans made for the project in connection with the AHP Subsidy cannot exceed reasonable market rates and terms for similar loans.

Q. How will I know if a funding request is approved?

A. Upon approval, an email will be sent to the project's member contact.

Q. How will the member institution receive funding after a request for funds has been approved?

A. We will credit the member's DDA account in the amount approved.

Affordable Housing Program Request for Disbursement of Funds Rental Projects

Date: _____

Project Name: _____ Project #: _____

Project Sponsor: _____

Member: _____

FHFA ID #: _____

Prepared by: _____ Title: _____

Phone: _____ Fax: _____

AHP Amount Requested: \$ _____

Please provide the following documents from this Funding Manual with this completed Request for Disbursement of Funds:

- ☐ Member and Project Sponsor Certification (executed by Member and Project Sponsor)
- ☐ Sources and Uses of Funds* - provide clarification and/or documentation if there have been changes from the application
- ☐ Long-term Retention Documentation (please refer to the Long-term Retention Documentation form in this Funding Manual to determine what documents to submit)
- ☐ 15-Year Pro Forma available at <https://www.fhlb.com/resource-center/guides-and-forms/community-investment>
- ☐ Comparison of Market Terms - please note, a separate Comparison of Market Terms is required for each funding source that has a loan term/amortization and interest rate including a Deferred Developer Fee
- ☐ Rental Funding Record or a rent roll with the same information (if occupied).
- ☐ Rental Project Worksheet available at: <https://www.fhlb.com/resource-center/guides-and-forms/community-investment>
- ☐ Key Participants

Please also provide the following documents with this completed Request for Disbursement of Funds:

- ☐ Current, itemized project development budget* - provide in same format submitted with application
- ☐ If the AHP subsidy is being used for rehabilitation or construction of rental properties, please include invoices or AIA documents listing the General Requirements/ Builder's Overhead / Builder's Profit as separate line items. If this information is not available, please contact the Bank at 800.362.2944 as this can delay disbursement.
- ☐ Please provide a matrix comparing the project's Sources and Uses at application to those at the time of disbursement (the Bank can provide such a matrix upon request). Include explanations for any changes between the time of application and the time of disbursement.
- ☐ Please provide a post-inspection for work completed that is conducted by a qualified independent third party not related to the owner, sponsor, developer or contractor and approved by the member. (Only required if AHP funds represent the majority of the funding source excluding any owner or charitable contributions.)
- ☐ For each Source of Funds provide current third-party evidence of approval if this information was not approved at the time of application and submitted to FHLB Dallas. Acceptable documentation includes loan commitment letters, grant award letters, ordinances, executed grant agreements, executed loan documents, or other similar evidence.

Please note the sum of the total construction/rehabilitation costs on the invoices or AIA documents should equal the numbers provided for the project's Uses of Funds and Development Budget. Failure to comply with this requirement can result in processing delays with the disbursement request.

Please provide the following documents with this completed Request for Disbursement of Funds unless they have been previously submitted:

- ☐ Signed Affordable Housing Program Agreement for Rental Project
- ☐ Provide evidence of Empowerment Services if there have changes to the actual services committed to in the approved application and/or the service providers (such as copies of agreements or other documents evidencing the empowerment services to be provided).
- ☐ Please provide copies of invoices and 3rd party documentation to support the costs if the AHP subsidy is also covering any soft costs such as Developer Fee, Architect/Engineering fee, Phase I, etc., that were approved by FHLB Dallas at the time of application.
- ☐ If applicable, evidence of approval for the use and/or sale of tax credits, including the executed tax syndication agreement and partnership agreement.
- ☐ If applicable, copy of the note or other evidence of a deferred developer's fee.
- ☐ If applicable, copy of the Development Services Agreement showing the sponsor receiving 25% of the Developer Fee.
- ☐ If AHP funds will be loaned to the project or contributed as a capital contribution, please let us know the specifics of the proposed transaction. Section 7 of the Affordable Housing Program Agreement for Rental Projects, imposes certain requirements if funds will be loaned to the project or contributed as a capital contribution. Please be aware that all principal and interest payments on loans involving AHP money or a return of or a return on a capital contribution involving AHP money must be paid to the Bank.
- ☐ Appraisal
- ☐ Phase I Environmental
- ☐ If an amount is included for Acquisition in the Sources and Uses of funds, please provide support for the amount (i.e., Purchase and Sale, Settlement Agreement).

