

Housing and Community Investment

# Carol M. Peterson Housing Fund Program Guide



January 29, 2018



# 2018 Carol M. Peterson Housing Fund Program Guide

The Federal Home Loan Bank of Cincinnati (FHLB Cincinnati) has established a fund to help low-to-moderate income households with accessibility and emergency repairs through a program called the Carol M. Peterson Housing Fund (CMPHF). The fund is named in honor of the former FHLB Cincinnati executive who spearheaded FHLB's affordable housing and community investment initiatives for more than two decades.

CMPHF funds are available to non-profit Sponsor organizations partnering with Members as grants specifically designated to assist elderly or special needs homeowners residing in Kentucky, Ohio and Tennessee. CMPHF grants are limited to \$7,500 per household. Households are eligible only if the total household income is at or below 60 percent of the Mortgage Revenue Bond (MRB) income limits, and funds are offered on a "first-come, first-served" basis. Other program requirements are identified below.

## Schedule for the Carol M. Peterson Housing Fund

**CMPHF funds will be available for reservation beginning at 10:00 AM ET on June 1, 2018, and will remain available until all funds have been reserved.** Reservations may not be submitted in advance.

## Funds Available

**The available funding for the Carol M. Peterson Housing Fund has not yet been determined. Funds will be reserved for Members and homebuyers on a "first-come, first-served" homeowner-by-homeowner basis, but only to the extent that funds are available.**

## Member Eligibility

- **All FHLB Members are eligible for participation in the program.** In the event a Member terminates membership in the FHLB, the FHLB will not disburse any additional funding, but will make every effort to assist the Sponsor in partnering with a new Member;
- Within the availability of funds, **all Members are eligible to receive up to 10 percent of the available CMPHF funds per year.** However, the Member is not guaranteed any funds. Each Member and Sponsor pairing is identified as a "project." Each project is limited to a maximum of \$75,000;



- **A Member may partner with multiple Sponsors creating multiple projects; and,**
- **Funds are reserved for specific homeowners and specific properties.** The reservation approval cannot be transferred to other homeowners or to other properties. Once all funds have been reserved, the FHLB will not accept any additional reservation requests.

## Sponsor Eligibility

The Sponsor organization must meet all of the following requirements:

- **All eligible Sponsors must be a non-profit organization with a current 501(c)(3) or (c)(4) designation from the IRS.** Other IRS non-profit designations may be accepted with approval from FHLB;
- **The Sponsor is required to complete and submit the FHLB Cincinnati Sponsor Capacity Form** to demonstrate qualifications and experience with rehab projects, improving accessibility, analyzing income and determining special needs and/or elderly status. The Sponsor Capacity Form must be submitted either before or with the first CMPHF Reservation Request; and,
- **The Sponsor may only partner with one Member per program year.**

In addition to the aforementioned criteria, the FHLB may also consider the Sponsor's overall capacity, location, performance on other FHLB programs, etc. Sponsors will be approved for participation in the program at the sole discretion of the FHLB and may be removed from participation for not complying with the program requirements.

## Homeowner Eligibility

In order to receive CMPHF grants, homeowners must meet all of the following eligibility requirements:

- **An occupant in the household must be special needs and/or elderly as defined by FHLB Cincinnati.** Refer to the Carol M. Peterson Housing Fund Certification of Special Needs and/or Elderly for the FHLB's definition of special needs;
- **Total household income must be at or below 60 percent of the MRB income limits,** as adopted by the appropriate state housing finance agency, and adjusted for family size. MRB limits for KY, OH, and TN are available at [www.fhlbcin.com](http://www.fhlbcin.com). The income calculation will be based on the limits in place at the time of program opening; and,
- **The applicant must have ownership interest in the property to be repaired.**



## Property Eligibility

In order to receive CMPHF grants, properties must meet all of the following eligibility requirements:

