

Housing and Community Investment

AHP HABITAT DISBURSEMENT MANUAL

Effective January 1, 2016





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SUMMARY

This AHP Habitat Disbursement Manual has been designed as a reference guide for Sponsors and Members (commercial banks, credit unions, thrifts, insurance companies, and CDFIs) that have been awarded Affordable Housing Program (AHP) funds by the Federal Home Loan Bank of Cincinnati (FHLB) in one of its competitive AHP offerings. Only Sponsor organizations that will develop housing for sale to homebuyers *and* provide deeply-discounted first mortgage financing to the homebuyers should use this manual. This includes Habitat for Humanity affiliates and other organizations that provide first mortgage loans; FHLB maintains separate manuals for Sponsors that will not provide deeply-discounted first-mortgage funding or that provide rental housing or the rehabilitation of housing for homeowners who will occupy their homes for the duration of the project. Instructions for accessing AHP funds, checklists, feasibility guidelines, and retention language are included in this manual.

Please review this manual and the most recently-recorded version of the AHP Habitat Disbursement webinar available at www.fhlbcin.com prior to submitting a request for funding. One AHP Habitat Disbursement Request form (“Request Form”) must be completed by both the project’s Sponsor and Member for each home completed. Use the Request Form and this manual to identify acceptable documentation for drawing funds. Submitting documentation that is complete, accurate, and consistent will allow the request to be processed as expeditiously as possible. Please submit each request within 60 days of completing the work on the home (or as close to that time as is practicable) and allow at least 30 days for FHLB to process the disbursement request.

For questions regarding funding, please contact the Affordable Housing Program Manager, whose contact information appears in the staff listing at the end of this manual.

DISBURSEMENT TIMELINE

Household Eligibility Guidelines

Verification of the household’s eligibility is required PRIOR to submission of a request for a disbursement of AHP funds for any household. Through the FHLB’s pre-approval process, FHLB will verify household size, income, and status (elderly, homeless, etc.) for all potential AHP fund recipients. Please refer to the AHP Pre-approval Manual and the AHP Pre-approval Request form available at www.fhlbcin.com for more information on the pre-approval process, which MUST occur prior to submission of a disbursement request for any household.

Please also note that FHLB will only disburse funds for households in proportion to the percentage of the households that meet certain characteristics for which the project was approved. For projects approved in 2012 going forward, the FHLB will only disburse funds for households in proportion to their meeting the FHLB’s definition of “Special needs,” and, for projects approved in 2014 going forward, the FHLB will only disburse funds for households in proportion to their meeting FHLB’s definition of “Homeless household.” For example, for a 10-unit project that commits to serving two homeless households, the FHLB will ensure that one of every five disbursements contains a previously homeless household.



Timeline for Disbursement of Funds

Once the FHLB receives the Request Form with all supporting documentation, FHLB staff will analyze the information and will contact the Sponsor and the Member via e-mail or phone should additional information or clarification be required. Requested information should be submitted to FHLB within 30 days of the request. All disbursements and additional information will be processed in the order in which they are received.

Please allow at least 30 days for the processing of all requests. If the FHLB receives incomplete or incorrect documentation, delays in the disbursement process will occur. For a timely receipt of funds, refer to the Frequently Asked Questions and Common Mistakes section of this manual for tips on how to avoid unnecessary delays. FHLB will not accept requests for households whose loans closed over 12 months ago.

Transfer of Funds

Once a request for AHP funds has been approved, the Member and Sponsor will receive a Confirmation of AHP Funds Disbursement via e-mail or fax confirming the amount disbursed for the homebuyer. Within one business day, the FHLB will electronically deposit the approved funds into the Member's Demand Deposit Account with the FHLB. If the Member does not receive the funds within this timeframe, please contact the FHLB for assistance. The Member should credit the funds to the Sponsor or project in a timely fashion after disbursement of funds by FHLB has taken place.

DISBURSEMENT AVAILABILITY & SUBSIDY ADJUSTMENTS

Disbursements will be processed by the FHLB in accordance with the FHLB's procedures and guidelines for funding of subsidies and all applicable monitoring procedures, the latter of which are published on the FHLB's website, www.fhlbcin.com.

Restricted Access to AHP Subsidy

The FHLB reserves the right to deny or delay subsidy disbursement to a Member or Sponsor if:

1. Either the Member or the Sponsor has failed to respond to a prior FHLB request for information regarding this or other AHP projects, or
2. If the Member or Sponsor has been asked by the FHLB to cure a noncompliant situation and resolution is pending, or
3. The Sponsor currently has other older, open, and incomplete AHP projects that must be closed or making adequate progress towards completion.

Subsidy Adjustments

The FHLB reserves the right to make reasonable adjustments to all disbursement requests at the FHLB's discretion, in accordance with the FHLB's procedures and guidelines for funding of subsidies and all applicable monitoring procedures. The majority of subsidy adjustments occur if the project's funding sources have changed and there is no longer a need for the level of AHP subsidy previously requested, if the project no longer meets the applicable scoring criteria as outlined in the AHP Agreement and AHP Application Scoring Sheet, if the household does not



meet the income-eligibility criteria or feasibility guidelines (including affordability), if ineligible expenses are listed as development costs, or if the costs presented are not reasonable.

DISBURSEMENT CRITERIA

In processing disbursement requests, the FHLB reviews the information submitted with the Request Form and other pertinent project information obtained from the Member and Sponsor during the AHP application and review process. The FHLB verifies that the project continues to qualify for the awarded subsidy based on the applicable threshold requirements and scoring criteria set forth in the AHP Implementation Plan in place when the project was awarded AHP funds and that the Member and Sponsor have complied with the obligations to which they committed in the approved AHP application. The FHLB re-evaluates the financial feasibility of the project and verifies the project's continued need for subsidy. Members and Sponsors requesting AHP funds from the FHLB must have documents in place in a form satisfactory to the FHLB to meet the requirements of the AHP Regulation (including a valid pre-approval for each household) and must provide copies of such documents to the FHLB prior to the FHLB's disbursement of funds. Below is a detailed list of documents required for disbursement processing. The FHLB reserves the right to request further documentation as necessary or to request the amendment of documentation, including closing documentation, if it does not meet the FHLB's requirements.

All AHP funds are subject to the FHLB's funding requirements. Receipt of a disbursement does not guarantee compliance with the AHP guidelines. The FHLB reserves the right to reduce or recapture funds at any time, should the project be found out of compliance or no longer demonstrate the need for subsidy. Please note that all terms in quotation marks in this document represent items specifically defined by Attachment E to FHLB's Affordable Housing Program Implementation Plan, which is available at www.fhlbcin.com.

DISBURSEMENT FEASIBILITY

Each disbursement request must meet all feasibility requirements and guidelines outlined here or provide explanations satisfactory to the FHLB for any values outside the guidelines. Projects that deviate from these parameters will undergo additional review and underwriting to determine the reason for, and the reasonableness of, any deviation. Based on this review, FHLB staff may work with project Sponsors to make adjustments to the financial information submitted to ensure that the information accurately reflects the nature and financial structure of the project.

