

2015 AFFORDABLE HOUSING PROGRAM 2015 IMPLEMENTATION PLAN

ADOPTION OF THE AHP IMPLEMENTATION PLAN

The 2015 Affordable Housing Program (AHP) Implementation Plan (Plan) outlines the sections of the AHP regulation (12 C.F.R. 1291) where the Federal Home Loan Bank of Seattle (“Seattle Bank”) is required to implement policy governing the AHP competitive program and its homeownership set-aside program, which is called the Home\$tart Program (H\$P).

The Plan may be amended from time to time. Amendments will be reviewed by the Affordable Housing Advisory Council (“Advisory Council”), approved by the Community Investment Committee (“CIC”) and ratified by the Board of Directors (“board”).

This document was reviewed by the Advisory Council on November 18, 2104, and adopted by the CIC and ratified by the board on November 20, 2014, to govern AHP and Home\$tart.

The Plan will be in effect from April 1, 2015, through December 31, 2015.

The AHP regulation is available on the Federal Housing Finance Agency’s (Finance Agency) website at <http://www.fhfa.gov/Default.aspx?Page=102> using the link labeled “AHP Regulation, 12 CFR Part 1291.”

DEFINITIONS

The Seattle Bank will use the definitions set forth under 12 C.F.R. 1291.1 of the AHP regulation. Additional definitions are listed below:

Adaptive Reuse. The conversion of a building from a non-housing use to a housing use, including the use of religious buildings for housing purposes. For example, a warehouse converted to apartments or condominiums, a hotel converted to apartment units other than overnight shelter units, school houses converted to apartments, or convents and monasteries converted to a housing use for the general public.

Homeless – A household made up of one or more individuals, other than individuals imprisoned or otherwise detained pursuant to state or federal law, who: (1) lack a fixed, regular, or adequate nighttime residence; or (2) have a primary nighttime residence that is: (a) a supervised publicly or privately owned operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill); or (b) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, camping ground, etc. Additionally, households will be considered to be homeless if they: (a) are fleeing or attempting to flee domestic violence or other dangerous or life threatening conditions; (b) will imminently lose their housing, including housing they own, rent, or live in without paying rent or are sharing with others; or (c) are “doubled-up” temporarily in another household’s dwelling unit.

First-Time Homebuyer - An individual or an individual and his or her spouse or domestic partner who have not owned a home during the three-year period prior to the purchase of a home with AHP or Home\$start assistance, except that: (1) any individual who is a displaced homemaker may not be excluded because that individual, while a homemaker, owned a home with his or her spouse or domestic partner; and (2) any individual who is a single parent may not be excluded because that individual owned a home with his or her spouse or domestic partner.

Median Income Guidelines. The Seattle Bank will use the applicable HUD median income guidelines for each county, MSA, and PMSA, adjusted for family size. HUD's national income guidelines or NAHASDA guidelines may be used for projects located in a Native American Service Area or Hawaiian Home Lands housing area.

Owner-occupied Retention Agreement - The member shall ensure that an AHP-subsidized owner-occupied unit is subject to a deed restriction or other legally enforceable retention agreement or mechanism requiring that: (1) the Seattle Bank is to be given notice of any sale or refinancing of the unit occurring prior to the end of the retention period; (2) in the case of a sale or refinancing of the unit prior to the end of the retention period, an amount equal to a pro rata share of the AHP subsidy that financed the purchase, construction, or acquisition of the unit, reduced for every year the seller owned the unit, shall be repaid to the Seattle Bank from any net gain realized upon the sale or refinancing, unless: (a) the unit is sold to a household with an income at or below 80% of area median income; or (b) following the refinancing, the unit continues to be subject to a compliant Owner-occupied Retention Agreement; or (c) the unit was assisted with a permanent mortgage loan funded by an AHP-subsidized advance; and (3) the obligation to repay the AHP subsidy to the Seattle Bank shall terminate after any foreclosure or deed in lieu of foreclosure or after an FHA-insured first mortgage or deed of trust on the unit is assigned to the Secretary of the U.S. Department of Housing and Urban Development.

Project Completion - A rental project is complete when the AHP subsidy is fully disbursed and construction or rehabilitation of the project is complete as evidenced by a habitability document such as a Certificate of Occupancy or Notice of Completion. An owner-occupied project is complete when the AHP subsidy is fully disbursed; construction or rehabilitation of the project is complete; and all mortgage loans are closed or all units are occupied.

Rental projects participating in an AHP funding round will be considered complete when construction or rehabilitation of the project is complete as evidenced by a habitability document such as a Certificate of Occupancy or Notice of Completion. Owner-occupied projects participating in an AHP funding round will be considered complete when construction or rehabilitation of the project is complete and all mortgage loans are closed or all units are occupied.

Project Sponsor – Owner-occupied Project. The lead project sponsor of an owner-occupied project must be integrally involved in the project's development by exercising control over the planning, development or management of the project - or - by qualifying borrowers and providing or arranging financing for the owners of the units.

Project Sponsor – Rental Project. The lead project sponsor of a rental project must have an ownership interest in the project (including any leasehold, partnership, or controlling interest).

Public Housing Authority / Housing and Rehabilitation Authority (PHA) units. Units owned and operated under the Annual Contributions Contract (ACC) or units being replaced on a one for one basis for existing units being taken out of the PHA inventory where the new units are included in the ACC.

Rental Retention Agreement. The member shall ensure that a rental project is subject to a deed restriction or other legally enforceable retention mechanism or agreement that requires: (1) the project's rental units, or applicable portion thereof, must remain occupied by and affordable to households with incomes at or below the levels committed to be served in the approved AHP application for the duration of the retention period; (2) the Seattle Bank will be notified in the case of sale or refinancing of the project prior to the end of the retention period; (3) in the case of sale or refinancing of the project prior to the end of the retention period, the full amount of the AHP subsidy shall be repaid to the Seattle Bank unless: (a) the project continues to be subject to a compliant Rental Retention Agreement incorporating the income-eligibility and affordability restrictions committed to in the approved AHP application for the duration of the retention period; or (b) if approved by the Seattle Bank, in its sole discretion, the households are relocated, due to the exercise of eminent domain, or for expansion of housing or services, to another property that is made subject to a compliant Rental Retention Agreement incorporating the income-eligibility and affordability restrictions committed to in the approved AHP application for the remainder of the retention period; and (4) the income eligibility and affordability restrictions applicable to the project shall terminate after any foreclosure or deed in lieu of foreclosure.

Retention Period - The retention period for rental projects is 15 years. The retention period for an owner-occupied unit is five years.

Rural - To be considered rural, a project must meet one of the following criteria: (1) it is located outside of a Metropolitan Statistical Area (MSA) where the population of a political subdivision is 25,000 or less; or (2) it is located in an area designated by USDA Rural Housing Services as rural.

