



Affordable Housing Program Agreement For Rental Project

This is an Affordable Housing Program Agreement for Rental Project (“Agreement”) dated as of _____, by and among the **Federal Home Loan Bank of Dallas**, a federally chartered corporation (“Bank”), **«Member»** (“Member”), **«Sponsor»** (“Project Sponsor”) and **«Owner Company»** (“Project Owner”). The Bank, Member, Project Sponsor and Project Owner are sometimes referred to herein individually as a “party” and collectively as the “parties.” Capitalized terms not defined elsewhere herein have the respective meanings ascribed to them in Section 1 of this Agreement. All references in this Agreement to statutes or regulations include such statute or regulation as in effect from time to time, any amendments thereto and any successor statute or regulation.

RECITALS

WHEREAS, Member, Project Sponsor and Project Owner have completed and Member has submitted to the Bank an Affordable Housing Program (“AHP”) application (including any and all documents submitted in connection therewith and as the same may be modified from time to time with the approval of the Bank, collectively, the “Application”) requesting a Direct Subsidy (as defined below) from the Bank for partial funding of the project, Project Number **«Project Number»** (the “Project”), described in the Application, which Application is incorporated into and made a part of this Agreement;

WHEREAS, the Board of Directors of the Bank approved the Application on _____ (the “Approval Date”); and

WHEREAS, the parties to this Agreement desire to set forth terms that will govern the respective duties and obligations of the parties with regard to the Direct Subsidy;

NOW, THEREFORE, in consideration of the promises and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, and intending to be legally bound hereby, the parties agree as follows:

1. **DEFINITIONS.**

“Act” means the Federal Home Loan Bank Act, as amended from time to time.

“Affordable” means that (i) the rent charged to a household for a unit of the Project that is to be reserved for occupancy by a household with an income at or below 80% of the Median Income for the Area does not exceed 30% of the income of a household of the maximum income and size expected, under the commitment made in the Application, to occupy the unit (assuming occupancy of 1.5 persons per bedroom or 1.0 person per unit without a separate bedroom); or (ii) the rent charged to a household, for rental units subsidized with Section 8 assistance under 42 U.S.C. § 1437f or subsidized under another assistance program where the rents are charged in the same way as under the Section 8 program, if the rent complied with this definition of “Affordable” 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.

“Agreement” has the meaning set forth in the Preamble to this Agreement.

“AHP” means the Affordable Housing Program required to be established by the Banks pursuant to 12 U.S.C. 1430(j) and 12 C.F.R. 1291.

“AHP Documents” means the Act, the Application, the AHP Funding Manual, the AHP Implementation Plan, the AHP Regulations, any other documents published by the Bank or the Finance Agency relating to the AHP and any document submitted to the Bank by Member, Project Sponsor or Project Owner relating to the Direct Subsidy or the Project.

“AHP Funding Manual” means the Bank’s Affordable Housing Program Funding Manual for Rental Projects substantially in the form set forth on the Bank’s website at www.fhfb.com as in effect from time to time.

“AHP Implementation Plan” means the written AHP Implementation Plan adopted by the Board of Directors of the Bank as in effect from time to time.

“AHP Regulations” means 12 C.F.R. parts 1290 and 1291 as in effect from time to time, any amendments thereto and any successor regulations, which AHP Regulations are incorporated into and made a part of this Agreement.

“Application” has the meaning set forth in the Recitals to this Agreement.

“Approval Date” has the meaning set forth in the Recitals to this Agreement.

“Bank” has the meaning set forth in the Preamble to this Agreement.

“Business Day” means a day on which the Bank is open for business.

“Direct Subsidy” means a direct cash payment, provided that if a Direct Subsidy is provided to a project to reduce the interest rate on a loan extended by Member, Project Sponsor, Project Owner or other party to the Project, the Direct Subsidy shall equal the net present value of the interest foregone from making the loan below the lender’s market interest rate (calculated as of the date the Application was submitted to the Bank and subject to adjustment under Section 9.3 below and at a rate equal to the lender’s market interest rate).

“Due Diligence Requirements” means (i) the monitoring and reporting requirements of the AHP Documents and (ii) for Member, reasonable collection efforts as outlined in Section 10.3, if applicable.

“FHLB” means a Federal Home Loan Bank.

“Finance Agency” means the Federal Housing Finance Agency or any successor entity.

“Governmental Authority” means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“Low- or Moderate-Income Household” means a household that, at the time it is qualified by Project Sponsor for participation in the Project, has an income of 80% or less of the Median Income for the Area, with the income limit adjusted for household size in accordance with the methodology of the applicable median income standard in the definition of Median Income for the Area, unless such median income standard has no household size adjustment methodology.

