

**FEDERAL HOME LOAN BANK OF CHICAGO
2020 AFFORDABLE HOUSING PROGRAM IMPLEMENTATION PLAN**

This Implementation Plan (the “Plan”) sets forth certain policies, procedures, guidelines and requirements applicable to the Affordable Housing Program (“AHP”) of the Federal Home Loan Bank of Chicago (the “Bank”), as required by Part 1291 of the Code of Federal Regulations governing the AHP (12 C.F.R. Part 1291) (“Regulations”).¹ While the Implementation Plan includes pertinent information pertaining to the Bank’s AHP, the Plan is not intended to be a comprehensive statement of all of the Bank’s policies and procedures applicable to the AHP. In the event of a conflict between the Plan and the Regulations, the Regulations will govern.

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Exhibits

Exhibit I: Project Feasibility and Cost Guidelines for the Competitive Program

Exhibit II: Scoring Guidelines for the Competitive Program

¹ In November 2018, the Federal Housing Finance Agency (“FHFA”) issued a Final Rule, setting forth new regulations for the Affordable Housing Program. The Final Rule provides that, through December 31, 2020, a Federal Home Loan Bank may comply with either the AHP regulations in effect immediately prior to the effective date of the Final Rule or the regulations set forth in the Final Rule, itself. The Bank has determined to continue to comply with the regulations in effect immediately prior to the effective date of the Final Rule through December 31, 2020. Therefore, the citations herein are not reflective of the new regulations set forth in the Final Rule, but rather of the older regulations. There is one exception, specifically, with respect to the requirements surrounding retention agreements for owner-occupied units. Section 1291.15(a)(7) of the Final Rule has a mandatory compliance date of January 1, 2020, and all references herein to that section are to the Final Rule, and not the older regulations.

I. Median Income Standard

Section 1291.3(a)(1) of the Regulations requires the Bank to adopt one or more applicable median income standards. Accordingly, the median income guidelines published annually by the U.S. Department of Housing and Urban Development are adopted as the income standard used by the Bank. Projects that serve households that are eligible for assistance from a Tribally Designated Housing Entity may use the greater of the HUD or Native American Housing Assistance and Self Determination Act (NAHASDA) income guidelines. Such income guidelines are posted on the Bank's Community Investment website at www.fhlbc.com. AHP applications will be evaluated using the income guidelines effective on the date that the application round opens.

II. Requirements for the Bank's Competitive Program

A. Funding Periods and Application Process

1. In 2020 there will be a single funding round. The application deadline is 5:00 p.m. (CT) on June 12, 2020.
2. The Bank will accept applications for AHP subsidies under its Competitive Program only from institutions that are members of the Bank at the time of application submission, and will award subsidies only to institutions that are members of the Bank at the time of award approval.
3. Competitive Program applications must contain information sufficient for the Bank to:
 - a. Determine that the proposed AHP project meets the eligibility requirements pursuant to Sections II.B and II.C below; and
 - b. Evaluate the application pursuant to the Scoring Guidelines, attached hereto as Exhibit II.

B. Regulatory Minimum Eligibility Requirements

Projects receiving AHP subsidies pursuant to the Competitive Program must meet the following regulatory eligibility requirements:

1. *Owner-occupied or rental housing*

The AHP subsidy must be used exclusively for:

 - a. Owner-occupied housing. The purchase, construction, or rehabilitation of an owner-occupied project by or for very low-income, low-, or moderate-income households. A household must have an income meeting the income targeting commitments in the approved AHP application at the time it is qualified by the project sponsor for participation in such project. For additional information regarding acceptable timeframes for documentation used for sponsor qualification of household income, see the Bank's Affordable Housing Program Disbursement Policy.

- b. Rental housing. The purchase, construction, or rehabilitation of a rental project, where at least 20 percent of the units in such project are occupied by, and affordable for, very low-income households. A household must have an income meeting the income-targeting commitments in the approved AHP application upon initial occupancy of the rental unit, or for projects involving the purchase or rehabilitation of rental housing that already is occupied, at the time the application for AHP subsidy is submitted to the Bank for approval.

2. *Need for subsidy*

A project's estimated uses of funds must equal its estimated sources of funds, as reflected in such project's development budget. The difference between a project's sources of funds and uses of funds is the maximum amount of AHP subsidy such project may receive.

A project's sources of funds must include:

- a. Cash contributions by the sponsor, any funds from sources other than the sponsor, and estimates of funds the sponsor has obtained, or intends to obtain, from other sources, but which have not yet been committed to such project.
- b. In the case of owner-occupied projects where the sponsor extends permanent financing to the homebuyer, the sponsor's cash contribution must include the present value of any payments the sponsor is to receive from the buyer, including any cash down payment from the buyer, plus the present value of any purchase note the sponsor holds on the unit. If the note carries a market interest rate commensurate with the credit quality of the buyer, the present value of the note equals the face value of the note. If the note carries an interest rate below the market rate, the present value of the note must be determined using the market rate to discount the cash flows.
- c. Estimates of the market value of in-kind donations, voluntary professional labor and services, and sweat equity committed to the project should not be included as a source of funds.

3. *Project costs*

- a. A project's cash uses are the actual outlay of cash needed to pay for materials, labor, and acquisition or other costs of completing such project. Cash costs do not include in-kind donations, voluntary professional labor or services, or sweat equity. Non-cash costs should not be included as a use of funds.
- b. Taking into consideration the geographic location of a project, development conditions, and other non-financial project characteristics, the Bank will determine whether a project's costs, as reflected in such project's development budget, are reasonable in accordance with the

Bank's project cost guidelines, as set forth in the Bank's Project Feasibility and Cost Guidelines, attached hereto as Exhibit I.

- c. The purchase price of property or services, as reflected in the project's development budget, sold to the project by a member providing the AHP subsidy to the project, or, in the case of property upon which such member holds a mortgage or lien, may not exceed the market value of such property or services as of the date the purchase price was agreed upon. In the case of "real estate owned property" sold to a project by a member providing an AHP subsidy to such project, or property sold to the project upon which the member holds a mortgage or lien, the market value of such property is deemed to be the "as-is" or "as-rehabilitated" value of such property, whichever is appropriate, as reflected in an independent appraisal of such property performed by a state certified appraiser or licensed appraiser, as defined in 12 C.F.R. 564.2(j) and (k) respectively, within six months prior to the date the Bank disburses the AHP subsidy to a project. "As-rehabilitated" is defined as the prospective value of a property after all construction has been completed. This value reflects all expenditures for lease-up and occupancy that may be expected to have occurred at that point in time, which may or may not put the property at stabilized value.

4. *Project feasibility*

- a. Developmental feasibility. A project must be likely to be completed and occupied, based on relevant factors, as set forth in the Bank's Project Feasibility and Cost Guidelines, attached hereto as Exhibit I, including, but not limited to, the development budget, market analysis, project timeline, and the project sponsor's experience in providing the requested assistance to households.
- b. Operational feasibility of rental projects. A rental project must be able to operate in a financially sound manner, and in accordance with the Bank's Project Feasibility and Cost Guidelines, attached hereto as Exhibit I, as projected in the project's operating *pro forma*.
- c. The Bank will evaluate the developmental and operational financial feasibility of a project and the need for AHP subsidy, as required by the Regulations, using the Project Feasibility and Cost Guidelines, attached hereto as Exhibit I.

5. *Financing costs*

The rate of interest, points, fees, and any other charges for all loans that are made for the project in conjunction with the AHP subsidy must not exceed a reasonable market rate of interest, points, fees, and other charges for loans of similar maturity, terms, and risk.

6. *Timing of AHP subsidy use*

At the time of application, the AHP subsidy must be likely to be drawn down by the project or used by the project to procure other financing commitments within 12 months of the date of approval of the application for AHP subsidy.

7. *Counseling costs*

AHP subsidies may be used to pay for counseling costs only where such costs are incurred in connection with counseling of homebuyers who actually purchase an AHP-assisted unit, and the cost of counseling has not been covered by another funding source, including the member.

8. *Refinancing*

A project may use an AHP subsidy to refinance an existing single-family or multi-family mortgage loan, provided that the refinancing produces equity proceeds, and such equity proceeds up to the amount of the AHP subsidy in such project must be used only for the purchase, construction, or rehabilitation of housing units meeting the applicable eligibility requirements of Section II.B of this Plan.

9. *Retention²*

- a. Owner-occupied units, excluding those units approved for rehabilitation-only, will be subject to a five (5) year retention agreement, as described in Section IV of this Plan.
- b. Rental projects will be subject to a fifteen (15) year retention agreement, as described in Section IV of this Plan.

10. *Project sponsor qualifications*

- a. Sponsor is defined as a not-for-profit or for-profit organization or public entity that (1) has an ownership interest in a rental project, or (2) is integrally involved in an owner-occupied project.
 1. Rental project: For purposes of the definition of sponsor, “ownership interest” means that (i) the sponsor is the owner of the rental project, or (ii) the sponsor has an ownership interest (including any partnership interest) in the entity that is the owner of the rental project.
 2. Owner-occupied projects: For purposes of the definition of sponsor, “integrally involved” means the sponsor (i) manages the construction or rehabilitation of 100% of the units, or (ii) qualifies borrowers and provides or arranges financing for the owners of the owner-occupied units.

² Per the FHFA’s Final Rule, issued on November 28, 2018, Section 1291.15(a)(7) of the new regulations, related to retention agreements for owner-occupied units, has a mandatory compliance deadline of January 1, 2020.

3. A project's sponsor must be qualified and able to perform its responsibilities as committed to in the application for an AHP subsidy.

11. *Fair housing*

A project, as proposed, must comply with applicable federal and state laws on fair housing and housing accessibility including, but not limited to, the Fair Housing Act, the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, and the Architectural Barriers Act of 1969, and the project must demonstrate how such project will be affirmatively marketed.

12. *Calculation of AHP subsidy*

- a. Where an AHP direct subsidy is provided to a project to write down the interest rate on a loan extended by a member, sponsor, or other party to a project, the net present value of the interest foregone from making the loan below the lender's market interest rate must be calculated as of the date the application for the AHP subsidy is submitted to the Bank, and subject to adjustment under section 1291.5(g)(4) of the Regulations.
- b. Where an AHP subsidized advance is provided to a project, the net present value of the interest revenue foregone from making a subsidized advance at a rate below the Bank's cost of funds must be determined as of the earlier of the date of disbursement of the subsidized advance or the date prior to disbursement on which the Bank first manages the funding to support the subsidized advance through its asset/liability management system, or otherwise.

13. *District eligibility requirements*

Pursuant to section 1291.5(c)(15)(i) of the Regulations, the Bank has adopted the following district eligibility requirements:

- a. The Bank will limit the amount of subsidy for which a member applicant may apply to a maximum of 25% of the subsidy announced for each application period. The limit will be calculated using the following parameters: 1) the order in which applications are in "Member Approved" status in AHP Online, and 2) for applications with member consortiums, 100% of the requested subsidy will be applied toward the 25% limit of each member applicant.
- b. The Bank will limit the amount of subsidy per project to \$900,000 or 75% of the total project costs, whichever is less.

14. *Eligible and Ineligible uses of AHP subsidies*

For information regarding eligible and ineligible uses of AHP Subsidy, see the Bank's Affordable Housing Program Eligible and Ineligible Uses of AHP Subsidy Policy.

The Bank may limit or deny funds for projects submitted to more than one Federal Home Loan Bank if such projects are the same or substantially similar.

The Bank has not adopted, and does not have a program for, revolving loan funds or loan pools.

C. Scoring Guidelines

The Bank's scoring system is described in detail in the Scoring Guidelines, attached hereto as Exhibit II.

D. Approval of AHP Applications

The applications receiving the highest overall scores will be reviewed by the Bank's Senior Manager and presented to the Bank's President. Those applications will then be recommended to the Affordable Housing Committee of the Bank's Board of Directors for award approval. Such Committee will approve applications for AHP subsidy in descending order starting with the highest scoring application until the total subsidy amount for the particular funding round, except for any amount insufficient to fund the next highest scoring application, has been allocated. At least the next four highest scoring applications will be recommended for approval as alternates, and within six months of approval, the Bank may fund such alternates if any previously committed AHP subsidies become available.

In the event that two or more applications have identical scores in the same funding round and there is insufficient AHP subsidy to approve all of the tied applications, the Bank shall apply the following methodology to determine which application(s) are approved for AHP subsidy:

Step 1: Determine if any of the tied applications have a recommended subsidy amount exceeding the total AHP funds remaining to be awarded. If so, this application shall be approved as an alternate and excluded from participation in the tie-breaking event.

Step 2: Compare the AHP subsidy amounts recommended for the remaining tied applications, and approve the applications for funding in order from smallest to largest AHP subsidy recommended, until the total AHP funds remaining are exhausted. If two or more tied applications are recommended for the same subsidy amount, and there is insufficient subsidy to approve them all, proceed to Step 3.

Step 3: Compare the AHP subsidy amount recommended per assisted unit for the remaining tied applications, and approve the applications for funding in order from smallest to largest AHP subsidy per assisted unit, until the total AHP funds remaining are exhausted. If two or more tied applications have the same AHP subsidy per assisted unit, and there is insufficient subsidy to approve them all, proceed to Step 4.

Step 4: Compare the remaining tied applications' recommended AHP subsidies as a percentage of their project's total development cost, and approve the applications for funding in order from smallest to largest percentage of total development costs until the total AHP funds remaining are exhausted. If there are still two or more applications with tied scores under this criterion and insufficient subsidy to approve them all, those applications will be treated as alternates.

E. AHP Applications: Post Approval

1. *Project Changes*

An AHP Project is approved based on the information provided in the Application. The Bank must be notified of any proposed changes to the AHP Project.

For information regarding changes to an approved AHP Project see the Bank's Affordable Housing Program Project Change Policy.

2. *Disbursements of AHP Subsidy*

Following Application approval, AHP Projects may request disbursement of the AHP Subsidy as set forth in the Bank's Affordable Housing Program Subsidy Disbursement Policy.

3. *Monitoring AHP Projects*

Following Application approval, AHP Projects will be subject to Bank monitoring. For additional information regarding the monitoring of AHP Projects, see the Bank's Affordable Housing Program Monitoring Policy.

4. *Non-Compliant AHP Projects*

Following Application approval, AHP Projects will be monitored to determine compliance with the AHP Regulations, the Subsidy Agreement, the Retention Agreement, the AHP Implementation Plan for the applicable Funding Round under which the AHP Project was approved, and Bank policies and procedures. For additional information on the areas for which the Bank may determine there is non-compliance, the remedies available for resolution of non-compliance and the implication of non-compliance, see the Bank's Affordable Housing Program Non-Compliance Policy.

III. Requirements for the Bank's Set-Aside Program

A. Establishment of Set-Aside Program

The Bank's Set-Aside Program will consist of two funding pools: a general pool (referred to as Downpayment Plus[®] or DPP[®]) and a restricted pool (referred to as Downpayment Plus Advantage[®] or DPP Advantage[®]). In 2020, the Bank will allocate up to the greater of \$4.5 million or 35% of its annual required AHP contribution to the Set-Aside Program. At least one-third of the Bank's aggregate set-aside allocation will assist first-time homebuyers, as required in section 1291.2(b)(2) of the Regulations.

Members participating in DPP may access set-aside subsidies on behalf of eligible homebuyers or homeowners to whom they are providing first mortgages. Members participating in DPP Advantage may access set-aside subsidies on behalf of eligible homebuyers with first mortgage financing from a not-for-profit organization.

