

AHP Habitat Disbursement Webinar

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AHP Habitat Disbursements Overview

- ◆ Summary
- ◆ Disbursement Availability and Adjustments
- ◆ Disbursement Processing
- ◆ Disbursement Criteria
- ◆ Disbursement Feasibility
- ◆ Household Eligibility Guidelines
- ◆ Documents and Forms along with the Common Mistakes



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Summary

- ◆ Review the AHP Habitat Disbursement Manuals prior to submitting a request.
- ◆ Manuals are available at www.fhlbcin.com.
- ◆ Manuals contain a listing of the acceptable documentation that must be submitted to FHLB for review.
- ◆ Submit one AHP Habitat Disbursement Request for each homebuyer within 60 days of the loan closing.



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Household Eligibility Guidelines

- ◆ Households must meet the income targeting, special needs/homeless household and first-time homebuyer targets (if applicable) as committed to in the project's approved AHP application or latest modification.
- ◆ All households must be pre-approved prior to submitting a disbursement request. Once the approval has been issued the determinations we made are final and we will not re-evaluate anything at time of disbursement.
 - ◇ Affordability will be checked at both pre-approval and disbursement.



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Disbursement Availability and Adjustments

- ◆ FHLB reserves the right to deny, delay, reduce, or recapture funds at any time if:
 - ◇ The Member or Sponsor has failed to respond to a prior FHLB request for information;
 - ◇ The Member or Sponsor has been asked by FHLB to cure a noncompliant situation;
 - ◇ The Sponsor currently has an older or incomplete AHP project that is not making adequate progress;
 - ◇ Costs presented are not reasonable; or
 - ◇ The project no longer demonstrates a need for subsidy.



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Disbursement Processing

- ◆ FHLB will:
 - ◇ Review the disbursement request package and other information obtained during the review process,
 - ◇ Re-evaluate the financial and operational feasibility of the project,
 - ◇ Verify the project continues to qualify for the subsidy,
 - ◇ Request further documentation as necessary, and
 - ◇ Send a Confirmation of AHP Funds Disbursement letter to the Member and Sponsor via fax or e-mail upon approval for funding.



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Disbursement Criteria

- ◆ Disbursements will be processed by FHLB in accordance with FHLB's policies and procedures, which are dictated by the AHP Implementation Plan.
- ◆ Attachment F of the Implementation Plan describes the feasibility guidelines that projects are required to meet or provide reasonable exception.
- ◆ The project must be disbursed prior to its AHP commitment expiration date.
- ◆ Projects must complete physical construction on the project within three years of the AHP award.



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AHP Habitat Disbursement Request Instructions


- ◆ Step 1: Complete the AHP Habitat Disbursement Request
- ◆ Step 2: Provide Required Documents
- ◆ Step 3: Obtain Required Signatures
- ◆ Step 4: Submit the AHP Habitat Disbursement Request with all required supporting documentation.
 - ◇ By e-mail: AHPDisbursement@fhlbcin.com Subject line: Project number, Homebuyer's name, Disbursement or Preliminary Review
 - ◇ By Fax: (513) 852-7647
 - ◇ By Mail: Housing, FHLB of Cincinnati, 221 E. 4th Street, Suite 600, Cincinnati, OH 45202



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Documents and Forms

AHP HABITAT DISBURSEMENT REQUEST
Effective January 1, 2016



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

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

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

Required Documentation Descriptions

- ◆ The AHP Habitat Disbursement Request Form outlines documents needed.
- ◆ The AHP Habitat Disbursement Manual provides a detailed description of each required document.
- ◆ If a document listed does not pertain to your homebuyer/project or will be submitted at a later date but before the last disbursement, check the “N/A” box on the Request form.

AHP Habitat Disbursement Request

- ◆ Complete one form per homebuyer after loan closing.
- ◆ Sponsor and Member contacts must execute the request form.
- ◆ All sections of the request form must be completed.
 - ◇ Mark each box “Already on File,” “Enclosed,” or, if the question is not applicable, “N/A.”
 - ◇ Attach additional pages, if an explanation is needed.
 - ◇ An explanation is needed for any changes from the approved AHP application.



