FHLBANK DALLAS

Member driven.
Community focused.

Affordable Housing Program

2021 Funding Manual

Owner-Occupied Projects

Affordable Housing Program Funding Manual
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This manual is designed to guide you through the funding process. It provides fillable templates of the required disbursement request forms and detailed instructions for completing the forms.

Unless otherwise specified, each form, accurately completed and signed where indicated, must be provided for **each** disbursement request as applicable to the type of project. Failure to provide all required forms and supporting documentation will result in delayed processing of the disbursement request.

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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, and independent verification of income on each prospective AHP funds recipient.

Q. Can a homebuyer receive cash-back at closing?

A. No. This is strictly prohibited and may result in the recapture of the subsidy. The reimbursement of deposit or earnest money is considered cash-back and is prohibited.

Q. Are you concerned with the date of the income documentation?

A. Some income documentation, such as paychecks and verification of employment letters, must be dated within 3 months prior to the date the household was income qualified to participate in the Project. Please refer to the Verification of Income form in this Funding Manual to determine acceptable income documentation.

Q. How do you calculate income?

A. There are several acceptable methods of calculating income depending upon the source of income and the income documentation. For wage earners, the preferred method is a calculation of annualized income utilizing the Income Calculation Tool that is available on our website under the Owner-Occupied Funding Manual. Please contact our office if you have questions on how to calculate the income.

Q. Can I include food stamps in calculating income?

A. No. Food stamps are not considered taxable income. Please refer to the Guidelines for Determining Income Eligibility included as Attachment G to the Bank's Affordable Housing Program Implementation Plan for guidelines on what should and should not be included in income.

Q. How do you calculate income for seasonal workers?

A. We use the previous year's W-2s or signed tax returns.

Q. How does the Bank average an applicant's overtime?

A. We use the applicant's year-to-date overtime and average it over a 52-week period. If the applicant is not expected to work additional overtime, we will need documentation from the employer. We will then add the overtime to his/her regular gross income.

Q. How is the household size determined?

A. Any individual who is currently and permanently residing in the household at the time of income qualification must be included and listed on the Household Income Certification along with his or her income, if applicable. A pregnant woman would be counted as one within the household size.

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 documents can be modified as needed to fit the specific situation as long as they include our required regulatory language. If your retention document will differ substantially from the Bank's sample retention documents, 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. However, we will require a copy of the signed and legally recorded document (as applicable) within 60 days after the Bank's disbursement of funds to the member. Failure to provide the retention documentation in the time required may result in a delay of future fundings and/or a recapture of prior disbursed funds related to the deficient document(s).

Q. Do I have to close on the loan prior to receiving AHP funds?

A. No. We will accept a Loan Estimate with substantially the same information that would be included in a Closing Disclosure to disburse the funds but will require the Closing Disclosure within 30 days of the Bank's disbursement of funds to the member. Failure to provide the final documentation in the time required may result in a delay of future fundings and/or a recapture of prior disbursed funds related to the deficient document(s).

Q. Why are pre- and post-inspections of the rehabilitation work required?

A. The pre-rehabilitation and post-rehabilitation inspection requirements have been implemented to mitigate the risk of fraud from unscrupulous contractors and from defective work and are intended to protect the homeowners, members and sponsors from claims of incomplete work or shoddy workmanship. The Bank does not have a prescribed inspection report, so the inspector may use their own report format. However, the pre-rehabilitation inspection report must contain the specific items that require modification/rehabilitation or confirm an attached scope of work. In addition, the post-rehabilitation inspection report must confirm that the original scope of work was completed in an acceptable manner. The sponsor can charge a developer's fee; please see the applicable developer fee parameters based on the year of project approval. **Both inspections must include photos.**

Q. Who can perform the inspections?

A. The inspections must be conducted by an independent third party selected by the member. Unless the sponsor is a government-controlled entity, the third-party inspector must not be related to the sponsor. In addition, we recommend that the same inspector conduct both the pre- and post- inspections for a given project.