***Note: The Total Project Cost on the Sources and Uses of Funds Statement must reconcile with the project development budget and any AIA documents submitted.**

Please provide all funding requests to:

Federal Home Loan Bank of Dallas | Community Investment Department
8500 Freeport Parkway South, Suite 600 Irving, TX 75063-2547 | Phone: 800.362.2944 | ahp@fhlb.com



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Affordable Housing Program Member and Project Sponsor Certification

Member Name: _____ FHFA ID #: _____

Project Sponsor: _____

Project Name: _____ Project #: _____ (the "Project")

The undersigned member ("Member") and the undersigned project sponsor ("Project Sponsor") each hereby acknowledges that any Affordable Housing Program ("AHP") subsidy that is funded pursuant to the attached Request for Disbursement of Funds will be subject to the terms and conditions of (i) the application (the "Application") submitted by Member to the Federal Home Loan Bank of Dallas (the "Bank") requesting the AHP subsidy for the Project, (ii) the Affordable Housing Program Agreement for Rental Project (the "Agreement") executed by Member, Project Sponsor, the owner of the Project (the "Project Owner") and the Bank, (iii) the Bank's Affordable Housing Program Implementation Plan, (iv) the Federal Home Loan Bank Act, (v) the regulations governing AHP found at 12 C.F.R. part 1291, (vi) any other documents published by the Bank or the Federal Housing Finance Agency ("Finance Agency") relating to AHP and (vii) any amendments made to any of the foregoing documents.

Each of Member and Project Sponsor hereby certifies that the Project currently requires the amount of AHP subsidy requested. Member and Project Sponsor each acknowledges that the requested AHP subsidy may only be used for the purposes previously set forth in the Application, unless the Bank has in writing subsequently approved any modification(s) thereto.

Each of Member and Project Sponsor hereby certifies that the Project units are either occupied or will be occupied by households whose income and other characteristics adequately satisfy those occupancy targets that were set forth and approved in the Application, unless the Bank has in writing subsequently approved any modification(s) thereto. Likewise, each of Member and Project Sponsor hereby certifies that the Project will properly attain any other levels of performance and enact any empowerment activities that were set forth and approved in the Application, or, if applicable, subsequently modified with the formal written consent of the Bank.

Project Sponsor hereby certifies that it meets the project sponsor qualifications criteria established by the Bank and has not engage in, and is not engaging in, covered misconduct as defined in the Finance Agency's Suspended Counterparty Program regulation (12 CFR part 1227).

Each of Member and Project Sponsor hereby certifies that the representation and warranties applicable to them contained in Section 4 of the Agreement are true and correct on and as of the date hereof and that the information set forth in this completed Affordable Housing Program Funding Manual for Rental Projects or provided herewith is, to the best of such party's knowledge after reasonable inquiry, accurate and correct in all respects. Member and Project Sponsor each hereby acknowledges that providing false, misleading or incomplete information to the Bank may result in the denial of funding and/or the recapture of the AHP subsidy by the Bank.

Member:

By: _____

Name: _____

Title: _____

Date: _____

Project Sponsor:

By: _____

Name: _____

Title: _____

Date: _____

Affordable Housing Program Sources and Uses of Funds

As AHP funds are intended as gap, a "Sources and Uses of Funds" document allows the Bank to determine the continued need for AHP funds. This form must be completed and submitted with each Request for Disbursement of Funds. **Please provide a matrix comparing the project's Sources and Uses at application to those at the time of disbursement (the Bank can provide such a matrix upon request).** Include explanations for any changes between the time of application and the time of disbursement.

Please note, none of the AHP subsidy can be disbursed unless 100% of the project's funding stack is committed.

Instructions:

Sources of Funds Table

- 1) Provide all sources of funds for your project.
 - 2) For each source of funds, provide the following.
 - Name of Source of Funds
 - Amount
 - Rate (%)
 - Term (years)
 - Type: "L" – Loan, "G" – Grant or "E" – Equity
 - Description Code*
 - Status: "A" – Approved, "R" – Requested, "PD" – Predevelopment, "I" – Interim or "P" – Permanent
 - For each source of funds, indicate the appropriate type of funds under the "Descrip. Code" column.
- The codes are as follows:

- | | |
|---|---|
| 1) Loans – Sources other than Member | 16) Member Financing – Construction |
| A) 1 st Mortgage | 17) Member Financing – Bridge Loan |
| B) 2 nd Mortgage | 18) Member Financing – Tax Credits |
| 2) Low-Income Housing Tax Credits | 20) AHP Subsidy |
| 3) Other Finances | 21) McKinney Act |
| A) 1 st Mortgage | 22) Federal Housing Programs |
| B) 2 nd Mortgage | 23) State Subsidy |
| 7) Foundations | 24) Local Subsidy |
| 8) Preservation Tax Credits | 25) FHA |
| 9) Community Development Block Grant | 26) Member Contributions through Grantor or In-Kind Service |
| 11) HOME Investment Partnership Program | 27) Charitable |
| 12) Owner Equity | 28) Reduced Closing Costs |
| 13) Section 8 | 29) Tax Exempt Revenue Bonds |
| 14) Other (Please Explain) | 30) HUD Section 811 |
| 15) Member Financing – Permanent Loans | 31) HUD Section 202 |
| A) 1 st Mortgage | 32) USDA 514 |
| B) 2 nd Mortgage | 33) USDA 515 |

Uses of Funds Table

Indicate how each funding source from the Sources of Funds Table will be allocated. Fill out the appropriate column with the amounts (i.e., construction, acquisition, etc.). For example, if a \$200,000 grant will be partially used for construction and partially used for acquisition, please list the appropriate amounts under each specific use of funds.