Unless otherwise noted, eligibility, funding, and monitoring requirements set forth below for the Set-Aside Program apply to both DPP and DPP Advantage.

B. Eligible Applicants – Member Enrollment

The Bank may only accept applications (i.e., Program Agreements) for its Set-Aside Program from institutions that are members of the Bank at the time of application submission.

C. Minimum Eligibility Requirements

The Bank's Set-Aside Program eligibility requirements include the following:

1. *Member allocation criteria*

The Bank will accept reservations after the allocation for the program year has been announced to the Bank's members. Any member seeking to reserve funds in the program must have first executed a Program Agreement. At the time of program enrollment and at reservation, the Bank will verify that the institution is a member and is not restricted from utilizing Community Investment programs. Funds will be available on a first-come, first-served basis, until the member limit has been reached or the program funds have been fully reserved, whichever occurs first.

The member limit for DPP is \$420,000 for the 2020 program year. There is no member limit for DPP Advantage funds. Program utilization will be monitored throughout the year, and if Bank management determines that the funds allocated to the Set-Aside Program are not likely to be reserved prior to program year-end, the Senior Manager, based on an evaluation of needed down payment assistance within the Seventh District, is authorized to increase the member limit to up to \$800,000, effective on or after August 1, 2020. The Senior Manager will inform the Affordable Housing Committee of the Board of Directors, and the Bank will notify participating members, of any such change to the member limit for 2020.

2. *Eligible households*

Members must ensure the following requirements are satisfied:

- a. Subject to the Bank's review and approval, the member will determine that the household's income does not exceed 80% of the median income for the area in which the property is located (as set forth in the AHP and DPP Income Calculation Guidelines and DPP Program Guide) and will apply to the Bank for a reservation of funding for the homebuyer. The date on which the member determines that the household is income eligible for

DPP assistance based on the income documents submitted to the Bank will be deemed the enrollment date.

- b. All households using the set-aside subsidy must complete a homebuyer education and counseling program provided by an organization that has adopted the education and counseling components of the National Industry Standards for Homeownership Education and Counseling or by an online platform approved by the Bank.
 - c. A minimum of one-third of households accessing set-aside funds must be first-time homebuyers, pursuant to the first-time homebuyer requirement in section 1291.2(b)(2) of the Regulations. A first-time homebuyer is defined by the Bank as a household meeting any one of the following criteria:
 - i. An unmarried individual, or an individual and his or her spouse, who has/have not owned a home during the three-year period prior to the date of purchase of a home with AHP assistance.
 - ii. A divorced, legally separated, or widowed individual who has only owned with a (former) spouse.
 - iii. An unmarried individual, or an individual and his or her spouse, who has/have only owned a property that was not in compliance with state, local, or model building codes, and which cannot be brought into compliance for less than the cost of constructing a permanent structure.
 - d. Households may only receive a set-aside subsidy once every five (5) years.
3. *Maximum grant amount*
- a. Grants to households cannot exceed \$6,000, except as provided below.
 - b. For DPP, homebuyers must contribute a minimum of \$1,000 (net) toward the purchase of the home. The maximum grant amount is the lesser of a 3:1 match of the homebuyer's contribution; \$6,000; or 25% of the first mortgage amount.
 - c. For DPP Advantage, there is no homebuyer contribution or matching requirement. The grant amount is the lesser of 25% of the first mortgage amount or \$6,000.
 - d. Program utilization will be monitored throughout the year, and if Bank management determines that the funds allocated to the Set-Aside Program are not likely to be reserved prior to program year-end, the Senior Manager, based on an evaluation of needed down payment assistance within the Seventh District, is authorized to increase the maximum grant amount per household to up to \$12,000, effective on or after August 1, 2020, for either DPP, DPP Advantage, or both. The minimum borrower contribution shall remain \$1,000 for DPP; however, the Senior Manager is

authorized to adjust or eliminate the matching requirement.

- e. At any time during the year, the Senior Manager will have the discretion to allow a maximum grant amount per household of up to \$15,000, as well as other concessions or exceptions, as permitted by the Regulations, for grants made through the Set-Aside Program as part of any program implemented by the Bank to provide disaster relief, as authorized by the Bank's Board of Directors and announced on the Bank's public website. The Senior Manager will inform the Affordable Housing Committee of the Board of Directors and the Bank will notify participating members, of any such change to the maximum grant amount per household for 2020.

4. *Eligible uses of AHP direct subsidy*

Households must use the subsidy to pay for down payment, closing costs, counseling, or rehabilitation assistance in connection with the household's purchase or rehabilitation of an owner-occupied unit, including a condominium or cooperative housing unit or manufactured housing, to be used as the household's primary residence.³

5. *Retention Agreement*⁴

An owner-occupied unit using set-aside funds for purchase, or purchase and rehabilitation, will be subject to a five- (5) year retention agreement per Section IV of this Plan. A retention agreement should not be recorded for owner-occupied units approved for rehabilitation-only.⁵

6. *Financing costs*

The rate of interest, points, fees, and any other charges for loans made to households using the set-aside subsidy for purchase or rehabilitation must not exceed a reasonable market rate of interest, points, fees, and other charges for loans of similar maturity, terms, and risk.

7. *Counseling costs*

Set-aside funds may be used to pay for pre-purchase homebuyer education and counseling costs only where such costs are incurred in connection with educating and counseling homebuyers who actually purchase an AHP-assisted unit, and the cost of education and counseling has not been covered by another funding source, including the member. Homebuyer education and counseling costs reimbursed by the set-aside funds may not exceed \$500 per household.

8. *Cash back to household*

A member may provide cash back to a household at closing on the mortgage loan in an amount not exceeding \$250. If the amount of set-aside subsidy that exceeds what is needed for closing costs and the approved mortgage amount is

³ The Bank's Set-Aside Program does not currently support the use of subsidy for rehabilitation-only.

⁴ Per the FHFA's Final Rule, issued on November 28, 2018, Section 1291.15(a)(7) of the new regulations, related to retention agreements for owner-occupied units, has a mandatory compliance deadline of January 1, 2020.

⁵ The Bank's Set-Aside Program does not currently support the use of subsidy for rehabilitation-only.

more than \$250, the member must use the amount in excess as a credit to reduce the principal of the mortgage loan.

D. Procedure for Funding Set-Aside Subsidies

1. *Reservation of set-aside subsidies*

The Bank will accept reservations after the allocation for the program year has been announced to the Bank's members. Any member seeking to reserve funds in the program must have first executed a Program Agreement. The member will determine household eligibility subject to the Bank's review and approval and will apply to the Bank for a reservation of funding for the homebuyer. Funds will be available on a first-come, first-served basis, until the member limit has been reached or the program funds have been fully reserved, whichever occurs first.

2. *Progress toward use of set-aside subsidies*

The Bank requires reservations for its set-aside funds to be initiated by December 31 of the allocation year. While allocated funds are still available, the reserved amount of any cancelled reservations will be returned to the set-aside program in which it was originally reserved.

3. *Disbursement of Set-Aside Subsidies*

- a. Members accessing DPP set-aside funds for purchase or rehabilitation must fund or originate the first mortgage. The first mortgage may be funded or originated by a subsidiary of the member provided the member has greater than 50% ownership interest in the subsidiary, or by a subsidiary of the member's parent company provided the parent company has greater than 50% ownership interest in the subsidiary. The first mortgage may also be funded or originated by a member's parent company if the parent company has greater than 50% ownership interest in the member.
- b. At closing, the member will disburse its own funds and submit loan documentation and verification of eligibility to the Bank for review and reimbursement to the member. The Bank will:
 - i. Verify that the requesting institution is a member at the time of disbursement;
 - ii. Verify that the requesting institution is not restricted from utilizing Community Investment programs;
 - iii. Verify that there is an executed Program Agreement between the Bank and the member, pursuant to the Regulations; and
 - iv. Review each loan for certification of eligibility pursuant to the Regulations prior to member reimbursement.
- c. The member will be required to assume the liability for any:
 - i. Subsidies made to an ineligible household, or
 - ii. Subsidies used for an ineligible purpose.

E. Monitoring Policies for Set-Aside Program

1. The Bank will require the member to certify, prior to each disbursement for each set-aside transaction, that:
 - a. The set-aside subsidy was provided to a household meeting all applicable eligibility requirements of section 1291.6(c) of the Regulations and the Bank's Set-Aside Program policies; and
 - b. All other applicable eligibility requirements in section 1291.6 of the Regulations and the Bank's Set-Aside Program policies are met.
2. The Bank will require the member to maintain, for the Bank's review, any documentation necessary for the Bank to determine whether assisted households meet all applicable eligibility requirements of section 1291.6(c) of the Regulations and the Bank's Set-Aside Program policies, including that the AHP-assisted units are subject to the required retention agreements, if applicable.
3. The Bank will review certifications provided by the member for each set-aside transaction prior to disbursement of the set-aside subsidy.

IV. Retention Agreement Requirements

A. Retention Agreements⁶

The Bank will require retention agreements for its Competitive and Set-Aside Programs consistent with the requirements of the Regulations ("the Retention Vehicle"). For rental units, those requirements are set forth in the regulations pre-dating the November 2018 Final Rule, at section 1291.9(a)(8). For owner-occupied units, those requirements are set forth in the Final Rule at section 1291.15(a)(7). After December 31, 2019, retention agreements should no longer be recorded for owner-occupied units approved for rehabilitation-only.

1. Rental projects

For rental projects, members are required to execute and record a Retention Vehicle that enumerates the requirements of section 1291.9(a)(8) of the Regulations including:

- a. The 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 approved AHP application for the duration of the retention period;

⁶ Per the FHFA's Final Rule, issued on November 28, 2018, Section 1291.15(a)(7) of the new regulations, related to retention agreements for owner-occupied units, has a mandatory compliance deadline of January 1, 2020.

- b. The Bank or its designee is to be given notice of any sale or refinancing of the project occurring prior to the end of the retention period;
- c. In the case of a sale or refinancing of the project prior to the end of the retention period, the full amount of the direct subsidy received by the owner must be repaid to the Bank, unless (i) the project continues to be subject, for the duration of the retention period, to a deed restriction or other legally enforceable retention agreement or mechanism incorporating the income-eligibility and affordability restrictions committed to in the approved AHP application, or (ii) if authorized by the Bank, in its discretion, the households are relocated, due to the exercise of eminent domain, or for the expansion of housing or services, to another property that is made subject, for the remainder of the retention period, to a deed restriction or other legally enforceable retention agreement or mechanism incorporating the income-eligibility and affordability restrictions committed to in the approved AHP application; and
- d. The income-eligibility and affordability restrictions applicable to the project terminate after any foreclosure.

Members are further required to ensure the Retention Vehicle is enforceable under applicable law, is in the proper form for recording under applicable law, and is properly recorded. The Bank has provided its preferred forms of Retention Vehicle on its website at www.fhlbc.com.

Members are also required to secure the subsidy for rental projects via a mortgage or other appropriate real property security instrument, naming the member as the secured party. Members are further required to ensure that the mortgage or other appropriate real property security instrument is enforceable under applicable law, is in the proper form for recording under applicable law, and is properly recorded.

2. Owner-occupied units

For owner-occupied units, excluding those units approved for rehabilitation-only, members are required to execute and record a Retention Vehicle that enumerates the requirements of section 1291.15(a)(7) of the Final Rule including:

- a. The Bank and its designee shall be given notice of any sale, transfer, assignment of title or deed, or refinancing of the unit by the household occurring during the AHP five- (5) year retention period;
- b. In the case of a sale, transfer, assignment of title or deed, or refinancing of the unit by the household during the retention period, the amount of AHP subsidy calculated in accordance with Section IV(A)(2)(e) of this Plan (below) shall be repaid to the Bank, unless one of the following exceptions applies:

- i. The unit was assisted with a permanent mortgage loan funded by an AHP subsidized advance;
 - ii. The subsequent purchaser, transferee, or assignee is a low- or moderate-income household, as determined by the Bank. For all sales, transfers, or assignments, the Bank or its designee shall determine the subsequent household's income using one or more proxies that are reliable indicators of the subsequent household's income, unless documentation demonstrating that household's actual income is available.
 - iii. The amount of the AHP subsidy that would be required to be repaid per the calculation in Section IV(A)(2)(e) of this Plan (below) is \$2,500 or less; or
 - iv. Following a refinancing, the unit continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism.
- c. AHP subsidy shall be repaid to the Bank if the Bank has not authorized its re-use by the member or sponsor, has authorized its re-use but not its retention by the member or sponsor, or has authorized its re-use and retention but funds are not re-used in accordance with Bank requirements. AHP subsidy shall be repaid to the member or sponsor for re-use by the member or sponsor if the Bank has authorized its retention and re-use by the member or sponsor.
- d. The obligation to repay an AHP subsidy to the Bank will terminate after any event of foreclosure, transfer by deed-in-lieu of foreclosure, an assignment of a Federal Housing Administration first mortgage to HUD, or death of the AHP-assisted homeowner.
- e. The Bank shall be repaid the lesser of: (i) the AHP subsidy, reduced on a *pro rata* basis per month until the unit is sold, transferred, or its title or deed transferred, or is refinanced, during the AHP five- (5) year retention period; or (ii) any net proceeds from the sale, transfer, or assignment of title or deed of the unit, or the refinancing, as applicable, minus the AHP-assisted household's investment.

Members are further required to ensure the Retention Vehicle is enforceable under applicable law, is in the proper form for recording under applicable law, and is properly recorded. The Bank has provided its preferred forms of Retention Vehicle on its website at www.fhlbc.com.

Members should not secure the subsidy for owner-occupied projects with a mortgage or other real property security instrument.

3. Inception of Retention Period:

- a. For rental projects, the date of project completion will be considered the inception of the fifteen- (15) year retention period. The date of project completion is the later of: 1) the date the project reports an 85% occupancy rate, 2) the date when construction or rehabilitation is complete, or 3) the date of the final disbursement of AHP subsidy.
- b. For owner-occupied units subject to a retention agreement, the inception of the five- (5) year retention period will begin on the retention agreement execution date, which must correspond to the closing/settlement date set forth on the final closing disclosure for that unit.

Approved by the Board of Directors
on the 12th day of December, 2019
and amended on the 8th day of April, 2020
by the Affordable Housing Committee of
the Board of Directors

Its Corporate Secretary

EXHIBIT I

Project Feasibility and Cost Guidelines for the Competitive Program

The Bank has established requirements and guidelines for determining project feasibility and the need for the requested AHP subsidy pursuant to section 1291.5(c)(4) of the Regulations. Project feasibility includes an evaluation of the sponsor’s experience, as well as requirements such as financing commitments, zoning, and site control that ensure the project is likely to be completed and occupied. The determination of project feasibility and need for subsidy also include a policy on substantially complete projects and guidelines for developmental and operational feasibility. These guidelines serve as a benchmark for evaluating projects and may be used as a basis for adjusting or rejecting requests for a subsidy in the application, modification, and pre- and post-disbursement stages of a project. Exceptions to these guidelines will be considered by the Bank on a case-by-case basis based on an evaluation of information and supporting data justifying the need for such exception. Bank staff will make recommendations to the Affordable Housing Committee of the Bank’s Board of Directors.

All projects will be evaluated for reasonableness and a need for subsidy. Projects with values outside of the following guidelines must provide an explanation. Additionally, the guidelines for maximum values below will be utilized as a benchmark for determining over-subsidization.

Unless otherwise indicated, the following feasibility guidelines apply to both in-district as well as out-of-district (i.e., not in Illinois or Wisconsin) projects.

