

Housing and Community Investment

AHP RENTAL DISBURSEMENT MANUAL



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SUMMARY

This AHP Rental Disbursement Manual has been designed as a reference guide for Sponsors and Members (commercial banks, credit unions, insurance companies, thrifts, 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 rental projects that will *not* utilize equity from Historic or Low Income Housing Tax Credits or a HUD capital advance as a source of development funds should use this manual; FHLB maintains separate manuals for other project types. Instructions for accessing AHP funds, checklists, and feasibility guidelines are included in this manual.

Please review this manual and the most recently-recorded versions of the AHP Disbursements for Rental Projects webinars available at www.fhlbcin.com prior to submitting a request for funding. The project's Sponsor and Member must both complete an AHP Rental Disbursement Request form ("Request Form") and submit the relevant required documentation to request funds. Use the Request Form and this manual to identify acceptable documentation. Submitting documentation that is complete, consistent, and accurate will allow the request to be processed as expeditiously as possible. Please submit the request within 90 days of project completion (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. Please note that all terms in quotation marks in this document represent items specifically defined by Attachment E to FHLB's AHP Implementation Plan, which is available at www.fhlbcin.com.

DISBURSEMENT TIMELINE

Timeline for Disbursement of Funds

Once 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 submitted documentation. If 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.

Transfer of Funds

Once FHLB has approved the request for funds, the Member and Sponsor will receive a Confirmation of AHP Funds Disbursement via e-mail or fax confirming the amount disbursed for the project. **Within one business day**, FHLB will electronically deposit the approved funds into the Member's Demand Deposit Account at FHLB. If the Member does not receive the funds within this timeframe, please contact FHLB for assistance. The Member should credit the funds to the Sponsor or project within 60 days after disbursement of funds by FHLB has occurred.



DISBURSEMENT AVAILABILITY & SUBSIDY ADJUSTMENTS

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

Restricted Access to AHP Subsidy

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 the Sponsor has been asked by FHLB to cure a noncompliant situation and resolution is pending, or
3. The Sponsor currently has other older, open, and incomplete AHP projects that it must complete or make adequate progress towards completion.

Subsidy Adjustments

FHLB reserves the right to make reasonable adjustments to all disbursement requests at FHLB's discretion in accordance with FHLB's procedures and guidelines for funding of subsidies. 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 costs presented are not reasonable, if ineligible expenses are included as development or operating costs, if the project no longer meets the applicable scoring criteria as outlined in the AHP Agreement and AHP Application Scoring Sheet, or if the project does not meet the feasibility guidelines.

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 the Sponsor during the application and review process. 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 the Sponsor have fulfilled the obligations to which they committed in the approved AHP application. FHLB re-evaluates the financial and operational feasibility of the project and verifies the project's continued need for subsidy.

Members and Sponsors requesting AHP funds from FHLB must have documents in place in a form satisfactory to FHLB to meet the requirements of the AHP Regulation and must provide copies of such documents to FHLB prior to FHLB's disbursement of funds. Below is a detailed list of documents required. FHLB reserves the right to request further documentation as necessary or to request the amendment of documentation if it does not meet 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. 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.



DISBURSEMENT FEASIBILITY

The project must meet all feasibility requirements and guidelines outlined here or provide explanations satisfactory to FHLB for any values outside the guidelines. 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, any deviation. Based on this review and underwriting, FHLB staff may work with project Sponsors or owners to make adjustments to the financial information submitted to ensure that the information accurately reflects the nature and financial structure of the project.

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 or project owner is ultimately responsible for ensuring that financial information is correct and consistent and that the project’s financial structure meets 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 that is outside FHLB’s guidelines 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 FHLB’s modification procedures, available at www.fhlbcin.com). FHLB will determine the reasonableness of proposed or actual costs based on its experience with similar projects, similar locations, and similar populations being served. 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.

Criterion (Calculation)		Required Range / Limit
Debt Coverage Ratio ([Net Operating Income – Annual Replacement Reserve] / Total Annual “Hard Debt” Service)	O R	1.15-1.35 (for projects with permanent debt)
Expense to Income Ratio ([Total Operating Expenses + Annual Replacement Reserve] / Net Income)		≥ 80% (for projects without permanent debt)



Vacancy Ratio (Vacancy Loss / [Gross Residential Rents + Project-based Operating/Rental Subsidy])	Must be between 5% and 10% for traditional units; “Shelter,” “Group home,” and “Special purpose housing” projects may have a 0% ratio
Capitalized Costs (Lease-up Reserve, Operating Reserve, Replacement Reserve, Asset Management Fees, and any other costs on the development budget, cost certification, or Attachment A that could be categorized as operating expenses):	
Historic Rehabilitation Projects or Those Service Primarily Non-elderly Special Needs Populations	Maximum 15 months of Operating Expenses, Annual Replacement Reserve, and Total Annual “Hard Debt” Service
All Other Projects	Maximum 12 months of Total Operating Expenses, Annual Replacement Reserve, and Total Annual “Hard Debt” Service
Annual Replacement Reserve (Annual Replacement Reserve / Total Number of “Units” or “Beds”)	Must be between \$1 and \$400 per “Unit” per year; “Shelter,” “Group home,” and “Special purpose housing” projects must be between \$1 and \$200 per “Bed” per year
Adjusted Net Cash Flow ([Net Operating Income – Annual Replacement Reserve – Total Annual “Hard Debt” Service] / [Net Operating Income – Annual Replacement Reserve])	Between 10% and 30% in the first year of operations for projects with “Hard debt”; also, Net Cash Flow line item of operating budget must be positive through year 15
Net Cash Flow (Net Operating Income – Annual Replacement Reserve – Total Annual “Hard Debt” Service)	> \$0.00 in year 15 of operations
Operating Cost per “Unit” (Total Operating Expenses / Total Number of “Units” or “Beds”)	Maximum \$5,000 for traditional “Units;” maximum \$4,000 per “Bed” for “Shelter,” “Group home,” and “Special purpose housing” projects
Management Fee Percentage (Management Fee / Net Income)	Maximum 10%
Total Project Cost per “Unit” (Total Project Cost / Total Number of “Units” or “Beds”)	Maximum \$185,000 for traditional “Units;” maximum \$50,000 for “Shelter,” “Group home,” and “Special purpose housing” projects
Total Soft Cost Percentage (Total Soft Costs / Total Project Cost)	Maximum 25%
Total AHP Subsidy Requested (AHP Requested / Total Project Cost)	Maximum 75%



Total Contractor Costs ([Construction Management/Overhead + Contractor's Profit + General Requirements] / [Total Hard Costs – Construction Management/Overhead - Contractor's Profit - General Requirements])	Maximum 14%
Developer Fee Percentage (Total Developer Fee / [Total Project Cost <i>less</i> Total Developer Fee]; also note that Total Developer Fee includes Developer Fee, Developer Overhead, Consultant Fee, Application Preparer Fee, et al.)	Maximum 15% for new construction and rehab projects (20% when any amount over 15% is returned to the project); maximum 5% for projects involving only acquisition of properties by new owners
AHP Subsidy per “Unit” (AHP Requested / Number of AHP-assisted “Units” or “Beds”)	Maximum \$50,000 for traditional “Units;” maximum \$15,000 for “Shelter,” “Group home,” and “Special purpose housing” projects

INITIAL MONITORING AND TENANT FILE INFORMATION

Nine months after final disbursement of AHP funds for the project, FHLB will request that the Sponsor/owner and Member submit a completed Initial Owner's/Member's Certificate of Program Compliance and an occupancy report for all units in the project. FHLB will use the information supplied on the occupancy report to initiate an Initial Certification Audit. Reference the Implementation Plan's Attachment C for more information. In the meantime, please keep in mind that the project's manager is expected to maintain a tenant file containing *all* of the following for each unit of the project:

1. Housing intake/tenant application form that includes:
 - Tenant name (head of household) or other tenant identification
 - Household size (total number of household members)
 - List of **all** household members' names and ages
 - Annual household income by source for **all** household members
 - Signatures of the tenant(s) and the project owner representative/management company/property manager
 - Date of application for traditional “Units”
 - Date of occupancy/move-in date for “Shelter” projects
 - Unit number for “Shelter” projects
 - Unit size (“Bed”) for “Shelter” projects
 - Fair housing logo or wording
 - Unit transfer date, if applicable
2. Verification of income for *each* income source (including assets) listed on the housing intake/tenant application form that is dated prior to the tenant or resident's move-in date, but not more than 120 days prior to the move-in date; use Appendix A of Attachment E of the AHP Implementation Plan, the Income Eligibility Guide, to determine appropriate forms of income documentation, which may include:



- Two **consecutive** pay stubs showing dates, employer name, and tenant name
 - Previous two years' worth of **signed** tax returns for self-employment income
 - Verification of employment forms signed by the employer
 - Certifications of zero income, which is required for all adults 18 years of age and older who do not earn or receive any income
 - Social Security Administration benefits letters
 - Pay histories from child support enforcement agencies
 - Notarized statements from payer to payee for child support
3. Lease or rental agreement (which is not required for “Shelter” projects) that includes:
- Tenant name (head of household)
 - Property address
 - Unit number
 - Unit size (bed, efficiency, one-bedroom, two-bedroom, etc.)
 - Lease date and term
 - Amount of rent to be paid by tenant
 - Total contract rent (tenant-paid rent plus any rental subsidy paid on behalf of the tenant)
 - Signatures of the tenant(s) and the project owner representative/management company/property manager
 - Fair housing logo or wording
4. Verification of the household’s “Special needs” if applicable to the project that is signed and dated prior to the tenant’s move-in date, but not more than 120 days prior to the move-in date
- Third-party verification is required
 - See FHLB’s definition of “Special needs”
5. Verification of homeless status if applicable to the project that is signed and dated prior to the tenant’s or resident’s move-in date, but not more than 120 days prior to the move-in date
- See FHLB sample form immediately below and FHLB’s definition of “Homeless household”
 - Third-party supporting verification is required

This is not an exhaustive list of required documents; see the most current AHP Initial and Long-term Monitoring webinar available at www.fhlbcin.com for additional details. It is the responsibility of the project owner to ensure that these items are being collected and maintained in the tenant file, as the owner will be liable for repaying FHLB funds if the documentation cannot be furnished to the satisfaction of FHLB when requested. The project manager should maintain this documentation in each tenant's file for at least seven years subsequent to the tenant's move-out or for the duration of the FHLB retention period, whichever comes first.



**FEDERAL HOME LOAN BANK OF CINCINNATI
Affordable Housing Program – Rental Projects Only
Certification of Homeless Household Status**

Project Name: _____
 Resident Name: _____
 Address: _____ Unit #: _____
 City: _____ State: _____ Zip: _____

This AHP project is receiving financial assistance from the FHLBank of Cincinnati, in part, for committing to house homeless households according to the definition below. Please check below the condition/situation under which the household qualifies as “homeless.” The household was (is):

1. A homeless household of 2 or more persons residing in overcrowded housing; “overcrowded housing” means a housing unit. ***(must attach a self- declaration or signed letter from a case manager, social worker or similar authority.)***
 - a. Occupied by more than one household; or
 - b. Any housing unit with an average of more than two persons per sleeping area (including a living room as a sleeping area); or
2. Facing imminent loss of their home due to condemnation or eviction; that is, the household has received a notice of eviction, foreclosure, or condemnation ***(must attach copy of the notice)***.
3. Lacks a fixed, regular, and adequate nighttime residence. ***(must attach a self-declaration or signed letter from a case manager, social worker or similar authority.)***
4. Residing in a primary nighttime residence that is:
 - a. A supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill. ***(must attach a signed letter from institution)***). Name of shelter/housing: _____
 - b. An institution that provides a temporary residence for individuals intended to be institutionalized. Name of institution: _____ ***(must attach a signed letter from institution)***.
 - c. A public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings. For example, living on the street or in a car. ***(must attach a self-declaration or signed letter from a case manager, social worker or similar authority.)***
 - d. A “mobile home” that does not meet the requirements of the National Manufactured Housing Construction and Safety Standards Act, Title VI, Public Law 93-383; 42 U.S.C. 5401, appearing at 24 CFR 3280, et seq., generally referred to as “pre-1976 mobile homes.” ***(must attach copy of the notice)***

I certify that the information presented here is true and accurate to the best of my knowledge.

 Applicant Signature

 Date

 Signature of Authorized Project Representative

 Date



DOCUMENTS AND FORMS

AHP Rental Disbursement Request Instructions

Collaboration between the project's Member and Sponsor is necessary to complete the Request Form and provide the required documentation. Please follow the steps below to request funds. If additional assistance is necessary, contact the Affordable Housing Program Manager.

Step 1: Complete the AHP Rental Disbursement Request Form
<ul style="list-style-type: none">• Print the form from the Program Documents and Forms page at https://www.fhlbcin.com/community-investment/program-documents-and-forms/.• Complete all sections of the form. Mark each of the Required Documents as “Already on file” (meaning that the documentation was provided during the AHP application or early disbursement process), “Enclosed,” or, if the item does not apply to the project, “N/A.”• Attach additional sheets if any explanations are required.
Step 2: Gather Required Documents
<ul style="list-style-type: none">• Collect anything marked “Enclosed” on the AHP Rental Disbursement Request form for inclusion in the request package for 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 3: Obtain Required Signatures
<ul style="list-style-type: none">• The Sponsor contact listed on the AHP Rental 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 Rental Disbursement Request form in the appropriate location on the fourth page.
Step 4: Submit the AHP Rental Disbursement Request Form with All Required Documents
<ul style="list-style-type: none">• Mail to: Housing and Community Investment Department Federal Home Loan Bank of Cincinnati 221 E. 4th Street, Suite 600 Cincinnati, OH 45202
Step 5: Submit Additional Information as Requested (if applicable)
<ul style="list-style-type: none">• By e-mail to: AHPDisbursement@fhlbcin.com (include the project number in the subject line), or• By fax to: 513-852-7647



Required Documents Descriptions

	AHP Rental Disbursement Request form	The Sponsor and Member contacts that will be long-term contacts for the project 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.
1	Dates of disbursement training completion	One person from the Sponsor organization is required to participate in two FHLB disbursement training webinars or one live disbursement training not involving tax credits within a year of receiving a disbursement of AHP funds. This person should ideally be the person who is assembling the AHP disbursement request package or is in the closest contact with the project’s developer or the consultant who is preparing the disbursement request package. Input the dates that the Sponsor contact(s) viewed the audio versions of the most current Disbursements for Rental Projects webinars (not the slides-only versions) or the date the Sponsor contact(s) attended the live training on to the AHP Rental Disbursement Request form. If the Sponsor representative (who cannot be a consultant) has yet to complete the training, s/he can access the webinars at https://www.fhlbcin.com/community-investment/webinars-and-presentations/ . Be sure to view both webinars. Please note that FHLB will verify with WebEx or internal records that training for projects not involving tax credits was completed on or around the date entered on the AHP Rental Disbursement Request form.
2	Evidence of completion (Certificate of Occupancy et al.)	Provide evidence of construction completion via the first of the following that applies to the project and for all property addresses in the project: <ul style="list-style-type: none"> 1) A certificate of occupancy; 2) Certification by the project architect that the work is complete (through, for example, AIA document G704 Certificate of Substantial Completion); 3) Certification by the general contractor that the work is substantially complete and in compliance with the standards set forth in local code; or, 4) Certification from a certified/licensed multi-family inspector verifying that the work is complete and in compliance with the standards set forth in local code AND a copy of the inspector’s license. <p style="text-align: right;"><i>Continued...</i></p>



<p>2 (cont.)</p>		<p>The listing on the previous page is in order of FHLB preference. If the items at the top of the list do not pertain to the project, submit an explanation of why they do not apply to the project. For example, indicate that a rehabilitation project did not require a permit to be pulled and that there was no architect on the project to explain why certification from the general contractor is being submitted. Whichever form of documentation is submitted must be dated, and the date must indicate that the work on the project was completed after the award of AHP funds to the project.</p> <p>If the project did not entail construction or rehabilitation work (the Sponsor merely acquired the property and converted it to affordable housing), submit the settlement statement for the transaction. If the project will not have permanent debt, submit the deed or long-term lease showing transfer of rights to the property to the Sponsor and item #15 below.</p>
<p>3</p>	<p>Completed and executed AHP Sponsor Commitment Verification form (on available at www.fhlbcin.com)</p>	<p>Print the AHP Sponsor Commitment Verification Form or use the Microsoft Word version of the form located at https://www.fhlbcin.com/community-investment/program-documents-and-forms/. 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 in the AHP scoring system for the categories listed on the form, the Sponsor must have completed activities meeting FHLB’s definitions of “Predevelopment activities” and/or “Contractor,” 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 project was not approved with points in the AHP scoring system for the Sponsor’s provision of any of the activities listed on the form.</p>
<p>4a</p>	<p>Cost certification executed by an independent auditor that documents all expended project costs OR a list of all development costs...</p>	<p>If the development work on the project can be documented with 50 invoices and receipts or less, submit all the invoices and receipts along with a categorized listing of the final project costs that matches the total of all the invoices and receipts to the penny. Identify each invoice or receipt on the listing by vendor, date, and amount.</p> <p style="text-align: right;"><i>Continued...</i></p>