Affordable Housing Program Sources and Uses of Funds

Date: _____

Project Name: _____

Project #: _____

Project Sponsor: _____

Name of Member: _____

FHFA ID #: _____

Sources of Funds

Name of Source of Funds	Amount	Rate (%)	Term (years)	Type	Descrip. Code	Status
		0.00%				
		0.00%				
		0.00%				
		0.00%				
		0.00%				
		0.00%				
		0.00%				
		0.00%				
		0.00%				
		0.00%				
Total Sources of Funds	\$ 0.00	0.00%				

Affordable Housing Program Sources and Uses of Funds

Date: _____

Project Name: _____

Project #: _____

Project Sponsor: _____

Name of Member: _____

FHFA ID #: _____

Uses of Funds

Please provide the uses of funds for this project:

Uses of Funds	AHP Funds(\$)	Other Funding Sources (\$)	Total (\$)
Acquisition			0.00
Predevelopment / Infrastructure *			0.00
Architect/Engineering *			0.00
Construction			0.00
Rehabilitation			0.00
Developer Fees *			0.00
Consultant Fees *			0.00
Interim Financing Costs			0.00
Reserves	N/A		0.00
Other (Please Specify)			0.00
Total Project Cost	\$ 0.00	\$ 0.00	\$ 0.00

*AHP Subsidy can be used to reimburse these items once 10% of the construction "hard costs" have been completed.

Affordable Housing Program Long-term Retention Documentation

Things you must know about AHP retention:

- 1) The retention document must include the amount of subsidy for the applicant.
- 2) The retention document must include the number of years of retention. **The retention period for rental unit projects must be 15 years.**
- 3) Please include substantially the following statements in your retention document:
Retention agreements for rental projects (15 years). The member shall ensure that rental projects financed by the proceeds of a direct subsidy is subject to a deed restriction or other legally enforceable retention agreement or mechanism requiring that:
 - The project's rental units, or applicable portion thereof, must remain occupied by and affordable for households with incomes at or below the levels committed to be served in the AHP application for the duration of the retention period;
 - The Bank's Community Investment Department is to be given notice of any foreclosure, sale, transfer, assignment of title or deed, or refinancing of the project occurring prior to the end of the retention period;
 - In the case of a sale, transfer, assignment of title or deed, or refinancing of the project prior to the end of the retention period, an amount equal to the full amount of the subsidy shall be repaid to the Bank, unless the project continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism incorporating the income-eligibility and affordability restrictions committed to in the AHP application for the duration of the retention period; and
 - The deed restriction or other legally enforceable retention agreement or mechanism should be subordinate to any valid outstanding lien against the project currently of record. Foreclosure of such prior recorded lien shall extinguish the income-eligibility and affordability restrictions applicable to the project.
- 4) This document does not have to be signed and recorded prior to receiving AHP funds. A draft will be acceptable; however, the document must be legally recorded and submitted to the Bank within sixty (60) days after (1) the date the certificate of occupancy or similar document was issued, if the project was constructed, (2) the date of completion of rehabilitation, if the project was rehabilitated, or (3) the closing of the sale of the project if the project was purchased. Deed restrictions on Native American Land must be filed with the Bureau of Indian Affairs (BIA) and must be authorized by the BIA and signed by a tribal official with authority.
- 5) The following is a sample of a retention document. This is just a sample and does not have to be used to adhere to our requirements. If, however, your retention document will differ substantially from the Bank's sample retention document or involves a ground lease, please contact the Bank at 800.362.2944.
- 6) You should consult legal counsel to ensure full compliance with regulatory retention requirements and recording requirements. By providing you with the following example, the Federal Home Loan Bank of Dallas is in no way providing legal advice or making any representation as to the effectiveness of the document.

