



**EXHIBIT A**  
**TERMS AND CONDITIONS**

**STRENGTHEN ALABAMA HOMES PROGRAM (SAHP)**

Strengthen Alabama Homes Program (SAHP) Terms and Conditions by and between The Alabama Department of Insurance (also referred to as ALDOI or the Entity) and the Federal Home Loan Bank of Atlanta (FHLBank Atlanta or the Bank) as contemplated by the Memorandum of Understanding (MOU) executed by ALDOI and FHLBank Atlanta, and the terms of that MOU are incorporated by reference herein.

**Description**

ALDOI and the FHLBank Atlanta agree to collaborate on an affordable housing home rehabilitation finance initiative to advance the mutual strategic objectives of the parties. The collaborative initiative is intended to reduce or stabilize homeowner insurance premiums in the state of Alabama by instituting a home rehabilitation program designed to better position homes against possible wind damage through the provision of wind mitigation/rehabilitation funds in Baldwin and Mobile counties. The initiative will be known as the Strengthen Alabama Homes Program (SAHP). SAHP will be funded by ALDOI and by FHLBank Atlanta under its Structured Partnership Product (SPP) of the AHP Set-aside Program. The eligibility, intake, processing, approval, funding, and post-funding requirements of SAHP will proceed as per the following terms and conditions:

- 1. Parties**
  - A. Alabama Department of Insurance
  - B. Federal Home Loan Bank of Atlanta
  
- 2. Eligible Borrowers**

Households at or below 80% of the greater of the county HUD Area Median Income (AMI) adjusted for family size; or the state family median income (FMI) adjusted for family size
  
- 3. Eligible Properties**
  - A. Home Rehabilitation:
    - i. Existing owner-occupied homes in need of wind mitigation repair
      - a. With at least one year of current ownership by life estate or a full interest in the fee title, OR
      - b. Purchased at least one year prior to the application date



**4. Funding Allocation and Sources**

- A. ALDOI:
  - i. The total amount of ALDOI grants shall be a minimum of \$2 million
  - ii. ALDOI grants can include cash proceeds from a variety of sources
  
- B. FHLBank Atlanta:
  - i. The total amount of grants shall be up to \$1 million
  
  - ii. Funding provided under the Structured Partnership Product (SPP) of the AHP Set-aside program
  
- C. Both parties agree that the total grant amount committed can be amended within the terms of the agreement at any time with a 30-day written notice
  
- D. ALDOI and FHLBank Atlanta shall provide 2:1 matching grants that shall follow through on a transaction by transaction basis

**5. Eligible Funding Uses**

- E. ALDOI eligible uses include rehabilitation, construction, and soft costs related to wind mitigation assistance in connection with the rehabilitation of an eligible property to be used as the household's primary residence
  
  
  
  
  
  
  
  
  
  
- F. FHLBank Atlanta's funds may be used to pay for rehabilitation construction, soft costs, and counselling assistance in connection with the rehabilitation of an eligible property to be used as the household's primary residence

**6. Maximum Funding per Unit and Lien Positions**

- A. Home Rehabilitation
  - i. ALDOI will provide grants to support the rehabilitation of existing homeowner occupied eligible units



- a. The grant may be recorded in a restrictive covenant which protects the affordability in the home or investment
- b. No interest or principal payment
- c. The term of the restrictive covenant shall be zero years

ii. FHLBank Atlanta will provide grants not to exceed \$15,000 per unit. These grants may be provided to support the home repairs of existing homeowner occupied eligible units. Second or third lien position securing rehabilitation assistance for home repairs

- a. The FHLBank Atlanta shareholder is responsible for ensuring that the note and mortgage are enforceable for a 60-month term and amortization period
- b. No interest or principal payment

**7. Borrower's Funds**

- i. Homeowners are not required to participate in the funding of the eligible rehabilitation

**8. Start Date of MOU**

March 11, 2016

**9. End Date of MOU**

December 31, 2016

**10. Application  
Acceptance Period**

April 11, 2016, start of application acceptance period and October 7, 2016, date by which all applications must be received by FHLBank Atlanta

**11. Product Specific  
Application  
Documentation**

Property must be located within Baldwin and Mobile counties to be considered eligible

ALDOI will conduct a pre-screening of contractors and/or housing intermediaries interested in participating in the SPP. ALDOI will only work with pre-approved contractors and/or housing intermediaries



**12. Pre-disbursement  
Documentation**

Standard FHLBank Atlanta documentation as detailed in the AHP Set-aside Products Documentation Requirements and AHP Income Documentation Requirements as published on the FHLBank Atlanta website

**13. Post-disbursement  
Documentation**

Standard FHLBank Atlanta documentation as detailed in the AHP Set-aside Products Documentation Requirements as published on the FHLBank Atlanta website

**14. Lender Rotation and  
Participation**

A. As outlined in Exhibit B (ALDOI Workflow), interested applicants will self-select a FHLBank Atlanta shareholder they wish to work with from the list of Participating Lenders located in the ALDOI application website

B. FHLBank Atlanta and ALDOI shall develop a streamlined and standardized transaction process for FHLBank Atlanta shareholders, including standardized prequalification, underwriting, closing process, and conflict escalation procedures

**15. Fees**

A. Payable to ALDOI  
No fee will be assessed

B. Payable to FHLBank Atlanta shareholder  
i. For owner occupied rehabilitation transactions, the total Shareholder fees may not exceed 3 percent of the total hard cost excluding third party fees such as recording and attorney fees and all other soft costs listed on the Cost Certifications

C. Payable to FHLBank Atlanta  
i. No fee will be assessed