

GRANT AGREEMENT

GRANTOR: _____
GRANTEE: _____

GRANT AMOUNT: _____
MORTGAGED PREMISES: _____

This Grant Agreement is executed by and between the above Grantor and Grantee.

WITNESSTH:

WHEREAS, Grantor is herewith making a mortgage loan to Grantee to assist the Grantee to purchase a parcel of real estate more particularly described in the mortgage and located at the address shown above ("Property"); and

WHEREAS, to assist Grantee with the costs associated with the Property, Grantor is advancing funds to Grantee under the terms of the Subsidy Agreement in accordance with AHP Project No. _____; and

WHEREAS, under the regulations of the Affordable Housing Program (12 CFR Part 951) Grantee's receipt of the funds are conditioned on Grantee's agreement to restrictions on Grantee's ability to sell or refinance the Property, for the purpose of ensuring that the funds are used for the purchase of housing which is retained as Affordable Housing for at least five years from the closing ("Retention Period"); and

WHEREAS, the parties intend to set forth the terms of Grantee's entitlement to such funds and corresponding obligation to reimburse Grantor for said funds in this Grant Agreement.

NOW, THEREFORE, in consideration of such grant the parties do agree as follows:

1. Grantor shall advance to Grantee the grant amount shown above ("Grant"), which Grant shall be used to fund costs associated with the Property.
2. Such Grant shall be deemed a grant to Grantee and shall not be considered a loan or extension of credit. Such Grant may be retained by Grantee without any obligation to repay the Grant except as specifically provided in this Grant Agreement.
3. Grantor or the Federal Home Loan Bank of Chicago must be notified of any sale or refinancing of the Property that occurs prior to the end of the Retention Period.
4. Except as set forth herein, if Grantee sells or refinances the Property prior to the end of the Retention Period, Grantee must repay to Grantor all or a portion of the Grant, determined as follows: an amount equal to the Grant less a deduction equal to 1/60th thereof for each full month Grantee has owned, resided and maintained the Property as their primary residence, commencing with the date of the Grant.

5. If Grantee sells the Property, Grantee is not required to repay an amount exceeding the net gain realized on the sale after deduction of sales expenses. Net gain is defined as the difference between your original purchase price and the price you as a seller receive for the property when it is sold, less your seller costs. Net gain will be computed by Grantor based upon its review of the appropriate H.U.D. Settlement Statements for the purchase and sale of the mortgage property.

6. If Grantee sells the Property to a person or family whose income meets the eligibility requirements for participation in the Affordable Housing Program, then Grantee shall not be required to repay any portion of the Grant, but only if such person or family assumes the obligations under this Grant Agreement, which assumption shall not be valid or recognized unless Grantor gives its prior written approval to such assumption and the Property continues to be subject to this Grant Agreement.

7. If Grantee refinances and the Property remains subject to the encumbrance created by this Grant Agreement, then Grantee shall not be required to repay any portion of the Grant.

8. The obligations to repay this Grant shall terminate if the Property is foreclosed upon.

9. The term Grantee shall include all Grantees whether one or more, and the provisions hereof for reimbursement shall not apply as long as any named Grantee continues to both own and occupy the Property.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals this ____ day of _____, ____.

Grantor

Grantee

Grantee