

Affordable Housing Program Implementation Plan



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Key Symbols

The following symbols are used throughout the Affordable Housing Program (AHP) Implementation Plan to assist the reader in locating certain elements of the Implementation Plan.



Reminders



Documentation
Requirements



Rental Projects



Owner-Occupied Projects



Fundings



Progress Milestones



Web Icon

Definitions

Affordable Housing Advisory Council: The purpose of the [Advisory Council](#) is to advise the Bank’s board of directors on ways in which the Federal Home Loan Bank of Atlanta (“Bank”) can better carry out its housing finance and community lending mission, including, but not limited to, advice on the low-and moderate-income housing and community lending programs and needs in the Bank’s district, and on the use of AHP subsidies

AHP: Affordable Housing Program

AHP Agreement: A legally binding agreement between the sponsor(s), member financial institution, and the Bank that outlines the terms and conditions of funding an awarded project with AHP Competitive funds

AHP Application Certification: Certification submitted at the time of the AHP Competitive application acknowledging that the Bank may rely on statements set forth therein.

AHP Project: A single-family or multifamily housing project for homeownership or owner-occupied and/or rental occupancy that has been awarded or has received an AHP subsidy under the AHP Competitive program

AMI: Area Median Income, for a specific area and family size, as determined by the [US Department of Housing and Urban Development \(HUD\)](#)

Application Period: A time period, as determined by the Bank, during which the Bank accepts AHP Competitive applications for subsidy

APR: Annual Percentage Rate

Approval Date: The date the Bank’s board of directors’ issues approval of the AHP Competitive awards

Bank: Federal Home Loan Bank of Atlanta

CIS: Community Investment Services (CIS), the department of the Bank that manages the Affordable Housing Program

Co-Sponsor: A party that has teamed with a sponsor, who has joint and several project obligations under the AHP Agreement

Community Partners Eligible Borrower: First time homebuyer or Non-First time homebuyer, employed in any of the following professions defined as:

- **Educators:** An employee of an accredited or state-recognized private or public school; a certified teacher or administrator in an education agency; or an employee of a post-secondary level educational institution; or has retired as one of the above as may be determined at the Bank’s sole discretion
- **Law Enforcement Officers, Firefighters, and First Responders:** An employee of a law enforcement agency or fire department administered by a federal, state, or local government; or a sworn law enforcement officer responsible for crime prevention and detection, or criminal incarceration; or a sworn member of a fire department involved in fire suppression or prevention, emergency medical response, hazardous materials incident response, or management/response to terrorism; or any other first responder, such as an emergency medical technician or National Guard or Reservist; or has retired as one of the above as may be determined at the Bank’s sole discretion
- **Health Care Workers:** A certified, accredited, or licensed health care worker who is working as a medical resident or fellow; a nurse, nursing assistant, pharmacist, pharmacy technician, physician’s assistant, or medical technician, technologist, or therapist; or an employee of an accredited or state-recognized medical or health care facility; or has retired as one of the above as may be determined at the Bank’s sole discretion

Contingency: Funds capitalized at closing for unforeseen expenses incurred during the development phase of the Project

Consultant: A party that is part of a sponsor’s team that is providing development or AHP-related services for a project. A consultant is not a party to the AHP Agreement and has no financial or other obligations for the project relative to AHP. A consultant cannot be a primary project contact.

Daycare: Supervised care for the needs of people who cannot be fully independent, such as children or elderly people

Debt Service Coverage Ratio (DCR): For rental projects, the ratio of debt service to available cash flow, as calculated as one of the following:

$$\begin{aligned} \text{Hard Debt DCR:} & \quad \frac{\text{Debt Service (Hard Debt Only)}}{\text{Net Operating Income}} \\ \text{Soft Debt DCR:} & \quad \frac{\text{Debt Service (Hard Debt Only) + Soft Debt or Residual Receipts Payments}}{\text{Net Operating Income}} \end{aligned}$$

Deobligation: Cancellation by the Bank of the commitment to fund some or all of the AHP award to the sponsor for a project

Developer: A party that is part of a sponsor’s team that is providing development services for a project. A developer is not a party to the AHP agreement and does not have financial or other obligations for the project relative to AHP. A developer may not be a primary project contact.

District: The Bank's district includes Florida, Georgia, Alabama, South Carolina, North Carolina, Virginia, Maryland and the District of Columbia

Elderly: Any person married or single, 62 years of age or more

Eligible Household: A household that meets the income limits and other requirements specified by the Bank for its AHP programs and products

Eligible Project: A project eligible to receive an AHP subsidy pursuant to the requirements of the AHP Implementation Plan and applicable regulations

Extremely low-income household: a household that has an income at or below 30 percent 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, unless such median income standard has no household size adjustment methodology

FHFA: Federal Housing Finance Agency, federal agency and regulator of the Federal Home Loan Bank System, Fannie Mae, and Freddie Mac

FHLBAccess@: The password-protected web-based system of the Bank by which sponsors and members manage their AHP Competitive accounts, applications, and projects, linked through www.fhlbatl.com

FHLBAsap@: Federal Home Loan Bank of Atlanta proprietary AHP Set-aside technology platform

First-time Homebuyer: As defined by Department of Housing and Urban Development ([HUD](#)) [Homeownership Center \(HOC\) reference guide chapter 3](#): expanded to include recovering victims of catastrophic loss or natural disasters.

Hard Debt: For cash flow analysis purposes, debt that requires principal or interest repayment and is not cash flow dependent

HFA: Housing Finance Agency, a quasi-governmental agency that is enabled by state legislation to administer housing finance programs such as Low Income Housing Tax Credit (LIHTC), or the equivalent agency in areas that are not states or the equivalent agency operating on a local level

Homeownership AHP Set-aside Program (AHP Set-aside Program): An AHP program established by the Bank under which the Bank disburses AHP direct subsidy pursuant to the requirements of [12 \(C.F.R.\), Section 1291.6](#)

HUD: U.S. Department of Housing and Urban Development

Intermediary: A party that works with the contractors, lender, homebuyer, and homeowner to facilitate the purchase or rehabilitation of housing

LIHTC: Low Income Housing Tax Credits (Section 42 of the IRS Tax Code)

Low- or Moderate-income Household: A household that has an income of 80 percent 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, unless such median income standard has no household size adjustment methodology. The Bank uses HUD median income adjusted for family size.

Member: A bank, credit union, or other financial institution that is a member of the Federal Home Loan Bank of Atlanta. For purposes of this Implementation Plan, “member” shall have the same meaning as “shareholder”

Multifamily Building: A structure with five or more dwelling units

Net Operating Income (NOI): Income that remains after operating expenses are deducted from gross operating income

Offering Period:

1. **AHP Competitive:** A time period, as determined by the Bank, which extends from the time the Bank begins accepting applications (application period) through the time that the Bank makes a final determination of awards
2. **AHP Set-aside:** A time period, as determined by the Bank, which extends from the time the Bank begins accepting applications through the time the Bank exhausts available annual allocation of funds

Owner-occupied Project: For purposes of the AHP Competitive program, one or more owner-occupied units in a single-family or multifamily building, including condominiums, cooperative housing, and manufactured housing

Owner-occupied Unit: A dwelling unit occupied by the owner of the unit. Housing with 2 to 4 dwelling units consisting of one owner-occupied unit and one or more rental units is also considered a single owner-occupied unit

Project Completion: For an AHP project to be complete, the member must:

- draw down all AHP Competitive funds
- construction must be complete
- all requested documents must be received and approved by the Bank
- *Ownership:* All owner-occupied units must be sold and occupied by eligible households.
- *Rental:* Projects must have a certificate of occupancy (CO) and be at least 75 percent occupied.

Project Owner: For rental projects, the party that has legal ownership of the property and project

Project Sponsor (Sponsor): A non-profit or for-profit organization or public entity that:

1. Has an ownership interest (including any partnership interest), as defined by the Bank in its AHP Implementation Plan, in a rental project; or

2. Is integrally involved, as defined by the Bank in its AHP Implementation Plan, in an owner-occupied project, such as by exercising control over the planning, development, or management of the project, or by qualifying borrowers and providing or arranging financing for the owners of the units

Rental Project: For purposes of the AHP Competitive program, one or more dwelling units for occupancy by households that are tenants, not owner-occupants, including overnight and emergency shelters, transitional housing for homeless households, mutual housing, single-room occupancy housing, and manufactured housing

Retention Period:

1. Five years from closing or settlement for an AHP-assisted homeownership unit, or in the case of an owner-occupied rehabilitation of a unit where there is no closing, five years from the date established by the Bank in its AHP Implementation Plan; and
2. Fifteen (15) years from the date of project completion for a rental project.

Regulations: A set of rules established by the Federal Housing Finance Agency that govern the AHP program. The full set of AHP regulations can be found on the [Electronic Code of Federal Regulations \(C.F.R.\), Section 1291](#).

Returning Veterans: Those that are currently serving or have served in an overseas military intervention environment for any branch of the US military, including National Guard or Reservist, spouses, or their surviving spouses. Listings of overseas military intervention environments can be found at: <http://academic.evergreen.edu/g/grossmaz/interventions.html>

Reversal: The removal of funds that were previously deposited in a member's account for a particular project or unit by the Bank

Single-Family Building: A structure with one to four dwelling units

Soft Debt: For cash-flow analysis purposes, debt in which principal or interest repayment is only required if there is available cash-flow, a grant that is secured through a debt agreement or where the lender evidences through the terms of the debt agreement that principal or interest repayment is not expected.

Special Needs: Mentally or physically disabled persons, persons recovering from physical or substance abuse, and people with AIDS

Sponsor Ownership Interest: In accordance with 12 C.F.R. [Section 1291.1](#), the Bank defines "ownership interest" in a project to mean any direct or indirect interest (including a partnership interest) in the project owner

Sponsor Provided First Mortgage (SPFM): in the AHP Competitive Program, a project type in which the sponsor provides first mortgage financing to qualified moderate-, low-, and very-low income households

Subsidy:

Direct Subsidy: Direct cash payment provided to the Bank's member institutions. Currently, the maximum direct subsidy limit is \$500,000 per project through the AHP Competitive program. The direct subsidy amount provided through the AHP Set-aside Program varies per product. Please visit our [Product Overview Section](#) for current AHP Set-aside product descriptions.

Subsidized Advance: An advance to a member at an interest rate reduced below the Bank's cost of funds by use of an AHP subsidy

Surviving Spouse: As defined by the Veterans Administration, here:
http://www.benefits.va.gov/HOMELOANS/purchaseco_certificate.asp

Targeting: The allocation of units to moderate-, low-, or very-low income households

VA: Veterans Administration

Very Low-Income Household: A household that has an income at or below 50 percent 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, unless such median income standard has no household size adjustment methodology. AHP Competitive rental projects must have at least 20 percent of the units at or below this income threshold.

Veterans: Those that are currently serving or have served in any branch of the US military, including the National Guard or Reservist, spouses, or their surviving spouses.
http://www.benefits.va.gov/HOMELOANS/purchaseco_certificate.asp

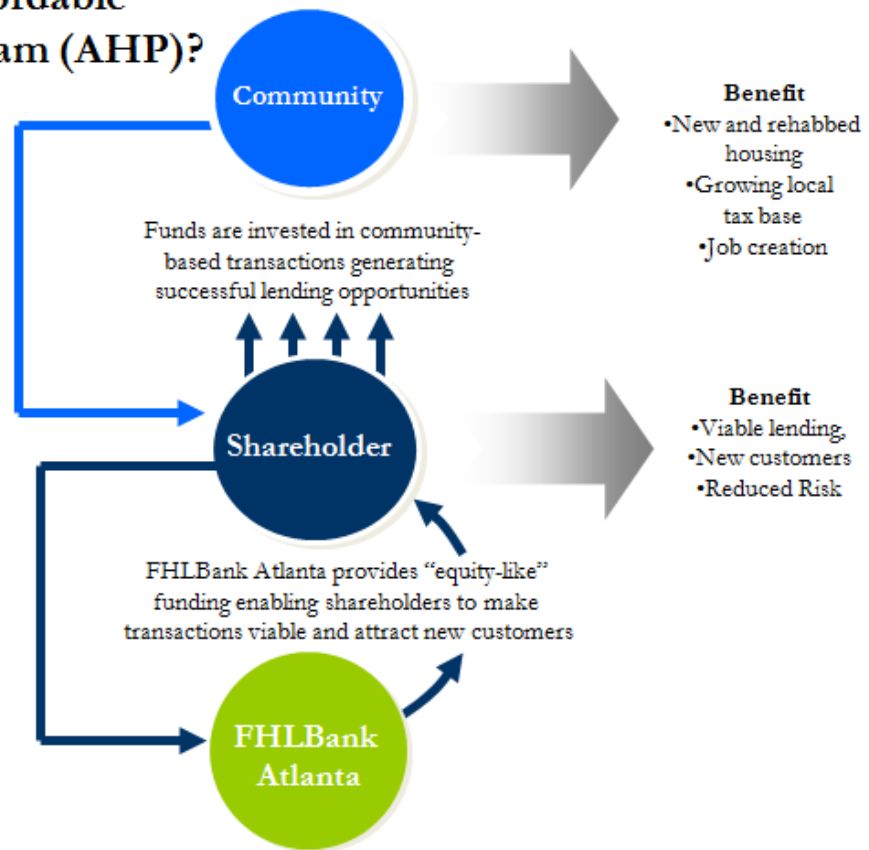
Introduction ¹

1.1 STATEMENT OF PURPOSE

- The Federal Home Loan Bank of Atlanta (Bank) has established an Affordable Housing Program (AHP) pursuant to Section 10(j) of the Federal Home Loan Bank Act. In accordance with the Federal Housing Finance Agency rules and regulations governing the Bank's Affordable Housing Program, [12 C.F.R. Part 1291\(Regulations\)](#).
- The Bank's board of directors adopts this Affordable Housing Program Implementation Plan (Plan) after taking into consideration the views and recommendations of the Bank's Affordable Housing Advisory Council.
- The primary focus of the Bank's AHP is to support the community investment finance needs of our members and provide them with the tools to facilitate affordable housing financing in their communities.
 - The Bank's AHP Competitive and AHP Set-aside program scoring guidelines and program requirements further the Bank's Strategic Plan by delivering timely gap funds that enable our members to:
 - Better manage transactional credit risk
 - Enhance the extension of credit to ready and viable affordable housing finance opportunities
 - Best leverage available dollars
 - Achieve their core business and compliance objectives via the Bank's AHP
 - The Bank's AHP focus statement promotes the current priorities of:
 - Veteran's housing
 - Community stability



What is the Affordable Housing Program (AHP)?



