

AHP Periodic Monitoring Prior to Project Completion for Ownership and Rental Projects

2018



HCI Mission

- ◆ The primary mission of the Housing and Community Investment Department is to support our Members' community investment efforts through the responsible investment of available funds in sustainable affordable housing and economic development activities benefiting low- and moderate-income households across the Fifth District.

Affordable Housing Program Monitoring Policy

- ◆ All projects receiving an award of Affordable Housing Program (AHP) funds through the Competitive AHP are subject to monitoring by the Federal Home Loan Bank of Cincinnati (the FHLB).
- ◆ Projects are monitored to ensure that AHP funds are used in accordance with the approved AHP application and the governing AHP Regulation (12CFR Part 12).

Affordable Housing Program Monitoring Policy

- ◆ AHP Monitoring occurs in three phases;
 - ◇ **Periodic Monitoring Prior to Project Completion;**
 - ◇ Initial Monitoring After Project Completion; and,
 - ◇ Long-Term Monitoring.

Initial Monitoring Prior to Project Completion

- ◆ This training provides specific information on Monitoring Phase I – Initial Monitoring Prior to Project Completion.
- ◆ The purpose of monitoring prior to project completion is to verify that satisfactory progress is being made towards completion.
- ◆ Monitoring during this phase occurs in the first and third quarter of each year through the use of Periodic Progress Reports (PPR).
- ◆ All approved AHP projects, both Ownership and Rental, are subject to initial monitoring prior to project completion.

PPR Process

- ◆ PPRs are transmitted via e-mail or fax to project Sponsors and Members through an automated document delivery system.
- ◆ Sponsors are required to complete, sign, date and submit the PPR to the project's Member partner.
- ◆ Members are asked to review the PPR and, if acceptable, sign, date and submit the PPR to the FHLB within the specified timeframe.
- ◆ If a Sponsor or Member is associated with multiple projects, a PPR will be transmitted for each project separately.

PPR Benchmarks

- ◆ Benchmarks are used to determine if projects are making satisfactory progress towards completion.
 - ◇ Within 12 months of application approval, at least one funding commitment other than AHP is secured;
 - ◇ Within 18 months of application approval, all other funding commitments have been received;
 - ◇ Within 18 months of application approval, acquisition of the project property/properties or the first homeowner/homebuyer has been approved for owner-occupied rehabilitation/acquisition projects;

PPR Benchmarks

- ◆ Within 24 months of application approval, ground breaking, construction or rehabilitation activities have begun or the first loan has closed for an eligible homebuyer;
- ◆ Within 36 months of application approval, acquisition, construction, and/or rehabilitation of all project units is complete, or the last project loan has closed for an eligible homebuyer; and,
- ◆ Within 48 months of application approval, acceptable documentation has been submitted for all project units and all AHP funds have been disbursed.

Completing the PPR

- ◆ Carefully review all information at the top of Page 1, especially contact information.
- ◆ Make any necessary changes by marking through the current information and writing-in the correct information.



**Affordable Housing Program
Periodic Progress Report
February 2016**

Project Number / Name / Location: 201501-0250
2015 Homeownership Project / Cincinnati, OH

Member: ABC Bank, Cincinnati, OH

Sponsor: 123 Community Housing Development Organization

Funding Commitment Expiration: November 20, 2019

of Units Approved / Modified: 20 Ownership

Advance Amount / Disbursed: \$0.00 / \$0.00

Advance Subsidy: \$0.00

Grant Amount / Disbursed: \$250,000.00 / \$0.00

Member Contact / Phone / Fax: Mr. John Doe / 513-111-1111 / 513-111-1112
john.doe@ABCBank.com

Sponsor Contact / Phone / Fax: Ms. Sally Smith / 513-222-2222 / 513-222-2223
ssmith@chdo.org

Is the information above correct? Yes No

If No, please make the necessary corrections directly on this form.

