



## AHP Monitoring Agreement

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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 Summary of Permanent Sources and Uses 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**

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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 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**

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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 Projects:** 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 Projects: the Project sponsor will 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 or will be provided by the Bank for completion.

## **Project Completion Report**

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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 funding from low-income housing tax credits, HUD Section 202 Program for the Elderly, HUD Section 811 Program for Housing the Disabled, USDA 515 Rural Multifamily Program or USDA Section 514 Farmworker Multifamily Program are not required to provide third-party income documentation. Additionally, homeless shelters and shelters for victims of domestic violence are not required to provide third-party income documentation.
- Rental Project: AHP 15-year Retention Mechanism (copy of executed and recorded retention documents)
- Owner-occupied Project: AHP 5-year Retention Mechanism for for-sale owner-occupied households (copy of executed and recorded retention documents)
- Audited Cost Certification – 100 percent of the Project's final sources of funds and development costs validated by a cost certification completed by an independent accounting firm or a Certified Public Accountant. Cost certification must reference that 100 percent of the final sources of funds and developments costs were verified. If applicable, utilize the AHP Summary of Permanent Sources of Funds and Summary of Uses.
- 15 year operating pro forma (Rental Project)
- Use of AHP funds documentation
- If applicable, delivery of AHP funds (AHP Note(s)) for for-sale Owner-occupied households and Rental Projects
- If applicable, assignment(s) of AHP mortgage, deed of trust and/or promissory notes (Rental project)
- 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
- Other documentation as deemed necessary by the Bank

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 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)**

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For 15 years after a 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**

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

Project owners must provide written notice to the Bank of material and unresolved noncompliance with LIHTC household income targeting or rent requirements during the AHP 15-year retention period.

### **Monitored by a federal, state or local government entity**

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For Rental Projects that received funds from the following programs: HUD Section 202 Program for the Elderly, HUD Section 811 Program for Housing the Disabled, USDA Section 515 Rural Multifamily Program and USDA Section 514 Farmworker Multifamily Program, the Bank will review annual Project Sponsor certifications on household incomes and rents and information on the ongoing financial viability of the projects, but not any other back-up documentation on incomes and rents, including rent rolls. Additionally, homeless shelters and shelters for victims of domestic violence are not required to provide third-party income documentation.

For Projects that receive funding from the PHFA (other than LIHTC), the Bank 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**

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Compliance reviews for rental projects will consist of a review of the 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. Additionally, information on the ongoing financial viability of the project, including whether the project is current on its property taxes and loan payments, its vacancy rate and whether it is in compliance with its commitment to other funding sources must be certified and provided to the Bank upon request.

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

<b>AHP Subsidy</b>	<b>AHP as a % of TDC</b>	<b>Risk Category</b>	<b>Annual Cert*</b>	<b>Income and Rent Sample**</b>
≤ \$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 and 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**

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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. The Project Sponsor or owner must first make a reasonable effort to cure any noncompliance. If a modification is requested, include analysis to justify why a cure of noncompliance was not successful. Requests must include the following information:

- A clear description of the modification(s) being requested
- 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
- All actions taken by the Sponsor to attempt to meet the approved scoring criteria for the Project without the need for such modification(s)
- An explanation as to why such efforts were not successful
- If applicable, a description of how the modification(s) will impact the scheduled completion date (incomplete Projects)
- If applicable, revised Financial Feasibility Workbook if financials have changed since application
- Statement that remaining commitments and representations made within the approved AHP application remain unchanged

## **AHP Commitment Extension**

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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 percent of other funding sources are approved. If at least 75 percent of the Project's funding sources are not approved, the Project Sponsor 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, the Bank 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: \_\_\_\_\_

Date: \_\_\_\_\_