The FHLB may allow reasonable deviations from the guidelines based on the nature, location, and type of project and based on explanations provided by the Sponsor to justify such deviations. However, the Sponsor is ultimately responsible for ensuring that financial information is correct and consistent and that the project's financial structure meets the FHLB's guidelines, or that any deviations are adequately explained, justified, and documented. If justification for a deviation was submitted with the approved AHP application or an approved project modification, and the value has not changed from the value shown in the approved AHP application or approved project modification, as applicable, no further justification is necessary.



Reasonableness of Project Development Costs

Project feasibility will be reviewed and assessed at time of application, at time of disbursement, and at any project modification (the requirements for which are guided by the FHLB's modification procedures, available at www.fhlbcin.com). The FHLB will determine the reasonableness of proposed or actual costs based on its experience with similar projects, similar locations, and similar populations being served. The FHLB's determination will be final, and any costs determined not reasonable will be disallowed and will not be reimbursed with AHP funds.

Feasibility Guidelines

The following guidelines represent current targets and parameters for use in determining the feasibility of AHP projects. Note that projects approved for AHP funds in offerings prior to the current offering may be subject to different feasibility guidelines than those shown below. Projects that deviate from the parameters in place at the time of AHP award will undergo additional review and underwriting to determine the reason for, and the reasonableness of, the deviation. Projects that are outside any of the guidelines may not be able to receive AHP funds.

- “Total project costs” are expected not to exceed \$185,000 per unit.
 - a. Analysis of project costs will consider the geographic location of the project, development conditions, and other non-financial household or project characteristics. Total project costs per unit may exceed the guideline only if justified by the Sponsor based on the special circumstances cited.
 - b. Even costs below the guideline must be determined to be reasonable. The guideline is not intended as a “safe harbor.” The FHLB may review costs per unit, costs per square foot, individual line-item costs, or use other measures to determine that project costs are reasonable.
- “Developer fee,” which includes developer overhead, consultant fees, application preparer fees, profit, and, if the Sponsor acts as the general contractor for the project, construction management/overhead and contractor's profit, may not exceed 15 percent (15%) of total project costs exclusive of any developer fee for projects involving the acquisition and new construction or acquisition and rehabilitation of homes for sale to homebuyers. For projects involving only acquisition of the property by new homebuyers (in which the Sponsor did not complete significant rehabilitation of the property), the maximum developer fee is five percent (5%) of total project costs minus developer fee.
- Total soft costs must be less than or equal to twenty five percent (25%) of “Total project costs.”
- Total contractor costs, including construction management/overhead, contractor's profit, and general requirements, cannot exceed fourteen percent (14%) of total hard costs less the total contractor costs for any unit.
- The AHP subsidy requested for any unit may not exceed \$50,000. (The AHP subsidy requested should not be higher than the subsidy approved per unit at the time of AHP application unless future units will fall below this amount.)
- The AHP subsidy requested must be less than seventy five percent (75%) of “Total project costs” on a per-unit basis.



Affordability Analysis

The FHLB calculates a housing expense ratio for each household by dividing the annual housing-related costs (as defined below) by the gross annual income of the household **as calculated by FHLB**. This ratio must fall within the required range applicable to the project as outlined below. If the payment percentage from the housing expense ratio falls below the required range, FHLB will reduce the AHP grant requested by a prorated amount coinciding with the amount of loan that would be required to bring the housing costs in the first year of homeownership to the minimum threshold in the range. If the payment percentage exceeds the required range, FHLB deems the home unaffordable to the household and will not disburse AHP funds. For assistance with assessing affordability, please use the pre-approval request process mentioned above and the FHLB Income and Affordability Workbook available on the FHLB's website at www.fhlbcin.com.

- For projects approved prior to 2012:
 - The numerator of the housing expense ratio includes annual payable principal, interest, taxes, and insurance and may or may not include an estimate for utilities (at the Sponsor or FHLB's discretion), and
 - The housing expenses must be between 20 percent and 30 percent of the partner family's gross annual income as calculated by FHLB.
- For projects approved in 2012 going forward:
 - The numerator of the housing expense ratio includes annual payable principal, interest, taxes, and insurance. Utilities may not be included in the housing expenses under any circumstances, and
 - The housing expenses must be between 20 percent and 31 percent of the partner family's gross annual income as calculated by FHLB.

Please note that, if the homebuyer receives Section 8 to Homeownership Assistance or other comparable income (documentation must be submitted), the home is deemed affordable to the homebuyer, and this calculation is not performed.



DOCUMENTS AND FORMS

AHP Habitat Disbursement Request Instructions

Collaboration between the project Member and Sponsor is necessary to complete the request form and provide the required documentation. Please follow the steps below to request funds for each household that has been pre-approved for the AHP project. If additional assistance is necessary, contact the Affordable Housing Program Manager.

Step 1: Make Sure FHLB Has Pre-approved the Household for AHP Funds
<ul style="list-style-type: none">• Locate a copy of the AHP preliminary approval letter for the household that was e-mailed to the project contacts when the household was pre-approved• If the household has yet to be pre-approved, complete and submit the AHP Pre-approval Request form and all Required Documents and await pre-approval from FHLB
Step 2: Complete the AHP Habitat Disbursement Request Form
<ul style="list-style-type: none">• Print the form from the Documents and Forms tab at https://web.fhlbcin.com/CommunityInvestment/DocumentsandForms.aspx.• Complete all sections on the AHP Habitat Disbursement Request form. Mark each of the Required Documents as “Already on file” (meaning that the documentation was provided during the AHP application process or with a previous unit’s disbursement request), “Enclosed,” or, if the item does not apply to the project, “N/A.”• Circle “Yes” or “No” on the form’s header to indicate whether or not the property is located in a Qualified Census Tract (QCT) as defined by HUD.• Attach additional sheets if any explanations are required.
Step 3: Gather Required Documents
<ul style="list-style-type: none">• Collect anything marked “Enclosed” on the AHP Habitat Disbursement Request form for inclusion in the request package and transmission to FHLB. All documents that pertain to the project are required.• Use the listings below to ensure that the documentation provided meets FHLB’s needs.
Step 4: Obtain Required Signatures
<ul style="list-style-type: none">• The Sponsor contact listed on the AHP Habitat Disbursement Request form must sign the form and then send the entire package to the Member contact for signature.• The Member contact should review the materials and then sign the AHP Habitat Disbursement Request form in the appropriate location on the second page.
Step 5: Submit the AHP Habitat Disbursement Request Form with All Required Documents to FHLB
<ul style="list-style-type: none">• E-mail to: AHPDisbursement@fhlbcin.com (include the project number in the subject line)



- Or mail to:
 Housing and Community Investment Department
 Federal Home Loan Bank of Cincinnati
 221 E. 4th Street, Suite 600
 Cincinnati, OH 45202
- Or fax to: 513-852-7647

