

Housing and Community Investment

# AHP PRE-APPROVAL MANUAL

Effective January 1, 2016





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## SUMMARY AND PURPOSE

This AHP Pre-approval Manual has been designed as a reference guide for Sponsors and Members (commercial banks, thrifts, credit unions, 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. **Effective January 1, 2015, all Sponsors who are using AHP funds to assist in the acquisition, creation, or rehabilitation of housing owned or to be owned by AHP-eligible households *must* submit a pre-approval request *prior* to the completion of the work on the home or the closing of the loan for each household. Sponsors providing rental housing should *not* use this manual.**

The purpose of a pre-approval request is to communicate to the FHLB whether or not the household meets the income and other targeting requirements to which the Sponsor and Member have committed in the approved AHP application and to provide the Sponsor and Member with the FHLB's income calculation and targeting determinations for the purposes of establishing the household's loan criteria and how much of the project's commitments have been fulfilled. This manual provides instructions for submitting a pre-approval request. Please review this manual and the most recently-recorded version of the AHP Pre-approval webinar available at [www.fhlbcin.com](http://www.fhlbcin.com) prior to submitting a pre-approval request. One AHP Pre-approval Request form must be completed by the Sponsor for each household to be included in the AHP project. Use the form and this manual to identify acceptable documentation for qualifying the household.

## TIMING OF REQUEST SUBMISSION

The AHP Sponsor must determine when in its own processes it makes the most sense to submit a pre-approval request to the FHLB. Some **Sponsors may decide that they want to know as soon as a household has applied to their program whether or not the household qualifies for AHP funds; other Sponsors may prefer to wait until closer to loan closing so that the household's income will be up-to-date when submitted to FHLB.** Either way, FHLB will require an intake form/loan application and supporting documentation dated within 180 days of the submission of the AHP Pre-approval Request form to FHLB. **A household's pre-approval request may not be withdrawn and reinstated once it has been submitted to FHLB.** FHLB recommends requesting a pre-approval request as close to loan closing as is practical.

Once the FHLB receives the AHP Pre-approval 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. All requests and additional information will be processed in the order in which they are received. **Please allow 30 days for FHLB to process any materials submitted.**

Submitting documentation that is complete, accurate, and consistent will allow the request to be processed as expeditiously as possible. If the FHLB receives incomplete or incorrect documentation, delays in the process will occur. To avoid unnecessary delays, refer to the Frequently Asked Questions and Common Mistakes section of this manual.



## REQUEST CRITERIA

In processing pre-approval requests, the FHLB reviews the information submitted with the request and other pertinent project information obtained from the Member and Sponsor during the application and review process. The FHLB verifies that the project continues to qualify for the awarded subsidy based on the scoring criteria set forth in the AHP Implementation Plan in place when the project was awarded AHP funds. Sponsors must have documents in place in a form satisfactory to the FHLB to meet the requirements of the AHP Regulation prior to pre-approval of funds for any household. Below is a detailed list of documents required (see page 8 for the required document list) for pre-approval processing. The FHLB reserves the right to request further documentation as necessary or to request the amendment of documentation if it does not meet the FHLB's requirements.

Submit the following at any point after the project has received an award of AHP funds but prior to the household's loan closing:

- The complete AHP Pre-approval Request form signed by the Sponsor
- The household's signed and dated application/intake form within 180 days of the submission of this pre-approval request
- Documentation of "Household" size if it's not indicated on the intake application
- Third-party income documentation dated within 180 days of the submission of this pre-approval request for all income sources listed on the intake application
- Third-party income documentation for all household members age 18 or older if their income source (or lack thereof) is not listed on the intake application
- Verification of homeless, special needs, elderly, or first-time homebuyer status, if applicable to the project and/or the homebuyer/owner dated within 180 days of the submission of this pre-approval request
- Loan principal, term, and interest rate for all mortgages the household will be responsible for repaying, along with the anticipated insurance and tax amounts the household will have to pay monthly (estimated amounts if this information is not already known)
  - If the project was approved prior to 2012 then also submit the anticipated utility cost the household will have to pay monthly (estimated amounts if this information is not already known)

## DETERMINING INCOME ELIGIBILITY

Verification of the household's gross annual income is required before a pre-approval can take place. Use the following guidelines to calculate household gross annual income and determine whether or not the household falls within the project's income requirements.