AHP Habitat Disbursement Request

Common Mistakes:

- ◆ An old versions of this form is submitted.
- ◆ The Disbursement Request Form is not completed correctly or is missing information.
- ◆ The form was not executed by both the Sponsor and Member contacts.
- ◆ The Final Requested Amount does not match back to the AHP GAP shown on Attachment D and the Detailed Cost Breakdown.



1a - Direct Subsidy Agreement and 1b - Affordable Housing Program Agreement

- ◆ These forms are mailed out at time of project approval. They must be fully executed and originals must be returned to FHLB.

Common Mistakes:

- ◆ The Agreements were not properly executed by the appropriate signers as required of the Member or Sponsor.
- ◆ The Agreements were not already on file as it was indicated on the Disbursement Request Form.



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1c – Contingency Letter

- ◆ This letter is mailed out at time of project approval. It must be fully executed and originals must be returned to FHLB.
- ◆ This requirement is only required for projects approved prior to 2012.

Common Mistakes:

- ◆ The letter was not properly executed by the appropriate signers as required of the Member or Sponsor.
- ◆ The letter was not already on file as it was indicated on the Disbursement Request Form.



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2 – Training Completion Date(s)

- ◆ The AHP Disbursement Request form requires the training completion date which is that of which the webinar was viewed in it's entirety. This must be renewed annually.
- ◆ FHLB staff will verify this date to ensure the annual training requirement was fulfilled.
- ◆ If the training requirement was not fulfilled we will not disburse any funds until it has been completed.
- ◆ Consultants are not allowed to complete the webinar on behalf of a Sponsor organization.

3 – Evidence of Construction Completion

- ◆ Documentation to verify the construction is complete is required for newly constructed and rehabbed units. This must be documented with one of the following:
 - ◇ Submit a signed copy of the certificate of occupancy for the unit.
 - ◇ If a certificate of occupancy is not required for the work performed, submit the final inspection signed by a certified/licensed inspector verifying that the work is complete and in compliance with the standards set forth in local code accompanied by the inspector's license.

3 – Evidence of Construction Completion

Common Mistakes:

- ◆ The proper documentation was not submitted to prove the work has been completed and meets the local code.
- ◆ The documentation submitted was not signed by a licensed inspector.
- ◆ The inspector's license was not submitted as required.

4 – Indication of Project Type

- ◆ The Disbursement Request Form has a section to check what type of unit the property is: New construction, Rehabilitation, or Owner-occupied rehab.
 - ◇ Rehabbed units in which a new owner acquires a property must have construction hard costs in excess of \$10,000.00 (if the project was approved in 2014 or later) and \$7,500.00 (if the project was approved prior to 2014) in order to deem the project significant rehabilitation.
 - ◇ Owner-occupied rehab means the current owner retains the property while your organization performs work on it.
- ◆ If the project was approved with only one project type, it cannot produce housing of a different project type without requesting a modification first.

5 - Mandatory Homeownership Counseling

- ◆ Mandatory counseling is required for each applicant by submitting a copy of the homebuyer's completion certificate or a current, executed letter from the Sponsor indicating the homebuyer counseling program has been completed.
- ◆ The four components required by FHLB to be included in the homebuyer counseling program are mortgage financing, credit-worthiness, household budgeting, and home maintenance.

Common Mistakes:

- ◆ Documentation was not submitted at all proving the homebuyer completed the required counseling.
- ◆ This is commonly confused with credit counseling/budgeting.
- ◆ The documentation submitted does not verify the four required components were included in the counseling program.



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6b - Empowerment Activities

- ◆ Must be documented with a current, executed letter from the Sponsor indicating the services to which the project committed in the approved AHP application are available to the homebuyers.

Common Mistakes:

- ◆ The letter submitted was not signed as required.
- ◆ The letter did not verify the services were indeed being provided. Instead, the Sponsor resubmitted the letter sent with the AHP application that only commits to the activities.



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6c - Landscaping Labor, 6d - Construction Labor, and 6e - Donation of Goods/Services

- ◆ Must be documented with a current, executed letter from a community organization indicating the organization has provided the service for the required timeframe or amount.
- ◆ An email containing the contact's name and organization that indicates the services provided is also acceptable.