“Median Income for the Area” means the median income for the area as published annually by the United States Department of Housing and Urban Development (adjusted for family size).

“member” means an institution that has been approved for membership in an FHLB and has purchased capital stock in the FHLB.

“Member” has the meaning set forth in the Preamble to this Agreement.

“Member Events of Default” has the meaning set forth in Section 10.1.

“Project” has the meaning set forth in the Recitals to this Agreement.

“Project Completion” means (i) for a Project involving the construction of rental housing, when a certificate of occupancy or similar document has been issued for such Project, (ii) for a Project involving the rehabilitation of rental housing, when such

rehabilitation is complete for such Project or (iii) for a Project involving the purchase of rental housing, the closing of the sale of the Project.

“Project Owner” has the meaning set forth in the Preamble to this Agreement.

“Project Sponsor” has the meaning set forth in the Preamble to this Agreement.

“Project Sponsor/Owner Events of Default” has the meaning set forth in Section 10.2.

“Retention Period” means fifteen (15) years from the date of Project Completion.

2. DIRECT SUBSIDY.

Subject to the terms and conditions set forth herein and in the AHP Documents, the Bank agrees to provide the Direct Subsidy or a portion thereof to Member upon the receipt of a completed AHP Funding Manual along with any other required documentation from Member. The total amount of the Direct Subsidy shall not exceed \$«Direct Sub».

3. CONDITIONS TO FUNDING.

3.1 Prior to the Bank’s initial disbursement of the Direct Subsidy and prior to each disbursement thereafter:

(i) The Project must meet the eligibility requirements of the AHP Regulations.

(ii) The Project must be in compliance with all obligations committed to by Member, Project Sponsor and Project Owner in this Agreement, the Application and in any of the other AHP Documents.

(iii) Member must be a member of the Bank and have executed and on file at the Bank the current form of the Bank’s Master Transactions Agreement, Corporate Certificate of Authority, Advances and Security Agreement and Advances Signature Card.

(iv) Member, in conjunction with Project Sponsor, must complete the AHP Funding Manual and submit the AHP Funding Manual to the Bank along with any other documents requested by the Bank.

(v) The Project Sponsor must provide a certification that it meets the project sponsor qualifications criteria established by the Bank and that it has not engaged in, and is not engaging in, covered misconduct as defined in FHFA’s Suspended Counterparty Program regulation (12 C.F.R. part 1227).

(vi) The following condition(s) must be satisfied, as determined by the Bank in its sole discretion:

3.2. The Bank shall have the right, in its sole reasonable discretion, to withhold or deny disbursement of the Direct Subsidy if, based on the information available to the Bank at the time of Member's request for funding, the Bank is not satisfied as to (i) Member's creditworthiness and/or compliance with this Agreement or the AHP Documents or (ii) Project Sponsor's or Project Owner's compliance with this Agreement or the AHP Documents.

4. REPRESENTATIONS AND WARRANTIES OF THE PARTIES.

4.1. Each party represents and warrants to the other parties that:

(i) It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all requisite corporate power and authority to carry on its business as now conducted.

(ii) This Agreement is within such party's corporate powers and has been duly authorized by all necessary corporate action.

(iii) This Agreement has been duly executed and delivered by such party and constitutes a legal, valid and binding obligation of such party enforceable in accordance with its terms.

(iv) The execution and delivery of this Agreement by any party (i) does not require any consent or approval of, or registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect, (ii) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of such party or any order of any Governmental Authority and (iii) will not violate or result in a default under any indenture, material agreement or other material instrument binding upon such party or its assets.

4.2. Each of Member, Project Sponsor and Project Owner represents and warrants to the other parties that:

(i) To the best knowledge of such party, after reasonable inquiry, the information given by such party in the Application and in other AHP Documents provided to the other parties to this Agreement, and in any oral statement made by such party, in connection with the Application and the Project, is complete and accurate in all material respects and is consistent with documentation and information provided to other funding sources, if any.

(ii) Each such party has established and maintains adequate and effective controls, policies and procedures for an entity of its size and type.

4.3. The Bank represents and warrants to the other parties that Member has been notified of the requirements of the AHP Regulations, as they may be amended from time to time, and all Bank policies relevant to the Application.

4.4. Member represents and warrants to the other parties that the Bank has notified Member of the requirements of the AHP Regulations, as they may be amended from time to time, and all Bank policies relevant to the Application.

