

Housing & Community Investment

# Owner-Occupied Rehab Disbursement Manual



Affordable Housing Program  
Effective January 1, 2019

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## Summary

This AHP Owner-occupied Rehab Disbursement Manual has been designed as a reference guide for Sponsors and Members (commercial banks, credit unions, thrifts, insurance companies, and CDFIs) that have been awarded Affordable Housing Program (AHP) funds by the Federal Home Loan Bank of Cincinnati (FHLB) in one of its competitive AHP offerings. Only Sponsor organizations that will coordinate the rehabilitation of homes for current homeowners should use this manual; FHLB maintains separate manuals for projects involving new construction, rental housing, or the rehabilitation of housing for sale to new homebuyers. Instructions for accessing AHP funds, checklists, and feasibility guidelines are included in this manual.

Please review this manual and the most recently-recorded version of the AHP Owner-occupied Rehab Disbursement webinar available at [www.fhlbcin.com](http://www.fhlbcin.com) prior to submitting a request for funding. One AHP Owner-occupied Rehab Disbursement Request form (“Request Form”) must be completed by both the project’s Sponsor and Member for each home on which work is completed. Use the Request form and this manual to identify acceptable documentation for drawing funds. Submitting documentation that is complete, accurate, and consistent will allow the request to be processed as expeditiously as possible. Please submit each request within 60 days of completing the work on the home (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.

## Disbursement Timeline

### Household Eligibility Guidelines

Verification of the household’s eligibility is required PRIOR to submission of a request for a disbursement of AHP funds for any household. Through the FHLB’s pre-approval process, FHLB will verify household size, income, and status (elderly, special needs, etc.) for all potential AHP fund recipients. Please refer to the AHP Pre-approval Manual and the AHP Pre-approval Request form available at [www.fhlbcin.com](http://www.fhlbcin.com) for more information on the pre-approval process, which MUST occur prior to submission of a disbursement request for any household.

Please also note that FHLB will only disburse funds for households in proportion to the percentage of the households that meet certain characteristics for which the project was approved. For example, for a 10-unit project that commits to serving two households with special needs, the FHLB will ensure that one of every five disbursements contains a household member who has special needs.

### Timeline for Disbursement of Funds

Once the 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 requests. If the 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 a request for AHP funds has been approved, the Member and Sponsor will receive a Confirmation of AHP Funds Disbursement via e-mail or fax confirming the amount disbursed for the homeowner. Within one business



day, the FHLB will electronically deposit the approved funds into the Member's Demand Deposit Account with the FHLB. If the Member does not receive the funds within this timeframe, please contact the FHLB for assistance. The Member should credit the funds to the Sponsor or project in a timely fashion after disbursement of funds by FHLB has taken place.

## Disbursement Availability & Subsidy Adjustments

Disbursements will be processed by the FHLB in accordance with the FHLB's procedures and guidelines for funding of subsidies and all applicable monitoring procedures, the latter of which are published on the FHLB's website, [www.fhlbcin.com](http://www.fhlbcin.com).

### Restricted Access to AHP Subsidy

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

### Subsidy Adjustments

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

## 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 Sponsor during the AHP application review process. The 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 Sponsor have complied with the obligations to which they committed in the approved AHP application. The FHLB re-evaluates the financial feasibility of the project and verifies the project's continued need for subsidy. Members and Sponsors requesting AHP funds from the FHLB must have documents in place in a form satisfactory to the FHLB to meet the requirements of the AHP Regulation (including a valid pre-approval for each household) and must provide copies of such documents to the FHLB prior to the disbursement of funds. Below is a detailed list of documents required for disbursement processing. The FHLB reserves the right to request further documentation as necessary or to request the amendment of documentation if it does not meet the FHLB's requirements.

All AHP funds are subject to the FHLB's funding requirements. Receipt of a disbursement does not guarantee compliance with the AHP guidelines. The 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. Please note that all



terms in quotation marks in this document represent items specifically defined in the FHLB's Affordable Housing Program Implementation Plan, which is available at [www.fhlbcin.com](http://www.fhlbcin.com).

## Disbursement Feasibility

Each disbursement request must meet all feasibility requirements and guidelines outlined in the current AHP Implementation Plan available at [www.fhlbcin.com](http://www.fhlbcin.com) or provide explanations satisfactory to the FHLB for any values outside the guidelines. Projects that deviate from these parameters will undergo additional review and underwriting to determine the reason for, and the reasonableness of, any deviation. Based on this review, FHLB staff may work with project Sponsors to make adjustments to the financial information submitted to ensure that the information accurately reflects the nature and financial structure of the project.