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
Owner-Occupied Project

Date:_____

Project Name:_____ Project #:_____

Project Sponsor:_____

Member:_____

FHFA ID #:_____

Prepared by:_____ Title:_____

Phone:_____ Fax:_____

Applicant's Name:_____ AHP Amount Requested: $_____

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

- ❑ Member and Project Sponsor Certification (executed by Member and Project Sponsor)
- ❑ Residential Funding Record
- ❑ Household Income Certification Form
- ❑ Documents to verify income (please refer to the Verification of Income form in this Funding Manual)

- ❑ Income Documentation Worksheet
- ❑ Long-term Retention Documentation, if applicable (please refer to the Long-term Retention Documentation form in this Funding Manual to determine what documents to submit). Not required for rehabilitation projects.
- ❑ Pass-Through Documentation (please refer to the Pass-Through Documentation form in this Funding Manual to determine what documents to submit)

- ❑ Loan Certification
- ❑ Sources and Uses of Funds (this form is not required to be completed by Habitat for Humanity or similar projects)
- ❑ AHP Needs Analysis Worksheet (this worksheet is **only** required to be completed by Habitat for Humanity or similar projects, as explained on the worksheet)

- ❑ First-time Homebuyer Attestation (if applicable)
- ❑ Current itemized development budget and an appraisal (if the project involves new construction)
- ❑ Executed Acknowledgment and Agreement Form (if the project involves rehabilitation)

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 Owner-Occupied Project
- ❑ If applicable, evidence of Empowerment Services (such as copies of homebuyer counseling certificates or copies of agreements or other documents evidencing the empowerment services to be provided)

Please allow 5-7 business days to process funding requests.

Please email all funding requests to ahp@fhlb.com:
Email or call us at 800.362.2944 with questions.

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 Owner-Occupied Project executed by Member, Project Sponsor and the Bank (the "Agreement"), (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 either has been or is being developed in an appropriate manner and that the Project will function substantially as described 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 income-eligible households who 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.

Member hereby certifies that the total household income for the Homebuyer, as shown on the attached Household Income Certification Form, has been verified by the Member. For any person listed in Part I (Household Composition) for whom no income is listed for such person in Part II (Gross Annual Income) of the attached Household Income Certification Form, Member hereby certifies such person is either a full time student, or has no income as evidenced by a completed Certification of Zero Income, or is over the age of eighteen years.

Project Sponsor hereby certifies that it meets the project sponsor qualifications criteria established by the Bank and has not engaged 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 Owner-Occupied 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:

Signature:_____

Name:_____

Title:_____

Date:_____

Project Sponsor:

Signature:_____

Name:_____

Title:_____

Date:_____

Affordable Housing Program Residential Funding Record Instructions

A completed Residential Funding Record must be submitted with each request. For each disbursement request, the following must be completed on the form:

1) The **name** of the member institution and FHFA ID#.
2) **Project Number and Project Name -** the project number is the number listed on your Affordable Housing Program Agreement for Owner-Occupied Project.
3) The **name** of the project sponsor.
4) **Original Subsidy Approved -** the amount listed on your Affordable Housing Program Agreement for Owner-Occupied Project.
5) The **name** of the applicant(s).
6) **Property address**
7) **City**
8) **State**
9) **Zip Code**
10) **County**
11) **Date Income Qualified –** this is the date the member or sponsor received the necessary income documentation and made the determination the household qualifies for the Owner-Occupied program. The applicable income support documentation must be dated within 3 months prior to this date, and must not be dated after the income qualification date.
12) **Annual Income –** this is the "Total Income" amount from the Household Income Certification Form. Please refer to the Guidelines for Determining Income Eligibility included as Attachment G to the Bank's Affordable Housing Program Implementation Plan.
13) **Median Income Ratio (%) –** divide the applicant's annual household income by the appropriate area median income (adjusted for family size). The current area median income guidelines and instructions can be obtained through our website (www.fhlb.com) or by contacting the Bank at 800.362.2944.
14) **Household Size –** include each person that will be permanently residing in the home.
15) **Disbursement Amount –** the amount requested by the member and sponsor for each applicant household.
16) **Subsidy Funds Remaining –** for the first line of the Residential Funding Record, this amount should be the Original Subsidy Approved minus the Disbursement Amount. For subsequent lines, this amount should be the Subsidy Funds Remaining from the previous line minus the Disbursement Amount.

Affordable Housing Program
Residential Funding Record

Name of Member:_____ FHFA ID #:_____

Project #:_____ Project Name:_____

Project Sponsor:_____ Original Subsidy Approved:_____

Applicant Name	Property Address	City	State	Zip Code	County	Date Income Qualified	Annual Income	Median Income Ratio %	Household Size	Disbursement Amount	Subsidy Funds Remaining

Affordable Housing Program
Household Income Certification Form

Date: _____

Project Name: _____ Project #: _____

Project Sponsor: _____

Name of Member: _____ FHFA #: _____

The Bank will use the information in this form to verify the income eligibility of each household and to verify compliance with the occupancy targets set forth and approved in the application submitted for the project. Please refer to the Guidelines for Determining Income Eligibility included as Attachment G to the Bank's Affordable Housing Program Implementation Plan when completing this form.