Sampling Plan - During AHP long-term monitoring, a sample of units will be required to provide third-party documentation of household income and lease agreements beginning with the most recent tenants and continuing with existing tenants if needed to fill the sample size. The project sponsor is required to provide the third-party income documentation that was used to determine household income eligibility at the time of move in.

Significantly Below (Property donated or conveyed by other than federal government) – Land or units donated or conveyed by any party other than the federal government, or any agency or instrumentality thereof, shall be considered to be donated or conveyed for an amount “significantly below” fair market value if it is donated or conveyed in consideration of an amount that is equal to or less than 50% of the fair market value of the land or units.

Significant Proportion (Property donated or conveyed by federal government or others) - A proposed project will be considered to be using a “significant proportion” of land or units donated or conveyed by the federal government, or any agency or instrumentality thereof, or donated or conveyed by any other party at an amount significantly below fair market value, where the aggregate fair market value

of the donated or conveyed land or units equals at least 50% of the fair market value of all of the land or units comprising the project.

Unit – For transitional and other projects that provide beds instead of units, the number of beds will determine the number of units. For example, if the project provides 20 beds in four rooms, the number of units would be 20.

PARTICIPATION REQUIREMENTS

HOMEOWNERSHIP SET-ASIDE PROGRAM / HOME\$TART AND HOME\$TART PLUS

Overview

Home\$tart and Home\$tart Plus (H\$P) provide participating members with grants for down payments, closing cost assistance, and/or rehabilitation of existing units to eligible homebuyers, at least one third of which must be eligible first-time homebuyers.

Member Allocation Strategy

Beginning April 1, 2015, Home\$tart and Home\$tart Plus will be made available on a first-come, first-served basis to all members that have executed a 2015 Home\$tart Regulatory Agreement. Once at least one-third of the total amount of the 2015 Home\$tart and/or Home\$tart Plus funds have been reserved for eligible first-time homebuyers, members may enroll eligible households who are not first-time homebuyers. The Seattle Bank will provide written notification to members to inform them when eligible households who are not first-time homebuyers may be enrolled.

Member Participation Requirements

1. H\$P applications, enrollments, and disbursement requests will be accepted only from current members of the Seattle Bank.
2. H\$P enrollments and disbursements will be accepted only from members that have returned a properly signed H\$P Regulatory Agreement to the Seattle Bank.
3. Each member is limited to receiving no more than \$300,000 in a H\$P program year. Additional H\$P grants beyond this \$300,000 limit may be awarded on a case-by-case basis.

H\$P Regulatory Agreement

H\$P Regulatory Agreements must be signed by two individuals authorized by the member's Resolution for Transacting Business with the Federal Home Loan Bank of Seattle. A current and properly signed H\$P Regulatory Agreement must be returned to the Seattle Bank before prospective homebuyers may be enrolled or disbursement requests submitted.

Member Incentives

Members providing mortgage financing to a prospective homebuyer must provide financial or other incentives in connection with such mortgage financing, such as, but not limited to, a free credit report, free flood certificate, lower or special interest rate, cash, discount to origination or other fees, or a free checking or saving account (if the member does not already provide these services). These incentives must be beyond the incentives offered by the member through the normal course of business and must be provided to prospective homebuyers enrolled in H\$P. Financial assistance to a

non-profit for the purpose of providing homebuyer education to the H\$P prospective homebuyer is an acceptable member incentive.

Market Rate Mortgage

The interest rate, points, fees, and any other charges collected from a H\$P participant in connection with the mortgage used to purchase the home must not exceed a reasonable market rate for a similar type of loan.

H\$P Grant Amount

The Seattle Bank will provide Home\$start grants up to \$5,000 each.

Home\$start Plus is a program to assist eligible households receiving public housing assistance, including assistance provided by tribally designated housing authorities. Under this program, the Seattle Bank will provide grants up to \$10,000 each.

Time of Enrollment/Date of Qualification

Household income will be determined on the date that the member qualifies the household for participation in the program.

Eligible Households

At least one-third of eligible households will be first-time homebuyers. All eligible households will:

1. Have incomes at or below 80% of the area median income, adjusted for family size as determined on the date of qualification using the H\$P Annual Income Calculation Worksheet available on the Seattle Bank's website;
2. Qualify for a mortgage before receiving the H\$P subsidy, and
3. Complete comprehensive homebuyer education and financial literacy that meets or exceeds the following Homebuyer Education and Financial Literacy criteria:

Homebuyer Education and Financial Literacy

The organization or the homebuyer educator must be certified in homebuyer education training by NeighborWorks or a state housing finance agency; or the organization or educator must provide a minimum of eight hours of training of which at least one hour must be face-to-face, one-on-one counseling. The curriculum must include training on the following topics: (1) preparing for the financing, purchase, and maintenance of a home; (2) budgeting and credit; and (3) education about the characteristics of predatory lending.

Co-signers

A prospective homebuyer who is using a co-signer(s) to qualify for a mortgage may not be enrolled or receive disbursement of an H\$P grant.

Students

The Seattle Bank will critically analyze prospective homebuyers and/or adult members of the household who are students to ensure that the students do not have a reasonable expectation or knowledge that upon graduation they will have income substantially above the H\$P income limit, and

the Seattle Bank may, in its sole discretion, deny enrollment and/or disbursement of the H\$P grant to these households.

Mortgage Affordability

If a prospective homebuyer is estimated to pay 35% or more of his/her monthly income toward monthly principal and interest payments, the member will be required to provide an explanation about why the mortgage is appropriate. At the Seattle Bank's sole discretion, the member's explanation may be accepted or rejected. If the member's explanation is rejected, the disbursement request will be denied.

Cash Back

A member may provide cash back to a participating household at closing on the mortgage loan in an amount not exceeding \$250, and a member shall use any funds exceeding such amount that is beyond what is needed at closing for closing costs and the approved mortgage amounts as a credit to reduce the principal of the mortgage loan or as a credit toward the household's monthly payments on the mortgage loan. The cash back limitation applies to any amount over \$250 (e.g., the prospective homebuyer's own earnest money deposit).

Time Limits for Use of H\$P Subsidy

Members with enrolled households will have one year to submit a written request for disbursement of H\$P subsidy or the commitment of H\$P subsidy will be canceled and the funds will be made available to other H\$P or AHP participants. Up to two six-month extensions to this time limit may be approved upon the member's written request and, under special circumstances, the member may be granted additional extensions.

H\$P Monitoring Requirements

For each prospective homebuyer, members shall be required to submit: (1) a H\$P Enrollment and Certification Form, H\$P Annual Income Calculation Worksheet, and a H\$P Disbursement and Certification Form, all of which are available on the Seattle Bank's website; (2) independent, third-party documentation of a household's income; (3) other supporting documentation such as completion of eligible homebuyer education; (4) a final HUD-1 Settlement Statement; and (5) a compliant Owner-occupied Retention Agreement. Twice a year, members will also be required to certify if all their enrolled homebuyers are making reasonable progress toward the purchase of a home. H\$P funds allocated to enrolled households who are not progressing will be withdrawn and made available for other H\$P or AHP recipients.