All Projects: Project Feasibility

Applicants requesting AHP subsidies pursuant to the Competitive Program must meet the following requirements:

1. Status and Authority of Sponsor
 - a. All sponsor applicants must submit a Certificate of Good Standing or Status (or equivalent) from the state in which the sponsor is incorporated. If the proposed project is located in a state other than the state of sponsor incorporation, a Certificate of Authority (or equivalent) from that state must also be submitted.
 - b. Sponsor applicants attempting Project Sponsorship points should refer to the Guide for Sponsor Applicants for additional documentation requirements.
2. Sponsor Experience
 - a. Sponsors must demonstrate the capacity to fulfill all roles, responsibilities, and obligations throughout the entire AHP retention period. If the sponsor has little or no previous affordable housing development experience, the sponsor and its development and property management team will be evaluated to determine whether adequate development and compliance experience exists to successfully complete the project.

- b. In addition to previous development and management experience, sponsors of previously approved AHP projects will be evaluated on:
 - i. AHP project milestones, including subsidy disbursement, project completion, and timely submission of compliance reporting;
 - ii. Event(s) of non-compliance, including type and frequency of event(s), timeliness of communication by sponsor, and remediation efforts; and,
 - iii. Progress toward meeting project commitments.
3. Committed Financing
 - For rental projects utilizing the 9% Federal Low Income Housing Tax Credit (LIHTC), the member/sponsor must provide 1) evidence of a 2020 or prior LIHTC award, and 2) a letter of interest or intent for the LIHTC equity. If these two items are not available as of the June 12 AHP application deadline, then they must be submitted to the FHLBank Chicago within one calendar week of notification by the tax credit allocating agency of the LIHTC award.
 - For rental projects utilizing the 4% Federal LIHTC, the member/sponsor must provide 1) a bond issuing agency confirmation of intent to issue bonds, 2) an executed letter of interest or intent for the LIHTC equity, and 3) an executed letter of interest or intent to purchase the bonds or facilitate the sale of the bonds, or confirmation from the bond issuing agency that the bonds will be sold through a public offering.
 - For rental projects not utilizing the 9% or 4% Federal LIHTC and for all owner-occupied projects, the member/sponsor must provide evidence of committed funding sources, exclusive of any requested AHP, that are $\geq 50\%$ of the total development cost. For projects in which the requested AHP subsidy is $\geq 50\%$ of the total development cost, 100% of the remaining funds must be committed and evidenced.
4. Zoning

Identified sites must be appropriately zoned for the proposed use at the time of application submission. Exceptions may include unidentified sites and projects that have submitted an application to the zoning authority to have the site appropriately zoned for the proposed use.
5. Site Control

Site control is required for all identified sites in all projects. Site control is not required for scattered site single family units that are unidentified at the time of application. Examples of scattered site single family units that are unidentified at the time of application include rental projects utilizing these sites and consumer driven down-payment assistance and owner-occupied rehabilitation projects.

For rental projects, site control must be in the name of an individual or entity that is identified in the ownership organizational chart for the proposed project. For sponsor-driven owner-occupied projects, site control must be in the name of the project sponsor.
6. Substantially Complete Projects

A single-building project is ineligible for AHP subsidy if it has received a certificate of occupancy and/or certificate of substantial rehabilitation on or before June 12, 2020. If it has not

received a certificate of occupancy and/or certificate of substantial rehabilitation on or before June 12, 2020, the project is eligible so long as construction work is $\leq 85\%$ complete.

A multiple-building project is ineligible for AHP subsidy if it has received a certificate of occupancy and/or certificate of substantial rehabilitation on or before June 12, 2020 for $> 85\%$ of the units. If it has not received a certificate of occupancy and/or certificate of substantial rehabilitation on or before June 12, 2020 for $> 85\%$ of the units, the project is eligible so long as construction work is $\leq 85\%$ complete.

Rental Projects: Development Budget

Developer Fee

The maximum developer / consultant fee as a % of development costs* excluding developer and consultant fees are as follows:

Project Size	Hard Costs as a % of total project costs	Maximum Fee
All projects	$\leq 25.0\%$	7.5%

Project Size	Hard Costs as a % of total project costs	Maximum Fee
1 – 24 units	$> 25.0\%$	15.0%
25 or more units	$> 25.0\%$	12.0%

Note: For projects involving an acquisition where there is an identity of interest between the buyer and seller, the maximum developer / consultant fee calculated as described above will be limited to 5% of the acquisition.

When the acquisition is initially arms' length, but is followed by an acquisition where there is an identity of interest between the buyer and seller that is necessary to facilitate the project, the developer fee will not be limited to 5% of the acquisition.

In instances where the developer/consultant fee exceeds the Bank's guideline, deference may be given to the maximum established by the majority funder of the project, such as the state housing finance agency for the state in which the project is located.

* The market value of donated or discounted land, labor, and materials will not factor into development costs for purposes of this calculation

Low Income Housing Tax Credit Pricing

The sales price for Low Income Housing Tax Credits is subject to the following guidelines:

Tax-Credit Type	Minimum	Maximum
LIHTC	\$0.87	N/A

Capitalized Reserves

Reserve Type	Minimum	Maximum	Of
Lease-up Reserves: Used to cover expenses prior to stabilized occupancy	\$0	75%	Total operating expenses plus replacement reserves and all debt service payments, excluding cash flow notes during the absorption period identified in the market study.
Rental Assistance Reserves: Used to offset the loss of income from a rental assistance commitment	\$0	100%	Amount required per lender / syndicator documents. A detailed explanation of how the reserve was calculated, as well as how and when it will be used, must be provided. Note the FHLBC will evaluate the sizing and calculation of the reserves to determine reasonableness.
The sum of all other reserves	3 months	12 months	Total operating expenses plus replacement reserves and all debt service payments excluding cash flow notes.

Hard Cost Contingency

Construction Type	Minimum	Maximum
New Construction	5%	10%
Rehabilitation	8%	12%

Rental Projects: Operating Budget

Debt Coverage Ratio

The ratio of net operating income to all debt service payments **excluding** cash flow notes is subject to the following guideline throughout the 15-year operating pro-forma:

Project type	Minimum	Maximum
All projects	1.15	1.45

Expense to Income Ratio

For projects with little or no debt, the ratio of the sum of total operating expenses, replacement reserves, all debt service payments **including** cash flow notes, and deferred developer fee payments to effective gross income is subject to the following guidelines throughout the 15-year operating pro-forma:

Project type	Minimum	Maximum
All projects	85.0%	N/A

Cash Flow

The average annual per-unit cumulative cash flow throughout the 15-year operating pro-forma, net of the sum of total operating expenses, replacement reserves, all debt service payments **including** cash flow notes, and deferred developer fee payments, is subject to the following guidelines throughout the 15-year operating pro-forma:

Project type	Minimum	Maximum
All projects	\$0	\$500

Trending Factors

Annual cash-flow trending factors are subject to the following guidelines throughout the 15-year operating pro-forma:

Factor Type	Minimum	Maximum
Income	2%	3%
Expenses	3%	4%
Real Estate Taxes	3%	5%

Note: A minimum spread of 1% between the income and expenses trending factor is required.

Vacancy Rates

Annual operating income vacancy rates are subject to the following guidelines throughout the 15-year operating pro-forma:

Project type	Minimum	Maximum
All projects	5.0%	10.0%

Operating Costs per Unit

Annual per-unit operating expenses, net of real estate taxes, are subject to the following guidelines in the stabilized occupancy operating budget:

Project type	Minimum	Maximum
In-district projects	\$3,038	\$6,697

For out-of-district projects, Bank staff will apply the operating cost-per-unit guidelines determined by the Federal Home Loan Bank for the district where the project is located.

Management Fee

The property management fee, as a percentage of Effective Gross Income (EGI), is subject to the following guidelines:

Project type	Minimum	Maximum
All projects	3.0%	7.0%

Reserve Funding

Annual per-unit reserves funded through operations are subject to the following guidelines throughout the 15-year operating pro-forma. These guidelines represent Year 1 minimums that may increase thereafter at the annual rate of expenses:

Replacement Reserves		
Construction Type	Minimum (Year 1)	Maximum (Year 1)
New Construction	\$250	\$400
Rehabilitation	\$300	\$500

Operating Reserves		
Project type	Minimum	Maximum
All projects	\$0	Amount required per lender / syndicator documents. A detailed explanation of how the reserve was calculated, as well as how and when it will be used, must be provided. Note the Bank will evaluate the sizing and calculation of the reserves to determine reasonableness.

Loan Interest Rates

Interest rates on financing from any source are subject to the following guidelines:

Project type	Minimum	Maximum
All projects	0%	400 basis points above the Bank’s Community Advance rate on the date the application round opens

Owner-Occupied Projects: Development Budget

Developer Fee

The maximum developer / consultant fees are limited as follows:

Project Type	AHP Activity		Developer Fee Eligible	Developer Fee	Of
	Down Payment Assistance	New Construction / Rehabilitation			
Consumer	X		Yes	Up to \$500 per AHP-assisted unit	N/A
Consumer		X	Yes	12%	Hard costs
Consumer	X	X	Yes	12%	Hard costs
Sponsor		X	Yes	12%	Development costs*
Sponsor	X	X	Yes	12%	Development costs*

* Excluding developer and consultant fees. Additionally, the market value of donated or discounted land, labor, and materials will not factor into development costs for purposes of this calculation.

Pre-purchase Homebuyer Education and Counseling Costs

Per-household pre-purchase homebuyer education and counseling costs subsidized by AHP subsidy are limited as follows:

Project type	Minimum	Maximum
Purchase of AHP-assisted units	\$0	\$500
All other projects	\$0	\$0

Loan Interest Rates

Interest rates on financing from any source are subject to the following guidelines

Project type	Minimum	Maximum
All projects	0%	400 basis points above the Bank’s Community Advance rate on the date the application round opens

All Projects: Adjusted Development Cost per Unit

The maximum adjusted development cost-per-unit guidelines for in-district projects are as follows:

Predominant Bedroom Type

Location	Project Size (Units)	0 bedroom	1 bedroom	2 bedroom	3 bedroom	4+ bedroom
Chicago Metro	1-24	251,486	257,901	281,520	315,319	331,085
	25-49	233,567	245,860	332,275	348,889	366,333
	50+	162,571	288,831	319,528	329,900	346,395
Remainder of IL	1-24	87,686	170,845	198,149	203,910	214,106
	25-49	192,493	202,624	212,755	259,479	272,453
	50+	125,720	215,351	226,119	237,425	249,296
WI Metro	1-24	145,593	153,256	160,919	168,965	177,413
	25-49	143,116	150,648	158,577	166,506	174,831
	50+	136,435	152,379	181,666	190,749	200,287
Remainder of WI	1-24	119,601	125,895	162,913	246,469	258,792
	25-49	132,921	139,917	155,612	163,393	171,562
	50+	128,726	135,501	155,976	163,137	171,294

**Chicago Metro includes the counties of: Cook, DeKalb, DuPage, Grundy, Kane, Kendall, McHenry, and Will.*

**WI Metro includes the counties of: Columbia, Dane, Dodge, Green, Iowa, Jefferson, Milwaukee, Ozaukee, Sauk, Washington, and Waukesha.*

In instances where the adjusted development cost per unit exceeds the Bank’s guideline, deference may be given to the maximum established by the majority funder of the project, such as the state housing finance agency for the state in which the project is located.

For in-district projects, the adjusted development cost-per-unit is calculated as follows:

Adjusted Development Cost Per Unit Calculation by Project and Activity Type	
Rental Projects	
Acquisition Only	The quotient of the project’s building acquisition costs as the numerator and the total number of units in the project as the denominator
All Others	The quotient of the sum of the project’s construction costs, rehabilitation costs, on-site improvements, demolition, contingency, builders overhead, builders profit, and general requirements as the numerator and the total number of units in the project as the denominator
Owner-Occupied Projects	
All	The quotient of the sum of the project’s construction costs, rehabilitation costs, modular costs, on-site costs, demolition, contingency, builders overhead, builders profit, and general requirements as the numerator and the total number of units in the project as the denominator

For out-of-district projects, Bank staff will apply the development cost-per-unit guidelines determined by the Federal Home Loan Bank for the district where the project is located.

If the project cost exceeds the applicable FHLB guideline, the Bank will further analyze costs using its internal cost model.

EXHIBIT II

Scoring Guidelines

Projects meeting all eligibility requirements will be reviewed and scored based on nine scoring criteria that total 100 points. Each of the nine scoring criteria has been assigned a maximum point value. Fixed-point criteria (*i.e.*, pass/fail) are those that cannot be satisfied in varying degrees (“Fixed”). Applications meeting a fixed-point criterion will receive the maximum number of points allocated to that category. Variable-point criteria are those where there are varying degrees by which an application can satisfy the criteria (“Variable”).

The term “AHP-assisted unit” refers to a housing unit that is subject to an income-targeting commitment of $\leq 80\%$ AMI made to the Bank.

The term “total units” refers to the total number of units in the AHP project regardless of income targeting.

1. USE OF DONATED OR CONVEYED GOVERNMENT-OWNED OR OTHER PROPERTIES | 5 Variable Points

The creation of housing opportunities using a significant proportion, defined as $\geq 20\%$, of:

- (a) Land or units donated or conveyed by the federal government or any agency or instrumentality thereof:
 - 1) 1 point for land or units conveyed, or
 - 2) Up to 5 variable points for land or units donated or conveyed at a discount of $\geq 20\%$ below fair market value; or
- (b) Land or units donated or conveyed by any other party:
 - 1) Up to 5 variable points for land or units donated or conveyed at a discount of $\geq 20\%$ below the fair market value.

Rehabilitation-only projects that do not involve the acquisition of land or units/buildings are not eligible to receive points in this category.

With the exception of the federal government or any agency or instrumentality thereof, the property must be donated or conveyed by an entity not related to, or affiliated with, the member, sponsor, or owner through ownership or control.

Long-term leases of fifteen (15) years or longer with a rent payment of no more than \$100 annually qualify as donated.

The formula below must result in ≥ 1.00 in order for applicants to receive a score in this category. For projects with both donated and discounted land and/or units the score will be the sum of the donated and discounted calculations.

Points are awarded based on the following formula:

$$\left[\frac{B}{A} \right] \times 5 = \text{POINT(S)}$$

For land or units donated:

- A = Total number of units or total square feet of land in the project
- B = Number of units or total square feet of land donated to the project

For land or units conveyed at a discount:

- A = Fair market value of total units and/or total square feet of land not donated in the project
- B = Fair market value of total units and/or total square feet of land not donated in the project, less the total amount of conveyance

2. PROJECT SPONSORSHIP | 5 Fixed Points

Rental Projects 5 Fixed Points	
5 points	Sponsor must be a not-for-profit 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, and have an ownership interest that exceeds 50% of the managing member, general partner, or overall property ownership.

Owner-Occupied Projects 5 Fixed Points	
5 points	Sponsor must be a not-for-profit 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, and play at least one integral role in the project by (1) managing the construction or rehabilitation of 100% of the units, or (2) qualifying borrowers and providing or arranging financing for the owners of the owner-occupied units.

3. TARGETING | 20 Variable Points

The Bank will consider the extent to which the project creates housing for very low-, low-, or moderate-income households. For purposes of this scoring criterion, applications for owner-occupied and rental projects will be scored separately. To the extent the applicable formula below returns a negative result, zero points will be awarded in this category. To the extent the applicable formula returns a result greater than 20, the maximum number of points available in this category (*i.e.*, 20) will be awarded.