Part I. Household Composition

Household Member #	Name	Relationship to Head of Household	Age	F/T/ Student (Y or N)
1		HEAD		
2				
3				
4				
5				
6				
7				
8				

Part II. Gross Annual Income (Use Annual Amounts)

Household Member #	(A) Employment or Wages	(B) Social Security/ Pensions	(C) Income From Assets	(D) Payments In Lieu	(E) Alimony/ Child Support	(F) Other Income
1						
2						
3						
4						
5						
6						
7						
8						
TOTALS	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Add totals from (A) through (F) above					TOTAL INCOME	$ 0.00

A) Employment or Wages: enter the full amount (before any payroll deductions) of all wages and salaries, overtime pay, commissions, fees, tips and bonuses and other compensation for personal services. This amount should include all regular pay, special pay and allowances of a member of the Armed Forces. This amount should include any income from operation of a business or profession.

B) Social Security/Pensions: enter the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including a lump sum payment for the delayed start of a periodic payment.

C) Income from Assets: enter the full amount of interest, dividends and other net income of any kind from real or personal property.

D) Payments in Lieu: enter the full amount of any payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, severance pay and welfare assistance payments.

E) Alimony/Child Support: enter the full amount of any alimony and child support payments, if received regularly.

F) Other Income: enter the full amount of any other income not covered by categories (A) - (E) above and not excluded from income under the Guidelines for Determining Income Eligibility included as Attachment G to the Bank's Affordable Housing Program Implementation Plan. Provide an explanation:

_____

Affordable Housing Program
Verification of Income

The Bank must validate the annual household income to determine compliance with the occupancy targets set forth and approved in the application submitted for the project. Please refer to the Guidelines for Determining Income Eligibility included as Attachment G to the Bank's Affordable Housing Program Implementation Plan.

1) We will accept the following documents for verification of income:
   - Payroll earnings statements reflecting YTD gross earnings as of an applicable payroll date (must include person's name for verification and must be dated within three months prior to the date the household was income qualified to participate in the project).
   - Most recent Social Security Benefit Letters and/or Social Security Supplemental Income (SSI) Statement
   - Completed and properly executed verification of employment letters (must be signed and dated by employer, must include person's name for verification and must be dated within three months prior to the date the household was income qualified to participate in the project)
   - Completed and signed most recent 2 years' filed U. S. Individual Income Tax Returns (i.e., Internal Revenue Service 1040 Forms). To use this documentation, the applicant must be self-employed or a seasonal worker.
   - Year-End Wage and Tax Statements (i.e., Internal Revenue Service W-2 Forms). To use this documentation method, the household must be income qualified within the first 3 months of the year, or the applicant must be a seasonal worker.
   - Financial statements verifying payments received from annuities, pensions, insurance policies, etc.
   - Financial statements verifying stock portfolio earnings, dividends, and other interest income
   - Current letters or case management forms from public assistance agencies
   - Current approved HUD housing assistance vouchers
   - State housing agency (e.g., Department of Community Affairs) verifications of income
   - Court orders verifying alimony awards and child support payments
2) The Bank reserves the right to request more recent income documentation if applicable. The Bank generally does not accept multiyear averages of income, except that if all or a portion of an individual's income is net income derived from operation of a business or profession the Bank may review and average such income over at least a two year period.
3) We do not include food stamps as part of income. Please refer to the Guidelines for Determining Income Eligibility included as Attachment G to the Bank's Affordable Housing Program Implementation Plan for other items that are not included as income.
4) Please include all income for each permanent household occupant, including any applicable non-wage income for minors (such as social security or disability benefits). If a household member is 18 years of age or older and has no income, a signed "Certification of Zero Income" form is required.
5) To ensure that we calculate a correct annualized income, please provide the start and termination dates if the applicant has held more than one job during the year. Also, please advise of any employment gaps if employment does not cover an entire 12-month period.

Affordable Housing Program
Income Documentation Worksheet

(Please Show Calculation)

Date:_____

Project Name:_____ Project #:_____

Project Sponsor:_____

Name of Member:_____

FHFA ID #:_____

Provide verification of income from the applicable categories of documents shown below. An Income Calculation Tool is available on the Bank's website under the Owner-Occupied Funding Manual to assist in the calculation of annualized income for wage earners.