2023 DEED RESTRICTIONS (Rental Projects)

AHP Project Number _____ (the "Project")

THE STATE OF _____ {insert STATE}

COUNTY/PARISH OF _____ {insert COUNTY/PARISH}

The undersigned, _____, ("Owner"), is the owner of the Project, which is located on the property at _____ {insert PROPERTY ADDRESS}, in _____ {insert CITY}, _____ {insert NAME OF COUNTY/PARISH}, _____ {insert STATE}, and more particularly described on **Exhibit A** attached hereto and incorporated herein for all purposes. For value received, the adequacy and sufficiency of which are hereby acknowledged, Owner does hereby impress the Project with the following deed restrictions:

1) For purposes of these deed restrictions, the following terms have the meaning indicated:

"AHP" means the Affordable Housing Program of the Bank.

"Application" means the AHP application submitted by Owner and approved by the Bank for the Project.

"Bank" means the Federal Home Loan Bank of Dallas.

"Direct Subsidy" means the amount funded by the Bank for the benefit of Owner, for the purpose of assisting Owner in the purchase, construction or rehabilitation of the Project, which Direct Subsidy shall not exceed

\$ _____ {insert AMOUNT OF DIRECT SUBSIDY}.

"Retention Period" means a period of fifteen (15) years beginning on _____. **{Insert the date of (i) the certificate of occupancy or similar document issued for a Project involving the construction of rental housing, (ii) completion of rehabilitation for a Project involving the rehabilitation of rental housing or (iii) the closing of the sale of the Project for a Project involving the purchase of rental housing.}**

- 2) The Project's rental units, or applicable portion thereof, must remain occupied by and affordable for households with income at or below the levels committed to be served in the AHP Application for the duration of the Retention Period.
- 3) The Bank's Community Investment Department is to be given notice of any sale, transfer, assignment of title or deed, or refinancing of the project by the project owner occurring during the retention period;
- 4) In the event of a sale, transfer, assignment of title or deed by the project owner or refinancing of the Project during the Retention Period, an amount equal to the full amount of the Direct Subsidy shall be repaid to the Bank, unless the Project continues to be subject to these deed restrictions or other legally enforceable retention agreement or mechanism incorporating the income-eligibility and affordability restrictions committed to in the AHP Application for the duration of the Retention Period.

- 5) The deed restriction or other legally enforceable retention agreement or mechanism should be subordinate to any valid outstanding lien against the project currently of record. Foreclosure of such prior recorded lien shall terminate the income-eligibility and affordability restrictions applicable to the project; however, the Bank's Community Investment Department is to be given notice of any foreclosure of the Property that occurs during the Retention Period.
- 6) The provisions of this instrument are hereby declared covenants running with the land and are fully binding on any successors and assigns of Owner who may acquire any right, title, or interest in or to the Project, or any part thereof. Owner, its successors, heirs, and assigns hereby agree and covenant to abide by and fully perform the provisions of this instrument.
- 7) Owner understands and agrees that this instrument shall be governed by the laws of the State of _____ **{Insert STATE}** and that venue for any action to enforce the provisions of this instrument shall be in _____ **{Insert NAME OF COUNTY/PARISH}**.

EXECUTED this _____ day of _____, _____.

By: _____

Printed Name: _____

Title: Owner

THE STATE OF _____ **{Insert STATE}**

COUNTY/PARISH OF _____ **{Insert NAME OF COUNTY/PARISH}**

This instrument was acknowledged before me on the _____ day of _____, _____, by
_____ (Owner)

