



**HOMEBUYER DREAM PROGRAM®  
AFFORDABLE HOUSING PROGRAM  
RETENTION DOCUMENTS**

**Declaration of Restrictive Covenant**

**FOR USE WITH FHA LOANS ONLY**

The Federal Home Loan Bank of New York (“FHLBNY”) requires that the following documents, in form fillable pdf format, be executed at the closing of an FHA insured loan receiving a Federal Home Loan Bank of New York Affordable Housing Program Set-aside subsidy. The Declaration of Restrictive Covenant replaces the Subordinate Mortgage that otherwise applies for an AHP subsidy.

- Declaration of Restrictive Covenant; and
- Certification of Intent to Record.

**PARTICIPATING MEMBER INSTITUTIONS ARE REQUIRED TO COMPLETE AND RECORD A DECLARATION OF RESTRICTIVE COVENANT IN THE FORM ATTACHED. WITHIN TWENTY (20) DAYS OF CLOSING, THE MEMBER SHALL UPLOAD THROUGH THE MEMBER PORTAL COPIES OF THE EXECUTED DELCARATION OF RESTRICTIVE COVENANT AND CERTIFICATION OF INTENT TO RECORD.**

By providing member institutions with the attached document, the FHLBNY is not providing legal advice to participating member institutions. The FHLBNY strongly suggests that declarants, sponsors and member institutions consult legal counsel to ensure full compliance with recording requirements and all other applicable laws, including FHA-HUD requirements.

No modifications to this form of declaration of restrictive covenant are permitted without the prior written consent of the FHLBNY.

**PLEASE REMOVE THIS INSTRUCTION PAGE AND CERTIFICATION OF INTENT TO RECORD BEFORE RECORDING THE DECLARATION OF RESTRICTIVE COVENANT**

After Recording, Return to:  
[Insert Member Institution Mailing Address]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**FEDERAL HOME LOAN BANK OF NEW YORK  
HOMEBUYER DREAM PROGRAM® AFFORDABLE HOUSING PROGRAM  
DECLARATION OF RESTRICTIVE COVENANT**

**THIS DECLARATION OF RESTRICTIVE COVENANT** (“Declaration”) for the Federal Home Loan Bank of New York (“FHLBNY”) Affordable Housing Set-aside Program (“AHP”) funds is made on \_\_\_\_\_ (the “Closing Date”) by \_\_\_\_\_ (the “Declarant”), residing at \_\_\_\_\_, in favor of \_\_\_\_\_ (the “Member”), organized and existing under the laws of \_\_\_\_\_, with an office located at \_\_\_\_\_

**WITNESSETH**

**WHEREAS**, Declarant is a participant in the FHLBNY Affordable Housing Program (“AHP”) the Homebuyer Dream Program® (“HDP®”), whereby the FHLBNY provides, through its members, a subsidy for down payment and closing cost assistance to an eligible first-time homebuyer purchasing a home;

**WHEREAS**, Declarant is indebted to the Member in the amount of \$ \_\_\_\_\_, which are AHP subsidy funds (the “Subsidy”) under the FHLBNY AHP Set-aside Program provided through the Member, for the purchase of certain real property located at \_\_\_\_\_, in the city/town of \_\_\_\_\_, County of \_\_\_\_\_ State of \_\_\_\_\_, Zip Code \_\_\_\_\_ (the “Property”), as more particularly described in Exhibit A attached hereto (such real property together with all improvements now or hereafter erected thereon, being hereinafter referred to as the “Property”), to be used as the Declarant’s primary residence;

**WHEREAS**, the FHLBNY has agreed to provide the Subsidy to the Declarant through the Member pursuant to the terms and conditions of a member participation agreement between Member and the FHLBNY and in accordance with the AHP Implementation Plan, AHP policies, procedures, guidelines, and instructions, and the Federal Housing Finance Agency’s Affordable Housing Program Regulations (12 CFR Part 1291), as may be amended from time to time (the “AHP Regulations,” and collectively, the “AHP Requirements”);

**WHEREAS**, the Member has determined that the Declarant meets the definition of an eligible home buyer in accordance with the AHP Requirements; and

**WHEREAS**, capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the AHP Regulations or the AHP Requirements.

**NOW, THEREFORE**, Declarant agrees to maintain ownership and reside in the Property as a primary residence for a period of not less than five (5) years from the Closing Date. (“Retention Period”) and further agrees as follows:

1. Notice. The FHLBNY and the Member shall be given prompt written notice of a sale, transfer, assignment of title or deed, or refinancing of the Property during the Retention Period.