This Plan:

- Sets forth certain policies, procedures, and standards applicable to the Bank’s AHP, as required by the Regulations
- Includes other important information pertaining to the AHP
- Is not a comprehensive statement of the Bank’s AHP policies and procedures
- Is not intended to be a complete statement of the rights and obligations of the Bank and other participants in the AHP

1.2 AFFORDABLE HOUSING PROGRAM (AHP) OVERVIEW

A. AHP Subsidies

- The Bank offers AHP subsidies in two distinct intake, processing, underwriting and funding mechanisms:



AHP Competitive Program
Rental and/or Ownership



AHP Set-aside program.
Ownership only

B. How the AHP Subsidy is Allocated

- The Bank must allocate at least 65 percent of its annual, new AHP subsidy contribution to fund its AHP Competitive program
- The Bank may allocate up to 35 percent of its annual, new AHP subsidy contribution to fund its AHP Set-aside program
- The Bank may adjust the amount available from time to time based on a review of program activity or other factors



- Recaptured, returned, or deobligated funds shall be returned to the Bank's AHP fund and may be made available to either the Bank's AHP Set-aside program and/or next AHP Competitive offering period.
- Determination of awards of recaptured, returned, or deobligated funds shall be made consistent with the regulations and the Bank's policies, procedures, and standards for AHP subsidies awarded as part of a standard AHP round.



A unit may not receive funds from multiple FHLBank Atlanta AHP Competitive or AHP Set-aside products during the retention period. Projects may, however, receive additional funds from other sources (which may include other FHLBanks). Projects may receive an additional award from the FHLBank Atlanta upon the expiration of the retention period.

1.3 ANTI-MONEY LAUNDERING STATEMENT

The Bank is fully committed to mitigating, preventing, and reporting fraud by any:

- Material party
- Individual
- Legal entity

The Bank has adopted an Anti-Money Laundering Policy as part of this effort. The Bank's controls and procedures are designed to mitigate the potentially harmful effects of fraud on the AHP program and those with a stake in its success.



All information, documentation, and representations of any party to an AHP transaction must be true and correct as of the date submitted, and any knowing misrepresentation may result in criminal penalties.

1.4 CONFLICT OF INTEREST



The Bank's board of directors has adopted a written policy regarding the code of conduct, including conflicts of interest. Inquiries or attempts to influence any action that would affect the funding on a project are not permitted by the following parties:

- Members of the Affordable Housing Advisory Council
- Members of the board of directors
- Bank staff and management

General Provisions 2

2.1 INCOME ELIGIBILITY GUIDELINES

Beginning with the 2015 AHP awarded projects and recipients, the Bank will use the greater of several household income calculation methodologies. The methodologies will use the greater of any of the four methodologies outlined below as published annually by the Department of Housing and Urban Development (HUD) as a basis to determine the income eligibility of recipients of the Bank's AHP Competitive and AHP Set-aside funding. The income calculation methodologies will use the greater of the following bases:

- 100% county area median income data basis;
- 80% county area median income data basis;
- 50% county area median income data basis; or
- 80% state median family income data basis



AHP Competitive projects and AHP Set-aside units awarded prior to 2015 will continue utilizing the income methodology in place at the time of the AHP award.






To ensure compliance with the Regulations and to facilitate consistent income qualification practices, the Bank uses the U.S. Department of Housing and Urban Development (HUD) 4350.3 income eligibility regulations as a reference for establishing our income qualification guidelines. Our [detailed income requirements](#) can be found on the Bank's website at www.fhlbatl.com.

We have also launched an [AHP Income Limits Calculator](#) to assist you in easily determining household eligibility.

A. Income Verification

Type	Status	Timing of Income Verification
	All AHP Set-aside Units	No more than 90 days prior to the application submitted to FHLBank Atlanta via FHLBASap

	All AHP Competitive Projects	At the time the household is qualified by the Sponsor for participation in the project
	Currently Occupied	Household must meet income targeting commitments at the time of the AHP application deadline date, or resident move-in date (whichever is later)
	New Construction	Household must meet income targeting commitments at time of resident move-in date

2.2 NONCOMPLIANCE REMEDIES

A. General Overview

For a pattern of noncompliance, or a single instance of flagrant noncompliance with any of the following requirements, the Bank may suspend or debar parties from participation in AHP Competitive and/ or AHP Set-aside programs:

- The policies and procedures described in this Plan
- The terms of an application for AHP Competitive or AHP Set-aside subsidy
- Any other required certification provided by such party
- The terms of an AHP Competitive agreement or AHP Set-aside agreement
- The provisions of the Federal Home Loan Bank Act or of the Regulations

The parties subject to suspension or debarment are as follows:

- Member
- Sponsor
- Intermediary
- Project owner, and/or
- Any material party to the AHP transaction

B. In the Event of Non-compliance

In the event of noncompliance with a program requirement, the Bank may, at its option, undertake one or more of the following:

- Require repayment of the AHP Competitive or AHP Set-aside subsidy to the Bank
- Prohibit the submission of new AHP applications by the noncompliant Member, Sponsor or Project Owner

- Refuse to disburse or prohibit further funding of AHP Competitive or AHP Set-aside subsidies for any or all approved projects and homebuyers/homeowners associated with the noncompliant
 - Member
 - Sponsor
 - Project Owner
- Exercise any of the Bank’s rights or remedies provided by any program requirement
- Exercise any of the Bank’s rights or remedies provided by the Advances and Security Agreement between the Bank and the Member



For each AHP Competitive project, the Sponsor and, with respect to rental projects only, the project owner (obligor), shall pay all charges and expenses incurred by the Bank or the member (including reasonable attorneys’ fees and expenses) with respect to the AHP Competitive agreement, any related document, or any other AHP Competitive requirement as it relates to the project in connection with the following:

- Any investigation by the Bank or the member
- Enforcement, protection or preservation of any right or claim of the Bank or the member against the sponsor or project owner
- Collection of any amounts due

C. Member, Sponsor, and Project Owner Responsibilities

Each member, sponsor, and, with respect to rental projects only, project owner must:

- Enter into a written AHP Agreement with the Bank
- Consent to be a party to any enforcement proceeding initiated by the FHFA regarding the repayment of AHP subsidies received
- Agree to be bound by the FHFA’s final determination in the enforcement proceeding.

The Bank includes provisions in its AHP Set-aside agreement, which would bind members participating in the AHP Set-aside program.

2.3 EXCEPTIONS AND AMENDMENTS

A. Exceptions

- The Bank, in its sole discretion, may grant exceptions to the requirements, except regulatory requirements, of this Plan
- An exception to the requirements of this Plan does not constitute a contract on behalf of the Bank for the benefit of any member, sponsor, project owner, or other third party beneficiary associated with an AHP project, and may not be enforced by any person against the Bank

B. Amendments

- The Bank’s board of directors may amend this Plan from time to time, after considering the views and recommendations of the Bank’s Affordable Housing Advisory Council.

Effective Dates of Plan Amendments (unless specifically stated otherwise)	
WHAT	WHEN
Changes to the Bank’s AHP Competitive: <ul style="list-style-type: none"> • Scoring guidelines • Extensions • Funding deadlines • Completion deadlines 	Prospectively, to offering periods commencing after the date of the amendment
All other changes	Immediately following board approval

C. Risk Mitigation

The Bank may adopt or amend procedures to further mitigate risk including, but not limited to, risk related to:

- Concentration
- Exposure
- Market



AHP Competitive Program



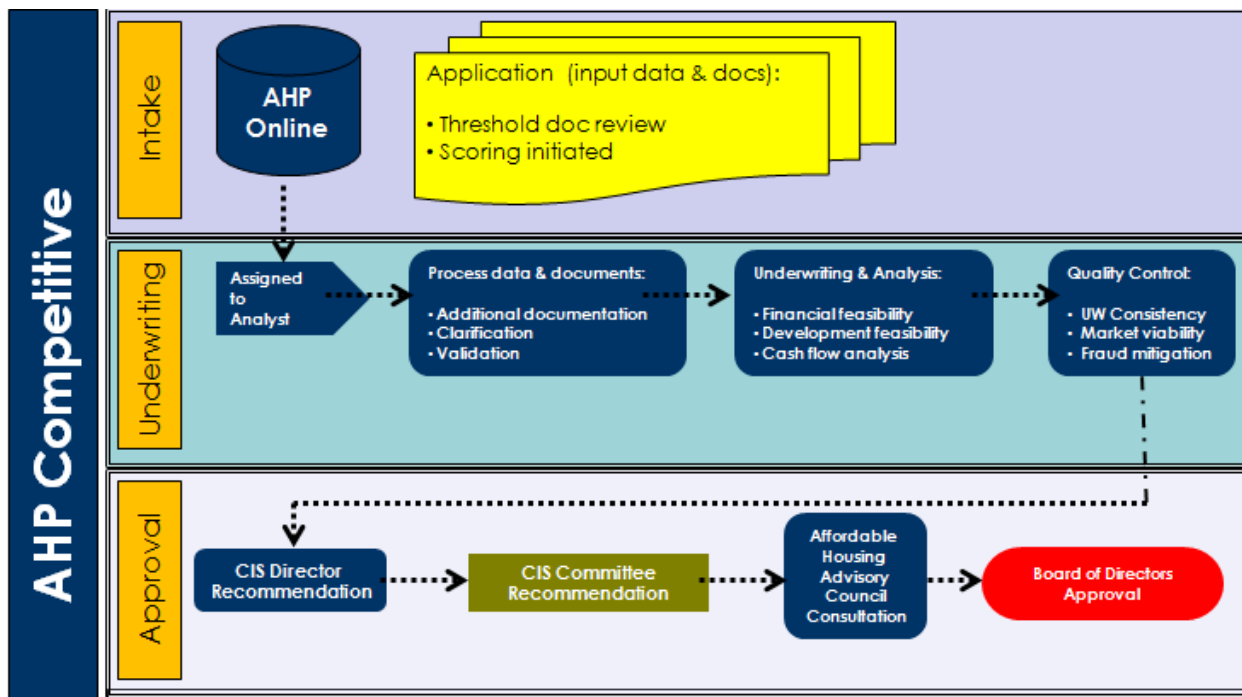
3.1 OVERVIEW AND PROCESS

A. General Overview




- The Bank distributes AHP Competitive program funds in up to two competitive offerings each year pursuant to an application process
- The Bank offers AHP funding in the form of subsidized advances (loans) and direct subsidies (direct cash payments), subject to a maximum direct subsidy limit of \$500,000 per project
- The Bank will announce the offering period for AHP Competitive funds at least 60 calendar days prior to the application deadline. The current [three-year schedule](#) is available on our website.

B. Application Intake, Underwriting and Approval Process



3.2 UNDERWRITING OF AHP COMPETITIVE APPLICATIONS

A. Bank's Underwriting Basis for AHP Competitive Applications

- In addition to [application scoring](#), (Plan Section 3.4), the Bank will evaluate each AHP Competitive application
- The Bank's underwriting shall not be relied upon by the Member or any other funder in the project as a substitute for their own underwriting and analysis
- The basis of the Bank's underwriting includes but is not limited to the following:
 - [Developmental feasibility](#): The project must be likely to be completed and occupied, based on relevant factors contained in the Bank's [Project Feasibility guidelines](#), including, but not limited to:
 - The development budget
 - Market analysis
 - Sponsor's experience.
 -  [Rental Only: Operational feasibility](#): A rental project must be able to operate in a financially sound manner, in accordance with the Bank's [project feasibility guidelines](#) (Plan Section 3.6), as projected in the project's operating pro forma.