Common Mistakes:

- ◆ The letter submitted was not signed as required.
- ◆ The documentation did not verify the services were indeed being provided or the specifics of the services were not included.
- ◆ The Sponsor resubmitted the letter sent with the AHP application that only commits to the activities.



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6f – Fee Waiver from the Local Government

- ◆ Documented with a current, executed letter from a government entity indicating the entity has provided a fee waiver for at least one of the AHP-assisted homes creating a savings to the project of at least \$500.

Common Mistakes:

- ◆ The letter submitted was not signed as required.
- ◆ The letter did not verify the specifics as required.
- ◆ The Sponsor resubmitted the letter sent with the AHP application that only commits to the service.



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6g – Energy-efficient New Construction

- ◆ Projects constructing new housing units that are Energy-efficient must meet or exceed one of the following:
 - ◇ A signed LEED Certification;
 - ◇ Evidence of the HERS rating;
 - ◇ 75 or less for projects approved prior to 2016;
 - ◇ 85 or less for projects approved in 2016 forward; or
 - ◇ Proof that the REScheck calculation exceeds the 2009 Model Energy code by 15% or better.

Common Mistakes:

- ◆ Documentation was not submitted at all proving the home met the required energy-efficiency standards.
- ◆ A document that has not been approved by FHLB was submitted.



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7a - AHP Sponsor Commitment Verification Form

- ◆ Must be the completed and executed AHP Sponsor Commitment Verification form that is located on FHLB website.
- ◆ Must be submitted before the last request is disbursed.
- ◆ Check the approved activities that have been completed and describe each activity, if applicable.
- ◆ The form is not required if the project was not approved with the Sponsor completing any of the activities listed on the form.



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7a - AHP Sponsor Commitment Verification Form

Verification of the AHP Approved Sponsor Commitment(s)

- For ownership, submit with the last disbursement request.
- For rental, submit with the disbursement request.

Project Number: _____

Member Name: _____

Sponsor Name: _____

The above Sponsor was approved with the following commitments for the above project number. Check the commitment(s) that have been completed for this project or all homebuyers/owners of this project and describe the activities, if applicable.

Provided marketing/outreach of the project. Describe: _____

Completed pre-development activities. Describe: _____

Completed construction/rehabilitation activities with employees or volunteers (Sponsor was the general contractor on the majority of the project).

Sponsor Contact Printed Name: _____

Sponsor Contact Title: _____

Sponsor Contact Signature: _____

Date: _____

7b - Sponsor Cash Contribution Verification

- ◆ Must be shown on the homebuyer's Attachment D/ Detailed Cost Breakdown under Cash Contributions/ Fundraising evidencing at least \$500.

Common Mistake:

- ◆ The contribution is not listed as a cash source on the Attachment D/ Detailed Cost Breakdown of one of the homebuyers in the project.

8 - Final Attachment D & Executed Detailed Cost Breakdown

- ◆ Must submit FHLB Attachment D and Detailed Cost Breakdown with the final costs/sources.
 - ◇ Located on FHLB's website.
 - ◇ Instructions included.
- ◆ Changes cannot be made to these documents after submission and before disbursement.
- ◆ Submit Attachment D and the Detailed Cost Breakdown electronically to AHPDisbursement@fhlbcin.com.



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8 - Final Attachment D & Executed Detailed Cost Breakdown

- ◆ For rehab-only projects, submit all invoices and/or receipts for all rehab expenses and a breakdown equal to the total expenses for that unit. Undocumented costs will not be reimbursed.
- ◆ If the repayable mortgage amount is greater than the total costs listed on Attachment D, submit an appraisal for the property that is dated within one year of purchase by the homeowner to evidence that the appraised value is higher than the mortgage value.



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Completing Attachment D/Detailed Cost Breakdown

- ◆ Ineligible Costs - These costs must NOT be included.
 - ◇ Signage, drinks/food, t-shirts, lawn mowers, gifts/gift cards, entertainment, parking fees, cell phone bills, gas.
- ◆ The Developer's Fee:
 - ◇ Regardless of the dollar amount, the Developer's Fee cannot exceed 15% of the total development costs.
 - ◇ Fee equals the sum of the developer fee, developer overhead (organizational overhead), consultant fee, and administrative fee.