### Calculation of Income

The FHLB requires that all households meet the income targeting requirements outlined in their project's approved AHP application or approved project modification. The FHLB follows the income calculation guidelines found in FHLB Income Eligibility Guide (Appendix A of the AHP Implementation Plan). The income, along with income from assets, of all household members



age 18 or older must be documented along with any disability benefits or child support payments received for a child. The documentation must be **dated within 180 days of submission of the pre-approval request to FHLB** in all cases except those noted on page 9 below. Please refer to the link above for a complete list of income inclusions and exclusions and for more information on calculating income.

### **Determining Percentage of Area Median Income**

Once FHLB has calculated gross annual income for all sources of household income, it then compares the total income figure to the area median income for the appropriate “Household” size given in HUD’s MTSP data set for the county in which the AHP-assisted home is or will be located and the year that the pre-approval request is submitted. The household’s percentage of the area median income must be less than or equal to the income target percentages to which the project committed in the approved AHP application (or approved project modification). Please reference the MTSP income limits at <http://www.huduser.org/portal/datasets/mtsp.html>.

### **FHLB Aids for Calculating Income**

For a summary of the income calculation methods FHLB uses, please visit [www.fhlbcin.com/Community Investment/Webinars and Presentations](http://www.fhlbcin.com/Community%20Investment/Webinars%20and%20Presentations). The link to “Webinars” contains a webinar entitled “Welcome Home Determining Income.” Although this webinar is geared toward FHLB’s Welcome Home Program, the calculation methods FHLB uses are the same for both programs.

For additional assistance, please reference the FHLB Income and Affordability Workbook in the Affordable Housing Program web-part at [https://web.fhlbcin.com/Community Investment/Documents and Forms.aspx](https://web.fhlbcin.com/Community%20Investment/Documents%20and%20Forms.aspx).

## **HOUSEHOLD 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 for all ownership housing besides owner-occupied rehab. If the percentage of 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 see the FHLB Income and Affordability Workbook available on the FHLB’s website at [www.fhlbcin.com](http://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 not exceed 30 percent of the household’s annual gross 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 not exceed 31 percent of the household's annual gross income as calculated by FHLB.

Please note that, if the household receives Section 8 to Homeownership Assistance or other comparable income, the home is deemed affordable to the household, and this calculation is not performed as long as acceptable documentation of the income source is submitted. Owner-occupied rehab projects will not undergo an affordability assessment.

## **AFTER A PRE-APPROVAL REQUEST HAS BEEN SUBMITTED**

Once a Sponsor has submitted a pre-approval request to FHLB, it will receive one of three possible responses from FHLB within 30 days of FHLB's receipt of the request. One of the possible responses is a pre-approval letter containing FHLB's conclusions regarding the household's total annual gross income, the income as a percentage of area median income, and whether or not the household meets the FHLB's definitions of "Special needs," "Homeless household," and/or "First-time homebuyer." Although this letter indicates that the household is eligible for AHP funds, the Sponsor will NOT receive a disbursement of AHP funds at the time that the household is pre-approved. In order to receive a disbursement of AHP funds, the Sponsor and AHP Member must complete and submit the disbursement request form for the appropriate project type after the work on the home has been completed and the household has taken possession of the home. Access the disbursement request forms and their corresponding manuals in the Affordable Housing Program web-part at <https://web.fhlbcin.com/CommunityInvestment/DocumentsandForms.aspx>. If the Sponsor receives a pre-approval letter with no prior information to the contrary regarding affordability, the Sponsor may assume that FHLB deemed the loan terms acceptable based on the information provided. **If loan terms change between the time of pre-approval and the closing of the loan, the Sponsor must reassess whether or not the household still meets FHLB's affordability requirements using the information presented above**, as FHLB is not liable for changes made outside of the pre-approval process.