The 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 is ultimately responsible for ensuring that financial information is correct and consistent and that the project's financial structure meets the 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 approved project modification, and the value 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 the FHLB's modification procedures, available at [www.fhlbcin.com](http://www.fhlbcin.com)). The FHLB will determine the reasonableness of proposed or actual costs based on its experience with similar projects, similar locations, and similar populations being served. The 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

Please refer to the AHP Implementation Plan available at [www.fhlbcin.com](http://www.fhlbcin.com) for current feasibility targets and parameters. Note that projects approved for AHP funds in offerings prior to the current offering may be subject to different feasibility 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, the deviation. Projects that are outside any of the guidelines may not be able to receive AHP funds.



# Documents and Forms

## AHP Owner-occupied Rehab Disbursement Request Instructions

Collaboration between the project Member and Sponsor is necessary to complete the request form and provide the required documentation. Please follow the steps below to request funds for each household that has been pre-approved for the AHP project. If additional assistance is necessary, contact the Affordable Housing Program Manager.

<b>Step 1: Make Sure FHLB Has Pre-approved the Household for AHP Funds</b>
<ul style="list-style-type: none"><li>• Locate a copy of the AHP preliminary approval letter for the household that was e-mailed to the project contacts when the household was pre-approved</li><li>• If the household has yet to be pre-approved, complete and submit the AHP Pre-approval Request form and all Required Documents and await pre-approval from FHLB</li></ul>
<b>Step 2: Complete the AHP Owner-occupied Rehab Disbursement Request Form</b>
<ul style="list-style-type: none"><li>• Print the form from the Documents and Forms tab at <a href="https://www.fhlbcin.com/community-investment/program-documents-and-forms/">https://www.fhlbcin.com/community-investment/program-documents-and-forms/</a>.</li><li>• Complete all sections on the AHP Owner-occupied Rehab Disbursement Request form. Mark each of the Required Documents as “Already on file” (meaning that the documentation was provided during the AHP application process or with a previous unit’s disbursement request), “Enclosed,” or, if the item does not apply to the project, “N/A.”</li><li>• Circle “Yes” or “No” on the form’s header to indicate whether or not the property is located in a Qualified Census Tract (QCT) as defined by HUD.</li><li>• Attach additional sheets if any explanations are required.</li></ul>
<b>Step 3: Gather Required Documents</b>
<ul style="list-style-type: none"><li>• Collect anything marked “Enclosed” on the AHP Owner-occupied Rehab Disbursement Request form for inclusion in the request package and transmission to FHLB. All documents that pertain to the project are required.</li><li>• Use the listings below to ensure that the documentation provided meets FHLB’s needs.</li></ul>
<b>Step 4: Obtain Required Signatures</b>
<ul style="list-style-type: none"><li>• The Sponsor contact listed on the AHP Owner-occupied Rehab Disbursement Request form must sign the form and then send the package to the Member contact for signature.</li><li>• The Member contact should review the materials and then sign the AHP Owner-occupied Rehab Disbursement Request form in the appropriate location on the second page.</li></ul>
<b>Step 5: Submit the AHP Owner-occupied Rehab Disbursement Request Form with All Required Documents to FHLB</b>
E-mail to: <a href="mailto:AHPDisbursement@fhlbcin.com">AHPDisbursement@fhlbcin.com</a> (include the project number in the subject line) Or fax to: (513) 852-7647 or mail to: Housing and Community Investment Department Federal Home Loan Bank of Cincinnati 221 East Fourth St., Suite 600 Cincinnati, OH 45202