4.5. Project Sponsor and Project Owner represent and warrant to the other parties that:

(i) Each such party has disclosed to the Bank in writing any suspensions, disbarments or other disciplinary action taken against it by any applicable government agency or any other affordable housing program.

(ii) The execution and delivery by Project Sponsor of this Agreement has been authorized or ratified and approved by Project Sponsor's Board of Directors or other governing body.

(iii) A certified copy of resolutions evidencing the approval of this Agreement as required by paragraph (ii) of this Section 4.5 is attached hereto as Attachment A.

(iv) The execution and delivery by Project Owner of this Agreement has been authorized or ratified and approved by Project Owner's Board of Directors or other governing body.

(v) A certified copy of resolutions evidencing the approval of this Agreement as required by paragraph (iv) of this Section 4.5 is attached hereto as Attachment B.

5. COVENANTS OF MEMBER.

Member covenants and agrees with the Bank that:

5.1. Member shall be bound by, comply with and use the Direct Subsidy in accordance with the terms and conditions of (i) this Agreement and (ii) the AHP Documents.

5.2. Member is likely within twelve (12) months after the Approval Date to (i) draw down the Direct Subsidy to fund the Project or (ii) procure other financing commitments from third parties for the Project.

5.3. Member shall ensure that Project Completion occurs within four (4) years after the Approval Date, unless the Project involves Native American sponsors or is located on Native American land, in which case Member shall ensure that Project Completion occurs within six (6) years after the Approval Date. Within ten (10) Business Days after the date of Project Completion, Member shall notify the Bank that Project Completion has occurred and shall subsequently provide to the Bank such documentation in such timeframes as the Bank shall request in its sole discretion proving that Project Completion has occurred.

5.4. The Project meets, or will meet upon Project Completion, the applicable minimum eligibility standards set forth in the AHP Regulations.

5.5. Member shall pass on the full amount of the Direct Subsidy to the Project.

5.6. Member shall comply with the Due Diligence Requirements.

5.7. Member shall ensure that the Project is subject to a deed restriction or other legally enforceable retention agreement or mechanism in form and substance satisfactory to the Bank, in its sole discretion, requiring that (i) 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 Application for the duration of the Retention Period, (ii) the Bank is to be given notice of (A) any sale, transfer, assignment of title or deed of the Project by the project owner occurring during the Retention Period or (B) any refinancing, foreclosure, deed-in-lieu of foreclosure or assignment of any lien against the Project occurring during the Retention Period, (iii) in the case of a sale, transfer, assignment of title or deed, or refinancing of the Project by the project owner during the Retention Period, an amount equal to the full amount of the Direct Subsidy shall be repaid to the Bank, unless one of the following exceptions applies: (1) the Project continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism in form and substance satisfactory to the Bank, in its sole discretion, incorporating the income-eligibility and affordability restrictions committed to in the Application for the duration of the Retention Period, or (2) if authorized by the Bank, in its discretion, the households are relocated, due to the exercise of eminent domain, or for expansion of housing or services, to another property that is made subject to a deed restriction or other legally enforceable agreement or mechanism incorporating the income-eligibility and affordability restrictions committed to in the approved AHP application for the remainder of the Retention Period. The income-eligibility and affordability restrictions applicable to the Project terminate after any foreclosure of any lien against the Project.

5.8. Member shall promptly give written notice to the Bank of a Member Event of Default or a Project Sponsor/Owner Event of Default at the earliest possible date after Member's discovery of such Member Event of Default or Project Sponsor/Owner Event of Default, and after Member has had reasonable time to investigate and evaluate the occurrence that may constitute a Member Event of Default or a Project

Sponsor/Owner Event of Default, but in any event, notice shall be given no later than fifteen (15) calendar days following Member's discovery of an occurrence that constitutes a Member Event of Default or a Project Sponsor/Owner Event of Default.

6. COVENANTS OF PROJECT SPONSOR AND PROJECT OWNER.

Each of Project Sponsor and Project Owner covenants and agrees with the Bank and Member that:

6.1. Project Sponsor and Project Owner shall each be bound by, comply with and use the Direct Subsidy in accordance with the terms and conditions of (i) this Agreement and (ii) the AHP Documents.

6.2. Project Sponsor and Project Owner each is likely, within twelve (12) months after the Approval Date, to (i) draw down the Direct Subsidy to fund the Project or (ii) procure other financing commitments from third parties for the Project.