B. Member Eligibility Requirements



- Members must be compliant with the [Community Support Regulations](#) in order to be eligible to submit an AHP application.
- Senior management of the member shall stipulate that a review and a satisfactory level of underwriting by the member has been conducted on all applications submitted for AHP Competitive funds. The Bank's underwriting of a project shall not be relied upon by the member or any other funder in the project.

C. Project Eligibility Requirements

Owner-occupied Housing:



- The purchase, construction, or rehabilitation of an owner-occupied project by or for very low- or low- or moderate-income households
- The scope of the rehabilitation for an owner-occupied unit is limited to the correction of a defect or deficiency in the structure or access to the structure
 - Rehabilitation is limited to work done in compliance with applicable health, fire prevention, building, and housing codes and standards. At completion of the rehabilitation the unit must meet commonly accepted habitability standards.
 - Rehabilitation is limited to a reasonable cost analysis. The Bank will utilize Marshall & Swift, RS Means and/or other industry construction cost data to determine whether the rehabilitation costs appear reasonable, including remaining useful life, as determined by the Bank.

Rental Housing:



- The purchase, construction, or rehabilitation of a rental project, where at least 20 percent of the units in the project are occupied by and are affordable for very low-income households
- Limited to a single county
- Projects that are multi-county must submit separate applications

Revolving Loan Funds/ Pools:

Pursuant to its authority under 12 C.F.R. [Section 1291.5\(c\)\(13\) and \(14\) of the Regulations](#) the Bank has elected not to make AHP Competitive subsidies available in connection with “revolving loan funds” or “loan pools” (as such terms are defined in the regulation), and projects utilizing such structures are ineligible under the Bank’s AHP Competitive program.

D. Additional Requirements:

- Eligible AHP Competitive project requirements include, but are not limited to:
 - i. Standards relating to the eligibility and [timing](#) (Plan Section 3.2) --- of the proposed subsidy use
 - ii. Sponsor qualifications
 - iii. Fair housing
 - iv. Satisfactory underwriting
- All projects must also demonstrate compliance with Bank and regulatory requirements regarding (Plan Section 3.5):
 - [Sources and uses of funds](#),
 - [Project costs](#)

- [Operational feasibility](#)
- [Need for AHP subsidy](#)
- Conformance with the Bank's [project feasibility and cost guidelines](#)

E. Application Threshold Requirements

- The Bank will review each application to determine whether the proposed project meets the application threshold requirements set forth in 12 C.F. R. [Section 1291.5\(c\) of the Regulations](#) and in this Plan.
- The Bank reserves the right during underwriting to request additional information from applicant members, project owners, and sponsors, as well as other material parties involved with a project, in order to determine whether an application has materially complied with the threshold requirements through alternative documentation or other factors, as reasonably determined by the Bank.



Required Documentation

- The **AHP Competitive application certification** must be completed and duly executed by an authorized signatory of the member. With respect to the signatories of the sponsor, The executive director, president, or CEO (or equivalent position) must sign, as well as one of the following:
 - i. Where the entity has a board of directors, the Chairman (or equivalent) of such board
 - ii. Where the entity does not have a board of directors, all parties with a financial interest in the sponsor entity must have authorized signatories execute the certification
- **Satisfactory Evidence of Site Control** by the sponsor or the principal of the sponsor or common governing bodies or project owner for all parcels of the proposed project
 - Exception: Site control documentation is not required at application for ownership post-development (the purchase of an existing home with AHP as down-payment assistance or currently owner-occupied rehabilitation) projects only
- A statement of construction and permanent sources of funding, and development budget (source and use statement)
- Evidence that a **minimum of 20 percent of the funding** of a proposed project's total development budget is **conditionally committed** by an unrelated third party. The documentation shall include:
 - Amount of debt or equity and type of product to be extended

IMPORTANT:
As a general matter, failure to satisfy the threshold requirements by the close of the application period will cause an AHP Competitive program application to be considered ineligible.

- Evidence that the borrower has been underwritten by the funder and meets the funder's credit criteria, and
- Evidence that the project has been underwritten and is conditionally eligible to receive the funder's credit or equity.



Note: Seller financing is acceptable to satisfy this threshold if the seller extends credit for real estate transactions in its normal course of business and the terms of the sale and credit are market terms.



Note: Existing financing on projects without a change in ownership is not eligible to satisfy this threshold

- Project Specific Documentation:
 - Ownership Down-payment Assistance Projects - 20 percent of the homebuyers identified and qualified (homebuyer contribution in escrow (i.e. Individual Development Account (IDA)) and homebuyer income qualified for AHP)
 - Owner-occupied (Rehabilitation-Only) Projects - 20 percent of the units identified including cost specifications, cost breakdown, and homeowners income qualified for AHP
 - New Construction Projects - A hard cost schedule of values and conceptual plans and elevations for any new construction and/or additions to existing building(s)
 - Rental (Rehabilitation) Projects - Scope of work, cost breakdown, and property inspection report submitted on the Bank's approved template



Additional Threshold Requirements:

- Sponsor is deemed qualified and able.
- Sponsors and project owners with a project on the Bank's Watch List are notified if they cannot receive new AHP Competitive awards.
- AHP sponsors and/or AHP owners who have received charitable contributions (cash or in-kind donations) or CIS sponsorships from the Bank in the past 12 months are not eligible to receive new AHP Competitive awards

FAQ: *What else should I consider before submitting my application?*

- The application cannot be modified more than +25 percent of the total development budget per unit from the approved application if awarded AHP funds.
- A change to the location of the proposed project is generally not allowed and will only be considered by the Bank on a case-by-case basis and at the Bank's sole discretion.
- A change to the proposed project's sponsor(s) is generally not allowed at any time during the retention period and will only be considered by the Bank on a case-by-case basis and at the Bank's sole discretion.
- Where site control is not required at application, the sponsor must specify the geographic boundaries of the project in the application. A sponsor may not submit multiple applications for the same project type within the same geographic boundaries as defined by the sponsor in the application.
- Additional detail on required documentation can be found on the application documentation cover page generated when an application is submitted to the member, and on the supplemental documentation list.

F. Scoring

The Bank will score AHP Competitive applications in accordance with the scoring guidelines set forth [herein](#) (Plan Section 3.4).

G. Approval

- The board of directors of the Bank will approve eligible applications in descending order, starting with the highest-scoring application, until remaining AHP Competitive funds are insufficient to fund the next highest-scoring application or until no eligible applications submitted on or before the application deadline date remain
- Of the remaining applications not approved for funding, the board of directors will designate at least the next four highest scoring applications as alternates
- If previously committed AHP subsidy funds become available prior to the application deadline for the next AHP Competitive offering, the Bank may approve one or more of the alternates for funding
- The Bank's "approval date" is the date of the board of directors' approval

H. Sponsor Qualification and Ability Requirements

The Bank will underwrite the sponsor(s), including the development team and related parties, to determine, in the Bank’s sole discretion, whether the sponsor is qualified and able to perform the responsibilities as committed to in the AHP Competitive application. The development team, related parties and related party transactions, as defined in the AHP Application Certification, must be disclosed.



Owner-occupied Sponsors

- In order to be considered a sponsor for owner-occupied projects, the sponsor must be integrally involved in the project.
- “Integrally involved,” as determined at the Bank’s discretion, is to mean that the entity exercises control over any of the major elements of:
 - Planning
 - Project design
 - Development
 - Construction
 - Marketing
 - Sales
 - Management of the project
- Intermediaries or consortiums shall not be considered “integrally involved” as defined by the Bank.



Rental Sponsors

- The sponsor must have an ownership interest in the project from award through the entire AHP 15 year retention period.
- As a condition of award, the Bank may require additional material parties to the transaction to be identified as sponsors and be a party to the AHP agreement.

3.3 PROGRESS MILESTONES AND TIME LIMITS ON THE USE OF AHP SUBSIDIES

A. Overview








The Bank has adopted the following AHP Competitive project progress milestones and time limits. Progress milestones will be reviewed to ensure that progress is being made towards the time limits.

The Bank reserves the right, at its sole discretion, to cancel AHP Competitive awards prior to the funding or completion deadline if the project does not demonstrate progress as per the progress milestones.

B. Milestones - From time of Approval Date:

Within 6 months	Proper Zoning and Land Use Designation Obtained Evidence must be received documenting that the site of the proposed project has the appropriate zoning and land use designation (Except for ownership post-development (the purchase of an existing home or owner-occupied rehabilitation) projects only).
Within 12 months	Funding Sources Committed Evidence must be received indicating that all other funding sources for the proposed project have been committed.
Within 18 months	The start of construction on the proposed project must have occurred.
Within 24 months	A minimum of 25 percent of the construction of the proposed project must be completed.
Within 30 months	Construction on the proposed project must be substantially complete .

C. Time Limits- from time of Approval Date:

<p>Within 18 months</p>  <p>Rental</p>	<p>Funding Deadline - Rental A member must draw down all subsidized advances and direct subsidies.</p>  <p><i>Note:</i> A member may submit a written request for one six-month extension of the funding deadline for good cause shown, but all decisions to grant or reject extensions shall be at the sole discretion of the Bank and shall be final when made.</p>
<p>Within 30 months</p>	<p>Construction on the proposed project must be substantially complete.</p>
<p>Within 36 months</p>  <p>Ownership</p>	<p>Funding Deadline - Ownership For ownership projects that disburse AHP funds at permanent homebuyer closing. No extensions are available.</p> <div style="border: 1px solid black; padding: 5px;"> <p>FAQ: What if my project involves multiple draws (e.g. construction or rehabilitation projects)? Multiple draws are not permitted for subsidized advances. The member should draw down multiple fundings of direct subsidy to comply with this limitation. The Bank will consider any AHP Competitive project that fails to meet the use deadline as noncompliant.</p> </div>
<p>Within 30 days of funding</p>	<p>Use Deadline A member must use all subsidized advances and direct subsidies for approved purposes within 30 calendar days after the Bank disburses the funds.</p>
<p>Within 36 months</p>  <p>Ownership</p>  <p>Rental</p>	<p>Project Completion Deadline All projects must be completed within three years of the approval date. To be complete, the following must occur:</p> <ul style="list-style-type: none"> • Member must draw down all AHP Competitive funds • Construction must be complete • All requested documents must be received and approved by the Bank • <i>Ownership:</i> All owner-occupied units must be sold and occupied by eligible households. • <i>Rental:</i> Projects must have a certificate of occupancy and be at least 75 percent occupied.

*Note:*

- Exceptions may be required if projects fail to meet the established time limits
- The Bank will consider any AHP Competitive project that fails to meet the time limits and progress milestones stated herein to be noncompliant, and in its discretion may take action including, but not limited to, placing the sponsors on the Bank's Watch List and recapturing the awarded AHP Competitive funds

3.4 AHP COMPETITIVE SCORING GUIDELINES

CATEGORY	POINTS	
Donated Government-Owned or Other Property	5	Variable
Nonprofit or Government Sponsor	5	Variable
Targeting	20	Variable
Housing for Homeless Households	5	Fixed
Empowerments	5	Variable
First District Priority	15	Fixed
Member Participation		
Second District Priority	10	Variable
Project Readiness		
Veterans		
Leveraging		
AHP Subsidy per Unit	10	Variable
Community Stability	5	Fixed
TOTAL	100	

- For the purpose of resolving tie scores, FHLBank Atlanta calculates scores out to 11 decimal places.

1. DONATED GOVERNMENT-OWNED OR OTHER PROPERTY	
<p>Projects creating housing where at least 25% of the units, land, or land lots are donated or conveyed contemporaneously by the federal government or any agency or instrumentality thereof; or units or land donated or conveyed by any other party for a nominal price</p> <p>Nominal price is defined as:</p> <ul style="list-style-type: none"> • A small, negligible amount, most often 10 dollars or less • May be accompanied by modest expenses related to the conveyance of the property for use by the project. <p>The subject property must be donated on or before the application deadline date by an entity not related to the sponsor, project owner, or member. An exception is allowed for government or quasi-government sellers or lessors that the donation may be between related parties and that the conveyance may be evidenced by an action to convey.</p>	
<p>5 POINTS (VARIABLE)</p>	<p>Scoring: At least 25% of the units, land or land lots must be donated or conveyed to the project to receive points in this category.</p> <p>Rental Projects:</p> <ul style="list-style-type: none"> • Five (5) points times the percentage of total project units donated or conveyed to the project, or five (5) points times the percentage of total land donated or conveyed to the project <p>Owner-occupied Projects:</p> <ul style="list-style-type: none"> • Five (5) points times the percentage of AHP-assisted units or land lots donated or conveyed to the project

2. NONPROFIT OR GOVERNMENT SPONSOR	
<p>Sponsorship by a nonprofit organization, a state or political subdivision of a state, a state housing agency, a local housing authority, a Native American tribe, an Alaskan Native village or the government entity for Native Hawaiian home lands. Rental sponsors must have an ownership interest in the property to qualify for points in this category.</p>	
<p>5 POINTS (VARIABLE)</p>	<p>Rental Projects:</p> <ul style="list-style-type: none"> • One (1) point will be awarded to a rental project, where the Sponsor has or will have an ownership interest in the project from funding through the entire AHP 15 year retention period • Four (4) additional points if the nonprofit sponsor has or will have a controlling ownership interest (e.g. greater than 50% of the general partner / managing member) from funding through the entire AHP 15 year retention period <p>Owner-occupied Projects:</p> <ul style="list-style-type: none"> • A maximum of five (5) points will be awarded to an ownership project where the sponsor exercises control over the following project activities (1 point for each activity up to a maximum of 5 points): <ul style="list-style-type: none"> ○ Marketing/outreach ○ Property acquisition ○ Pre-development ○ Construction/rehabilitation ○ Qualifying borrowers for home mortgages, including AHP ○ Providing or arranging financing

3. TARGETING	
<p>The extent to which the project targets very low, low- and moderate-income households. Points for this category are derived from a weighted average calculation based on all applications submitted for the applicable AHP offering.</p>	
<p>20 POINTS (VARIABLE)</p>	<p>Scoring:</p> <ul style="list-style-type: none"> • Points for this category are derived from a weighted average calculation based on all applications submitted for the applicable AHP offering • Based only on AHP-assisted units (80% or below of AMI) in the project for ownership projects • Based on total number of units in the project for rental projects • Notwithstanding the weighted average scoring, for rental projects, if 60% or more of the total project units are reserved for families earning 50% or less of the AMI, the project will receive 20 points • Other projects will be scored on a declining weighted average targeting (WAT) scale basis • This category cannot be self-scored.