<p>4a (cont.)</p>	<p>along with the invoices and receipts to support the list (a cost certification but no invoices/receipts is required if the project has more than 50 receipts/invoices to submit)</p>	<p>If a receipt provided represents charges for an organizational cost that should not be counted as a project expense, indicate this in the receipt or invoice. For example, mention that the September 30 bill from We Are Architects contains \$600 in costs for a different project and \$500 in costs for the AHP project (only \$500 of which should appear on the listing submitted to FHLB).</p> <p>If the work on the project cannot be documented with 50 or less invoices and receipts, FHLB requires a cost certification, which should mirror the format of cost certifications prepared for projects receiving equity from Low Income Housing Tax Credits or contain the same categories as are listed on the Attachment A submitted with the project's approved AHP application. The cost certification must contain all of the following:</p> <ul style="list-style-type: none">• The independent auditor/accountant's signature• The date for which the report was prepared• A categorized list of all the project's final costs <p>If the cost certification contains a list of all permanent funding sources for the project, make sure that the list contains the Member's and Sponsor's cash contributions, if applicable. A list included in the cost certification can take the place of a separate list of funding sources as requested with item #4b below.</p> <p>If a cost certification is submitted, DO NOT submit invoices or receipts for the project.</p> <p>Neither the cost certification nor a cost listing can contain an item labeled "miscellaneous," "additional," "other," or any similarly indefinite label. FHLB must be able to clearly identify each of the project's costs and will require a breakdown for any costs on a cost certification that it cannot clearly identify. FHLB reserves the right to request backup documentation in the form of invoices and receipts for anything on a cost certification.</p> <p>If the final cost listing contains costs that FHLB deems ineligible development costs, the AHP grant may be reduced by the amount of the ineligible costs. Such costs include the following as well as those listed under item #6 below:</p> <p style="text-align: right;"><i>Continued...</i></p>
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4a (cont.)		<ul style="list-style-type: none">→ Overpayments for land→ Sponsor operating expenses→ Sponsor/contractor capital expenditures not associated with real estate or real estate improvements→ Furnishings and appliances besides those listed below:<ul style="list-style-type: none">• For a shelter, “Permanent supportive housing,” or SRO unit:<ul style="list-style-type: none">○ Bed frame○ Mattress/box spring○ Chest of drawers○ Chair○ Kitchen table○ Nightstand or bedside table• For one or more bedrooms in housing that is not “Permanent supportive housing:”<ul style="list-style-type: none">○ <i>None</i> of the above• Appliances:<ul style="list-style-type: none">○ Oven○ Stove○ Dishwasher○ Refrigerator○ Microwave• Residential and common areas:<ul style="list-style-type: none">○ Blinds○ Security cameras and equipment○ One television○ One couch○ Chairs○ Tables○ Normal signage• Laundry room<ul style="list-style-type: none">○ Washer○ Dryer○ Table• One management office<ul style="list-style-type: none">○ Desk○ Chair○ Credenza○ Computer○ Multi-function printer
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4b	List of all permanent development funding sources with Sponsor and Member contributions that matches the sum of project costs	<p>Provide a list of all permanent funding sources to the project, the total of which must match the sum of all costs shown on the cost certification or cost listing provided for item #4a above. If the cost certification contains a list of all permanent funding sources for the project, no separate listing needs to be provided for this item.</p> <p>No funding sources on the list may be labeled “miscellaneous,” “additional,” “other,” or any similarly indefinite label. FHLB will require a breakdown for any funding sources that it cannot clearly identify will require backup documentation for the funding source with item #8 below.</p> <p>If the project was approved with a point(s) for the project’s Member or Sponsor providing a cash contribution to the project, the amount of the contribution documented with item #8 below must appear on the list of permanent funding sources for the project and be at least \$500.</p>
4c	Construction contract(s) with all change orders, signed by all parties	<p>Submit an executed copy of all construction contracts for the project containing information on the scope of work and fully executed copies of all change orders associated with each contract. If the project required more than one contract, submit all of the contracts and all of the change orders for each contract. All contracts and change orders must be signed by all necessary parties. This item is not required for acquisition-only projects.</p> <p>If a cost listing was submitted for item #4a above instead of a cost certification, the sum of the construction contract(s) and all change orders must match the sum of the invoices and receipts submitted from the contractor. If they do not, explain why they do not.</p>
4d	A current occupancy report for the project in FHLB’s format	<p>Submit a current occupancy report for the project that lists the following for <i>all</i> units, even if they are vacant:</p> <ul style="list-style-type: none"> • Unit number • Unit size (number of bedrooms) • Current head of household name(s) (or household ID number if names are confidential) • Gross annual household income at time of move-in • Household size at time of move-in • Move-in date • Contract rent amount (tenant rent payment plus any rental or operating subsidy paid on behalf of tenant) • Age of eldest household member (if the project claimed points for serving the elderly) <p style="text-align: right;"><i>Continued...</i></p>



<p>4d (cont.)</p>		<ul style="list-style-type: none"> • Special needs status (if the project claimed points for serving households with “Special needs”) • Whether or not the household met FHLB’s definition of a “Homeless household” at move-in <p>FHLB recommends using FHLB’s formatting for this item, as this format is required for future reporting during the monitoring process mentioned above. Contact FHLB to request a blank version of this report in Excel format.</p> <p>The move-in date and information for tenants already living in the project at the time of AHP application should reflect the information for the year the project received an award of AHP funds. For example, if the Smith household has lived at the property since 2010 but the project did not receive an award of AHP funds until 2012, the household’s move-in date, household size, and gross annual household income as entered onto the occupancy report should reflect the household’s 2012 information, not the 2010 information or the current year’s data.</p> <p>The sum of all contract rent shown on this report should match the gross residential rent amount shown on the operating budget. If it does not, provide an explanation for the discrepancy.</p> <p>The contract rent amount for each unit must be between 20 and 30 percent of the area median income for the appropriate household size, assuming 1.5 persons per bedroom (or one person per efficiency or SRO unit) <i>unless</i> the project was approved for an exception to this requirement at the time of AHP application approval.</p>
<p>4e</p>	<p>A current, itemized 15-year operating budget for the project (FHLB’s Attachment C)</p>	<p>Submit the most up-to-date 15-year operating budget for the project that escalates income and expenses at rates that differ by at least one percent (the income must trend at a rate at least one percent lower than the expenses). Do not accelerate income by more than 3% per year or expenses by more than 4% per year, and be sure to break out income and expenses by category/type. See FHLB’s feasibility guidelines above for requirements on project operations. FHLB’s format for the operating budget, which is referred to as Attachment C, is available in Excel format by request.</p> <p>The sum of all contract rent shown on the item submitted for #4d above should match the gross residential rent amount shown on this item. If the figures do not match, provide an explanation for the discrepancy.</p> <p style="text-align: right;"><i>Continued...</i></p>



4e (cont.)		<p>If the figures on the operating budget match the operating figures submitted in the approved AHP application, indicate that there have been no changes foreseen for the budget since the AHP application was approved.</p> <p>The debt service shown in this item must match the payments identified in the note submitted for item #8 below <i>unless</i> the principal amount shown on the note represents soft debt or more debt than should be attributed to this project alone. For example, if the project constitutes only one floor of a three-floor building or one building of a three-building community, and the debt on the note applies to all three floors or buildings, only a third of the debt service should appear on the operating budget. Submit an explanation if the amounts do not match.</p> <p>Do not include funding sources or expenses on the 15-year operating budget that relate to social services such as case management, security, transportation, or anything else that is not related to operations of the housing component of the project (although site security is permissible as a housing expense for permanent supportive housing project types ONLY). Provide commercial and/or social service budgets with item #9 below. Label any income sources besides rent specifically so that FHLB can pinpoint where the project will get the funds.</p> <p>The project should show positive cash flow for the entire 15 years. If the cash flow goes negative in year 12 or after, submit a detailed explanation of how the project will cover its expenses in the later years of operations. If the cash flow goes negative in year 11 or earlier, the project is not eligible for AHP funds.</p>
5	Do the project's financials meet the FHLB feasibility guidelines that were in place at the time the AHP project was approved/modified?	<p>See FHLB's feasibility guidelines above for current underwriting requirements. Projects approved for AHP funds in offerings prior to the current offering may be subject to different feasibility guidelines than those shown above. 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, any deviation.</p> <p style="text-align: right;"><i>Continued...</i></p>