6.3. Project Sponsor and Project Owner shall each ensure that Project Completion occurs within four (4) years after the Approval Date, unless the Project involves Native American sponsors or is located on Native American land, in which case Project Sponsor and Project Owner shall each ensure that Project Completion occurs within six (6) years after the Approval Date. Project Sponsor or Project Owner shall provide to Member such documentation as the Member shall request for Member to provide to the Bank to prove that Project Completion has occurred.

6.4. The Project meets, or will meet upon Project Completion, the applicable minimum eligibility standards set forth in the AHP Regulations.

6.5. Project Sponsor and Project Owner shall each comply with the Due Diligence Requirements.

6.6. Project Sponsor or Project Owner, as applicable, shall promptly give written notice to the Bank of a Member Event of Default or a Project Sponsor/Owner Event of Default at the earliest possible date after discovery by Project Sponsor or Project Owner, as applicable, of such Member Event of Default or Project Sponsor/Owner Event of Default, and after Project Sponsor or Project Owner, as applicable, has had reasonable time to investigate and evaluate the occurrence that may constitute a Member Event of Default or a Project Sponsor/Owner Event of Default, but in any event, notice shall be given no later than fifteen (15) calendar days following discovery by Project Sponsor or Project Owner, as applicable, of an occurrence that constitutes a Member Event of Default or a Project Sponsor/Owner Event of Default.

6.7. Project Sponsor shall promptly give written notice to the Bank of any suspension, disbarment or similar disciplinary action taken against it by any applicable government agency or any applicable affordable housing program.

6.8. Project Owner shall promptly give written notice to the Bank of any suspension, disbarment or similar disciplinary action taken against it by any applicable government agency or any applicable affordable housing program.

6.9 Project Sponsor and Project Owner shall ensure that the Project complies with applicable federal and state laws on fair housing and housing accessibility, including, but not limited to, the Fair Housing Act, the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990 and the Architectural Barriers Act of 1969.

6.10 Project Owner shall provide prompt written notice to the Bank if the project received Low Income Housing Tax Credits (LIHTC) and the project is in material and unresolved noncompliance with the LIHTC income targeting or rent requirements at any time during the AHP 15-year retention period.

7. LEND DIRECT SUBSIDY; PLEDGE BY PROJECT SPONSOR; CAPITAL CONTRIBUTION.

7.1. Except as set forth below, Member acknowledges that Member shall disburse the Direct Subsidy to Project Sponsor as a conditional grant, in accordance with this Agreement and the AHP Documents, and that Project Sponsor shall also disburse the Direct Subsidy to Project Owner as a conditional grant. In the event that Member lends the Direct Subsidy to either Project Sponsor or Project Owner, Member shall pay forthwith to the Bank all payments of principal and interest received by Member.

7.2. Except as set forth below, Project Sponsor acknowledges that Member shall disburse the Direct Subsidy to Project Sponsor as a conditional grant, in accordance with this Agreement and the AHP Documents, and that Project Sponsor shall also disburse the Direct Subsidy to Project Owner as a conditional grant. If Project Sponsor lends a Direct Subsidy to the Project, Project Sponsor is required to pay promptly to Member all payments of principal and interest received by Project Sponsor, and Member is required to promptly recover and repay such amounts to the Bank. As security for all obligations of Project Sponsor under this Agreement (including, without limitation, the obligation to make payments to Member under this Section 7.2), Project Sponsor hereby assigns, transfers and pledges to Member, and grants to Member a continuing security interest in, lien on, pledge of and collateral assignment of any and all of Project Sponsor's rights (including, without limitation, enforcement rights), title and interest in and to the following, whether now owned or existing or owned, acquired or arising hereafter, arising out of the Project Sponsor's loan of the Direct Subsidy to the Project: (i) all payments, cash, checks, notes, instruments or money orders; (ii) all instruments, promissory notes (whether or not constituting negotiable instruments), loans, loan accounts, drafts, documents, chattel paper (including electronic chattel paper and tangible chattel paper) and any and all supporting obligations in respect thereof; (iii) all ancillary security agreements, mortgages, deeds of trust, policies and certificates of insurance, evidences of recordation, applications, appraisals, underwriting materials, notices, opinions of counsel, loan servicing data and all other electronically stored and written records or materials relating to such loans and (iv) all proceeds and products, whether

tangible or intangible, of any of the foregoing, including proceeds of insurance covering any of the foregoing, and any and all accounts, books, general intangibles, investment property, money, deposit accounts, or other tangible or intangible property resulting from the sale, exchange, collection or other disposition of any of the foregoing, or any portion thereof or interest therein, and the proceeds thereof. Project Sponsor shall deliver to Member all original promissory notes pledged pursuant to this Section 7.2 properly endorsed in blank and shall take such other steps as may be required to perfect (and maintain the perfection of) the security interest granted pursuant to this Section 7.2. Project Sponsor shall notify Project Owner that Member is the holder of such promissory notes and shall instruct Project Owner to make all payments of principal and interest on the promissory notes directly to Member.