- **Must be the homeowner/applicant’s primary residence;**
- **Must be located in Kentucky, Ohio or Tennessee;**
- **Must be a single-family detached home or qualified manufactured home.** For CMPHF “Manufactured housing” refers to a single-family residential dwelling built in compliance with the Federal Manufactured Housing and Construction Standards, as amended, also known as the HUD Code, after June 15, 1976. Manufactured homes may be built in multi-sectional or single section units and installed on an FHA Title II permanent foundation system. In addition, the home and lot must be taxable together as real property. For CMPHF eligibility purposes, a single section manufactured home must be Energy Star rated. CMPHF funds may not be used for any other type of manufactured or mobile homes; and,
  - **Modular homes are eligible collateral for the CMPHF.** “Modular Home” refers to a home built to the State or Local Code where the home will be located. Sectional units are built in a production facility, transported to the site and assembled onsite.
  - **Mobile homes are not eligible collateral for the CMPHF.** “Mobile Home” refers to a residential structure manufactured prior to the enactment of the Federal Manufactured Housing and Construction Standards, also known as the HUD Code, on June 15, 1976.
- **The housing assisted with CMPHF funds must be subject to a legally enforceable restriction in the warranty deed** or restrictive covenant to the warranty deed requiring that the FHLB be given notice of any refinancing, sale, 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 prior to the end of a five-year retention period.

The FHLB reserves the right to determine whether or not a property is considered eligible.

## Role of Members

The Member who reserves CMPHF funds is responsible for the following:

- Submitting a Reservation Request;
- Executing a Direct Subsidy Agreement;
- Submitting a Funding Request; and,
- Disbursing the funds to the Sponsor.

In the event funds are misused and repayment is required, the FHLB will generally seek repayment directly from the Sponsor.



## Role of Sponsors

The Sponsor is responsible for the following:

- Completing the Sponsor Capacity Form;
- Determining and documenting the household's income (Note: FHLB will rely on the household income calculations performed by the Sponsor to determine that the household income meets the requirements of the program);
- Determining and documenting that the household meets the FHLB's definition of special needs and/or elderly;
- Determining repairs to be made and completing repairs;
- Completing the Pre-Rehabilitation and Post-Rehabilitation Inspection forms;
- Maintaining invoices/receipts corresponding to charges listed on the Attachment A for the home repairs;
- Ensuring the 2018 CMPHF Retention Language has been inserted in the deed or recording a Declaration of Restrictive Covenants that references the deed; and,
- Requesting the funds from the FHLB Member institution.

## Retention Requirements

- All properties using CMPHF grants shall be subject to retention agreements providing that the FHLB will be given notice of any sale, change of ownership, foreclosure, conveyance by deed-in-lieu of foreclosure, assignment of the first mortgage to the Secretary of HUD, or refinancing within the "retention period" and providing that CMPHF subsidy may be subject to repayment.
- The "retention period" for a CMPHF unit is five (5) years from the date of the recording of the retention mechanism.
- The retention language must be inserted into the Warranty Deed or recorded as a separate Declaration of Restrictive Covenants to the Warranty Deed. If it is attached to the Warranty Deed as an addendum or attachment, the Warranty Deed must make reference to the specific addendum or attachment including the retention language (for example, "see Attachment A for FHLB retention language"). If the FHLB staff cannot determine the retention language was recorded with the deed, a recorded copy will be required. Only the 2018 retention language will be accepted.
- The Member has no responsibility to monitor the homeowner or property during the five year retention period. The original Member should only contact the FHLB about a sale or refinance of a property if they are providing the new financing.



## Eligible Uses of Funds

- **CMPHF funds may be used to fund reasonable accessibility rehab or emergency repairs such as:**
  - ✓ Grab bars and handrails
  - ✓ Widening doors
  - ✓ Altering cabinets
  - ✓ Replacing fixtures
  - ✓ Repairing/replacing roofs
  - ✓ Electrical systems
  - ✓ Plumbing systems
  - ✓ Structural repairs to floors/walls
- **CMPHF grants may not exceed \$7,500 per homeowner**, as determined by the FHLB.
- **CMPHF funds may be used in conjunction with other local, state, federal funding sources** and with the FHLB's Community Investment Cash Advance programs.
- **A portion of the funds awarded may be used to pay an administration fee to the Sponsor** (not to exceed 10 percent of the total cost of work completed and documented).