## Required Documents Descriptions

### AHP Owner-occupied Rehab Disbursement Request form

The Sponsor and Member contacts that FHLB has on file as the project contacts 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	Date of disbursement training completion	<p>One person from the Sponsor organization is required to participate in an FHLB training webinar for this disbursement type prior to receipt of a disbursement of AHP funds. This person should ideally be the person who is assembling the AHP disbursement request package. Input the date that the Sponsor contact(s) viewed the most current AHP Disbursements for Owner-Occupied Rehab Projects webinar (not the slides-only version) onto the AHP Owner-occupied Rehab Disbursement Request form. If a contact of the Sponsor has not completed the most current training, the Sponsor must complete training again. If the Sponsor representative (who cannot be a consultant) has yet to complete the training for this disbursement type, s/he can access the webinar at <a href="https://www.fhlbcin.com/community-investment/webinars-and-presentations/">https://www.fhlbcin.com/community-investment/webinars-and-presentations/</a>. Please note that FHLB will verify with WebEx that training for this disbursement type was completed on or around the date entered on the AHP Owner-occupied Rehab Disbursement Request form.</p>
2	Evidence that the household attended homeownership counseling	<p>“Homeownership counseling” means a program provided by, or based on one provided by, an organization recognized as experienced in homeownership counseling. The counseling program must cover, at minimum, mortgage financing, credit-worthiness, household budgeting, and home maintenance.</p> <p>Submit one of the following for each homeowner to document that s/he completed such counseling:</p> <ul style="list-style-type: none"> <li>• A current, executed letter from the Sponsor indicating that the homeowner(s) participated in the counseling program documented in the approved AHP application, or</li> <li>• A homeowner counseling course completion certification from the counseling program documented in the approved AHP application for each homeowner.</li> </ul> <p>If the documentation specifically mentions the components of the course offering, FHLB will require evidence that the counseling covered home maintenance, credit-worthiness, household budgeting, and mortgage financing. FHLB encourages the counseling to include information on predatory lending.</p>



3a	Marketing/outreach, pre-development activities, construction/rehabilitation activities, credit counseling/ budgeting, daycare services, education services, and/or employment training/ skills via a completed and executed AHP Sponsor Commitment Verification Form	<p>Print the AHP Sponsor Commitment Verification Form or use the Microsoft Word version of the form located at <a href="https://www.fhlbcin.com/community-investment/program-documents-and-forms/">https://www.fhlbcin.com/community-investment/program-documents-and-forms/</a>. 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>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 for the Sponsor's provision of any of the activities listed on the form. Do not resubmit the form if the form was previously submitted with another disbursement request package.</p> <p>In order to receive the points for the scoring categories listed on the form, the Sponsor must have completed activities meeting FHLB's definitions of "marketing / outreach," "predevelopment activities," "contractor," "predevelopment activities," "credit counseling/budgeting," "daycare services," "education services," "employment training," and the remainder of the documentation submitted in the disbursement request package must support the certification on this form.</p>
3b	Sponsor cash contribution	<p>Submit a signed letter from the Sponsor to verify the amount of the Sponsor's cash contribution to the project if the project received a point for the Sponsor providing such a contribution. The full dollar amount of the contribution appearing in the letter must be listed as a funding source for the project on one or more of the FHLB AHP Owner-occupied Rehab Final Development Budget <b>or</b> AHP Habitat Final Development Budget for item #6 below, and the total Sponsor cash contribution to all homeowners in the project must be at least \$500 in order for the project to earn the point it received in the AHP scoring system for the Sponsor providing a cash contribution to the project.</p>





4a	8 hours of landscaping labor from a community organization	<p>Document completion of this item with one of the following:</p> <ul style="list-style-type: none"><li>• A current, executed letter from the representative of a community organization indicating that the organization provided at least eight hours of voluntary landscaping labor for one or more of the homes for which AHP funds will be disbursed AND what activities the organization completed, or</li><li>• 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 for one or more of the homes for which AHP funds will be disbursed AND what activities the organization completed.</li></ul> <p>This documentation cannot come from the Sponsor or an organization related to the Sponsor (see FHLB’s definition of “Related parties”). Do not resubmit the documentation if it was previously submitted with another disbursement request package.</p>
4b	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"><li>• 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 one or more of the homes for which AHP funds will be disbursed AND that the good or service is worth at least \$500, or</li><li>• An invoice from a community organization that explicitly states that the biller donated a good or service to one or more of the homes for which AHP funds will be disbursed AND that the good or service is worth at least \$500, or</li><li>• A current, executed letter from the representative of a community organization indicating that the organization donated a good or service to one or more of the homes for which AHP funds will be disbursed AND that the good or service is worth at least \$500.</li></ul> <p>The donation must be for a cost that FHLB deems eligible for AHP reimbursement, which excludes the costs mentioned in item #6 below. The documentation cannot come from the Sponsor or an organization related to the Sponsor (see FHLB’s definition of “Related parties”). Do not resubmit the documentation if it was previously submitted with another disbursement request package.</p>



