



AHP Monitoring Agreement

This Agreement made by the undersigned project sponsor (Project Sponsor) outlines the monitoring requirements of the Federal Home Loan Bank of Pittsburgh (Bank) applicable to the affordable housing program (AHP) project listed herein. The Project Sponsor agrees to follow these monitoring requirements with respect to such AHP project.

All AHP Projects (Projects) are subject to the AHP regulations of the Federal Housing Finance Agency (FHFA) found at 12 CFR, Parts 1290 and 1291 (Regulations) and the Bank's AHP Implementation Plan (Implementation Plan) in effect when the Project is awarded AHP funds. The monitoring of Projects will be performed in accordance with the Regulations and all Projects must comply with the Regulations. A Project's failure to comply with the Regulations, the Implementation Plan, or this Agreement will result in the de-obligation of AHP funds (if such funds are not disbursed) and/or the recapture of AHP funds (if such funds are already disbursed).

All projects must comply with the monitoring requirements identified herein. All Projects are required at the time of project completion to provide the Bank with an audited cost certification using the [AHP Cost Certification Form](#) that details the Project's final sources and uses of funds. This form must be completed by an independent accountant or accounting firm.

Semi-Annual Progress Report

During a Project's incomplete phase (*i.e.*, the time before the Project reaches project completion as defined below), Semi-Annual Progress Reports (SAPR) must be filed by the project sponsor with member oversight. The SAPR details a Project's progress during the six-month periods ending June 30 and December 31. The June SAPR is due by July 31 and the December 31 SAPR is due by January 31. The SAPR is required until a Project is deemed complete, as determined by the Bank in its sole discretion.

- **Owner-Occupied Projects** are complete when all AHP funds are disbursed to the Project and all homes are either sold or rehabilitated.
- **Rental Projects** are complete when all AHP funds have been disbursed, rehabilitation or construction of the units is 100 percent complete and at least 75 percent of the units are occupied.

The SAPR must be completed and submitted to the Bank utilizing the AHP Online system. You will receive an email from the AHP Online system on July 1 and January 1 informing you that a SAPR is now due. Once you receive the email, you must log into the AHP Online system and complete and certify the SAPR. If you do not complete and certify the SAPR by the due date, the AHP Online system will send a follow up email to you informing you that the SAPR is delinquent and must be completed and certified.

Completion Certification

Within six months following project completion, the project sponsor or owner must complete (1) a Completion Certification certifying that the services and activities committed to within the approved AHP application were provided in connection with the Project; and (2) either a Tenant Income Workbook (if the Project is a Rental Project) or a Homeowner Funding Record (if the Project is an Owner-occupied Project). Additional information on the Tenant Income Workbook and the Homeownership Funding Record are listed below.

- Rental Project, the Project sponsor or owner will complete the [Tenant Income Workbook \(TIW\)](#) that list the Project's tenants, their rent and move in income and certify that the reported rents and income are accurate and in compliance with the rent and income targeting commitments made within the approved AHP application.
- Owner-occupied Project, the Project sponsor verify that the [Homeowner Funding Record \(HFR\)](#) is complete and lists the Project's homeowners and qualified income and certify that the reported income is accurate and in compliance with the income targeting commitments made within the approved AHP application.

The Bank will notify the project sponsor/owner via email when a completion certification is due. A completion certification is submitted to the Bank utilizing the AHP Online system.

Project Completion Report

Within fifteen months of project completion (as determined by the Bank), a full scope monitoring/compliance review will be performed to determine a Project's level of compliance with the AHP regulations and the representations and commitments made within the approved AHP application. This review will focus on the following areas:

- Income targeting as represented in the approved AHP application or any approved modification
- [AHP Income Calculation form](#) executed by Project sponsor and AHP resident (rental Project)
- TIW - [Tenant Income Workbook](#) (rental Project)
- HFR - [Homeowner Funding Record](#) (owner-occupied Project)
- Third party income documentation for verification of reported incomes. Projects that received low-income housing tax credit are not required to provide third party income documentation.
- Rental Project: AHP 15-year Retention Mechanism (copy of executed and recorded retention document(s))

- Owner-occupied Project: AHP 5-year Retention Mechanism for for-sale owner-occupied households (copy of executed and recorded retention document(s))
- Audited Cost Certification – Projects final sources of funds and development costs validated by a cost certification completed by an independent accounting firm or a Certified Public Account. If applicable, using the [AHP Summary of Permanent Sources of Funds and Summary of Uses](#)
- [15 year operating pro forma](#) (rental Project)
- Use of AHP funds documentation
- Delivery of AHP funds (AHP Note(s)) for for-sale owner-occupied households and rental Projects
- Project Feasibility (AHP feasibility guidelines)
- Fair Housing Documentation
- Empowerment and Community Stability Certification Narrative executed by the Project sponsor for empowerment techniques provided by the Project sponsor to the Project’s residents
- If applicable, documentation to verify non-profit ownership interest (rental Projects)
- If applicable, documentation to verify donated property
- If applicable, third party documentation to verify homeless
- If applicable, third party documentation to verify special needs

The project sponsor/owner will be notified by the Bank that a compliance review has commenced. This will detail the required documents that must be submitted in order to complete the compliance review. The required documents should be submitted within by the Bank’s established due date. Members may be required to submit documents to complete the compliance review. The Project sponsor/owner should maintain documents and be prepared to submit such documents to assist in the timely completion of the compliance review. If the required documents are not provided, a Project will be deemed non-compliant and AHP funds will be recaptured.