4. HOUSING FOR HOMELESS HOUSEHOLDS	
<p>Homeless households are defined as those households recognized as homeless under current HUD statutes, regulations, or regulatory interpretations.</p>	
<p>5 POINTS (FIXED)</p>	<p>Scoring:</p> <ul style="list-style-type: none"> • The creation of rental housing reserving at least 20% of the units for the creation of transitional housing for homeless households permitting a minimum of six months occupancy; or • The creation of permanent owner-occupied housing reserving at least 20% of the total project units for homeless households

5. EMPOWERMENTS				
<p>As part of the AHP Certification, the empowerment activity being offered:</p> <ul style="list-style-type: none"> • Must be offered to all residents; • Shall be comprehensive in nature; • Achieves the intended objectives as stated in the application; • Has committed resources; • Has appropriate oversight and reporting to the Sponsor’s Board (or other governing body); • Assists residents in moving toward better economic opportunities; and • Provided on a value added basis. 				
<p>5 POINTS (VARIABLE)</p>	<p>Scoring:</p>			
	<p>Projects providing housing in combination with one or more of the following activities, will receive points as indicated for each activity, up to a maximum of five (5) points.</p> <p>Empowerment Activities</p>	<p>Owner (Non- OOR)</p>	<p>Owner Occupied Rehab (OOR)</p>	<p>Rental</p>
	<p>Homeownership Education Program</p> <ul style="list-style-type: none"> • Pre-closing Counseling 	<p>5 Points</p>	<p>N/A</p>	<p>N/A</p>
	<p>Employment Readiness Program</p>	<p>N/A</p>	<p>N/A</p>	<p>2.5 Points</p>
	<p>On-Site Daycare (Child or Adult)</p>	<p>N/A</p>	<p>N/A</p>	<p>2.5 Points</p>
	<p>Training and Education Program</p>	<p>N/A</p>	<p>2.5 Points</p>	<p>2.5 Points</p>
	<p>Owner / Resident Involvement Program</p>	<p>N/A</p>	<p>2.5 Points</p>	<p>2.5 Points</p>
	<p>Counseling Program (Homeowners & Tenants)</p>	<p>N/A</p>	<p>2.5 Points</p>	<p>2.5 Points</p>

FIRST DISTRICT PRIORITY:	
6. MEMBER FINANCIAL PARTICIPATION	
<p>Projects that demonstrate contemporaneous Bank member financial participation (excluding the pass-through of AHP direct subsidy) in the project such as providing market rate or concessionary financing (e.g., permanent financing, mortgage financing, bridge loans, construction financing), equity, letter of credits, or some other acceptable forms of financial participation as determined by the Bank in its sole discretion.</p>	
<p>15 POINTS (FIXED)</p>	<p>Scoring: In order to receive the 15 points in this category, members must extend credit as represented in the application and submit documentation evidencing:</p> <ul style="list-style-type: none"> • The amount of credit that has been or will be extended which is at least 5% of the project’s total development budget • Member certification signed by an officer of the member with the authority to approve the credit product at the amount indicated demonstrating their understanding that the credit must be extended and closed simultaneous with or prior to the project’s other real estate financing (including AHP) • The member's financing must clearly flow through to the project to demonstrate the member's direct participation in the project • Projects must demonstrate need for the proposed member financing structure.

SECOND DISTRICT PRIORITY:	
7. PROJECT READINESS	
<p>Projects that demonstrate readiness, at the time of application, that have demonstrated to the Bank’s satisfaction that they have met certain development/ financing benchmarks, based on project type and as determined by the Bank in its sole discretion.</p>	
<p>10 POINTS (VARIABLE)</p>	<p>Scoring: In order to receive the 10 points in this category, members must submit documentation evidencing the following according to project type:</p> <p>Rental Projects:</p> <ul style="list-style-type: none"> • Non-LIHTC: 100% of non-AHP permanent sources committed • 9% LIHTC: Tax credits awarded by state allocating agency • 4% LIHTC: 100% of non-AHP permanent sources committed <p>New Construction/Owner-acquisition Rehab Projects:</p> <ul style="list-style-type: none"> • <u>Ownership (New Construction/Rehabilitation)</u> 75% of the units presold (contract executed with funds in escrow, mortgage qualified and homebuyer income qualified for AHP and representative of the targeting commitments in the application, including homeless and veterans) • <u>Ownership Down Payment Assistance</u> 100% of the homebuyers identified and qualified (homebuyer contribution in escrow (IDA acceptable) and homebuyer income qualified for AHP and representative of the targeting commitments in the application, including homeless and veterans) <p>Owner-occupied Rehabilitation Projects:</p> <ul style="list-style-type: none"> • 75% of the units identified including cost specifications and cost breakdown and homeowners income eligible for AHP <p>Scoring: In order to receive 5 points in this category, members must submit documentation evidencing the following according to project type:</p> <p>Rental Projects:</p> <ul style="list-style-type: none"> • 9% LIHTC: Tax credit application that meets the threshold requirements has been submitted to the state allocating agency and the application is pending decision • 4% LIHTC with bonds: Tax credits awarded by state allocating agency, bond inducement resolution, or equivalent

SECOND DISTRICT PRIORITY:	
8. VETERANS	
Note: Please consult the Definitions Section for eligibility regarding Veterans, Spouses and Surviving Spouses.	
10 POINTS (VARIABLE)	<p>Scoring: Projects reserving at least 10% of the total project units for Veteran households will receive five (5) points</p> <p>Projects reserving at least 25% of the total project units for Veteran households will receive ten (10) points</p>

SECOND DISTRICT PRIORITY:	
9. LEVERAGING	
10 POINTS (FIXED)	<p>Scoring: Projects where AHP funds are less than or equal to 10% of total permanent sources will receive ten (10) points.</p>




10. AHP SUBSIDY PER UNIT	
Projects using fewer AHP subsidy dollars per AHP-assisted unit will receive more points than projects using more AHP-subsidy dollars.	
10 POINTS (VARIABLE)	<p>Scoring:</p> <ul style="list-style-type: none"> • Points for this category are derived from a weighted average calculation based on all applications submitted for the applicable AHP offering • Owner-occupied and rental projects will be scored separately • This category cannot be self-scored • Based on the weighted average formula, projects with subsidy per unit of \$30,000 or more will receive no points in this category

11. COMMUNITY STABILITY	
<p>The financing of projects that promote community stability through the acquisition and rehabilitation of structures that are either vacant or abandoned, part of a neighborhood stabilization initiative, and/or are occupied but do not displace existing residents</p>	
<p>5 POINTS (FIXED)</p>	<p>Scoring: In order to receive the 5 points in this category, members must submit documentation evidencing one of the five following:</p> <p><u>Vacant or Abandoned:</u></p> <ol style="list-style-type: none"> 1. The redevelopment of vacant buildings or structures (vacant at the time of acquisition by the property owner); OR. Note: Vacancy cannot be created by property owner. 2. In the case of existing non-residential properties, 100% of the building is vacant or abandoned; OR 3. Partially vacant buildings or structures where at least 60% of the residential units in the subject AHP project are vacant, and all vacant units are being rehabilitated. <ul style="list-style-type: none"> • Note: In the case of vacant land, no points are awarded. <ul style="list-style-type: none"> ○ An exception may be made in instances where a previous structure existed and the subsequent demolition was caused by local government or lender action <p><u>Neighborhood Stabilization:</u></p> <ol style="list-style-type: none"> 4. A project that is located in a neighborhood that is part of a neighborhood stabilization plan approved by a unit of federal, state or local government and is a target area for the receipt of federal, state or local government funding or support services in the stabilization of the neighborhood <p><u>No Displacement of Residents:</u></p> <ol style="list-style-type: none"> 5. Projects that do not displace existing low- or moderate-income households, or if such displacement occurs, assures that such households will be assisted to minimize the impact of such displacement <ul style="list-style-type: none"> ○ Not applicable to projects where there are no existing residents to displace

3.5 DOCUMENTATION REQUIREMENTS POST-AWARD

This section outlines certain of the Bank’s documentation generally required for the AHP Competitive program at the following stages:

- Condition of Funding
- At funding
- Post Funding
- Reported complete

		 Rental		 Ownership		
		Rental: LIHTC	Rental: Non LIHTC	Ownership Development	Ownership OOR	Ownership – Down-payment Assistance
Condition of Funding:	Prior to the date that the Member wishes to receive funding for a subsidized advance or direct subsidy, the Member must confirm that the project meets the applicable eligibility requirements and all obligations committed to in the approved AHP application by generally providing the Bank each of the following:					
	An AHP Agreement duly executed by the Member, the Sponsor(s), and the Project Owner	✓	✓			
	An AHP Agreement duly executed by the Member and the Sponsor(s)			✓	✓	✓
	An AHP Funding Conditions letter, duly executed by the Sponsor(s)	✓	✓	✓	✓	✓
	Sample of Retention documents acceptable to the Bank and meeting the Bank’s retention document requirements attached as Appendix A hereto	✓	✓	✓	✓	✓
	Updated sources statement (construction and permanent)	✓	✓	✓	✓	✓
	Updated development budget	✓	✓	✓	✓	✓
	Updated detailed pro forma	✓	✓			

		Rental: LIHTC	Rental: Non LIHTC	Ownership Development	Ownership OOR	Ownership – Down Payment Assistance
Condition of Funding:	Final commitments of all funding sources	✓	✓	✓	✓	✓
	Tax credit allocation award letter	✓				
	Tax credit partnership agreement and/or commitment letter	✓				
	Site control documentation evidencing the Sponsor or Project Owner's title of the property	✓	✓	✓		
	An acceptable appraisal to support the sponsor's reasonable costs in the acquisition and development budget	✓	✓	✓		
	Construction contract	✓	✓	✓		
	Third Party Plan and Cost Review, approved by the Bank and paid for by the Sponsor (multifamily rehabilitation projects and other projects as determined on a case by case basis) that includes an assessment of physical deficiencies and life expectancy over the 15-year retention period		✓			
	Proper zoning and land use designation		✓	✓		

At Funding	Prior to the funding of AHP Competitive subsidy by the Bank, a Member must generally provide the Bank each of the following:					
		Rental: LIHTC	Rental: Non LIHTC	Ownership Development	Ownership OOR	Ownership – Down Payment Assistance
	AIA G702 / 703 or other acceptable evidence of expenses incurred and work performed.	✓	✓	✓	✓	
	Income verification documents in accordance with the Bank’s income eligibility guidelines.			✓	✓	✓
	Pre- and post-rehabilitation 3rd party inspection reports and the Bank’s standard forms including scope of work write-ups, and sign-off by homeowner). a. The scope of the rehabilitation is limited to the correction of a defect or deficiency in the structure or access to the structure. b. Rehabilitation must be done in compliance with applicable health, fire prevention, building, and housing codes and standards and at completion of rehabilitation the unit meets commonly accepted habitability standards.				✓	
	When AHP Competitive is the source of funds, the developer fee is only paid at unit completion for single-family projects			✓	✓	✓
	When AHP Competitive is the source of funds, the developer fee is only paid at completion of construction	✓	✓			
	When Veterans points are awarded, documentation of veteran eligibility (refer to “AHP Pre and Post Documentation Requirements”)			✓	✓	✓

	Documentation confirming implementation of empowerment activities			✓		✓
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Post-funding	Following funding of AHP Competitive subsidy by the Bank, a Member must generally provide the Bank each of the following:					
		Rental: LIHTC	Rental: Non LIHTC	Ownership Development	Ownership OOR	Ownership – Down Payment Assistance
	Evidence that Members used AHP Competitive subsidies for approved purposes within 30 calendar days of funding by the Bank	✓	✓	✓	✓	✓
	Copy of executed Closing Disclosure Statement reflecting the AHP funds			✓		✓
	File-stamped copies of recorded, executed retention documents.				✓	