The Seattle Bank will review member certifications, documentation regarding household income, and completion of an eligible homebuyer education prior to disbursement of the Home\$start grant. These documents, as well as final HUD-1 Settlement Statements and compliant Owner-occupied Retention Agreements will be maintained by the Seattle Bank in accordance with the Seattle Bank's record retention policy.

Retention Agreement Requirements

Members shall ensure that a Home\$start-assisted unit is subject to a compliant Owner-occupied Retention Agreement for the duration of the five year retention period. The retention period commences on the date of the closing of the homebuyer's purchase of the property. Unless otherwise

approved by the Seattle Bank, in its sole discretion, the Owner-occupied Retention Agreement must be recorded. The Seattle Bank provides Owner-occupied Retention Agreements templates for Guam and each of the eight states in the Seattle Bank's district on our Web site at <http://www.fhlbsea.com/CommunityInvestment/CommunityInvestmentFormsAndManuals/>

Remedial Actions for Noncompliance

In the event that the Seattle Bank determines that Home\$start or Home\$start Plus funds were not used in compliance with the AHP regulations or according to the material representations made in the approved application, enrollment, or disbursement form and it is unlikely that compliance with said regulations or representations will be achieved within a reasonable period of time, the Seattle Bank will take action consistent with section 12 C.F.R. 1291.8 of the regulations, which may include full recapture of the Home\$start or Home\$start Plus subsidy.

Additionally, the member may be restricted from participating in the Seattle Bank's community investment programs.

Seattle Bank Discretion

H\$P enrollments or disbursements may be denied at any time if it is determined by the Seattle Bank, in its sole discretion, that (1) the prospective homebuyer does not meet the letter or intent of the AHP regulation or Home\$start policies or (2) the member has not maintained an acceptable level of compliance with the Seattle Bank's community investment program requirements.

COMPETITIVE PROGRAM / AFFORDABLE HOUSING PROGRAM (AHP)

2015 AHP Funding Round Application Due Date

Due Date

Applications for the 2015 AHP funding round must be received no later than 4:00 p.m. Pacific Time on Friday, May 15, 2015.

2015 AHP Funding Round Eligibility Requirements

Member Eligibility Requirements

1. AHP application requests will be accepted only from current members of the Seattle Bank.
2. Each member (defined as a charter) may request up to \$1.5 million in AHP subsidy. Members may be allowed to exceed this \$1.5 million cap if doing so is the result of the member's agreement to sponsor an AHP application originally submitted by an institution that has since been acquired or placed in receivership.
3. A member must underwrite each AHP application that they submit to the Seattle Bank to the standard that would be used if the member were providing a loan to the project.
4. A member must maintain compliance for projects in their Seattle Bank AHP portfolio as determined at the Seattle Bank's sole discretion.

Sponsor Eligibility Requirements

A sponsor must:

1. Be qualified and able to perform its responsibilities as committed to in the AHP application;
and
2. Maintain compliance for projects in their Seattle Bank AHP portfolio as determined at the Seattle Bank's sole discretion.

Project Eligibility Requirements

1. Rental projects may not request AHP subsidy in an amount greater than \$50,000 per AHP-eligible unit, except in Alaska or Hawaii where the request may not exceed \$60,000 per AHP-eligible unit, and \$20,000 per bed for shelter or group home projects.
2. Owner-occupied projects may not request AHP subsidy in an amount greater than \$30,000 per unit except for projects located in Hawaii and Alaska where the AHP subsidy request for owner-occupied projects may not exceed \$50,000 per unit.
3. The AHP subsidy request may not exceed \$700,000 per project, except in Alaska or Hawaii where the AHP subsidy request may not exceed \$1.0 million.
4. The AHP subsidy request may not exceed 80% of the project's total housing development costs.
5. AHP subsidy may not be requested for and will not be awarded to projects that are complete on or before the AHP award date.

The Seattle Bank will evaluate competitive AHP applications using eligibility guidelines, which will include a certification of the applicant's compliance with AHP time limit and retention requirements, market demand, other AHP projects in good standing, applicable fair housing laws, etc. This review will be based on what is presented in the application, although it will be permissible for applicants to provide clarification if requested by the Seattle Bank. Applications may or may not be eligible for AHP subsidy pending resolution of these criteria. The use of the eligibility guidelines is more fully described in Attachment 3.

2015 AHP Funding Round Feasibility Guidelines

The Seattle Bank will thoroughly evaluate competitive AHP applications using a set of feasibility guidelines. These guidelines will be used as a benchmark for determining the feasibility of projects and may be used as the basis for rejecting an application or changing the amount of AHP subsidy requested. These guidelines will include a review of sources and uses of development funds, project cost per square foot, and operational feasibility including sources of operational subsidy. The use of the feasibility guidelines is more fully described in 12 C.F.R. 1291.5 and Attachment 4.

2015 AHP Scoring Criteria

The Seattle Bank will evaluate and rank each AHP application on the following scoring criteria as more fully described in 12 C.F.R. 1291.5 and Attachment 2. There are 100 possible points.

Maximum Points	2014 AHP Scoring Criteria	
5	Government-owned or other donated or conveyed properties	Variable
5	Nonprofit sponsor or governmental entity	Fixed
9	Housing for the Homeless	Variable
5	Empowerment	Fixed
8	First District Priority: Special Needs	Variable
19	Second District Priority: Preservation of affordable rental housing; or Housing for Farm Workers; or Housing located on Hawaiian Home Lands, financed with Tribal funding, or Tribally sponsored; or District Distribution	Variable
20	Income Targeting	Variable
6	Effectiveness - AHP subsidy per unit	Variable
23	Community Stability: 100% Adaptive Reuse; Elimination of a Substandard Property; Stabilize Affordable Housing	Variable

Approval of AHP Applications

The CIC will approve AHP applications in descending order starting with the highest scoring application until the total AHP subsidy for the particular funding round has been allocated. The CIC will also approve at least the next four highest scoring applications as alternates and, before the next AHP application due date, the Seattle Bank may fund such alternates if any previously committed AHP subsidies become available. The CIC’s approval of AHP applications will be ratified by the board.

Applications that Tie in Score

An AHP application that receives a score identical to the score of another application and requests a subsidy greater than the amount of AHP funds that remain to be awarded, will be approved as an alternate and excluded from participation in a tie breaking event.

If two or more AHP applications receive identical scores, and the requested subsidy of each application is within the amount of AHP funds that remain to be awarded, the Bank will adhere to the following scoring tie-break methodology:

- a. The application that scored the highest number of points under the Second District Priority criterion will receive the AHP award.

- b. If the applications remain tied, the application with the highest score under the Community Stability criterion will receive the AHP award.
- c. If the applications remain tied, the application with the highest score under the First District Priority criterion will receive the AHP award.