4c	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"> <li>• An e-mail that contains the contact’s name and position in the local government and that indicates that the government waived a fee valued at \$500 or more for one or more of the homes for which AHP funds will be disbursed, or</li> <li>• A current, executed letter from a representative of the local government entity indicating that the entity has waived a fee valued at \$500 or more for one or more of the homes for which AHP funds will be disbursed.</li> </ul> <p>Please note that tax deferrals or abatements, utility equipment donations, or government grants to pay for any items or fees do not constitute fee waivers and will not satisfy FHLB’s requirements for this item. Do <b>not</b> 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. Do not resubmit the documentation if it was previously submitted with another disbursement request package.</p>
5	Work order that indicates the work to be completed (FHLB’s Pre-Rehabilitation Inspection form)	<p>Submit a fully executed copy of FHLB’s Pre-Rehabilitation Inspection form or a separate work order signed by the unit’s homeowner(s), third-party inspector, and AHP Sponsor detailing the work to be completed on the home. The inspection form or work order must indicate that the work is appropriate and needed based on the current condition of the items that are proposed to be repaired/replaced, and it must be dated prior to completion of work on the home.</p>
6	AHP Owner-occupied Rehab Final Development Budget or AHP Habitat Final Development Budget if the Sponsor made a loan to the household	<p>Retrieve the workbook entitled AHP Owner-occupied Rehab Final Development Budget available at <a href="http://www.fhlbcin.com">www.fhlbcin.com</a> and submit a completed and signed copy. If the Sponsor <b>will</b> make a loan to the household to pay for a portion of the costs, retrieve, complete, and sign the AHP Habitat Final Development Budget. Follow the Instructions tab of the workbook to input all of the costs and funding sources that went into the rehabilitation of each home. Pay special attention to the line items having to do with developer fee and be sure that the developer fee adheres to the feasibility limit. A developer fee (including consultant, administrative, or overhead costs) can <b>only</b> be included if there is no labor breakdown OR the labor breakdown does NOT include administrative or overhead expenses other than the cost of employee benefits.</p> <p>If the Sponsor is making a loan AND the budget shows a labor cost charged by the Sponsor for construction/rehab work, the Sponsor must also submit the Labor Breakdown included with the AHP Owner-occupied Rehab Final Development Budget to document the labor for the work completed in addition to the AHP Habitat Final Development Budget.</p> <p style="text-align: right;"><i>Continued...</i></p>



		<p>The document submitted for this item must show the full amount of the AHP funding being requested as a funding source to the home, and it cannot include costs that FHLB deems ineligible for reimbursement with FHLB funds, including:</p> <ul style="list-style-type: none"> <li>A. Sponsor operating costs such as volunteer or fundraising event expenses (including food or beverages)</li> <li>B. Gift cards/other gifts for volunteers or homeowners</li> <li>C. Office equipment</li> <li>D. Construction tools</li> <li>E. Lawn care items</li> <li>F. Furniture</li> <li>G. Personal items for homeowners such as bedding or dishware that will not be permanent fixtures of the home</li> <li>H. Other items at FHLB’s discretion</li> </ul> <p>FHLB needs a printed copy of the AHP Owner-occupied Rehab Final Development Budget or AHP Habitat Final Development Budget signed by a representative of the Sponsor. <b>The Sponsor should also submit the Excel copy of the workbook electronically to FHLB</b> when submitting the disbursement request package. FHLB reserves the right to request back-up documentation for any and all items that appear on the workbook and will not allow the project contacts to make changes to these financials once they have been submitted to FHLB.</p>
7	<p>Verification signed by the homeowner(s) and a third-party inspector confirming that the work on the home is complete using FHLB’s “Post-Rehabilitation Inspection” form</p>	<p>All homeowners and a certified/licensed third-party inspector must certify their agreement that the work specified on the Pre-Rehabilitation Inspection form for the home is complete and in compliance with the standards set forth in local code. Submit a copy of the inspector’s license with the request package. The FHLB’s “Post-Rehabilitation Inspection” form is available at <a href="http://www.fhlbcin.com">www.fhlbcin.com</a>. The document must be dated, and the date must indicate that the work on the home was completed after the award of AHP funds to the project.</p>
8	<p>Evidence of funding sources besides AHP shown on the approved AHP application or AHP Owner-occupied Rehab Final Development Budget or AHP Owner-occupied Rehab Final Development Budget, including copies of all executed grant agreements and</p>	<p>Document each of the project’s permanent funding sources as shown in the approved AHP application and on the household’s AHP Owner-occupied Rehab Final Development Budget or AHP Habitat Final Development Budget. Provide signed copies of grant agreements with all exhibits and/or attachments for all funding sources that do not require repayment such as SHOP, HOME, or AHTF grants and signed notes and corresponding mortgages (or deeds of trust) for all funding sources that require repayment. FHLB does not require back-up documentation for most cash contributions to homeowners aside from cash contributions from the Member or the Sponsor. See item #11d below for more information on documenting the Member’s cash</p> <p style="text-align: right;"><i>Continued...</i></p>