Completing the PPR

- ◆ Answer all questions; including dates.
- ◆ The PPR is incomplete if dates are not included.
- ◆ Attach a separate page to describe the current project status and explain any answers with an anticipated date that exceeds the FHLB's satisfactory progress benchmarks.
- ◆ Mark any items completed off on the project's Score Sheet.
 - ◇ Write next to the individual items that have been completed. If nothing has been completed yet, simply state so on the Score Sheet itself. This should be returned with the PPR.

| PROJECT STATUS: <i>(PLEASE COMPLETE ALL QUESTIONS)</i> | Date Completed | Date Anticipated |
|---|----------------|------------------|
| 1. At least one funding commitment other than AHP has been secured. (within 12 months of approval) Fundraising, deferred developer fee, Sponsor permanent loans, and Member permanent loans are considered secure at time of AHP application approval. | _____ | _____ |
| 2. Project has received all funding commitments other than AHP. (within 18 mos of approval) | _____ | _____ |
| 3. Project development budget/sources and uses. (Rental Projects Only) (a) For tax credit rental projects, construction loan/partnership agreement closing date. * Attach a copy of the final tax credit proforma if closing has occurred. (Needed only once) (b) For non-tax credit rental projects, date all building permits received. * Attach a copy of the updated sources and uses, if permits have been received. (Needed only once) | _____ _____ | _____ _____ |
| 4. Sponsor acquired/obtained ownership of the project property/properties or approved the first homeowner/homebuyer for owner-occupied rehabilitation/acquisition. (within 18 months of approval) | _____ | _____ |
| 5. Ground breaking/construction/rehab activities eligible for AHP funding have begun or the first loan has closed for an eligible homebuyer. (within 24 months of approval) | _____ | _____ |
| 6. Project has been completed. (within 36 months of approval) (a) For rental projects involving construction of new units, rehabilitation of units or conversion of space to rental units, "project completion" means that the construction or rehabilitation work has been completed. (b) For ownership projects involving the transfer of ownership to an AHP-eligible homebuyer, whether the project involves new construction, rehab, or acquisition only, "project completion" means that the last financing transaction for the final unit in the project is closed. (c) For ownership projects involving the rehabilitation of owner-occupied units for an AHP-eligible homeowner, "project completion" means that the rehab work has been completed. * See AHP Implementation Plan, Attachment E, for a more detailed definition of project "Completion." | _____ | _____ |

PPR Questions

1. At least one funding commitment other than AHP has been secured? (12-month benchmark)
 - ◇ Enter date commitment was secured; or,
 - ◇ Enter anticipated date commitment will be secured.
 - ◇ Fundraising, deferred developer fee, Sponsor permanent loans, and Member permanent loans are considered secure at time of AHP application approval.
2. Project has received all funding commitments other than AHP? (18-month benchmark)
 - ◇ Enter date all commitments were received; or,
 - ◇ Enter anticipated date all commitments will be received.

PPR Questions

3. Construction financing closed/construction loan has been executed?
- ◆ This *does not* apply to ownership projects, only for rental and LIHTC projects. Ownership projects should mark N/A.
 - ◆ Be sure to mark the appropriate answer.
 - ◇ If this is a LIHTC project, insert the date of the partnership closing.
 - ◇ If this is a rental non-tax credit project, insert the date that that building permit was received.
 - ◆ Attach a copy of the final construction budget/sources or uses, if the closing occurred.

PPR Questions

4. Sponsor acquired/obtained the project property/ properties or approved a homeowner/homebuyer for owner-occupied rehabilitation/acquisition? (18-month benchmark)
 - ◇ Enter date acquired/approved; or,
 - ◇ Enter anticipated date of acquisition/approval.
5. Ground breaking/rehab/construction has begun or the first loan has closed for an eligible homebuyer (*acquisition only projects*)? (24-month benchmark)
 - ◇ Enter start date/date of first loan closing; or,
 - ◇ Enter anticipated start date/date of first loan closing.
6. Project has been completed? (36-month benchmark)
 - ◇ Enter completion date; or,
 - ◇ Enter anticipated date of completion.

Project Completion Defined

- ◆ Ownership – Acquisition Only/Acquisition Rehab/New Construction
 - ◇ Date shown on the HUD-1 Settlement Statement for the last project unit closed (loan closing/property transfer).
 - ◆ Ownership – Owner-occupied Rehab Only
 - ◇ Date work is completed for the last project unit.
 - ◆ Rental – New Construction or Rehab
 - ◇ Date the Certificate of Occupancy is issued; or,
 - ◇ Date work is completed for the last project unit.
- * See AHP Implementation Plan, Attachment E, for a more detailed definition of project completion.