Rental Projects

Points will be awarded to projects that finance the purchase, construction, and/or rehabilitation of rental housing, of which $\geq 20\%$ of the units in the project will be occupied by very low-income households with incomes $\leq 50\%$ of area median income (“AMI”). For rental projects, units must be retained as affordable for fifteen (15) years.

- a. Rental projects where $\geq 60\%$ of the total units will be occupied by, and affordable to, very low-income households ($\leq 50\%$ of AMI) will receive 20 points.
- b. Rental projects that do not meet the 60% very low-income criteria will be awarded points on a declining scale based on the percentage of units in a project that are reserved for very low-income households and on the percentage of remaining units reserved for moderate-income households. Rental projects will be scored using the following formula:

$$25 \left[\frac{B - (.20(A))}{.80(A)} \right] + 16 \left[\frac{C}{.80(A)} \right] + 8 \left[\frac{D}{.80(A)} \right] + 0 [E] = \text{POINT(S)}$$

Where: A = Total Number of Units

B = Number of Units $\leq 50\%$ of AMI

C = Number of Units $> 50\%$ and $\leq 60\%$ of AMI

D = Number of Units $> 60\%$ and $\leq 80\%$ of AMI

E = Number of Units $> 80\%$ of AMI

Owner-Occupied Projects

Points will be awarded to projects that finance the purchase, construction, and/or rehabilitation of owner-occupied homes for low- and moderate-income households, in that priority order. For owner-occupied projects, incomes cannot exceed 80% of the AMI and units must be retained as affordable for five years.

- a. Owner-occupied projects where $\geq 60\%$ of the total units will be occupied by, and affordable to, low-income households ($\leq 60\%$ of AMI) will receive 20 points.
- b. Owner-occupied projects that do not meet the 60% low-income criteria will be awarded points on a declining scale based on the percentage of units in a project that are reserved

for low-income households and on the percentage of remaining units reserved for moderate-income households.

The following formula is used to determine the score:

$$25 \left[\frac{B}{A} \right] + 12.5 \left[\frac{C}{A} \right] = \text{POINT(S)}$$

Where: A = Total Number of Units

B = Number of Units \leq 60% of AMI

C = Number of Units $>$ 60% and \leq 80% of AMI

4. HOUSING FOR HOMELESS HOUSEHOLDS | 5 Fixed Points

Projects that (1) create rental housing, excluding overnight shelters, reserving 20% of the total units for homeless households, (2) create transitional housing permitting a minimum of six (6) months of occupancy, reserving 20% of the total units for homeless households, or (3) create permanent owner-occupied housing, reserving 20% of the total units for homeless households, are eligible to receive five points.

For purposes of this scoring criterion, homelessness is defined as:

- People who are living in a place not meant for human habitation, in an emergency shelter, in transitional housing, or are exiting an institution where they resided.
- People who are losing their primary nighttime residence.
- Families with children or unaccompanied youth who are unstably housed and likely to remain so.
- People who are fleeing or attempting to flee domestic violence, have no other residence, and lack the resources or support networks to obtain other permanent housing.

5. PROMOTION OF EMPOWERMENT | 5 Variable Points

Up to five points are available for projects that empower residents by providing housing in combination with the services identified below. Empowerment services are: (1) intended to increase the economic self-sufficiency of a household, and (2) not integral to the operation of the housing. Proposed services must be appropriate for the target population of the housing.

Five points will be given for projects committing to three services from the list below.

Three points will be given for projects committing to two services from the list below.

One point will be given for projects committing to one service from the list below.

Empowerment services eligible for points:

- Employment services (*i.e.*, employment/career counseling, job training and/or placement)
- Financial literacy, independent of pre-purchase homeownership education and/or counseling
- Education related to economic empowerment (*e.g.*, English as a Second Language (“ESL”), General Educational Development (“GED”), High School Equivalent Diploma (“HSED”), or computer classes)
- Youth education programs serving as a substitute for child care, or those that create employment and/or volunteer opportunities for youth
- Assistance accessing benefits and/or entitlements that provide income and/or reduce the cost of living
- Assistance with preparing income tax returns, including determining eligibility for the Earned Income Tax Credit (“EITC”)
- Workshops or instructional seminars for home maintenance, repairs, and/or improvements
- Pre-purchase homeownership education and counseling that is mandatory for all AHP-assisted homebuyers and is delivered by a provider that can evidence full adoption of the education and counseling standards of the National Industry Standards for Homeownership Education and Counseling. The Standards are available at www.homeownershipstandards.com.
- Post-purchase homeownership counseling that is mandatory for all AHP-assisted homeowners and is delivered by a provider that can evidence full adoption of the counseling standards of the National Industry Standards for Homeownership Education and Counseling. The Standards are available at www.homeownershipstandards.com.

6. DISTRICT PRIORITY 1 | 17 Variable Points

a. SPECIAL NEEDS | 5 Fixed Points

The financing of housing where 20% of the total units are reserved for occupancy by households with special needs are eligible to receive five points.

For purposes of this scoring criterion, special needs populations are defined as individuals with physical, mental, or developmental disabilities.

The individual with the qualifying special need(s) is not required to be the head of the household.

Alternatively, the financing of housing with a proposed scope of work such that 20% of the total units will be visitable by persons with physical disabilities who are not

occupants of such housing qualifies for five points in this scoring criterion. A visitable unit must include these three features: (1) at least one zero-step entrance approached by an accessible route on a firm surface proceeding from a driveway, accessible parking lot, or public streets or sidewalks; (2) doorways that are 32 inches clear throughout the floor plan of the unit; and (3) basic access to at least one half-bath/powder room on the main floor.

Projects subject to the design and construction requirements of the Federal Fair Housing Act are not eligible for visitable points.

The commitment of units in this category may be a combination of those occupied by individuals with special needs and those that are visitable.

b. RURAL HOUSING | 7 Fixed Points

Projects in which 50% of the total units are located in a rural area are eligible for seven points.

The Bank's definition of a rural area will be consistent with the U.S. Department of Agriculture definition. To determine if a particular location is designated as rural, please refer to: <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

c. IN-DISTRICT PROJECTS | 5 Fixed Points

Projects in which 100% of the total units are located within the states of Illinois and/or Wisconsin (*i.e.*, the Seventh District) are eligible for five points.

7. DISTRICT PRIORITY 2 | MEMBER FINANCIAL PARTICIPATION | 6 Variable Points

This scoring criterion measures the extent to which a member or members of the Bank financially participate(s) in a project, excluding pass-through of the AHP subsidy. For the purposes of this scoring criterion, eligible financial participation may also be provided by an entity in which the member has > 50% ownership interest, and/or by an entity or a subsidiary of an entity that has > 50% ownership interest in a member.

Housing Associates of the Bank are not considered members for the purposes of this scoring criterion.

For rental projects, the sum total of a member's or members' financial participation will be used to determine points in this scoring criterion. A member's or members' financial participation in a pooled loan or investment fund is not eligible for consideration.

Sponsor-driven owner-occupied projects are only eligible for points associated with short-term financing (*i.e.*, construction loan or bridge loan).

Rental Projects	
5 points	<p>If a member or members of the Bank provide(s) long-term financing with a minimum term of fifteen (15) years to the project (<i>i.e.</i>, permanent financing, participation in permanent financing, or letter of credit for credit enhancement), direct purchase of tax credits, or purchase of tax credits through a proprietary investment fund, the sum total of which constitutes $\geq 10\%$ of total development cost.</p> <p>Projects consisting of rehabilitation-only are eligible to receive points for long-term financing only if a member or members of the Bank commit(s) to provide financing for the proposed rehabilitation $\geq 10\%$ of total development cost.</p>
2 points	<p>If a member or members of the Bank provide(s) long-term financing with a minimum term of fifteen (15) years to the project (<i>i.e.</i>, permanent financing, participation in permanent financing, or letter of credit for credit enhancement), direct purchase of tax credits, or purchase of tax credits through a proprietary investment fund, the sum total of which constitutes $\geq 5\%$ and $< 10\%$ of total development cost.</p>
1 point	<p>If a member or members of the Bank provide(s) intermediate or short-term financing to the project (<i>i.e.</i>, construction or bridge loan, participation in a construction or bridge loan, or performance guaranty letters of credit), the sum of which constitutes $\geq 10\%$ of total development cost.</p>
Owner-Occupied Projects	
6 points	<p>If a member or members of the Bank will definitively provide financing with a minimum loan term of five (5) years to $\geq 50\%$ of all qualified homebuyers/homeowners.</p>
3 points	<p>If a member or members of the Bank will provide only short-term financing to the project (<i>i.e.</i>, construction loan or bridge loan) or will definitively provide financing with a minimum loan term of five (5) years to $\geq 25\%$ and $< 50\%$ of homebuyers/homeowners.</p>
1 point	<p>If a member or members of the Bank will provide financing with a minimum loan term of five (5) years to $\geq 10\%$ and $< 25\%$ of homebuyers/homeowners.</p>

8. AHP SUBSIDY PER UNIT | 10 Variable Points

The Bank will consider how effectively the project uses AHP subsidy dollars. Scoring is based on the extent to which the project proposes to use the least amount of AHP subsidy per AHP-assisted unit, *i.e.*:

$$\frac{\text{AHP Subsidy}}{\text{\# of AHP-assisted units}} = \$ \text{ Subsidy per Unit}$$

All Rental; Owner-Occupied Rehabilitation	
\$ Subsidy per Unit	Points
\$0 - \$15,000	10
\$15,000.01 - \$16,000	8
\$16,000.01 - \$17,000	6
\$17,000.01 - \$18,000	4
\$18,000.01 - \$19,000	2
\$19,000.01 or greater	0

Owner-Occupied Down Payment Assistance; Owner-Occupied Acquisition/Rehabilitation; Owner-Occupied New Construction	
\$ Subsidy per Unit	Points
\$0 - \$6,500	10
\$6,500.01 - \$7,000	8
\$7,000.01 - \$7,500	6
\$7,500.01 - \$8,000	4
\$8,000.01 - \$8,500	2
\$8,500.01 or greater	0

9. COMMUNITY STABILITY | 27 Variable Points

The Bank seeks to promote projects that incorporate characteristics of stable, vibrant, and inclusive communities. Points are available for the following criteria:

7 points	<p>Rehabilitation of Existing Occupied Housing</p> <p>To qualify:</p> <ul style="list-style-type: none"> • ≤ 25% of the total units in the project may be new construction; • Hard rehabilitation costs must be ≥ 25% of the total development cost; and • A project's vacancy rate at the time of AHP application must be ≤ 50%. <p>Homeownership projects involving acquisition are ineligible for points in this category.</p>
5 points	<p>Promotion or Preservation of Homeownership</p> <p>100% of the AHP-assisted beneficiaries must be homebuyers or existing homeowners.</p>

5 points	<p>Elimination of Blighting Influences</p> <p>Defined as projects involving one or more of the following characteristics:</p> <ul style="list-style-type: none"> • The inclusion of foreclosed properties and/or properties acquired via a short-sale; • The acquisition and rehabilitation of vacant and/or abandoned buildings that will become and/or be incorporated into the AHP-assisted project, where vacancy is not due to the impending rehabilitation; <i>or</i> • The demolition of a vacant and/or abandoned structure that will be replaced with the AHP-assisted project, where vacancy is not due to the impending demolition. <p>More than 50% of the total units in the project must meet the criteria to receive the points.</p>
3 points	<p>Permanent Supportive Housing</p> <p>Permanent supportive housing is defined as rental units that have <i>all</i> of the following characteristics:</p> <ul style="list-style-type: none"> • Targeted to individuals and/or families with a history of homelessness (as defined in this Plan), <i>and</i> • At least one person in the household has a disabling condition (including if a child has a disabling condition), <i>and</i> • Housing units are designed to allow the tenant(s) to live independently (<i>i.e.</i>, full private kitchen and bath facilities), <i>and</i> • Rents are affordable to households at $\leq 30\%$ of area median income, <i>and</i> • Supportive services are designed to increase rates of housing stability and retention, <i>and</i> • Tenants have leases and participation in supportive services is not a condition of tenancy. <p>20% of the total units in the project must meet the criteria to receive the points.</p>
3 points	<p>Projects of 24 or Fewer Units</p>
2 points	<p>Mixed-Income Locations</p> <p>Projects in a Census tract(s) where the median income equals or exceeds the median income for the county or metropolitan area.</p> <p>75% of the total units in the project must meet the criteria to receive the points.</p>

2 points	<p data-bbox="418 258 670 289">Large Family Units</p> <p data-bbox="418 331 1344 621">The addition of rental units with three or more bedrooms to the housing market; this is generally accomplished via new construction, unit reconfiguration in conjunction with rehabilitation, and/or adaptive reuse. The units must generally be spread evenly across the income targeting commitments or disproportionately concentrated in the lower income targeting tiers. Only units that are not age-restricted may be considered. Rehabilitation of existing three-bedroom units will not be considered in this category.</p> <p data-bbox="418 663 1336 718">15% of the total units in the project must meet the criteria to receive the points.</p>
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FEDERAL HOME LOAN BANK OF CHICAGO
2019-2020 AFFORDABLE HOUSING PROGRAM IMPLEMENTATION PLAN

This Implementation Plan (the “Plan”) sets forth certain policies, procedures, guidelines and requirements applicable to the Affordable Housing Program (“AHP”) of the Federal Home Loan Bank of Chicago (the “Bank”), as required by Part 1291 of the Code of Federal Regulations governing the AHP (12 C.F.R. Part 1291) (“Regulations”).¹ While the Implementation Plan includes pertinent information pertaining to the Bank’s AHP, the Plan is not intended to be a comprehensive statement of all of the Bank’s policies and procedures applicable to the AHP. In the event of a conflict between the Plan and the Regulations, the Regulations will govern.

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Exhibits

Exhibit I: Project Feasibility and Cost Guidelines for the Competitive Program

Exhibit II: Scoring Guidelines for the Competitive Program

¹ [In November 2018, the Federal Housing Finance Agency \(“FHFA”\) issued a Final Rule, setting forth new regulations for the Affordable Housing Program. The Final Rule provides that, through December 31, 2020, a Federal Home Loan Bank may comply with either the AHP regulations in effect immediately prior to the effective date of the Final Rule or the regulations set forth in the Final Rule, itself. The Bank has determined to continue to comply with the regulations in effect immediately prior to the effective date of the Final Rule through December 31, 2020. Therefore, the citations herein are not reflective of the new regulations set forth in the Final Rule, but rather of the older regulations. There is one exception, specifically, with respect to the requirements surrounding retention agreements for owner-occupied units. Section 1291.15\(a\)\(7\) of the Final Rule has a mandatory compliance date of January 1, 2020, and all references herein to that section are to the Final Rule, and not the older regulations.](#)

I. Median Income Standard

Section 1291.3(a)(1) of the Regulations requires the Bank to adopt one or more applicable median income standards. Accordingly, the median income guidelines published annually by the U.S. Department of Housing and Urban Development are adopted as the income standard used by the Bank. Projects that serve households that are eligible for assistance from a Tribally Designated Housing Entity may use the greater of the HUD or Native American Housing Assistance and Self Determination Act (NAHASDA) income guidelines. Such income guidelines are posted on the Bank's Community Investment website at www.fhlbc.com. AHP applications will be evaluated using the income guidelines effective on the date that the application round opens.

II. Requirements for the Bank's Competitive Program

A. Funding Periods and Application Process

1. In ~~2019-2020~~ there will be a single funding round. The application deadline is 5:00 p.m. (CT) on June ~~14, 2019~~ 12, 2020.
2. The Bank will accept applications for AHP subsidies under its Competitive Program only from institutions that are members of the Bank at the time of application submission, and will award subsidies only to institutions that are members of the Bank at the time of award approval.
3. Competitive Program applications must contain information sufficient for the Bank to:
 - a. Determine that the proposed AHP project meets the eligibility requirements pursuant to Sections II.B and II.C below; and
 - b. Evaluate the application pursuant to the Scoring Guidelines, attached hereto as Exhibit II.