Required Documents Descriptions

	AHP Habitat Disbursement Request form	The Sponsor and Member contacts that FHLB has on file as the project contacts must both sign the form, and all sections of the form must be complete. Check the boxes for “Already on file,” “Enclosed,” or “N/A” as instructed on the previous page.
1a	Direct Subsidy Agreement (between the Member and FHLB)	FHLB requires two <i>original</i> Member signatures on this document, which was mailed to the Member when the project was awarded AHP funds. The signers must be authorized to draw funds from the FHLB. Do not resubmit the agreement with the disbursement request package if the signed agreement has already been submitted to FHLB.
1b	Affordable Housing Program Agreement	FHLB requires <i>original</i> signatures on this document, which was mailed to the Member and Sponsor when the project was awarded AHP funds. The document must be executed by both the Sponsor and the Member contacts identified on the form. Do not resubmit the agreement with the disbursement request package if the signed agreement has already been submitted to FHLB.
2	Date of disbursement training completion	One person from the Sponsor organization is required to participate in an FHLB training webinar for this disbursement type prior to receipt of a disbursement of AHP funds. This person should ideally be the person who is assembling the AHP disbursement request package. Input the date that the Sponsor contact(s) viewed the audio version of the most current AHP Disbursements for Habitat Projects webinar (not the slides-only version) on the AHP Habitat Disbursement Request form. If a contact of the Sponsor has not completed the most current training, the Sponsor must complete training again. If the Sponsor representative (who cannot be a consultant) has yet to complete the training for this disbursement type, s/he can access the webinar at https://web.fhlbcin.com/Housing/Resources/Webinars/Pages/Webinars.aspx . Please note that FHLB will verify with WebEx that training for this disbursement type was completed on or around the date entered on the AHP Habitat Disbursement Request form.



3	Evidence of completion (Certificate of Occupancy et al.)	Submit a signed copy of the certificate of occupancy for the unit if it involved construction or substantial rehabilitation work. If a certificate of occupancy is not required for the work performed or the area in which the home is located does not issue certificates of occupancy, submit a final inspection signed by a certified/licensed inspector verifying that the work is complete and in compliance with the standards set forth in local code. ALSO submit a copy of the inspector’s license with the request package if a certificate of occupancy is not submitted. Whichever form of documentation is submitted must be dated, and the date must indicate that the work on the home was completed after the award of AHP funds to the project.
4	Type of work completed for this home: New construction, Rehabilitation, or Acquisition only	<p>No separate documentation is required for this item, but the documentation provided with the rest of the items should not contradict the box checked for this item on the AHP Habitat Disbursement Request form unless the Sponsor submits a valid explanation. For example, the appraisal provided for item #11d below should not indicate that improvements exist on land for which the “New construction” box is checked unless the Sponsor submits an explanation indicating that the improvements were demolished in order to complete the new construction.</p> <p>A project cannot receive AHP funds for a type of work that was not disclosed in the approved AHP application without first requesting a project modification from the FHLB. If the project was approved with only one type of work, only that type of work can receive funds through the AHP project.</p> <p>Please note that construction hard costs for the home must equal or exceed \$7,500.00 (if the project was approved prior to 2014) or \$10,000.00 (if the project was approved in 2014 or later) if the “Rehabilitation” box is checked and the project received points for substantial rehabilitation. If total construction hard costs for the home do not meet the applicable requirement, FHLB will deem the work “Acquisition only,” thereby making the work subject to a different feasibility guideline for “Developer fee” than projects involving substantial rehabilitation (see page six above). Typically, “Acquisition only” means that the Sponsor did not make or coordinate the completion of marked improvements on the property for which it is requesting AHP funds.</p>



5	Evidence that the household attended homeownership counseling	<p>“Homeownership counseling” means a program provided by, or based on one provided by, an organization recognized as experienced in homeownership counseling. The counseling program must cover, at minimum, mortgage financing, credit-worthiness, household budgeting, and home maintenance.</p> <p>Submit one of the following for each homebuyer to document that s/he completed such counseling:</p> <ul style="list-style-type: none"> • A current, executed letter from the Sponsor indicating that the homebuyer(s) participated in the counseling program documented in the approved AHP application, or • A homeowner counseling course completion certification from the counseling program documented in the approved AHP application for each homebuyer. <p>If the documentation specifically mentions the components of the course offering, FHLB will require evidence that the counseling covered home maintenance, credit-worthiness, household budgeting, and mortgage financing. FHLB encourages the counseling to include information on predatory lending.</p>
6a	Homeowners club or association with policies and procedures	<p>Homeownership clubs and associations are groups of homeowners who share a common location that are created to allow regular discussions of homeownership, neighborhood, and community issues. To qualify for points in the AHP scoring system, the club or association must be comprised of at least four homes, must have regular meetings, and must have policies and procedures governing its business, although it does not have to be formally chartered or incorporated.</p> <p>Provide a current, executed letter from the Sponsor indicating that the homeownership club or association has been formed AND provide documentation of its governing policies and procedures, including the amount of dues it will collect (if any), how and how often it elects officers, and other details of its business (NOT the rules for homeowners upon which the club or association has agreed such as paint color on houses, yard maintenance, etc.). Do not resubmit the documentation if it was previously submitted with another disbursement request package.</p>
6b	Empowerment activities, such as budgeting/credit counseling, education services, employment training, etc.	<p>Provide a current, executed letter from the Sponsor indicating that the services to which the project committed in the approved AHP application are available to the homebuyers. The letter must specifically identify which services are available, which may include budgeting/credit counseling, employment training, education services, skills training, daycare services, case management, health/mental health services, etc. If the project was not awarded</p>



		<i>Continued...</i>
		points for providing any empowerment services, this item is not necessary. Do not resubmit the letter if it was previously submitted with another disbursement request package.
6c	8 hours of landscaping labor from a community organization	<p>Document completion of this item with one of the following:</p> <ul style="list-style-type: none"> • A current, executed letter from the representative of a community organization indicating that the organization provided at least eight hours of voluntary landscaping labor for one or more of the homes for which AHP funds will be disbursed AND what activities the organization completed, or • An e-mail that contains the contact’s name and organization and indicates that the organization which the contact represents provided at least eight hours of voluntary landscaping labor for one or more of the homes for which AHP funds will be disbursed AND what activities the organization completed. <p>This documentation cannot come from the Sponsor or an organization related to the Sponsor (see FHLB’s definition of “Related parties”). Do not resubmit the documentation if it was previously submitted with another disbursement request package.</p>
6d	40 hours of construction labor from a community organization	<p>Document completion of this item with one of the following:</p> <ul style="list-style-type: none"> • A current, executed letter from the representative of a community organization indicating that the organization provided at least 40 hours of voluntary construction labor for one or more of the homes for which AHP funds will be disbursed AND what activities the organization completed, or • An e-mail that contains the contact’s name and organization and indicates that the organization which the contact represents provided at least 40 hours of voluntary construction labor for one or more of the homes for which AHP funds will be disbursed AND what activities the organization completed. <p>The documentation cannot come from the Sponsor. Do not resubmit the documentation if it was previously submitted with another disbursement request package.</p>
6e	Donation of at least \$500 in goods/services	<p>Document completion of this item with one of the following:</p> <ul style="list-style-type: none"> • A current, executed letter from the representative of a community organization indicating that the organization donated a good or service to one or more of the homes for