## Ineligible Uses of Funds

- **CMPHF funds may not be used for any other purposes except those specifically stated above.** CMPHF funds may not be used to pay for repairs completed or materials purchased by the homeowner or any repairs completed prior to applying for grant funds.
- **CMPHF funds may not be used for any property in which the applicant does not have an ownership interest and is not used as the primary residence.**
- **CMPHF funds may not be used for the purchase of appliances, furniture or tools.**
- **CMPHF funds may not be used for landscaping or outdoor beautification of the property.**
- **CMPHF funds may not be used with an existing or future award through any of the FHLB's Housing & Community Investment (HCI) programs**, except for the Community Investment Program.

## Reduction in CMPHF Amount

**If the CMPHF funds appear to be used for ineligible or unsupported/unverified costs, the CMPHF grant will be reduced by a like amount.** Any amount paid for these kinds of items must come from the homeowner, Sponsor, or another funding source.



## Reserving CMPHF Funds

**Funds will be reserved for specific homeowners with specific address information and reservations cannot be transferred to other homeowners or to other properties.** The Reservation Request and Funding Request can only be submitted by a FHLB Member.

- To submit a Reservation Request for a homeowner, the Member must:
  - Access the FHLB's Member's Only portal at [www.fhlbcin.com](http://www.fhlbcin.com). For assistance in accessing the Member's Only portal, please contact the Member's Only Administrator at your institution or contact the FHLB's Service Desk at 800-781-3090 (8:30AM – 5:00PM EST);
  - Click on Housing Program Forms, Carol M. Peterson Housing Fund and complete a Reservation Request; and,
  - Upload and attach the following required documents as **one attachment** to the Reservation Request form:
    - 1) Certification of Household Income Eligibility;
    - 2) Certification of Special Needs and/or Elderly; and,
    - 3) Pre-Rehabilitation Inspection form.
- A Reservation Request may be denied if the required information is not submitted.
- Do not submit documentation that is not required such as documentation used to verify household income (i.e., W-2s, bank statements, credit reports, tax returns, etc.) as this slows down the upload and review process.
- Within two weeks, the FHLB will perform a preliminary review of the Reservation Request and the documentation submitted to determine the eligibility of the household, the availability of funds in the program, and the availability of funds for the Member. If any of the information is incomplete, additional documentation or information may be required and additional time will be required to process the request. A Request for Additional Information, describing the documentation needed, will be sent to the designated Member and Sponsor contacts. The requested documentation must be received within five business days or the Reservation Request will be denied.
- **Submission of the Reservation Request does not constitute a reservation of funds. Funds are reserved only upon written notification from the FHLB. The repair work should not be completed prior to receiving a reservation approval or funds may not be disbursed.**



## Withdrawing a request

If a Member has submitted a Reservation Request and then realizes the request is ineligible, they should send an email to [cmpfh@fhlbcin.com](mailto:cmpfh@fhlbcin.com) with the project number, homeowner's name and statement that the Reservation Request should be withdrawn. FHLB will withdraw the reservation request and generate a withdrawal letter, which will then be emailed to the Member contact.

## Disbursing CMPHF Funds

**CMPHF funds will be disbursed to the Member who will then provide the funds to the Sponsor.**

- To submit a Funding Request for a homeowner, the Member must:
  - Access the FHLB's Member's Only portal at [www.fhlbcin.com](http://www.fhlbcin.com). For assistance in accessing the Member's Only portal, please contact the Member's Only Administrator at your institution or contact the FHLB's Service Desk at 800-781-3090 (8:30AM – 5:00PM EST);
  - Click on Housing Program Forms, CMPHF and complete a Funding Request; and,
  - Upload and attach the following required documents as **one attachment** to the Funding Request form:
    - 1) Post-Rehabilitation Inspection form;
    - 2) Sources and Uses Statement (Attachment A);
    - 3) Invoices and /or receipts for all materials shown on Attachment A; and,
    - 4) Copy of the deed or Declaration of Restrictive Covenants showing the five-year retention language.
- No funds can be disbursed until the Member executes and returns the Direct Subsidy Agreement (DSA). The DSA will be emailed directly to the Member contact when the first Reservation Request is received.
- **Submission of a Funding Request is not an approval of funds disbursement.** Once the Funding Request has been reviewed and approved, funds will be disbursed to the Member. The Member is responsible for disbursing the funds to the Sponsor.
- In the event the FHLB determines that funds were used for an ineligible expense, the grant will be reduced by the amount of the ineligible expense unless another funding source covered the expense. **Under no circumstances can the CMPHF funds be disbursed directly to the homeowner.**
- **Please note that during periods of peak demand, it may take up to two weeks to review and approve a Funding Request. If the information submitted is incomplete, it may take longer. Funding Requests must be submitted by December 3, 2018 or the request will be denied.**