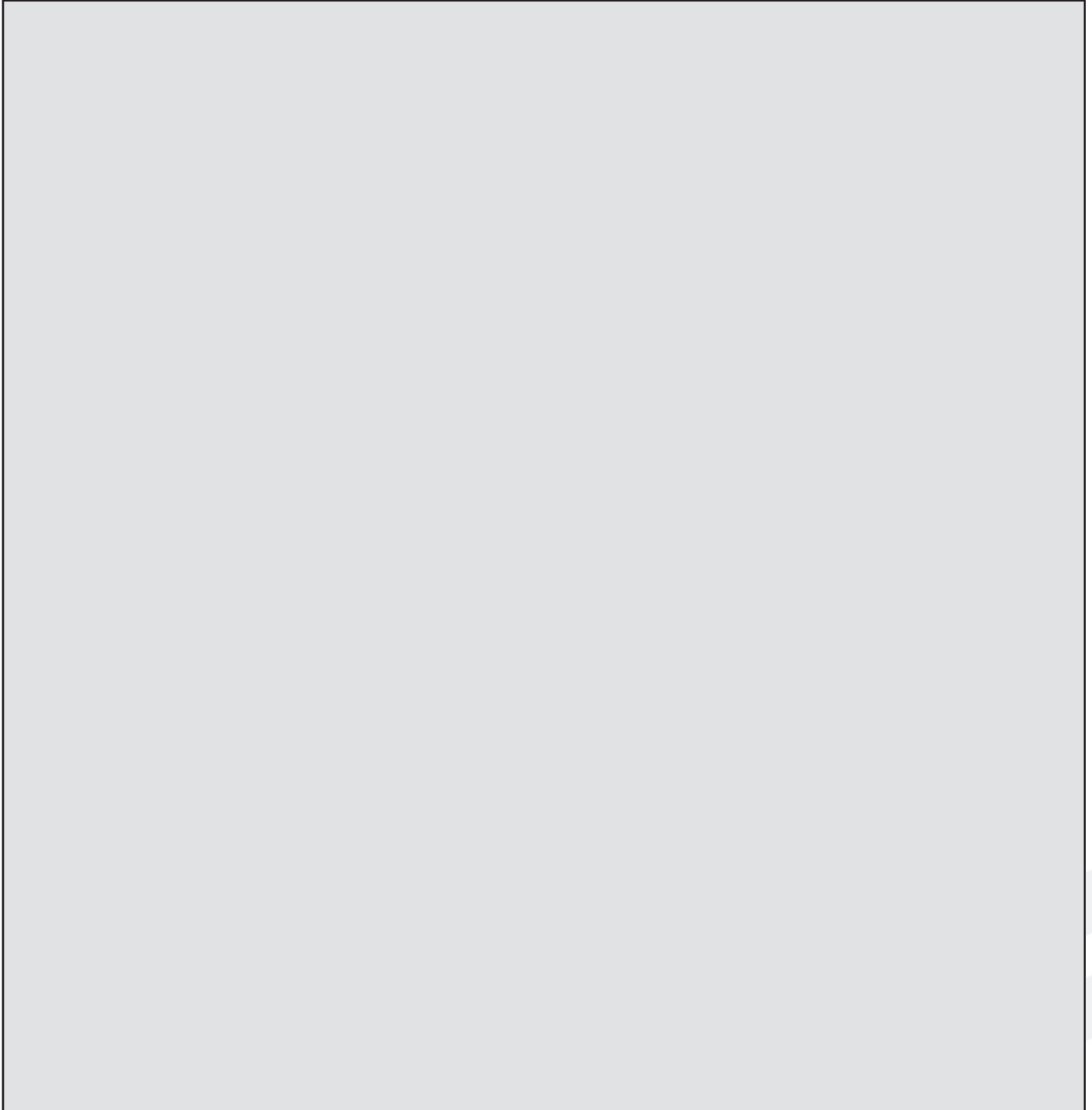
Notary Public, State of _____ **{Insert STATE}**

My commission expires: _____

(Printed Name)

EXHIBIT A

Subject Property Legal Description



Affordable Housing Program Pro Forma -

Please provide a projected 15-year income/expense statement for the project. This pro forma must not be more than 30 days old. Please date your pro forma. An Excel Pro Forma Income/Expense Statement is available under the Rental Funding Manual on the Bank's website at <https://www.fhlb.com/community-programs/affordable-housing-program/ahp-funding-process>. If your project's costs include costs for Social Services or a Commercial Component that is receiving subsidized income (i.e., Medicaid fees, Commercial Income), please also complete the Social Services Pro Forma Worksheet (Excel) available under the Rental Funding Manual on the Bank's website.

The following are the Bank's criteria and limitations for analyzing the feasibility of a project approved under the 2023 Implementation Plan (please refer to the "Feasibility" section of the Bank's Affordable Housing Program Implementation Plan of the year in which your project was approved):

Criteria	Ranges/Limits
<input type="checkbox"/> Debt Coverage Ratio:	_____ 1.15 - 1.45 ⁽¹⁾
<input type="checkbox"/> Vacancy Ratio:	_____ Less than or equal to 7.5% (up to 10% of Special Needs)
<input type="checkbox"/> Annual Income and Expense Escalators:	_____ Income 1% - 3% Expense 2% - 4%
<input type="checkbox"/> Replacement Reserves:	_____ New Construction for HUD financed properties - .006 of the structure cost; New Construction for other properties in which all occupants are elderly is not to exceed \$250/unit/year; New Construction for all other properties is not to exceed \$300/unit/year _____ Rehabilitation not to exceed \$400/unit/year
<input type="checkbox"/> Operating Reserves:	_____ Not to exceed 6 months of projected operating expenses, debt service payments and replacement reserves
<input type="checkbox"/> Operating Expenses:	_____ Between \$2,500 & \$4,500/unit/year excluding property taxes in first year of operation ⁽²⁾
<input type="checkbox"/> Management Fee:	_____ Not to exceed 10% of gross income
<input type="checkbox"/> Soft Cost:	_____ Not to exceed 30% of Total Development Cost
<input type="checkbox"/> Hard Cost Contingency:	_____ New construction not to exceed 10% of hard construction costs net of hard cost contingency; Rehabilitation not to exceed 15% of hard construction costs net of hard cost contingency
<input type="checkbox"/> Sale Price of Tax Credits:	_____ Greater than \$0.75 on the dollar yield to the project
<input type="checkbox"/> Developer Fee:	_____ Not to exceed 15% of total development costs net of developer's fee ⁽³⁾
<input type="checkbox"/> General Requirements, Builder Overhead and Builder Profit:	_____ Not to exceed 14% of total construction cost ⁽³⁾
<input type="checkbox"/> Rents:	_____ Not to exceed 30% of area median income or must otherwise be "affordable" ⁽⁴⁾
<input type="checkbox"/> Interest rate, fees, points and other costs of financing:	_____ Not to exceed a reasonable market rate for similar loans