If FHLB requests additional information for the request, please provide all requested materials at one time to the FHLB analyst who requested the additional information within 30 days of the receipt of the request. Submitting documentation that is complete, accurate, and consistent will allow the request to be processed as expeditiously as possible. Please allow 30 days for FHLB to process any materials submitted.

The third type of response the Sponsor may receive to a pre-approval request is notification that the household does not qualify for AHP funds. If the request is denied because the household's income exceeds the income limits for the project as established in the approved AHP application (or approved project modification), the Sponsor will receive a letter containing the FHLB's conclusions about the household's total annual gross income and the household's income as a



percentage of area median income. If the Sponsor would like to contest the denial, it may provide additional income documentation dated within 180 of the original submission of the pre-approval request to FHLB. Income documentation that is not dated within that time period will not be considered, and **a household's pre-approval request may not be withdrawn and reinstated once it has been submitted to FHLB.** If the request is denied because the household does not meet the project's commitment(s) for serving households with special needs, first-time homebuyers, and/or homeless households, the request will be denied via e-mail and the Sponsor given the opportunity to provide documentation verifying that the household meets the required commitment(s).

## AHP PRE-APPROVAL REQUEST INSTRUCTIONS

Please follow the steps below to request a pre-approval for any household. If additional assistance is necessary, please contact one of the FHLB staff members using the contact information provided on the last page of this manual.

<b>Step 1: Complete the AHP Pre-approval Request Form</b>
<ul style="list-style-type: none"><li>• Print the form from the AHP Documents and Forms link at <a href="https://web.fhlbcin.com/Community%20Investment/Documents%20and%20Forms.aspx">https://web.fhlbcin.com/Community Investment/ Documents and Forms.aspx</a> (see page 16 below for an example of this form).</li><li>• Complete all sections of the AHP Pre-approval Request form. Mark each of the Required Documents as "Enclosed," or if the item does not apply to the project, "N/A."</li><li>• Attach additional sheets if any explanations are required.</li></ul>
<b>Step 2: Gather Required Documents</b>
<ul style="list-style-type: none"><li>• Collect anything marked "Enclosed" on the AHP Pre-approval Request form for inclusion in the request package for transmission to FHLB. All documents that pertain to the project are required.</li><li>• Use the listings below to ensure that the documentation provided meets FHLB's needs.</li></ul>
<b>Step 3: Obtain Required Signature</b>
<ul style="list-style-type: none"><li>• The Sponsor contact listed on the AHP Pre-approval Request form must sign the form.</li></ul>
<b>Step 4: Submit the AHP Pre-approval Request Form with All Required Documents to FHLB</b>
<ul style="list-style-type: none"><li>• E-mail to: <a href="mailto:AHPDisbursement@fhlbcin.com">AHPDisbursement@fhlbcin.com</a></li><li>• Or mail to: Housing and Community Investment Department Federal Home Loan Bank of Cincinnati 221 E. 4<sup>th</sup> Street, Suite 600 Cincinnati, OH 45202</li><li>• Or fax to: 513-852-7647</li></ul>