Applicant's Name: _____

- ❑ Using a completed and signed U.S. Individual Income Tax Return or Year-End Wage and Tax Statements (i.e., Internal Revenue Service 1040 Forms and W-2 Forms); to use this, the household must be income qualified within the first 3 months of the year, or the applicant must be self-employed or a seasonal worker.
- ❑ Using a Verification of Employment Form (VOE) (must be signed and dated by Employer, include applicant's name for verification and must be dated within 3 months prior to the date the household was income qualified to participate in the project):
- ❑ Using a pay stub from the applicant (please verify that name is printed on stub; must be dated within 3 months prior to the date the household was income qualified to participate in the project):
- ❑ Using Social Security Benefit Letters and/or Social Security Supplemental Income Notices:
- ❑ Using financial statements verifying payments received from annuities, pensions, insurance policies, etc.:
- ❑ Using financial statements verifying stock portfolio earnings, dividends, and other interest income:
- ❑ Using letters or case management forms from public assistance agencies:
- ❑ Using approved HUD housing assistance vouchers:
- ❑ Using state housing agency (e.g., Department of Community Affairs) verifications of income:
- ❑ Using court orders verifying alimony awards and child support payments:
- ❑ Using Other Income Documentation (please describe):

_____

_____

_____

Certification of Zero Income

(To only be completed by household members 18 years of age or older, when applicable.)

Name of household occupant declaring no income: _____

Property address: _____
Street *City* *State* *ZIP*

1. I hereby certify that I do not individually receive income from any of the following sources:
   a) Wages from employment (including commissions, tips, bonuses, fees, etc.);
   b) Income from operation of a business;
   c) Rental income from real or personal property;
   d) Interest or dividends from assets;
   e) Social Security payments, annuities, insurance policies, retirement funds, pensions, or death benefits;
   f) Unemployment or disability payments;
   g) Public assistance payments;
   h) Periodic allowances such as alimony, child support, or gifts received from persons not living in my household;
   i) Sales/receipts from self-employed or contract resources (Uber, LYFT, Mary Kay, etc.);
   j) Any other source not named above.

2. I currently have no income of any kind and there is no imminent change expected in my financial status or employment status during the next 12 months.

3. I will be using the following sources of funds to pay for living expenses:

   _____

Under penalty of perjury, I certify that the information presented in this certification is true and accurate to the best of my knowledge. The undersigned further understand(s) that providing false representations herein constitutes an act of fraud.

_____	_____	_____
Signature of Declaring Household Occupant	Printed Name	Date

Affordable Housing Program
Long-term Retention Documentation

(Only for principal reduction, down payment or closing cost assistance projects)

Important notes about AHP retention:

1) **The retention document only applies where a household receives AHP subsidy for a purchase, construction, or purchase in conjunction with rehabilitation. It does not apply to households who receive AHP subsidy for rehabilitation only.**

2) The retention document must include the amount of subsidy for the applicant.

3) The retention document must include the number of years of retention. **The retention period for owner-occupied projects must be 5 years.**

4) Please include substantially the following statements in the retention document:

   Retention agreements for owner-occupied units (5 years). The member shall ensure that the applicable owner-occupied unit is subject to a deed restriction or other legally enforceable retention agreement or mechanism requiring that:

   - The Bank's Community Investment Department is to be given notice of any sale, transfer, assignment of title or deed, or refinancing of the unit by the household occurring prior to the end of the retention period;
   - In the case of a sale, transfer, or assignment of title or deed prior to the end of the retention period, the household shall repay to the Bank an amount equal to the lesser of: (i) a pro rata share of the direct subsidy, reduced by 1/60 for every month the seller owned the unit, or (ii) any net proceeds realized upon the sale, transfer, or assignment of title or deed of the unit, minus the AHP-assisted household's investment, unless the purchaser, transferee, or assignee is a low- or moderate-income household, the unit was assisted with a permanent mortgage loan funded by an AHP subsidized advance or the amount subject to repayment is $2,500 or less;
   - In the case of a refinancing prior to the end of the retention period, the household shall repay to the Bank an amount equal to the lesser of: (i) a pro rata share of the direct subsidy, reduced by 1/60 for every month the occupying household has owned the unit, or (ii) any net proceeds realized upon the refinancing minus the AHP-assisted household's investment, unless the unit continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism described in this paragraph, the unit was assisted with a permanent mortgage loan funded by an AHP subsidized advance, or the amount subject to repayment is $2,500 or less and
   - The deed restriction or other legally enforceable retention agreement or mechanism should be subordinate to any valid outstanding lien against the unit currently of record. The obligation to repay AHP subsidy to the Bank shall terminate after any foreclosure of such prior recorded lien, deed-in-lieu of foreclosure of such prior recorded lien, assignment of such prior recorded lien of a Federal Housing Administration first mortgage to the Secretary of Housing and Urban Development, or death of the AHP-assisted homeowner.