Any variance from these guidelines must be clearly explained. Requests for Disbursement that do not satisfactorily address variances from the above criteria may be ineligible for funding.

- 1) Debt coverage ratios outside of the ranges in the first year of operation will require an explanation of why this ratio is necessary for the feasibility of the project.
- 2) After the first year of operation, operating expenses may not increase by more than 2% to 4% per year. If combined management, professional, administrative and other expenses exceed 25% of effective gross income, an explanation is required.
- 3) In cases where the contractor and the developer are affiliates, then the Bank will not allow the aggregate amount of the developer's fee and builder's profit to exceed 18% of the total cost of the AHP project net of the developers fees.
- 4) For rental projects, the maximum rent charged to a household for a unit committed as "affordable" under AHP guidelines typically may not exceed 30% of the income of a household of maximum size and income expected, under the commitment made in the AHP application for the project, to occupy the unit (based on 1.5 persons per bedroom or 1.0 person per unit without a separate bedroom). Ratios are calculated without utility allowances. The rent charged to a household for rental units subsidized with Section 8 assistance or subsidized under another assistance program where the rents are charged in the same way as under the Section 8 program will be "affordable" if the rent complied with Section 1291.1 of the AHP regulations (12 CFR § 1291.1) at the time of the household's initial occupancy and the household continues to be assisted through the Section 8 or another assistance program, respectively.



Pro Forma Income/Expense Statement
Years 6 through 15

Years 6 through 15

FOR ILLUSTRATION PURPOSES

[illegible]

use the electronic version on the Bank's website

[illegible][illegible]

2.) Utilities: Do not include tenant paid utilities

Reserves

[illegible]

Total Expenses	\$0	#DIV/0!	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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Net Operating Income	\$0	#DIV/0!	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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Debt Service

1st Mortgage (Principal)

Rate	\$0
	0.00%

Term (Years)	0
--------------	---

Monthly Payment

Annual Payment	#NUM!
	#NUM!

2nd Mortgage

Rate	\$0
	0.00%

Term (Years)	0
--------------	---

Monthly Payment

Annual Payment	#NUM!
	#NUM!

Deferred Developer Fee

Total Debt Service

	#NUM!
	#NUM!

Cash Flow

	#NUM!
	#NUM!

3.) DSR = (Net Operating Income / Total Debt Service)

	#NUM!
	#NUM!

3.) Debt Service Ratio

	#NUM!
	#NUM!

FOR ILLUSTRATION PURPOSES

Please use the electronic version on the Bank's website

#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!
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Affordable Housing Program Comparison of Market Terms

In accordance with the Financing Costs section of the Bank's Affordable Housing Program Implementation Plan and Section 1291.24 of the AHP regulations (12 C.F.R. §1291.24(a)(5)), the rate of interest, points, fees, and any other charges for all loans that are made in conjunction with the AHP subsidy must not exceed a reasonable market rate of interest, points, fees, and other charges for loans of similar maturity, terms and risk. **This information must be provided for all loans financing the project with each Request for Disbursement of Funds.**

Instructions on Completing the Comparison of Market Terms form:

Each organization originating a loan for the project must complete and execute this form. This form is divided into two parts. Under "Borrower," provide the actual costs associated with the loan. Under "Current Market," indicate the lender's current market costs for each.