If an application does not prevail in breaking a scoring tie, it will be approved as an alternate.

AHP MONITORING AND COMPLIANCE

RETENTION AGREEMENT AND RETENTION PERIOD

Rental Projects

Members must ensure that an AHP-subsidized rental project is subject to a compliant Rental Retention Agreement for the duration of the 15-year retention period, which commences on the date of project completion.

The Rental Retention Agreement must be recorded, unless otherwise approved by the Seattle Bank in its sole discretion. The Seattle Bank provides a template for Rental Retention Agreements for each of the eight states in the Seattle Bank's district on our its website at

<http://www.fhlbsea.com/CommunityInvestment/CommunityInvestmentFormsAndManuals/>

Owner-occupied Projects

Members must ensure that an AHP-subsidized owner-occupied unit is subject to a compliant Owner-occupied Retention Agreement for the duration of the five year retention period.

The Owner-occupied Retention Agreement must be recorded, unless otherwise approved by the Seattle Bank in its sole discretion. The Seattle Bank provides a template for Owner-occupied Retention Agreements for Guam and each of the eight states in the Seattle Bank's district on its website at <http://www.fhlbsea.com/CommunityInvestment/CommunityInvestmentFormsAndManuals/>

Date Retention Period Commences for Owner-occupied Projects. If the AHP subsidy is being used for the construction or acquisition/closing cost assistance of an owner-occupied unit, the retention period will be five years commencing on the date of the permanent loan closing.

If the AHP subsidy is being used for rehabilitation of an owner-occupied unit, the retention period will be five years commencing on the date the rehabilitation activities are complete.

For owner-occupied projects involving new construction of units whose purchasers receive Section 502 mortgage loans for the acquisition of the land and construction of the unit on that land, the AHP retention period commences on the date of closing on the Section 502 mortgage loan, and not on the date of completion of construction.

TIME LIMITS FOR USING AHP SUBSIDY

Overview

AHP projects should reach project completion in accordance with the terms and conditions of the AHP award within three years of application approval. Unless an Extension Request is approved, the undisbursed portion of the AHP subsidy will be canceled and the disbursed portion of the AHP

subsidy may be required to be repaid to the Seattle Bank. AHP subsidy that is canceled or repaid to the Seattle Bank will be made available to other AHP or H\$P recipients.

Milestones to Reach Project Completion

By the time of the second Semi-annual Progress Report (approximately 12 months from the date of application approval), 100% of funding sources will have been approved.

By the time of the third Semi-annual Progress Report (approximately 18 months from the date of application approval), the project shall have incurred expenses eligible for AHP disbursement.

By the time of the fourth Semi-annual Progress Report (approximately 24 months from the date of application approval), construction or rehabilitation will have begun. In the case of projects using AHP subsidy for down payment assistance, an AHP-disbursement will have been made to at least one AHP-eligible household.

By the time of the sixth Semi-annual Progress Report (approximately 36 months from the date of application approval), the project will be complete according to the definition set forth in this Plan.

It is important to note that projects that do not reasonably comply with these milestones may be subject to more frequent and detailed monitoring. Furthermore, failure to comply with these milestones may result in the Seattle Bank canceling the undisbursed portion of the AHP subsidy and requiring a return of the disbursed portion to the Seattle Bank.

Three-Year Time Limit for Project Completion

The project is expected to be complete within three years of application approval. If this time limit is not met, the sponsor and member must submit a written Extension Request.

It is important to note that projects that are not complete within four years of the date that the AHP award was approved will be subject to more frequent and detailed monitoring than otherwise described in this document, the specifics of which will be determined at the Seattle Bank's sole discretion.

Extension Requests

Extension Requests shall be submitted in writing by the member and sponsor and include information about the project's status such as the nature of the delay prompting the need for the extension, the proposed remedy for the delay, what steps have been taken to advance the remedy, etc.

The Seattle Bank may, in its discretion, approve or deny extensions. If an Extension Request is not (a) submitted by the member and sponsor in advance of the three-year time limit and (b) approved by the Seattle Bank, the AHP subsidy will be canceled and the disbursed portion of the AHP will be returned to the Seattle Bank.

AHP PROJECT MODIFICATIONS

The sponsor and the member must promptly report to the Seattle Bank any material changes in the project, including but not limited to, any new sources of funds, failure to receive other project-related funds, or any other changes in the project's scope and terms. The Seattle Bank retains the right to reevaluate the need for the subsidy in light of any changes and may make such modifications thereto, including the amount of subsidy, as it deems appropriate in its sole discretion.

The Seattle Bank will review all written requests for project modifications that would change the score that a project received and may approve such requests providing that the project, as modified, would continue to be eligible for the AHP subsidy, would have scored highly enough to have been approved in the funding round in which it was originally scored and approved by the Seattle Bank, and there is good cause for the modification such as a change in market conditions, project attributes, etc.

All modifications involving an increase in the AHP subsidy require action from the CIC and ratification by the board.

REMEDIAL ACTIONS FOR NON-COMPLIANCE

In the event that the Seattle Bank determines that an AHP project is not in compliance with the AHP regulations or the commitments made in the approved application and is unlikely to return to compliance with said regulations or commitments within a reasonable period of time, the Seattle Bank will take action consistent with section 12 C.F.R. 1291.8 of the regulations, which may include full recapture of the AHP subsidy.

Additionally, the project sponsor and/or member may be restricted from participating in the Seattle Bank's community investment programs and/or from receiving disbursement of AHP subsidy for an unrelated project in their Seattle Bank AHP portfolio.

AHP SITE VISITS

At any time and at its sole discretion, the Seattle Bank may perform a physical site inspection. Site visits may be conducted for a variety of reasons, including but not limited to: verification that satisfactory progress is being made toward project completion; confirmation that instances of noncompliance have been resolved or are trending toward resolution; confirmation that increases in project risk factors are adequately managed by the sponsor; and affirmation that the project is in compliance. The scope and frequency of site visits will be dictated by the facts and circumstances of each situation.

AHP DISBURSEMENT REQUIREMENTS

AHP disbursement requests will be accepted only from current members of the Seattle Bank.

AHP disbursement requests may be denied at any time if it is determined by the Seattle Bank, in its sole discretion, that: (1) the project may not meet the commitments made in the approved AHP application or may not meet the letter or intent of the AHP regulation or policies; (2) the project sponsor or member have not maintained compliance for projects in their Seattle Bank AHP portfolio; or (3) the project sponsor or member may not be able to meet the terms and conditions of the AHP Agreement, regulation, or policies.

Prior to each disbursement of AHP subsidy, the Seattle Bank will review a variety of items including but not limited to those listed below. Additional and unique disbursement conditions may apply to a project.