5) This document does not have to be signed and recorded prior to receiving AHP funds. A draft will be acceptable. However, a copy of the signed and recorded deed restriction must be received. 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 appropriate authority.

6) AHP-assisted households should maintain documentation of their household investments in case the unit is sold or refinanced during the five-year retention period. Households should be notified of this recommendation by their financial institution.

7) 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, please contact the Bank at 800.362.2944.

8) 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.

2021 DEED RESTRICTIONS
(Owner-Occupied Projects)

AHP Project Number _____ (the "Project")

THE STATE OF _____ **{insert STATE}**

COUNTY/PARISH OF _____ **{insert COUNTY/PARISH}**

The undersigned, _____, ("Owner"), is the owner of certain real property and improvements located 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 (the "Property"). For value received, the adequacy and sufficiency of which are hereby acknowledged, Owner does hereby impress the Property 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.

   "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 purchase in conjunction with rehabilitation of the Property, which Direct Subsidy shall not exceed $ **{insert AMOUNT OF DIRECT SUBSIDY}**.

   "Low- or Moderate-Income Household" means a household that 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, as defined at 12 CFR 1291.1, unless such median income standard has no household size adjustment methodology.

   "Retention Period" means a period of five (5) years beginning on . **{Insert the date of the closing of the sale of the Property.**

2) The Bank's Community Investment Department is to be given notice of any sale, transfer, assignment of title or deed, or refinancing of the Property by the household occurring prior to the end of the Retention Period.

3) In the event of a sale, transfer, or assignment of title or deed of the Property during the Retention Period, the selling Owner shall repay to the Bank an amount equal to the lesser of: (i) a pro rata share of the Direct Subsidy, reduced by 1/60 for every month the selling Owner owned the Property, or (ii) any net proceeds realized upon the sale, transfer, assignment of title or deed of the Property, minus the AHP-assisted household's investment, unless the purchaser, transferee, or assignee is a Low- or Moderate-Income Household, the Property was assisted with a permanent mortgage loan funded by an AHP subsidized advance, or the amount subject to repayment is $2,500 or less.

4) In the event of a refinancing during the Retention Period, the occupying Owner shall repay to the Bank an amount equal to the lesser of: (i) a pro rata share of the Direct Subsidy, reduced by 1/60 for every month the occupying Owner owned the Property, or (ii) any net proceeds realized upon the refinancing minus the AHP-assisted household's investment, unless the Property continues to be subject to these deed restrictions, the Property was assisted with a permanent mortgage loan funded by an AHP subsidized advance, or the amount subject to repayment is $2,500 or less.

5) This instrument and these deed restrictions are subordinate to any valid outstanding lien against the Property currently of record. Foreclosure of such prior recorded lien, deed-in-lieu of foreclosure of such prior recorded lien, assignment of such prior recorded lien of a Federal Housing Administration first mortgage to the Secretary of Housing and Urban Development, or death of the AHP-assisted homeowner shall extinguish this instrument and these deed restrictions; 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) 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
Pass-Through Documentation

The Bank requires evidence of the AHP subsidy passing through from the member to the project sponsor to the homeowner.

If the AHP subsidy is being used for principal reduction, down payments, or closing costs, please use the following to demonstrate pass-through:

1) Closing Disclosure or other settlement statements (subsidy should be listed separately from other sources). The Bank will accept a Loan Estimate with substantially the same information that would be included in the Closing Disclosure to disburse the funds but will require the Closing Disclosure within 30 days after the Bank's disbursement of funds to the member.

2) Other closing documents that reflect a reduction in the overall price of the home by the amount of the AHP subsidy.

3) Executed Loan Certification Form. (see page 18 for the form).

If the AHP subsidy is being used for rehabilitation, please include the following:

1) Signed Contractor's bids or work orders. The Bank will disburse funds based upon these; however, the Bank requires the actual invoices and Final Cost Certification signed by the Contractor, Homeowner, Sponsor and Member within 60 days of disbursement. See page 18 for the final cost certification.

2) Executed Acknowledgment and Agreement Form. (See page 26 for the form.)

