SUGGESTED FOR PROPERTY LOCATED IN NH, ME, MA, RI and VT

SUBJECT TO ANY ADDITIONAL STATE LAW REQUIREMENTS.

**Remove this notice before executing and recording this document.**

PLEASE CONSULT LEGAL COUNSEL TO ENSURE FULL COMPLIANCE WITH RECORDING AND OTHER REQUIREMENTS OF STATE LAW. BY PROVIDING YOU WITH THESE DOCUMENTS, THE FEDERAL HOME LOAN BANK OF BOSTON (FHLBank Boston or the Bank) IS IN NO WAY PROVIDING LEGAL ADVICE OR MAKING ANY REPRESENTATION AS TO THE EFFECTIVENESS OF THE DOCUMENTS.

**Pay particular attention to the following:**

1. No modifications are allowed without agreement of FHLBank Boston prior to execution.
2. **The parties identified in this document must reflect the parties, as applicable, to the executed AHP Agreement related to this transaction.**
3. **The legal description of the property(ies) should match the legal description included in the associated first mortgage. Please contact FHLBank Boston if this will not be the case.**
4. **If this is a leasehold transaction, please update the document appropriately.**
5. **FYI FOR LOW INCOME HOUSING TAX CREDIT INITIATIVES ONLY:**

* It is FHLBank Boston’s experience that LIHTC counsel or others may have multiple questions or concerns regarding the AHP Regulation and these legal documents, including but not limited to the 15-year AHP retention period. Please review all questions with your Community Investment Manager well in advance of closing to avoid any delays.
* When the Lender is the Sponsor, you must delete any reference to Lender “as a shareholder of FHLBank Boston.”

1. **ERRORS TO THIS OR ANY OTHER RELATED LEGAL DOCUMENTS REGARDING FHLBank Boston AHP FUNDING WILL DELAY FUNDING AND REQUIRE CORRECTION AT THE BORROWER’S SOLE EXPENSE.**

**For more information, contact your Community Investment Manager at FHLBank Boston.**

# FEDERAL HOME LOAN BANK OF BOSTON AFFORDABLE HOUSING PROGRAM MORTGAGE AND SECURITY AGREEMENT - FOR RENTAL PROJECTS

THIS MORTGAGE AND SECURITY AGREEMENT IS A SUBORDINATE LIEN

THIS MORTGAGE AND SECURITY AGREEMENT (this “Security Agreement”) is made on   
 , 20 by , (the “Borrower”) in favor of   
 (the “Lender”), a stockholder of the   
Federal Home Loan Bank of Boston ( “FHLBank Boston or the Bank”). The Lender is organized and exists under the laws of the State/Commonwealth of , and has its principal office   
at .

1. PROMISSORY NOTE

In consideration of the sum of United States dollars   
($ ) (hereafter referred to as the “AHP Subsidy”), received by the Borrower as a result of a subsidy which the Lender obtained through FHLBank Boston’s Affordable Housing Program (the “AHP”) pursuant to Section 10(j) of the Federal Home Loan Bank Act found at 12 USC 1421 et seq., and the regulations promulgated thereunder found at 12 CFR Part 1291 et seq. (as amended from time to time, the “AHP Regulations”), and in connection with the development of a certain parcel of real estate which is owned by the Borrower (as described below), the Borrower has signed a Promissory Note (as amended from time to time, the “Note”) of even date herewith and an Affordable Housing Program Agreement For A Rental Project executed in connection with the Project (as amended from time to time, the “AHP Agreement”). Capitalized terms used but not defined herein shall have the meaning set forth in the AHP Agreement. The Borrower has promised to pay the amounts due under the Note and to abide by all promises contained in the Note, this Security Agreement, the AHP Agreement and the AHP Regulations.