		<p style="text-align: right;"><i>Continued...</i></p> <p>which AHP funds will be disbursed AND that the good or service is worth at least \$500, or</p> <ul style="list-style-type: none">• An invoice from a community organization showing that explicitly states that the biller donated a good or service to one or more of the homes for which AHP funds will be disbursed AND that the good or service is worth at least \$500, or• An e-mail that contains the contact’s name and organization and indicates that the organization which the contact represents donated a good or service to one or more of the homes for which AHP funds will be disbursed AND that the good or service is worth at least \$500. <p>The donation must be for a cost that FHLB deems eligible for AHP reimbursement, which excludes the costs mentioned in item #8 below. The documentation cannot come from the Sponsor or an organization related to the Sponsor (see FHLB’s definition of “Related parties”). Do not resubmit the documentation if it was previously submitted with another disbursement request package.</p>
6f	Fee waiver from the local government of at least \$500	<p>Submit one of the following to verify that the project earned the point in this scoring category:</p> <ul style="list-style-type: none">• A current, executed letter from a representative of the local government entity indicating that the entity has waived a fee for one or more of the homes for which AHP funds will be disbursed AND that the waiver created a savings to the project of at least \$500, or• An e-mail that contains the contact’s name and position in the local government and that indicates that the government waived a fee valued at \$500 or more for one or more of the homes for which AHP funds will be disbursed. <p>Please note that tax deferrals or abatements, utility equipment donations, or government grants to pay for any items or fees do not constitute fee waivers and will not satisfy FHLB’s requirements for this item. Do not submit the same document as was submitted with the approved AHP application for this project, as FHLB requires an updated letter verifying that the fee was waived. Do not resubmit the documentation if it was previously submitted with another disbursement request package.</p>



6g	Energy-efficient new construction	<p>Submit one of the following for each home to which the project's approved AHP application committed to energy-efficiency standards:</p> <ul style="list-style-type: none">• LEED certification signed by an LEED accredited professional, or• Evidence from a HERS rater that the housing received a HERS rating of 75 or less*, or• Proof that the REScheck calculation for the home exceeds the 2009 Model Energy code by 15% or better. <p>* For projects approved in 2016 going forward, the house can receive a HERS rating of 85 or less to fulfill this commitment.</p>
7a	Marketing/outreach, pre-development activities, and/or construction/rehabilitation activities via a completed and executed AHP Sponsor Commitment Verification Form	<p>Retrieve the AHP Sponsor Commitment Verification Form or use the Microsoft Word version of the form that is located at https://web.fhlbcin.com/Housing/Resources/DocumentsandForms/Pages/DocumentsandForms.aspx. Complete all portions of the form, checking which of the activities the Sponsor completed. Describe the activities completed in the spaces in which the form requests it. Be sure to sign the form.</p> <p>In order to receive the points for the scoring categories listed on the form, the Sponsor must have completed activities meeting FHLB's definitions of "marketing / outreach," "contractor," and/or "predevelopment activities," and the remainder of the documentation submitted in the disbursement request package must support the certification on this form (e.g. the construction contract).</p> <p>All activities that the Sponsor committed to provide in the approved AHP application must be checked, but the form is not required if the Sponsor did not commit to providing any of the activities shown on the form. Do not resubmit the form if the form was previously submitted with another disbursement request package.</p>
7b	Sponsor cash contribution	<p>If the approved AHP application indicated that the Sponsor would provide a cash contribution to the project, submit a signed letter from the Sponsor to verify the amount of the Sponsor's cash contribution to the project. The full dollar amount of the contribution appearing in the letter must be listed as a funding source under "Cash Contributions/Fundraising (Sponsor funds)" on a signed Detailed Cost Breakdown for one or more units in the project (see item #8 for details). The total of all Sponsor contributions to all units in the project must be at least \$500 in order for the project to earn the point it received in the AHP scoring system for the Sponsor providing a cash contribution to the project.</p>



8	Final Attachment D and executed Detailed Cost Breakdown	<p>Retrieve the workbook entitled “AHP Attachment D and Detailed Cost Breakdown” from the FHLB’s website at www.fhlbcin.com and submit a completed and signed copy. Follow the Instructions tab of the workbook to input all of the costs and permanent funding sources that went into the construction, rehabilitation, and/or acquisition of each home. Pay special attention to the line items having to do with developer fee, and be sure that the developer fee adheres to the feasibility limit mentioned for this item on page six above. The documentation submitted for this item must show the full amount of the AHP funding being requested as a funding source to the home so that the “Funding Gap (AHP required)” on AHP Attachment D and the Detailed Cost Breakdown match the “Final Amount Requested” as shown on the AHP Habitat Disbursement Request form for each unit.</p> <p>AHP Attachment D and the Detailed Cost Breakdown cannot include costs that FHLB deems ineligible for reimbursement with FHLB funds, including:</p> <ul style="list-style-type: none"> • Sponsor operating costs such as volunteer or fundraising event expenses (including food or beverages) • Gift cards/other gifts for volunteers or homebuyers • Office equipment • Construction tools • Lawn care items • Furniture • Personal items for homeowners such as bedding or dishware that will not be permanent fixtures of the home • Other items at FHLB’s discretion <p>FHLB needs a printed copy of AHP Attachment D and the Detailed Cost Breakdown signed by a representative of the Sponsor. The Sponsor should also submit the Excel copy of the workbook electronically to FHLB when submitting the disbursement request package. FHLB reserves the right to request back-up documentation for any and all items that appear on the workbook ,and will not allow the project contacts to make changes to AHP Attachment D and the Detailed Cost Breakdown once they have been submitted to FHLB.</p>
9	Current appraisal IF Habitat Note/Mortgage Amount exceeds all costs	<p>If the TOTAL COSTS on the Detailed Cost Breakdown do not equal or exceed the total Habitat Note/Mortgage Amount as shown on AHP Attachment D for all the homebuyer’s repayable mortgages, submit a current appraisal signed by a state-licensed or -certified</p>



		<p style="text-align: right;"><i>Continued...</i></p> <p>appraiser that supports the mortgage value. The appraisal must be dated within one year of purchase by the homebuyer and show a value of the property that is higher than the mortgage value. Nothing need be provided for this item if the TOTAL COSTS to develop the project exceed the Habitat Note/Mortgage Amount shown on AHP Attachment D.</p>
10	Executed notes and mortgages (deeds of trust) for all loans	<p>Provide an executed note and mortgage (or deed of trust) for all loans to the homebuyer(s), even if they are forgivable. This is required for all loans from any party. If the principal amount shown on the note does not match the amount of the funding source applied to this household on AHP Attachment D and the Detailed Cost Breakdown provided for item #8 above, provide an explanation for the discrepancy unless the note is a forgivable one that the Habitat affiliate made to the household. The Mortgage Term, Mortgage Rate, and Mortgage P&I Payment shown on AHP Attachment D must also match these items as specified in any repayable note(s) the Habitat affiliate made to the homebuyer(s).</p> <p>Repayable second mortgages that are not paid to Habitat should not appear in the Habitat Note/Mortgage Amount on AHP Attachment D but should show as a CASH SOURCE on the Detailed Cost Breakdown. Forgivable mortgages from Habitat to the homebuyer(s) should not appear on either AHP Attachment D or the Detailed Cost Breakdown, although forgivable mortgages from other funding sources should appear as CASH SOURCES on the Detailed Cost Breakdown.</p> <p>The debt service shown on the note for each source of hard debt will be used in FHLB's affordability analysis as mentioned on page seven above. Soft, forgivable debt will not factor into the affordability analysis.</p> <p>If the project received points for the Member's servicing of homebuyers' loans at no cost to the Habitat affiliate, the first mortgage note must identify the Member's address as the location where payments are to be made.</p> <p>If the project received points for the Sponsor's provision of permanent financing to the project's borrowers, the term of the first mortgage loan must be at least 15 years.</p> <p>The closing date of the first mortgage note may not precede the date upon which the award of AHP funds was made to the project. The AHP grant should not be included in any note or mortgage, as it should not be passed to the homebuyer(s) in the form of a loan.</p>