5 (cont.)		<p>If the project does not meet the FHLB feasibility guidelines that were in place at the time the AHP project was approved and was not approved for an exception to the deviation at the time of AHP award or project modification, submit an explanation that justifies the project's value and why FHLB should provide AHP funds to the project despite the deviation. If justification for a deviation was submitted with the approved AHP application or approved project modification and the value has not changed materially from the value shown in the approved AHP application or approved project modification, no further justification is necessary. If justification for a deviation was submitted with the approved AHP application or approved project modification and the value <i>has</i> materially changed from the value shown in the approved AHP application or approved project modification, submit an explanation of the change, justification of the project's value, and why FHLB should consider the change acceptable. If the project meets the FHLB feasibility guidelines that were in place at the time the AHP project was approved, check "Yes" for this item on the AHP Rental Disbursement Request form and provide nothing further. Projects that are outside any of the guidelines will not be able to receive AHP funds without adequate justification of the deviated value.</p>
6	<p>Are any costs that FHLB deems ineligible included on the cost certification/cost listing? Does the project contain non-residential costs or commercial costs?</p>	<p>The following are examples of costs that are ineligible for reimbursement by AHP but that FHLB regards as legitimate expenses for inclusion on a cost certification/cost listing:</p> <ul style="list-style-type: none">• Non-residential space (as defined below)• Capitalized costs/reserves• Specialized equipment for non-residential space such as workout equipment or office furnishings• Unit furnishings and appliances, subject to the limitations mentioned in item #3a above <p>FHLB defines "Non-residential space" as any area beyond what is necessary to allow residents to enjoy normal housing amenities with an allowance for one manager's office and one community room. For instance, one community room or common space may be included as residential, but additional management areas or common spaces would be considered non-residential per the AHP. For example, art rooms, social services program spaces, units reserved for case managers or social services counselors or providers, and other such spaces are considered non-residential space under the AHP, and AHP funds cannot be used to pay for these spaces.</p> <p style="text-align: right;"><i>Continued...</i></p>



6 (cont.)	<p>If the project's cost certification or cost listing contains costs for such non-residential or commercial spaces or other legitimate development costs that are ineligible for reimbursement by AHP, submit a breakdown of the costs on the cost certification or cost listing that are ineligible or that were incurred to acquire, build, or rehabilitate the non-residential or commercial space AND evidence that the funding source is willing to pay for such costs <i>from one of the funding sources</i> documented with items #4b above and #8 below. For non-residential or commercial space, the breakdown should follow the same paradigm for identifying non-residential costs as was used in the approved AHP application (square footage or some other explainable basis). The evidence may take the form of a signed letter from the source or indication from the source's program materials that the program is willing to pay for such costs but may not come from the AHP Sponsor, the project's developer, or any source besides the funding source provider.</p> <p>The following are examples of costs that are ineligible for reimbursement by AHP that FHLB does NOT regard as legitimate expenses for inclusion on a cost certification or cost listing:</p> <ul style="list-style-type: none">• Maintenance costs incurred while the project is being rehabbed or other project operating costs• Sponsor operating costs such as volunteer or fundraising event expenses• Tenant turnover expenses• Construction tools• Lawn mowers, snow blowers, or other capital operating expenditures• Tenant personal items such as computers or dishware• Vehicles <p>If the cost certification or cost listing includes such ineligible and illegitimate expenses, FHLB may reduce the AHP grant by the amount associated with the ineligible cost.</p>
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7a	Verification of property acquisition cost paid by Sponsor/owner	<p>If the project's Sponsor/owner did not pay a different amount to a third party for any portion of the project property than what was documented in the approved AHP application, check "No" for item #6 on the AHP Rental Disbursement Request form and see the paragraph beginning with the italicized text in this section below. If the project incurred more or less acquisition costs than what was documented in the approved AHP application (due to acquisition of additional parcels of land, for example, or a reduction in the amount of principal on a loan that the project paid off as part of its acquisition cost), provide one of the following for each parcel that constitutes part of the AHP project that documents its acquisition cost:</p> <ul style="list-style-type: none">• A fully executed purchase contract,• A settlement statement or closing disclosure signed by both buyer and seller or settlement agent,• A signed letter from the grantor,• A signed copy of the foreclosure/sheriff's sale document,• The executed note and mortgage and evidence from the lender of the loan balance at the time of payoff,• A Property Value Assessment showing a nominal sales price in the transaction history for the property (valid for <i>donations ONLY</i>), or• A signed warranty deed or lease with price indicated. <p>Property acquisition costs on the cost certification or cost listing must match the acquisition cost shown on the documents provided with the approved AHP application or the documents provided for this item as listed above.</p> <p>Please note that FHLB considers a project's acquisition cost is the amount it cost the Sponsor or owner to acquire the property from a third party, not a cost established between the project's Sponsor and itself or an entity in which the Sponsor has an ownership interest. FHLB will not recognize the cost shown on a quit claim deed between the Sponsor and itself as documentation of acquisition cost.</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/owner, the documentation submitted for this item must show that the Sponsor/owner acquired the property from the federal government or any agency or instrumentality thereof.</p> <p style="text-align: right;"><i>Continued...</i></p>
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<p>7a (cont.)</p>		<p>If the project was approved with a commitment to produce a certain number of units on property that was donated to the Sponsor/owner, the documentation submitted for this item must show that the Sponsor/owner acquired the project’s property from a third party without financial consideration, other than a nominal amount. 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 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. Part of a property cannot be considered “Donated property” unless that part is individually identified and conveyed separately from other parts. If the property was donated, the market value of the land can be shown as a source and a use on the cost certification or cost listing and list of development funding sources, but it does not have to appear there.</p> <p>FHLB does not consider loan assumptions acquisition costs but will require documentation of loan assumptions with item #8 below.</p> <p>Rent payments on a lease agreement must match the operating budget submitted for item #4e above.</p> <p><i>Regardless of the answer to the question on the AHP Rental Disbursement Request form, compare the legal description of the project’s property as contained in its current warranty deed to the evidence of acquisition cost submitted for this item at the time of AHP application to ensure that the description matches the acquisition cost documentation submitted. If the description does not match (because, for example, the project consolidated parcels to create the project’s property), provide an explanation of the discrepancy and appropriate back-up documentation, such as evidence of consolidation of project parcels or omission of part of the property purchased from the project’s property.</i></p>
<p>7b</p>	<p>Appraisal or Property Value Assessment dated within six months of the date the Sponsor/owner acquired the property</p>	<p>If the project’s Sponsor/owner did not pay a different amount for any portion of the project property than what was documented in the approved AHP application, check “No” for item #6 on the AHP Rental Disbursement Request form and provide nothing further for item #6b.</p> <p style="text-align: right;"><i>Continued...</i></p>



7b (cont.)	<p>If the project incurred more acquisition costs than what was documented in the approved AHP application (due to acquisition of additional parcels of land, for example), provide an appraisal or Property Value Assessment (PVA) for each parcel to verify the market value of the purchased property. The documentation provided must be dated within six months of the date the Sponsor/owner acquired the property from a third party. Appraisals must be signed by a state- licensed/certified appraiser and show the “as-is” value of the property.</p> <p>Related-party transactions <u>require</u> an independent appraisal instead of a PVA. “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, property manager, 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 PVA or appraisal must show that the property’s value at the time of acquisition by the Sponsor or owner 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>Independent of any points awarded to the project, the appraisal or PVA must show a value that equals or exceeds the price to the Sponsor or owner, or FHLB will reduce the AHP grant amount by the difference unless the AHP funds were reduced for this reason at the time of AHP award.</p> <p>Projects that do not include acquisition costs on their cost certification or cost listing or those that provided this documentation with the approved AHP application do not have to provide anything further for this item. Do not resubmit the documentation for this item if it was previously submitted with the approved AHP application.</p>
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8	Evidence of ALL funding sources shown on the list provided for item #4b above, including copies of all executed grant agreements, notes and mortgages (deeds of trust), etc.	<p>Document each of the project's permanent funding sources as shown on the list of development funding sources for the project. Each type of funding source requires a specific type of documentation for FHLB purposes as outlined below. If the amount of the funding source as shown on this documentation does not match the amount of the corresponding funding source's contribution to the project as shown on the list of permanent development funding sources for the project, provide an explanation of the discrepancy with the disbursement request package.</p> <ul style="list-style-type: none">• Provide a signed copy of the grant agreement for each grant funding source (e.g. CDBG, HOME) with all exhibits and/or attachments,• Provide a signed note and mortgage (or deed of trust or trust indenture or other security instrument) for each loan to the project (whether new or assumed, even if the list of permanent development funding sources does not list the loan as a funding source to the project),• See item #19d below for information on how to document the Member's cash contribution,• For cash contributions from an organization or organizations other than the Member, provide a copy of the cancelled check or a letter signed by each contributor indicating the amount of cash contributed from each funding source (including the Sponsor if this organization received a point for providing a cash contribution to the project), and/or• Provide a signed letter from the developer indicating the amount of any developer fee that this organization is willing to defer. <p>If the approved AHP application received a point in the AHP scoring system for the Sponsor's provision of a financial contribution to the project, the total Sponsor contribution listed as a permanent development funding source for item #4b above must be at least \$500 in order for the project to retain the point.</p> <p>The debt service shown on the note for each source of hard debt must match the amount of debt service from that source shown on the project's operating budget as submitted for item #4e above. Soft, forgivable debt should not appear as debt service on the operating budget.</p> <p style="text-align: right;"><i>Continued...</i></p>
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8 (cont.)		<p>If the approved AHP application identifies a funding source besides AHP that will be providing funds to the project, FHLB expects to see an amount from that funding source on the project's list of permanent development funding sources. If a funding source identified in the approved AHP application did not contribute funds to the project, submit an explanation indicating why the funding source did not fund the project. If the project did not receive an award from a funding source that it anticipated receiving at the time of AHP application, communicate that the Sponsor or project did not receive the award.</p>
9	<p>If the approved AHP application indicates the project has a social service or commercial component, provide a current breakdown of the social service or commercial income sources and expenses.</p>	<p>Submit a current, itemized list of the social service or commercial costs that the project expects to incur and what income sources will be used to pay for these costs. This budget must show that the social service and/or commercial components of the project are self-sufficient (they may not rely on funding from the housing operations, as the housing component must operate independently). If the figures on the budget match the social service figures budgeted in the approved AHP application, indicate that there have been no changes to the budget since the time of AHP application. If the approved AHP application indicates that the project will have a social service or commercial component, this item or an acceptable explanation must be provided.</p>
10	<p>If the project will receive project-based rental subsidies, provide a current, fully executed rental subsidy agreement.</p>	<p>Submit a current, executed rental subsidy agreement if the project will receive project-based rental subsidies. If the amount of subsidy verified by the agreement does not match the amount of income from this source shown on the operating budget submitted with item #4e above, provide an explanation for the discrepancy. This documentation need not be submitted with the disbursement request package if it was included in the approved AHP application.</p>
11	<p>If the project will receive operating subsidies aside from project-based vouchers, provide a current operating subsidy agreement signed by the entity providing the subsidy.</p>	<p>Submit a current, executed operating subsidy agreement if the project will receive operating subsidies independent of project-based vouchers. If the amount of subsidy verified by the agreement does not match the amount of income from this source shown on the operating budget submitted with item #4e above, provide an explanation for the discrepancy. This documentation need not be submitted with the disbursement request package if it was included in the approved AHP application.</p>
12	<p>If the project was approved with over 50% of the units targeted to homeless households or those with special needs and it is not receiving rental or operating subsidy, explain...</p>	<p>Submit an explanation of how the tenants in the project will be able to afford to pay rent if the project is not receiving project-based rental or operating subsidy and more than 50 percent of the project will house "Homeless households" or those with "Special needs." If the explanation is that an organization is covering the rents with fundraising, also submit <i>both</i> of the following:</p> <p style="text-align: right;"><i>Continued...</i></p>



