

Rental project means a project involving the purchase, construction, or rehabilitation of rental housing, including overnight shelters and transitional housing for homeless households and mutual housing, where at least 20 percent of the units in the project are occupied by and affordable for very low-income households.

Retention period means:

- (1) 5 years from closing for an AHP-assisted owner-occupied unit; and
- (2) 15 years from the date of project completion for a rental project.

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

- (1) Has an ownership interest (including any partnership interest) in a rental project; or
- (2) Is integrally involved in an owner-occupied project, such as 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.

State means a state of the United States, the District of Columbia, Guam, Puerto Rico, or the U.S. Virgin Islands.

Subsidized advance means an advance to a member at an interest rate reduced below the Bank's cost of funds, by use of a subsidy.

Subsidy means:

- (1) A direct subsidy, provided that if a direct subsidy is used to write down the interest rate on a loan extended by a member, sponsor, or other party to a project, the subsidy shall equal the net present value of the interest foregone from making the loan below the lender's market interest rate (calculated as of the date the AHP application is submitted to the Bank, and subject to adjustment under §960.8(c)(3));

- (2) The net present value of the interest revenue foregone from making a subsidized advance at a rate below the Bank's cost of funds, determined as of the earlier of the date of disbursement of the subsidized advance or the date prior to disbursement on which the Bank first manages the funding to support the subsidized advance through its asset/liability management system, or otherwise; or

- (3) Homeownership set-aside funds.

Very low-income household. (1) *Owner-occupied projects*. For purposes of an owner-occupied project, *very low-income household* means a household which, at the time it is qualified by the sponsor for participation in the project, has an income at or below 50 percent of the median income for the area.

(2) *Rental projects*. (i) *In general*. For purposes of a rental project, a very low-income household means a household which, upon initial occupancy of a rental unit, has an income at or below 50 percent of the median income for the area.

(ii) *Housing with current occupants*. In the case of projects involving the purchase or rehabilitation of rental housing with current occupants, *very low-income household* means an occupying household with an income at or below 50 percent of the median income for the area at the time an application for AHP subsidy is submitted to the Bank.

(3) *Family-size adjustment*. The income limit for *very low-income households* may be adjusted for family size in accordance with the methodology of the applicable median income standard.

[62 FR 41828, Aug. 4, 1997, as amended at 63 FR 27672, May 20, 1998]

§960.2 Required annual AHP contributions.

Each Bank shall contribute annually to its Program the greater of:

- (a) 10 percent of the Bank's net earnings for the previous year; or
- (b) That Bank's pro rata share of an aggregate of \$100 million to be contributed in total by the Banks, such proration being made on the basis of the net earnings of the Banks for the previous year.

§960.3 Operation of Program and adoption of AHP implementation plan.

- (a) *Allocation of AHP contributions*. (1) *Homeownership set-aside programs*. Each Bank, after consultation with its Advisory Council, may set aside annually, in the aggregate, up to the greater of \$1.5 million or 15 percent of its annual required AHP contribution to provide funds to members participating in the Bank's homeownership set-aside programs, pursuant to the requirements of this part. In cases where the amount of