B. Regulatory Minimum Eligibility Requirements

Projects receiving AHP subsidies pursuant to the Competitive Program must meet the following regulatory eligibility requirements:

1. *Owner-occupied or rental housing*
The AHP subsidy must be used exclusively for:
 - a. Owner-occupied housing. The purchase, construction, or rehabilitation of an owner-occupied project by or for very low-income, low-, or moderate-income households. A household must have an income meeting the income targeting commitments in the approved AHP application at the time it is qualified by the project sponsor for participation in such project. For additional information regarding acceptable timeframes for documentation used for sponsor qualification of household income, see the Bank's Affordable Housing Program Disbursement Policy.

- b. Rental housing. The purchase, construction, or rehabilitation of a rental project, where at least 20 percent of the units in such project are occupied by, and affordable for, very low-income households. A household must have an income meeting the income-targeting commitments in the approved AHP application upon initial occupancy of the rental unit, or for projects involving the purchase or rehabilitation of rental housing that already is occupied, at the time the application for AHP subsidy is submitted to the Bank for approval.

2. *Need for subsidy*

A project's estimated uses of funds must equal its estimated sources of funds, as reflected in such project's development budget. The difference between a project's sources of funds and uses of funds is the maximum amount of AHP subsidy such project may receive.

A project's sources of funds must include:

- a. Cash contributions by the sponsor, any funds from sources other than the sponsor, and estimates of funds the sponsor has obtained, or intends to obtain, from other sources, but which have not yet been committed to such project.
- b. In the case of owner-occupied projects where the sponsor extends permanent financing to the homebuyer, the sponsor's cash contribution must include the present value of any payments the sponsor is to receive from the buyer, including any cash down payment from the buyer, plus the present value of any purchase note the sponsor holds on the unit. If the note carries a market interest rate commensurate with the credit quality of the buyer, the present value of the note equals the face value of the note. If the note carries an interest rate below the market rate, the present value of the note must be determined using the market rate to discount the cash flows.
- c. Estimates of the market value of in-kind donations, voluntary professional labor and services, and sweat equity committed to the project should not be included as a source of funds.

3. *Project costs*

- a. A project's cash uses are the actual outlay of cash needed to pay for materials, labor, and acquisition or other costs of completing such project. Cash costs do not include in-kind donations, voluntary professional labor or services, or sweat equity. Non-cash costs should not be included as a use of funds.
- b. Taking into consideration the geographic location of a project, development conditions, and other non-financial project characteristics, the Bank will determine whether a project's costs, as reflected in such project's development budget, are reasonable in accordance with the

Bank's project cost guidelines, as set forth in the Bank's Project Feasibility and Cost Guidelines, attached hereto as Exhibit I.

- c. The purchase price of property or services, as reflected in the project's development budget, sold to the project by a member providing the AHP subsidy to the project, or, in the case of property upon which such member holds a mortgage or lien, may not exceed the market value of such property or services as of the date the purchase price was agreed upon. In the case of "real estate owned property" sold to a project by a member providing an AHP subsidy to such project, or property sold to the project upon which the member holds a mortgage or lien, the market value of such property is deemed to be the "as-is" or "as-rehabilitated" value of such property, whichever is appropriate, as reflected in an independent appraisal of such property performed by a state certified appraiser or licensed appraiser, as defined in 12 C.F.R. 564.2(j) and (k) respectively, within six months prior to the date the Bank disburses the AHP subsidy to a project. "As-rehabilitated" is defined as the prospective value of a property after all construction has been completed. This value reflects all expenditures for lease-up and occupancy that may be expected to have occurred at that point in time, which may or may not put the property at stabilized value.

4. *Project feasibility*

- a. Developmental feasibility. A project must be likely to be completed and occupied, based on relevant factors, as set forth in the Bank's Project Feasibility and Cost Guidelines, attached hereto as Exhibit I, including, but not limited to, the development budget, market analysis, project timeline, and the project sponsor's experience in providing the requested assistance to households.
- b. Operational feasibility of rental projects. A rental project must be able to operate in a financially sound manner, and in accordance with the Bank's Project Feasibility and Cost Guidelines, attached hereto as Exhibit I, as projected in the project's operating *pro forma*.
- c. The Bank will evaluate the developmental, ~~and~~ operational ~~and~~ financial feasibility of a project and the need for AHP subsidy, as required by the Regulations, using the Project Feasibility and Cost Guidelines, attached hereto as Exhibit I.

5. *Financing costs*

The rate of interest, points, fees, and any other charges for all loans that are made for the project in conjunction with the AHP subsidy must not exceed a reasonable market rate of interest, points, fees, and other charges for loans of similar maturity, terms, and risk.

6. *Timing of AHP subsidy use*

At the time of application, the AHP subsidy must be likely to be drawn down by the project or used by the project to procure other financing commitments within 12 months of the date of approval of the application for AHP subsidy.

7. *Counseling costs*

AHP subsidies may be used to pay for counseling costs only where such costs are incurred in connection with counseling of homebuyers who actually purchase an AHP-assisted unit, and the cost of counseling has not been covered by another funding source, including the member.

8. *Refinancing*

A project may use an AHP subsidy to refinance an existing single-family or multi-family mortgage loan, provided that the refinancing produces equity proceeds, and such equity proceeds up to the amount of the AHP subsidy in such project must be used only for the purchase, construction, or rehabilitation of housing units meeting the applicable eligibility requirements of Section II.B of this Plan.

9. *Retention²*

- a. Owner-occupied units, excluding those units approved for rehabilitation-only, will be subject to a five (5) year retention agreement, as described in Section IV of this Plan.
- b. Rental projects will be subject to a fifteen (15) year retention agreement, as described in Section IV of this Plan.

10. *Project sponsor qualifications*

- a. Sponsor is defined as a not-for-profit or for-profit organization or public entity that (1) has an ownership interest in a rental project, or (2) is integrally involved in an owner-occupied project.
 1. Rental project: For purposes of the definition of sponsor, “ownership interest” means that (i) the sponsor is the owner of the rental project, or (ii) the sponsor has an ownership interest (including any partnership interest) in the entity that is the owner of the rental project.
 2. Owner-occupied projects: For purposes of the definition of sponsor, “integrally involved” means the sponsor (i) manages the construction or rehabilitation of 100% of the units, or (ii) qualifies borrowers and provides or arranges financing for the owners of the owner-occupied units.

² Per the FHFA’s Final Rule, issued on November 28, 2018, Section 1291.15(a)(7) of the new regulations, related to retention agreements for owner-occupied units, has a mandatory compliance deadline of January 1, 2020.

3. A project's sponsor must be qualified and able to perform its responsibilities as committed to in the application for an AHP subsidy.

11. *Fair housing*

A project, as proposed, must comply with applicable federal and state laws on fair housing and housing accessibility including, but not limited to, the Fair Housing Act, the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, and the Architectural Barriers Act of 1969, and the project must demonstrate how such project will be affirmatively marketed.

12. *Calculation of AHP subsidy*

- a. Where an AHP direct subsidy is provided to a project to write down the interest rate on a loan extended by a member, sponsor, or other party to a project, the net present value of the interest foregone from making the loan below the lender's market interest rate must be calculated as of the date the application for the AHP subsidy is submitted to the Bank, and subject to adjustment under section 1291.5(g)(4) of the Regulations.
- b. Where an AHP subsidized advance is provided to a project, the net present value of the interest revenue foregone from making a subsidized advance at a rate below the Bank's cost of funds must be determined as of the earlier of the date of disbursement of the subsidized advance or the date prior to disbursement on which the Bank first manages the funding to support the subsidized advance through its asset/liability management system, or otherwise.

13. *District eligibility requirements*

Pursuant to section 1291.5(c)(15)(i) of the Regulations, the Bank has adopted the following district eligibility requirements:

- a. The Bank will limit the amount of subsidy for which a member applicant may apply to a maximum of 25% of the subsidy announced for each application period. The limit will be calculated using the following parameters: 1) the order in which applications are in "Member Approved" status in AHP Online, and 2) for applications with member consortiums, 100% of the requested subsidy will be applied toward the 25% limit of each member applicant.
- b. The Bank will limit the amount of subsidy per project to \$900,000 or 75% of the total project costs, whichever is less.

14. *Eligible and Ineligible uses of AHP subsidies*

For information regarding eligible and ineligible uses of AHP Subsidy, see the Bank's Affordable Housing Program Eligible and Ineligible Uses of AHP Subsidy Policy.

The Bank may limit or deny funds for projects submitted to more than one Federal Home Loan Bank if such projects are the same or substantially similar.

The Bank has not adopted, and does not have a program for, revolving loan funds or loan pools.

C. Scoring Guidelines

The Bank's scoring system is described in detail in the Scoring Guidelines, attached hereto as Exhibit II.

D. Approval of AHP Applications

The applications receiving the highest overall scores will be reviewed by the Bank's Senior Manager and presented to the Bank's President. Those applications will then be recommended to the Affordable Housing Committee of the Bank's Board of Directors for award approval. Such Committee will approve applications for AHP subsidy in descending order starting with the highest scoring application until the total subsidy amount for the particular funding round, except for any amount insufficient to fund the next highest scoring application, has been allocated. At least the next four highest scoring applications will be recommended for approval as alternates, and within six months of approval, the Bank may fund such alternates if any previously committed AHP subsidies become available.

In the event that two or more applications have identical scores in the same funding round and there is insufficient AHP subsidy to approve all of the tied applications, the Bank shall apply the following methodology to determine which application(s) are approved for AHP subsidy:

Step 1: Determine if any of the tied applications have a recommended subsidy amount exceeding the total AHP funds remaining to be awarded. If so, this application shall be approved as an alternate and excluded from participation in the tie-breaking event.

Step 2: Compare the AHP subsidy amounts recommended for the remaining tied applications, and approve the applications for funding in order from smallest to largest AHP subsidy recommended, until the total AHP funds remaining are exhausted. If two or more tied applications are recommended for the same subsidy amount, and there is insufficient subsidy to approve them all, proceed to Step 3.

Step 3: Compare the AHP subsidy amount recommended per assisted unit for the remaining tied applications, and approve the applications for funding in order from smallest to largest AHP subsidy per assisted unit, until the total AHP funds remaining are exhausted. If two or more tied applications have the same AHP subsidy per assisted unit, and there is insufficient subsidy to approve them all, proceed to Step 4.

Step 4: Compare the remaining tied applications' recommended AHP subsidies as a percentage of their project's total development cost, and approve the applications for funding in order from smallest to largest percentage of total development costs until the total AHP funds remaining are exhausted. If there are still two or more applications with tied scores under this criterion and insufficient subsidy to approve them all, those applications will be treated as alternates.

E. AHP Applications: Post Approval

1. Project Changes

An AHP Project is approved based on the information provided in the Application. The Bank must be notified of any proposed changes to the AHP Project.

For information regarding changes to an approved AHP Project see the Bank's Affordable Housing Program Project Change Policy.

2. Disbursements of AHP Subsidy

Following Application approval, AHP Projects may request disbursement of the AHP Subsidy as set forth in the Bank's Affordable Housing Program Subsidy Disbursement Policy.

3. Monitoring AHP Projects

Following Application approval, AHP Projects will be subject to Bank monitoring. For additional information regarding the monitoring of AHP Projects, see the Bank's Affordable Housing Program Monitoring Policy.

4. Non-Compliant AHP Projects

Following Application approval, AHP Projects will be monitored to determine compliance with the AHP Regulations, the Subsidy Agreement, the Retention Agreement, the AHP Implementation Plan for the applicable Funding Round under which the AHP Project was approved, and Bank policies and procedures. For additional information on the areas for which the Bank may determine there is non-compliance, the remedies available for resolution of non-compliance and the implication of non-compliance, see the Bank's Affordable Housing Program Non-Compliance Policy.

III. Requirements for the Bank's Set-Aside Program

A. Establishment of Set-Aside Program

The Bank's Set-Aside Program will consist of two funding pools: a general pool (referred to as Downpayment Plus[®] or DPP[®]) and a restricted pool (referred to as Downpayment Plus Advantage[®] or DPP Advantage[®]). In ~~2019~~2020, the Bank will allocate up to the greater of \$4.5 million or 35% of its annual required AHP contribution to the Set-Aside Program. At least one-third of the Bank's aggregate set-aside allocation will assist first-time homebuyers, as required in section 1291.2(b)(2)

of the Regulations.

Members participating in DPP may access set-aside subsidies on behalf of eligible homebuyers or homeowners to whom they are providing first mortgages. Members participating in DPP Advantage may access set-aside subsidies on behalf of eligible homebuyers with first mortgage financing from a not-for-profit organization.

Unless otherwise noted, eligibility, funding, and monitoring requirements set forth below for the Set-Aside Program apply to both DPP and DPP Advantage.

B. Eligible Applicants – Member Enrollment

The Bank may only accept applications (i.e., Program Agreements) for its Set-Aside Program from institutions that are members of the Bank at the time of application submission.

C. Minimum Eligibility Requirements

The Bank’s Set-Aside Program eligibility requirements include the following:

1. *Member allocation criteria*

The Bank will accept reservations after the allocation for the program year has been announced to the Bank’s members. Any member seeking to reserve funds in the program must have first executed a Program Agreement. At the time of program enrollment and at reservation, the Bank will verify that the institution is a member and is not restricted from utilizing Community Investment programs. Funds will be available on a first-come, first-served basis, until the member limit has been reached or the program funds have been fully reserved, whichever occurs first.

The member limit for DPP is \$420,000 for the ~~2019-2020~~ program year. There is no member limit for DPP Advantage funds. Program utilization will be monitored throughout the year, and if Bank management determines that the funds allocated to the Set-Aside Program are not likely to be reserved prior to program year-end, the Senior Manager, based on an evaluation of needed down payment assistance within the Seventh District, is authorized to increase the member limit to up to \$800,000, effective on or after August 1, ~~2019~~~~2020~~. The Senior Manager will inform the Affordable Housing Committee of the Board of Directors, and the Bank will notify participating members, of any such change to the member limit for ~~2019~~~~2020~~.

2. *Eligible households*

Members must ensure the following requirements are satisfied:

- a. Subject to the Bank’s review and approval, the member will determine that the household’s income does not exceed 80% of the median income for the area in which the property is located (as set forth in the AHP and

DPP Income Calculation Guidelines and DPP Program Guide) and will apply to the Bank for a reservation of funding for the homebuyer. The date on which the member determines that the household is income eligible for ~~a~~ DPP assistance based on the income documents submitted to the Bank will be deemed the enrollment date.