		<i>Continued...</i>
		<p>If the Habitat affiliate did not make a second (forgivable or not) loan to the homebuyer, submit a letter or e-mail to FHLB indicating that no second loan exists.</p>
11 ab	<p>Verification of property acquisition cost paid by the Habitat affiliate</p> <p>Verification that the property was donated to the Habitat affiliate</p>	<p>FHLB requires verification of the amount that the Sponsor paid to acquire the property. The price documented in one of the formats mentioned below must match the CASH COST for Land included on the Detailed Cost Breakdown provided for item #8 above. If the homebuyer acquired the property prior to the Sponsor’s involvement in the project and the Detailed Cost Breakdown does not include the price the homebuyer paid, mark “N/A” for items #11a and #11b on the AHP Habitat Disbursement Request form. Provide one of the following to verify the purchase price:</p> <ul style="list-style-type: none"> • A fully executed purchase contract, or • A settlement statement or closing disclosure signed by both buyer and seller or settlement agent, or • A warranty deed with price indicated, or • A signed letter from the grantor, or • A signed copy of the foreclosure/sheriff’s sale document, or • A Property Value Assessment showing a nominal sales price in the transaction history for the property (valid for <i>donations ONLY</i>), or • If the Habitat affiliate acquired the property by foreclosing on a partner family to which the affiliate had previously made a loan, provide evidence of the outstanding balance of the loan from the loan servicer along with item #11e below. <p>If the project was approved with a commitment to produce a certain number of units on property that was donated to the Sponsor, the documentation submitted for this item must show that the Sponsor acquired the homebuyer’s property without financial consideration, other than a nominal amount. 1) Donations from the family of a homebuyer receive one point in the AHP scoring system for donation by a related party; 2) Donations from the homebuyer him/her/themselves receive ZERO points for donations in the AHP scoring system. Depending on the project’s commitments, the property may also have to have been donated from an unrelated party within five years of the AHP application deadline for the offering in which the project was approved. If the Sponsor paid any substantial acquisition costs, including back taxes or loan payoffs, the property does not meet the FHLB’s definition of “Donated property.” Also, conveying land or property for less than full value does not constitute a donation of that part of value for which compensation was not received.</p>



		<p style="text-align: right;"><i>Continued...</i></p> <p>Part of a property cannot be considered “Donated property” unless that part is individually identified and conveyed separately from other parts.</p> <p>If the project was approved with a commitment to produce a certain number of units on property that the federal government conveyed to the Sponsor, the documentation submitted for this item must show that the Sponsor acquired the homebuyer’s property from the federal government or any agency or instrumentality thereof.</p> <p>A long-term lease or ground lease for a term of at least 15 years provided without financial consideration or at a nominal amount also meets this definition.</p> <p>The description of the homebuyer’s property as contained in the deed submitted for item #13 below must tie to the document submitted for this item, or a different form of verification of the purchase price will be required.</p> <p>Do not resubmit the documentation for this item if it was previously submitted with another disbursement request package or with the approved AHP application.</p> <p>If the Sponsor sold the land to the homebuyer, FHLB needs evidence of how much the <i>Sponsor</i> paid for the land, not how much the <i>homebuyer</i> paid for the land. The amount the homebuyer paid for the land must be reasonable, and FHLB will count any difference between the amount the Sponsor paid for the land and the amount it charged to the homebuyer (assuming the latter is higher) as developer fee.</p> <p>Please note that the acquisition cost is not a cost established between the project’s Sponsor and itself or an entity in which the Sponsor has an ownership interest; FHLB considers acquisition cost the amount it cost the Sponsor to acquire the property from a third party. FHLB will not recognize the cost shown on a quit claim deed between the Sponsor and itself as documentation of acquisition cost.</p>
11 cd	<p>Verification that the acquisition price paid by the Habitat affiliate is at least 50% below market value</p> <p>Appraisal or</p>	<p>FHLB requires verification that the amount that the Sponsor paid to acquire the property was less than or equal to the market value of that property at the time the Sponsor acquired it. Do not confuse this item with item #9 above requesting the market value of the property subsequent to the work being performed on the home; FHLB needs documentation of market value for the property the Sponsor purchased prior to improvements being made for this item. If no CASH COSTS for Land or Donated Land Value appear on the</p>