3) Pre-rehabilitation inspection report is required for the disbursement of funds. Within 60 days of disbursement, a post-rehabilitation inspection report is required. The pre-rehabilitation inspection report must contain the specific items that require modification/rehabilitation or confirm an attached scope of work. The post-rehabilitation inspection report must confirm that the original scope of work was completed in an acceptable manner. **Both inspection reports must include photos.**

If the AHP subsidy is being used for construction, please include the following:

1) Actual invoices and a construction budget. The Bank will disburse funds based upon these; however, the Bank requires closing documents prior to project completion to demonstrate the pass-through of the subsidy funds to the homeowner.

Failure to provide the final documents in the time required may result in the delay of future fundings and/or a recapture of prior disbursed funds related to the deficient document(s).

Affordable Housing Program
Loan Certification

Name of Member: _____

FHFA ID#: _____

Applicant's Name: _____

Name of institution originating the loan: _____

Under the Affordable Housing Program, the rate of interest, points, fees, and any other charges for all loans made to homebuyers should not exceed a market rate of interest, points, fees, and other charges for loans of similar maturity, terms and risk. If there is more than one loan, please complete a separate Loan Certification for each loan. **The organization originating a loan to the applicant must complete and execute this form.**

The homebuyer has been counseled to maintain documentation of expenditures associated with capital improvements of the unit. Providing evidence of the improvements could reduce the amount of subsidy owed in case the unit is sold or refinanced during the five-year retention period: _____
Lender Initial

By signing below, the lender certifies to the following:

1) The First Mortgage does not defer the repayment of principal or interest.
2) The Financing Package does not include interest only or negative amortization loans (excluding properly utilized reverse mortgage.)
3) The Mortgage term is not less than 5 years, and the Amortization term is not less than 15 years.

Signature: _____

Name: _____

Title: _____

Date: _____

Affordable Housing Program
Final Cost Certification
for Owner Occupied Rehabilitation Projects

AHP Project Number:_____

Homeowner:_____

Property Address:_____

Sponsor:_____

Certifications

1) All AHP-funded rehabilitation work has been completed to the satisfaction of the homeowner.
2) The copies of architect's certifications (i.e. AIA Document G702), or contractor's invoices that detail the scope of work performed are accurate.
3) All rehabilitation work was completed as of _____ (date) by

_____

(Contractor) (Contractor Phone Number)

4) The final cost for the completed work: _____

NOTE: This is to be signed and dated by all parties <u>after</u> completion of the work on the home.

Contractor	Print Name	Date
Homeowner	Print Name	Date
Sponsor Representative	Print Name	Date
Member Representative	Print Name	Date

NOTE: Along with the executed Final Cost Certification, please submit the final invoice(s) and post-rehabilitation inspection report with photos.

Affordable Housing Program
Sources and Uses of Funds

(This form is not required for Habitat for Humanity projects that involve a home purchase)

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. If the project’s financing has changed from what was originally approved in the application for the project, please include an explanation of those changes by providing a comparison of the original and the current sources and uses of funds.

Instructions:

Sources of Funds Table

1) Indicate all sources of funds being used for your project.
2) For each source of funds, provide the amount of funding.

Uses of Funds Table

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

The total Sources of Funds must match the total Uses 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
TOTAL Sources of Funds	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 ($)
Rehabilitation			$ 0.00
Developer Fee			$ 0.00
Inspection Fees			$ 0.00
Acquisition			$ 0.00
Homebuyer Counseling			$ 0.00
Other (Please Specify):			$ 0.00
Total Project Cost	$ 0.00	$ 0.00	$ 0.00

For projects approved in 2018-2020, the combined cost of the third-party inspections and the developer fee paid to the sponsor may not exceed 15% of the total rehabilitation cost. If there are no inspection fees, the developer fee to the sponsor may not exceed 10% of the total rehabilitation cost.

For projects approved in 2021 and beyond, the developer fee may not exceed the lesser of $500 or 15% of the total rehabilitation cost. In addition, the combined cost of the third-party inspections and the developer fee paid to the sponsor may not exceed 15% of the total rehabilitation cost.

Affordable Housing Program
AHP Needs Analysis Worksheet
(This worksheet is only required for Habitat for Humanity Projects)

A Needs Analysis Worksheet is required for owner-occupied AHP new-construction projects involving primarily sweat equity, in-kind donations, volunteer professional labor and services, and sponsor-provided low-interest permanent financing. This worksheet is to be completed for Habitat for Humanity projects and by any other sponsors whose projects demonstrate characteristics similar to Habitat for Humanity.

Following are the instructions for completing the AHP Need Analysis Worksheet. An Excel version of the Needs Analysis Worksheet is available on our website, which produces automated calculation upon data input (fhlb.com/resourcecenter/Pages/Guides-and-Forms.aspx).