PPR

| | |
|--|--|
| <p>7. Status of AHP-assisted units.</p> <p>(a) Number of houses/units currently under rehab/construction/acquisition: _____</p> <p>(b) Number of houses/units complete: _____</p> <p>(c) Number of houses/units occupied by eligible households: _____</p> | <p><u>Number of Units</u></p> <p>_____</p> <p>_____</p> <p>_____</p> |
| <p>8. Number of AHP disbursement requests submitted on or before February 2, 2017: _____</p> | <p><u># of Requests Submitted</u></p> <p>_____</p> |
| <p>9. Date AHP disbursement request(s) will be submitted: _____ (All funds must be disbursed within 48 mos of approval)</p> | <p><u># of Requests to be Submitted</u></p> <p>_____</p> |
| <p>10. Total Project Costs (TPC) have not increased more than 10% over Initial Total Project Costs of \$11,706,262.00. Changes to the project's Total Project Costs greater than 10% may require a modification to the approved AHP application. See AHP Implementation Plan, Attachment D, for more information on modification requirements.</p> | <p><u>Current TPC</u></p> <p>_____</p> |
| <p>11. On the project's attached AHP Application Scoring Sheet, indicate the status of all commitments and correct any inaccurate information directly on the Sheet.</p> <p>The FHLB expects projects will be developed as outlined in the approved AHP application and summarized on the attached AHP Application Scoring Sheet prior to commitment expiration. Any variations to the parameters of the approved AHP application or latest approved modification must be requested in writing. See AHP Implementation Plan, Attachment D, for more information on modification requirements.</p> | |
| <p>12. On a separate sheet, provide a brief description of the project's current status. If any questions were answered with an anticipated date or the anticipated date exceeds the satisfactory progress benchmarks indicated on the report cover letter, explain why the activity will not be/was not completed within the target time period.</p> | |

AHP-assisted Units and Disbursements

7. Status of AHP-assisted units:

- ◆ Number of houses/units currently under rehab/construction/acquisition;
- ◆ Number of houses/units complete; and,
- ◆ Number of houses/units occupied by eligible households

8. Number of AHP disbursement requests submitted on or before date of PPR? (48-month benchmark)

9. Number of AHP disbursement request that will be submitted and date in which that will occur. (48-month benchmark)

* If units are complete, the FHLB will check to see if a disbursement request has been submitted.

Total Project Costs

10. Total Project Costs (TPC) have not increased more than 10% over Initial Total Project Costs of the amount approved at AHP application?

- ◆ FHLB expects the cost listed in this field to be the **anticipated TPC** as of the date the PPR was submitted.
- ◆ If the TPC increased 10% or more from the application approval, provide the current development budget/sources and uses or tax credit proforma.
- ◆ If there is a change to these costs greater than 10% then a modification may be required.

Project Status & Variations

11. Complete the attached Score Sheet (indicating what commitments have been fulfilled) and request a modification if there are variations to the project's parameters.
 - ◆ Write on the Score Sheet if a commitment has been fulfilled. If no commitments have been fulfilled indicate so on the bottom of the page.
12. On a separate sheet, provide a brief description of the project's current status.
 - ◆ If any questions were answered with an anticipated date and the anticipated date exceeds the satisfactory progress benchmarks, explain why the activity has not been completed.
 - ◆ If there are any variations to the project from the approved AHP application then a modification must be requested.
 - ◆ If a modification is being requested, attach a separate sheet with an explanation and provide the following detail:
 - ◇ What change/modification is needed; and,
 - ◇ Why is the change/modification needed.

Modifications

Requests for project modifications are considered only when:

- ◆ Changes are caused by circumstances beyond the control of the Sponsor, Owner, Developer and/or Member; and,
- ◆ Project's modified score remains within the funded range for the year in which the project was originally approved.

The FHLB expects projects will be developed as outlined in the approved AHP application. It is solely within the FHLB's discretion to allow or deny any change or modification.

Certifications

If funds have been drawn, have all AHP subsidies been used according to commitments made in the approved AHP application and are all AHP-assisted units subject to the legally enforceable retention mechanism as required in AHP regulation 12 CFR part 1291?

Yes No N/A

For owner-occupied housing projects with funds drawn, have all AHP subsidies been provided to eligible households?