AHP Regulatory Agreement

A properly signed AHP Regulatory Agreement (AHP Agreement) must be on file with the Seattle Bank before an AHP disbursement request will be considered. The AHP Agreement must be signed

by two individuals at the member institution who signed the resolution authorizing employees of that institution to conduct credit transactions with the Seattle Bank as listed on the member's Resolution for Transacting Business with the Federal Home Loan Bank of Seattle, by a person of authority with the project sponsor organization, and by an officer of the Seattle Bank. If the AHP application was approved with multiple members or project sponsors, all parties must sign the AHP Agreement.

Retention Agreement

As soon as possible, a compliant Rental or Owner-occupied Retention Agreement must be in place for the duration of the retention period.

Feasibility Analysis

A feasibility analysis including but not limited to a review of sources and uses of funds, project costs, operational feasibility, and continued need for AHP subsidy will be conducted unless one has been performed within 90 days from the date of the disbursement request and there have been no material changes to the project.

100% of Funding Sources Approved

100% of the dollar amount of the project's total sources of funds must be approved before the AHP subsidy will be disbursed. If the AHP subsidy is being disbursed for down payment and/or closing cost assistance on an individual owner-occupied unit(s), the purchaser(s) benefitting from the disbursement request must be approved for a mortgage loan.

Site Control

Site control must be secured either by site ownership or by an executed lease, in which case the term of the lease must be equal to or greater than the AHP retention period. If the AHP subsidy is being used for acquisition, an enforceable real estate lien must be in place before disbursement of the AHP subsidy.

Project Compliance

The project must meet the terms and conditions of the approved AHP application, AHP Agreement, regulations, and policies.

AHP INITIAL MONITORING REQUIREMENTS

Project Changes - The sponsor and the member must promptly report to the Seattle Bank any material changes in the project, including but not limited to, any new sources of funds, failure to receive other project-related funds, or any other changes in the project's scope and terms. The Seattle Bank retains the right to reevaluate the need for the subsidy in light of any changes and may make such modifications thereto, including the amount of subsidy, as it deems appropriate in its sole discretion.

Owner-occupied Projects

Project Documentation

The sponsor must maintain and make readily available for review by the member and Seattle Bank third-party household income verification and other project documentation that substantiates compliance with the terms and conditions of the application, the regulations, and the policies.

Semi-annual Progress Reports

From the time of application approval until the time of project completion, the member will report semi-annually to the Seattle Bank the progress toward project completion and will identify factors, if applicable, that may delay or jeopardize the project's development or continued ability to comply with the terms and conditions of the AHP award.

Project Certification

Within one year of the date of project completion, the member and sponsor will review project documentation and certify to the Seattle Bank that the AHP subsidies have been used according to the terms and conditions of the approved AHP application and AHP Agreement and that the AHP-subsidized units are subject to a compliant Owner-occupied Retention Agreement for the duration of the retention period.

Final Audit Review

Within one year of the date of project completion, a final audit review must be complete. The project sponsor and member shall provide necessary documentation to substantiate that AHP's initial monitoring requirements were met, which include, at a minimum: an analysis of the project's compliance with the terms and conditions of the approved AHP application and AHP Agreement in order to determine that all commitments were met and the AHP subsidy was necessary for the completion of the project and used for eligible purposes; household incomes comply with the income targeting commitments of the approved AHP application and AHP Agreement; the project's actual costs were reasonable in accordance with the Seattle Bank's feasibility guidelines; that the AHP-subsidized units are subject to a compliant Owner-occupied Retention Agreement(s) for the duration of the retention period; and the services and activities committed to in the approved AHP application and AHP Agreement have been provided in connection with the project.

Rental Projects

Project Documentation

From the time of application approval until the completion of the retention period, the sponsor must maintain and make readily available for review by the member and Seattle Bank third-party household income verification records, lease agreements or equivalent, and other project documentation that substantiates compliance with the terms and conditions of the application, the regulations, and the policies.

Semi-annual Progress Reports

From the time of application approval until the time of project completion, the member will report semi-annually to the Seattle Bank the progress toward project completion and will identify factors, if applicable, that may delay or jeopardize the project's development or continued ability to comply with the terms and conditions of the AHP award.

Project Certification

Within one year of the date of project completion, the member and sponsor must certify to the Seattle Bank that the project meets the income targeting commitments stated in the approved AHP application and AHP Agreement, the rents charged for the income-targeted units do not exceed the levels committed to, and the project is subject to a compliant Rental Retention Agreement(s) for the duration of the retention period.

Tenant Income Verification (TIV)

Within one year of the date of project completion, the project sponsor must provide a rent roll for each project that identifies the amount of household income for each unit. Third-party documentation of household income such as a paystub(s), W-2(s) or other documentation will be required for a sample of units. The project sponsor must maintain complete documentation on all unit rents and household incomes available for review by the member or the Seattle Bank.

Final Audit Review

Within 18 months of the date of project completion, a final audit review must be complete. The project sponsor and member shall provide necessary documentation to substantiate that AHP's initial monitoring requirements were met, which include, at a minimum: an analysis of the project's compliance with the terms and conditions of the approved AHP application and AHP Agreement in order to determine that all commitments were met and the AHP subsidy was necessary for the completion of the project and used for eligible purposes; the household incomes and rents comply with the income targeting and rent commitments made in the approved AHP application and AHP Agreement; the project's actual costs were reasonable in accordance with the Seattle Bank's feasibility guidelines; the project is subject to a compliant Rental Retention Agreement(s) for the duration of the retention period; and the services and activities committed in the approved AHP application and AHP Agreement have been provided in connection with the project.

AHP LONG-TERM MONITORING REQUIREMENTS FOR COMPLETED PROJECTS

Owner-occupied Projects

None.

Rental Projects

Duration

Long-term monitoring begins the second year after project completion and continues until the end of the 15-year retention period to ensure that the household incomes and rents comply with the income targeting and rent commitments of the approved AHP application, AHP Agreement, and any subsequent amendments.

Annual Sponsor Certification

Sponsors will continue to provide Annual Project Certifications on an annual basis until the retention period has expired whereby the sponsor will identify factors, if applicable, that may jeopardize the project's continued ability to comply with the terms and conditions of the AHP award.

Periodic Member Certification

During long-term monitoring, the member must certify at least every three years that they acknowledge and understand their continuing obligations as outlined in the AHP Agreement for the duration of the 15-year retention period for all projects in their Seattle Bank AHP portfolio.