## Documents and Forms

All documents and forms may be found at [www.fhlbcin.com](http://www.fhlbcin.com) and only the current FHLB version will be accepted.

### Sponsor Capacity Form

The Sponsor Capacity Form is required for each participating Sponsor organization to provide information to help determine the organization's ability to meet program requirements.

The properly completed Sponsor Capacity Form must:

- Be submitted before or with the first CMPHF Reservation Request;
- Be signed and dated by the organization's Executive Director or Board Chair;
- Identify the FHLB Cincinnati Member partner; and,
- Provide sufficient detail to demonstrate qualifications and experience required.

### Certification of Household Income Eligibility

The Certification of Household Income Eligibility is required to prove the household meets the program income guidelines.

The properly executed Certification of Household Income Eligibility form must:

- Be completed, signed and dated by the Sponsor;
- Clearly list the Sponsor name, homeowner name, and complete subject property address;
- Include all persons residing in the home regardless of age, special need status or income; and,
- Show the total household income as a percent of the Mortgage Revenue Bond (MRB) limit for the county the subject property is located.

### Determining Income

Income for all individuals residing in the home must be shown. This includes child support, Social Security (SS), Supplemental Security (SSI), Survivor's or any other benefit received for or on the behalf of a minor child residing in the household. For additional guidance on calculating income, please refer to Section VII - *How is Household Income Calculated?* in the FHLB Income Eligibility Guide.

**Examples of acceptable documents used to verify income include but are not limited to:**

- |                                |   |
|--------------------------------|---|
| ✓ Pay stubs                    | ✓ Unemployment/Worker's Compensation Notification |
| ✓ Verification of Employment   | ✓ Alimony/Child Support printout                  |
| ✓ SS/SSI/VA Benefit Letter     | ✓ Court Order/Divorce Decree                      |
| ✓ IRS Tax Returns              |   |
| ✓ Annuity/Pension Award Letter |   |



After all persons and incomes have been entered on the form, add the incomes to determine the “Total Household Income.” Do not send the income documentation to the FHLB, only the Certification of Household Income Eligibility should be submitted.

### Determining Household Income Eligibility

The current MRB Income Limits for each county in Kentucky, Ohio, and Tennessee must be used. Separate income limits apply to households of “1 – 2 persons” versus households of “3 + persons.”

- Enter the appropriate “MRB Income Limit” based on the state and county of residence and household size.
- Divide the “Total Household Income” by the “MRB Income Limit” to determine the “Total Household Income as a Percent of MRB Income Limit.” If the percentage calculated is greater than 60 percent, then the household is not eligible for the CMPHF.

### Certification of Special Needs and/or Elderly Household

The Carol M. Peterson Housing Fund Certification of Special Needs and/or Elderly form is the only document acceptable to verify the household’s special needs and/or elderly status.

The properly executed CMPHF Certification of Special Needs and/or Elderly form must:

- Be completed, signed and dated by the Sponsor;
- Identify by name and age at least one occupant in the household who meets the FHLB Cincinnati definition of special needs or is elderly (60 years of age or older); and,
- At least one household occupant must meet one of the following definitions or the household will not be eligible:
  - 1. “Physically disabled” means any person: a) With a physical impairment which 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 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 who 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 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 who 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 is unable to perform life roles in at least one of the major domains of living, working, learning, or socializing.