Yes No N/A

MUST BE ANSWERED IF FUNDS HAVE BEEN DRAWN

Certifications

Certification by Sponsor

I _____ (Print name of Sponsor contact) certify that the information provided herein is true, accurate and in compliance with the approved AHP application and 12 CFR 1291 and Section 10(j) of the Federal Home Loan Bank Act.

Signature: _____ Title: _____

Typed Name: _____ Date: _____

Certification by Member

I _____ (Print name of Member contact) certify that the information provided herein is true, accurate and in compliance with the approved AHP application and 12 CFR 1291 and Section 10(j) of the Federal Home Loan Bank Act.

Signature: _____ Title: _____

Typed Name: _____ Date: _____

MUST BE SIGNED AND DATED BY SPONSOR AND MEMBER



Projects with Expiring Commitments

- ◆ Projects which are within 12 months of commitment expiration will receive a PPR for Projects with an Expiring Commitment.
 - ◇ Request the same information about benchmarks for funding, project start, project completion, and funding requests.
 - ◇ Sponsor and Member may choose to de-obligate funds voluntarily, if no AHP funds have been disbursed.
 - ◇ Sponsor can explain project delays and request a modification that will allow the project to be completed and AHP funds fully disbursed prior to commitment expiration.

PPR for Projects with an Expiring Commitment

I. DE-OBLIGATION CERTIFICATION FOR PROJECT WITHDRAWAL

The project has not started. I understand that the AHP commitment will be withdrawn and the funds placed back in the AHP funding pool for future projects. Project Sponsors and Members are not penalized or barred from submitting future AHP applications for funding due to project withdrawal.

Sponsor Signature

Member Signature

Project De-obligation

- ◆ De-obligation for projects with partial funds disbursed:
 - ◇ If a project is within 12 months of commitment expiration and is not likely to be completed prior to the commitment expiration date, the FHLB may close-out the project and de-obligate the remaining funds if:
 - The project has met the income and occupancy targeting requirements, all services have been provided, and all other activities committed to in the approved AHP application have been completed, but not all the units have been completed and the total number of project units can be reduced to close-out the project; or
 - The project's total number of units, income and occupancy targeting, services and/or other activities committed to in the approved AHP application can be modified and the project's modified score remains within the funded range for the year in which the project was originally approved.

Project Withdrawals

- ◆ Projects with no funds disbursed:
 - ◇ The FHLB may withdraw the AHP funding commitment if a project can not demonstrate satisfactory progress toward completion.
 - ◇ Sponsors/Members may withdraw a project at anytime, if the project is not able to move forward.
 - ◇ Withdrawal of a project does not disqualify a Sponsor/Member from reapplying for AHP funds.

Project Delays

- ◆ If there have been unforeseen delays in the progress of the project?
 - ◇ If yes, attach a separate sheet with an explanation and provide details on what change/modification is needed to ensure the project is completed prior to commitment expiration.
 - ◇ Requests for modifications are considered only when:
 - Changes are caused by circumstances beyond the control of the Sponsor, Owner, Developer and/or Member; and,
 - Project's modified score remains within the funded range for the year in which the project was originally approved.
 - ◇ **The FHLB expects projects will be developed as outlined in the approved AHP application prior to commitment expiration. It is solely within the FHLB's discretion to allow or deny any change or modification.**

PPR Compliance

- ◆ Members and Sponsors are asked to complete, sign, and return the PPR to the FHLB within 15 calendar days.
- ◆ If PPRs are not submitted within the given deadline, a Delinquent Report Notice is issued and additional time is allowed to submit the report.
- ◆ Failure to return the completed PPR by the extended deadline, constitutes regulatory non-compliance.
 - ◇ The FHLB may withdraw the funding commitment for the project and any other project in which the Sponsor is involved;
 - ◇ No pending or future disbursement requests for funding will be considered;
 - ◇ Any application in which the Sponsor is involved may be denied; and
 - ◇ Repayment of previously disbursed funds may be required.

General Common Mistakes

- ◆ The two certifications on page two were not marked correctly.
- ◆ PPR is not signed by both the Sponsor and Member.
- ◆ The brief description was not submitted as required.
- ◆ Items completed in the project were not checked off on the Score Sheet. There was not a note stating no commitments have been fulfilled if nothing was finished.
- ◆ A PPR was submitted that was not a complete package. The PPR is not considered complete unless all items listed above are satisfied.

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, groundbreaking, and dedications.

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



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Thank You

