

COMMUNITY HOUSING PROGRAM *PLUS* (CHP *PLUS*) ADVANCES

FHLBank Topeka's Community Housing Program *Plus* (CHP *Plus*) is a special advance program authorized by the Finance Agency's Community Investment Cash Advance (CICA) regulations. CHP *Plus* provides members with wholesale loans (advances) priced at FHLBank's cost of funds to help finance rental housing projects affordable to households at or below 80 percent of area median income (AMI) in their communities. This favorable pricing, coupled with the availability of funds in terms up to 30 years, helps lenders extend long-term, fixed rate credit for rental housing. The Community Housing Program (CHP) funds loans targeted to rental projects affordable to households up to 115 percent of area median income or that do not otherwise meet the requirements of the CHP *Plus* program. Funding for commercial loans, loans for public facilities and community and economic development projects is available through FHLBank's Community Development Program (CDP) advances.

OBJECTIVE OF CHP *PLUS*

To finance the construction, purchase or rehabilitation of rental housing occupied by or affordable to families earning up to 80 percent of area median income (AMI).

TERMS AND CONDITIONS

CHP *Plus* Advance Products and Programs

- Regular fixed rate advances
- Callable advances
- Amortizing fixed rate advances
- Adjustable rate advances

Limitations

Members must comply with FHLBank's lending procedures as identified in the Credit Guidelines section of the Member Products and Services Guide. CHP *Plus* advances cannot be used to finance any direct activity of the member or an affiliate of the member. Members are precluded from using CHP *Plus* advances for their own benefit.

FHLBank will provide up to \$25 million annually in CHP *Plus* advances, and each project is limited to \$2 million. The minimum amount of a CHP *Plus* advance is \$10,000. Members are limited to no more than a 200-basis-point markup to their customer above CHP *Plus* advance rates. A member may obtain CHP *Plus* advances for no more than two projects per year. Members may obtain CHP *Plus* advances for additional projects after June 15 if CHP *Plus* funds remain available.

Rate

CHP *Plus* advances are priced at FHLBank's cost of issuing consolidated obligations of comparable maturities, including concession costs. Callable, amortizing and adjustable rate CHP *Plus* advances are priced in a similar manner using market interest rates applicable to FHLBank obligations of comparable maturities and call features. CHP *Plus* pricing must be applied on the date the advance is issued.

If FHLBank determines that a member is not complying with the terms, conditions or regulations of the program, the interest rates on the outstanding CHP *Plus* advances may be changed to the comparable market rates that were in effect at the time of the original funding. Members will be given the opportunity to appeal such determinations before FHLBank implements any rate adjustment.

Term

CHP *Plus* advances are available in maturities from four months to 30 years. Advance terms should be consistent with the proposed use of funds.

Prepayment Option

The normal prepayment fee will apply to CHP *Plus* advances. For details, refer to the specific advance program.

Collateral

CHP *Plus* advances must be fully collateralized at the date of issuance and at all times thereafter. Please refer to the Collateral Guidelines section of the Member Products and Services Guide.

Availability

Provided an approved CHP *Plus* application is on file, CHP *Plus* advances may be requested until 4 p.m. CT.

ADDITIONAL CHP PLUS GUIDELINES

- **Failure on the part of a member to supply any requested documentation may result in the member being restricted from access to FHLBank's Housing and Community Development department programs. In addition to future CHP *Plus* applications, this would include the Affordable Housing Program, Homeownership Set-aside Programs, Joint Opportunities for Building Success program and Community Housing Program/Community Development Program advances.**
- The maximum term of a CHP *Plus* advance is 30 years. A CHP *Plus* advance may also be combined with regular CHP advances, and the term of the combined advances may extend to 30 years.
- CHP *Plus* advances can be used for loans funded 90 days before the effective date of the CHP *Plus* advance approval and for loans funded up to one year after approval.
- A CHP *Plus* application must be submitted to FHLBank's Housing and Community Development (HCD) department for confirmation of eligibility for CHP *Plus* funds. The application review is not a competitive process, but it is subject to limits on the amount of funding available. CHP *Plus* applications are accepted throughout the year subject to the availability of funds.
- Members may take multiple CHP *Plus* advances up to the total amount of CHP *Plus* funding approved.
- Members are not committed to taking the full amount of approved CHP *Plus* funding and may choose to utilize only a portion of the approved amount.
- CHP *Plus* advances can be used in conjunction with HUD, FHA, state and local government initiatives and secondary market agency programs.
- Applications are available from FHLBank's HCD department at 785.233.0507, on FHLBank's Web site at <http://www.fhlbtpeka.com> or by e-mail request to HCDSP@fhlbtpeka.com.