Monitoring Codes

Rental projects will be assigned one of the following Monitoring Codes defined below:

1. Monitoring Code 1 includes all projects that have been allocated federal low income housing tax credits. As permitted by 1291.7, the Seattle Bank will rely solely on the monitoring of the state designated housing credit agency administering the tax credits. No documentation from the agency will be required.
2. Monitoring Code 2. Projects not qualifying as #1 that received up to \$50,000 in AHP subsidy
 - No outstanding compliance issues
 - Annual Project Certification from the project sponsor for 15 years
3. Monitoring Code 3. Projects not qualifying as #1 or #2 that received up to \$250,000 in AHP subsidy.
 - No outstanding compliance issues
 - Annual Project Certification from the project sponsor for 15 years
 - Once every six years, the sponsor shall provide a tenant income verification (TIV) and backup documentation including third-party household income documentation and lease agreements according to the Seattle Bank's sampling plan.
4. Monitoring Code 4. Projects not qualifying as #1, #2, or #3 that received up to \$500,000 in AHP subsidy.
 - No outstanding compliance issues
 - Annual Project Certification from sponsor for 15 years
 - Once every four years, the sponsor shall provide tenant income verification (TIV) and backup documentation including third-party household income documentation and lease agreements according to the Seattle Bank's sampling plan.
5. Monitoring Code 5. Projects not qualifying as #1, #2, #3, or #4 that received more than \$500,000 in AHP subsidy.
 - No outstanding compliance issues
 - Annual Project Certification from sponsor for 15 years
 - Every two years, the sponsor shall provide tenant income verification (TIV) and backup documentation including third-party household income documentation and lease agreements according to the Seattle Bank's sampling plan.
6. Monitoring Code 6. Projects with compliance issues.

This code is assigned to projects with compliance issues as determined at the sole discretion of the Seattle Bank regardless of the amount of AHP subsidy received. Applicable compliance issues resulting in a Monitoring Code 6 may include, but are not limited to:

owner-occupied household income that was not verified at the time the household was qualified for participation in the program; rental household income that was not verified at move-in; a high vacancy rate; or indications that the project is at risk of not complying with the terms and conditions of the AHP award. The project's monitoring requirements and their frequency will be determined on a case-by-case basis.

AFFORDABLE HOUSING ADVISORY COUNCIL

The Affordable Housing Advisory Council (“Advisory Council”) will be made up of eight individuals representing the Seattle Bank’s district. Advisory Council members serve three-year terms. No individual may serve more than three consecutive three-year terms. Advisory Council members may be appointed to serve for terms of one or two years solely for the purpose of reconfiguring the staggering of three-year terms.

Nominations for open Advisory Council positions will be solicited from the board, Advisory Council, members and community contacts in the second or third quarter of each year and approved by the CIC in the third or fourth quarter.

Advisory Council members will meet once each quarter with representatives from the board. Advisory Council members will advise the board on ways the Seattle Bank can best carry out its housing finance and community investment mission. By May 1 of each year, the Advisory Council will report to the Finance Agency on the Advisory Council’s analysis of the low- and moderate-income housing and community development activities of the Seattle Bank. Advisory Council members will not receive a fee for serving on the Advisory Council. Travel expenses associated with attendance at meetings organized or sponsored by the Seattle Bank or the Finance Agency will be reimbursed.

Advisory Council membership is open to persons from community and nonprofit organizations actively involved in providing or promoting community development and affordable housing in the Seattle Bank’s district, including persons from local government entities, states, and housing authorities. Persons from community and nonprofit organizations actively involved in providing or promoting community lending in the district are also eligible.

The Advisory Council will have a chair, vice-chair, and secretary. The chair represents the Advisory Council at national meetings and conducts quarterly meetings. The vice-chair may perform the duties of the chair. The secretary, who may be a Seattle Bank staff member, is responsible for minutes of the meetings.

ATTACHMENT 1
AFFORDABLE HOUSING PROGRAM
POLICY ON CONFLICTS OF INTEREST

In accordance with the requirements of 12 C.F.R. Section 1291.10, the Board of Directors of the Federal Home Loan Bank of Seattle, through approval of this Plan, hereby adopts the policy set forth below to address conflicts of interest in conjunction with the operations of the Seattle Bank's AHP. This policy applies to employees and directors of the Seattle Bank and to members of the Seattle Bank's Advisory Council as well as to family members of the foregoing individuals. For purposes of this policy, "family member" shall mean an individual related to a person by blood, marriage, adoption, or domestic partnership.

AHP CONFLICTS OF INTEREST POLICY

With respect to a project that is the subject of a pending or approved AHP application or modification thereof, no Seattle Bank employee or director shall participate in or attempt to influence decisions by the Seattle Bank regarding the evaluation, approval, funding, monitoring or any remedial process for such project if the employee, director or their family member(s) has a financial interest in, or is a director, officer or employee of an organization involved in the project.

With respect to a project that is the subject of a pending or approved AHP application or modification thereof, no Advisory Council member shall participate in or attempt to influence decisions by the Seattle Bank regarding the approval for such project if the Advisory Council member or such person's family member(s) has a financial interest in, or is a director, officer, or employee of an organization involved in the project.

Violations of this policy will result in appropriate remedial action. Alleged violations by directors or Advisory Council members will be reviewed by the Seattle Bank's Audit and Compliance Committee. Alleged violations by employees will be handled in accordance with the Seattle Bank's Code of Ethics.

ATTACHMENT 2
 FEDERAL HOME LOAN BANK OF SEATTLE
 AFFORDABLE HOUSING PROGRAM SCORING CRITERIA – 2015

ELIGIBLE PROJECTS

Projects must be owner-occupied or rental housing. Projects must be eligible as outlined in the Project Eligibility guidelines and in section 1291.5 of the AHP regulation. Projects must also be feasible as outlined in the Project Feasibility guidelines, which includes analyzing the need for the AHP subsidy.

Please note that for those criteria where setting aside a percentage of units is required to achieve points, the percentage set aside is calculated on the basis of total units in the project, including non-AHP units.

CATEGORY	POINTS
<p>USE OF DONATED OR CONVEYED GOVERNMENT-OWNED OR OTHER PROPERTIES</p> <p>The financing of housing where a significant proportion of the land or units are donated or conveyed by the federal government or any agency or instrumentality thereof, or any other party:</p> <ul style="list-style-type: none"> • 5 Points – Where the land or units donated or conveyed by any party, including the Federal Government, or any agency or instrumentality thereof, for an amount that is significantly below the fair market value of the land or units. <p>- OR -</p> <ul style="list-style-type: none"> • 2 Points - Where the land or units are donated or conveyed by the Federal government, or any agency or instrumentality thereof, for any amount. <p>Long-term leases of 30 years or more qualify as donated property under the conditions described above.</p>	<p>VARIABLE – Up to 5 Points</p>
<p>SPONSORSHIP BY A NOT-FOR-PROFIT ORGANIZATION OR GOVERNMENT ENTITY</p> <p>Project sponsorship by a nonprofit 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.</p>	<p>FIXED - 5 Points</p>

HOUSING FOR THE HOMELESS

VARIABLE- Up to 9 Points

The financing of rental housing, excluding overnight shelters, reserving at least 20% of the units for homeless households; the creation of transitional housing for homeless households permitting a minimum of six months occupancy; or the creation of permanent owner-occupied housing reserving at least 20% of the units for homeless households.

A percentage of nine points will be awarded based on the percentage of units in the project that are set aside for homeless households. For example, a project that sets aside 20% of the units for homeless households will receive 20% of nine points or 1.80 points.