7.3. Project Sponsor acknowledges that Member shall disburse the Direct Subsidy to Project Sponsor as a conditional grant, in accordance with this Agreement and the AHP Documents. In turn, Project Sponsor acknowledges that Project Sponsor shall also disburse the Direct Subsidy to Project Owner as a conditional grant. If Project Owner is a limited partnership of which Project Sponsor is a partner, and if Project Sponsor contributes the Direct Subsidy to Project Owner as a capital contribution, then to the extent Project Sponsor receives from Project Owner any distribution that represents a return of or a return on such capital contribution (a “Capital Repayment”), Project Sponsor shall pay forthwith to the Bank or to Member for further repayment to the Bank any Capital Repayment.

7.4. The obligations of Member and Project Sponsor under this Section 7 shall only apply during the Retention Period.

8. ACCESS TO INFORMATION.

Each of Member, Project Sponsor and Project Owner expressly authorizes the Bank, each of Project Sponsor and Project Owner expressly authorizes Member, and Project Owner authorizes Project Sponsor, to audit the Project, including loan documentation, books and records of account and, if necessary, on-site inspections of the Project, during normal business hours and upon reasonable advance notice. Each of Member, Project Sponsor and Project Owner agrees to fully cooperate in and with the Bank’s review of the Project, and to promptly provide to the Bank all documents and information reasonably requested by the Bank. Each of Project Sponsor and Project Owner agrees to fully cooperate in and with Member’s review of the Project, and to promptly provide to Member all documents and information reasonably requested by Member. Project Owner agrees to fully cooperate in and with Project Sponsor’s review of the Project, and to promptly provide to Project Sponsor all documents and information reasonably requested by Project Sponsor.

9. AMENDMENTS; MODIFICATIONS.

9.1. No amendment or other modification, rescission, release, annulment or assignment of any part of this Agreement shall be effective except pursuant to a written agreement executed and delivered to each other by all the parties to this Agreement.

9.2. Member, Project Sponsor and Project Owner will furnish to the Bank written notice promptly if, prior to or after final disbursement of funds to the Project from all funding sources, there is or will be a change in the specifications of the Project, as set forth in the Application as of the Approval Date with any modifications thereto approved in writing by the Bank. The Bank, in its discretion, may approve in writing such changes to the specifications of the Project, as set forth in the Application, provided that (i) the Project Sponsor or Owner made a reasonable effort to cure any noncompliance within a reasonable period of time, and the noncompliance could not be cured within a reasonable period of time, (ii) the Project, incorporating any such changes, would meet the eligibility requirements of the AHP Regulations, (iii) the Application, as reflective of such changes, continues to score high enough to have been approved by the Board of Directors of the Bank in the funding round in which it was originally scored and approved by the Board of Directors of the Bank and (iv) there is good cause for the modification, which is not solely remediation of noncompliance.

If the Bank does not approve such changes to the specifications of the Project, as set forth in the Application, then (i) Member, Project Sponsor and Project Owner must continue the Project according to the specifications in the Application or (ii) the Bank shall cancel its approval of the Application and Member, Project Sponsor and Project Owner shall repay to the Bank the amount of the Direct Subsidy.

9.3. If the Direct Subsidy is to be provided to a project to reduce prior to closing the principal amount or the interest rate on a loan to the Project and the amount of the Direct Subsidy required to maintain the debt service cost for the loan decreases from the amount of the Direct Subsidy initially approved by the Bank due to a decrease in market interest rates between the Approval Date and the time the lender commits to the interest rate to finance the Project, then the Bank shall reduce the Direct Subsidy amount accordingly.

10. EVENTS OF DEFAULT.

10.1. Of Member. If any of the following events (“Member Events of Default”) shall occur:

(i) any representation or warranty made or deemed made by or on behalf of Member in this Agreement, any AHP Document or any amendment or modification to any of the above shall prove to have been materially incorrect when made or deemed made; or

(ii) Member, as a result of Member's actions or omissions, shall fail to observe or perform any covenant, condition or agreement contained in this Agreement, any AHP Document or any amendment or modification to any of the above; then, and in every such event, the Bank shall cancel its approval of the Application and Member shall repay to the Bank the amount of the Direct Subsidy not used in compliance with the commitments in the member's AHP application, plus interest, if determined by the Bank to be appropriate.

