



# Homeownership Project Member Information Packet AHP Grant Administration

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## I. Homeownership Project Member Information Packet

The information contained in this packet should be reviewed by all persons at the member financial institution that will be responsible for administering a project using Federal Home Loan Bank of Des Moines (the Bank) Affordable Housing Program funds. This information packet will familiarize you with requirements of the member in administering the AHP project. The project sponsor that completed the application and will conduct the project has separate instructions in a Sponsor Information Packet. The member should ensure that the sponsor obtains that information packet. It is recommended that the member be aware of the sponsor requirements

The Community Investment staff is available by phone or email to answer your questions at:

The Community Investment toll free phone number is 1-800-544-3452, extension 1173

Community Investment Department fax number is 515-699-1270

Community Investment Department general email address -

[communityinvestment@fhlbdm.com](mailto:communityinvestment@fhlbdm.com)

Rick Bloxham, Homeownership Manager - extension 1198 or [rbloxham@fhlbdm.com](mailto:rbloxham@fhlbdm.com)

Mary Jo Vogl, Lead Homeownership Analyst - extension 1415 or [mvogl@fhlbdm.com](mailto:mvogl@fhlbdm.com)

Evelyn Bengtson, Senior Homeownership Analyst – extension 1064 or [ebengtson@fhlbdm.com](mailto:ebengtson@fhlbdm.com)

## II. The Affordable Housing Program Agreement for Owner Occupied Project

The Affordable Housing Program Agreement for Owner Occupied Project must be executed by authorized personnel of the Bank, member, and sponsor and returned to the Bank before any Subsidy Transfer Request. The member and sponsor need to verify that all information is correct and review any contingencies before returning the Agreement. Please be advised that:

- The income targeting proposed in the AHP application is reflected in the Agreement. In addition, the sponsor committed to specific activities (scoring priorities) in the AHP which or may not be reflected in the Agreement.
- The Bank may impose certain requirements on the project which are reflected as contingencies in the Agreement.
- Income targeting, sponsor commitments in the application, and any requirements imposed by the Bank must be adhered to.
- Any alteration must be discussed with the Bank prior to any changes. The Bank, at its sole discretion, will approve or deny any proposed change in income targeting, activities committed to in the application, and requirements imposed on the project.
- Failure to adhere to the income targeting, sponsor commitments made in the AHP application, and requirements of the Agreement could result in deobligation and recapture of all or a part of the subsidy award including amounts already advanced.



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## III. AHP Implementation Plan

The Bank suggests you review program guidelines and requirements for homeownership projects in the Bank's AHP Implementation Plan. Refer to the Implementation Plan published the year of application. The AHP Implementation Plan may be found on the Bank [website](#) at AHP Online Project Administration. If you do not have a copy you may request it from the Community Investment Department at 1-800-544-3452 ext. 1173.

## IV. Information on Forms and Documents for Owner Occupied Projects

Forms needed to administer a project that are referenced below are available on the Bank's [website](#), at AHP Online Project Administration. If you require assistance with any of the forms contact the Community Investment Department. Forms include:

### A. Income Calculation Workbook

An **Income Calculation Workbook** must be completed for each household receiving AHP subsidy. This is typically completed by the sponsor, but may be completed by the member if they provided income verification. The workbook must list all household income, show how the income was calculated, and must be signed by the homebuyer or the homeowner provided assistance. By signing the form, the homeowner/homebuyer is certifying that the income calculation is correct. [Income Calculation Workbook Instructions](#) are available on the first tab of the Workbook.

An Instructional guide – **AHP/DP Income Calculation Guidelines** provides instruction on income qualification and income calculation. Copies of third party income verification must be obtained to support the information on the Income Calculation Workbook, and a reviewer must be able to use this documentation to understand and duplicate the sponsor's or member's income calculation. A **Certificate of Zero Income** is available for adult household members without income.

### B. Homeownership Project Retention Documents (Deed Restriction)

Per terms of the [Affordable Housing Program Agreement for Owner Occupied Project](#) between the Bank, member, and sponsor, **the member** must ensure that each owner-occupied unit that is purchased, constructed, or rehabilitated with the proceeds of a direct subsidy is subject to a five-year Retention Agreement or other legally enforceable Retention Agreement with the household receiving subsidy award. The sponsor may act as the designee of the member in providing for the Deed Restriction; however, the member should exercise oversight to ensure that the Retention Agreement was completed and filed of record in the appropriate jurisdiction.



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The Bank utilizes a Deed Restriction form for retention. The amount of AHP subsidy reflected in the Retention Agreement/Deed Restriction must match the amount of AHP subsidy used to provide services to the assisted household and compensate the sponsor for the cost of providing that service. For example, in an owner occupied rehab project typical costs would include rehabilitation cost, developer fee, and a filing fee for the Deed Restriction. The total of those costs must be included in the Deed Restriction. Any cost that is intended to be paid from AHP funds that is not included in the Deed Restriction is not eligible for reimbursement to the sponsor.