WHAT TO EXPECT AFTER APPLYING FOR A CHP PLUS ADVANCE

1. The HCD department will review the proposed project to be funded with a CHP *Plus* advance and, if necessary, request follow-up information or documentation.
2. Following approval of the CHP *Plus* advance, HCD staff will send the member a letter authorizing the advance under the agreed upon conditions. FHLBank's Lending department will be notified that the advance request is CHP *Plus*-qualified.
3. The member must call the FHLBank Topeka Lending department at 800.809.2733 when the advance is needed and tell the Lending staff that the advance is for an approved CHP *Plus* project.
4. Upon taking the advance, the member must provide the CHP *Plus* Initial Certification of Use of Advances form accompanied by a copy of the closing documents such as note, mortgage and closing statement to document that the proceeds of the advance have been used for the approved project.
5. No annual verification is required for CHP *Plus* products.
6. FHLBank, at its discretion, may adjust the interest rate on approved and drawn CHP *Plus* advances in those instances where FHLBank determines that the member is not in compliance with FHLBank CHP *Plus* policies.

UTILIZING CHP PLUS FOR RENTAL HOUSING

Members have used CHP *Plus* to access a long-term source of fixed-rate funds to match fund a long-term fixed-rate loan to the owner of rental units. In some cases, these rental projects also have, but are not required to have, funding from housing tax credits or other credit enhancements through USDA or HUD.

To qualify for CHP *Plus* funding, a rental project must show that it meets one of the following two CHP *Plus* criteria: 1) At least half the units are or will be occupied by households with incomes at or below 80 percent of the area median income (AMI); or 2) at least half the units must have rents affordable to households at or below 80 percent of the AMI. Rent is affordable if it is less than 30 percent of 80 percent of AMI. For example for a project located in a county for which 80 percent of median income equals \$32,000; the maximum CHP *Plus*-qualified rent is \$800 ($\$32,000 * 30\% / 12 = \800).

Members can use a CHP *Plus* advance to fund qualified rental projects up to three months after the loan has been made to the owner. A member can apply in advance of closing a CHP *Plus*-qualified loan for a rental unit or project. Approved CHP *Plus* funds are available to the member for up to a year after approval.

Please note that the member must apply for and receive approval of the CHP *Plus* application prior to taking down the CHP *Plus* advance. FHLBank cannot adjust the rate on advances drawn prior to approval of the CHP *Plus* application even if the advance was used to fund a CHP *Plus*-qualified project.

For those CHP *Plus*-qualified rental projects where the member is providing both construction and permanent financing, the member may elect to take the CHP *Plus* advance during construction for the full term of the construction period and permanent loan rather than wait until completion of construction or taking two CHP *Plus* advances. This allows the member to lock in its cost of funds for the permanent loan during the construction period if the member believes that is advantageous.

FHLBank Topeka

COMMUNITY HOUSING PROGRAM *Plus* (CHP *Plus*)

STOCKHOLDER INFORMATION

Stockholder Name:		FHFA ID#
Contact Person:	Title:	
Address:		

City/State/Zip:		
Phone:	Fax:	E-mail:

ADVANCE REQUEST

CHP <i>Plus</i> Advance Requested: \$ (Maximum \$2,000,000)	
Terms Requested (Months/Years):	
Type of Advance (Fixed/Amortized):	
Purpose of CHP <i>Plus</i> Advance: <input type="checkbox"/> Multifamily <input type="checkbox"/> Single Family Rental	
Purpose of Lender Financing (<i>check all that apply</i>): <input type="checkbox"/> New Construction <input type="checkbox"/> Existing Purchase <input type="checkbox"/> Rehabilitation <input type="checkbox"/> Permanent Loan	
Est. date CHP <i>Plus</i> advance to be taken:	Expected date loan will be funded:

PROJECT INFORMATION

Project Name:	
Address:	
City/State/Zip:	
County:	US Congressional District:
Census Tract:	Total Development Cost: \$
Targeted Population (Native American, Farm Workers, Families, etc.):	
Scattered Site: <input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Rural <input type="checkbox"/> Urban <input type="checkbox"/> Both
Other Financing Sources (<i>check all that apply</i>)	
<input type="checkbox"/> Federally Owned Properties	<input type="checkbox"/> State/Local Grants or Funds
<input type="checkbox"/> Low-Income Housing Tax Credits	<input type="checkbox"/> USDA Programs
<input type="checkbox"/> Housing Finance Agency Bonds	<input type="checkbox"/> Other Grants
<input type="checkbox"/> Any HUD Programs (including FHA)	<input type="checkbox"/> AHP Subsidy; Amount \$ _____ Project # _____

FOR FHLBANK USE ONLY

HCD Dept:	APPROVED/DENIED	Comments/Qualifying Standard:
By:	Date:	
CHP <i>Plus</i> #		
Applications approved for member in 2010:		
Reviewed by:	Date:	

RESIDENTIAL PURPOSE (if applicable)

Number of Units:	Single-family Rental _____	<i>A tenant/rent schedule must be submitted as Attachment A.</i>
	Multifamily Rental _____	
	Total Units _____	

BORROWER INFORMATION FOR MULTIFAMILY RENTAL PROJECTS

Name:		
Contact Person:	Corporate Title:	
Mailing Address:		
City/State/Zip:		
Phone:	Fax:	
Status:	<input type="checkbox"/> Private, For-profit Developer	<input type="checkbox"/> Government-sponsored Agency
	<input type="checkbox"/> Nonprofit Organization	<input type="checkbox"/> Other, specify: _____

PROJECT DESCRIPTION:

STOCKHOLDER CERTIFICATION

Stockholder certifies that the project meets the guidelines for CHP *Plus* funding. **Stockholder will provide information after the disbursement of the advance, including a copy of loan documents for rental projects and CHP *Plus* Initial Certification Form.** Stockholder agrees that the rate to the borrower will not exceed 200 basis points over the CHP *Plus* advance rate. CHP *Plus* advances used to fund loans that exceed 200 basis points over the CHP *Plus* rate to the stockholder will be converted to the regular CHP pricing at the sole discretion of FHLBank. Stockholder understands that CHP *Plus* pricing cannot be applied to FHLBank advances already taken. Stockholder agrees to allow FHLBank to publicize stockholder's participation in the program.

(Name of FHLBank Member Institution)

(Officer Signature) (Corporate Title)

(Type or Print Officer Name) (Date Signed)

MAIL OR FAX APPLICATION TO: FHLBank Topeka, Housing and Community Development
Department, PO Box 176, Topeka, KS 66601-0176, Phone: 785.233.0507, FAX: 785.234.1765

RENTAL PROJECTS

Qualifying criteria for CHP *Plus* rental projects:

Check one of the following qualifying criteria

- At least 51% of the units have or will have tenants with incomes at or below 80% of the area median income (AMI); **or**
- At least 51% of the units have or will have rents affordable to tenants at or below 80% of AMI.

State: _____

MSA: _____ or County: _____

80% of AMI, four-person household for MSA or County: _____
(80% of AMI data is available from FHLBank's HCD department.)

Affordable Rent: (30% * 80% AMI / 12): _____

Please complete the following information. If you have a rent schedule giving this information, you may attach a copy instead of completing this form.

<u>Unit Type</u>	<u>Number of Units</u>	<u>Monthly Rent</u>	<u>Comments</u>
Studio	_____	_____	_____
One Bedroom	_____	_____	_____
One Bedroom	_____	_____	_____
Two Bedrooms	_____	_____	_____
Two Bedrooms	_____	_____	_____
Three Bedrooms	_____	_____	_____
Three Bedrooms	_____	_____	_____
Four Bedrooms	_____	_____	_____
Four Bedrooms	_____	_____	_____
Other, Specify	_____	_____	_____

Do the monthly rent figures shown above include standard utilities such as water, sewer, electricity and heat?

- Yes No