a. Notice to the FHLBNY shall be provided by first-class mail to the following address:

Federal Home Loan Bank of New York  
101 Park Avenue  
New York, New York 10178  
Attention: General Counsel  
generalcounsel@fhlbny.com

b. Notice to the Member shall be provided by first-class mail to the following address:

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2. Repayment of Subsidy; Exceptions. Pursuant to the AHP Regulations, if the Declarant sells, transfers, assigns the title or deed, or refinances the Property during the Retention Period, an amount calculated by the Member using a Federal Housing Finance Agency prescribed calculation verified by the FHLBNY, equal to the lesser of: (a) the Subsidy, reduced on a pro rata basis per month until the Property is sold, transferred, or its title or deed transferred, or refinanced; or (b) any net proceeds from the sale, transfer, or assignment of title or deed of the Property minus the Declarant's investment in the Property (e.g., any acquisition costs (i.e., applicable costs and expenses incurred in connection with the purchase and/or financing of the Property, down payments and reductions of principal on the Property's first mortgage (as documented by written evidence such as closing disclosures and mortgage servicing statements)), and the cost of any post-closing capital improvements made to the Property (as documented by written evidence such as construction or home improvement invoices) (all documentation to be submitted and subject to the review and approval of the Member and/or the FHLBNY), shall be repaid to the Member for reimbursement to the FHLBNY unless one of the following exceptions applies in which case repayment of the Subsidy shall not be required:

- (i) if the Property is assisted with a permanent mortgage loan funded by an AHP subsidized advance;
- (ii) if the subsequent purchaser, transferee or assignee of the Property is a very low, low, or moderate income household at or below 80% of the over median income, as determined by the FHLBNY using one or more proxies unless documentation demonstrating the household's actual income is available;
- (iii) if the calculated repayment Subsidy amount is equal to or less than \$2,500;
- (iv) in the case of any refinancing during the Retention Period, if the Property continues to be subject to a deed restriction or other legally enforceable retention agreement similar to this and in compliance with 12 CFR 1291.15(a)(7), as amended;
- (v) in the case of a foreclosure, deed-in-lieu, or assignment of a FHA first mortgage to HUD (assuming AHP funding is used in conjunction with FHA financing), the death of the Declarant and/or if certain conditions are satisfied as set forth in the FHA Regulations

- at 24 CFR 203.41, as may be amended from time to time; or
- (vi) upon the death of the sole owner of the Property or the death of the last owner of the owners of the Property in the case of multiple title holders.

3. FHLBNY as Third-Party Beneficiary. The Declarant agrees that the FHLBNY is an intended third-party beneficiary of this Declaration and is entitled to rely upon all rights, representations, warranties, and covenants made by Declarant herein to the same extent as if FHLBNY were the Member hereunder.
4. Declarant and Member Agreement. Declarant and Member acknowledge that the FHLBNY may request additional documentation to assist with finalizing any property disposition that occurs during the Retention Period.
5. Modification and Assignment. This Declaration may not be changed or terminated orally. This Declaration may not be modified and/or assigned by either party, in whole or in part, without prior written consent of the other party and the FHLBNY. Any attempted modification and/or assignment without written consent shall be null and void.
6. WAIVER OF JURY TRIAL. THE DECLARANT KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ITS RIGHT TO A TRIAL BY JURY TO THE EXTENT PERMITTED BY LAW IN ANY ACTION OR OTHER LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS DECLARATION AND THE TRANSACTIONS IT CONTEMPLATES. THIS WAIVER APPLIES TO ANY ACTION OR OTHER LEGAL PROCEEDING, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE. EACH PARTY ACKNOWLEDGES THAT IT HAS RECEIVED THE ADVICE OF COMPETENT COUNSEL.
7. Governing Law. This Declaration shall be deemed to be a contract entered into pursuant to the laws of the State of New York and shall in all respects be governed, construed, applied and enforced in accordance with the laws of the State of New York (without regard to principles of conflicts of laws).
8. Severability. If any term or provision of this Declaration is held to be invalid or unenforceable for any reason, such invalidity or unenforceability will attach only to such provision and will not affect or render invalid or unenforceable any other provision of this Declaration.
9. Counterparts; Electronic Signatures. This Declaration may be executed in one or more counterparts, each of which is an original, and all of which together constitute only one agreement between the parties. To the extent that electronic signatures are acceptable for recordation in the jurisdiction in which the Property is located, the parties agree that the execution of this Declaration via an electronic signature is intended to authenticate this writing and to have the same force and effect as manual signatures.
1. Termination. This Declaration shall become effective upon execution by Declarant and shall terminate upon the expiration of the five (5) year Retention Period unless the Declaration is otherwise sooner terminated. All provisions of this Declaration are hereby declared covenants running with the land and are fully binding on Declarant and its successors, heirs, assigns, legal representatives, lessees and transferees, including, without limitation, any owners and/or users of the Property.