	<p>notes/mortgages (deeds of trust)</p>	<p>contribution and item #3b above for more information on documenting the Sponsor’s cash contribution.</p> <p>The amount verified by each grant agreement or note should match the amount of funding shown on the AHP Owner-occupied Rehab Final Development Budget or AHP Habitat Final Development Budget on a per-unit basis. If the amounts do not match, provide an explanation of the discrepancy with the disbursement request package. The terms of a Sponsor-provided loan as shown on the note should match the Habitat Note/Mortgage Amount, Mortgage Term, Mortgage Rate, and Mortgage P&amp;I Payment as shown on the AHP Habitat Final Development Budget. If the project received points for the Member’s servicing of homebuyers’ loans at no cost to the Habitat affiliate, the first mortgage note must identify the Member’s address as the location where payments are to be made. If the project received points for the Sponsor’s provision of permanent financing to the project’s borrowers, the term of the first mortgage loan must be at least 15 years.</p> <p>Grant agreements or notes that apply to more than one household in the project need only be submitted with one disbursement request package.</p> <p>If the approved AHP application indicates that a funding source besides the Sponsor and AHP will be providing funds to the project, FHLB expects to see an amount from that funding source on each AHP Owner-occupied Rehab Final Development Budget or AHP Habitat Final Development Budget provided for each household in the project. If a funding source identified in the approved AHP application did not contribute funds to a particular unit, submit an explanation indicating why the funding source did not provide funds to the homeowner(s). If the Sponsor did not receive an award from a funding source that it anticipated receiving at the time of AHP application, communicate to FHLB that the Sponsor or project did not receive the award.</p> <p>The AHP grant should not be included in any note or mortgage, as it should not be passed to the homeowner(s) in the form of a loan.</p>
9	<p>Deed evidencing that property is in homeowner’s name</p>	<p>Submit a fully executed copy of the deed that transfers ownership of the property to the homeowner(s) from a third party. FHLB does not recognize a deed between the homeowner(s) and other members of the household as verification of site control.</p> <p>In order to be eligible for reimbursement with AHP funds, the homeowner(s) need to have fee simple interest in the property. The FHLB may allow an executed will or proof of a life estate to serve as evidence that the homeowner(s) have site control of the property—contact FHLB prior to submitting documentation if this applies to the property/household intended for the project.</p>



10a	Bridge or construction loan	If the project received a point for the Member's provision of a bridge or construction loan, submit signed copies of the note and mortgage (or deed of trust) associated with such a loan showing the Member as the lender on the loan. The principal amount of the loan must be at least 51% of the total hard costs of the project for projects approved in 2014 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 a construction or bridge loan, nothing need be provided for this item. Do not resubmit the documentation for this item if it was previously submitted with another disbursement request package.
10b	Permanent loan	If the project received points for the Member's provision of first mortgage permanent loans to the homeowners in the project, the note submitted for item #8 above must identify the Member as the lender on the loan, and the note must show a term of at least 15 years to be eligible for points in the AHP scoring system. The Member must close at least 51 percent of the permanent loans in the project in the name of the Member for the project to qualify for these points. If the project did not receive points for the Member's provision of a permanent loan, nothing need be provided for this item.
10c	Below-market rate on 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, provide one of the following:</p> <ul style="list-style-type: none"> <li>• 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, or</li> <li>• A current, executed letter from the Member specifying the rate discount and which loan was discounted.</li> </ul> <p>Regardless of which option is chosen, the Member must have made the loan at a rate that was at least 0.50 percent below its standard rates at the time the loan was made to the AHP project. The information provided for this item should be consistent with information provided for items #11a, #11b, and/or #8 above, which required the notes for the loans the Member made. Be sure to document that the discount was provided on the loan to which the Member committed to make a discount (permanent, construction, or bridge 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>
10d	Cash contribution	<p>Submit a signed letter from the Member or a copy of the Member's cancelled check to verify that the Member made a cash contribution to the project if the project received a point 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 one or more of the AHP Owner-occupied Rehab Final Development Budget or AHP Habitat Final Development Budget submitted to FHLB for item #6 above, and the total Member cash contribution to all homeowners in the</p> <p style="text-align: right;"><i>Continued...</i></p>