1. Project Name and Project # - the project number is the number listed on the Affordable Housing Program Agreement for Rental Project for this project.
2. The name of the project sponsor.
3. The name of the member institution.
4. The member institution's FHFA ID number.
5. The name of the institution or organization making the loan.
6. Principal Amount of Loan - the loan amount.
7. Loan Term
8. Rate
9. Points
10. Fees
11. Other Charges - please explain any additional charges and how much they total.
12. The effective date of the loan and terms.
13. Please explain any items that exceed current market rate conditions.
14. Signature

Affordable Housing Program Comparison of Market Terms

Project Name: _____ Project #: _____

Project Sponsor: _____

Name of Member: _____ FHFA ID #: _____

Name of Institution/Organization making the loan: _____

	Borrower	Current Market
Principal Amount of Loan		
Loan Term		
Rate		
Points		
Fees		
Other Charges (please explain below)		
Effective Date		

Please explain any Other Charges: _____

Please explain any items that exceed current market rates: _____

By: _____

Name: _____

Title: _____

Date: _____

Affordable Housing Program Rental Projects Worksheet Instructions

This worksheet is used to verify that the housing cost charged to prospective tenants does not exceed 30% of the income of a household of maximum income and size expected, under the commitment made in the AHP application for the project, to occupy the unit, adjusted for family size. If, for example, an application targets households with an income of 50% of the area median income (very low-income), rents charged to individual households may not exceed 30% of 50% of the area median income, adjusted for family size. Family size is based on occupancy of 1.5 persons per bedroom, or one person per unit without a separate bedroom such as projects involving "group beds" or "SROs."

Please follow the instructions below for completing the worksheet:

- 1) Obtain the median income for the county, parish, or MSA where the project will be located. This can be obtained from the Bank's website, which is www.fhlb.com. Enter this in the blank next to Step 1 on the worksheet.
- 2) To determine adjusted median incomes based on family size, refer to the median income sheet obtained from the Bank's website at www.fhlb.com. For each family size, take the number listed beside the row heading "very low-income" and multiply this by 2. This amount should be entered into the blanks next to Step 2 on the worksheet.
- 3) The number of units and the income groups targeted in the application should correspond to the information provided on the Rental Projects Worksheet. The number of units for each income target should be listed by number of bedrooms per unit.
- 4) The MFI adjusted for family size from Step 2 on the worksheet should be multiplied by the percentage of median family income targeted (i.e., 50%, 60%, 80%) and the product should be entered on the Rental Projects Worksheet under "MFI Adjusted for Family Size and Targeting."
- 5) The proposed monthly rent (tenant portion) should be annualized (multiplied by 12) and divided by MFI Adjusted for Family Size and Targeting. This should be done as follows: $(\text{Proposed Rent} \times 12) / (\text{MFI Adjusted for Family Size and Targeting})$.

EXAMPLE: Median Income: \$30,700

Family Size	Very Low Income Level	Multiply by 2
1	\$10,750	\$21,500
2	\$12,300	\$24,600
3	\$13,800	\$27,600
4	\$15,350	\$30,700
5	\$16,600	\$33,200
6	\$17,800	\$35,600
7	\$19,050	\$38,100
8	\$20,250	\$40,500

The information in the right-hand column should be entered into the blanks next to Step 2 on the worksheet.

EXAMPLE: A project with 10 units that are all targeted to very low-income households (50% AMI), where all units have two bedrooms and are all targeted to three-person households:

#Units	Bedrooms per Unit	Persons per Unit	Percent MFI Target	MFI Adjusted for Family Size and Targeting	Proposed Rent (tenant portion)	Total Rent (including subsidies)	Rent (annualized) as % of Income
10	2	3	50%	\$13,800	\$250	\$250	21.74%

An Excel Rental Projects Worksheet is available on the Bank's website, under the Rental Funding Manual.

Affordable Housing Program Rental Projects Worksheet

Date: _____

Project Name: _____ Project #: _____

Project Sponsor: _____

Name of Member: _____

FHFA ID #: _____

1. Please enter the annual Median Family Income (MFI) for the project area: \$30,700
2. In the spaces below, please enter the MFI adjusted for family size, based on guidelines published by the U.S. Department of Housing and Urban Development ("HUD"). The use of median incomes other than those published by HUD must be submitted with the application package and must be approved by the Bank.

Family Size

1	\$21,500
2	\$24,600
3	\$27,600
4	\$30,700

Family Size

5	\$33,200
6	\$35,600
7	\$38,100
8	\$40,500

Please complete the Rental Worksheet located on the website, <https://www.fhlb.com/community-programs/affordable-housing-program/ahp-funding-process>

Number of Units	Bedrooms Per Unit	Persons Per Unit	Percent MFI Target (1)	MFI Adjusted for Family Size and Targeting	Proposed Rent (2) (tenant portion)	Rent Subsidy (3)	Total Rent (4) (including subsidies)	Proposed Rent as % of Targeted Income (5)
10	2	3	50%	\$13,800	\$250.00	\$250.00	\$250.00	21.74%

For illustration purposes only

Please use the electronic version on the Bank's website

- 1) Targeting should agree with that provided in application (50%, 60%, 80%, 100%)
- 2) Portion the Tenant Pays - Rents should not include utilities unless utilities are included as part of the rent payment.
- 3) Any subsidy paid in combination with tenant portion to equal total rent paid.
- 4) Total Rent (Tenant plus subsidy)
- 5) Rent (annualized) as % of income should be calculated based on the tenant portion only. **Not to exceed 30%.**

List of Key Participants

If the project is owned by a limited partnership, list the entities that make up the LP and their ownership. Attach as additional sheet of all owners and their ownership interest, if necessary.