Reporting Complete	Prior to reporting complete a Member must generally provide the Bank each of the following:					
		Rental: LIHTC	Rental: Non LIHTC	Ownership Development	Ownership OOR	Ownership – Down Payment Assistance
	Certificate of Occupancy, if required by the local governing agency	✓	✓	✓	✓	
	Documentation confirming Housing for Homeless Households (e.g., agency referral letters or certifications)	✓	✓	✓		✓
	Final cost documentation (e.g., documentation required by other funders or AIA G702 & G703, or similar documentation)		✓	✓	✓	✓

	Income verification documents in accordance with the Bank’s income eligibility guidelines. (The Bank selects a sample of households.)	✓	✓			
	When Veterans points are awarded, documentation of veteran eligibility (refer to “AHP Pre and Post Documentation Requirements”)	✓	✓			
	Final documents for each permanent funding source	✓	✓	✓	✓	✓

Reporting Complete		Rental: LIHTC	Rental: Non LIHTC	Ownership Development	Ownership OOR	Ownership – Down Payment Assistance
	Fully executed and recorded copies of retention documents meeting the Bank’s retention requirements, attached as Appendix A hereto	✓	✓	✓	✓	✓
	Final documents for each permanent funding source	✓	✓	✓	✓	✓
	Final partnership agreement	✓	✓			
	Documentation confirming implementation of empowerment activities	✓	✓		✓	

Reported Complete	After reporting complete, and during the project’s compliance period, a Member must generally provide the Bank each of the following:					
		Rental: LIHTC	Rental: Non LIHTC	Ownership Development	Ownership OOR	Ownership – Down Payment Assistance
	Rent roll that should include, but is not limited to detailed tenant information such as: <ul style="list-style-type: none"> ● name ● address ● move-in date ● household income ● schedule rent ● amount of utility allowance or rent subsidy ● number of bedrooms 	✓	✓			
	Final Cost Certification	✓				
Current leases for the sample units should include, but is not limited to: <ul style="list-style-type: none"> ● name ● unit number ● the tenant paid portion of the rent 	✓	✓				

3.6 AHP COMPETITIVE PROJECT FEASIBILITY AND COST GUIDELINES

Pursuant to [12 C.F.R. Section 1291.5\(c\)](#), paragraphs (2), (3), (4) and (5) of the AHP Regulation, the Bank has established guidelines for determining:

- The need for subsidy
- That project’s costs are reasonable
- That the project is feasible, including developmental, market, and operational factors

These guidelines serve as a benchmark for evaluating projects and may be used as a basis for setting, adjusting, or rejecting requests for subsidies at any stage of the project.

The Bank reserves the right to review all project costs, expenses, and fees whether or not the items are listed as part of these guidelines. Additionally, the Bank may, at its discretion, defer all or in part to the requirement of a third party permanent lender.

A. Rental Development Budget Guidelines		
1. LIHTC Projects		
1.	Construction / Rehabilitation Cost	The Bank will utilize Marshall & Swift, RS Means and/or other industry construction cost data to determine whether the construction or rehabilitation costs appear reasonable on a cost per square foot basis, including remaining useful life, or other basis of measurement as determined by the Bank.

A. Rental Development Budget Guidelines		
1. LIHTC Projects		
2.	Developer Fee	<ul style="list-style-type: none"> • 15% maximum of total development costs, net of developer fee, capitalized reserves, and acquisition costs for development projects <ul style="list-style-type: none"> • Developer fee includes fees paid to consultants for services normally provided by a developer • Developer fees are not allowed for projects with no transfer of ownership • For projects utilizing state-administered funding, the Bank may defer to the requirements published by the state HFA or its equivalent. • Developer fee cannot increase if construction financing has closed and there is not a proportional increase in hard cost • Deferred Developer Fee <ul style="list-style-type: none"> • If financing has closed with deferred developer fee or other subordinate funding from a related party (“bridge” funds e.g. owner equity) as a source of funding: <ul style="list-style-type: none"> ○ Then up to 50% of the AHP award can be used to reduce deferred developer fee or other subordinate funding from a related party; and ○ At least 25% of the total developer fee remains deferred • If new or additional sources are added to the project after financing has closed without a corresponding increase in costs: <ul style="list-style-type: none"> ○ Then the new sources may be applied on a pro-rata basis to reduce the deferred developer fee (or other subordinate funding source e.g. owner equity) and reduce the AHP award <p>AHP subsidy cannot replace owner equity or deferred developer fee or other subordinate funding if construction financing has closed prior to the application deadline</p>
3.	Federal LIHTC Sale Price	The Bank will conduct a rate survey to determine that the LIHTC sales price reflected appears reasonable, as determined by the Bank in its sole discretion

A. Rental Development Budget Guidelines		
1. LIHTC Projects		
4.	Builder's Overhead, Profit and General Requirements	<ul style="list-style-type: none"> 16% maximum of hard costs, net of builder's overhead, profit and general requirements and net of hard cost contingency
5.	Hard Cost Contingency	<ul style="list-style-type: none"> 10% maximum of hard costs (new construction), net of contingency 5% minimum and 20% maximum of hard costs (rehabilitation), net of contingency
6.	Soft Cost Contingency	20% maximum of soft costs, net of contingency
7.	Capitalized Reserves (includes all reserves and items requiring pre-payment that are otherwise normally paid as an operating expense)	<ul style="list-style-type: none"> Maximum nine months of operating expense (net of all reserves included in operating expenses) plus maximum nine months of hard debt service For projects without permanent lender required or managed reserves (i.e., no debt or no transfer of ownership), capitalized reserves are not allowed in the development budget For projects utilizing state-administered funding, the Bank may defer to the requirements published by the state HFA or its equivalent
8.	Soft Costs	<ul style="list-style-type: none"> 9% LIHTC: Soft costs, defined as all costs other than acquisition and hard costs, shall not exceed 28% of total development costs 4% LIHTC with bonds: Soft costs, defined as all costs other than acquisition and hard costs, shall not exceed 35% of total development costs

A. Rental Development Budget Guidelines		
2. Non-LIHTC Projects		
1.	Construction / Rehabilitation Cost	The Bank will utilize Marshall & Swift, RS Means and/or other industry construction cost data to determine whether the construction or rehabilitation costs appear reasonable on a cost per square foot basis, including remaining useful life, or other basis of measurement as determined by the Bank.

A. Rental Development Budget Guidelines		
2. Non-LIHTC Projects		
2.	Developer Fee	<ul style="list-style-type: none"> • 15% maximum of total development costs, net of developer fee, capitalized reserves, and acquisition costs for development projects <ul style="list-style-type: none"> • Developer fee includes fees paid to consultants for services normally provided by a developer • Developer fees are not allowed for projects with no transfer of ownership • For projects utilizing state-administered funding, the Bank may defer to the requirements published by the state HFA or its equivalent. • 5% consultant fee maximum of total development costs, net of consultant fee, capitalized reserves, and acquisition costs for rental projects with no transfer in ownership where the project is 100% owned by the non-profit sponsor • Developer fee cannot increase if construction financing has closed and there is not a proportional increase in hard cost • Deferred Developer Fee <ul style="list-style-type: none"> • If financing has closed with deferred developer fee or other subordinate funding from a related party (“bridge” funds e.g. owner equity) as a source of funding: <ul style="list-style-type: none"> ○ Then up to 50% of the AHP award can be used to reduce deferred developer fee or other subordinate funding from a related party; and ○ At least 25% of the total developer fee remains deferred • If new or additional sources are added to the project after financing has closed without a corresponding increase in costs: <ul style="list-style-type: none"> ○ Then the new sources may be applied on a pro-rata basis to reduce the deferred developer fee (or other subordinate funding source e.g. owner equity) and reduce the AHP award <p>AHP subsidy cannot replace owner equity or deferred developer fee or other subordinate funding if construction financing has closed prior to the application deadline</p>

A. Rental Development Budget Guidelines		
2. Non-LIHTC Projects		
3.	Builder's Overhead, Profit and General Requirements	<ul style="list-style-type: none"> • 16% maximum of hard costs, net of builder's overhead, profit and general requirements and net of hard cost contingency
4.	Hard Cost Contingency	<ul style="list-style-type: none"> • 10% maximum of hard costs (new construction), net of contingency • 5% minimum and 20% maximum of hard costs (rehabilitation), net of contingency
5.	Soft Cost Contingency	20% maximum of soft costs, net of contingency
6.	Capitalized Reserves (includes all reserves and items requiring pre-payment that are otherwise normally paid as an operating expense)	<ul style="list-style-type: none"> • Maximum nine months of operating expense (net of all reserves included in operating expenses) plus maximum nine months of hard debt service • For projects without permanent lender required or managed reserves (i.e., no debt or no transfer of ownership), capitalized reserves are not allowed in the development budget • For projects utilizing state-administered funding, the Bank may defer to the requirements published by the state HFA or its equivalent
7.	Soft Costs	Non LIHTC: Soft costs, defined as all costs other than acquisition and hard costs, shall not exceed 22% of total development costs

B. Rental Operating Budget Guidelines		
1	Debt Coverage Ratio	<p>1.15 minimum 1.45 maximum</p> <ul style="list-style-type: none"> • The Debt Coverage Ratio (DCR) will be calculated using hard debt payments. Soft debt shall not be considered in calculating the DCR • Soft debt payments must be manually calculated and shown on the Soft Debt or Residual Repayments line of the proforma in FHLBAccess ® • The Bank will review the project's 15-year proforma and cash flow for feasibility. Projects with a DCR that exceeds these established guidelines must justify the variance and will be evaluated on a case by case basis • For projects with no hard debt payments or a DCR outside of stated guidelines, an alternative need for subsidy test as determined by the Bank will be applied
2	Net Cash Flow	15% maximum of effective gross income
3	Vacancy Ratio	<ul style="list-style-type: none"> • 5% minimum • 9% maximum, up to 10% for special needs
4	Rental Income Annual Increase	2%
5	Operating Expense Annual Increase	3%
6	Annual Operating Expense	<ul style="list-style-type: none"> • 40% minimum, of effective gross income (in year one) • 80% maximum, of effective gross income (in year one) <ul style="list-style-type: none"> ○ Not applicable for projects with 100% of the units reserved for Special Needs households
7	Management Fees	<ul style="list-style-type: none"> • 5% - 9% of gross rent
8	Replacement Reserves	<ul style="list-style-type: none"> • Up to \$450 per unit per year • For projects utilizing state-administered funding, the Bank may defer to the requirements published by the state housing finance agency (HFA) or its equivalent.




NOTE: Expenses for the operation of or providing of empowerment or social service-related activities cannot be in the project's proforma. Such expenses should be contained in the separate social services budget.

<u>C. Acquisition and Construction or Rehabilitation of For Sale Owner-Occupied Units (OAR) Development Budget Guidelines</u>		
1	Construction / Rehabilitation Cost	The Bank will utilize Marshall & Swift, RS Means and/or other industry construction cost data to determine whether the construction or rehabilitation costs appear reasonable on a cost per square foot basis, including remaining useful life, or other basis of measurement as determined by the Bank.
2	Builder's Overhead, Profit and General Requirements	16% maximum of hard cost, net of builder's overhead, profit, and general requirements and net of hard cost contingency
3	Hard Cost Contingency	10% maximum of hard costs (new construction), net of contingency 5% minimum and 20% maximum of hard costs (rehabilitation), net of contingency
4	Soft Cost Contingency	20% maximum of soft costs, net of contingency
5	Developer Fee	15% maximum of total development cost, net of developer fee Developer fee includes fees paid to consultants for services normally provided by a developer Developer fee cannot increase if construction financing has closed at application and there is not a proportional increase in hard cost AHP subsidy cannot replace owner equity or deferred developer fee or other subordinate funding if construction financing has closed prior to the application deadline
6	Soft Costs	Soft costs, defined as all costs other than acquisition and hard costs, shall not exceed 25% of total development costs

D. Rehabilitation of Currently Owner-Occupied Units (OOR) Development Budget Guidelines		
1	Soft Costs	Soft costs, defined as all costs other than acquisition and hard costs, shall not exceed 20% of total development costs for each unit
2	Rehabilitation Costs	<p>The Bank will utilize Marshall & Swift, RS Means and/or other industry construction cost data to determine whether the rehabilitation costs appear reasonable, including remaining useful life, as determined by the Bank</p> <p>The scope of rehabilitation for an owner-occupied unit is limited to the correction of a defect or deficiency in the structure or access to the structure. Rehabilitation must be done in compliance with applicable health, fire prevention, building, and housing codes and standards. At completion of the rehabilitation the unit must meet commonly accepted habitability standards.</p>

E. In-Kind Sources and Uses Development Budget Guidelines



In accordance with [12 C.F.R. Section 1291.5](#), the Bank elects to include the market value of in-kind donations and voluntary professional labor or services in project development budgets. As such, all applications must include these amounts as sources and uses in the financial feasibility (development budget) section of the application.