**[SIGNATURE(S) ON FOLLOWING PAGE]**

IN WITNESS WHEREOF, the undersigned has executed this instrument as of the date and year above set forth.

By: \_\_\_\_\_  
(Borrower)

By: \_\_\_\_\_  
(Borrower)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Name)

STATE/COMMONWEALTH OF \_\_\_\_\_ ss.: \_\_\_\_\_

COUNTY OF \_\_\_\_\_

On the \_\_\_\_\_ day of \_\_\_\_\_ in the year \_\_\_\_\_ before me, the undersigned, personally appeared \_\_\_\_\_ personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is(are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

WITNESS my hand and official seal,

\_\_\_\_\_

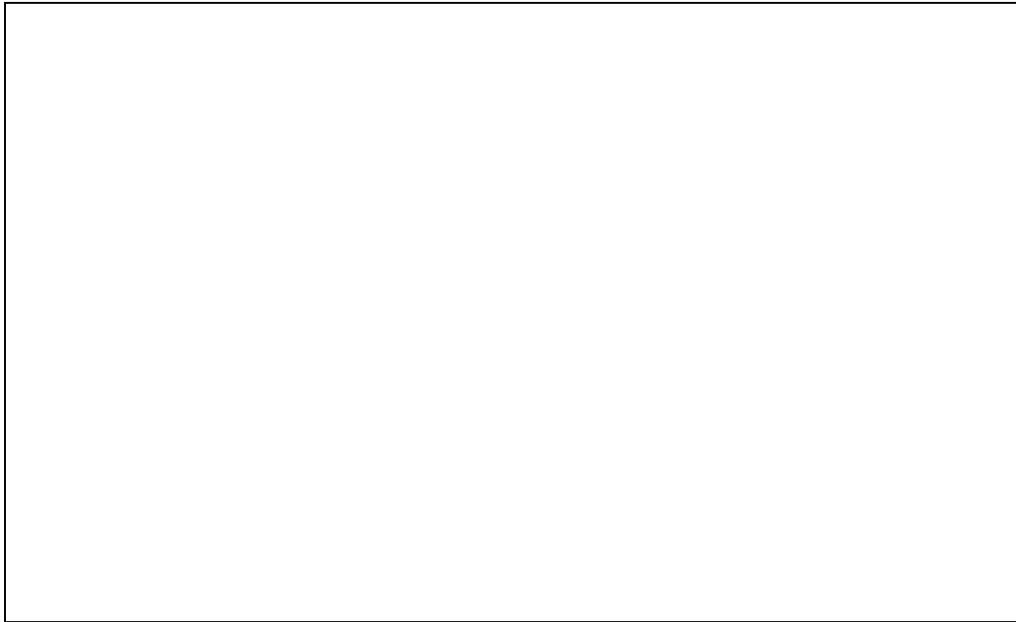
Notary Expires: \_\_\_\_\_

State of \_\_\_\_\_

County of \_\_\_\_\_

## **EXHIBIT A**

**(Legal description subject property)**



NMLS ID #: \_\_\_\_\_

NMLS NAME: \_\_\_\_\_

**HOMEBUYER DREAM PROGRAM®  
AFFORDABLE HOUSING PROGRAM**

**CERTIFICATION OF INTENTION  
TO RECORD DECLARATION OF RESTRICTIVE COVENANT**

**MEMBER:** \_\_\_\_\_

**DECLARANT:** \_\_\_\_\_ **HDP #** \_\_\_\_\_

**PROPERTY ADDRESS:** \_\_\_\_\_

Title Number: \_\_\_\_\_

Title Company: \_\_\_\_\_

Attached is a copy of a Declaration of Restrictive Covenant that encumbers the above-referenced property.

The original of this Declaration of Restrictive Covenant is being taken from the closing for public recording on \_\_\_\_\_.  
Date

\_\_\_\_\_  
**Name of Title Company, Law Firm or  
Federal Home Loan Bank of New York Member**

\_\_\_\_\_  
**Signature of Authorized Representative**

\_\_\_\_\_  
**Printed Name**

\_\_\_\_\_  
**Date**