## DESCRIPTIONS OF REQUIRED DOCUMENTS

	AHP Pre-approval Request form	The Sponsor contact that FHLB has on file as the project contact must sign the form, and all sections of the form must be complete. Check the boxes for “Enclosed” and/or “N/A” as instructed on the previous page.
1	Date of training completion for pre-approvals	One representative of the Sponsor organization is required to participate in an FHLB training for the pre-approval process prior to receipt of a pre-approval of any household for AHP funds. This should ideally be the person who is assembling the pre-approval request package and cannot be a consultant or application preparer who is not employed by or a volunteer of the Sponsor organization. The representative can access the training at <a href="https://www.fhlbcin.com/Community%20Investment/Webinars%20and%20Presentations">https://www.fhlbcin.com/Community Investment/Webinars and Presentations</a> . Input the date that the representative registered for and watched the full webinar onto the AHP Pre-approval Request form in the required location.
2a	Executed intake form or loan application dated within 180 days	Submit the intake form or loan application that is signed and dated by all homebuyers/homeowners within 180 days of the date that the pre-approval request is being submitted to FHLB. The intake form or loan application must list all of the household’s income sources, or FHLB will require that this information be provided separately. The loan application or intake form must be updated or modified if it is dated more than 180 days prior to the submission of the pre-approval request.
2b	Documentation of AHP-assisted household size, if not stated on the intake form or loan application	If the intake form or loan application does not list the “Household” size, submit an executed letter from the Sponsor dated within 180 days of the submission of the pre-approval request mentioning by name all the persons who are intending to reside in the AHP-assisted household and their age(s).
2c	Third-party verification for all income sources for all household members that is dated within 180 days of submission	Submit income documentation <b>dated within 180 days of the submission of the AHP Pre-approval Request form</b> for each income source listed on the intake form or loan application and for all household members age 18 or older, even if they have no income. The FHLB follows the income calculation guidelines found in FHLB Income Eligibility Guide (Appendix A of the AHP Implementation Plan) for determining acceptable forms of income documentation and for income calculation methods, which include overtime, bonuses, commissions, and all other gross income (see page 4 above for more information on the FHLB’s calculation methods and a link to the guide).





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Submit one of the following as appropriate for each income source listed on the household's intake form/ loan application:

- Employment: two *consecutive* pay stubs containing year-to-date information, a verification of employment form from a third-party verification source or signed by the employer, a *signed federal* tax return, or a W-2
- Self-employment: the two most recent *signed federal* tax returns with all schedules or the most recent *signed federal* tax return plus the current year's profit and loss statement signed by the income earner
- Child support or alimony: a court order or divorce decree (dated in any year), a notarized statement from the payer to the payee, or a payment history report from a child support enforcement agency
- Pension/retirement: two consecutive pay stubs, an award letter (dated in any year), IRS Form 1099, or the most recent monthly pension account statement
- Assets/annuities: disclosure of the balance/value of the asset on the intake form or loan application, bank statements, or certification from a banker
- Rental income: a signed appraisal, a signed lease agreement, or a *signed federal* tax return showing rental income
- Social Security or disability: IRS Form 1099-SSA, an awards letter, or a payment history or other print-out from the Social Security Administration
- Unemployment compensation: two *consecutive* pay stubs, a government agency payment history, or a benefit notification letter signed by the authorizing agency
- Welfare/TANF/AFDC/Families First: a benefit notification letter signed by the authorizing agency or a government agency payment history
- Zero income: household member age 18 or over self-certifies to zero income (see the Certification of Zero Income available on FHLB's website at [www.fhlbcin.com](http://www.fhlbcin.com) under the Welcome Home Program)
- Food stamps, student financial aid, Section 8 to Homeownership Assistance, and other comparable income is not included in the calculation of income for the household, but verification of the latter is needed for affordability purposes