<p>12 (cont.)</p>	<p>...how the tenants will be able to pay their rent. If fundraising will be used to cover rents, submit the two previous years' audited financial statements from the organization providing the subsidy and a resolution from the organization's Board of Directors indicating the organization's willingness to cover the rent payments.</p>	<ul style="list-style-type: none"> • The most recent two previous years' worth of audited financial statements from the organization providing the subsidy to verify that the organization generates enough annual income to operate the project; and, • A resolution adopted and signed by the organization's Board of Directors acknowledging the amount of fundraising necessary to support the operations of the project (including the income inflation factor shown on the operating budget) and the organization's willingness to provide this level of funding for the 15-year life of the project. <p>The amount mentioned in the resolution must match any fundraising or cash contributions identified as income on the project's operating budget as submitted for item #4e above. If such documentation was provided with the approved AHP application and the amount of fundraising needed to support the project has not changed, no further documentation is necessary for this item.</p>
<p>13a</p>	<p>Housing intake/tenant application form</p>	<p>Submit a blank copy of the housing intake/tenant application form that the project will use during regular operations. This form must contain all of the following to meet FHLB's requirements:</p> <ul style="list-style-type: none"> • Tenant name (head of household) or other tenant identification • Household size (total number of household members) • List of all household members' names and ages • Annual household income by source for all household members • Signatures of the tenant(s) and the project owner representative/management company/property manager • Date of application • Fair housing logo or wording • Unit transfer date, if applicable <p>The form must also contain all of the following if FHLB classifies the project as a shelter (non-shelter projects need not show these items on the housing intake/tenant application):</p> <ul style="list-style-type: none"> • Date of occupancy/move-in date • Unit number • Unit size (bed, efficiency, etc.) <p style="text-align: right;"><i>Continued...</i></p>



13a (cont.)		<p>If the project does not capture all of the above information on one document, submit the housing intake/tenant application form PLUS whatever other documentation the project collects to verify the above items not captured on the intake/application form itself (tenant income certification, for example).</p>
13b	<p>Lease or rental agreement (not applicable to shelter projects)</p>	<p>Submit a blank copy of the lease or rental agreement that the project will use during regular operations. This form must contain all of the following to meet FHLB's requirements:</p> <ul style="list-style-type: none"> • Tenant name (head of household) • Property address • Unit number • Unit size (efficiency, two-bedroom, etc.) • Lease date and term • Amount of rent to be paid by tenant • Total contract rent (tenant-paid rent plus any rental subsidy paid on behalf of the tenant) • Signatures of the tenant(s) and the project owner representative/management company/property manager • Fair housing logo or wording <p>Projects classified as shelters do not need to provide this item and should mark "N/A" for it on the Request Form.</p> <p>If the project does not capture all of the above information on one document, submit the lease/rental agreement PLUS whatever other documentation the project collects to verify the above items not captured on the lease/rental agreement.</p>
14a	<p>Tenant on the Sponsor's Board of Directors</p>	<p>Submit a signed letter or other certification from a representative of the primary Sponsor's Board of Directors containing the following:</p> <ol style="list-style-type: none"> 1. Verification that a tenant of the project, selected by the tenants, has been given a position on the organization's Board of Directors (with all rights and responsibilities), <i>and</i> 2. An outline of the procedures that describe the selection process for filling vacancies. <p>Do not submit the same documentation with the request package as was submitted with the approved AHP application for verification of fulfillment of this commitment; FHLB needs updated documentation.</p>



14b	8 hours of voluntary landscaping labor from a community organization	<p>Document completion of this item with one of the following:</p> <ul style="list-style-type: none">• 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 to the project and a description of the general nature of the work they completed (for example: planting shrubs, laying sod, etc.), or• A current, executed letter from the representative of a community organization indicating that the organization provided at least eight hours of voluntary landscaping labor to the project, a description of the general nature of the work completed (for example: planting shrubs, laying sod, etc.), and the date they completed them. <p>The community organization submitting this verification cannot be the Sponsor, developer, contractor, or manager of the project or a party related to the Sponsor, developer, contractor, or manager of the project (see FHLB’s definition of “Related parties”).</p>
14c	40 hours of voluntary construction labor from a community organization	<p>Document completion of this item with one of the following:</p> <ul style="list-style-type: none">• 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 to the project and a description of the general nature of the work they completed (for example: painting, installing drywall, etc.), or• A current, executed letter from the representative of a community organization indicating that the organization provided at least 40 hours of voluntary construction labor to the project, a description of the general nature of the work completed (for example: painting, installing drywall, etc.), and the date they completed them. <p>The community organization submitting this verification cannot be the Sponsor, developer, contractor, or manager of the project or a party related to the Sponsor, developer, contractor, or manager of the project (see FHLB’s definition of “Related parties”).</p>



14d	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">• 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 the project that is worth at least \$500, or• A current, executed letter from the representative of a community organization indicating that the organization has donated a service or good to the project that is worth at least \$500, or• An invoice or receipt from a community organization that explicitly states an amount of good or services that was donated to the project and the value of the donation, which must be at least \$500. <p>The donation must be for a cost that FHLB deems eligible for AHP reimbursement, which excludes the costs mentioned in items #4a and #6 above. The community organization submitting this verification cannot be the Sponsor, developer, contractor, or manager of the project or a party related to the Sponsor, developer, contractor, or manager (see FHLB’s definition of “Related parties”).</p>
14e	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 indicating that the entity has waived a fee for the project and the value of the waiver, which must be at least \$500, or• An e-mail that contains the contact’s name and position in the local government that verifies the government has waived a fee for the project and the value of the waiver, which must be at least \$500. <p>Please note that tax deferrals or abatements, government grants to pay for items or fees, or utility equipment donations 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.</p>