- o 4. “Co-occurring disabled” means any person: a) Diagnosed as having both a psychiatric disorder as well as a substance abuse/dependency (co-occurring) and 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 is unable to perform life roles in at least one of the major domains of living, working, learning, or socializing.
- o 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.
- o 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 who is receiving treatment in a recognized therapeutic program.
- o 7. “Elderly,” for the purpose of the Carol M. Peterson Housing Fund, is any individual 60 years of age or older.

Sponsors should not include detailed information or documentation regarding the nature of the household occupant’s disability. The form should just identify, by inserting a number, which of the eligible categories the household meets.

### Sources and Uses Statement (Attachment A & Labor Breakdown)

The Sources and Uses Statement is a fillable Excel spreadsheet used to document and total the invoices, receipts and labor charged for the home repairs. The Attachment A automatically totals the data entered into the cells and calculates the permissible administrative fee. The Labor Breakdown sheet is a separate form and should only be completed if the Sponsor’s employees performed the rehab/repair work. With both the Attachment A and Labor Breakdown sheets, the data must be entered and the documents must be saved as a pdf or printed before submitting.

### Attachment A

- Should display a brief description of the materials **OR** Contractor/Business name used to complete the rehab/repair work;
- Material costs listed should be supported by receipts that clearly identify the homeowner by name and/or subject property address and item(s) purchased;
- Contractor costs listed must be supported by invoices that clearly identify the contractor/business name, homeowner name and/or subject property address, explanation of work performed, and associated costs;
- All sources of funds used to pay for the rehab/repair works should be included. All funding sources, in addition to the CMPHF, should be identified;
- The administrative costs cannot exceed 10 percent of the total material and labor cost; and,
- The “Total Sources” and “Total Uses” must match across each cost line item. An “ERROR” will appear in any cell that is not properly balanced.



### Labor Breakdown

- Should not be used if work was completed by a contractor;
- Must provide the name, hourly wage, date, and number of hours worked for each laborer;
- Must describe the type of work the person performed;
- Job evaluation, project oversight, travel time, mileage, inspection fees, etc., should not be included as they are not allowable labor costs; and,
- “Total Labor Cost” calculated on the spreadsheet will transfer to the “Labor Cost” cell on the Attachment A.

### Pre-Rehabilitation Inspection Form

The Pre-Rehabilitation Inspection form summarizes the scope and estimated costs of work anticipated to be completed for the homeowner’s property. The form must be completed by a certified/licensed inspector. It should also show:

- The homeowner as the same person or persons for whom CMPHF funds are requested;
- The property address as the same property for which CMPHF funds are requested; and,
- The Homeowner Disclosure, Sponsor, and Inspection Certification signatures.

### Post-Rehabilitation Inspection Form

The Post-Rehabilitation Inspection form details the work actually completed for the homeowner’s property. The form must be completed by a certified/licensed inspector. It should also show:

- The homeowner as the same person or persons for whom CMPHF funds were reserved;
- The property address as the same property for which CMPHF funds were reserved;
- A brief description of all the work completed for the homeowner’s property;
- An explanation of any changes or deviations in the scope of work described on the Pre-Rehabilitation Inspection report; and,
- The Homeowner, Sponsor, and Inspector signed and dated the form after all work was completed.

## Repayment of CMPHF

If the property rehabilitated using CMPHF funds is sold or refinanced within the retention period, the homeowner or closing agent is required to give notice to the FHLB of the sale or refinance. Reference the Subsidy Recapture Procedures available at [www.fhlbcin.com](http://www.fhlbcin.com) for a complete explanation of the subsidy recapture process with examples.



## Technical Assistance

For assistance with Members Only, please contact the Service Desk at 800-781-3090.

For information or assistance with the CMPHF, please contact the Housing and Community Investment Department toll free at **888-345-2246**, or

**Web site:** [www.fhlbcin.com](http://www.fhlbcin.com)

**Email Address:** [cmphf@fhlbcin.com](mailto:cmphf@fhlbcin.com).

**Mailing Address:**

**Federal Home Loan Bank of Cincinnati  
CMPHF  
P.O. Box 598  
Cincinnati, OH 45201-0598**

**OR**

**Federal Home Loan Bank of Cincinnati  
CMPHF  
221 East Fourth Street  
Suite 600  
Cincinnati, OH 45202**