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		Regardless of the income source, the income documentation submitted must show the household member's name, the source of the information (employer, Social Security Administration, etc., but <i>not</i> the Sponsor), <b>a date within 180 days of the submission of the pre-approval request to FHLB</b> , and the amount and frequency of the income received from that source.
3a	First-time homebuyer	<p>“First-time homebuyer” means an individual or household who has not owned a home during the three-year period prior to the purchase of a home, except that:</p> <ol style="list-style-type: none"> <li>1) Any individual who is a displaced homemaker may not be excluded from consideration as a first-time homebuyer on the basis that the individual, while a homemaker, owned a home with his or her spouse or resided in a home owned by the spouse;</li> <li>2) Any individual who is a single parent may not be excluded from consideration as a first-time homebuyer on the basis that the individual, while married, owned a home with his or her spouse or resided in a home owned by the spouse; or</li> <li>3) Any individual or household may not be excluded from consideration as a first-time homebuyer on the basis that the individual or household owns a home that:             <ol style="list-style-type: none"> <li>a) Is not intended as a dwelling;</li> <li>b) Was lost through natural disaster; or</li> <li>c) Is “Manufactured housing” that was not originally assembled to meet nationally recognized standards or is not permanently affixed to a foundation that meets nationally recognized building code standards.</li> </ol> </li> </ol> <p>All household members must meet the definition of a first-time homebuyer for the household to qualify as such. Document that the household meets this definition with one of the following:</p> <ul style="list-style-type: none"> <li>• A current, executed letter from the Sponsor indicating that the homebuyer(s) is(are) a first-time homebuyer(s), or</li> <li>• Indication on the intake form or loan application that the household has rented for the previous 3+ years.</li> </ul>
3b	Homeless household meeting the FHLB's definition	<p>Document that the household meets FHLB's definitions of “Homeless household” with one of the following, which must concur with the household's living situation as shown on its intake form or loan application that is dated within 180 days of the submission of the AHP Pre-approval Request form:</p> <ul style="list-style-type: none"> <li>• “Overcrowded housing” may be documented with a dated and executed certification from the Sponsor regarding the household's living conditions within 180 days of the submission of the AHP Pre-approval Request form. “Overcrowded housing” means a housing unit occupied by</li> </ul>



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		<p>more than one household or any housing unit with an average of <i>more than two</i> persons per sleeping area (including a living room as a sleeping area). For example, seven people residing in a two-bedroom apartment qualifies as overcrowded housing; or,</p> <ul style="list-style-type: none"> <li>• A copy of the notice of condemnation or eviction for the property in which the household was living within 180 days of the submission of the AHP Pre-approval Request form;</li> <li>• An independent inspection of the property where the household was residing within 180 days of the submission of the AHP Pre-approval Request form indicating that the property is uninhabitable and that repair/rehab is not economically feasible; or,</li> <li>• An executed and dated narrative from the Sponsor regarding the household’s lack of a fixed, regular, and adequate nighttime residence within 180 days of the submission of the AHP Pre-approval Request form; or,</li> <li>• Notice from a supervised publicly or privately operated shelter indicating that the household was staying there within 180 days of the submission of the AHP Pre-approval Request form; or,</li> <li>• Notice from an institution that provides a temporary residence for individuals intended to be institutionalized that the household was staying there within 180 days of the submission of the AHP Pre-approval Request form; or</li> <li>• An appraisal or other comparable documentation indicating that the household’s primary nighttime residence within 180 days of the submission of the AHP Pre-approval Request form is a “mobile home” that was constructed before 1976 and does not meet the requirements of the National Manufactured Housing Construction and Safety Standards.</li> </ul>
3c	Elderly household meeting the FHLB’s definition	<p>“Elderly” means any person aged 55 or older for projects approved prior to 2012 or 60 or older for projects approved in 2012 going forward. Document that the household meets this definition by including the age or birthdate of a person meeting this definition as a member of the household on the intake form or loan application. Submit a copy of the elderly person’s photo ID to verify the date of birth.</p>
3d	Household with special needs meeting the FHLB’s definition	<p>“Special needs” means any person or household member meeting the FHLB’s definition of elderly for projects approved in 2012 going forward (but NOT for projects approved prior to 2012) or any person or household member meeting one of the following additional definitions, which must be documented using the applicable verification as delineated below (do NOT submit medical records):</p>