14f	Energy-efficient new construction	<p>Submit one of the following for all of the project's addresses (or as many units as the project committed to construct to these energy-efficiency standards):</p> <ul style="list-style-type: none"> • LEED certification signed by an LEED AP (accredited professional), or • Evidence from a HERS rater that the housing received a HERS rating of 75 or less (for projects approved in 2015 or prior) or 85 or less (for projects approved in 2016 going forward), or • Proof that the REScheck calculation for the project exceeds the 2009 Model Energy code by 15 percent or better.
15	Recorded warranty deed evidencing that the property is in the name of the Sponsor/owner <i>or</i> a copy of the project's lease that transfers the rights to the property to the project Sponsor/owner	<p>Submit a signed and recorded copy of the deed or memorandum of lease that transfers the rights to the property from a third party to the Sponsor or owner of the project if this item was not provided with the approved AHP application or for item #7a above. Additionally, provide the full lease agreement itself if the property is being leased from a third party. The term of the lease must be at least 15 years to satisfy FHLB requirements.</p> <p>Also provide a signed and recorded copy of the deed between the AHP Sponsor and the current project owner if the deed from the third party does not represent the property's most current deed.</p> <p>Make sure that the property's legal description as shown in the deed or lease matches the property documented for item #7a above or the documentation submitted with the approved AHP application. If it does not, submit consolidation or lot split documentation such as surveys or plats to show how the project's property as it currently appears came to be. All parcels of the project must be represented in both the property acquisition documentation and the documentation for this item.</p> <p>Rent payments on a lease agreement must match the operating budget submitted for item #4e above.</p>
16	Formation documents or other verification of the Sponsor's ownership interest in the project/property if not in the deed or lease	<p>The AHP project was approved with the Sponsor having at least a 51 percent ownership interest in the project. If the Sponsor is not identified as the owner directly by name on the documentation submitted for item #15 above, verify the Sponsor's ownership interest via the articles of incorporation, bylaws, or other third-party evidence of the ownership structure for the entity identified as the owner/lessee. If the deed or lease identifies the Sponsor by name, nothing else need be submitted for this item.</p>



17	Verification that the project is subject to the <i>most current</i> version of the FHLB retention language for a rental project	<p>Formatting for this item differs depending on the year in which the project received an award of AHP funds and the amount of AHP funds requested. Projects approved prior to 2015 or requesting less than or equal to \$250,000 in AHP funds must insert the <i>most current</i> FHLB retention language available at www.fhlbcin.com into the deed provided for item #7a or #16 above or include the <i>most current</i> language in a separately-recorded instrument (a restrictive covenant) that references the current deed or recorded lease or memo of lease.</p> <p>For the deed to satisfy this item, it must either contain the <i>most current</i> retention language in the body of the deed or contain a reference to the retention language if the language is attached to the deed as an exhibit or addendum. The deed or restrictive covenant including the FHLB retention language should be recorded as close to the time of project completion as is practicable.</p> <p>If the retention languages specifies an ending date for the retention period, this date must correspond to 15 years after the “Completion” date of the project, as “Retention period” means fifteen (15) years from the date of project “Completion” for a rental project as evidenced with the documentation provided for item #2 above.</p> <p>FHLB recommends against including an AHP grant amount in the deed or restrictive covenant. If an amount is included that differs from the final amount FHLB determines will be disbursed for the project, the deed or restrictive covenant may have to be revised and re-recorded to include an accurate amount.</p> <p>Projects receiving an award of AHP funds in 2015 or later that request more than \$250,000 in AHP funds must use a note and security instrument between the project’s Member and owner to attach the <i>most current</i> version of FHLB’s retention language to the project. Please see the AHP Implementation Plan available at www.fhlbcin.com for instructions and details on the format that this note and security agreement should take. Please contact FHLB for a redacted example of an acceptable note and security instrument if one is needed.</p> <p>Please note: the retention language changes periodically, and only the <i>most current</i> language will be accepted. You should <i>only</i> rely on the retention language found at www.fhlbcin.com for the most current retention language.</p> <p style="text-align: right;"><i>Continued...</i></p>
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17 (cont.)		<p>Please remember to choose the retention language that is specific to rental projects, as including the language specific to ownership projects is not acceptable.</p> <p>Make sure that the property’s legal description as shown in the deed or retention document matches the property documented for item #15 above. All parcels of the project must be subject to the retention language.</p>
18	Executed management agreement that commits the project to at least the following:	Submit a management agreement or plan that is signed by both the property manager and the Sponsor, even if the AHP Sponsor is the manager of the project (see below for a sample agreement). The agreement or plan must contain all of the following, at minimum, to satisfy FHLB’s requirements:
18a	Fair housing policies	The agreement or plan must indicate that the project will abide by all fair housing policies that are required by law. Cite specific federal and local legislation with which the project will comply as well as what practices the property manager will use to ensure that the project abides by this legislation.
18b	Tenant intake procedures	The agreement or plan must outline the procedures that the property manager will follow when conducting tenant intake at the property. At minimum, the procedures must include collection of a housing intake/tenant application form, third-party income documentation for all household income sources, and documentation verifying that the household meets FHLB’s definitions of “Special needs” and/or “Homeless household,” as applicable to the project.
18c	Rents charged for income-targeted units will not exceed 30 percent of the targeted monthly area median income (AMI)	The agreement or plan must indicate that the rents charged for income-targeted units will not exceed 30 percent of the monthly area median income (AMI) for the household, as adjusted for household size.
18d	Management fee if the project is NOT managed by the Sponsor	The agreement or plan must disclose the management fee that the project will pay to the property manager if the AHP Sponsor will not manage the property for the project. This fee must match the fee shown on the current operating budget as submitted for item #4e above.
18e	Income targeting matching the approved AHP application/modification according to the number of units and the percentage of area median income targeted	<p>The agreement or plan must indicate the property manager’s commitment to rent the units in the property to households at or below the income limits (as a percentage of area median income) set forth in the approved AHP application or approved project modification for the full number of units in the project. The gross incomes shown in item #4d above should not exceed the income limits mentioned in this item.</p> <p style="text-align: right;"><i>Continued...</i></p>



18e (cont.)		<p>If the project will have to adhere to a system(s) of income limits that is more restrictive than those in the approved AHP application or approved project modification, list both the AHP income limits and those of the other system(s) and the most restrictive that the project will have to follow. Units must be affordable for and occupied by tenants whose gross annual incomes are less than or equal to these limits.</p>
18f	Housing the number of “Homeless households” shown in the approved AHP application, if applicable	<p>The agreement or plan must indicate the property manager’s commitment to rent the number of units in the project to households that the approved AHP application sets aside for households meeting FHLB’s definition of “Homeless household” at the time of move-in to the project. The units that qualify under this criterion must meet the following FHLB definition:</p> <p>“Homeless household” means a household made up of one or more individuals, who:</p> <ol style="list-style-type: none">1) Resides in overcrowded housing; “overcrowded housing” means a housing unit occupied by more than one household or any housing unit with an average of more than two persons per sleeping area (including a living room as a sleeping area);2) Is facing imminent loss of their home due to condemnation or eviction;3) Lacks a fixed, regular, and adequate nighttime residence; or4) Has a primary nighttime residence that is:<ol style="list-style-type: none">a) A supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill);b) An institution that provides a temporary residence for individuals intended to be institutionalized;c) A public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings;d) A “mobile home” that does not meet the requirements of the National Manufactured Housing Construction and Safety Standards Act, Title VI, Public Law 93-383; 42 USC 5401, appearing at 24 CFR 3280, et seq., generally referred to as “pre-1976 mobile homes.”



18g	Housing the number of households who meet FHLB's definition of "Special needs" or "Elderly" as shown in the approved AHP application, if applicable	<p>The agreement or plan must indicate the property manager's commitment to rent the number of units in the project to households that the approved AHP application sets aside for households meeting the FHLB's definition of "Special needs" or "Elderly" at the time of move-in to the project. These definitions are as follows:</p> <p>"Elderly" means any person aged 60 or older for projects approved in 2012 going forward or 55 or older for projects approved prior to 2012.</p> <p>"Special needs" means any person or household meeting one of the following definitions:</p> <ol style="list-style-type: none">1) "Physically disabled" means any person: a) with a physical impairment that results in substantial functional limitations and who is receiving disability benefits from federal or state government; or b) who is deemed physically disabled by a licensed physician who attests 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.2) "Mentally disabled" means any person: a) who is diagnosed with a psychiatric disorder and is receiving disability benefits from federal or state government; or b) who is deemed to have a comparable long-term mentally disabling condition by a qualified professional, such as a licensed psychiatrist, psychologist, or clinical social worker, who attests 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.3) "Developmentally disabled" means any person: a) with a severe, chronic developmental disability who has been diagnosed with mental retardation and is receiving disability benefits from federal or state government; or b) who is deemed developmentally disabled by a licensed physician who attests 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. <p style="text-align: right;"><i>Continued...</i></p>
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<p>18g (cont.)</p>		<p>4) “Co-occurring disabled” means any person: a) diagnosed as having both a psychiatric disorder as well as a substance abuse/dependency (co-occurring issues) who is receiving disability benefits from federal or state government; or b) who is deemed to have a comparable long-term co-occurring condition by a licensed psychiatrist, psychologist, or clinical social worker, who attests 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.</p> <p>5) “Physically or emotionally abused” means any person who is or will be residing in a place protecting such person from such physical or emotional abuse.</p> <p>6) “Chemically dependent” means any person with a history of substance abuse/dependency who is receiving treatment for the abuse/dependency from a licensed physician, psychiatrist, psychologist, or clinical social worker, or is receiving treatment in a recognized therapeutic program.</p> <p>7) “Persons with AIDS” means any person with a medical diagnosis of Acquired Immune Deficiency Syndrome or any person who is medically diagnosed as HIV positive who is receiving medical care for the condition diagnosed.</p>
<p>18h</p>	<p>The property manager’s requirement to comply with FHLB requests for reports and audits</p>	<p>The agreement or plan must state the property manager’s willingness to provide all reports and audit documents that are mentioned in the Initial Monitoring and Tenant File Information section above to FHLB within the timeframe required timeframes for the duration of the 15-year retention period.</p>
<p>18i</p>	<p>Management’s making empowerment services available as committed in the approved AHP application, such as employment training, credit counseling/ budgeting, education services, skills training, daycare services, etc., if applicable</p>	<p>If the project received points in the approved AHP application for making empowerment services available to the tenants, the agreement or plan must indicate that property management will make the required services available. These services may include credit counseling/ budgeting, education services, employment training, skills training, or daycare services, depending on what commitments were indicated in the approved AHP application. If the project did not receive points for any of these services, they need not be mentioned in the agreement or plan.</p>