- b. All households using the set-aside subsidy must complete a homebuyer education and counseling program provided by an organization that has adopted the education and counseling components of the National Industry Standards for Homeownership Education and Counseling or by an online platform approved by the Bank.
 - c. A minimum of one-third of households accessing set-aside funds must be first-time homebuyers, pursuant to the first-time homebuyer requirement in section 1291.2(b)(2) of the Regulations. A first-time homebuyer is defined by the Bank as a household meeting any one of the following criteria:
 - i. An unmarried individual, or an individual and his or her spouse, who has/have not owned a home during the three-year period prior to the date of purchase of a home with AHP assistance.
 - ii. A divorced, legally separated, or widowed individual who has only owned with a (former) spouse.
 - iii. An unmarried individual, or an individual and his or her spouse, who has/have only owned a property that was not in compliance with state, local, or model building codes, and which cannot be brought into compliance for less than the cost of constructing a permanent structure.
 - d. Households may only receive a set-aside subsidy once every five (5) years.
3. *Maximum grant amount*
- a. Grants to households cannot exceed \$6,000, except as provided below.
 - b. For DPP, homebuyers must contribute a minimum of \$1,000 (*net*) toward the purchase of the home. The maximum grant amount is the lesser of a 3:1 match of the homebuyer's contribution; \$6,000; or 25% of the first mortgage amount.
 - c. For DPP Advantage, there is no homebuyer contribution or matching requirement. The grant amount is the lesser of 25% of the first mortgage amount or \$6,000.
 - d. Program utilization will be monitored throughout the year, and if Bank management determines that the funds allocated to the Set-Aside Program are not likely to be reserved prior to program year-end, the Senior Manager, based on an evaluation of needed down payment assistance within the Seventh District, is authorized to increase the maximum grant

amount per household to up to \$12,000, effective on or after August 1, ~~2019~~2020, for either DPP, DPP Advantage, or both. The minimum borrower contribution shall remain \$1,000 for DPP; however, the Senior Manager is authorized to adjust or eliminate the matching requirement.

~~d.e.~~ At any time during the year, the Senior Manager will have the discretion to allow a maximum grant amount per household of up to \$15,000, as well as other concessions or exceptions, as permitted by the Regulations, for grants made through the Set-Aside Program as part of any program implemented by the Bank to provide disaster relief, as authorized by the Bank's Board of Directors and announced on the Bank's public website. The Senior Manager will inform the Affordable Housing Committee of the Board of Directors and the Bank will notify participating members, of any such change to the maximum grant amount per household for ~~2019~~2020.

4. *Eligible uses of AHP direct subsidy*

Households must use the subsidy to pay for down payment, closing costs, counseling, or rehabilitation assistance in connection with the household's purchase or rehabilitation of an owner-occupied unit, including a condominium or cooperative housing unit or manufactured housing, to be used as the household's primary residence.³

5. *Retention Agreement*⁴

An owner-occupied unit ~~using set-aside funds for purchase~~, or ~~purchase and rehabilitation, using set-aside funds~~ will be subject to a five- (5) year retention agreement per Section IV of this Plan. ~~-A retention agreement should not be recorded for owner-occupied units approved for rehabilitation-only.~~⁵

6. *Financing costs*

The rate of interest, points, fees, and any other charges for loans made to households using the set-aside subsidy for purchase or rehabilitation must not exceed a reasonable market rate of interest, points, fees, and other charges for loans of similar maturity, terms, and risk.

7. *Counseling costs*

Set-aside funds may be used to pay for ~~pre-purchase homebuyer education and~~ counseling costs only where such costs are incurred in connection with ~~educating and~~ counseling ~~of~~ homebuyers who actually purchase an AHP-assisted unit, and the cost of ~~education and~~ counseling has not been covered by another funding source, including the member. ~~Homebuyer eEducation and Counseling-counseling~~ costs reimbursed by the set-aside funds may not exceed \$~~700-500~~ per household.

³ ~~The Bank's Set-Aside Program does not currently support the use of subsidy for rehabilitation-only.~~

⁴ ~~Per the FHFA's Final Rule, issued on November 28, 2018, Section 1291.15(a)(7) of the new regulations, related to retention agreements for owner-occupied units, has a mandatory compliance deadline of January 1, 2020.~~

⁵ ~~The Bank's Set-Aside Program does not currently support the use of subsidy for rehabilitation-only.~~

8. *Cash back to household*

A member may provide cash back to a household at closing on the mortgage loan in an amount not exceeding \$250. If the amount of set-aside subsidy that exceeds what is needed for closing costs and the approved mortgage amount is more than \$250, the member must use the amount in excess as a credit to reduce the principal of the mortgage loan.

D. Procedure for Funding Set-Aside Subsidies

1. *Reservation of set-aside subsidies*

The Bank will accept reservations after the allocation for the program year has been announced to the Bank's members. Any member seeking to reserve funds in the program must have first executed a Program Agreement. The member will determine household eligibility subject to the Bank's review and approval and will apply to the Bank for a reservation of funding for the homebuyer. Funds will be available on a first-come, first-served basis, until the member limit has been reached or the program funds have been fully reserved, whichever occurs first.

2. *Progress toward use of set-aside subsidies*

The Bank requires reservations for its set-aside funds to be initiated by December 31 of the allocation year. While allocated funds are still available, the reserved amount of any cancelled reservations will be returned to the set-aside program in which it was originally reserved.

3. *Disbursement of Set-Aside Subsidies*

- a. Members accessing DPP set-aside funds for purchase or rehabilitation must fund or originate the first mortgage. The first mortgage may be funded or originated by a subsidiary of the member provided the member has greater than 50% ownership interest in the subsidiary, or by a subsidiary of the member's parent company provided the parent company has greater than 50% ownership interest in the subsidiary. The first mortgage may also be funded or originated by a member's parent company if the parent company has greater than 50% ownership interest in the member.
- b. At closing, the member will disburse its own funds and submit loan documentation and verification of eligibility to the Bank for review and reimbursement to the member. The Bank will:
 - i. Verify that the requesting institution is a member at the time of disbursement;
 - ii. Verify that the requesting institution is not restricted from utilizing Community Investment programs;
 - iii. Verify that there is an executed Program Agreement between the Bank and the member, pursuant to the Regulations; and
 - iv. Review each loan for certification of eligibility pursuant to the Regulations prior to member reimbursement.

- c. The member will be required to assume the liability for any:
 - i. Subsidies made to an ineligible household, or
 - ii. Subsidies used for an ineligible purpose.

E. Monitoring Policies for Set-Aside Program

1. The Bank will require the member to certify, prior to each disbursement for each set-aside transaction, that:
 - a. The set-aside subsidy was provided to a household meeting all applicable eligibility requirements of section 1291.6(c) of the Regulations and the Bank's Set-Aside Program policies; and
 - b. All other applicable eligibility requirements in section 1291.6 of the Regulations and the Bank's Set-Aside Program policies are met.
2. The Bank will require the member to maintain, for the Bank's review, any documentation necessary for the Bank to determine whether assisted households meet all applicable eligibility requirements of section 1291.6(c) of the Regulations and the Bank's Set-Aside Program policies, including that the AHP-assisted units are subject to the required retention agreements, if applicable.
3. The Bank will review certifications provided by the member for each set-aside transaction prior to disbursement of the set-aside subsidy.

IV. Retention Agreement Requirements

A. Retention Agreements⁶

The Bank will require retention agreements for its Competitive and Set-Aside Programs consistent with the requirements of ~~section 1291.915(a)(7) and (a)(8) of the Regulations ("the Retention Vehicle").~~ For rental units, those requirements are set forth in the regulations pre-dating the November 2018 Final Rule, at section 1291.9(a)(8). For owner-occupied units, those requirements are set forth in the Final Rule at section 1291.15(a)(7). After December 31, 2019, retention agreements should no longer be recorded for owner-occupied units approved for rehabilitation-only.

1. Rental projects

For rental projects, members are required to execute and record a Retention Vehicle that enumerates the requirements of section 1291.9(a)(8) of the Regulations including:

⁶ Per the FHFA's Final Rule, issued on November 28, 2018, Section 1291.15(a)(7) of the new regulations, related to retention agreements for owner-occupied units, has a mandatory compliance deadline of January 1, 2020.

- a. The 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 approved AHP application for the duration of the retention period;
- b. The Bank or its designee is to be given notice of any sale or refinancing of the project occurring prior to the end of the retention period;
- c. In the case of a sale or refinancing of the project prior to the end of the retention period, the full amount of the direct subsidy received by the owner must be repaid to the Bank, unless (i) the project continues to be subject, for the duration of the retention period, to a deed restriction or other legally enforceable retention agreement or mechanism incorporating the income-eligibility and affordability restrictions committed to in the approved AHP application, or (ii) if authorized by the Bank, in its discretion, the households are relocated, due to the exercise of eminent domain, or for the expansion of housing or services, to another property that is made subject, for the remainder of the retention period, to a deed restriction or other legally enforceable retention agreement or mechanism incorporating the income-eligibility and affordability restrictions committed to in the approved AHP application; and
- d. The income-eligibility and affordability restrictions applicable to the project terminate after any foreclosure.

Members are further required to ensure the Retention Vehicle is enforceable under applicable law, is in the proper form for recording under applicable law, and is properly recorded. The Bank has provided its preferred forms of Retention Vehicle on its website at www.fhlbc.com.

Members are also required to secure the subsidy for rental projects via a mortgage or other appropriate real property security instrument, naming the member as the secured party. Members are further required to ensure that the mortgage or other appropriate real property security instrument is enforceable under applicable law, is in the proper form for recording under applicable law, and is properly recorded.

2. Owner-occupied ~~projects~~units

~~For projects involving owner-occupied units, excluding those units approved for rehabilitation-only, members are required to execute and record a Retention Vehicle that enumerates the requirements of section 1291.15(a)(7) of the Final Rule including:~~

~~For owner-occupied projects, members are required to execute and record a Retention Vehicle that enumerates the requirements of section 1291.9(a)(7) of the~~

Regulations including:

- a. ~~The Bank or~~ and its designee is to ~~shall~~ be given notice of any sale, transfer, assignment of title or deed, or refinancing of the unit by the household occurring ~~prior to the end of~~ during the AHP five- (5) year ~~the~~ retention period;

~~—~~ In the case of a sale, transfer, assignment of title or deed, or refinancing of the unit by the household during the retention period, the amount of AHP subsidy calculated in accordance with Section IV(A)(2)(e) of this Plan (below) shall be repaid to the Bank, unless one of the following exceptions applies:

b.

- i. The unit was assisted with a permanent mortgage loan funded by an AHP subsidized advance;
- ii. The subsequent purchaser, transferee, or assignee is a low- or moderate-income household, as determined by the Bank. For all sales, transfers, or assignments, the Bank or its designee shall determine the subsequent household's income using one or more proxies that are reliable indicators of the subsequent household's income, unless documentation demonstrating that household's actual income is available. ~~The Bank or its designee is not required to request or obtain such income documentation, but must use it in lieu of a proxy if available.~~ (including transfers or assigns) of the unit prior to the end of the retention period, an amount equal to a *pro rata* share of the direct subsidy, reduced for every full month the seller owned the unit, shall be repaid to the Bank from any net gain realized upon the transaction, unless (i) the unit is sold to a very low-, low-, or moderate-income household, (ii) the unit was assisted with a permanent mortgage loan funded by an AHP subsidized advance,
- iii. The amount of the AHP subsidy that would be required to be repaid per the calculation in Section IV(A)(2)(e) of this Plan (below) is \$2,500 or less; or
- iv. Following a refinancing, the unit continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism.
- i. ~~—~~ or (iii) in the case of the homeowner's death, the unit is sold, transferred, or assigned to heirs of the homeowner.

- b. ~~—~~ In the case of refinancing of the unit prior to the end of the retention period, an amount equal to a *pro rata* share of the direct subsidy, reduced for every full month the household owned the unit, shall be repaid to the Bank from any net gain realized upon the refinancing, unless (i) the unit continues to be subject, for the duration of the retention period, to a deed

~~restriction or other legally enforceable retention agreement or mechanism, or (ii) the unit was assisted with a permanent mortgage loan funded by an AHP subsidized advance.~~

- ~~c. AHP subsidy shall be repaid to the Bank if the Bank has not authorized its re-use by the member or sponsor, has authorized its re-use but not its retention by the member or sponsor, or has authorized its re-use and retention but funds are not re-used in accordance with Bank requirements. AHP subsidy shall be repaid to the member or sponsor for re-use by the member or sponsor if the Bank has authorized its retention and re-use by the member or sponsor.~~
- ~~d. The obligation to repay an AHP subsidy to the Bank will terminate after any event of foreclosure, transfer by deed-in-lieu of foreclosure, an assignment of a Federal Housing Administration first mortgage to HUD, or death of the AHP-assisted homeowner. foreclosure. For clarity, this means that the obligation to repay an AHP subsidy will also terminate after transfer by a deed in lieu of foreclosure and, with respect to an AHP-assisted home financed with an FHA-insured first mortgage, an assignment of the mortgage to the Secretary of HUD.~~
- ~~e.e. The Bank shall be repaid the lesser of: (i) the AHP subsidy, reduced on a pro rata basis per month until the unit is sold, transferred, or its title or deed transferred, or is refinanced, during the AHP five- (5) year retention period; or (ii) any net proceeds from the sale, transfer, or assignment of title or deed of the unit, or the refinancing, as applicable, minus the AHP-assisted household's investment.~~

Members are further required to ensure the Retention Vehicle is enforceable under applicable law, is in the proper form for recording under applicable law, and is properly recorded. The Bank has provided its preferred forms of Retention Vehicle on its website at www.fhlbc.com.

Members should not secure the subsidy for owner-occupied projects with a mortgage or other real property security instrument.

3. Inception of Retention Period:

- a. For rental projects, the date of project completion will be considered the inception of the fifteen- (15) year retention period. The date of project completion is the later of: 1) the date the project reports an 85% occupancy rate, 2) the date when construction or rehabilitation is complete, or 3) the date of the final disbursement of AHP subsidy.
- ~~b. For owner-occupied projects~~ units subject to a retention agreement, the inception of the five- (5) year retention period will begin on the retention

agreement execution date:

~~e.b. For AHP-assisted units involving homebuyer acquisitions, the retention agreement execution date, which~~ must correspond to the closing/settlement date set forth on the final closing disclosure for that unit.

~~i. For AHP-assisted units that do not involve homebuyer acquisition and consist of rehabilitation only, the retention agreement execution date should correspond to the date upon which all rehabilitation work for that unit was completed.~~

Approved by the Board of Directors
on the ~~25th~~ 12th day of ~~September~~ December, ~~2018~~ 2019
and amended on the 8th day of April, 2020
by the Affordable Housing Committee of
the Board of Directors

Its Corporate Secretary

EXHIBIT I

Project Feasibility and Cost Guidelines for the Competitive Program

The Bank has established requirements and guidelines for determining project feasibility and the need for the requested AHP subsidy pursuant to section 1291.5(c)(4) of the Regulations. Project feasibility includes an evaluation of the sponsor's experience, as well as requirements such as financing commitments, zoning, and site control that ensure the project is likely to be completed and occupied. The determination of project feasibility and need for subsidy also include a policy on substantially complete projects and guidelines for developmental and operational feasibility. These guidelines serve as a benchmark for evaluating projects and may be used as a basis for adjusting or rejecting requests for a subsidy in the application, modification, and pre- and post-disbursement stages of a project. Exceptions to these guidelines will be considered by the Bank on a case-by-case basis based on an evaluation of information and supporting data justifying the need for such exception. Bank staff will make recommendations to the Affordable Housing Committee of the Bank's Board of Directors.

All projects will be evaluated for reasonableness and a need for subsidy. Projects with values outside of the following guidelines must provide an explanation. Additionally, the guidelines for maximum values below will be utilized as a benchmark for determining over-subsidization.

Unless otherwise indicated, the following feasibility guidelines apply to both in-district as well as out-of-district (i.e., not in Illinois or Wisconsin) projects.