		<ol style="list-style-type: none"><li>1. <b>“Physically disabled”</b> means any person with a physical impairment that results in substantial functional limitations as documented by one of the following:<ol style="list-style-type: none"><li>a) Supplemental Security Income or other income that is explicitly identified as a disability benefit on the income documentation from a federal or state government agency, or</li><li>b) A signed and dated letter from a licensed physician who attests that the household member is deemed physically disabled within 180 days of the submission of the AHP Pre-approval Request form and that, by reason of this impairment, the person is unable to perform life roles in at least one of the major domains of living, working, learning, or socializing.</li></ol></li> <li>2. <b>“Mentally disabled”</b> means any person who is diagnosed with a psychiatric disorder or comparable long-term mentally disabling condition as documented by one of the following:<ol style="list-style-type: none"><li>a) Supplemental Security Income or other income that is explicitly identified as a disability benefit on the income documentation from a federal or state government agency, or</li><li>b) A signed and dated letter from licensed psychiatrist, psychologist, clinical social worker, or other qualified professional who attests that the household member is deemed mentally disabled within 180 days of the submission of the AHP Pre-approval Request form and that, by reason of this impairment, the person is unable to perform life roles in at least one of the major domains of living, working, learning, or socializing.</li></ol></li> <li>3. <b>“Developmentally disabled”</b> means any person with a severe, chronic developmental disability who has been diagnosed with mental retardation as documented by one of the following:<ol style="list-style-type: none"><li>a) Supplemental Security Income or other income that is explicitly identified as a disability benefit on the income documentation from a federal or state government agency, or</li> <li>b) A signed and dated letter from a licensed physician who attests that the household member is deemed developmentally disabled within 180 days of the submission of the AHP Pre-approval Request form and that, by reason of this impairment, the person is unable to perform life roles in at least one of the major domains of living, working, learning, or socializing.</li></ol></li> <li>4. <b>“Physically or emotionally abused”</b> means any person who is or will be residing in a place protecting such person from physical or emotional abuse as documented by BOTH of the following:</li></ol>
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		<p style="text-align: right;"><i>Continued...</i></p> <p>a) The household member or a third-party housing provider certifying that the household member is a victim of physical or emotional abuse, AND</p> <p>b) The household's intake form or loan application that indicates that the household was living in a facility that protects persons from physical or emotional abuse within 180 days of the submission of the AHP Pre-approval Request form or that the household plans to move to such a facility.</p> <p>5. <b>“Chemically dependent”</b> means any person with a history of substance abuse/dependency who is diagnosed as chemically dependent or receiving treatment for the abuse/dependency as documented by one of the following:</p> <p>a) A signed and dated letter from the entity providing the recognized therapeutic program indicating that the household member has been in the program within 180 days of the submission of the AHP Pre-approval Request form, or</p> <p>b) A letter that is dated within 180 days of the submission of the AHP Pre-approval Request form that is signed by a licensed physician, psychiatrist, psychologist, or clinical social worker and indicates that the household member is diagnosed as chemically addicted.</p> <p>6. <b>“Persons with AIDS”</b> means any person with a medical diagnosis of Acquired Immune Deficiency Syndrome or HIV positive who is receiving medical care for the condition as documented by certification from a licensed physician that the household member has such a medical diagnosis that is dated within 180 days of the submission of the AHP Pre-approval Request form.</p> <p>The FHLB will also consider other limiting factors and conditions in defining “special needs” to ensure that no person or household will be unnecessarily or inadvertently excluded under the definition. Acceptable documentation must be submitted.</p>
<p>4a</p> <p>4b</p> <p>4c</p>	<p>Loan principal(s)</p> <p>Loan term(s)</p> <p>Interest rate(s)</p>	<p>In addition to income, the pre-approval process will allow the FHLB to assess the affordability of any permanent debt that the household plans to incur as a result of the AHP-assisted housing to determine whether or not the household will be paying an amount that FHLB deems affordable. This section is not applicable to projects that do not use permanent debt to pay for development costs.</p> <p>Provide all of the following for each source of hard debt that a household can anticipated paying to enable FHLB's calculation:</p> <ul style="list-style-type: none"> <li>• Loan principal</li> <li>• Loan term</li> </ul>



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- Loan amortization if the amortization will be different than the loan term
- Loan interest rate

Soft, forgivable debt will not factor into the affordability analysis, so it is not necessary to provide the terms of soft debt when requesting a pre-approval. Be sure to provide FHLB with the principal, term, and interest rate for all hard debt from any source, including the AHP Member or Sponsor, USDA/RD, the Veterans Administration, the state housing finance agency, or any other lender. If final loan terms have yet to be established for the household, provide average loan terms for households you have served in the past or consider delaying pre-approval request until more concrete figures are available.