Detailed Cost Breakdown

FEDERAL HOME LOAN BANK OF CINCINNATI		
Affordable Housing Program		
Habitat for Humanity Final Development Budget Output		
Detailed Cost Breakdown		
GENERAL PROJECT AND HOMEBUYER INFORMATION		
Member		0
Sponsor		0
Project Number		0
Developer fee amount per unit approved	\$	0.00
Developer fee percentage approved		0.00%
Homebuyer Name		0
Homebuyer Address		0
Homebuyer County		0
Closing Date		1/01/1900
Habitat Note/Mortgage Amount	\$	0.00
Mortgage Term (Mos.)		0
Mortgage Rate (0.00)		0.00%
Market Rate (Assigned by the FHLB)		0.00%
Monthly Mortgage P&I Payment		\$0.00
Monthly homeowner's insurance	\$	0.00
Monthly property taxes	\$	0.00
Total Monthly Housing Expenses	\$	0.00



Detailed Cost Breakdown

CASH COSTS	
Land/Site Work Costs	
Land	0.00
Closing Cost	0.00
Land Development	0.00
Grading, Excavation & Compaction	0.00
Site Clearing (Trees, Shrubs, & Ground Cover)	0.00
Drainage & Retention	0.00
Drainage	0.00
Subtotal Land/Site Work Costs	0.00
Materials and Labor Costs	
Appliances (Refrigerator, refrigerator, washer/dryer)	0.00
Bridge (over driveway)	0.00
Built-in furniture	0.00
Cabinets (Kitchen and bath)	0.00
Carpeting	0.00
Clearing	0.00
Closet (Dwr, hangers, shelves)	0.00
Construction loan interest	0.00
Countertops and backsplashes	0.00
Deck, including structure and railing	0.00
Door, casement and exterior, including trim and	0.00
Finish	0.00
Driveway (asphalt, gypsum, wallboard (including systems)	0.00
Electric (wiring, panel, breakers), including phone &	0.00
Gas	0.00
Painting	0.00
Plumbing (copper, tile, vinyl, wood)	0.00
Foundation and footings	0.00
Framing, including formwork	0.00
Garage, main & secondary	0.00
HVAC/Boiler/Hot water heater	0.00
Lighting fixtures	0.00
Local materials	0.00
Lump sum (included elsewhere)	0.00
Masonry (including house eavest)	0.00
Paint and painting, exterior	0.00
Paint and painting, interior	0.00
Plumbing	0.00
Roofing	0.00
Roofing materials, rental	0.00
Roofing materials, purchase	0.00
Quality Control/Energy Star	0.00
Roofing materials	0.00
Roofing (including shingles and flashing)	0.00
Siding, including exterior trim and soffits	0.00
Siding	0.00
Site security	0.00
Temporary electric/water	0.00
Temporary construction	0.00
Tools	0.00
Trusses	0.00
Wallboard, structural	0.00
Windows (blinds & shades)	0.00
Windows	0.00
Subtotal Materials and Labor Costs	0.00
Insurance Costs	
Risk/liability insurance	0.00
Subtotal Insurance Costs	0.00
Survey/Appraisal Costs	
Appraisal	0.00
Subtotal Survey/Appraisal Costs	0.00
Legal/Recording/Attorney/Other Fees Costs	
Legal/Recording/Attorney/Other Fees Costs	0.00
Title/escrow fees	0.00
Recording fees/other prep	0.00
Subtotal Recording/Attorney/Other Fees Costs	0.00
Developer Fee Costs	
Developer Fee Costs	0.00
Subtotal Developer Fee Costs	0.00
Total Cash Costs	0.00
IN KIND (DONATED) COSTS	
Donated Land Value	0.00
Donated Professional Labor Value	0.00
Donated Materials Value	0.00
Total In-Kind (Donated) Costs	0.00