All Projects: Project Feasibility

Applicants requesting AHP subsidies pursuant to the Competitive Program must meet the following requirements:

1. Status and Authority of Sponsor
 - a. All sponsor applicants must submit a Certificate of Good Standing or Status (or equivalent) from the state in which the sponsor is incorporated. If the proposed project is located in a state other than the state of sponsor incorporation, a Certificate of Authority (or equivalent) from that state must also be submitted.
 - b. Sponsor applicants attempting Project Sponsorship points should refer to the Guide for Sponsor Applicants for additional documentation requirements.
2. Sponsor Experience
 - a. Sponsors must demonstrate the capacity to fulfill all roles, responsibilities, and obligations throughout the entire AHP retention period. If the sponsor has little or no previous affordable housing development experience, the sponsor and its development and property management team will be evaluated to determine whether adequate development and compliance experience exists to successfully complete the project.

- b. In addition to previous development and management experience, sponsors of previously approved AHP projects will be evaluated on:
- i. AHP project milestones, including subsidy disbursement, project completion, and timely submission of compliance reporting;
 - ii. Event(s) of non-compliance, including type and frequency of event(s), timeliness of communication by sponsor, and remediation efforts; and,
 - iii. Progress toward meeting project commitments.

3. Committed Financing

- For rental projects utilizing the 9% Federal Low Income Housing Tax Credit (LIHTC), the member/sponsor must provide 1) evidence of an LIHTC award, and 2) a letter of interest or intent for the LIHTC equity. If these two items are not available as of the June 12 AHP application deadline, then they must be submitted by June 26, 2020; failing to do so will cause the application to be deemed ineligible and withdrawn from the 2020 competitive round to the FHLBank Chicago within one calendar week of notification by the tax credit allocating agency of the LIHTC award.
- For rental projects utilizing the 4% Federal LIHTC, the member/sponsor must provide 1) a bond issuing agency confirmation of intent to issue bonds, 2) an executed letter of interest or intent for the LIHTC equity, and 3) an executed letter of interest or intent to purchase the bonds or facilitate the sale of the bonds, or confirmation from the bond issuing agency that the bonds will be sold through a public offering.
- ~~For rental projects not utilizing the 9% or 4% Federal LIHTC and for all owner-occupied projects, the member/sponsor must provide evidence of committed funding sources, exclusive of any requested AHP, that are $\geq 50\%$ of the total development cost. For projects in which the requested AHP subsidy is $\geq 50\%$ of the total development cost, 100% of the remaining funds must be committed and evidenced. For projects in which the requested AHP subsidy is $\geq 50\%$ of the total development cost, 100% of the remaining sources must be committed and evidenced. All other applicants must evidence committed permanent financing sources, exclusive of requested AHP, that total $\geq 50\%$ of the total development cost.~~
- ~~Additionally:~~
- ~~For rental projects utilizing the 9% Low Income Housing Tax Credit (LIHTC), the member/sponsor must provide 1) evidence of an LIHTC award, and 2) a letter of interest or intent for the LIHTC equity.~~
- ~~For rental projects utilizing the 4% LIHTC: the member/sponsor must provide 1) a bond issuing agency confirmation of intent to issue bonds, 2) an executed letter of interest or intent for the LIHTC equity, and 3) an executed letter of interest or intent to purchase the bonds or facilitate the sale of the bonds, or confirmation from the bond issuing agency that the bonds will be sold through a public offering.~~

4. Zoning

Identified sites must be appropriately zoned for the proposed use at the time of application submission. Exceptions may include unidentified sites and projects that have submitted an application to the zoning authority to have the site appropriately zoned for the proposed use.

5. Site Control

Site control is required for all identified sites in all projects. Site control is not required for scattered site single family units that are unidentified at the time of application. Examples of scattered site single family units that are unidentified at the time of application include rental projects utilizing these sites and consumer driven down-payment assistance and owner-occupied rehabilitation projects.

For rental projects, site control must be in the name of an individual or entity that is identified in the ownership organizational chart for the proposed project. For sponsor-driven owner-occupied projects, site control must be in the name of the project sponsor.

6. Substantially Complete Projects

A single-building project is ineligible for AHP subsidy if it has received a certificate of occupancy and/or certificate of substantial rehabilitation on or before June ~~14, 2019~~ 12, 2020. If it has not received a certificate of occupancy and/or certificate of substantial rehabilitation on or before June ~~14, 2019~~ 12, 2020, the project is eligible so long as construction work is ≤ 85% complete.

A multiple-building project is ineligible for AHP subsidy if it has received a certificate of occupancy and/or certificate of substantial rehabilitation on or before June ~~14, 2019~~ 12, 2020 for > 85% of the units. If it has not received a certificate of occupancy and/or certificate of substantial rehabilitation on or before June ~~14, 2019~~ 12, 2020 for > 85% of the units, the project is eligible so long as construction work is ≤ 85% complete.

Rental Projects: Development Budget

Developer Fee

The maximum developer / consultant fee as a % of development costs* excluding developer and consultant fees are as follows:

Project Size	Hard Costs as a % of total project costs	Maximum Fee
All projects	≤ 25.0%	7.5%

Project Size	Hard Costs as a % of total project costs	Maximum Fee
1 – 24 units	> 25.0%	15.0%
25 or more units	> 25.0%	12.0%

Note: For projects involving an acquisition where there is an identity of interest between the buyer and seller, the maximum developer / consultant fee calculated as described above will be limited to 5% of the acquisition.

When the acquisition is initially arms' length, but is followed by an acquisition where there is an identity of interest between the buyer and seller that is necessary to facilitate the project, the developer fee will not be limited to 5% of the acquisition.

In instances where the developer/consultant fee exceeds the Bank's guideline, deference may be given to the maximum established by the majority funder of the project, such as the state housing finance agency for the state in which the project is located.

* The market value of donated or discounted land, labor, and materials will not factor into development costs for purposes of this calculation

Low Income Housing Tax Credit Pricing

The sales price for Low Income Housing Tax Credits is subject to the following guidelines:

Tax-Credit Type	Minimum	Maximum
LIHTC	\$0.87	N/A

Capitalized Reserves

Reserve Type	Minimum	Maximum	Of
Lease-up Reserves: Used to cover expenses prior to stabilized occupancy	\$0	75%	Total operating expenses plus replacement reserves and all debt service payments, excluding cash flow notes during the absorption period identified in the market study.
Rental Assistance Reserves: Used to offset the loss of income from a rental assistance commitment	\$0	100%	Amount required per lender / syndicator documents. A detailed explanation of how the reserve was calculated, as well as how and when it will be used, must be provided. Note the FHLBC will evaluate the sizing and calculation of the reserves to determine reasonableness.
The sum of all other reserves	3 months	12 months	Total operating expenses plus replacement reserves and all debt service payments excluding cash flow notes.

Hard Cost Contingency

Construction Type	Minimum	Maximum
New Construction	5%	10%
Rehabilitation	8%	12%

Rental Projects: Operating Budget

Debt Coverage Ratio

The ratio of net operating income to all debt service payments **excluding** cash flow notes is subject to the following guideline throughout the 15-year operating pro-forma:

Project type	Minimum	Maximum
All projects	1.15	1.45

Expense to Income Ratio

For projects with little or no debt, the ratio of the sum of total operating expenses, replacement reserves, all debt service payments **including** cash flow notes, and deferred developer fee payments to effective gross income is subject to the following guidelines throughout the 15-year operating pro-forma:

Project type	Minimum	Maximum
All projects	85.0%	N/A

Cash Flow

The average annual per-unit cumulative cash flow throughout the 15-year operating pro-forma, net of the sum of total

operating expenses, replacement reserves, all debt service payments **including** cash flow notes, and deferred developer fee payments, is subject to the following guidelines throughout the 15-year operating pro-forma:

Project type	Minimum	Maximum
All projects	\$1000	\$500

Trending Factors

Annual cash-flow trending factors are subject to the following guidelines throughout the 15-year operating pro-forma:

Factor Type	Minimum	Maximum
Income	2%	3%
Expenses	3%	4%
Real Estate Taxes	3%	5%

Note: A minimum spread of 1% between the income and expenses trending factor is required.

Vacancy Rates

Annual operating income vacancy rates are subject to the following guidelines throughout the 15-year operating pro-forma:

Project type	Minimum	Maximum
All projects	5.0%	10.0%

Operating Costs per Unit

Annual per-unit operating expenses, net of real estate taxes, are subject to the following guidelines in the stabilized occupancy operating budget:

Project type	Minimum	Maximum
In-district projects	\$2,950 \$3,038	\$6,502 \$6,697

For out-of-district projects, Bank staff will apply the operating cost-per-unit guidelines determined by the Federal Home Loan Bank for the district where the project is located.

Management Fee

The property management fee, as a percentage of Effective Gross Income (EGI), is subject to the following guidelines:

Project type	Minimum	Maximum
All projects	3.0%	7.0%

Reserve Funding

Annual per-unit reserves funded through operations are subject to the following guidelines throughout the 15-year operating pro-forma. These guidelines represent Year 1 minimums that may increase thereafter at the annual rate of expenses:

Replacement Reserves		
Construction Type	Minimum (Year 1)	Maximum (Year 1)
New Construction	\$250	\$400
Rehabilitation	\$300	\$500

Operating Reserves		
Project type	Minimum	Maximum
All projects	\$0	Amount required per lender / syndicator documents. A detailed explanation of how the reserve was calculated, as well as how and when it will be used, must be provided. Note the Bank will evaluate the sizing and calculation of the reserves to determine reasonableness.

Loan Interest Rates

Interest rates on financing from any source are subject to the following guidelines:

Project type	Minimum	Maximum
All projects	0%	400 basis points above the Bank's Community Advance rate on the date the application round opens

Owner-Occupied Projects: Development Budget

Developer Fee

The maximum developer / consultant fees are limited as follows:

Project Type	AHP Activity		Developer Fee Eligible	Developer Fee %	Of
	Down Payment Assistance	New Construction / Rehabilitation			
Consumer	X		No Yes	Up to \$500 per AHP-assisted unitN/A	N/A
Consumer		X	Yes	12%	Hard costs
Consumer	X	X	Yes	12%	Hard costs
Sponsor		X	Yes	12%	Development costs*
Sponsor	X	X	Yes	12%	Development costs*

* Excluding developer and consultant fees. Additionally, the market value of donated or discounted land, labor, and materials will not factor into development costs for purposes of this calculation.

Homeowner Pre-purchase Homebuyer Education and Counseling Costs

Per-household pre-purchase homebuyer education and counseling costs subsidized by AHP subsidy are limited as follows:

Project type	Minimum	Maximum
Purchase of AHP-assisted units	\$0	\$700 500
All other projects	\$0	\$0

Loan Interest Rates

Interest rates on financing from any source are subject to the following guidelines

Project type	Minimum	Maximum
All projects	0%	400 basis points above the Bank's Community Advance rate on the date the application round opens

All Projects: Adjusted Development Cost per Unit

The maximum adjusted development cost-per-unit guidelines for in-district projects are as follows:

Predominant Bedroom Type

Location	Project Size (Units)	0-bedroom	1-bedroom	2-bedroom	3-bedroom	4+ bedroom
Chicago Metro	1-24	226,950	262,660	281,520	323,749	372,311
	25-49	187,982	247,345	272,079	293,232	337,217
	50+	223,225	293,555	302,392	329,900	379,385
Remainder of IL	1-24	85,534	133,270	192,306	203,250	233,738
	25-49	160,202	177,751	197,501	259,140	298,011
	50+	127,398	208,746	229,621	264,064	303,674
WI Metro	1-24	101,330	131,729	144,902	162,541	196,572
	25-49	138,111	179,544	197,498	207,902	239,087
	50+	134,834	146,096	157,861	181,541	208,772
Remainder of WI	1-24	98,362	129,424	154,664	246,469	283,439
	25-49	105,026	138,192	145,741	167,602	192,742
	50+	101,487	133,536	144,111	151,295	173,989

Predominant Bedroom Type

Location	Project Size (Units)	0 bedroom	1 bedroom	2 bedroom	3 bedroom	4+ bedroom
Chicago Metro	1-24	251,486	257,901	281,520	315,319	331,085
	25-49	233,567	245,860	332,275	348,889	366,333
	50+	162,571	288,831	319,528	329,900	346,395
Remainder of IL	1-24	87,686	170,845	198,149	203,910	214,106
	25-49	192,493	202,624	212,755	259,479	272,453
	50+	125,720	215,351	226,119	237,425	249,296
WI Metro	1-24	145,593	153,256	160,919	168,965	177,413
	25-49	143,116	150,648	158,577	166,506	174,831
	50+	136,435	152,379	181,666	190,749	200,287
Remainder of WI	1-24	119,601	125,895	162,913	246,469	258,792
	25-49	132,921	139,917	155,612	163,393	171,562
	50+	128,726	135,501	155,976	163,137	171,294

*Chicago Metro includes the counties of: Cook, DeKalb, DuPage, Grundy, Kane, Kendall, McHenry, and Will.

*WI Metro includes the counties of: Columbia, Dane, Dodge, Green, Iowa, Jefferson, Milwaukee, Ozaukee, Sauk, Washington, and Waukesha.

In instances where the adjusted development cost per unit exceeds the Bank’s guideline, deference may be given to the maximum established by the majority funder of the project, such as the state housing finance agency for the state in which the project is located.

For in-district projects, the adjusted development cost-per-unit is calculated as follows:

Adjusted Development Cost Per Unit Calculation by Project and Activity Type	
Rental Projects	
Acquisition Only	The quotient of the project’s building acquisition costs as the numerator and the total number of units in the project as the denominator
All Others	The quotient of the sum of the project’s construction costs, rehabilitation costs, on-site improvements, demolition, contingency, builders overhead, builders profit, and general requirements as the numerator and the total number of units in the project as the denominator
Owner-Occupied Projects	
All	The quotient of the sum of the project’s construction costs, rehabilitation costs, modular costs, on-site costs, demolition, contingency, builders overhead, builders profit, and general requirements as the numerator and the total number of units in the project as the denominator

For out-of-district projects, Bank staff will apply the development cost-per-unit guidelines determined by the Federal Home Loan Bank for the district where the project is located.

If the project cost~~adjusted development cost per unit~~ exceeds the applicable FHLB guideline, the Bank will further analyze costs using its internal cost model.

EXHIBIT II Scoring Guidelines

Projects meeting all eligibility requirements will be reviewed and scored based on nine scoring criteria that total 100 points. Each of the nine scoring criteria has been assigned a maximum point value. Fixed-point criteria (*i.e.*, pass/fail) are those that cannot be satisfied in varying degrees (“Fixed”). Applications meeting a fixed-point criterion will receive the maximum number of points allocated to that category. Variable-point criteria are those where there are varying degrees by which an application can satisfy the criteria (“Variable”).

The term “AHP-assisted unit” refers to a housing unit ~~in an owner-occupied project or a rental project that is receiving AHP subsidy~~ that is subject to an income-targeting commitment of <80% AMI made to the Bank.

The term “total units” refers to the total number of units in the AHP project regardless of income targeting.

1. USE OF DONATED OR CONVEYED GOVERNMENT-OWNED OR OTHER PROPERTIES | 5 Variable Points

The creation of housing opportunities using a significant proportion, defined as $\geq 20\%$, of:

- (a) Land or units donated or conveyed by the federal government or any agency or instrumentality thereof:
 - 1) 1 point for land or units conveyed, or
 - 2) Up to 5 variable points for land or units donated or conveyed at a discount of $\geq 20\%$ below fair market value; or
- (b) Land or units donated or conveyed by any other party:
 - 1) Up to 5 variable points for land or units donated or conveyed at a discount of $\geq 20\%$ below the fair market value.

Rehabilitation-only projects that do not involve the acquisition of land or units/buildings are not eligible to receive points in this category.

