

**AFFORDABLE HOUSING PROGRAM  
RETENTION AND REPAYMENT AGREEMENT**  
*(For Rental Project)*

This Affordable Housing Program Retention and Repayment Agreement (“Agreement”) is entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_\_\_, by \_\_\_\_\_ located at \_\_\_\_\_ (“Bank”); \_\_\_\_\_ located at \_\_\_\_\_ (“Sponsor”); and/or \_\_\_\_\_ located at \_\_\_\_\_ (“Owner”). The Bank, Sponsor and/or Owner are jointly referred to as the “Parties”.

**RECITALS:**

- A. Whereas, pursuant to Section 721 of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (“FIRREA”), the Federal Housing Finance Board (“Board”) is required to cause each Federal Home Loan Bank to establish an Affordable Housing Program (“AHP”) to assist members of each Federal Home Loan Bank to finance affordable housing for very low, low, and moderate income households.
- B. Whereas, the Bank is a member of the Federal Home Loan Bank of Des Moines (“FHLB”) and submitted an application dated \_\_\_\_\_, for an AHP direct subsidy to finance in whole or in part a housing project known as \_\_\_\_\_ (the “Project”). A list of the Project rental unit(s) or legal description(s) is (are) attached as Exhibit A.
- C. Whereas, pursuant to regulations (including, without limitation, those contained in 12 CFR Part 951) promulgated by the Board pursuant to FIRREA (“AHP Regulations”), members of each Federal Home Loan Bank are required to provide for the repayment of any direct subsidy should said direct subsidy, the Project or a portion thereof, be unused or improperly used.
- D. Whereas, in connection with the direct subsidy, the Bank entered into an Affordable Housing Program Subsidy Agreement (“AHP Subsidy Agreement”) dated as of \_\_\_\_\_, with the FHLB and Sponsor and/or Owner, pursuant to which the Bank and Sponsor and/or Owner agreed to be bound by AHP Regulations and perform certain monitoring functions with respect to the direct subsidy.
- E. Whereas, the Parties desire to set forth those circumstances under which the FHLB shall be entitled to the repayment of the funds granted under the direct subsidy.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Retention Period. The Parties acknowledge and agree that Bank has, on even date herewith, disbursed or is obligated to disburse a direct subsidy (the “AHP Subsidy”) in the sum of \_\_\_\_\_ to \_\_\_\_\_, which shall be used in connection with the Project. The term during which the Bank, Sponsor and Owner must comply with the AHP provisions of FIRREA to qualify and maintain the AHP Subsidy is 15 years (the “Retention Period”) from the date the Project is completed. The Parties agree to be bound by the AHP Regulations as may be amended from time to time.
2. Occupancy Restrictions. The Project’s rental units or applicable portion thereof, shall remain occupied by and affordable for households with incomes at or below the levels committed to be served in the AHP Subsidy Agreement for the duration of the Retention Period.
3. Notice of Sale or Refinancing. The Bank shall be given notice by the Owner of any sale or refinancing of the Project occurring prior to the end of the Retention Period.
4. Repayment. An amount equal to the full amount of the AHP Subsidy shall be repaid by the Sponsor and/or Owner (Sponsor and Owner shall have joint and several liability for said repayment) to the FHLB in the event of either a sale or refinancing of the Project prior to the end of the Retention Period, 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, and notice requirement committed to in the AHP Subsidy Agreement, for the duration of the Retention Period.
5. Recording of the Agreement. The Owner shall record this Retention Agreement in the appropriate office(s)/jurisdiction(s) that will enhance the likelihood that the Bank will receive the notice as called for herein.
6. No Right to Foreclose. If the property, for which the AHP Subsidy funds are used, is held in trust by the United States government for the \_\_\_\_\_ or is otherwise restricted by federal statute or treaty, the FHLB and/or the Bank shall have no right to sell, foreclose, or occupy the Project or any Project rental unit.
7. Successors and Assigns. All of the rights and obligations set forth herein shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.
9. Termination of Restrictions. The income-eligibility and affordability restrictions applicable to the Project shall terminate upon the expiration of the Retention Period or after any foreclosure.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on their own authority or by their duly authorized officer(s), as the case may be, all as of the effective date first above written.

[Bank's Signature Block]

[Acknowledgment]

[Sponsor's Signature Block]

[Acknowledgment]

[Owner's Signature Block]

[Acknowledgment]

**Please insert above a separate signature block and acknowledgment for the Bank, Sponsor and Owner.**

**Attachment A**