1. SECURITY AGREEMENT AS COLLATERAL

This Security Agreement secures to Lender: (i) the repayment of the AHP Subsidy; and (ii) the performance of the Borrower’s covenants and agreements under this Security Agreement and the Note. For this purpose, for good and valuable consideration paid, the Borrower does hereby mortgage, grant and convey to Lender, with Mortgage Covenants upon the Statutory Condition and, TO THE EXTENT PERMITTED BY APPLICABLE LAW, with the Power of Sale, the following described property (referred to as the “Project”):

All of the land located in the municipality of , County of   
 , and State/Commonwealth of , specifically described as follows:

Street Address:

Zip Code: Section No.: Block No.: Lot No.: Also more particularly described in the Legal Description of the Project site, attached hereto as Exhibit A,

Together with:

1. All buildings and other real improvements that now are or will be located on the site of the Project.
2. All fixtures, equipment and personal property that now are or will be attached to or used with the land, buildings and improvements of or on the site of the Project.
3. All rights which the Borrower now has or will acquire with regard to the Project.
4. BORROWER’S ACKNOWLEDGMENTS

The Borrower acknowledges and understands that:

1. The Project which is subject to this Security Agreement has been designated as housing which must be used by income-eligible households (as defined in the AHP Agreement) for a period of fifteen (15) years from the later of: (a) the date the project reports an 80% occupancy rate, (b) the date a certificate of occupancy (CO) is issued by the local jurisdiction, or (c) the date of final disbursement of AHP subsidy, as determined by the Bank in its sole discretion, subject to the AHP Regulations and the Bank’s AHP Implementation Plan, as amended from time to time (the “Retention Period”);
2. To ensure that the Project is operated by the Borrower in accordance with the provisions of FHLBank Boston’s AHP during the Retention Period, the Note has been executed by the Borrower and contains restrictions governing the use, transfer, sale, rental, and refinancing of the Project.
3. BORROWER’S PROMISES

In consideration for the benefits received as aforesaid, the Borrower agrees as follows:

1. The Borrower will comply with all of the terms of the Note and this Security Agreement which include:

During the Retention Period, the Borrower shall use the Project only as permitted by the Note, the AHP Agreement and the AHP Regulations. In the event of breach of this promise (an “Event of Noncompliance”), the Borrower hereby agrees to repay to Lender the AHP Subsidy or such sum as may be due pursuant to the Note together with such other sums as may be due under the Note.

1. The Borrower warrants title to the Project and will defend its ownership against all claims.
2. The Borrower shall pay all liens, taxes, assessments and other governmental charges made against the Project when due. The Borrower will not claim any credit for any taxes paid on the Project against the AHP Subsidy or interest payable under the Note and this Security Agreement.
3. The Borrower shall keep the Project in good repair, neither damaging nor abandoning it. The Borrower will allow the Lender to inspect the Project upon reasonable notice.
4. The Borrower shall use the Project in compliance with all laws, ordinances and other requirements of any governmental authority.
5. The Borrower shall keep the Project insured against fire and other casualty in an amount acceptable to the Lender, naming the Lender as a loss payee thereon, as its interest may appear, and providing the Lender annually with a Certificate of Insurance evidencing such coverage.
6. If the Project is funded with Federal Low Income Housing Tax Credits (LIHTC), the Borrower hereby agrees to provide prompt written notice to the Lender and FHLBank Boston, or its designee, and any other parties to the AHP Agreement, if the Project is in material and unresolved noncompliance with the LIHTC income targeting or rent requirements at any time during the Retention Period.
7. AFFORDABLE HOUSING RESTRICTIONS

Pursuant to the AHP Regulations, FHLBank Boston’s procedures and the AHP Agreement, the Borrower agrees as follows:

1. The Project’s rental units, or applicable portion thereof, must remain occupied by and affordable for households with incomes at or below the levels committed to be served in the AHP Agreement for the duration of the Retention Period;
2. FHLBank Boston, or any designee of the Bank, and Lender (at Lender’s designated address or such other place as Borrower is notified in writing) shall be given thirty (30) days prior written notice of any sale, transfer, assignment of title or deed, or refinancing of the Project occurring prior to the end of the Retention Period;
3. In the case of a sale, transfer, assignment of title or deed, or refinancing of the Project prior to the end of the Retention Period, the full amount of the AHP Subsidy received as specified in this Security Agreement shall be repaid to FHLBank Boston, unless:
4. The Project continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism incorporating the income- eligibility and affordability restrictions committed to in the AHP Agreement for the duration of the Retention Period; or
5. If authorized by FHLBank Boston, in its sole discretion, the households are relocated, due to the exercise of eminent domain, or for expansion of housing or services, to another property that is made subject to a deed restriction or other legally enforceable retention mechanism incorporating the income-eligibility and affordability restrictions committed to in the approved AHP application (the “AHP Application”) for the remainder of the Retention Period.
6. The income eligibility and affordability restrictions applicable to the Project shall terminate after any foreclosure.

Upon the occurrence of an Event of Noncompliance or other default during the Retention Period, the determination of whether to recapture and the calculation of any recapture amounts shall be made by FHLBank Boston in accordance with the AHP Agreement, the AHP Regulations (including any related Regulatory Interpretations, Advisory Bulletins, or guidance), the AHP Implementation Plan and FHLBank Boston’s AHP Procedures.

1. RIGHTS GIVEN TO LENDER

The Borrower, by pledging the Project to the Lender, gives to the Lender those rights stated in this Security Agreement, all rights by law given to creditors who hold liens and also all rights the law gives to the Lender and/or FHLBank Boston under the AHP. The rights given to the Lender and the restrictions upon the Project are covenants running with the land. The rights, terms and restrictions in this Security Agreement shall bind the Borrower and all subsequent purchasers and owners of the Project, and the heirs and assigns of all of them and shall inure to the benefit of all successors and assigns of the Lender. Upon performance of the promises contained in the Note and this Security Agreement, the Lender will discharge this Security Agreement at Lender’s expense.

1. DEFAULT

The Lender may declare the Borrower in default on the Note and this Security Agreement if:

1. The Borrower fails to comply with the provisions of the Note, this Security Agreement, the AHP Agreement or the AHP Regulations;
2. The Borrower fails to provide FHLBank Boston and Lender with at least thirty (30) days prior written notice of any sale or refinancing of the Project occurring prior to the end of the Retention Period in accordance with Section V(b) hereof;
3. The Borrower fails to make any payment required by the Note;
4. The ownership of the Project is changed for any reason without compliance with the terms of the Note, this Security Agreement, the AHP Agreement or the AHP Regulations;
5. The Borrower fails to comply with the terms of any other agreements, instruments or other documents executed in connection with or otherwise pertaining or incidental to the AHP Agreement, the AHP Application, or the AHP Subsidy;
6. The holder of any lien on the Project commences a foreclosure proceeding or other legal action;
7. Bankruptcy, insolvency, liquidation or receivership proceedings are started by or against the Borrower; or
8. The Borrower makes an assignment for the benefit of creditors.
9. LENDER’S RIGHTS UPON A DEFAULT OR EVENT OF NONCOMPLIANCE

If the Lender declares that the Note or this Security Agreement are in default, all sums due and owing to the Lender shall be immediately due and payable, and the Lender shall have the right to exercise, subject to the rights of prior liens, all rights and remedies afforded to it under this Security Agreement, the Note, the AHP Agreement, the AHP Regulations and/or other applicable law. If the default is not cured on or before the date specified in the notice, the Lender at its option may require immediate payment of all sums secured by this Security Agreement without further demand and may invoke the STATUTORY POWER OF SALE and any other remedies permitted by applicable law. The Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided herein including but not limited to, reasonable attorney’s fees and costs of title evidence. If the Lender invokes the STATUTORY POWER OF SALE, the Lender shall provide notices in the manner prescribed by applicable law.