F. Development Feasibility – Market Analysis	
Market Analysis	<p>The Bank will utilize commercially available market data including absorption analysis, trend analysis or other acceptable tools as determined by the Bank to assess the market feasibility of the project.</p> <p>For projects utilizing state-administered program funding, the Bank may rely on market analysis from the state HFA or its equivalent.</p>

3.7 AHP COMPETITIVE MONITORING REQUIREMENTS

This section outlines monitoring requirements for projects applicable to the Bank and to Members, Sponsors, and Project Owners who participate in the AHP Competitive program.

A. Progress Reports

Beginning six months after the Bank’s approval date and continuing until project completion, the Sponsor must submit to the Member, and the Member must submit to the Bank, a progress report, on at least a semiannual basis, as to whether reasonable progress is being made toward the draw down of AHP Competitive subsidy and project completion.

- The Bank, in its discretion, may require more frequent progress reporting.
- The Bank has adopted [AHP Competitive project progress milestones](#) as stated herein (Plan section 3.2).

B. Initial Monitoring Review (IMR)



Within a reasonable period of time after project completion, the Bank will complete a review of each completed project to determine the following:

- Subsidy was used for eligible purposes according to the commitments made in the approved AHP Competitive application;
- Household income and rents comply with the income targeting and rent commitments made in the approved application;
- Project’s actual costs were reasonable and customary in accordance with the Bank’s project feasibility and cost guidelines and the subsidies were necessary for the completion of the project as currently structured;
- Fully executed and recorded AHP retention agreement that meets the requirements of the AHP regulations for:
 - Rental projects or
 - Each AHP Competitive-assisted unit of an owner-occupied projects
- Services and activities promised in the AHP Competitive application have been provided.

C. On-site Monitoring



The Bank, at its discretion may conduct or commission an on-site monitoring of AHP projects. The decision to conduct and the methodology for an on-site visit will be based on factors related to the project's status, including, but not limited to, compliance with AHP requirements, AHP subsidy amount, material changes to the project since approval and information from other monitoring entities.

D. Long-Term Monitoring

For completed rental projects that have been allocated federal Low Income Housing Tax Credits (LIHTC), the Bank will rely on the monitoring by the state-designated agency responsible for administering and compliance monitoring of the income targeting and rent requirements applicable under the LIHTC program.



The following long-term monitoring requirements will apply only to rental projects that have not utilized federal LIHTC:

Long-term Monitoring (LTM) Certifications

- **Project Owner** - Beginning in the second year after project completion, Project Owners will certify to the Bank annually until the end of the project's 15-year retention period that tenant rents and incomes comply with rent and income targeting commitments in the AHP Competitive application.

Documentation Required for LTM Review



- **Project Owner** must maintain documentation regarding tenant incomes and rent, which shall be provided to the Bank upon request. Such documentation will include, among other things:
 - Rent roll
 - Move-in income verification
 - Current leases for the sampled units
 - Other documents may be requested at the Bank's discretion.
 - Additional details can be found on the Bank's website, www.fhlbatl.com.

LTM Review Schedule

- In accordance with the requirements of [12 C.F.R. Section 1291.7\(a\)\(4\)](#), the Bank will review samples of source documentation for projects based on the following schedule:

LTM REVIEW SCHEDULE			
AHP Competitive subsidy amount	\$50,001 - \$250,000	\$250,001 - \$500,000	\$500,001 or >
Timing	At least once every six years	At least once every four years	At least once every two years

Projects with outstanding or material compliance issues may be subject to additional requirements and more frequent reviews, at the discretion of the Bank.



AHP Set-aside Program

4.1 OVERVIEW

A. Use of AHP Set-aside Funds



The Bank's AHP Set-aside program provides funds to Members to assist in their customer's purchase or purchase/rehabilitation of a home or the rehabilitation of a home currently owner-occupied. AHP Set-aside funds will be available:

- To all current Bank Members in good standing;
- On a unit-by-unit, first-come, first-served basis;
- During the Bank's annual offering cycle;
- Continuing until the allocated AHP Set-aside funds are exhausted or December 15th, whichever occurs first.

AHP Set-aside funds which remain after processing all eligible funding requests received by the period's annual deadline will be released and made available to one or more of the following:

- Eligible AHP Competitive alternates
- The Bank's next AHP Competitive offering; or
- The Bank's next AHP Set-aside offering

The Bank does not permit Members to reserve AHP Set-aside funds for unidentified households for later funding to eligible households.

B. Member Funding Limit

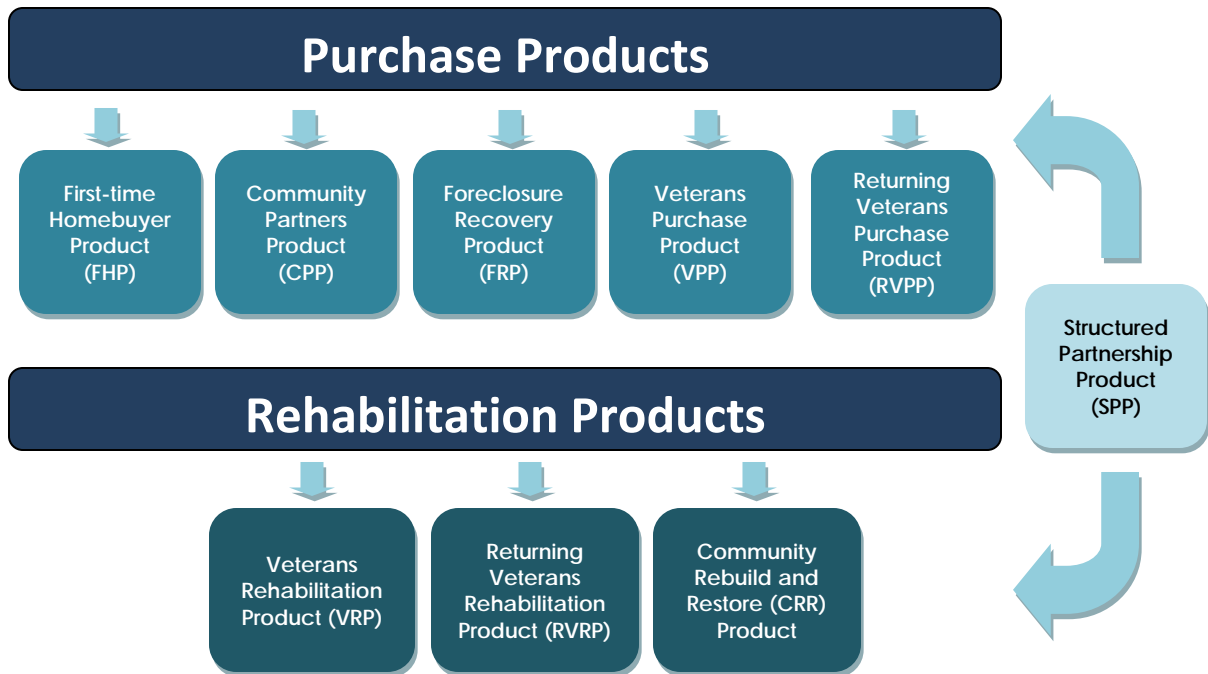


Members are limited to \$1,000,000 in AHP Set-aside funds during an annual offering period.

- If, by July 31st, 75 percent of the AHP Set-aside funds allocated for the year have not been disbursed to Members, the Bank, at its discretion, may remove the \$1,000,000 per Member funding limit for the remainder of the year

C. Product Offering

The Bank’s AHP Set-aside program includes eight distinct AHP Set-aside products. Full product descriptions are available in Plan [Section 4.4](#)

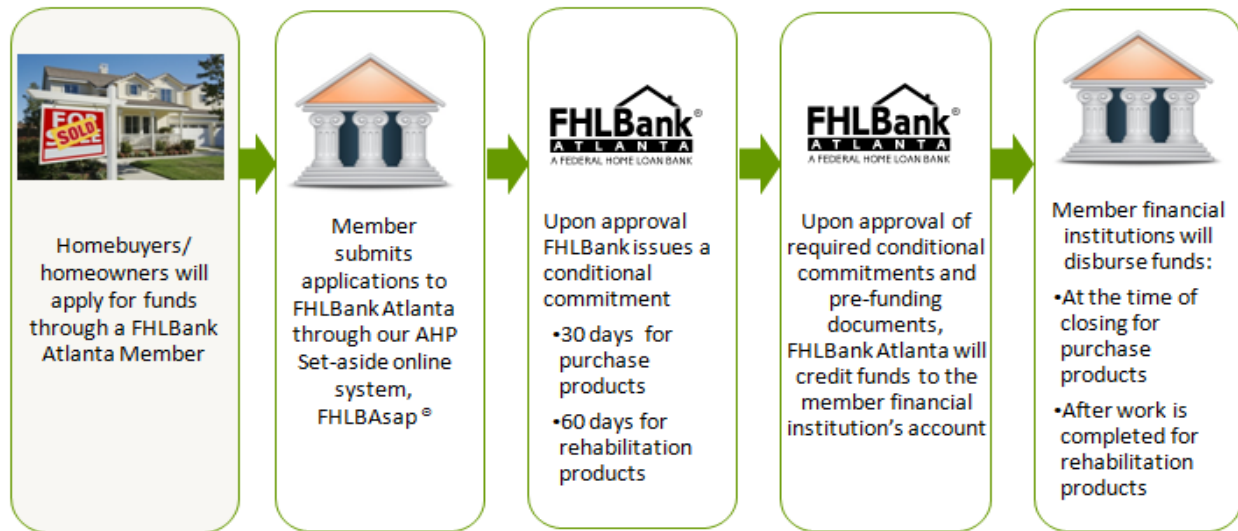


D. Time Limits for Funding of AHP Set-aside Subsidy

<p>Funding Deadline - Purchase</p> <p>Upon the Bank’s issuance of a conditional commitment, funding will be reserved for 45 calendar days</p> <p>Members may request an extension the approval of which may be granted at the Bank’s sole discretion.</p>
<p>Funding Deadline - Rehabilitation</p> <ul style="list-style-type: none"> • Upon the Bank’s issuance of a conditional commitment, funding will be reserved for 60 calendar days • Upon the Bank’s issuance of a conditional commitment, funding will be reserved for 90 calendar days – Community Rebuild and Restore (CRR) Product only <p>Members may request an extension of the conditional commitment which may be granted at the Bank’s sole discretion.</p>
<p>Use Deadline – Purchase and Rehabilitation</p> <p>A Member must use all AHP Set-aside funds for approved purposes within six (6) business days of Member’s receipt of funds</p>

Members may request an extension of the conditional commitment which may be granted at the Bank’s sole discretion.

E. AHP Set-aside Workflow



4.2 MEMBER ROLES AND RESPONSIBILITIES

To participate in the AHP Set-aside program, Members must:

- ✓ Complete a [one-time set-up process](#)
- ✓ Designate Program Manager(s)
- ✓ Have controls and processes in place, including the bifurcation of submission and approval roles and responsibilities, to verify truthfulness and accuracy of all information and documents submitted to the Bank
- ✓ Be compliant with the [Community Support Regulations](#)

A. Additional Reminders for Members:



- Members can only provide AHP Set-aside funds to homebuyers or households that complete the Bank’s prescribed homebuyer counseling, debt management planning, and

FAQ: What is the role of the Program Manager?

- Designate Member staff with the authority to submit applications
- Give final approval of submissions under the AHP Set-aside program
- Act as a liaison to communicate and receive information and data and respond to inquiries from the Bank
- Execute, as appropriate, all required documentation
- Program Managers are encouraged to attend annual training and education sessions regarding the AHP Set-aside program

default prevention program.



- Members must provide AHP Set-aside funds to households as a direct subsidy, and must pass on the full benefit of the AHP Set-aside subsidy to the household for which the subsidy was approved.
- Members must ensure that AHP Set-aside-assisted units are subject to retention documents acceptable to the Bank, meeting the requirements of both the AHP Set-aside Agreement and [12 C.F.R. Section 1291.9](#) of the AHP regulations, as outlined in [Appendix A](#).
- Members must ensure compliance with all applicable residential lending laws and regulations.
- AHP Set-aside funds may only be disbursed to Bank Members in a manner consistent with the policies related to advances and credit risk ratings expressed in the Bank's [Member Products and Services Guide](#).
- AHP Set-aside funds may not be disbursed for the purpose of reimbursing Members for funds they advance to their customers on purchase transactions, prior to the funding of AHP set-aside funds at loan closing.

B. One-time Set-up Process

- Program Manager Designation Form, duly executed by the member
- An AHP Agreement for AHP Set-aside Program, duly executed by the Member



Note: A Member does not need to execute multiple AHP Set-aside Agreements for multiple AHP Set-aside awards.

