

Policy Title: Affordable Housing Program Definitions

Effective Date: 3/28/2018

The FHLBC has established and implemented these **Definitions** for use with the following policies under the **Competitive Application Program: Disbursement Policy, Eligible and Ineligible Uses of AHP Subsidy Policy, Monitoring Policy, Non-Compliance Policy, and Project Change Policy.**

Affordable* means that:

- (1) The rent charged to a household for a unit that is to be reserved for occupancy by a household with an income at or below 80 percent of the median income for the area does not exceed 30 percent of the income of a household of the maximum income and size expected, under the commitment made in the AHP application, to occupy the unit (assuming occupancy of 1.5 persons per bedroom or 1.0 persons per unit without a separate bedroom); or
- (2) The rent charged to a household, for rental units subsidized with Section 8 assistance under 42 U.S.C. § 1437f or subsidized under another assistance program where the rents are charged in the same way as under the Section 8 program, if the rent complied with § 1291.1 of the Regulations at the time of the household's initial occupancy and the household continues to be assisted through the Section 8 or another assistance program, respectively

AHC means the Affordable Housing Committee of the **Board**

AHP-Assisted Unit means a housing unit in an **Owner-Occupied Project** or a **Rental Project** that is receiving **AHP Subsidy**

AHP Implementation Plan means the document that sets forth certain policies, procedures, guidelines, and requirements applicable to the **Competitive Application Program** and the **Homeownership Set-Aside Program** pursuant to the requirements of § 1291.3 of the **Regulations** specific to each year and round that **Applications** are accepted

AHP Project* means a single-family or multifamily housing project for owner-occupied or rental housing that has been awarded or has received **AHP Subsidy** under the **Competitive Application Program**

AHP Subsidy means funds awarded and allocated under the **Competitive Application Program**

Application means the entire set of documents and data required and requested by, and submitted to, the **FHLBC**, through the **Funding Round**, that describe a proposed **AHP Project**

Award Date means the date on which an **AHP Project** was approved by the **Board** for an award of **AHP Subsidy**. For alternates, the project's **Award Date** is the date on which the Bank converts the project from an alternate project to an **AHP Project**.

Beneficiary means the individual(s) identified on the title of the **Retention Agreement**

Board means the **FHLBC's** Board of Directors

CIO means the Community Investment Officer of the **FHLBC's** Community Investment Department

Commitments means the scoring characteristics in the approved **AHP Project** and described in the **AHP Implementation Plan** under which the **AHP Project** was approved for an award of **AHP Subsidy**; **Commitments** are confirmed by the **FHLBC** through its review of the **Application** or through an approved **Modification**, and are reflected in the **Project Approval Record**

Competitive Application Program* means a program established by the **FHLBC** under which the **FHLBC** awards and disburses **AHP Subsidy** through a competitive application scoring process pursuant to the requirements of § 1291.5 of the **Regulations** and known as the Competitive Affordable Housing Program in the **AHP Implementation Plan**

Consumer-Driven Project means an **Owner-Occupied Project** where the **AHP-Assisted Unit** will never be owned by the **Sponsor** prior to the sale to a homebuyer

Cure Period means the period of time, as set forth in the **Cure Plan**, for the resolution of **Non-Compliance**

Cure Plan means a plan to remedy **Non-Compliance** as set forth in the **Non-Compliance Policy**

Debarment means an action taken to permanently prohibit a **Member**, **Sponsor**, or **Owner** from participation in the **Competitive Application Program** and **Homeownership Set Aside Program** as set forth in the **Suspension and Debarment Policy**

Definitions means the **FHLBC's** Affordable Housing Program Definitions or those definitions provided in the AHP regulations if not defined herein.

De-Obligation means a **full or partial** reduction in the amount of **AHP Subsidy** in an **AHP Project** as set forth in the **Project Change Policy**

Disbursement Policy means the **FHLBC's** Affordable Housing Program Subsidy Disbursement Policy

Eligible and Ineligible Uses of AHP Subsidy Policy means the **FHLBC's** Affordable Housing Program Eligible and Ineligible Uses of AHP Subsidy Policy

FHFA means the Federal Housing Finance Agency

FHLBC means the Federal Home Loan Bank of Chicago

Funding Round means the period of time during which the **FHLBC** accepts **Applications** for **AHP Projects** under the **Competitive Application Program**

Good Standing means one of the following, as applicable:

*In the case of **Members**:* means that the institution is a current member of the **FHLBC**, and that it is not currently suspended or debarred under the **Suspension and Debarment Policy**, and that the **Member's AHP Projects** are in compliance, or the **Member** is acceptably remedying events of non-compliance as determined by the **FHLBC**, and described in the **Non-Compliance Policy**

*In the case of **Sponsors**:* means that the **Sponsor** is not currently suspended or debarred under the **Suspension and Debarment Policy**, and that the **Sponsor's AHP Projects** are in compliance, or the **Sponsor** is acceptably remedying events of non-compliance as determined by the **FHLBC**, and described in the **Non-Compliance Policy**

Homeownership Set-Aside Program* means a program established by the **FHLBC** under which the **FHLBC** disburses AHP direct subsidy pursuant to the requirements of § 1291.6 of the **Regulations**