Long Term Monitoring (Rental Projects Only)

For 15 years after a rental project (Rental Project) is complete, the following compliance process is required for Projects monitored long term by the Bank. Rental Projects will be categorized based on the following criteria:

- Low-income housing tax credit Projects
- Non-tax credit Projects monitored by a federal, state or local government entity
- FHLBank-monitored Projects

Low-Income Housing Tax Credit Projects

For Rental Projects that have been allocated federal Low-Income Housing Tax Credits (Tax Credits), the Bank will rely on the monitoring by the state-designated housing credit agency administering the Tax Credits of the income targeting and rent requirements applicable under the Low-Income Housing Tax Credit Program.

Monitored by a federal, state or local government entity

For Rental Projects that received funds from a federal, state or local government entity, the Bank will rely on the monitoring by such entities of the income targeting and rent requirements applicable under their programs provided the income targeting requirements, rent requirements and retention period monitored by the entity for purposes of its own program are substantively equivalent and provided that the conditions enumerated within 12 C.F.R. § 1291.7(a)(3)(ii) and (iii) are satisfied. For Projects meeting these requirements, monitoring reports will be obtained in accordance with the following risk categories:

AHP Subsidy	AHP as a % of TDC	Risk Category
≤ \$250,000	≤ 20%	Low
≥ \$250,000	≥ 20%	Moderate
\$250,001 to \$750,000	≤ 20%	Moderate
\$250,001 to \$750,000	≥ 20%	High

For Projects that receive funding from the PHFA (other than Tax Credits), we will rely on the Pennsylvania Housing Finance Agency’s (PHFA) monitoring during the 15-year retention period provided the income targeting, rent and retention period requirements of the AHP and the PHFA are substantively equivalent. The Long-Term Certifications and Compliance Reviews do not apply to these Projects.

Monitored by FHLBank Pittsburgh

Compliance reviews will consist of a review a Project's households to determine the level of compliance of tenant rents and incomes with the rent and income targeting commitments made within the approved AHP application or any approved modification.

Long term monitoring by the FHLBank shall be performed as follows:

AHP Subsidy	AHP as a % of TDC	Risk Category	Annual Cert*	Income and Rent Sample**
≤ \$100,000	≤ 20%	Minimal	Yes	N/A
≤ \$100,000	≥ 20%	Low	Yes	Every six years
\$100,001 to \$250,000	≤ 20%	Low	Yes	Every six years
\$100,001 to \$250,000	>20%	Moderate	Yes	Every four years
\$250,001 to \$750,000	<20%	Moderate	Yes	Every four years
\$250,001 to \$750,000	≥ 20%	High	Yes	Every two years

* In the second year after project completion and annually thereafter until the end of the Rental Project's 15-year retention period, the Project owner must certify to the Bank that the tenant rents and income are in compliance with the rental an income targeting commitments made within the approved AHP application by completing the [Long Term Certification by Project Owner for Rental Projects](#).

** The Bank will review Project documentation for a 20 percent sample of the Project's units after completion of the Project Completion Review to determine whether the Project's household incomes and rents comply with the income targeting and rent commitments made in the approved AHP application or any approved modification(s).

After a Rental Project's 15-year retention period has ended, no further compliance reviews are required.

Modifications

Any changes to the commitments and representations made within the approved AHP application must be approved by the Bank before such changes are implemented. Modification changes must be in writing and may be submitted by either the member or project sponsor/owner. The Bank reserves the right to approve or deny a modification request. Requests must include the following information:

- A clear description of the modification(s)
- A reason for the modification(s), along with any background information as to why the modification(s) is necessary
- A "good cause" for the modification(s) as per the Regulations.
- A description of how the modification(s) will impact the scheduled completion date (incomplete Projects)
- Revised sources and uses of funds if changed from approved AHP applications sources and uses of funds
- Statement that remaining commitments and representations made within the approved AHP application remain unchanged

AHP Commitment Extension

AHP funds must be drawn within 12 months of application approval. **If AHP funds are not drawn within 12 months of AHP approval, an AHP Extension Request must be submitted by the Project Sponsor via the AHP Online system.** An additional 12 months may be granted provided at least 75% of other funding sources are approved. If at least 75% of the Project's funding sources are not approved, you must explain the continuing need for the AHP subsidy, reason why all sources of funds are not approved and include a strategy to secure approval for all funding sources. This request will be reviewed, and at the Bank's discretion, we may extend the AHP commitment no longer than an additional 12 months. Further extension of the AHP commitment beyond 24 months may be granted on a case-by-case basis, at the Bank's discretion.

Project Sponsor must sign below indicating understanding and commitment to comply with the AHP monitoring requirements specified in this Agreement, the Regulations, and the Implementation Plan.

I, _____, on behalf of _____ (Project Sponsor), agree to comply with the AHP monitoring requirements specified in this Agreement, in the Regulations (found at 12 CFR, Parts 1290 and 1291), and the Implementation Plan.

Signature: _____

Signing Author (printed Name): _____

Sponsor Organization: _____

AHP Project Number: _____