		<p>project must be at least \$500 in order for the project to earn the point it received in the AHP scoring system for the Member providing a cash contribution to the project.</p> <p>If a cancelled check is unavailable, submit evidence of the Member's deposit into an account controlled by the Sponsor. If the project did not receive a point for the Member's provision of such a contribution, nothing need be provided for this item.</p>
10e	Servicing of homeowners' loans originated by Sponsor at no cost	<p>If the project received a point for the Member's willingness to service homeowners' loans originated by the Sponsor at no cost to the Sponsor, verify that the project earned this point with one of the following:</p> <ul style="list-style-type: none"><li>• Language in the note provided for item #8 above indicating where the payments will be made for each household, or</li><li>• A current, executed letter from the Member mentioning that the loan(s) has(have) been set up on the Member's servicing system and that the Sponsor will not be charged for this, or</li></ul> <p>A screen shot of the Member's servicing system showing that each loan has been set up on the Member's system.</p>



**AHP Owner-Occupied Rehab Disbursement Request – PDF version**

Housing & Community Investment



**AHP Owner-Occupied Rehab Disbursement Request Form**  
**Effective January 1, 2019**

Homeowner Name:	<input type="text"/>
Homeowner Address:	<input type="text"/> In a QCT? Yes <input type="checkbox"/> No <input type="checkbox"/>
Member Name:	<input type="text"/>
Sponsor Name:	<input type="text"/>
Project Number:	<input type="text"/>
Total Initially Awarded:	\$ <input type="text"/> Final Amount Requested: \$ <input type="text"/>

Refer to the AHP Owner-occupied Rehab 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. Date of disbursement training completion: <input type="text"/>	<input type="checkbox"/>	←	<input type="checkbox"/>
2. Evidence that the household attended homeownership counseling	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Verification that the Sponsor completed the following commitments made in the approved AHP application, if applicable: a. Marketing/outreach, pre-development activities, construction/rehabilitation activities, credit counseling/ budgeting, daycare services, education services, and/or employment training/ skills via a completed and executed AHP Sponsor Commitment Verification Form b. Sponsor cash contribution	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>
4. Verification that the following services to which the approved AHP application committed were provided, if applicable: a. 8 hours of landscaping labor from a community organization b. Donation of at least \$500 in goods/services c. Fee waiver from the local government of at least \$500	<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"/>
5. Work order that indicates the work to be completed using FHLB's Pre-Rehabilitation Inspection form	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Final AHP Owner-occupied Rehab Development Budget or AHP Habitat Development Budget if the Sponsor made a loan to the household	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Verification signed by the homeowner(s) and a third-party inspector confirming that the work on the home is complete using FHLB's Post-Rehabilitation Inspection form	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



Required Documents:	Already on file	Enclosed	N/A
8. Evidence of funding sources besides AHP shown on the approved AHP application or AHP Owner-occupied Rehab Development Budget or AHP Habitat Development Budget, including copies of all executed grant agreements and notes/mortgages (deeds of trust)	<input type="checkbox"/>	<input type="checkbox"/>	
9. Deed evidencing that property is in homeowner's name		<input type="checkbox"/>	
10. Evidence that the project meets the following Member commitments as indicated in the approved AHP application, if applicable:			
a. Bridge or construction loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Permanent loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Below-market rate on the permanent, construction, or bridge loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Cash contribution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Servicing of homeowners' loans originated by Sponsor at no cost	<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 Owner-occupied Rehab 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 that 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: <input type="text"/>	Telephone Number: <input type="text"/>
Title: <input type="text"/>	E-mail: <input type="text"/>
Signature: <input type="text"/>	Date: <input type="text"/>

**SPONSOR REPRESENTATIVE**

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





# Frequently Asked Questions and Common Mistakes

Below is a list of frequently asked questions and common mistakes that often occur when requesting a disbursement of funds. The list is 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. 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. The 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. Is it possible to obtain funds prior to completion of the project?**

A. FHLB does not currently allow draws of AHP funds prior to completion of units for projects involving the rehabilitation of owner-occupied homes. Please request AHP funds as units are completed; do not wait until all units in the project have been completed to begin requesting AHP funds.