- Samples of retention documents acceptable to the Bank and meeting the requirements of both the AHP Set-aside Agreement and [12 C.F.R. Section 1291.9](#) of the AHP regulations, as outlined in [Appendix A](#)

4.3 HOMEBUYER / HOMEOWNER ELIGIBILITY

The following eligibility requirements apply to homebuyers / homeowners participating in the AHP Set-aside program:



- At the time of each application submission by the Member to the Bank, the homebuyer or the homeowner's households must have incomes at or below 80 percent of the area median income, adjusted for family size.
- A homebuyer / homeowner must be the owner-occupant of the home purchased and/or rehabilitated with AHP Set-aside funds.
- Homebuyers / homeowners must sign retention documents acceptable to the Bank, meeting the Bank's retention document requirements meeting the requirements of both the AHP Set-aside Agreement and [12 C.F.R. Section 1291.9](#) of the AHP regulations, as outlined in [Appendix A](#).



- Homebuyers / homeowners must complete the Bank's prescribed homebuyer counseling, debt management planning, and default prevention program
- For the AHP Set-aside **FHP product only**, funds may only be made available to a "first-time homebuyer," as such term is defined by [HUD HOC reference guide chapter 3](#); expanded to include recovering victims of catastrophic loss or natural disasters.

4.4 PRODUCT OVERVIEW

A. Purchase Products			
Product Name	First-time Homebuyer Product (FHP) <i>Matching funds for the purchase of a home by a first-time homebuyer</i>	Community Partners Product (CPP) <i>Matching funds for the purchase of a home by homebuyers employed in any of the following professions: healthcare, law enforcement, education, firefighting, or other first responders</i>	Foreclosure Recovery Product (FRP) <i>Matching funds for the purchase and/or rehabilitation of a home that is being sold by any Member from any Member's or Member's affiliate or housing associate Member's REO portfolio.</i>
Available Subsidy	\$5,000	\$7,500	\$15,000
Eligible Borrowers	First-time homebuyers only, as defined by HUD HOC reference guide chapter 3	See definition of Community Partner Eligible Borrower under Definitions	First-time homebuyer or Non First-time homebuyer
Eligible Use of Funds	Down payment, closing cost, counseling, or rehabilitation assistance in connection with the purchase or purchase/rehabilitation of an existing unit		
Eligible Geographic Area	Within the United States or its territories		
Eligible Properties	<ul style="list-style-type: none"> • Owner-occupied 1-4 family properties • Townhouses • Condominiums • Cooperatives • Manufactured and mobile housing <ul style="list-style-type: none"> ○ <i>FRP Only</i> <ul style="list-style-type: none"> ▪ <i>Any Member's or Member's affiliate or housing associate Member's REO inventory</i> ▪ <i>Purchase price shall not exceed "as-is" market value at the time the purchase price was agreed on</i> 		
Occupancy Type	Primary residence		
Income Eligibility	Household income must be equal to or less than 80% of HUD Median Income, adjusted for family size		

Matching Subsidy Ratio	4:1. Four dollars of assistance for every one dollar of cash that the homebuyer provides for down payment and closing costs
Borrower Minimum Contribution	\$1,000

B. Veterans Purchase Products		
Product Name	Veterans Purchase Product (VPP) <i>Funds for the purchase of a home by a qualifying US military veteran.</i>	Returning Veterans Purchase Product (RVPP) <i>Funds for the purchase of a home by a qualifying US military veteran serving in or having served in an overseas military intervention environment.</i>
Eligible Subsidy	\$7,500	\$10,000
Eligible Borrowers	First-Time or Non-first-time homebuyers that are currently serving or have served in any branch of the US military, spouses, or their surviving spouses.	First-time or Non-first-time homebuyers that are currently serving or have served in an overseas military intervention environment for any branch of the US military, spouses, or their surviving spouses.
Eligible Use of Funds	Down payment, closing cost, counseling, or rehabilitation assistance in connection with the purchase or rehabilitation of an existing unit by a qualified first time or non-first time homebuyer.	
Eligible Geographic Area	Within the United States or its territories	
Eligible Properties	<ul style="list-style-type: none"> • Owner-occupied 1-4 family properties • Townhouses • Condominiums • Cooperatives • Manufactured and Mobile Housing 	
Occupancy Type	Primary residence	
Income Eligibility	Household income must be equal to or less than 80% of HUD Median Income, adjusted for family size	
Matching Subsidy Ratio	None	
Borrower Minimum Contribution	None	

C. Veterans Rehabilitation Products		
Product Name	Veterans Rehabilitation Product (VRP) <i>Funds for rehabilitation of an existing qualifying U.S. military veteran's primary residence</i>	Returning Veterans Rehabilitation Product (RVRP) <i>Funds for the rehabilitation of an existing primary residence of a qualifying U.S. military veteran serving in or having served in an overseas military intervention environments</i>
Maximum Subsidy per Unit	\$12,500	\$15,000
Eligible Borrowers	<ul style="list-style-type: none"> • Have at least 30 days current ownership by: <ul style="list-style-type: none"> ○ A life estate ○ A full interest in the fee simple title • Homeowners that are currently serving or have served in any branch of the US military, spouses, or their surviving spouses. 	<ul style="list-style-type: none"> • Have at least 30 days current ownership by: <ul style="list-style-type: none"> ○ A life estate ○ A full interest in the fee simple title • Homeowners that are currently serving or have served in an overseas military intervention environment for any branch of the US military, spouses, or their surviving spouses.
Eligible Geographic Area	Within the United States or its territories	
Eligible Properties	<ul style="list-style-type: none"> • Owner-occupied 1-4 family properties • Townhouses • Condominiums • Cooperatives • Manufactured and Mobile Housing 	
Occupancy Type	Primary residence	
Income Eligibility	Household income must be equal to or less than 80% of HUD Median Income, adjusted for family size	
Matching Subsidy Ratio	None	
Borrower Minimum Contribution	None	
Eligible Use of Funds	<ul style="list-style-type: none"> • Rehabilitation of an existing owner-occupied unit. • Scope is limited to the following: <ul style="list-style-type: none"> ○ Exterior doors – not to exceed 15% of maximum funding ○ HVAC – not to exceed 55% of maximum funding ○ Insulation – not to exceed 15% of maximum funding ○ Roof – not to exceed 60% of maximum funding ○ Windows - not to exceed 40% of maximum funding ○ Low flow plumbing fixtures – not to exceed 15% of maximum funding ○ Exterior ramp, sidewalk, and/or driveway – not to exceed 65% of maximum funding 	

C. Veterans Rehabilitation Products

	<ul style="list-style-type: none"> ○ Handicapped bathrooms including toilets, sinks, vanities, grab bars, and showers ○ Kitchen cabinets / sink – not to exceed 45% of maximum funding ○ Carpentry to widen doors – not to exceed 25% of maximum funding ○ Replacement of floor coverings – not to exceed 50% of maximum funding ○ Other rehabilitation, not related to the defined scope, – not to exceed 20% of maximum funding ○ Soft costs of up to 20% of hard costs are allowed with the following limitation: <ul style="list-style-type: none"> ▪ All Member fees plus all Intermediary fees may not to exceed 12% of hard costs <ul style="list-style-type: none"> ● Rehabilitation must be done to correct a defect or deficiency ● Rehabilitation must be done in compliance with applicable health, fire prevention, building, and housing codes and standards ● Energy saving features shall be consistent with applicable energy standards promulgated by any applicable code ● At completion of rehabilitation the unit meets commonly accepted habitability standards as determined by the third party inspector ● Rehabilitation work must not be started prior to the submission of the application for funds under this product
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D. Purchase or Rehabilitation Products

Product Name	Structured Partnership Product (SPP) <i>Funds for eligible purchase and/or rehabilitation transactions as defined by the terms and conditions of each of the Bank's agreements with federal, state, or local governmental or quasi-governmental entities to deliver AHP compliant products in collaboration with the Bank.</i>
Terms	The specific terms of any SPP program offered by the Bank are available at http://www.fhlbatl.com

E. Community Rebuild and Restore (CRR) Product

Product Name	Community Rebuild and Restore (CRR) Product <i>Funds for rehabilitation of an existing owner-occupied property located in "Major Disaster Declaration" areas as designated by FEMA</i>
Maximum Subsidy	\$10,000
Eligible Borrowers	Homeowner(s) affected by natural disasters <ul style="list-style-type: none"> ● Have at least 30 days current ownership by: <ul style="list-style-type: none"> ○ A life estate or a full interest in the fee simple title; and ○ Ownership of the subject property at the time of the "Major Disaster Declaration"

Eligible Geographic Area	<p>Properties located in the Bank’s district in “Major Disaster Declaration” area as designated by FEMA occurring no more than 24 months prior to the date of the application submission</p> <p>A list of these “Major Disaster Declaration” areas can be found at http://www.fema.gov/disasters</p>
Eligible Properties	<ul style="list-style-type: none"> • Owner-occupied 1-4 family properties • Townhouses • Condominiums • Cooperatives • Manufactured and Mobile Housing (titled as Real Estate)
Income Eligibility	Household income must be equal to or less than 80% of HUD Median Income, adjusted for family size
Matching Subsidy Ratio	None
Borrower Minimum Contribution	None
Eligible Use of Funds	<ul style="list-style-type: none"> • Rehabilitation of an existing owner-occupied unit. <ul style="list-style-type: none"> ○ Rehabilitation to correct defects or deficiencies, resulting from the identified disaster, that impacts the habitability of the property not associated with repairs covered under an insurance claim. Scope is limited to the following: <ul style="list-style-type: none"> ▪ Exterior doors ▪ HVAC ▪ Insulation ▪ Roof ▪ Windows ▪ Low flow plumbing fixtures ▪ Bathrooms including toilets, sinks, vanities, and showers ▪ Kitchen cabinets / sink ▪ Replacement of floor coverings ▪ Other rehabilitation, not related to the defined scope, at the Bank’s sole discretion ○ Soft costs of up to 20% of hard costs are allowed with the following limitation: <ul style="list-style-type: none"> ▪ All Member fees plus all Intermediary fees may not to exceed 12% of hard costs • Rehabilitation must be done in compliance with applicable health, fire prevention, building, and housing codes and standards • Energy saving features shall be consistent with applicable energy standards promulgated by any applicable code • At completion of rehabilitation the unit meets commonly accepted habitability standards as determined by the third party inspector • Rehabilitation work associated with the scope defined must not be started prior to the submission of the application for funds under this product

4.5 GENERAL REQUIREMENTS

A. Eligible Loan Requirements

All loans, interest rates, fees, points, and any other charges for all loans, made in conjunction or association with the Bank's AHP must comply with all applicable state and federal regulations and may not exceed a reasonable market rate for loans of similar maturity, terms, and risk

- The following additional eligibility requirements also apply:
 - Fixed rate mortgages are eligible.
 - Adjustable rate mortgages are eligible with certain parameters:
 - Member qualifies customers based on cap rate or “impact” period (to avoid payment shock if a high rate environment exist during rate reset period); and
 - No negative amortization loans.
 - Fully amortizing.
 - No interest only or pay options.
 - Term not less than five years, with an amortization of any period equal to or greater than the loan term.



Note: The product eligibility requirements must be met at origination as well as following any Member approved refinance or subordination during the five year retention period.

B. Need for Subsidy and Reasonable Costs

The Bank, in its discretion, may establish guidelines for the AHP Set-aside program that will assist in the determination of:

- the amount or need for subsidy and,
- that the financing costs to the borrower are reasonable.

These guidelines will serve as a benchmark for evaluating funding requests and may be used as a basis for adjusting or rejecting requests for subsidy.

C. AHP Set-aside Documentation Requirements



- The Bank will conduct a review of the documentation to determine that the incomes of the approved households do not exceed 80 percent of the area median income.
- The Member must provide to the Bank supporting documentation as outlined in the grid below.

	Purchase	Rehabilitation
Application	<ul style="list-style-type: none"> • Intake certification • Census tract verification • Income and Asset documentation, as listed on the Bank’s website • Consummation date • FRP Only - Current appraisal showing that the price paid did not exceed the “as is” market value as of the date that the purchase price was agreed upon • FRP Only – Purchase contract 	<ul style="list-style-type: none"> • Intake certification • Census tract verification • Pre-work certification • Income and Asset documentation, as listed on the Bank’s website • Consummation date • CRR Only – documentation of property located in a FEMA “Major Disaster Declaration” area within 24 months of application submission date
Pre-funding	<ul style="list-style-type: none"> • Closing Disclosure reflecting the AHP funds. • Proof of completion of the Bank prescribed counseling session • Such other documents as may be required by the Bank. 	<ul style="list-style-type: none"> • Post-work certification • Proof of completion of the Bank prescribed counseling session, including evidence of payment • Note: Proposals, invoices, pre and post inspection reports and evidence of owner’s title to the property must be retained by the Member for the five-year retention period and may be requested at any time by the Bank during that period.
Post-funding	<ul style="list-style-type: none"> • Evidence of arbitrage compliance • Copy of executed Closing Disclosure reflecting the AHP funds • Evidence of payment for required counseling session • Copy of recorded retention documents, or executed retention documents with a receipt for recording that shows the date and number of pages to be recorded • Such other documents as may be required by the Bank 	<ul style="list-style-type: none"> • Evidence of arbitrage compliance • Copy of recorded retention documents, or executed retention documents with a receipt for recording that shows the date and number of pages to be recorded • Such other documents as may be required by the Bank



Note: For Veterans, Returning Veterans, and Community Partners eligibility and additional required documentation, please refer to “[AHP Products Income Documentation Requirements](#)” link found on our website.