10.2. Of Project Sponsor or Project Owner. If any of the following events ("Project Sponsor/Owner Events of Default") shall occur:

(i) any representation or warranty made or deemed made by or on behalf of Project Sponsor or Project Owner in this Agreement or any AHP Document or any amendment or modification to any of the above shall prove to have been materially incorrect when made or deemed made; or

(ii) Project Sponsor or Project Owner shall fail to observe or perform any covenant, condition or agreement contained in this Agreement or any AHP Document or any amendment or modification to any of the above; then, and in every such event, the Bank shall cancel its approval of the Application and Project Sponsor and Project Owner shall repay to the Bank or Member, as determined by the Bank, the amount of the Direct Subsidy affected by the Project Sponsor/Owner Event of Default, plus interest, if appropriate, unless (A) Project Sponsor or Project Owner cures the Project Sponsor/Owner Event of Default within a reasonable period of time as determined by the Bank; or (B) the circumstances of the Project Sponsor/Owner Event of Default are eliminated through a modification of the application for the Direct Subsidy pursuant to Section 9 above. For the avoidance of doubt, if the circumstances of the Project Sponsor/Owner Event of Default cannot be cured within a reasonable period of time or eliminated through a modification of the Application pursuant to Section 9 above, then Project Sponsor and Project Owner shall repay the *full* amount of the Direct Subsidy not used in compliance with the AHP application or the AHP Regulations (plus interest, if appropriate) to the Bank or Member, as determined by the Bank.

10.3. Collection by Member. If the Bank determines pursuant to Section 10.2 that Member must recover the Direct Subsidy from Project Sponsor and Project Owner, Member must recover the Direct Subsidy from Project Sponsor and Project Owner and repay the Direct Subsidy to the Bank. Notwithstanding the provisions of Section 10.2 and this Section 10.3, if the Bank requires Member to recover the Direct Subsidy from Project Sponsor and Project Owner upon the occurrence of a Project Sponsor/Owner Event of Default, if a Member Event of Default has not occurred and is not continuing, Member shall not be liable to the Bank for the return of amounts of the Direct Subsidy that cannot be recovered from Project Sponsor and Project Owner through reasonable collection efforts undertaken by Member as determined by the Bank. Reasonable collection efforts undertaken by Member shall include, but shall not be limited to, those actions that a reasonable lender would take to ensure the collection of a loan made by

such lender. Member agrees to report in writing to the Bank the reasonable collection efforts undertaken by Member.

10.4. Repayment by Member. Upon thirty (30) days' prior written notice to Member, the Bank may debit Member's demand deposit account at the Bank ("DDA") if (i) Member fails to repay to the Bank the amount of the Direct Subsidy affected by a Member Event of Default, (ii) if required by the Bank pursuant to Section 10.2 and Section 10.3, Member fails to undertake reasonable collection efforts to recover the Direct Subsidy from Project Sponsor or Project Owner upon the occurrence of a Project Sponsor/Owner Event of Default or (iii) Member fails to promptly remit to the Bank any Direct Subsidy that Member recovers from Project Sponsor or Project Owner or that Project Sponsor or Project Owner repays to Member. In the event that the balance in Member's DDA is at any time insufficient to reimburse the Bank for such amount, the Bank may apply any other deposits, credits, moneys or other properties of the Member then in the possession of the Bank to the reimbursement of such amount.

10.5. Suspension and Debarment. If Member, Project Sponsor or Project Owner shows a pattern of noncompliance, or engages in a single instance of flagrant noncompliance with the terms of the Act, the Application or the AHP Regulations, the Bank may, or the Finance Agency may order the Bank to, suspend or debar Member, Project Sponsor or Project Owner from participation in the AHP.

10.6. Parties to Enforcement Proceedings. Each of Member, Project Sponsor and Project Owner consents to be a party to any enforcement proceeding initiated by the Finance Agency regarding the repayment of AHP subsidies received by Member, Project Sponsor or Project Owner, or the suspension or debarment of such parties, and agrees to be bound by the Finance Agency's final determination in the enforcement proceeding.

11. SUCCESSORS AND ASSIGNS; TRANSFER.

11.1. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby.

11.2. Member will make best efforts to transfer its obligations under the Application to another member of the Bank in the event of Member's loss of membership in the Bank prior to the Bank's final disbursement of the Direct Subsidy. The Bank's prior written consent is required for such transfer. If Member loses its membership in the Bank, the Bank may disburse the Direct Subsidy to a member of the Bank to which Member has transferred its obligations under the Application, or the Bank may disburse the Direct Subsidy through another FHLB to a member of that FHLB that has assumed Member's obligations under the Application.