Detailed Cost Breakdown

CASH SOURCES	
SHOP grant	0.00
CDBG grant	0.00
HOME grant	0.00
State Housing Finance Agency grant	0.00
State/Local Gov't Grant	0.00
Foundation Grant	0.00
Member Bank cash contribution	0.00
	0.00
Subtotal Other Cash Sources	0.00
Homebuyer Downpayment	0.00
Cash Contributions/Fundraising (Sponsor funds)	0.00
Net Present Value of Below Market Rate Mortgage (Value of Habitat Mortgage)	0.00
Total Cash Sources	0.00
IN KIND (DONATED) SOURCES	
Donated Land Value	0.00
Donated Professional Labor Value	0.00
Donated Materials Value	0.00
Total In-Kind (Donated) Sources	0.00
DONATED VS. PAID LAND	
Donated vs. Paid land	ACCEPTABLE
DEVELOPER FEE CALCULATION	
Developer Fee Amount	0.00
Developer Fee Percentage	0.00%
DEVELOPER FEE CALCULATION	ACCEPTABLE
TOTAL COSTS AND SOURCES	
TOTAL COSTS	0.00
TOTAL SOURCES EXCLUDING AHP REQUIRED	0.00
FUNDING GAP (AHP REQUIRED)	0.00
TOTAL SOURCES INCLUDING AHP REQUIRED	0.00



Completing Attachment D/Detailed Cost Breakdown

- ◆ Total Sources and Total Costs must be equal.
- ◆ When all Sources and Costs entered into the Detailed Cost Breakdown with the Mortgage information entered into Attachment D, the Funding Gap (AHP required) will be calculated. This amount must match the amount on the AHP Habitat Disbursement Request submitted for the homebuyer.
- ◆ Print off both spreadsheets, sign the bottom of the Detailed Cost Breakdown, and submit both documents with the disbursement package.



Detailed Cost Breakdown

TOTAL COSTS AND SOURCES	
TOTAL COSTS	\$ 0.00
TOTAL SOURCES EXCLUDING AHP REQUIRED	\$ 0.00
FUNDING GAP (AHP REQUIRED)	\$ 0.00
TOTAL SOURCES INCLUDING AHP REQUIRED	\$ 0.00
SPONSOR SIGNATURE SIGNOFF	
All of the costs and sources for the above homebuyer are accurate to the best of my knowledge and contain no ineligible costs	
Sponsor Signature:	
Sponsor Printed Name:	
Date:	



Attachment D/Detailed Cost Breakdown

Common Mistakes:

- ◆ The GAP listed on Attachment D/Detailed Cost Breakdown does not match the 'Final Amount Requested' on the Disbursement Request Form.
- ◆ The Detailed Cost Breakdown is not signed as required.
- ◆ All of the 'Cash Sources' the homebuyer received are not listed on Attachment D/Detailed Cost Breakdown.
- ◆ Attachment D was not printed and submitted with the Detailed Cost Breakdown.



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Attachment D/Detailed Cost Breakdown

Common Mistakes:

- ◆ The land costs amount was erroneously entered on Attachment D/Detailed Cost Breakdown.
- ◆ The land costs are incorrectly listed under the paid costs when it was donated or vice versa.
- ◆ The Developer Fee exceeds 15% of the total development costs.
- ◆ All repayable mortgages are not included on Attachment D/Detailed Cost Breakdown.



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9 – Current Appraisal

- ◆ The current appraisal is only required **if** the Habitat Note/Mortgage amount exceeds all costs.

Common Mistakes:

- ◆ The appraisal was not submitted if the repayable mortgage amount exceeds the Total Costs.
- ◆ The appraisal does not show a market value for the home that is equal to or higher than the mortgage amount.
 - ◇ If the market value is not equal to or higher than the mortgage amount then the grant will be reduced by the difference.



10 - Executed Notes and Mortgages (Deeds of Trust)

- ◆ Must provide an executed Note and Mortgage (Deed of Trust) for all loans to the homeowner, even if forgivable.
- ◆ All loans repayable to Habitat must be entered on Attachment D/Detailed Cost Breakdown.

Common Mistakes:

- ◆ The loan amount, term or rate as indicated on the Note do not match the Mortgage (Deed of Trust).
- ◆ The loan amount, term, or rate on the Note do not match the figures indicated on Attachment D.
- ◆ If there is no second (forgivable or not) loan, a letter or e-mail indicating there is no second loan is required but it was not submitted.
- ◆ Either the Note or Mortgage was not submitted as required.