<p>Property Value Assessment dated within one year of date the Habitat affiliate acquired the property to document value</p>	<p style="text-align: right;"><i>Continued...</i></p> <p>Detailed Cost Breakdown provided for item #8 above, nothing needs to be provided for this item. If acquisition costs or value do appear on the Detailed Cost Breakdown, provide one of the following:</p> <ul style="list-style-type: none">• An appraisal signed by a state-licensed or -certified appraiser that shows the “as-is” value of the property dated within one year of the Sponsor’s acquisition of it, or• A Property Value Assessment from the county auditor’s office that shows the value of the property dated within one year of the Sponsor’s acquisition of it. <p>Independent of any points awarded to the project, the appraisal or Property Value Assessment must show a value that equals or exceeds the price to the Sponsor, or the FHLB will reduce the AHP grant by the difference.</p> <p>Transfers involving “Related parties” require an independent appraisal instead of a Property Value Assessment. “Related party” means any party related by family, business, or personal interest to a Sponsor, Member, or other party directly involved in an AHP project. Developer, consultant, service provider, and contractor are all considered related parties directly involved in an AHP project. Related parties include any persons related by family, business, or personal interest to any member of the Sponsor’s Board of Directors or staff, the Member’s Board of Directors or staff, or the Board of Directors or staff of any other party directly involved in an AHP project.</p> <p>If the project was approved with a commitment to produce a certain number of units on property that the Sponsor purchased for a price at least 50 percent below market, the appraisal or Property Value Assessment must show that the property’s value at the time of the Sponsor’s acquisition was at least twice its purchase price. Depending on the project’s commitments, the property may also have to have been purchased from an unrelated party within five years of the AHP application deadline for the offering in which the project was approved to fulfill this commitment.</p> <p>Do not resubmit the documentation for this item if it was previously submitted with another disbursement request package or with the approved AHP application.</p>
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11e	Verification that the property underwent foreclosure, deed in lieu, or short sale immediately prior to acquisition	<p>Projects that received points for rehabbing a certain number of properties that were vacant because of foreclosure, deed in lieu of foreclosure, or short sale must provide one of the following dated within one year of the Sponsor's or homebuyer's acquisition of the property to verify the terms of the property's acquisition:</p> <ul style="list-style-type: none">• Foreclosure notices, or• A signed copy of the foreclosure/sheriff's sale document, or• A copy of the deed between the previous owner and the lender, or• A letter from the lender, or• Other, similar documentation at FHLB's discretion. <p>If the deed or other documentation provided with item #11a or #11b above indicates that the property qualified for these points at the time of its transfer to the Sponsor or homebuyer, only documentation of vacancy must be provided for this item.</p> <p>Units qualifying for these points must have been acquired by the AHP Sponsor (or household AHP recipient) directly from the foreclosure or sheriff's sale, auction, or lender involved in the foreclosure, or the Sponsor must provide evidence that it or the homebuyer acquired the property through a lender-approved short sale. Properties that use the county or city as the intermediary between the lender and the Sponsor or homebuyer also qualify under this scoring criterion. Units that passed through the ownership of other entities except for the city or county subsequent to the foreclosure process but prior to acquisition by the AHP Sponsor (or household AHP recipient) DO NOT qualify for points under the AHP. Additionally, properties that were acquired and then razed to build a newly-constructed unit DO NOT qualify for points under this scoring criterion.</p> <p>ADDITIONALLY, the Sponsor must verify that the property was vacant at the time of acquisition in order to qualify for points in the AHP scoring system for utilizing property that was vacant due to foreclosure, deed in lieu of foreclosure, or short sale. Provide one of the following dated within one year of the Sponsor's or homebuyer's acquisition of the property to show that a property was vacant at the time of acquisition:</p>
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		<p style="text-align: right;"><i>Continued...</i></p> <ul style="list-style-type: none"> • Interior and/or exterior photos of the property that identify the property and show that it was vacant, or • An appraisal signed by a state-licensed or –certified appraiser that identifies the property as vacant (which may be the same appraisal as submitted for item #11d above if it indicates that the property was vacant at the time of its transfer to the Sponsor or homebuyer), or • Other, similar documentation at FHLB’s discretion.
12	<p>Evidence of ALL outside funding sources shown on the approved AHP application and additional sources as listed on Attachment D, including copies of all executed funding grant agreements</p>	<p>The FHLB requires evidence of commitment from all permanent funding sources besides AHP that are providing funds to the project, including funding from HOME, AHTF, etc. Provide signed copies of grant agreements with all exhibits and/or attachments for all funding sources that do not require repayment and signed notes and mortgages (or deeds of trust) for all repayable funding sources so that all funding sources appearing on the AHP Attachment D and Detailed Cost Breakdown (besides cash contributions) are documented. FHLB does not require back-up documentation for most cash contributions besides those from the Sponsor or Member. See item #14c below for more information on documenting the Member’s cash contribution and item #7b above for more information on documenting the Sponsor’s cash contribution.</p> <p>The amount verified by each grant agreement or note should match the amount of funding shown on the AHP Attachment D and Detailed Cost Breakdown on a per-unit basis. If the amounts do not match, provide an explanation of the discrepancy with the disbursement request package.</p> <p>If the approved AHP application indicates that a funding source besides the Sponsor and AHP will be providing funds to the project, FHLB expects to see an amount from that funding source on each AHP Attachment D and Detailed Cost Breakdown provided for each household in the project. If a funding source identified in the approved AHP application did not contribute funds to a particular unit, submit an explanation indicating why the funding source did not provide funds to the homebuyer(s). If the Sponsor did not receive an award from a funding source that it anticipated receiving at the time of AHP application, communicate to FHLB that the Sponsor or project did not receive the award.</p> <p>Grant agreements or notes that apply to more than one household in the project need only be submitted with one disbursement request package.</p>



13	Warranty deed evidencing that the property is in the name of the homebuyer and that FHLB retention language is inserted, attached, or in a separate restrictive covenant	<p>Submit a fully executed copy of the deed that transfers ownership of the property to the homebuyer(s) from a third party. Make sure that the property's description as shown in the deed matches the property documented for item #11ab above. The acquisition cost of all parcels represented in the deed must be documented.</p> <p>The deed or a restrictive covenant to the deed must contain the MOST CURRENT version of FHLB's retention language. The most current version of FHLB's retention language as of the time of publication of this manual appears below, but you should <i>only</i> rely on the retention language found at www.fhlbcin.com for the most current retention language. If the retention language is included in the deed as an exhibit or addendum, the body of the deed must reference the exhibit or addendum, or FHLB will require a recorded copy of the deed to verify that the language was attached appropriately. If the retention language is included in a restrictive covenant, the restrictive covenant must contain a specific reference to the deed to be acceptable to FHLB.</p> <p>FHLB recommends that Sponsors refrain from including an ending date to the retention period or an amount of AHP grant within the deed or restrictive covenant, as the Sponsor will have to redo the deed or restrictive covenant if either of these items differ from what FHLB determines is appropriate for the household.</p> <p style="text-align: right;"><i>Continued...</i></p> <p>Please note that the retention language changes periodically, and ONLY the most current language will be accepted. Check the language available at www.fhlbcin.com prior to including the retention language in any legal document. Please remember to choose the retention language that is specific to owner-occupied projects, as including the language specific to rental projects is not acceptable.</p> <p>The deed or restrictive covenant including the FHLB language should be recorded as close to the time of project completion as is practicable.</p>
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14 a	Bridge or construction loan	If the project received a point for the Member's provision of a bridge or construction loan, submit signed copies of the note and mortgage (or deed of trust) associated with such a loan showing the Member as the lender on the loan. The principal amount of the loan must be at least 51% of the total hard costs of the project for projects approved in 2014 and later to be eligible for a point in the AHP scoring system. If the project did not receive a point for the Member's provision of a construction or bridge loan, nothing need be provided for this item. Do not resubmit the documentation for this item if it was previously submitted with another disbursement request package.
14 b	Below-market rate on the construction or bridge loan	If the project received a point for the Member's provision of a below-market rate on the construction or bridge loan to the project, provide one of the following: <ul style="list-style-type: none">• A copy of the Member's standard rate sheet for loans of the same type, quality, and duration as the one that the Member made to the project that is dated within the time period that the loan was made, or• A current, executed letter from the Member specifying the rate discount and which loan was discounted. Regardless of which option is chosen, the Member must have made the loan at a rate that was at least 0.50 percent below its standard rates at the time the loan was made to the AHP project. The information provided for this item should be consistent with information provided for item #14a above. If the project did not receive a point for the Member's provision of a discounted rate on a loan, nothing need be provided for this item.
14 c	Cash contribution	Submit a copy of the Member's cancelled check to verify that the Member made a cash contribution to the project if the project received a point for the Member providing such a contribution. The full dollar amount of the contribution appearing on the check must be listed as a funding source for the project on one or more of the AHP Attachments D and Detailed Cost Breakdowns submitted to FHLB for item #8 above, and the total Member cash contribution to all homebuyers in the project must be at least \$500 in order for the project to earn the point it received in the AHP scoring system for the Member providing a cash contribution to the project. If a cancelled check is unavailable, submit evidence of the Member's deposit into an account controlled by the Sponsor. If the project did not receive a point for the Member's provision of such a contribution, nothing need be provided for this item.