11.3. If, after final disbursement of the Direct Subsidy to Member, Member undergoes an acquisition or consolidation resulting in a successor organization that is not a member of the Bank, the nonmember successor organization shall be deemed to be a

permitted successor organization and to assume Member's obligations under the Application.

11.4 Except as otherwise set forth in this Section 11, and except in connection with the acquisition of or merger of the Member with another member of the Bank or another FHLB, the Member may not assign its interest in this Agreement without the Bank's prior written consent. The Bank may deem any attempted assignment without such consent to be null and void.

11.5 Neither the Project Sponsor nor the Project Owner may assign its interest in this Agreement without the prior written consent of the other parties to this Agreement. The other parties to this Agreement may deem any attempted assignment without such consent to be null and void.

12. PUBLICITY.

Project Sponsor, Project Owner and Member agree that by submitting the Application, each of them grants to the Bank, and will cause any individual who is a beneficiary of the Direct Subsidy pursuant to the Application to grant to the Bank, permission for the Bank to publicize and to make available to any party information with respect to the Direct Subsidy that is the subject of the Application, including information regarding the identity of Member, Project Owner and Project Sponsor receiving a Direct Subsidy and related details regarding the amount and the terms of the Direct Subsidy. The information that the Bank is authorized to publicize pursuant to this Section 12 may include personally identifiable information of an individual who is a beneficiary of a Direct Subsidy that the Bank would not be authorized to disclose absent the permission granted hereby. Notwithstanding the forgoing, Member or any individual who is a beneficiary of a Subsidy pursuant to the Request may elect not to allow the Bank to publicize any information with respect to the Subsidy without consequence. The Bank agrees that it will not publicize or disclose any information pursuant to this Section 12 in violation of the Gramm-Leach-Bliley Act.

13. COUNTERPARTS; ELECTRONIC SIGNATURES.

This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same agreement. The parties agree that electronic or digital signatures or the keeping of records in electronic form, shall have the same effect, validity, enforceability as manually executed signatures or a paper-based recordkeeping system, as the case may be, to the extent and as provided for under applicable law, including the Electronic Signatures in Global and National Commerce Act of 2000 (15 USC § 7001 et seq.).

14. ENTIRE AGREEMENT.

This Agreement, together with the Exhibits hereto and the requirements of the AHP Documents, each of which is incorporated into this Agreement, constitutes the

entire agreement of the parties and supersedes all prior understandings or agreements, oral or written, among the parties on the subjects addressed in this Agreement. Notwithstanding the foregoing, no provision of this Agreement shall be construed to contradict or supersede any applicable law or regulation. To the extent the requirements of the AHP Regulations are amended from time to time, this Agreement is deemed to incorporate the amendments to conform to any new requirements of the AHP Regulations; however, no amendment to the AHP Regulations shall affect the legality of actions taken prior to the effective date of such amendment

15. GOVERNING LAW.

This Agreement is subject to the Act and the AHP Regulations, as the same may be amended from time to time, and shall be governed by the applicable statutory and common law of the United States and, to the extent such law incorporates or defers to state law, the laws of the State of Texas, without giving effect to the choice of law principles included therein.

16. NO THIRD PARTY RIGHTS.

This Agreement is intended to benefit only the parties hereto and does not create rights in any other entities or individuals other than a permitted successor organization that assumes the obligations of the Member, Project Sponsor or Project Owner hereunder.

17. SEVERABILITY.

If any provision of this Agreement is found invalid or unenforceable, the remainder of this Agreement shall remain in full force and effect and the invalid or unenforceable provision shall be deemed amended to the least extent necessary to eliminate such invalidity or unenforceability and to carry out the intention of the parties.

18. NOTICES.

Any notice required or permitted to be given or made under this Agreement, including a notice to effect a change in a party's address for notice, must be in writing (for purposes hereof, the term "writing" shall include information in electronic format such as electronic mail) and addressed to the other parties at the addresses of such parties set forth in Exhibit A hereto, as such Exhibit A may be amended from time to time in accordance with this Section 18, and will be deemed to be properly given or made on the earliest of (i) actual delivery, (ii) two (2) Business Days after being sent, with delivery charges paid by the sending party, by a nationally recognized commercial courier service for delivery on the next Business Day, and (iii) three (3) Business Days after being sent through the United States Postal Service, certified mail, return receipt requested, postage prepaid.