### **Q. Is a retention agreement required for owner-occupied rehabilitation projects?**

A. No. The AHP Final Rule published November 28, 2018 removed the requirement for retention on owner-occupied rehabilitation projects only.

### **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 six 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 the AHP Modifications Procedures and Procedures webinar available at [www.fhlbcin.com](http://www.fhlbcin.com).

### **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 here at FHLB.

### **Q. How will the Member institution receive the AHP funds after a request for funds has been approved?**

A. We will credit the Member's Demand Deposit Account with the FHLB for the amount approved.

### **Q. How long does it take to receive funding once the FHLB has received a completed AHP Owner-occupied Rehab Disbursement Request and all supporting documentation?**



A. Typically, the 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. 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 AHP Disbursements for Owner-Occupied Rehab Projects webinar under Resources/Webinars on the FHLB's website at [www.fhlbcin.com](http://www.fhlbcin.com) and review this manual. You may also contact a member of our staff for questions (see the listing below). Also, be sure to notify the FHLB of staffing changes so that we may update our records.

**Q. Can a homeowner receive cash back from their rehabilitation or at closing?**

A. No. This is strictly prohibited and will result in the reduction of the AHP grant.

**Q. Can I request funds for a household even though the household has not yet been pre- approved for AHP funds?**

A. No. FHLB will only accept disbursement requests for households that have received pre- approval through the FHLB's pre-approval process, Please refer to the AHP Pre-approval Manual and the AHP Pre-approval Request form available at [www.fhlbcin.com](http://www.fhlbcin.com) for more information on the pre-approval process, which MUST occur prior to submission of a disbursement request for any household.



## Common Mistakes

1. In order to assist our Members and Sponsors in receiving funds in a timely manner, we have included a list of common mistakes that often delay the processing of AHP Owner-occupied Rehab Disbursement Requests.
2. The AHP Owner-occupied Rehab 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. Submit an explanation indicating why you believe the item doesn't pertain to your project if an "N/A" box is not available for that particular item.
3. The person(s) assembling the Required Documents for the disbursement request package is not familiar with the FHLB's requirements or the commitments the project made in its approved AHP application. See this manual or the AHP Disbursements for Owner-Occupied Rehab Projects webinar 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 approved AHP application if you do not have one.
4. The disbursement package contains documentation that contradicts other documentation included in the disbursement request package or documentation submitted with the approved AHP application.
5. The amount of funding sources and uses shown on AHP Owner-occupied Rehab Final Development Budget or AHP Habitat Final Development Budget do not match.
6. Required documentation does not contain the required signatures or the signatures of all homeowners if there are two or more.
7. All of the funding sources listed in the approved AHP application or used for the homeowner were not documented with executed grant agreements or notes/mortgages (deeds of trust), or the detailed cost breakdown provided did not indicate use of these sources.
8. The amount of AHP requested as shown on the AHP Owner-occupied Rehab Final Development Budget or AHP Habitat Final Development Budget differs from the amount requested on the AHP Owner-occupied Rehab Disbursement Request form and so requires further clarification.
9. The Sponsor or Member is delinquent with regard to additional information submission or reporting or monitoring requirements of the FHLB for the project being submitted or others.
10. The homebuyer's deed or restrictive covenant does not contain the FHLB's retention language, contains old language, or does not reference attached language.
11. The project or older projects in which the Sponsor is involved do not appear that they will fulfill all required commitments, require modification, or may not be fully funded prior to the AHP commitment expiration date.
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 Owner-occupied Rehab Disbursement Request form for examples of these items in conjunction with the descriptions of the Required Documents for these items above. For all other items, FHLB requires updated documentation.
13. The Pre-Rehabilitation Inspection form provided does not contain information on the scope of work.
14. The AHP Owner-occupied Rehab Final Development Budget or AHP Habitat Final Development Budget contain costs that belong in the developer fee calculation but do not follow the conventions listed in the feasibility section of this manual, which causes the developer fee to exceed the project's approved limits.