14 d	Servicing of homebuyers' loans at no cost to the Habitat affiliate	<p>If the project received a point for the Member's willingness to service homebuyers' loans originated by the Sponsor at no cost to the Sponsor, verify that the project earned this point with one of the following:</p> <ul style="list-style-type: none">• Language in the note provided for item #10 above indicating where the payments will be made for each household, or• A current, executed letter from the Member mentioning that the loan(s) has(have) been set up on the Member's servicing system and that the Sponsor will not be charged for this, or• A screen shot of the Member's servicing system showing that each loan has been set up on the Member's system.
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Owner-occupied Retention Language

Owner-occupied Retention Language

The language below should be inserted into the Warranty Deed or as a Restrictive Covenant to the Warranty Deed. If it is attached to the Warranty Deed as an addendum or attachment, the Warranty Deed must reference the addendum or exhibit. If recorded as a Restrictive Covenant, the document must reference the Warranty Deed.

Borrower(s), for and in consideration of receiving direct subsidy funds from the Federal Home Loan Bank of Cincinnati's Affordable Housing Program, must maintain ownership in this property for a period of five (5) years (Retention Period) from the date of the recording of this deed.

- i. The Federal Home Loan Bank of Cincinnati, whose mailing address is P.O. Box 598; Cincinnati, OH 45201-0598, is to be given notice of any sale, refinancing, foreclosure, conveyance by deed in lieu of foreclosure, assignment of the first mortgage to the Secretary of HUD, or change in ownership of the unit occurring prior to the end of the Retention Period.
- ii. In the case of a sale or refinancing prior to the end of the Retention Period, an amount equal to a pro rata share of the AHP Subsidy that financed the purchase, construction, or rehabilitation of the unit, reduced for every year the seller owned the unit, shall be repaid to The Federal Home Loan Bank of Cincinnati from any net gain realized upon the sale or refinancing of the unit; unless:
 - (A) The unit was assisted with a permanent mortgage loan funded by an AHP advance;
 - (B) The purchaser is a very low- or low- or moderate-income household as defined in the applicable Federal Housing Finance Agency regulations for the AHP (in which case the retention period ends with the conveyance to such purchaser); or
 - (C) Following a refinancing, the unit continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism, incorporating the requirements of clauses (i), (ii), and (iii) contained herein.
- iii. The obligation to repay Subsidy to the Bank shall terminate after any foreclosure or conveyance by deed in lieu of foreclosure or any assignment of the first mortgage to the Secretary of HUD.



AHP Habitat Disbursement Request – PDF version

AHP HABITAT DISBURSEMENT REQUEST Effective January 1, 2016



Homebuyer Name:	
Homebuyer Address:	In a QCT? Yes/No
Member Name:	
Sponsor Name:	
Project Number:	
Total Initially Awarded: \$	Final Amount Requested: \$

Refer to the AHP Habitat Disbursement Manual for acceptable forms of required documentation. Documents that do not meet FHLB's requirements as listed in the manual will be required to be amended prior to disbursement of AHP funds. Pre-approvals of individual households are **REQUIRED** prior to submission of this form.



Required Documents:	Already on file	Enclosed	N/A
1. Executed copies of the following documents with original signatures: a. Direct Subsidy Agreement (between the Member and FHLB) b. Affordable Housing Program Agreement	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>	
2. Date of disbursement training completion: ___/___/___		←	
3. Evidence of completion (Certificate of Occupancy et al.)		<input type="checkbox"/>	
4. Type of work completed for this home: <input type="checkbox"/> New construction <input type="checkbox"/> Rehabilitation <input type="checkbox"/> Acquisition only		←	
5. Evidence that the household attended homeownership counseling		<input type="checkbox"/>	<input type="checkbox"/>
6. Verification that the following services to which the approved AHP application committed were provided, if applicable: a. Homeowners club or association with policies and procedures b. Empowerment activities, such as budgeting/credit counseling, education services, employment training, etc. c. 8 hours of landscaping labor from a community organization d. 40 hours of construction labor from a community organization e. Donation of at least \$500 in goods/services f. Fee waiver from the local government of at least \$500 g. Energy-efficient new construction	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
7. Verification that the Sponsor completed the following commitments made in the approved AHP application, if applicable: a. Marketing/outreach, pre-development activities, and/or construction/rehabilitation activities via a completed and executed AHP Sponsor Commitment Verification Form b. Sponsor cash contribution	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>
8. Final Attachment D and executed Detailed Cost Breakdown		<input type="checkbox"/>	<input type="checkbox"/>
9. Current appraisal IF Habitat Note/Mortgage Amount exceeds all costs		<input type="checkbox"/>	<input type="checkbox"/>
10. Executed notes and mortgages (deeds of trust) for all loans		<input type="checkbox"/>	



Required Documents:	Already on file	Enclosed	N/A
11. Property acquisition information:			
a. Verification of property acquisition cost paid by the Habitat affiliate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Verification that the property was donated to the Habitat affiliate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Verification that the acquisition price paid by the Habitat affiliate is at least 50% below market value	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Appraisal or Property Value Assessment dated within one year of date the Habitat affiliate acquired the property to document value	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Verification that the property underwent foreclosure, deed in lieu, or short sale immediately prior to acquisition			
12. Evidence of ALL funding sources besides AHP shown on the approved AHP application and listed on Attachment D, including copies of all executed funding grant agreements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Warranty deed evidencing that the property is in the name of the homebuyer and that FHLB retention language is inserted, attached, or in a separate restrictive covenant		<input type="checkbox"/>	
14. Evidence that the project meets following Member commitments as indicated in the approved AHP application, if applicable:			
a. Bridge or construction loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Below-market rate on the construction or bridge loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Cash contribution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Servicing of homebuyers' loans at no cost to the Habitat affiliate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Authorized Signatures and Contact Information:

The individuals signing this request certify that they are authorized to make such requests and representations contained herein on behalf of the project Member and Sponsor identified and have read and understand the requirements for the program mentioned in the AHP Habitat Disbursement Manual. The Sponsor and Member further certify that they have taken the steps necessary to determine that the information provided is true and accurate, that they are not requesting reimbursement for costs that FHLB deems ineligible, and that they understand that the FHLB of Cincinnati has a duty to invoke sanctions pursuant to the Federal Housing Finance Agency's Affordable Housing Program regulation in the event of non-compliance with the terms of the approved AHP application and any subsequent modifications as approved by the FHLB of Cincinnati. Any changes to the project that may affect scoring criteria or feasibility must be reported to and approved by the FHLB.

MEMBER CONTACT

Printed Name: _____	Telephone Number: _____
Title: _____	E-mail: _____
Signature: _____	Date: _____

SPONSOR CONTACT

Printed Name: _____	Telephone Number: _____
Title: _____	E-mail: _____
Signature: _____	Date: _____



FREQUENTLY ASKED QUESTIONS AND COMMON MISTAKES

Below is a list of frequently asked questions and common mistakes that often occur when requesting a disbursement of funds. They are being provided in an attempt to assist Members and Sponsors in expediting the disbursement process.