If the project received points for certain loan characteristics within the AHP scoring system, keep the following in mind when preparing to submit loan information to FHLB:

- The first mortgage loan must have a term of at least 15 years if the project received points for the Member or Sponsor providing first mortgage permanent loans to the project's borrower(s);
- The Sponsor or Member must close at least 51% of the first mortgage permanent loans in the project in their own name in order to receive points for the Member or Sponsor providing first mortgage permanent loans; and,
- The interest rate offered to the household must be at least 0.5 percent below the rate that the Member is offering to other households for loans of similar term, amount, etc., at the time the loan is made in order to receive points for below-market rates on permanent loans.

The Sponsor may assess affordability by itself using the information provided on page 5 above or the FHLB Income and Affordability Workbook, which is available at <https://web.fhlbcin.com/Housing/Resources/DocumentsandForms/Pages/DocumentsandForms.aspx> in Excel format. Be sure to exclude an amount for monthly utilities on the Income and Affordability Workbook if the project was approved subsequent to 2012. **The income used in the calculation of affordability must be the amount FHLB determines**, which FHLB will communicate to the AHP Sponsor and Member in the pre-approval letter for each pre-approval request.



4d	Amounts for other predetermined housing costs (insurance, taxes, etc.)	FHLB also needs information on the other required and predetermined payments the household will be responsible for paying as a result of the housing to determine whether or not the household will be paying an amount that FHLB deems affordable. Provide anticipated amounts the household will pay for monthly taxes and insurance, including all payment amounts that would ordinarily be included in an escrow account (do not include utilities in this amount unless the project was approved prior to 2012). The Sponsor can use this information need not be provided with the pre-approval request if the Sponsor prefers to assess affordability on its own using the information on page 5 above.
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# AHP PRE-APPROVAL REQUEST FORM - .PDF VERSION

## AHP PRE-APPROVAL REQUEST Effective January 1, 2016



Homebuyer Name:	
Homebuyer/owner Address:	
County/State of AHP-assisted Home:	
Member Name:	
Sponsor Name:	
Project Number:	

Refer to the AHP Pre-approval Manual for acceptable forms of required documentation.

Required Documents:	Enclosed	N/A
1. Date of training completion for pre-approvals: <input type="text"/>	←	
2. Homebuyer/owner information that must be dated within 180 days of submission:		
a. Executed and dated intake form or loan application	<input type="checkbox"/>	<input type="checkbox"/>
b. Documentation of AHP-assisted household size, if not stated on the intake form or loan application	<input type="checkbox"/>	
c. Third-party verification for all income sources for all household members	<input type="checkbox"/>	
3. Evidence that the household meets the following commitments made in the approved AHP application that must be dated within 180 days of submission, if applicable:		
a. First-time homebuyer	<input type="checkbox"/>	<input type="checkbox"/>
b. Homeless household meeting the FHLB's definition	<input type="checkbox"/>	<input type="checkbox"/>
c. Elderly household meeting the FHLB's definition	<input type="checkbox"/>	<input type="checkbox"/>
d. Household with special needs meeting the FHLB's definition	<input type="checkbox"/>	<input type="checkbox"/>
4. Anticipated mortgage information for all hard debt:		
a. Loan principal(s)	<input type="checkbox"/>	<input type="checkbox"/>
b. Loan term(s)	<input type="checkbox"/>	<input type="checkbox"/>
c. Interest rate(s)	<input type="checkbox"/>	<input type="checkbox"/>
d. Amounts for other predetermined housing costs (insurance, taxes, etc.)	<input type="checkbox"/>	<input type="checkbox"/>

### Authorized Signatures and Contact Information:

The individual signing this request certifies that they have read and understand the requirements for the program mentioned in the AHP Pre-approval Manual. **The Sponsor also certifies that they have taken the steps necessary to determine that the information provided is true and accurate and that the third-party documentation is dated within 180 days of this submission.** Any changes to the project that may affect scoring or feasibility must be reported to and approved by the FHLB.