11a - Verification of Land Costs Paid or 11b – Donated

- ◆ Must be documented with one of the following:
 - ◇ HUD-1 Settlement Statement executed by both buyer and seller or settlement agent,
 - ◇ Warranty deed,
 - ◇ Purchase contract, or
 - ◇ Letter from the grantor.
- ◆ Attachment D and the Detailed Cost Breakdown must show:
 - ◇ The amount paid for the land as the Land Paid Cost, or
 - ◇ The market value of the donated land as the Donated Land Value.

11a - Verification of Land Costs Paid or 11b – Donated

New for 2017

- ◆ Sponsors will no longer be allowed to use the outstanding balance of the foreclosed mortgage on a recycled property.
- ◆ Only true costs incurred with the recycle are eligible moving forward.
- ◆ This will follow the process for “Related Party” Transactions as defined in the AHP Implementation Plan .

11a - Verification of Land Costs Paid or 11b – Donated

Common Mistakes:

- ◆ The documentation of costs is not dated from the time of acquisition.
- ◆ The property address listed on the verification documents does not match the address on the Disbursement Request Form, the Note(s), the Mortgage(s), or the Warranty Deed.
- ◆ The costs do not match Attachment D/Detailed Cost Breakdown.
- ◆ The land costs are incorrectly listed under the paid costs when it was donated or vice versa.



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11c – Verification of Land Costs Paid are at Least 50% Below Market Value

- ◆ Must be verified with a Property Value Assessment (PVA) from the county auditor's office within one year of the Sponsor's acquisition or;
- ◆ An appraisal signed by a licensed/certified appraiser that shows the "as-is" value of the property within six months of acquisition.

Common Mistakes:

- ◆ The PVA is not dated within one year of the acquisition or the appraisal within six months.
- ◆ The PVA does not indicate a market value greater than 50% of the paid costs.



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11d - Appraisal or Property Value Assessment

- ◆ The market value of the land (paid or donated) must be documented with an appraisal or PVA from the county recorder's office dated.
 - ◇ Appraisals must be dated within six months of the acquisition date.
 - ◇ PVAs must be dated within one year of the acquisition date.
- ◆ If the price paid for the land is greater than the market value, the grant amount will be reduced unless:
 - ◇ Project was reduced for this reason at the time of application approval.
- ◆ The market value for donated land should be the figure entered on Attachment D/Detailed Cost Breakdown.

11d - Appraisal or Property Value Assessment

Common Mistakes:

- ◆ The appraisal is not dated within six months of the acquisition or the PVA is not dated within one year of the acquisition.
- ◆ For donated land, the market value is not the figure entered on Attachment D/Detailed Cost Breakdown.

11e - Property Vacant due to Foreclosure

- ◆ Units must have been acquired by the Sponsor directly from one of the following:
 - ◇ Foreclosure or sheriff's sale,
 - ◇ Auction, or
 - ◇ Lender involved in the foreclosure.
- ◆ Properties that use the county or city as the intermediary between the lender and the Sponsor also qualify.
- ◆ Units that passed through the ownership of other entities **DO NOT** qualify for these points.
- ◆ Must be documented with one of the following:
 - ◇ Foreclosure sale document,
 - ◇ Evidence that the borrower conveyed property back to lender, or
 - ◇ Letter from the lender.

11e - Property Vacant due to Foreclosure

- ◆ Evidence that the property was vacant at the time it was acquired by the Sponsor is required and must be documented with one of the following:
 - ◇ Photos dated within one year of the acquisition, or
 - ◇ Appraisal dated within six months of the acquisition.

Common Mistake:

- ◆ Documentation was submitted that proves the property indeed passed through the ownership of other entities.

Site Control vs. Acquisition Plan

- ◆ If site control (project addresses) was indicated in the approved AHP application at the time of project approval, those addresses do NOT have to be used.
- ◆ Each project now has an Acquisition Plan.
- ◆ Any property address can be used for the project as long as it meets ALL of the following:
 - ◇ Located in the county approved in the application, and
 - ◇ All the other approved scoring commitments are met, i.e. Appalachia, etc.