Frequently Asked Questions

- Q. Why does the FHLB require documentation before releasing funds?
- A. *FHLB cannot disburse AHP funds until it can determine through the documentation provided that the funds are necessary, that the project is financially and economically feasible, and that it is in compliance with the terms of the approved AHP application. By withholding funds until assessments from all of these perspectives have taken place, FHLB reduces the potential for recapture of funds. Documentation is necessary to ensure compliance with the federal regulations that govern the Affordable Housing Program.*
- Q. If I received approval for an AHP grant, why do I need to send updated financial information when I request a disbursement of AHP funds?
- A. *The award of AHP funds for your project is a commitment to fill the financial gap that you have identified. The FHLB is required to analyze a project's final financial structure prior to disbursing AHP funds in order to determine that AHP subsidy is still needed and the level of that need. FHLB also needs to ensure that costs are reasonable. In most cases, our analysis process should not be cause for undue concern, since the great majority of projects continue to demonstrate the need for the full amount of the AHP award.*
- Q. Is it possible to obtain funds prior to completion of the project?
- A. *FHLB does not currently allow draws of AHP funds prior to completion of units for projects involving the construction, rehabilitation, or acquisition of homes by or for homeowner households. Please request AHP funds as units are completed; do not wait until all units in the project have been completed to begin requesting AHP funds.*
- Q. Does the FHLB have a standard retention document?
- A. *Yes. The retention language is available in this manual in the format that was the most current as of the posting of this manual, but you should rely on the most current retention language on the FHLB's website under Resources/Documents and Forms/Attachment G - Retention Agreements. The retention language is different for rental projects, so be sure to pull the correct language from the website.*



- Q. One of my proposed funding sources was not approved. Will my AHP award be cancelled?
- A. *If other financing or additional fundraising/cash contributions can be secured within a reasonable timeframe, the AHP award will not be cancelled. The project must have at least one other funding commitment in place within six months of AHP award and receive all other funding commitments within 18 months of AHP award. If a change in the project's funding sources significantly changes the financing structure of the project (especially as it pertains to lender), be sure to request a modification to the project in the format mentioned in the AHP Modifications Procedures and Procedures webinar available at www.fhlbcin.com.*
- Q. How will I know if a submitted request is approved?
- A. *A Confirmation of AHP Funds Disbursement will be e-mailed to the Member and Sponsor to confirm deposit of the AHP funds into the Member's Demand Deposit Account here at FHLB.*
- Q. How will the Member institution receive the AHP funds after a request for funds has been approved?
- A. *We will credit the Member's Demand Deposit Account with the FHLB for the amount approved.*
- Q. How long does it take to receive funding once the FHLB has received a completed AHP Habitat Disbursement Request and all supporting documentation?
- A. *Typically, the FHLB will require up to 30 days for reviewing the disbursement request and providing the funds. If additional information is required, it will take longer.*
- Q. We have had significant turnover within the organization since our application for AHP funds was approved. Are there any resources to improve our familiarity with the program and the approval process?
- A. *See the AHP Disbursements for Habitat Projects webinar under Resources/Webinars on the FHLB's website at www.fhlbcin.com and review this manual. You may also contact a member of our staff for questions (see the listing below). Also, be sure to notify the FHLB of staffing changes so that we may update our records.*
- Q. Does the retention document have to be recorded prior to receiving a disbursement of AHP funds?
- A. *No. The FHLB will require a signed document to be submitted prior to disbursement of funds to the Member but will only require a legally recorded copy of the document if the required references to the retention language in the body of the document are missing or other issues with the document arise.*



- Q. Will HOME or other retention documents be accepted as evidence of long-term FHLB retention?
- A. *No. The most current version of FHLB's retention language must be included in the project's warranty deed or recorded in a restrictive covenant that references the deed. See item #13 above for further instructions on how to properly convey this restriction.*
- Q. Can a homebuyer receive cash back at closing?
- A. *No. This is strictly prohibited and will result in the reduction of the AHP grant.*
- Q. Can I request funds for a household even though the household has not yet been pre-approved for AHP funds?
- A. *No. FHLB will only accept disbursement requests for households that have received pre-approval through the FHLB's pre-approval process, Please refer to the AHP Pre-approval Manual and the AHP Pre-approval Request form available at www.fhlbcin.com for more information on the pre-approval process, which MUST occur prior to submission of a disbursement request for any household.*

Common Mistakes

In order to assist our Members and Sponsors in receiving funds in a timely manner, we have included a list of common mistakes that often delay the processing of AHP Habitat Disbursement Requests.

1. The AHP Habitat Disbursement Request is incomplete or unsigned by one or both parties. All questions should be answered. If a question is not applicable to your project's type or the project was not awarded points for a particular scoring criterion, check the "N/A" box in the space provided. Submit an explanation indicating why you believe the item doesn't pertain to your project if an "N/A" box is not available for that particular item.
2. The person(s) assembling the Required Documents for the disbursement request package is not familiar with the FHLB's requirements or the commitments the project made in its approved AHP application. See this manual or the AHP Disbursements for Habitat Projects webinar to familiarize yourself with FHLB's requirements. Contact FHLB using the contact information listed below for a copy of the project's AHP Application Scoring Sheet and/or approved AHP application if you do not have one.
3. The disbursement package contains documentation that contradicts other documentation included in the disbursement request package or documentation submitted with the approved AHP application.
4. The amount of funding sources and uses shown in the project's financials do not match.
5. Required documentation does not contain the required signatures.
6. All of the funding sources listed in the approved AHP application or used for the homebuyer were not documented with executed grant agreements or notes/mortgages (deeds of trust), or the Detailed Cost Breakdown provided did not indicate use of these sources.



7. Verification of land/acquisition cost and/or market value was not submitted and/or does not tie to the amount on the Detailed Cost Breakdown or the property referenced in the borrower's deed.
8. The Sponsor or Member is delinquent with regard to additional information submission or reporting or monitoring requirements of the FHLB for the project being submitted or others.
9. The homebuyer's deed or restrictive covenant does not contain the FHLB's retention language, contains old language, or does not reference attached language.
10. The project or older projects in which the Sponsor is involved do not appear that they will fulfill all required commitments, require modification, or may not be fully funded prior to the AHP commitment expiration date.
11. Documentation that was submitted with the approved AHP application was submitted again to verify that the project has met its scoring criteria. FHLB accepts documentation that was submitted with the AHP application for some items; see the "Already on file" column of the AHP Habitat Disbursement Request form for examples of these items in conjunction with the descriptions of the Required Documents for these items above. For all other items, FHLB requires updated documentation.
12. The household's mortgage payments do not meet the FHLB's affordability requirements.
13. The amount of AHP requested as shown on the AHP Attachment D and Detailed Cost Breakdown differs from the amount requested on the AHP Habitat Disbursement Request form and so requires further clarification.



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** Habitat Disbursement Reviewers