### SPONSOR CONTACT

Printed Name: <input type="text"/>	Telephone Number: <input type="text"/>
Title: <input type="text"/>	E-mail: <input type="text"/>
Signature: <input type="text"/>	Date: <input type="text"/>





## FREQUENTLY ASKED QUESTIONS AND COMMON MISTAKES

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

### Frequently Asked Questions (FAQs)

- Q. How will I know if a submitted request receives pre-approval?  
A. *The AHP Member and Sponsor will receive notification of the pre-approval via e-mail.*
- Q. How long does it take to receive pre-approval once the FHLB has received a completed AHP Pre-approval Request form and all supporting documentation?  
A. *Typically, the FHLB will require up to 30 days for reviewing the request and making a decision regarding the eligibility of the household. 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 pre-approval process?  
A. *See the webinar pertaining to pre-approvals under Resources/Webinars on the FHLB's website at [www.fhlbcin.com](http://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. Is FHLB concerned with the date of the income documentation?  
A. *Income documentation, such as pay stubs, verification of employment, Social Security income, or unemployment, must be dated within 180 days of submission of the pre-approval request to FHLB. Please refer to this manual and the Income and Affordability Workbook at [www.fhlbcin.com](http://www.fhlbcin.com) under Community Investment/Documents and Forms to determine acceptable forms of income documentation and how FHLB calculates income.*
- Q. Should I include food stamps or tuition assistance in calculating income?  
A. *No. Neither food stamps nor tuition assistance are considered income for the purposes of calculating AHP eligibility.*
- Q. How does the FHLB calculate an applicant's overtime?  
A. *We often use the applicant's year-to-date overtime and project it over a 52-week period. If the applicant is not expected to work additional overtime, we will require documentation from the employer indicating such. If the documentation from the employer is provided, we will use only the overtime already earned in the household's income calculation.*



- Q. Why is the FHLB concerned with a household member's marital status and age?
- A. *We require the household's marital status to verify "Household" size. For instance, if an application shows the head of household as being married, but the spouse is not listed among the household members, that is a red flag that we need income documentation for the spouse. We need the household members' ages to ensure they are at least 18 years of age or to verify elderly status.*

## Common Mistakes

Here is a list of common mistakes that often delay the processing of AHP Pre-approval Requests:

1. The AHP Pre-approval Request form is incomplete or unsigned by the Sponsor. All questions on the form 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, mark the "N/A" box on the form for that particular item.
2. The person(s) assembling the required documents for the pre-approval request package is not familiar with the FHLB's requirements or the commitments the project made in its approved AHP application. See this manual, the webinar applicable to pre-approvals, or one of the three ownership disbursement manuals available at [www.fhlbcin.com](http://www.fhlbcin.com) (for Habitat, Owner-occupied Rehab, or other Ownership projects) 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 if you do not have one.
3. The intake form or loan application is not signed by all homebuyers/owners.
4. The intake form or loan application is not dated within 180 days of submission to FHLB.
5. Documentation verifying that the household meets the FHLB's definition(s) of "Special needs," "First-time homebuyer," and/or "Homeless household" is not dated within 180 days of submission to FHLB.
6. The intake form or loan application is missing the homebuyer's/owner's marital status. The explanation of this FHLB requirement is listed above under the FAQs.
7. "Household" size is unclear from the intake form or loan application, or other provided with the pre-approval request contradicts the household size listed on the intake form or loan application.
8. Income documentation that requires signatures such as tax returns or verifications of employment do not contain the required signatures.
9. Documentation provided as evidence of special needs, elderly, homeless, or first-time homebuyer status does not meet the FHLB's definitions.
10. Income verification has not been provided for all sources of income, is not dated within 180 days of submission of the pre-approval request to FHLB, does not adequately identify the household member or employer/issuer, or is otherwise not sufficient. **This is the number one reason for delay.**
11. The pre-approval package contains documentation that contradicts other documentation included in the request package.
12. Requested documentation is submitted in pieces, not all at one time.



## STAFF LISTING

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**Visit us on the web at [www.fhlbcin.com](http://www.fhlbcin.com)**

\*\* AHP Pre-approval Reviewers