Project Owner(s)

Contact Person: _____ Title: _____

Address: _____ City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____ Email: _____ Ownership %: _____

Developer

Contact Person: _____ Title: _____

Address: _____ City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____ Email: _____

Contractor

Contact Person: _____ Title: _____

Address: _____ City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____ Email: _____

Managing Agent

Contact Person: _____ Title: _____

Address: _____ City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____ Email: _____

Architect

Contact Person: _____ Title: _____

Address: _____ City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____ Email: _____

Are there any related party affiliations between the owner, developer, contractor, architect, consultant and/or managing agent?

☐ Yes

☐ No

If yes, please select the related party affiliation and fill in the description field:

Related Party Affiliation with:

- ☐ Project Owner
- ☐ Developer
- ☐ Contractor
- ☐ Managing Agent
- ☐ Architect
- ☐ Consultant

Describe with as much detail as necessary exactly what your affiliation is with the selected Related Party:

If there is an affiliation with the contractor and the developer, then the Bank will not allow the aggregate amount of the developer's fee and builder's profit to exceed 18% of the total cost of the AHP project net of the developer fees. Please provide your calculation showing the project's numbers being below 18%.

Affordable Housing Program Rent Roll

A completed Rent Roll must be submitted if a project is currently occupied as an **Excel file**. The information requested is necessary in order to determine the project is in compliance with the income targeting levels outlined in the application for the project and in compliance with the following AHP regulations. Note, page 21 contains a template with the required fields to include in the Excel file.

Email ahp@fhlb.com to request an electronic copy of the file.

- Under AHP regulations [§1291.1 Definition of “Affordable”], the rent charged for units that are committed to be “affordable” in an AHP application may not exceed 30% of the income of a household of maximum income and size expected, under the commitment made in the AHP application for the project, to occupy the unit (based on 1.5 persons per bedroom or 1.0 person per unit with a separate bedroom). Ratios are calculated without utilities; therefore, rental project ratios are based on rent only. The rent charged to a household for rental units subsidized with Section 8 assistance or subsidized under another assistance program where the rents are charged in the same way as under the Section 8 program will be “affordable” if the rent complied with Section 1291.1 of the AHP regulations (12 CFR § 1291.1) at the time of the household’s initial occupancy and the household continues to be assisted through the Section 8 or another assistance program, respectively.
- Under AHP regulations [§1291.1 Definitions of “Eligible household for rental housing”], very low-income households must occupy at least 20 percent of the rental units.

Move-In Year and Information for Projects occupied at Application

The move-in year and information for tenants already living in the project at the time of the AHP application should reflect the information for the year the project received an award of AHP funds or the date residents were re-certified for income eligibility.

If the project has a relocation plan for current occupants that is approved by one of its federal, state, or local government funders, or a reasonable relocation plan for current occupants that is otherwise approved by the Bank according to standards included in the Bank’s AHP Implementation Plan, a household may have an income meeting the income targeting commitments upon initial occupancy of the rental unit after completion of the purchase or rehabilitation. For tenants that were not relocated, income eligibility has to be determined after the AHP award.

Income Move-in Date Example

For example, if the Smith household has lived at the property since 2019 but the project did not receive an award of AHP funds until 2022, the household’s information including income should reflect 2022 data as the household has to be re-certified for AHP income eligibility.

Affordable Housing Program Rent Roll

Unit #	Tenant's Name	# Bedrooms	Original Occupancy Date	Annual Income at Occupancy	Current Annual Income	Household Size	Monthly Rent*	Federal/State Rent Subsidy	Special Needs Y/N	Homeless Y/N	Targeting: 50/60/80

The following information must be completed on the form:

- The unit number in which the tenant resides.
- The tenant's name.
- The original occupancy date (move-in date), if an occupied building, then the AHP certification date.
- The tenant's annual income at time of occupancy, if an occupied building then the AHP certification date.
- The tenant's current annual income.
- The household size.
- The tenant's monthly rent.
- If Federal/State Rental Subsidy is provided, please indicate amount.
- Indicate if the tenant is a Special Needs household per the Implementation if the project received points.
- Indicate if the tenant is a Homeless household per the Implementation if the project received points.
- Indicate the household's income targeting per the approved application commitments. Options are 50/60/80/Market

*Monthly rent excludes utility costs, unless these are part of the rent. Include tenant portion only, without including any subsidy amount.