19a	Member's permanent loan	If the project received points for the Member's provision of first mortgage permanent financing for the project, the executed note submitted with item #8 above must show the Member as the lender or a holder of at least 51% of the consortium, loan pool, or loan participation. The debt must have a term of at least 15 years to be eligible for points in the AHP scoring system. If the project did not receive points for the Member's provision of a permanent loan, nothing need be provided for this item.
19b	Member's bridge or construction loan	If the project received points for the Member's provision of a construction or bridge loan, submit signed copies of the note and mortgage (or deed of trust or other security instrument) associated with such loan showing the Member as the lender on the loan. The principal amount of the loan must be at least 51% of the project's total hard costs for projects approved in 2014 or at least 35% of the project's construction/rehabilitation costs for projects approved in 2015 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 such a loan, nothing need be provided for this item.
19c	Below-market rate on the permanent, construction, or bridge loan	<p>If the project received a point(s) for the Member's provision of a below-market rate on the permanent, construction, or bridge loan to the project, submit one of the following:</p> <ul style="list-style-type: none">• A current, signed letter from the Member specifying the rate discount and which loan was discounted, or• 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. <p>The Member must have made the loan at a rate that was at least 0.50% below its standard rates at the time the loan was made to the project. What is provided for this item should be consistent with items #8, #19a, and/or #19b above, as applicable. Be sure to document that the discount was provided on the loan to which the Member pledged to make a discount (permanent, bridge, or construction loan) in the approved AHP application. If the project did not receive a point(s) for the Member's provision of a discounted rate on a loan, nothing need be provided for this item.</p>



19d	Member's cash contribution	Submit a copy of the Member's cancelled check to verify that the Member made a cash contribution to the project of at least \$500 if the project received a point in the AHP scoring system 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 the project's listing of permanent funding sources as provided for item #4b above. If a cancelled check is unavailable, submit evidence of the Member's deposit into an account controlled by the Sponsor or project owner. If the project did not receive a point for the Member's provision of such a contribution, nothing need be provided for this item.
19e	FHLB loan/advance number for non-subsidized product	Enter the loan or advance number onto the AHP Rental Disbursement Request form that FHLB assigned to the non-subsidized loan product that the Member used to finance the construction, bridge, or permanent loan to the project. FHLB will compare the loan information for the loan number provided to the information in its internal system to ensure that the loan to the Member has a term of at least 12 months (for a construction loan the Member made to the project) or at least 15 months (for a permanent loan the Member made to the project) and that the loan's principal approximates the amount of the construction, bridge, or permanent loan made to the project as documented with items #8 or #19b above.



Sample Management Agreement

Property Management Agreement SAMPLE

ARTICLE I: PARTIES AND TERMS

ABC, Inc. (“Sponsor”) and ABC Management (Management Company) enter into this Property Management Agreement for a Rental project, effective November 4, 2016, which sets forth the respective duties and obligations of the Sponsor and Management Company with regard to Hope Apartment Homes located at 1234 Hope St. This agreement will have a term of fifteen (15) years, beginning on November 4, 2016. This agreement will be binding upon the above parties and any successors in interest to the parties.

ARTICLE II: PROJECT

Hope Apartment Homes is made up of 50 apartment units with wraparound case management and mental health services for homeless individuals with mental, physical, or co-occurring disabilities. Credit counseling/budgeting services will also be offered to the tenants.

ARTICLE III: FAIR HOUSING

ABC Management agrees to comply with fair housing laws, which prohibit discrimination in housing because of race, color, national origin, religion, familial status, gender, or disability. ABC Management agrees to develop and follow a plan for vacancies, to train staff on compliance with this plan, and to follow the intake procedures described herein.

ARTICLE IV: DETERMINATION AND TENANT SELECTION

Eligibility for this property will be based on income, homeless status, and special needs status.

Homeless status: Applicants applying for the 50 units will need to have their homeless status and history verified, and verification of homelessness will be retained in the tenant file.

Special needs status: Applicants will have their special needs status verified as part of the enrollment process, and that verification will be retained in the tenant file.

Tenant Selection: Tenants will be selected by ABC Management. Selections of tenants for Hope Apartment Homes will not rely solely on traditional property management standards, but standards that reflect a commitment to housing very low-income and homeless persons.



ARTICLE V: TENANT INTAKE

Intake will be conducted by ABC Management and will include verification of income, homelessness, and special needs status. Completed Application Forms and verifications will be retained by ABC Management on-site in locked storage and available for Federal Home Loan Bank review.

ARTICLE VI: TENANT RENTS

The rents charged to these households will not exceed 30% of the area median income targeted.

ARTICLE VII: INCOME TARGETING

The project will provide all 50 units in the project to households earning 50% or less of the area median income. A total of 43 units will be rented to tenants meeting the special needs definition of the FHLB, and 50 units will be rented to tenants meeting the homeless definition of the FHLB.

ARTICLE VII: REPORTING

ABC Management will maintain records, including rent rolls, lease applications, income verification, evidence of household size, and leases.

Each party acknowledges that this Agreement represents the complete and exclusive agreement between the Sponsor and Management Company. This Property Management Agreement may be amended only in writing as authorized by the designated representative of ABC, Inc. If amended, a copy of the revised Agreement will be forwarded to the FHLB of Cincinnati.

The parties accept the terms and conditions of the agreement.

ABC, Inc. (Sponsor)

Date

ABC Management

Date





Effective August 1, 2016
AHP RENTAL DISBURSEMENT REQUEST

Project Name:			
Project Address(es):			
Member Name:			
Sponsor Name:			
Project Number:			
Total Initially Awarded:	\$	Final Amount Requested:	\$

Refer to the AHP Rental 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 or replaced prior to disbursement of AHP funds.

Required Documents:	Already on file	Enclosed	N/A
1. Dates of disbursement training completion: Documentation Details Webinar/Live Training: ____/____/____ Attachments/Financials Webinar/Live Training: ____/____/____		←	
2. Evidence of completion (Certificate of Occupancy et al.)		<input type="checkbox"/>	
3. Completed and executed AHP Sponsor Commitment Verification form (available at www.fhlbcin.com)		<input type="checkbox"/>	<input type="checkbox"/>
4. Financial documentation a. Cost certification executed by an independent auditor that documents all expended project costs OR a list of all development costs to the project along with the invoices and receipts to support the list (a cost certification but no invoices/receipts is required if the project has more than 50 receipts/invoices to submit) b. List of all permanent development funding sources with Sponsor and Member contributions that matches the sum of project costs c. Construction contract with all change orders, signed by all parties d. A current occupancy report for the project in FHLB's format e. A current, itemized 15-year operating budget for the project (FHLB's Attachment C)	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
5. Do the project's financials meet the FHLB feasibility guidelines that were in place at the time the AHP project was approved/modified? Yes <input type="checkbox"/> No <input type="checkbox"/> If "No," provide justification.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Are any costs that FHLB deems ineligible included on the cost certification/cost listing? Does the project contain non-residential costs or commercial costs? Yes <input type="checkbox"/> No <input type="checkbox"/> If "Yes," provide a list of such costs, the amount of each, and evidence that another of the project's funding sources is willing to pay for these costs.		<input type="checkbox"/>	<input type="checkbox"/>