4.6 AHP SET-ASIDE MONITORING REQUIREMENTS

- The Member must submit recorded retention documents as set forth in [Appendix A](#).

Questions?
Contact Us Today to Learn More

On the Web:

www.fhlbatl.com

Affordable Housing Program (AHP)

By Phone:

1.800.536.9650

By Mail:

FHLBank Atlanta
P.O. Box 105565
Atlanta, GA 30348-556

Appendix A

RETENTION MECHANISM REQUIREMENTS

A. General Requirements

To assist Members in ensuring that a legally enforceable retention agreement or mechanism satisfies the AHP regulations, the Bank has prepared templates for the Affordable Housing Program retention mechanisms. The templates and the instructions for their use are provided on FHLBank Atlanta's corporate website: <http://corp.fhlbatl.com/resources/affordable-housing-products/>

Please note that the Member is responsible for ensuring that a legally enforceable retention agreement or mechanism satisfying the federal regulations governing the AHP (“AHP regulations”) is in place. **The Member should consult with its legal counsel to ensure compliance with AHP regulations and the following requirements:**

- a. The Member is responsible for ensuring that the note and mortgage, or other acceptable form of retention, are enforceable and consistent with the AHP regulations and the Plan requirements.
- b. The Member is responsible for ensuring that the note and security instrument are enforceable under applicable law, that the security instrument is in a proper form for recording under applicable law and is properly recorded, and that the party granting the security instrument is the owner of the real property interest described therein.
- c. FHLBank Atlanta staff will review the draft note and mortgage of all projects for the following:
 - i. The documents are in the form of a note and mortgage or other acceptable form of retention;
 - ii. The Member is correctly named as mortgagee;
 - iii. All applicable AHP retention features as set forth herein are incorporated into the note and mortgage or other acceptable form of retention or are included as an exhibit and incorporated by reference in the note and mortgage or other acceptable form of retention.
- d. Unless otherwise approved in advance and in writing by FHLBank Atlanta, the retention mechanism must be contained within a promissory note and a real property security instrument (e.g. a mortgage, deed of trust, a deed to secure debt, or other appropriate security instrument under applicable law) of a type that is customarily used in the jurisdiction where the real property is located. Notwithstanding the preceding sentence, the Bank shall not require that the retention mechanism be contained in the form of a promissory note and a real property security instrument for an owner-occupied rehabilitation unit receiving AHP subsidy in an amount of \$15,000 or less, if (1) such

- unit is located in a jurisdiction in which the execution of a promissory note and real property security instrument mandates the presence of an attorney; and (2) such unit would not involve a real estate closing but for the execution of a note and real property security instrument containing the retention mechanism.
- e. The holder/beneficiary of the note and security instrument given by the owner must be the Member (and not the Sponsor or FHLBank Atlanta).
 - f. AHP Competitive Projects Only – Rental AND Ownership
Bank staff will review the draft note and mortgage of all rental projects and ownership projects where AHP Competitive funds are disbursed prior to completion of the units for the following:
 - i. The property address is consistent with the application;
 - ii. The AHP project number is referenced in the note and mortgage.
 - iii. The correct amount is shown in the note; and
 - iv. The recapture language is incorporated if funds are disbursed prior to completion of the units;
 - v. The mortgagor name is consistent with the Project Owner (Rental) or Property Owner (Ownership) name;
 - vi. The Project Owner (Rental) or Property Owner (Ownership) address is shown in the note and mortgage.

B. AHP Competitive Rental Projects – Additional Requirements



The Member shall ensure that a rental project financed by the proceeds of a direct subsidy and/or a subsidized advance is subject to a deed restriction or other legally enforceable retention agreement or mechanism 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 Member's application, for the duration of the 15-year Affordable Housing Program ("AHP") retention period, which ends 15 years from the date of project completion,
- ii. Each of the Federal Home Loan Bank of Atlanta ("FHLBank Atlanta") and the Member is to be given notice of any sale or refinancing of the project occurring prior to the end of the 15-year AHP retention period,
- iii. In the case of a sale or refinancing of the project prior to the end of the 15-year AHP retention period, (a) with respect to a direct subsidy, an amount equal to the full amount of the direct subsidy shall be repaid to FHLBank Atlanta; and (b) with respect to a subsidized advance, the full amount of the interest-rate subsidy received by the Project Owner, based upon a pro rata portion of the interest-rate subsidy imputed to the subsidized advance during the period the Project Owner owned the property prior to the sale or refinancing, shall be repaid to FHLBank Atlanta, in each case unless the project continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism incorporating the income-eligibility and affordability restrictions committed to in the

Member's AHP application for the duration of the 15-year AHP retention period, and

- iv. The income-eligibility and affordability restrictions applicable to the project terminate after foreclosure, deed in lieu of foreclosure, or assignment to the Secretary of HUD.

As used in (i.) above, “project completion” means that construction of the project is 100 percent complete, at least 75 percent of the units have been leased, a certificate of occupancy (or equivalent document) has been issued, all requested documents have been received and approved by the Bank, and all AHP funds have been disbursed to the project.



Other Reminders:

Except as set forth in the immediately following bullet point, the holder/beneficiary of the note and security instrument given by the Project Owner must be the Member (and not the Sponsor or FHLBank Atlanta).

- In the event that the Member lends a direct subsidy to the project, the holder/beneficiary of the note and security instrument given by the Project Owner may be either the Sponsor or the Member (but not FHLBank Atlanta). If the Sponsor is the holder/beneficiary, then the Member must obtain from the Sponsor (and perfect by possession of the note) a pledge of that note in favor of the Member, to secure the Sponsor's obligations under the AHP regulations with respect to this project.
- In the event that the subsidy is disbursed to the Project Owner prior to completion of construction of the project, then, in addition to the full retention period for the project which terminates 15 years from the project completion date, at all times prior to completion, the project shall be made subject to a recapture agreement, pursuant to which (a) any sale of the property (or any portion thereof) to any person or entity shall be prohibited without the prior written consent of the Member; and (b) any failure to develop the property in accordance with the AHP agreement for the project, or any other failure by the Sponsor to comply with said agreement, the recapture agreement, or any AHP regulation, shall result in a default requiring repayment of the subsidy to FHLBank Atlanta.
- The retention mechanism must also include:
 - a. The name and address of the Project Owner;
 - b. The name and address of the project;
 - c. The amount of the AHP direct subsidy and/or subsidized advance; and
 - d. The AHP project number.

C. AHP Competitive Owner-Occupied Units



The Member shall ensure that an owner-occupied unit that is purchased, constructed, or rehabilitated with the proceeds of a direct subsidy and/or a subsidized advance is subject to a deed restriction or other legally enforceable retention agreement or mechanism requiring that:

- i. Each of the Federal Home Loan Bank of Atlanta (“FHLBank Atlanta”) and the Member is to be given notice of any sale or refinancing of the unit occurring prior to the end of the five-year Affordable Housing Program (“AHP”) retention period, which ends five years from the date of closing;
- ii. In the case of a sale of the unit prior to the end of the five-year AHP retention period, (a) with respect to a direct subsidy, an amount equal to a pro rata share of the AHP direct subsidy that financed the purchase, construction, or rehabilitation of the unit, reduced for every year the seller owned the unit; and (b) with respect to a subsidized advance the proceeds of which were used to finance construction or rehabilitation of (and not permanent financing for) the unit, an amount equal to the pro rata portion of the interest-rate subsidy imputed to the subsidized advance that financed the construction or rehabilitation loan for the unit, reduced for every year the seller owned the unit, shall be repaid to FHLBank Atlanta from any net gain realized upon the sale of the unit unless the unit is sold to a very low-, low- or moderate-income household, as defined in the federal regulations for the AHP promulgated by the Federal Housing Finance Agency (or any successor regulator);
- iii. In the case of a refinancing of the unit prior to the end of the five-year AHP retention period, (a) with respect to a direct subsidy, an amount equal to a pro rata share of the direct subsidy, reduced for every year the occupying household has owned the unit, and (b) with respect to a subsidized advance the proceeds of which were used to finance construction or rehabilitation of (and not permanent financing for) the unit, an amount equal to the pro rata portion of the interest-rate subsidy imputed to the subsidized advance that financed the construction or rehabilitation loan for the unit, reduced for every year the owner owned the unit, shall be repaid to FHLBank Atlanta from any net gain realized upon the refinancing, unless the unit continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism, as described in these four paragraphs; and
- iv. The obligation to repay AHP subsidy to FHLBank Atlanta shall terminate after any foreclosure, deed in lieu of foreclosure, or assignment to the Secretary of HUD.
- v.

In the event that the subsidy is disbursed to the Sponsor prior to completion of construction of the owner-occupied units, then, in addition to the full retention period for the project which terminates 5 years from the project completion date, at all times prior to construction and transfer of the units to the initial owner-occupants, the project shall be made subject to a recapture agreement, pursuant to which (a) the Sponsor shall give the Member and FHLBank Atlanta notice of the sale of the property (or any portion thereof) to an eligible

homebuyer, at which time the homebuyer shall execute a retention mechanism of the type contemplated above; (b) any sale of the property (or any portion thereof) to any person or entity (other than an eligible homebuyer) shall be prohibited without the prior written consent of the Member; and (c) any failure to develop the property in accordance with the AHP agreement for the project, or any other failure by the Sponsor to comply with said agreement, the recapture agreement, or any AHP Regulation, shall result in requiring repayment of the subsidy to FHLBank Atlanta.

As used in (i.) above, “date of closing” means (a) with respect to a unit purchased or constructed with the proceeds of AHP subsidy, the date on which the owner-occupant acquires the unit; and (b) with respect to a unit rehabilitated with the proceeds of AHP subsidy, the date on which the owner-occupant executes and delivers the retention mechanism.



Other Reminders:

- The retention mechanism must also include:
 - i. The name of the owner;
 - ii. The address of the unit;
 - iii. The amount of the AHP subsidy; and
 - iv. The AHP project number

D. AHP Set-aside Owner-Occupied Units



The Member shall ensure that an owner-occupied unit that is purchased, constructed, or rehabilitated with the proceeds of a direct subsidy and/or a subsidized advance is subject to a deed restriction or other legally enforceable retention agreement or mechanism requiring that:

- i. Each of the Federal Home Loan Bank of Atlanta (“FHLBank Atlanta”) and the Member is to be given notice of any sale or refinancing of the unit occurring prior to the end of the five-year Affordable Housing Program (“AHP”) retention period, which ends five years from the date of closing;
- ii. In the case of a sale of the unit prior to the end of the five-year AHP retention period, (a) with respect to a direct subsidy, an amount equal to a pro rata share of the AHP direct subsidy that financed the purchase, construction, or rehabilitation of the unit, reduced for every year the seller owned the unit; and (b) with respect to a subsidized advance the proceeds of which were used to finance construction or rehabilitation of (and not permanent financing for) the unit, an amount equal to the pro rata portion of the interest-rate subsidy imputed to the subsidized advance that financed the construction or rehabilitation loan for the unit, reduced for every year the seller owned the unit, shall be repaid to FHLBank Atlanta from any net gain realized upon the sale of the unit unless the unit is sold to a very low-, low- or moderate-income household, as defined in the federal regulations for the AHP promulgated by the Federal Housing Finance Agency (or any successor regulator);

- iii. In the case of a refinancing of the unit prior to the end of the five-year AHP retention period, (a) with respect to a direct subsidy, an amount equal to a pro rata share of the direct subsidy, reduced for every year the occupying household has owned the unit, and (b) with respect to a subsidized advance the proceeds of which were used to finance construction or rehabilitation of (and not permanent financing for) the unit, an amount equal to the pro rata portion of the interest-rate subsidy imputed to the subsidized advance that financed the construction or rehabilitation loan for the unit, reduced for every year the owner owned the unit, shall be repaid to FHLBank Atlanta from any net gain realized upon the refinancing, unless the unit continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism, as described in these four paragraphs; and
- iv. The obligation to repay AHP subsidy to FHLBank Atlanta shall terminate after any foreclosure, deed in lieu of foreclosure, or assignment to the Secretary of HUD.

As used in (i.) above, “date of closing” means (a) with respect to a unit purchased or constructed with the proceeds of AHP subsidy, the date on which the owner-occupant acquires the unit; and (b) with respect to a unit rehabilitated with the proceeds of AHP subsidy, the date on which the owner-occupant executes and delivers the retention mechanism.



Other Reminders:

- The retention mechanism must also include:
 - i. The name of the owner;
 - ii. The address of the unit;
 - iii. The amount of the AHP subsidy; and

E. Resources:



Sample Retention Documentation for the AHP Set-aside Program is available on FHLBank Atlanta’s website, www.fhlbatl.com in the “Resources” section.

- [Sample Set-aside Note](#)
- [Sample Subordinate Deed of Trust](#)
- [Sample Subordinate Mortgage](#)
- [Sample Restrictive Covenant Agreement](#)