Section A

Please provide the project number, name of the Member institution, sponsor name and the name of the project.

Section B

The Market Rate is assigned by the Bank. This rate will be the Community Investment Program (CIP) rate plus 300 basis points. Please contact the Community Investment Department for the appropriate rate to be used for your project.

A) Mortgage Amount - the proposed first mortgage loan amount for the subject home.

B) Mortgage Term - the mortgage term in number of months.

C) Mortgage Rate - the mortgage interest rate to be charged.

D) Mortgage P&I Payment - if completing manually, calculate the principal and interest payment using the terms provided. If the mortgage rate is 0%, calculate the Mortgage P&I Payment by dividing the Mortgage Amount (a) by the Mortgage Term (b). Round to the nearest penny.

E) Net Present Value of Below Market Rate Mortgage - if completing manually, calculate the present value of the Mortgage P&I Payment (d) at Market Rate for the same Mortgage Term (b). Please contact the Community Investment Department if assistance is needed with completion of this form.

Section C

The estimated value of donated or in-kind contributions should be entered in this section. The total of all in-kind sources (first column) should match the total in-kind project costs associated with the contribution (second column).

F) Donated Land

G) Donated Professional Labor

H) Donated Materials

I) Total In-Kind Sources/Costs - if completing manually, total the values of lines f, g, and h. The total of both columns (In-Kind Sources and In-Kind Costs) should be the same.

Section D

List the potential cash funding sources (committed and uncommitted) that will be obtained to cover the cash costs of house construction, lot development, and closing costs. The sources and costs should reflect the amount for all of the units in the project.

J) Homebuyer Down Payment - the cash the homebuyer is required to provide toward the purchase of the home.

K) Cash Contributions/Fundraising - represents the amount of cash the sponsor has on hand to be used for this project (i.e. payments from existing mortgages, funds raised through various events).

L) Other Cash Sources - grants from foundations, corporations, individuals, government agencies, etc. These sources typically provide a letter of commitment for a specified amount.

M) Sponsorships - funds received from any foundations, corporations, individuals, government agencies, etc., sponsoring the house(s) being built.

N) Cash Value of Mortgage - equals the Net Present Value of Below Market Rate Mortgage (e) from Section B above.

O) Total Cash Sources Excluding AHP - if completing manually, total the Cash Sources (lines j-n).

Cash Costs

Indicate as accurately as possible all development costs associated with the units for the project.

P) Land/Site Work - costs associated with the conveyance of the project property and any site work or demolition required to prepare the site for development.

Q) Materials - include the cost of all materials that will be purchased to construct the units.

R) Paid Labor - include the cost of paid labor. Do not include donated labor.

S) Developer's Fee - this fee includes any developer overhead, fee charged to the project by the developer, and related party development consultation costs. This may also include the costs of material and time for fundraising campaigns. Please refer to the Implementation Plan for the Developer fee limitation.

T) Insurance - amount paid by the sponsor to insure the materials and personnel during the construction phase.

U) General Requirements/Overhead - this fee includes such things as the sponsor's personnel costs related to the construction of the home(s), fees the sponsor has incurred while performing the various tasks associated with the development of the units for the project, and other miscellaneous costs incurred by the sponsor while producing the units for the project. These costs may include such items as paper, telephone and facsimile costs, utility costs, copying, office supplies and other items used on a daily basis. Please refer to the Implementation Plan for the combined General Requirements/Overhead /Profit* limitation.

V) Survey/Appraisal - include any appraisal or survey fees that will be charged for all of the units.

W) Recording/Attorney/Other Fees - fees charged for recording the deed and mortgage, document preparation of title search/examination, fees charged by an attorney, local permits and fees, architect plans, real estate transfer taxes, and other closing costs.

X) Total Cash Costs - if completing manually, total the Cash Costs (lines p-w).

Section E

Y) Total Sources - calculated by adding Total In-Kind Sources (i), and Total Cash Sources Excluding AHP (o).

Z) Total Costs - calculated by adding Total In-Kind Costs (i) and Total Cash Costs (x).

Section F

Funding Gap - calculated by subtracting the Total Sources (y) from the Total Costs (z). This is the gap that AHP subsidy funds may cover.

*Profit - Please refer to the Implementation Plan for the Profit limitation(s).