19. HEADINGS.

The parties agree that the headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

20. JURISDICTION.

In any action or proceeding brought by the Bank, Member, Project Sponsor or Project Owner in order to enforce any right or remedy under this Agreement, the parties hereby consent to, and agree that they will submit to the jurisdiction of the United States District Court for the Northern District of Texas or, if such action or proceeding may not be brought and maintained in such court, the jurisdiction of an appropriate District Court for the State of Texas, County of Dallas, unless it is determined that such action or proceeding must be held in the jurisdiction where the Project is located.

[Remainder of page is intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

FEDERAL HOME LOAN BANK OF DALLAS

By: _____

Name: _____

Title: _____

«Member»

By: _____

Name: _____

Title: _____

«Sponsor»

By: _____

Name: _____

Title: _____

«Owner Company»

By: _____

Name: _____

Title: _____

EXHIBIT A

Addresses of Parties for Notice

To the Bank:

Federal Home Loan Bank of Dallas

Delivery:
8500 Freeport Parkway South
Suite 100
Irving, Texas 75063-2547
Attention: **Community Investment Department**
Email Address: **AHP@fhlb.com**

To Member:

«Member»

Delivery:
«Mbr_Address»
«Mbr_City», «Mbr_State» «Mbr_Zip»
Attention: **«Mbr_Gender» «Mbr_First_Name» «Mbr_Last_Name»**
«Mbr_Title»

Email Address: **«Member_Email_Address»**

To Project Sponsor:

«Sponsor»

Delivery:
«Spon_address»
«Spon_city», «Spon_St» «Spon_Zip»
Attention: **«Spon_Gender» «Spon_1st_Name» «Spon_Lst_Name»**
«Spon_Title»

To Project Owner:

«Owner Company»

Delivery:
«Owner_Address»
«Owner_City», «Owner_State» «Owner_Zip»
Attention: **«Owner_1st_Name» «Owner_Last_Name»**
«Owner_Title»

ATTACHMENT A

Project Sponsor Certified Resolution

The undersigned, «**Sponsor_corporate_secretary_name**», certifies that he or she is the Corporate Secretary of «**Sponsor**» (“Project Sponsor”) and that, as such officer, he or she is authorized to execute and deliver this certificate in the name and on behalf of Project Sponsor. The undersigned further certifies that the following is a true and correct copy of a resolution adopted by the Board of Directors of Project Sponsor at its meeting held on _____ and that such resolution is in full force and effect as of the date hereof without revocation, modification or amendment in any respect:

“RESOLVED, that any of the following persons whose names and titles are set forth below is authorized and approved, with respect to the Affordable Housing Program (“AHP”) of the Federal Home Loan Bank of Dallas (“FHLB Dallas”), to complete and execute the Affordable Housing Program Agreement for Rental Project and other related AHP documents on behalf of «**Sponsor**» and may submit such AHP documents to FHLBDallas on behalf of «**Sponsor**»:

<u>Name</u>	<u>Title</u>

IN WITNESS WHEREOF, the undersigned has executed and delivered this certificate in the name and on behalf of Project Sponsor on and as of _____ **[Date]**.

_____ **[Signature of Corporate Secretary]**

«**Sponsor_corporate_secretary_name**»
Corporate Secretary

ATTACHMENT B

Project Owner Certified Resolution

The undersigned, «Sponsor_corporate_secretary_name», certifies that he or she is the Corporate Secretary of «**Owner Company**» (“Project Owner”) and that, as such officer, he or she is authorized to execute and deliver this certificate in the name and on behalf of Project Owner. The undersigned further certifies that the following is a true and correct copy of a resolution adopted by the Board of Directors of Project Owner at its meeting held on _____, and that such resolution is in full force and effect as of the date hereof without revocation, modification or amendment in any respect:

“RESOLVED, that any of the following persons whose names and titles are set forth below is authorized and approved, with respect to the Affordable Housing Program (“AHP”) of the Federal Home Loan Bank of Dallas (“FHLB Dallas”), to complete and execute the Affordable Housing Program Agreement for Rental Project and other related AHP documents on behalf of «**Owner Company**» and may submit such AHP documents to FHLB Dallas on behalf of «**Owner Company**»:

<u>Name</u>	<u>Title</u>

IN WITNESS WHEREOF, the undersigned has executed and delivered this certificate in the name and on behalf of Project Owner on and as of _____ [Date].

_____ [Signature of Corporate Secretary]

«Sponsor_corporate_secretary_name»
Corporate Secretary