With the exception of the federal government or any agency or instrumentality thereof, the property must be donated or conveyed by an entity not related to, or affiliated with, the member, sponsor, or owner through ownership or control.

Long-term leases of fifteen (15) years or longer with a rent payment of no more than \$100 annually qualify as donated.

The formula below must result in ≥ 1.00 in order for applicants to receive a score in this category. For projects with both donated and discounted land and/or units the score will be the sum of the donated and discounted calculations.

Points are awarded based on the following formula:

$$\left[\frac{B}{A} \right] \times 5 = \text{POINT(S)}$$

For land or units donated:

A = Total number of units or total square feet of land in the project

B = Number of units or total square feet of land donated to the project

For land or units conveyed at a discount:

A = Fair market value of total units and/or total square feet of land not donated in the project

B = Fair market value of total units and/or total square feet of land not donated in the project, less the total amount of conveyance

2. PROJECT SPONSORSHIP | 5 Fixed Points

Rental Projects 5 Fixed Points	
5 points	Sponsor must be a not-for-profit 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, and have an ownership interest that exceeds 50% of the managing member, general partner, or overall property ownership.

Owner-Occupied Projects 5 Fixed Points	
5 points	Sponsor must be a not-for-profit 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, and play at least one integral role in the project by (1) managing the construction or rehabilitation of 100% of the units, or (2) qualifying borrowers and providing or arranging financing for the owners of the owner-occupied units.

3. TARGETING | 20 Variable Points

The Bank will consider the extent to which the project creates housing for very low-, low-, or moderate-income households. For purposes of this scoring criterion, applications for owner-occupied and rental projects will be scored separately. To the extent the applicable formula below returns a negative result, zero points will be awarded in this category. To the extent the applicable formula returns a result greater than 20, the maximum number of points available in this category (*i.e.*, 20) will be awarded.

Rental Projects

Points will be awarded to projects that finance the purchase, construction, and/or rehabilitation of rental housing, of which $\geq 20\%$ of the units in the project will be occupied by very low-income households with incomes $\leq 50\%$ of area median income (“AMI”). For rental projects, units must be retained as affordable for fifteen (15) years.

- a. Rental projects where $\geq 60\%$ of the total units will be occupied by, and affordable to, very low-income households ($\leq 50\%$ of AMI) will receive 20 points.
- b. Rental projects that do not meet the 60% very low-income criteria will be awarded points on a declining scale based on the percentage of units in a project that are reserved for very low-income households and on the percentage of remaining units reserved for moderate-income households. Rental projects will be scored using the following formula:

$$25 \left[\frac{B - (.20(A))}{.80(A)} \right] + 16 \left[\frac{C}{.80(A)} \right] + 8 \left[\frac{D}{.80(A)} \right] + 0 [E] = \text{POINT(S)}$$

Where: A = Total Number of Units

B = Number of Units $\leq 50\%$ of AMI

C = Number of Units $> 50\%$ and $\leq 60\%$ of AMI

D = Number of Units $> 60\%$ and $\leq 80\%$ of AMI

E = Number of Units $> 80\%$ of AMI

Owner-Occupied Projects

Points will be awarded to projects that finance the purchase, construction, and/or rehabilitation of owner-occupied homes for low- and moderate-income households, in that priority order. For owner-occupied projects, incomes cannot exceed 80% of the AMI and units must be retained as affordable for five years.

- a. Owner-occupied projects where $\geq 80\%$ of the total units will be occupied by, and affordable to, low-income households ($\leq 60\%$ of AMI) will receive 20 points.
- b. Owner-occupied projects that do not meet the 80% low-income criteria will be awarded points on a declining scale based on the percentage of units in a project that are

reserved for low-income households and on the percentage of remaining units reserved for moderate-income households.

The following formula is used to determine the score:

$$21.25 \left[\frac{B}{A} \right] + 14.12.5 \left[\frac{C}{A} \right] = \text{POINT(S)}$$

Where: A = Total Number of Units

B = Number of Units \leq 60% of AMI

C = Number of Units $>$ 60% and \leq 80% of AMI

4. HOUSING FOR HOMELESS HOUSEHOLDS | 5 Fixed Points

Projects that (1) create rental housing, excluding overnight shelters, reserving 20% of the ~~AHP-assisted~~total units for homeless households, (2) create transitional housing permitting a minimum of six (6) months of occupancy, reserving 20% of the total units for homeless households, or for homeless households permitting a minimum of six (6) months of occupancy, or (3) create permanent owner-occupied housing, reserving 20% of the ~~AHP-assisted~~total units for homeless households, are eligible to receive five points.

For purposes of this scoring criterion, homelessness is defined as:

- People who are living in a place not meant for human habitation, in an emergency shelter, in transitional housing, or are exiting an institution where they resided.
- People who are losing their primary nighttime residence.
- Families with children or unaccompanied youth who are unstably housed and likely to remain so.
- People who are fleeing or attempting to flee domestic violence, have no other residence, and lack the resources or support networks to obtain other permanent housing.

5. PROMOTION OF EMPOWERMENT | 5 Variable Points

Up to five points are available for projects that empower residents by providing housing in combination with the services identified below. Empowerment services are: (1) intended to increase the economic self-sufficiency of a household, and (2) not integral to the operation of the housing. Proposed services must be appropriate for the target population of the housing.

Five points will be given for projects committing to three services from the list below.

Three points will be given for projects committing to two services from the list below.

One point will be given for projects committing to one service from the list below.

Empowerment services eligible for points:

- Employment services (*i.e.*, employment/career counseling, job training and/or placement)
- Financial literacy, independent of pre-purchase homeownership education and/or counseling
- Education related to economic empowerment (*e.g.*, English as a Second Language (“ESL”), General Educational Development (“GED”), High School Equivalent Diploma (“HSED”), or computer classes)
- Youth education programs serving as a substitute for child care, or those that create employment and/or volunteer opportunities for youth
- Assistance accessing benefits and/or entitlements that provide income and/or reduce the cost of living
- Assistance with preparing income tax returns, including determining eligibility for the Earned Income Tax Credit (“EITC”)
- Workshops or instructional seminars for home maintenance, repairs, and/or improvements
- Pre-purchase homeownership education and counseling that is mandatory for all AHP-assisted homebuyers and is delivered by a provider that can evidence full adoption of the education and counseling standards of the National Industry Standards for Homeownership Education and Counseling. The Standards are available at www.homeownershipstandards.com.
- Post-purchase homeownership counseling that is mandatory for all AHP-assisted homeowners and is delivered by a provider that can evidence full adoption of the counseling standards of the National Industry Standards for Homeownership Education and Counseling. The Standards are available at www.homeownershipstandards.com.

6. DISTRICT PRIORITY 1 | 17 Variable Points

a. SPECIAL NEEDS | 5 Fixed Points

The financing of housing where 20% of the ~~AHP-assisted~~total units are reserved for occupancy by households with special needs are eligible to receive five points.

For purposes of this scoring criterion, special needs populations are defined as individuals with physical, mental, or developmental disabilities.

The individual with the qualifying special need(s) is not required to be the head of the household.

Alternatively, the financing of housing with a proposed scope of work such that 20% of the total units will be visitable by persons with physical disabilities who are not occupants of such housing qualifies for five points in this scoring criterion. A visitable unit must include these three features: (1) at least one zero-step entrance approached by an accessible route on a firm surface proceeding from a driveway, accessible parking lot, or public streets or sidewalks; (2) doorways that are 32 inches clear throughout the floor plan of the unit; and (3) basic access to at least one half-bath/powder room on the main floor.

Projects subject to the design and construction requirements of the Federal Fair Housing Act are not eligible for visitable points.

The commitment of units in this category may be a combination of those occupied by individuals with special needs and those that are visitable.

b. RURAL HOUSING | 7 Fixed Points

Projects in which 50% of the ~~AHP-assisted~~total units are located in a rural area are eligible for seven points.

The Bank's definition of a rural area will be consistent with the U.S. Department of Agriculture definition. To determine if a particular location is designated as rural, please refer to: <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

c. IN-DISTRICT PROJECTS | 5 Fixed Points

Projects in which 100% of the ~~AHP-assisted~~total units are located within the states of Illinois and/or Wisconsin (*i.e.*, the Seventh District) are eligible for five points.

7. DISTRICT PRIORITY 2 | MEMBER FINANCIAL PARTICIPATION | 6 Variable Points

This scoring criterion measures the extent to which a member or members of the Bank financially participate(s) in a project, excluding pass-through of the AHP subsidy. For the purposes of this scoring criterion, eligible financial participation may also be provided by an entity in which the member has > 50% ownership interest, and/or by an entity or a subsidiary of an entity that has > 50% ownership interest in a member. Financing provided by subsidiaries of entities with > 50% ownership interest in a member is eligible for points under this scoring criterion.

Housing Associates of the Bank are not considered members for the purposes of this scoring criterion.

For rental projects, the sum total of a member's or members' financial participation will be used to determine points in this scoring criterion. A member's or members' financial participation in a pooled loan or investment fund is not eligible for consideration.

Sponsor-driven owner-occupied projects are only eligible for points associated with short-term financing (*i.e.*, construction loan or bridge loan).

Rental Projects	
5 points	<p>If a member or members of the Bank provide(s) long-term financing with a minimum term of fifteen (15) years to the project (<i>i.e.</i>, permanent financing, participation in permanent financing, or letter of credit for credit enhancement), direct purchase of tax credits, or purchase of tax credits through a proprietary investment fund, the sum total of which constitutes $\geq 10\%$ of total development cost.</p> <p>Projects consisting of rehabilitation-only are eligible to receive points for long-term financing only if a member or members of the Bank commit(s) to provide financing for the proposed rehabilitation $\geq 10\%$ of total development cost.</p>
2 points	<p>If a member or members of the Bank provide(s) long-term financing with a minimum term of fifteen (15) years to the project (<i>i.e.</i>, permanent financing, participation in permanent financing, or letter of credit for credit enhancement), direct purchase of tax credits, or purchase of tax credits through a proprietary investment fund, the sum total of which constitutes $\geq 5\%$ and $< 10\%$ of total development cost.</p>
1 point	<p>If a member or members of the Bank provide(s) intermediate or short-term financing to the project (<i>i.e.</i>, construction or bridge loan, participation in a construction or bridge loan, or performance guaranty letters of credit), the sum of which constitutes $\geq 10\%$ of total development cost.</p>
Owner-Occupied Projects	
6 points	<p>If a member or members of the Bank will definitively provide financing with a minimum loan term of five (5) years to $\geq 50\%$ of all qualified homebuyers/homeowners.</p>
3 points	<p>If a member or members of the Bank will provide only short-term financing to the project (<i>i.e.</i>, construction loan or bridge loan) or will definitively provide financing with a minimum loan term of five (5) years to $\geq 25\%$ and $< 50\%$ of homebuyers/homeowners.</p>
1 point	<p>If a member or members of the Bank will provide financing with a minimum loan term of five (5) years to $\geq 10\%$ and $< 25\%$ of homebuyers/homeowners.</p>

8. AHP SUBSIDY PER UNIT | 10 Variable Points

The Bank will consider how effectively the project uses AHP subsidy dollars. Scoring is based on the extent to which the project proposes to use the least amount of AHP subsidy per AHP-assisted unit, *i.e.*:

$$\frac{\text{AHP Subsidy}}{\text{\# of AHP-assisted units}} = \$ \text{ Subsidy per Unit}$$

All Rental; Owner-Occupied Rehabilitation	
\$ Subsidy per Unit	Points
\$0 - \$15,000	10
\$15,000.01 - \$16,000	8
\$16,000.01 - \$17,000	6
\$17,000.01 - \$18,000	4
\$18,000.01 - \$19,000	2
\$19,000.01 or greater	0

Owner-Occupied Down Payment Assistance; Owner-Occupied Acquisition/Rehabilitation; Owner-Occupied New Construction	
\$ Subsidy per Unit	Points
\$0 - \$6,000 <u>\$6,500</u>	10
\$6,000 <u>\$500.01</u> - \$6,500 <u>\$7,000</u>	8
\$6,57,000.01 - \$7,000 <u>\$500</u>	6
\$7,000 <u>\$500.01</u> - \$7,58,000	4
\$7,58,000.01 - \$8,000 <u>\$500</u>	2
\$8,000 <u>\$500.01</u> or greater	0

9. COMMUNITY STABILITY | 27 Variable Points

The Bank seeks to promote projects that incorporate characteristics of stable, vibrant, and inclusive communities. Points are available for the following criteria:

7 points	<p>Rehabilitation of Existing Occupied Housing</p> <p>To qualify:</p> <ul style="list-style-type: none"> • ≤ 25% of the total AHP-assisted units in the project can <u>may</u> be new construction; • Hard rehabilitation costs must be ≥ 25% of the total development cost; and • A project's vacancy rate at the time of AHP application must be ≤ 50%. <p>Homeownership projects involving acquisition are ineligible for points in this category.</p>
5 points	<p>Promotion or Preservation of Homeownership</p> <p>100% of the AHP-assisted beneficiaries must be homebuyers or existing homeowners.</p>

5 points	<p>Elimination of Blighting Influences</p> <p>Defined as projects involving one or more of the following characteristics:</p> <ul style="list-style-type: none"> • The inclusion of foreclosed properties and/or properties acquired via a short-sale; • The acquisition and rehabilitation of vacant and/or abandoned buildings that will become and/or be incorporated into the AHP-assisted project, <u>where vacancy is not due to the impending rehabilitation</u>; <i>or</i> • The demolition of a vacant and/or abandoned structure that will be replaced with the AHP-assisted project, <u>where vacancy is not due to the impending demolition</u>. <p>More than 50% of the AHP-assisted<u>total</u> units in the project must meet the criteria to receive the points.</p>
3 points	<p>Permanent Supportive Housing</p> <p>Permanent supportive housing is defined as rental units that have <i>all</i> of the following characteristics:</p> <ul style="list-style-type: none"> • Targeted to individuals and/or families with a history of homelessness (as defined in this Plan), <i>and</i> • At least one person in the household has a disabling condition (including if a child has a disabling condition), <i>and</i> • Housing units are designed to allow the tenant(s) to live independently (<i>i.e.</i>, full private kitchen and bath facilities), <i>and</i> • Rents are affordable to households at $\leq 30\%$ of area median income, <i>and</i> • Supportive services are designed to increase rates of housing stability and retention, <i>and</i> • Tenants have leases and participation in supportive services is not a condition of tenancy. <p>20% of the AHP-assisted<u>total</u> units in the project must meet the criteria to receive the points.</p>
3 points	Projects of 24 or Fewer Units
2 points	<p>Mixed-Income Locations</p> <p>Projects in a Census tract(s) where the median income equals or exceeds the median income for the county or metropolitan area.</p> <p>75% of the AHP-assisted<u>total</u> units in the project must meet the criteria to receive the points.</p>

2 points	<p data-bbox="418 260 669 289">Large Family Units</p> <p data-bbox="418 331 1372 655">The addition of rental units with three or more bedrooms to the housing affordable market; this is generally accomplished via new construction, unit reconfiguration in conjunction with rehabilitation, and/or adaptive reuse. The units must generally be spread evenly across the income targeting commitments <u>or disproportionately concentrated in the lower income targeting tiers. Only units that are not age-restricted may be considered.</u> Points are only available to projects that are not age-restricted. Rehabilitation of existing affordable three-bedroom units will not be considered in this category.</p> <p data-bbox="418 697 1372 768">15% of the AHP-assisted <u>total</u> units in the project must meet the criteria to receive the points.</p>
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