The two forms available on our website include:

- The sample **Homeownership Project Retention Agreement** is to be used for fee simple land.
- The sample **Retention Agreement for Native American Tribal Trust Land** is to be used for Native American tribal lands, Alaskan homeland, or Native Hawaiian homelands that are subject to lease.

Forms are also available for Community Land Trusts and for mobile homes. In some jurisdictions, a Note and Mortgage (or Deed of Trust) is preferable. You must request these forms from the Bank.

In the Deed Restriction the member or the sponsor as its designee must be named as the "Lender". The Lender must ensure that the agreement is filed in the appropriate jurisdiction and that terms of the retention are adhered to over its five-year term. The Lender will be responsible for recapture, subordination, or release of the Deed Restriction, if required. Note that the Deed Restriction includes a clause providing for automatic release (termination) after five years; however, some jurisdictions may require release.

You should consult your legal counsel to ensure full compliance with the AHP regulatory retention requirements and recording requirements in your jurisdiction. By providing you this agreement, the Bank is in no way providing legal advice or making any representation as to the effectiveness of the document in your jurisdiction. We do understand that you may need to make formatting changes to the Deed Restriction so it complies with various requirements of your local Recorder's office. The signature block and acknowledgement will also need to reflect the requirements of your jurisdiction.

**Any change to the document other than formatting changes must be approved by the Community Investment Department of the Bank before use.**

## C. Calculation of Recapture of AHP Funds and Subordination

Per terms of the Retention Agreement/Deed Restriction the member or its designee is to be given notice of any sale or refinance by the household occurring prior to the end of the retention period. In the case of a sale or refinance of the property prior to the end of the retention period, an amount equal to a pro rata share of the AHP subsidy that financed the



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purchase, construction, or rehabilitation of the unit, reduced for every month the household owned the unit, shall be repaid to the member or its designee from any net gain (i.e. net proceeds) realized upon the sale or refinancing, unless:

- The unit was assisted with a permanent mortgage loan funded by an AHP subsidized advance (not applicable when the AHP subsidy was provided as a grant or forgivable loan);
- The unit is sold to a very low-, low-, or moderate-income household; or
- Following a refinancing, the unit continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism.

In cases where a unit is sold to a low-to-moderate income household, that household must be below 80% of the area median income.

In addition, the Retention Agreement and recapture is not enforced in the event of a foreclosure, deed-in-lieu of foreclosure, or assignment of the first mortgage or deed of trust to the Secretary of the U.S. Department of Housing and Urban Development (HUD) in the event of a default of a government insured mortgage.

In addition to the above, the Bank does not require recapture in the event of the death of the AHP assisted household member(s), though this is not stated in the Retention Agreement, it is allowed per Bank procedure.

A **Calculation of Recapture of AHP Funds** form is available on our website. It includes instructions for determining need for recapture, a calculator to determine the amount of recapture, and instruction for payment of recaptured funds to the Bank. If there is need for recapture, return the completed form, the property settlement statement, and check in the amount of the recapture to the Bank. **All recaptured funds collected by the member or its designee must be paid to the Federal Home Loan Bank of Des Moines.** They may not be retained by the member or sponsor.

In completing the form enter the date of execution of the Deed Restriction which should be the date the homeowner signed the Deed Restriction, amount of subsidy, and date of property sale or refinance. The form will calculate the amount of recapture. Collect any net proceeds from the property settlement up to the amount of recapture. If there are no net proceeds there is no recapture due.

Keep documentation of the property settlement (closing disclosure of sale or refinance), income verification if there was sale to a low-to-moderate income household, foreclosure, or death of the household as applicable, in file in the event it is needed by the Bank for review.

If you require assistance in calculation of a recapture, contact the Community Investment Department at 1-800-544-3452 extension 1173.

A sample **Subordination Agreement** is also available on our website. This document can be used for a homeowner that refinances and the retention agreement will remain in effect. In that event no recapture is due. Consult your attorney to ensure this document meets the



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requirements for a Subordination Agreement in your state. Any change to this document other than a formatting change will need to receive approval from the Community Investment Department prior to the use of the document.

## V. Disbursement of AHP Funds (Subsidy Transfer Request)

The Affordable Housing Program Agreement for Owner Occupied Project must be executed by the member and sponsor and returned to the Bank before any request for reimbursement of AHP subsidy. The member and sponsor must also acknowledge receipt and review of their respective Instruction packets. These are both mailed to the member, and the member should ensure these are provided to the sponsor. They will also be made available on our [website](#).

Please utilize the attached Exhibit for member acknowledgement. The acknowledgment must identify contact persons who will be responsible for project administration, and must be signed by the member. If this contact person is someone different from the member's Authorized AHP User identified in AHP Online at the time of AHP application, contact the Community Investment Department at the Bank for instruction on adding this person as an Authorized AHP User.

