

## Instructions Page

### Purpose

Originators of MPF® Traditional loans must use this exhibit to verify that non-FHLB Affordable Housing Program (AHP) funds meet the eligibility requirements in accordance with MPF Traditional Selling Guide Chapter 4.

### Preparation

- **When:** The PFI must use this exhibit when determining if non-FHLB AHP funds are eligible under the MPF Traditional products.
- **Who:** This exhibit should be used by an employee of the Originator who has responsibilities that would cause such individual to be knowledgeable of terms of the non-FHLB AHP funds.
- **How:** The PFI should use this checklist as a job-aid and retain it in the Mortgage Loan File.

### Additional Guidance

Please contact the MPF Service Center by using one of the following options for any questions or assistance regarding this Exhibit:

- [MPF Customer Service Portal](#)
- Email: [MPF-Help@fhlbc.com](mailto:MPF-Help@fhlbc.com)
- Phone: (877) 345-2673

### Helpful Hints

- Mortgage Loans with AHP funds must be a purchase or limited cash-out refinance transaction.
- The income limits established by the AHP funds provider must be followed.

# Non-FHLB AHP Program Guide Checklist

GUIDELINE	
The TLTV does not exceed 105%	<input type="checkbox"/>
Affordable Housing Program (AHP) funds are provided by a federal agency, a municipality, state, county, or state or local housing finance agency, a nonprofit organization, PFI, or an employer.	<input type="checkbox"/>
AHP funds are used for down payment assistance, closing costs, property renovations, or a permanent interest rate buydown.	<input type="checkbox"/>
The AHP related second mortgage lien is subordinate to the first mortgage lien.	<input type="checkbox"/>
If the second mortgage has a balloon payment, it is due and payable at the later of (1) 15 years from the Note date of the first mortgage or (2) the maturity date of the first mortgage.	
The interest rate for the second mortgage is not more than 2% higher than the interest rate for the first mortgage.	<input type="checkbox"/>
<p>The second mortgage does not provide for negative amortization, unless it meets the following requirements:</p> <ul style="list-style-type: none"> <li>• Interest is accrued on simple-interest basis at a rate that does not exceed 75% of the rate of the first mortgage, and the accrued interest is deferred until the property is sold or transferred, the first mortgage is refinanced or paid in full, or an event of default occurs as specified in the note or security instrument for the second mortgage; or</li> <li>• The accrued interest is assessed only when an event of default occurs as specified in the note or security instrument for the second mortgage.</li> </ul>	<input type="checkbox"/>
Any resale restrictions for the Mortgage Loan comply with MPF Program requirements.	<input type="checkbox"/>
If the second mortgage permits the provider to share in any appreciation in the value of the Mortgaged Property, the provisions must be in accordance with Applicable Standards and the provider's share must not exceed the percentage calculated from dividing the original Principal Balance of the second mortgage by the value of the property.	<input type="checkbox"/>

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