12 - Evidence of ALL funding sources

- ◆ If the project was approved for SHOP, HOME funds, etc., submit the fully executed grant/funding agreements along with any attachments/exhibits.
- ◆ If the project was approved for a cash contribution from a source, submit an executed letter verifying the cash contribution or cancelled check.
- ◆ For other permanent loans, submit the executed Note and Mortgage (Deed of Trust).

12 - Evidence of ALL funding sources

Common Mistakes:

- ◆ The grant agreement or attachments/exhibits were not submitted as required.
- ◆ An executed letter or cancelled check was not submitted as required.
- ◆ The cash source received was not disclosed on the household's Attachment D/Detailed Cost Breakdown.
- ◆ Cash sources that were approved in the AHP application were not applied to the household's as they originally indicated.



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13 – Warranty Deed

- ◆ Must submit a deed indicating the property has been transferred to the homeowner and that the current FHLB retention language is in the deed or referenced in the deed as an exhibit or addendum.
- ◆ “Retention period” means: Five (5) years from closing for an AHP-assisted owner-occupied unit.

Common Mistakes:

- ◆ The deed showing the transfer of ownership was not submitted with the disbursement package as required.
- ◆ The deed includes or references old retention language.
- ◆ The retention language is not included in the deed or it is not properly referenced as an exhibit or addendum.



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AHP Owner-occupied Retention Language

Owner-occupied Retention Language

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

Borrower(s), **for and in consideration** of receiving direct subsidy funds from the Federal Home Loan Bank of Cincinnati's Affordable Housing Program, **must maintain ownership** in this property for a period of **15 to 18** years (Retention Period) from the date of the recording of this deed.

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

14a – Bridge or Construction Loan

- ◆ Must be documented with executed copies of Note(s) and/or Mortgage(s), (Deed(s) of Trust) showing the Member as the lender.
- ◆ **For projects approved in 2014 and later**, the principal amount of the loan must be at least 51% of the total hard costs of the project.

Common Mistakes:

- ◆ If the loan is not secured by a Mortgage then evidence of what it is secured by is required.
- ◆ The loan document does not reference how the funds will be used in the project.

14b - Below-market Rate on the Construction Loan

- ◆ Must be documented with one of the following:
 - ◇ Current, executed letter from the Member indicating the below-market interest rate for the project and how the interest rate is below the market rate.
 - ◇ A copy of the standard rate sheet for loans of this type offered by the Member and published for the general public.
 - ◇ Information is compared to the construction loan documents to verify reduced rate.

Common Mistake:

- ◆ The letter submitted does not specifically state that the rate is at least 0.50 percent below its standard rates.



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14c – Member Cash Contribution

- ◆ Must submit a copy of the cancelled check.
- ◆ This contribution must be listed as an Other Cash Source (Member cash contribution) on one of the Detailed Cost Breakdowns for a homebuyer in the project.

Common Mistakes:

- ◆ The contribution is not listed as a 'Cash Source' on one of the homebuyer's Attachment D/ Detailed Cost Breakdown.
- ◆ The cancelled check was not submitted as required.



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14d - Servicing of Homebuyer Loans Originated by the Sponsor

- ◆ Must be documented with one of the following:
 - ◇ Language in the Note indicating where the payments are made.
 - ◇ Current, executed certification from the Member that the loan has been/will be set-up on the Member's servicing system and will be serviced at no cost to the Sponsor.

Common Mistakes:

- ◆ The Note does not indicate that the payments are going to the Member.



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Affordability Analysis

- ◆ FHLB calculates the housing expense ratio to ensure the household is within the required affordable range of 31% or below.
- ◆ FHLB requires the loan principle(s), loan terms(s), interest rate(s), and amounts for other predetermined housing costs (insurance, taxes, etc...)
- ◆ If the homebuyer receives "Section 8 to Homeownership Assistance" or other comparable income, affordability is met.



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Affordability Analysis

- ◆ At time of disbursement, if the annual expense ratio is not within our guidelines, FHLB will:
 - ◇ Request additional information regarding actual costs of insurance and taxes or
 - ◇ Allow a mortgage recasting to occur.
- ◆ For households that exceed 31%, the homebuyer will be deemed ineligible for disbursement.