PROMOTION OF EMPOWERMENT

FIXED - 5 Points

- 5 Points – Rental: The sponsor provides directly or through a third-party agreement activities that promote empowerment and include at least one of the following: career counseling, employment training, business development, accredited adult education programs, savings/investment education, first-time homebuyer education, homeownership education, early childhood education, parenting classes, basic life skills, case management, self-help housing, on-site health care services such as screenings or vaccinations, or on-site health care case management (providing general health information or education does not qualify).

- OR -

- 5 Points – Owner-occupied: The project entails self-help requirements and/or provides directly or through a third-party agreement homebuyer education.

FIRST DISTRICT PRIORITY

VARIABLE – Up to 8 Points

8 Points - Special needs: The financing of housing where at least 20% of the units are reserved for occupancy by households with special needs, specifically: the elderly, mentally or physically disabled, persons recovering from physical or substance abuse, persons with HIV/AIDS.

A percentage of eight points will be awarded based on the percentage of units in the project that are set aside for special needs households. For example, a project that sets aside 20% of the units for special needs households will receive 20% of eight points or 1.60 points.

VARIABLE – Up to 19 Points

SECOND DISTRICT PRIORITY

- 19 Points – Preservation Of Affordable Rental Housing
Preservation of affordable rental housing currently receiving HUD Section 8 project

based rental assistance, Public Housing Authority/Housing and Rehabilitation Authority (PHA) owned units, HUD 202 or 811 projects, or U.S. Department of Agriculture Rural Development (“RD”) 514, 515 or 516 projects.

For information about eligible PHA owned units, refer to the Definitions section.

A project must meet the scoring criteria at the time of the AHP award and at least through the date of the AHP Final Audit except that points awarded will not be reduced if Federal appropriations cause the reduction or elimination of the qualifying assistance program and a Federal contract not to be renewed during the period from AHP award to the completion of Initial Monitoring. In addition, USDA RD 514 and 515 projects will not lose the points awarded if the qualifying assistance program is reduced or eliminated by the normal amortization of the USDA RD 514 or 515 loans. The points will be reduced in the case of a pre-payment of the USDA RD 514 or 515 loans prior to the completion of the Final Audit. A project must remain financially feasible after the loss of assistance for the duration of the AHP retention period.

- OR -

- 19 Points – District Distribution

- 19 points – Projects located in Alaska, Utah, Wyoming, Hawaii, Guam, American Samoa, or the Northern Mariana Islands

- 17 points – Projects located in Oregon or Montana

- 15 points – Projects located in Idaho

- 13 points – Projects located in Washington

- OR -

- 19 Points - Native Housing: The financing of rental or owner-occupied housing that meets at least one of the following: Is located in an Hawaiian Home Lands housing area; or includes Tribal funding in the sources of funding for the proposed project, such as, but not limited to, Indian CDBG, Indian CSBG, Indian Health Service funds or NAHASDA funding; or the project sponsor is a Tribal Government, an agency of a Tribal Government, a Tribally Designated Housing Entity for the purposes of the NAHASDA, or an entity incorporated under or otherwise created in accordance with Tribal law.

A Hawaiian Home Lands housing area is an area of Hawaiian Home Lands in which the Department of Hawaiian Home Lands is authorized to provide assistance for affordable housing under the Native American Housing Assistance and Self-Determination Act.

- OR -

- 19 Points - Farm workers: At least 50% of the units are reserved for farm workers who meet the Federal or state definition of farm worker.

TARGETING

**VARIABLE – Up
to 20 Points**

All AHP-subsidized units must be at 80% of the area median income or below.

- Rental Housing

An application for a rental housing project shall be awarded the maximum number of points available under this scoring category if 60% or more of the units in the project are reserved for occupancy for households with incomes at or below 50% of the median income for the area. Applications for projects with less than 60% of the units reserved for occupancy by households with incomes at or below 50% of the median income for the area shall be awarded points on a declining scale based on the percentage of units reserved for households at or below 50% of the median income for the area and on the percentage of the remaining units reserved for households with incomes at or below 80% of the median income for the area. A weighted average will be used to make this determination. ***Rental projects must reserve at least 20% of the units in the entire project (including units reserved for households above 80% of area median income) for households at 50% of the area median income or below. For projects involving the purchase or rehabilitation of rental housing that is already occupied, the households must have incomes meeting the income targeting commitments in the application at the time it is submitted to the Seattle Bank.***

If 60% or more of the units are at or below 50% AMI 20 Points

Weighted Average Income

51% to 55% AMI	19 Points
56% to 60% AMI	18 Points
61% to 65% AMI	17 Points
66% to 70% AMI	16 Points
71% to 75% AMI	15 Points
76% to 80% AMI	14 Points

- Owner-occupied Housing

All units at or below 80% AMI may be eligible for AHP subsidy

20% or more of the units reserved for 60% AMI or below	20 Points
10% or more of the units reserved for 60% AMI or below	18 Points
Less than 10% of the units reserved for 60% AMI or below	16 Points

EFFECTIVENESS**VARIABLE – Up
to 6 Points**

AHP SUBSIDY PER UNIT:

Less than \$9,000	6.00 Points
\$9,000 - \$9,912	5.75 Points
\$9,913 - \$10,825	5.50 Points
\$10,826 - \$11,738	5.25 Points
\$11,739 - \$12,651	5.00 Points
\$12,652 - \$13,565	4.75 Points
\$13,566 - \$14,478	4.50 Points
\$14,479 - \$15,391	4.25 Points
\$15,392 - \$16,304	4.00 Points
\$16,305 - \$17,217	3.75 Points
\$17,218 - \$18,130	3.50 Points
\$18,131 - \$19,043	3.25 Points
\$19,044 - \$19,956	3.00 Points
\$19,957 - \$20,869	2.75 Points
\$20,870 - \$21,782	2.50 Points
\$21,783 - \$22,696	2.25 Points
\$22,697 - \$23,609	2.00 Points
\$23,610 - \$24,522	1.75 Points
\$24,523 - \$25,435	1.50 Points
\$25,436 - \$26,348	1.25 Points
\$26,349 - \$27,261	1.00 Points
\$27,262 - \$28,174	0.75 Points
\$28,175 - \$29,087	0.50 Points
\$29,088 - \$30,000	0.25 Points
Greater than \$30,000	0.00 Points

COMMUNITY STABILITY**VARIABLE – Up
to 23 Points**

- 7 Points – 100% of the AHP units are an adaptive reuse project.
- 8 Points – Eliminate a substandard property by the project's rehabilitation of a substandard property or by the project's demolition of a substandard property and new construction on the same site. The Seattle Bank's Substandard Properties Form from a local jurisdiction is required to verify that the substandard building is being rehabilitated or replaced by this project.
- 8 Points – Stabilize affordable housing where the AHP project acquires housing that is currently unrestricted by use agreements governing incomes and rents and converts it to affordable housing.