Required Documents:	Already on file	Enclosed	N/A
7. Property acquisition information Did the Sponsor/owner pay a different amount for any portion of the project property than what was documented in the approved AHP application? Yes <input type="checkbox"/> No <input type="checkbox"/> If “Yes,” provide the following: a. Verification of property acquisition cost paid by Sponsor/owner b. Appraisal or Property Value Assessment dated within six months of the date the Sponsor/owner acquired the property	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/>
8. Evidence of ALL funding sources shown on the list provided for item #4b above, including copies of all executed grant agreements, notes and mortgages (deeds of trust), etc.	<input type="checkbox"/>	<input type="checkbox"/>	
9. If the approved AHP application indicates the project has a social service or commercial component, provide a current breakdown of the social service or commercial income sources and expenses.		<input type="checkbox"/>	<input type="checkbox"/>
10. If the project will receive project-based rental subsidies, provide a current, fully executed rental subsidy agreement.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. If the project will receive operating subsidies aside from project-based vouchers, provide a current operating subsidy agreement signed by the entity providing the subsidy.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. If the project was approved with over 50% of the units targeted to homeless households or those with special needs and it is not receiving rental or operating subsidy, explain how the tenants will be able to pay their rent. If fundraising will be used to cover rents, submit the two previous years’ audited financial statements from the organization providing the subsidy and a resolution from the organization’s Board of Directors indicating the organization’s willingness to cover the rent payments.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Blank copies of the following forms that meet the FHLB’s requirements that the project will use during regular operations: a. Housing intake/tenant application form b. Lease or rental agreement (not applicable to shelter projects)		<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/>
14. Evidence that the project meets the following commitments as made in the approved AHP application, if applicable: a. Tenant on the Sponsor’s Board of Directors b. 8 hours of voluntary landscaping labor from a community organization c. 40 hours of voluntary construction labor from a community organization d. Donation of at least \$500 in goods/services e. Fee waiver from the local government of at least \$500 f. 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"/>
15. Recorded warranty deed evidencing that the property is in the name of the Sponsor/owner <i>or</i> a copy of the project’s lease that transfers the rights to the property to the project Sponsor/owner	<input type="checkbox"/>	<input type="checkbox"/>	



Required Documents:	Already on file	Enclosed	N/A
16. Formation documents or other verification of the Sponsor's ownership interest in the project/property if not in the deed or lease	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Verification that the project is subject to the <i>most current</i> version of the FHLB retention language for a rental project using: a. A legal instrument inserted into or referring to the warranty deed/lease (<i>for projects approved prior to 2015 or requesting less than or equal to \$250,000 in AHP funds</i>), or b. A note and security instrument between the project's Member and Sponsor/owner (<i>for projects approved in 2015 or later requesting more than \$250,000 in AHP funds</i>)		<input type="checkbox"/>	
18. Executed management agreement that commits the project to at least the following: a. Fair housing policies b. Tenant intake procedures c. Rents charged for income-targeted units will not exceed 30 percent of the targeted monthly area median income (AMI) d. Management fee if the project is NOT managed by the Sponsor e. Income targeting matching the approved AHP application/modification according to the number of units and the percentage of area median income targeted f. Housing the number of "Homeless households" shown in the approved AHP application, if applicable g. Housing the number of households who meet FHLB's definition of "Special needs" or "Elderly" as shown in the approved AHP application, if applicable h. The property manager's requirement to comply with FHLB requests for reports and audits i. Management's making empowerment services available as committed in the approved AHP application, such as credit counseling/budgeting, education services, employment training, skills training, daycare services, etc., if applicable		<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"/> <input type="checkbox"/>
19. Evidence that the project meets following Member commitments as indicated in the approved AHP application, if applicable: a. Member's permanent loan b. Member's bridge or construction loan c. Below-market rate on the permanent, construction, or bridge loan d. Member's cash contribution e. FHLB loan/advance number for non-subsidized product: _ _ _ _	<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"/>



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 Rental 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 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 REPRESENTATIVE:

Printed Name:	Company:
Title:	E-mail:
Address:	City, State, ZIP Code:
Phone Number:	Fax Number:
Signature:	Date:

SPONSOR REPRESENTATIVE:

Printed Name:	Company:
Title:	E-mail:
Address:	City, State, ZIP Code:
Phone Number:	Fax Number:
Signature:	Date:

OWNER REPRESENTATIVE: If the Sponsor is the Owner, check this box:

Printed Name:	Owner Name:
Title:	E-mail:
Address:	City, State, ZIP Code:
Phone Number:	Fax Number:

MANAGEMENT CONTACT: If the Sponsor is the Manager, check this box:

Printed Name:	Company:
Title:	E-mail:
Address:	City, State, ZIP Code:
Phone Number:	Fax Number:



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. Is it possible to obtain funds prior to completion of the project?

A. *See the AHP Early Disbursement Manual and AHP Early Disbursement Request form available on our website at www.fhlbcin.com. This is only available to rental projects approved for an AHP grant that have not drawn any funds and have a committed government funding source or an executed construction contract in place. The Sponsor and project must qualify for the early disbursement based on a risk assessment.*

Q. Does the FHLB have a standard retention document?

A. *Yes. The retention language is a part of the Affordable Housing Program Implementation Plan, which is available at https://www.fhlbcin.com/media/1296/2016-ahp-implementation-plan-final-website-version_rev20160304.pdf. The retention requirement is different for rental and ownership projects and for projects requesting more or less than \$250,000 in AHP subsidy, so be sure to pull the correct version 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 12 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 Attachment D to the Affordable Housing Program Implementation Plan available at https://www.fhlbcin.com/media/1296/2016-ahp-implementation-plan-final-website-version_rev20160304.pdf.*

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 at FHLB.*



- Q. How long does it take to receive funding once FHLB has received a completed AHP Rental Disbursement Request and all supporting documentation?
- A. *Typically, 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. How will the Member institution receive the AHP funds after a request for funds has been approved?
- A. *FHLB will credit the Member's Demand Deposit Account at FHLB for the amount approved.*
- Q. My project involves the renovation of an occupied building. Do the residents have to comply with the income restrictions outlined in my approved AHP application, or are the income restrictions only applicable to new tenants?
- A. *The AHP regulations require that all tenants meet the income qualifications at the time the application for AHP funds is submitted. Tenants who occupy the facility at the time the renovations are complete must meet the targeting levels outlined in the project's approved AHP application or approved project modification. The Initial Owner's/Member's Certificate of Program Compliance sent out nine months after disbursement of AHP funds will request an occupancy report so that FHLB can verify that the project is in compliance with the targeting levels outlined in its approved AHP application or approved project modification.*
- 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 two AHP Disbursements for Rental Projects webinars at <https://www.fhlbcin.com/community-investment/webinars-and-presentations/> and review this manual. You may also contact a member of FHLB staff for questions (see the listing below). Also be sure to notify FHLB of staffing changes so that we may update our records.*
- Q. Will HOME or other retention documents be accepted as evidence of long-term FHLB retention?
- A. *No. See item #17 above for further instructions on how to properly convey this restriction.*
- 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. 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. Can AHP funds be loaned to the project?

A. *Yes, but if the loan is repayable, payments must be made directly to FHLB.*

Q. What format should my cost certification take?

A. *The cost certification should mirror the format of cost certifications prepared for projects receiving Low Income Housing Tax Credits or FHLB's Attachment A as submitted with the approved AHP application. Shop around for an accountant who is experienced with the preparation of cost certifications if it is within your budget. Be sure that the cost certification contains a categorized list of all the project's final costs.*



Common Mistakes

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

1. The AHP Rental 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. If an N/A box is not available for that particular item, submit an explanation indicating why you believe the item doesn't pertain to your project.
2. The person(s) assembling the Required Documents for the disbursement request package is not familiar with FHLB's requirements or the commitments the project made in its approved AHP application. See this manual or the two AHP Disbursements for Rental Projects webinars 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 the 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 or approved project modification.
4. The operating budget has not been updated or is not the final budget.
5. There are significant differences between the project's financials as submitted with the approved AHP application and those submitted in the disbursement request documents that create conflicts with FHLB's underwriting parameters. FHLB requires an explanatory narrative to justify any material change to the project's financing, which it will only accept at FHLB's discretion.
6. All receipts, invoices, construction contracts, change orders, grant agreements, etc., were not provided with the disbursement request, or what was provided does not match the cost and funding source listings.
7. Required documentation does not contain the required signatures.
8. The Sponsor or Member is delinquent with regard to additional information submission or reporting/monitoring requirements of FHLB for the project being submitted or others.
9. The project's property has changed since the time of AHP application.
10. All of the funding sources included on the listing of permanent development funding sources were not documented with executed grant agreements, notes and mortgages or deeds of trust, or equity letters. See item #8 above for assistance with collecting the required documentation.
11. The management agreement or plan does not contain all of the information required or does not match the approved AHP application or approved project modification with regard to the project's requirements.
12. 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 Rental Disbursement Request form for examples of these items. For all other items, FHLB requires updated documentation.



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** Rental Disbursement Reviewers