Disbursement Feasibility

- ◆ The Sponsor is responsible for ensuring that financial information is correct and consistent with the approved AHP application.
- ◆ Projects that deviate from the approved parameters will undergo additional review to determine the reason for, and reasonableness of, any deviation.
- ◆ Projects must meet all feasibility guidelines or provide explanations satisfactory to FHLB for any values outside the guidelines.
- ◆ 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/Limits

- ◆ Total Project Cost (TPC) per unit must not exceed \$185,000.
 - ◇ If this cost is exceeded, an explanation must be provided.
- ◆ Construction Soft Costs must be no more than 25% of TPC.
 - ◇ If this cost is exceeded, an explanation must be provided.
- ◆ The AHP subsidy per unit requested must not exceed \$50,000 per unit.
 - ◇ The approved AHP subsidy should generally be divided evenly among the total number of units.

Feasibility Guidelines/Limits

- ◆ Developer Fee is calculated by including developer fee, developer overhead (organizational overhead), consultant fee, and may not exceed the percentage of total development costs (maximum 15%).

General Common Mistakes

- ◆ The Sponsor or Member is unfamiliar with the commitments made in the AHP application.
- ◆ Package includes documentation that contradicts something else that was also submitted to FHLB.
- ◆ The Sponsor or Member is delinquent submitting requested additional information or monitoring and reporting requirements.

General Common Mistakes

- ◆ The homebuyer/owner or property does not fit into the project's requirements (special needs, elderly, homeless, first-time homebuyer, or the property was not purchased below market value or donated, etc...).
- ◆ Based off the documentation submitted the household does not meet the affordability requirements.

Reminders

- ◆ The AHP Disbursement Request form must be signed by both the Member and Sponsor contacts.
- ◆ A signed Detailed Cost Breakdown and Attachment D is required for each unit when requesting funds. Be sure to include all costs and sources for the homebuyer as these represent final costs/sources.
- ◆ Be sure the funding gap shown on the Attachment D and Detailed Cost Breakdown matches your AHP Habitat Disbursement Request.
- ◆ Please be sure to use the correct retention language as it changes from year to year.



Reminders

- ◆ Submit a copy of the Note and the corresponding Mortgage for all loans made to the partner family.
- ◆ Show the principal and interest payment on the Note for all repayable loans shown on Attachment D.
- ◆ Only submit the request under the project you wish to disburse it under. A household should not be transferred between projects unless it is absolutely necessary.
- ◆ Allow up to 30 days for FHLB staff to review the preliminary review or disbursement packages as well as additional information submitted.



Reminders

- ◆ If a request is withdrawn by the Sponsor, it cannot be reinstated under the same project.
- ◆ Keep FHLB informed of any staff changes in your organization via e-mail. Only one contact is allowed.
- ◆ Send all requests to one of the following:
 - ◇ By e-mail: AHPDisbursement@fhlbcin.com Subject line: Project number, Homebuyer's name, Disbursement or Preliminary Review
 - ◇ By Fax: (513) 852-7648
 - ◇ By Mail: Housing, FHLB of Cincinnati, 221 E. 4th Street, Suite 600, Cincinnati, OH 45202



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Certificates of Training Completion

- ◆ In the past a Certificate of Completion was e-mailed to all persons completing the training/webinar.
- ◆ Going forward a Certificate will not be prepared and sent to each participant.
- ◆ The AHP Disbursement Request form requires the training completion date for ALL trainings/webinars presented for the related project type to be entered.
- ◆ FHLB staff will verify these dates to fulfill the annual training requirement.
- ◆ No consultants can complete the training/webinar on behalf of a Sponsor organization.



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We encourage all FHLB Members and housing sponsors to notify us of plans to celebrate or recognize any FHLB-funded housing or community investment project. FHLB is often available to participate and to offer public relations assistance for community events such as ribbon cuttings, groundbreakings, and dedications.

**Please contact Member Services/Public Affairs,
toll-free, at (877) 925-FHLB(3452).**



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www.linkedin.com/company/federal-home-loan-bank-of-cincinnati



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Thank You



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