Real Estate Retention Agreement

Homeownership Initiatives

Grant Award - (Homeownership)

Project / ID#:

For purposes of this Agreement[[1]](#footnote-1), the following terms shall have the meanings set forth below:

“FHLBI” or “the Bank” shall refer to the Federal Home Loan Bank of Indianapolis.

“Member” shall refer to                 (FHLBI’s Member institution), located at            .

“Borrower(s)” shall refer to            .

For and in consideration of receiving direct subsidy funds (the “Subsidy”) in an amount not to exceed

$                 under the Affordable Housing Program (“AHP”) of the FHLBI through the Member, with respect to that certain real property located at                     , in the city/town of                     , County of                     , State of           , which is more fully described as follows, or as attached hereto as Exhibit A and made a part hereof:

Borrower(s) hereby agree that they shall maintain ownership and reside in this property as their primary residence for a period of five (5) years (“Retention Period”) from the date of the closing and further agrees with the Member that:

1. The FHLBI, whose mailing address is 8250 Woodfield Crossing, Indianapolis, Indiana 46240, Attention: Community Investment Division, and the Member are to be given immediate written notice of any sale or refinancing of this property occurring prior to the end of the Retention Period;
2. In the case of a sale prior to the end of the Retention Period (including transfer or assignment of the title or deed to another owner, subject to certain exceptions outlined herein), an amount calculated by the Member via a Bank prescribed calculation and verified by the Bank, equal to the lesser of: (a) the Subsidy, reduced on a pro rata basis per month until the unit is sold, transferred, or its title or deed transferred, during the Retention Period; or (b) any net proceeds from the sale, transfer, or assignment of title or deed of the unit, minus the AHP-assisted household’s investment, shall be repaid to the Member for reimbursement to the Bank, unless the purchaser is a very low, low-, or moderate-income household which is defined as having not more than 80% of the area median income, or the household had obtained a permanent mortgage funded by an AHP subsidized advance and not a direct subsidy, or the amount of Subsidy required to be repaid pursuant to this paragraph is $2,500 or less. For purposes of determining whether a subsequent sale, transfer or assignment of the unit is to a purchaser that qualifies as a very low, low-, or moderate-income household, the Bank shall determine the purchaser’s income using one or more proxies that are reliable indicators of the subsequent purchaser’s income, and which shall be selected by the Bank prior to such determination and stated in the Bank’s AHP Implementation Plan, unless documentation demonstrating that household’s actual income is made available to the Bank. Upon the sale of the home, the purchaser has no retention or AHP Subsidy repayment obligations, regardless of whether or not the purchaser is very low-, low- or moderate-income;
3. In the case of any refinancing prior to the end of the Retention Period, an amount calculated by the Member via a Bank prescribed calculation and verified by the Bank, equal to the lesser of: (a) the Subsidy, reduced on a pro rata basis per month until the unit is refinanced, during the Retention Period; or (b) any net proceeds from the refinancing of the unit, minus the AHP-assisted household’s investment, shall be repaid to the Member for reimbursement to the Bank, unless the property continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism incorporating the requirements of clauses (i), (ii), (iii) and (iv) contained herein, or the household had obtained a permanent mortgage funded by an AHP subsidized advance and not a direct subsidy, or the amount of Subsidy required to be repaid pursuant to this paragraph is $2,500 or less; and
4. In the case of a foreclosure, deed-in-lieu, or assignment of the first mortgage to the Secretary of HUD (assuming AHP funding is used in conjunction with FHA financing), the obligation to repay the direct Subsidy to the Member shall terminate upon final settlement or disposition, once such action is completed. Otherwise, the covenants contained herein shall continue until release by the Member in writing or the expiration of the Retention Period, whichever should first occur.
5. Upon the death of the AHP-assisted sole owner, or owners in the case of multiple title holders, the AHP Retention Agreement terminates and there is no obligation to repay the AHP Subsidy.

Borrower and Member acknowledge that the Bank may request additional documentation to assist with finalizing any property disposition that occurs during the Retention Period.

IN WITNESS WHEREOF, the Borrower(s) and the Member, by its duly authorized representative, have executed this Agreement as of this        day of           ,      .

|  |  |  |
| --- | --- | --- |
|  |  |  |
| Witness:        |  | Borrower:        |
|  |  |  |
| Witness:        |  | Borrower:        |

State of (      )

 ) SS:

County of (      )

          , personally appeared before me and acknowledged the foregoing instrument this            day of            ,      .

|  |  |  |  |
| --- | --- | --- | --- |
| My Commission Expires: |        |  |  |
|  |  | Notary Public |
| My County of Residence: |        |  |        |
|  |  |  | (Printed) |

(Member)

|  |  |  |
| --- | --- | --- |
|   |  | By:  |
| (Witness) |  | (Member Representative) |
|       |  |       |
| (Printed Name of Witness) |  | (Printed Name and Title of Member) |

State of (      )

 ) SS:

County of (      )

     , personally appeared before me and acknowledged the foregoing instrument this        day of               ,      .

|  |  |  |  |
| --- | --- | --- | --- |
| My Commission Expires: |       |  |  |
|  |  | Notary Public |
| My County of Residence: |       |  |       |
|  |  |  | (Printed) |

|  |  |
| --- | --- |
| This Instrument prepared by (Upon recording, to be returned to)   |       |
| Member Representative |
|       |
| FHLBI Member Institution |
|       |
|       |
| (Preparer’s Mailing Address) |

|  |  |
| --- | --- |
| I affirm, under the penalties for perjury, that I have taken reasonable care to redact each social security number in the document, unless required by law. (Required in Indiana only)  |  |
| Member Representative |
|       |
| (Printed Name and Title) |

1. This Real Estate Retention Agreement complies with FHA requirements at 24 CFR §203.41, HUD 4155.1, Mortgage Credit Analysis for Mortgage Insurance 5.B.7.d. and AHP regulations codified at 12 CFR §1291, et seq. and the directives of the Federal Housing Finance Agency. [↑](#footnote-ref-1)