Identity of Interest means the existence of any of the following conditions between the buyer and seller of land or buildings purchased or acquired for an **AHP Project**

- A common officer, director, stockholder, member, partner, or entity in the buyer and seller; or
- A financial interest of any officer, director, stockholder, member, partner, or entity in the other party to the transaction

Initial Draw Down means the first disbursement of **AHP Subsidy** to an **AHP Project** as set forth in the **Disbursement Policy**

LIHTC means the Low-Income Housing Tax Credit as described in section 42 of the Internal Revenue Code

Member means an entity approved and designated by the **FHLBC** as the member in an **AHP Project**

Modification means a change to the **Project Approval Record** as set forth in the **Project Change Policy**

Monitoring Policy means the **FHLBC's** Affordable Housing Program Monitoring Policy

Non-Compliance means a failure to fulfill the requirements in connection with an **AHP Project** as set forth in the **Non-Compliance Policy**

Non-Compliance Policy means the **FHLBC's** Affordable Housing Program Non-Compliance Policy

Owner means the legal entity or individual identified on the title of the **Rental Project**; the **Sponsor** has an ownership interest in the **Owner**

Owner-Occupied Project* means, for purposes of the **Competitive Application Program**, one or more owner-occupied units in a single-family or multifamily building, including condominiums, cooperative housing, and manufactured housing

PCR Completion means the point at which the **AHP Project** has satisfied the requirements of the **Project Completion Report**, as determined by the **FHLBC** and described in the **Monitoring Policy**

Pre-Approval means **FHLBC** approval for a **Member** to disburse **AHP Subsidy** to a **Rental Project** as set forth in the **Disbursement Policy**

Project Approval Record means the current characteristics of an **AHP Project** pertaining to its **Commitments**, eligibility, and feasibility as documented by the **FHLBC**

Project Change Policy means the **FHLBC's** Affordable Housing Program Project Change Policy

Project Completion means one of the following according to project type:

In the case of **Rental Projects**: 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**

In **Rental Projects**, the date of **Project Completion** is the beginning of the **Retention Period**

In the case of **Owner-Occupied Projects**: the later of: 1) the date all units are sold 2) the date when construction or rehabilitation is complete, or 3) the date of the final disbursement of **AHP Subsidy**

Project Completion Report means the documentation collected and reviewed by the **FHLBC** to fulfill project completion reporting as described in the **Monitoring Policy**

Project File means all documentation and data required by the **FHLBC** for an **AHP Project**. The **Project Documentation Record** includes, but is not limited to, documentation obtained and generated by the **FHLBC** through the **Application**, disbursement requests, modification requests, and monitoring activities

Recapture means the recovery of **AHP Subsidy** that was previously disbursed to an **AHP Project** as set forth in the **Non-Compliance Policy**

Regulations means Federal Regulations 12 C.F.R. Part 1291

Rental Project* means, for purposes of the **Competitive Application Program**, one or more dwelling units for occupancy by households that are not owner-occupants, including overnight and emergency shelters, transitional housing for homeless households, mutual housing, single-room occupancy housing, and manufactured housing

Repayment means the return of **AHP Subsidy** that was previously disbursed to an **AHP Project** as set forth in the **Project Change Policy**

Retention Agreement means a deed restriction or other legally enforceable retention or repayment agreement or mechanism, as set forth in the **AHP Implementation Plan**

Retention Period means that period of time required per the **Regulations** and set forth in the **AHP Implementation Plan** during which the **AHP Project** or **AHP-Assisted Unit** is subject to the **Retention Agreement**

Semi-Annual Progress Report means the information and documentation collected and reviewed by the **FHLBC** to fulfill semi-annual progress reporting as described in the **Monitoring Policy**

Settlement means **FHLBC** forgiveness of all or a portion of **AHP Subsidy** in connection with a **Recapture** as set forth in the **Non-Compliance Policy**

Sponsor* means a not-for-profit or for-profit organization or public entity that:

- (1) Has an ownership interest (including any partnership interest), as defined by the **FHLBC** in its **AHP Implementation Plan**, in a **Rental Project**;
- (2) Is integrally involved, as defined by the **FHLBC** in its **AHP Implementation Plan**, in an **Owner-Occupied Project**

Sponsor-Driven Project means an **Owner-Occupied Project** in which the **AHP-Assisted Units** have been or will be owned by the **Sponsor** prior to the sale to a homebuyer

Subsidy Agreement means the tri-party agreement executed between the **FHLBC**, the **Member(s)**, and the **Sponsor** for each **AHP Project**, which describes the duties, obligations, and responsibilities associated with an award of **AHP Subsidy** under the **Competitive Application Program**

Subsidy Reduction means a reduction from the amount of **AHP Subsidy** requested by a **Sponsor** in an **Application** as a result of the **FHLBC's** analysis of the need for **AHP Subsidy**

Suspension means an action taken to temporarily prohibit a **Member**, **Sponsor** or **Owner** from participation in the **Competitive Application Program** and **Homeownership Set Aside Program** as set forth in the **Suspension and Debarment Policy**

Suspension and Debarment Policy means the **FHLBC's** Affordable Housing Program Suspension and Debarment Policy

* Denotes definition from the **Regulations**