ATTACHMENT 3
FEDERAL HOME LOAN BANK OF SEATTLE
ELIGIBILITY ANALYSIS – 2015

Eligibility analysis will be determined for competitive AHP applications. Among other things, eligibility analysis will include a review of the market demand for the project as proposed in the AHP application, the project's ability to comply with AHP's time limits, the development expertise of the sponsor, and, if applicable, the past performance of the sponsor and member in complying with AHP requirements.

AHP Eligibility Checklist – 2015

- _____ The AHP subsidy request does not exceed \$700,000/project, except in Alaska or Hawaii where the request may not exceed \$1.0 million.
- _____ AHP subsidy request does not exceed: \$50,000/unit for a rental project, except in Alaska or Hawaii where the request may not exceed \$60,000/unit for a rental project; \$20,000/bed for shelter or group home; or \$30,000/unit for owner-occupied project, except in Alaska or Hawaii where the request may not exceed \$50,000.
- _____ The AHP subsidy request does not exceed 80% of the project's total housing development costs.
- _____ The AHP project will not be complete on or before the AHP award date.
- _____ Project is expected to be complete within 36 months of approval
- _____ Sponsor has an ownership interest (rental) or is integrally involved (owner-occupied)
- _____ Sponsor is in compliance with other AHP projects
- _____ Sponsor is qualified
- _____ Member is in compliance with other AHP projects
- _____ AHP will be used as a direct grant or to subsidize a loan (won't be used in a RLF)
- _____ AHP not used for prepayment, cancellation, and/or processing fees
- _____ AHP will not be used to pay for capitalized operating reserves
- _____ Counseling costs only for AHP units and if no other funding source
- _____ Project includes Fair Housing and Affirmative Marketing Plan
- _____ Named, third-party source demonstrates need for housing (sponsor's waiting list ok)
- _____ At least 20% of units in a rental project for households with incomes at or below 50%
- _____ Rental retention for 15 years / Owner-occupied retention for five years

ATTACHMENT 4
FEDERAL HOME LOAN BANK OF SEATTLE
PROJECT FINANCIAL FEASIBILITY ANALYSIS

The Seattle Bank's Project Financial Feasibility Analysis assesses a project's need for AHP subsidy, that the project's costs are reasonable, and that the project is feasible, including developmental, market, and operational factors. The results of this analysis serve as a benchmark for evaluating projects and may be used as a basis for accepting, adjusting, or rejecting requests for subsidy in the application, modification, and pre- and post-disbursement stages of a project. The Seattle Bank reserves the right to review all project costs, expenses, and fees whether or not the items are identified herein.

The basis for a reasonable acceptance of exceptions to the AHP guidelines must be explained in writing by the AHP applicant.

(1) SOURCES AND USES OF FUNDS STATEMENT

	Yes/No/N/A	Comments
Do total permanent sources of funds equal total uses of funds?		
Does the Sources Statement include estimates of funds proposed, approved, and received?		
Are there at least as much sources as there are uses for commercial space?		
List the sources of funds that are being used for the commercial uses.		Sources used for commercial uses:

(2) COST REASONABLENESS BENCHMARKS - SHOW ALL CALCULATIONS

	Yes/No/N/A	Comments
<p>Developer Fee</p> <p>Is the developer fee greater than 10% of total development costs, or 15% if the project includes tax credit financing?</p> <p>(Exclude the developer fee from the calculation.)</p> <p>Note: Developer fees will be critically scrutinized for rehabilitation projects with no transfer of ownership or transfer of ownership to a related party.</p>		
<p>Capitalized Operating Reserves</p> <p>Do the capitalized operating reserves exceed 12 months of operating expenses and hard debt service? If yes, explain.</p> <p>(Exclude operating and replacement reserves listed on the pro forma from the calculation.)</p> <p>Note: If capitalized operating reserves are on the Uses Statement, operating reserves may not be listed on the Rental Operating ProForma.</p>		<p>Enter the amount of capitalized operating reserves</p> <p>\$</p> <p>Enter the amount of 12 months' operating expense + debt service</p> <p>\$</p>

<p>Cost Per Square Foot</p> <p>What is the per square foot housing development cost?</p> <p>Calculate costs listed in the “housing” column of the Uses Statement.</p> <p>(Exclude land and soft costs.)</p>		<p>Enter the per square foot housing cost:</p> <p>\$</p> <p>Enter the RSMMeans Company per square foot housing cost:</p> <p>\$</p> <p>Provide an explanation if the per square foot housing cost exceeds RSMMeans Company:</p>
<p>Hard Cost Contingency</p> <p>Is the hard cost contingency between:</p> <p>5% and 10% of hard costs for new construction</p> <p>– OR –</p> <p>7% and 20% of hard costs for rehabilitation</p> <p>If no, explain.</p>		<p>Hard cost contingency as % of total hard costs (net of hard cost contingency)</p> <p>%</p> <p>Explanation, if applicable:</p>
<p>Soft Costs</p> <p>(a) Does the soft cost contingency exceed 20% of soft costs?</p> <p>If yes, explain.</p>		<p>Soft cost contingency as % of soft costs</p> <p>%</p> <p>Explanation, if applicable:</p>
<p>(b) Do soft costs, defined as all costs other than acquisition and hard costs, exceed 30% of total development costs for projects financed by low income housing or historic tax credits; 25% of total development costs for new construction; or 20% for rehabilitation?</p> <p>If yes, explain.</p>		<p>Soft costs as % of total development costs</p> <p>%</p> <p>Explanation, if applicable:</p>

(3) HARD AND SOFT DEBT

If the project has loans, list the interest rates, points, fees, and other charges for every loan that is listed on the Sources Statement.

Lender name			
Amount of loan			
Interest rate			
Term			
Points			
Fees			
Other charges			
Annual debt service			

(4) OPERATIONAL FEASIBILITY BENCHMARKS – RENTAL PROJECTS ONLY

	Minimum Benchmark	Maximum Benchmark	This Project (current)	Comments
Off-site management fee. Do not include social services.	None	10% of gross income – 15% of gross income for projects with monitoring fees (i.e. tax credit projects)		
Key Expenses must include <u>only</u> : insurance, electric and gas, water and sewer, garbage and recycling, on-site management, maintenance and repairs.	\$2,500/unit/year Alaska: \$5,500/unit/year	\$5,000/unit/year Alaska: \$8,000/unit/year		
Vacancy Allowance	3% of gross rental income	7% of gross rental income		
Debt Coverage Ratio (no private debt)	1.05	1.30		
Debt Coverage	1.20	1.40		

Ratio (with private debt)				
Net cash flow at or below 15% of effective gross income?	Net cash flow is 0% of effective gross income	Net cash flow is 15% of effective gross income		
Replacement Reserves	\$200/unit/year	\$350/unit/year		
Operating Reserves	\$100/unit/year	\$300/unit/year		
Annual rent and expense increases	2%	4%		