AHP funds are paid on a reimbursement basis as a sponsor completes units in a project. They are paid by the Bank to the member who will disburse those to the sponsor. **Members should not disburse funds to a sponsor until they are notified via email from the Bank advising of our approval of a disbursement.**

The sponsor and member will submit disbursement requests (subsidy transfer requests) in AHP Online accessed from the Bank's [website](#). **AHP Online Homeownership Disbursement Guides** for the sponsor and member are also available on our [website](#). To summarize the process:

1. Sponsor submits a separate disbursement request for each assisted unit via AHP Online.
2. An email notification will advise the member's AHP Authorized User a disbursement request is pending for review.
3. Member's AHP Authorized User will access AHP Online to review and approve the pending disbursement request.
4. Member will have "read only" access to disbursement request and viewing the documentation uploaded by sponsor. They may not change information submitted by the sponsor.
5. Member may "Approve" or "Reject" a disbursement request. If sponsor "Rejects", a text box will allow for member to enter comments why disbursement is not approved.
6. When a disbursement request has been approved by the member, it will be reviewed by Bank staff. After approval by the Bank an email will be sent to both the sponsor and the member advising them of approval and deposit into the Member Bank's DDA account at Bank.



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## VI. Income Limits and Purchase Price Limits

Sponsors must adhere to the income targeting made at application. All households served in a project must be below 80% of area median income, and the sponsor may have committed to yet lower limits of 50% or 60% of median income in income targeting. In qualifying households, projects may use, on a household by household basis, the greater of these adjusted median income limits:

- Median income for the area as published annually by HUD and adjusted for household size for each county or MSA, or:
- The NAHASDA Income Guidelines may be used for households that are eligible for assistance from a Tribally Designated Housing Agency.

These income limits for locations within the Bank's district are available on our [website](#). The member and sponsor should periodically check the Bank's website to be sure they are using the most current limits. Members and sponsors are responsible to ensure current limits are used.

Projects that include the acquisition of a residence by a homebuyer are subject to Maximum Purchase Price Limits established by the applicable State Housing Authority. These limits are available on our [website](#).

## VII. AHP Progress Report and Extensions

The Bank will send an email to both the sponsor and member semi-annually regarding the need to complete the Semi Annual Progress Report until the completion of the project. The sponsor will complete this report in AHP Online, accessed from our [website](#). On our website you will also find an **AHP Online: Semi-annual Progress Report Manual** with instruction for completing the report in AHP Online.

The Bank uses this report in monitoring the project's progress. The Semi Annual Progress Report will be completed by the sponsor via AHP Online. The member is able to view the Progress Report for project status. There is no action required by the member for submission of the Progress Report. The sponsor must be current with the AHP Semi Annual Progress Report submission to the Bank for AHP funds to be reimbursed.

**Projects are given two years to complete.** It is expected that projects will be complete by the expiration date. If there are units in progress an extension can be requested to complete those units via AHP Online. **Extensions are at the discretion of the Bank.**

The Bank may cancel any project that has not begun after one year if other financing commitments have not been obtained and/or the project has not begun qualifying and serving households.



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## **VIII. Exceptions and non-compliance**

If there is difficulty obtaining required documentation from the sponsor for disbursement or project monitoring, or if there are exceptions or noncompliance by the sponsor, the member will be advised and asked for assistance to obtain compliance, per terms of the Affordable Housing Program Agreement for Owner Occupied Project. Material exceptions or noncompliance by the sponsor could prevent the timely reimbursement of subsidy funds. This could also result in deobligation of the grant award and request for repayment of AHP subsidy by the sponsor. The member may be required to assist in collection. In addition, any unused funds would be forfeited. If this included funds already paid to the member, but not disbursed to the sponsor, the member would need to repay those funds to the Bank.

## **IX. Member Certification**

At a completion of a project, the member's AHP Authorized User is required to certify in AHP Online that the AHP subsidies have been used according to the commitments of the AHP application and that the assisted units are subject to Retention Agreements. The member has access to documentation that supports this in AHP Online, obtained through the disbursement process. The member also certifies that the net proceeds of the sale or refinance of an assisted unit shall be remitted to the Bank, per terms of the Retention Agreements. (Note: This action may be fulfilled by the member's designee.)



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## Exhibit A: Member Bank Acknowledgment

**A. AHP Project # \_\_\_\_\_ (from the Subsidy Agreement)**

**B. Name(s) and information of person(s) responsible at the member bank for administering this AHP project**

Person's Name: \_\_\_\_\_

Member Bank: \_\_\_\_\_

Phone # with extension: \_\_\_\_\_

Fax #: \_\_\_\_\_

Email address: \_\_\_\_\_

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Person's Name: \_\_\_\_\_

Member Bank: \_\_\_\_\_

Phone # with extension: \_\_\_\_\_

Fax #: \_\_\_\_\_

Email address: \_\_\_\_\_

I/We have read the Homeownership Project Information Packet and have called the Community Investment Department with any questions.

\_\_\_\_\_  
Signature Date \_\_\_\_\_

\_\_\_\_\_  
Signature Date \_\_\_\_\_

**Return this page to the attention of:  
Community Investment Department  
Federal Home Loan Bank of Des Moines  
801 Walnut Street, Suite 200  
Des Moines, IA 50309-3513**