AHP Needs Analysis Worksheet

(Note: A formulated Needs Analysis Excel spreadsheet is located on our website under Owner-Occupied Funding Manual)

A. Member Institution: _____

Sponsor: _____

B. **Cash Value of Mortgage:**
Market Rate (CIP + 300 basis points). Please contact the Community Investment Department for the appropriate rate for your project.

a. Mortgage Amount:	
b. Mortgage Term (Months):	
c. Mortgage Rate (0.00%)	
d. Mortgage P&I Payment:	
e. Net Present Value of Below Market Rate Mortgage: (Present value of P&I payment (d) at market rate (CIP rate + 300 basis points) for term (b).	

C. **In-Kind Sources**

f. Value of Donated Land:	
g. Value of Donated Professional Labor:	
h. Value of Donated Materials:	
i Total In-Kind Sources (f+g+h):	

In-Kind Costs

f. Donated Land:	
g. Donated Professional Labor:	
h. Donated Materials:	
i Total In-Kind Costs (f+g+h):	

D. **Cash Sources**

j. Homebuyer Down Payment:	
k. Cash Contributions/Fundraising:	
l. Other Cash Sources:	
m. Sponsorships:	
n. Cash Value of Mortgage(s) (see 'e'):	
o. *Total Cash Sources Excluding AHP: (Total j-n)*	

Cash Costs

p. Land/Site Work:	
q. Materials:	
r. Paid Labor:	
s. Developer's Fee:	
t. Insurance:	
u. General Requirements/Overhead:	
v. Survey/Appraisal:	
w. Recording/Attorney/Other Fees:	
x. Total Cash Costs (total p-w)	

E. **Total Sources/Costs**

y. Total Sources (i+o):	

z. Total Costs (i+x):	

F. **Funding Gap**
AHP $'s required (z minus y):

Affordable Housing Program
Attestation for Eligibility as a First-Time Homebuyer

The following Attestation should be executed and signed **by all applicants that will be listed on the Closing Disclosure**.

The following criteria qualify the applicant(s) as First-Time Homebuyer(s) **(please check each criterion that applies)**:

❑ 1) Applicant(s) have NOT owned a home during the three-year period immediately prior to purchase.

❑ 2) Applicant is a displaced homemaker, meaning an individual who is an adult and:
- Has not worked full-time, full-year in the labor force for a number of years but has, during such years, worked primarily without remuneration to care for the home and family and
- Is not employed or is underemployed and experiencing difficulty obtaining or upgrading employment.

❑ 3) Applicant is a single parent, meaning an individual who is:
- Unmarried or legally separated from a spouse and
- Has one or more minor children for whom the individual has custody or joint custody or is pregnant (at point applicant occupies the property).

❑ 4) Applicant(s) own or owned, as a principal residence during the three-year period immediately prior to purchase, a dwelling unit whose structure is not in compliance with State, local or model building codes, or other applicable codes, and cannot be brought into compliance with such codes for less than the cost of constructing or purchasing a permanent structure.

❑ 5) Applicant(s) own or owned, as a principal residence during the three-year period immediately prior to purchase, a dwelling unit whose structure is NOT permanently affixed to a permanent foundation in accordance with local or other applicable regulations.

❑ 6) Applicant(s) own or owned, as a principal residence during the three-year period immediately prior to purchase, a dwelling unit that was substantially destroyed due to a natural disaster or other event of catastrophic loss.

Applicant(s) will use the property as their principal residence.

Applicant(s) understands that any willful misstatement of material fact will be grounds for disqualification.

This attestation must be signed by the Applicant(s).

Applicant(s) Signature(s):_____

_____

Applicant(s) Name(s):_____

_____

Date:_____

Acknowledgment and Agreement
AHP Owner Occupied Rehabilitation Program

Homeowner(s),_____, hereby acknowledges and agrees that 1) the homeowner(s) has reviewed the written estimate and understands the work to be performed and 2) upon signing below, the homeowner(s) may no longer request changes of the work to be performed by the contractor. Furthermore, homeowner(s) agrees to sign the final cost certification form upon the completion of work.

Any change in the scope of the proposed work, any change in the designated contractor as initially presented, and/or any change in sources and uses of funds must be approved by the Federal Home Loan Bank of Dallas prior to any related work being started. Justification outlining and supporting the need for the changes is required and must be submitted by the member.

Homeowner(s) accepts the repairs stated on the attached Cost Estimate / Invoice dated_____and in the amount of $ _____.

_____
Signature of Homeowner

_____
Date

_____
Signature of Member

_____
Date

Federal Home Loan Bank of Dallas
8500 Freeport Parkway South
Suite 600
Irving, Texas 75063-2547

P.O. Box 619026
Dallas, Texas 75261-9026
(800) 362-2944

fhlb.com