1. NOTICES

All notices and other communications shall be mailed, sent by facsimile transmission (with confirmation copy), served personally on a party at the address indicated below, or at such other address as shall be designated by a party by future written notice to the other parties, or sent by electronic mail (“email”) with notice by one of the other delivery methods set forth in this section to promptly follow. Notice sent by facsimile transmission shall be effective on the date transmitted; notice sent by personal service shall be effective on the date of delivery; notice sent by U.S. mail shall be effective three (3) business days after such communication is deposited in the mail with first class postage prepaid, addressed as aforesaid, and notice sent by email shall be effective upon the recipient’s confirmation of receipt.

| Borrower | Lender | FHLBank Boston |
| --- | --- | --- |
|  |  | Federal Home Loan Bank of Boston |
|  |  | 800 Boylston Street, 6th floor |
|  |  | Boston, MA 02199 |
|  |  | Attention: Housing and Community |
|  |  | Investment Department |
|  |  | 1-800-357-3452 (Option 5) |
|  |  | Email: [housing@fhlbboston.com](mailto:housing@fhlbboston.com) |

1. NO WAIVER BY LENDER

The Lender may exercise any right under this Security Agreement or under any law, even if the Lender has delayed in exercising that right or has agreed in an earlier instance not to exercise that right. The Lender does not waive its right to declare the Borrower in default by making payments or incurring expense on behalf of the Borrower.

1. EACH PERSON LIABLE

This Security Agreement is legally binding upon the Borrower and all who succeed to the Borrower’s responsibilities (such as successors and assigns) as well as any subsequent purchaser of the Project. The Lender may enforce any of the provisions of the Note and this Security Agreement against the Borrower or any such successor.

1. THIRD PARTY BENEFICIARY

The Borrower agrees that FHLBank Boston is an intended, third party beneficiary of this Security Agreement and is entitled to rely upon all rights, representations, warranties, and covenants made by Borrower herein to the same extent as if FHLBank Boston were the Lender hereunder.

1. SUBORDINATE LIEN

The lien of this Security Agreement is subordinate to and subject only to the terms and provisions of any first mortgage loan or prior liens executed contemporaneously herewith or any subsequent refinancing of said prior first mortgage loan by the Borrower.

1. NO ORAL CHANGES

This Security Agreement can only be changed by an agreement in writing signed by both the Borrower and the Lender.

1. SIGNATURES

The Borrower agrees to the terms of this Security Agreement by signing the following page.

1. ACKNOWLEDGMENT

The Borrower acknowledges receipt of a true copy of this Security Agreement.

**[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]**

IN WITNESS WHEREOF, the undersigned representative of the Borrower executes this Security Agreement on the day and year first above written:

WITNESS:

(Borrower name)

(Signed)

(Printed name of authorized representative)

(Title)

[FOR MA]

COMMONWEALTH OF MASSACHUSETTS

, ss.

On this day of 202 , before me, the undersigned notary public, personally   
appeared , of , proved to me through   
satisfactory evidence of identification, which was [check one]: photo identification; credible   
witness; or personal knowledge, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that he/she signed it voluntarily for its stated purpose.

Notary Public

My commission expires:

Corporate Seal

[FOR ME, NH, RI AND VT]

STATE OF :

ss.

COUNTY OF :

On this day of in the year before me personally appeared who, being by me duly sworn deposes and makes proof to my satisfaction that he/she is the of the Borrower, the organization named within the Security Agreement; that this is the Security Agreement for the described Project; that the execution, as well as the making of this instrument, have been duly authorized by virtue of authority from its Board of Directors (or Trustees) and are the voluntary acts and deeds of the Borrower;

Sworn to and subscribed before me, the undersigned, the date aforesaid.

Notary Public

My commission expires:

Corporate Seal

Revised 11/30/2023

EXHIBIT A  
  
LEGAL DESCRIPTION