

GUIDANCE ON THE USE OF PROXIES FOR DETERMINING THE INCOME OF SUBSEQUENT PURCHASERS OF OWNER-OCCUPIED UNITS SOLD BY AHP-ASSISTED HOUSEHOLDS DURING THE AHP RETENTION PERIOD

The Proxy: HUD HOME and HTF Homeownership Value Limits for Existing Housing

FHFA has determined that the sale of an owner-occupied unit by an AHP-assisted household at a price that is at or below the applicable HUD HOME and HTF homeownership value limit for existing housing (“HUD Value Limit”) is a reliable indicator that the subsequent purchaser of the unit is a low-or-moderate income (LMI) household.

The guidance regarding the use of proxies is contained in Advisory Bulletin 2020-03, which is effective for any sale of an owner-occupied unit by an AHP-assisted household that occurs on or after January 1, 2021 and is during the unit’s AHP five-year retention period, unless a FHLBank adopted this provision of the AHP regulation prior to the Advisory Bulletin’s effective date.

If neither the FHLBank nor its designee has documentation demonstrating the subsequent purchaser’s actual income, then the FHLBank or its designee must apply either the HUD Value Limit in effect at the time the AHP-assisted household sells its unit, or an alternate proxy or proxies, for determining whether the exception to the AHP subsidy repayment requirement for sales to subsequent LMI purchasers applies. The HUD Value Limits are available on the [HUD Exchange](#) or fhfa.gov. HUD calculates and posts the value limits annually on the HUD Exchange website. FHFA also posts the current value limits on its website and notifies the FHLBanks when new annual value limits are available.

When applying the HUD Value Limit as a proxy, the FHLBank or its designee will determine the applicable value limit based on the county where the unit is located and the size of the unit (*i.e.*, 1-unit, 2-unit, 3-unit, or 4-unit). The FHLBank or its designee will then compare the price at which the AHP-assisted household sold the unit to that value limit. If the sales price is less than or equal to the value limit, the subsequent purchaser is regarded as LMI under the value limits proxy and no AHP subsidy repayment is required. If the sales price is more than the applicable value limit, the subsequent purchaser is not regarded as LMI under the value limits proxy and must complete the AHP net proceeds calculation to determine if any AHP subsidy is to be repaid. The FHLBank or its designee must document its determinations.