2020 AHP Ownership Disbursement Webinar

Presented by:
Samantha Walker
AHP ownership disbursements overview

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

• Review the AHP Ownership Disbursement Manual prior to submitting a request available at www.fhlbcin.com.

• The Manual describes FHLB’s specific needs for each item on the AHP Ownership Disbursement Request Form (Request Form).

• Submit one Request Form for each household within 60 days of the loan closing.
Habitat for Humanity affiliates utilizing third-party lending

- Affiliates that will not be providing their own mortgages to the homebuyers, and instead utilizing a third-party lender, are required to follow the Ownership guidelines as detailed in this webinar and Manual.
Household eligibility guidelines

- Households must meet all targeting commitments detailed in the project’s approved AHP application or latest modification.
- All determinations made by FHLB are final and we will not re-evaluate anything after the approval is issued.
- Pre-approval requests can now be submitted at the time of your disbursement request or prior to the completion of the work on the home/the closing of the loan for each household.
Inactive requests

- FHLB will deem inactive any ownership disbursement requests where the Sponsor/Member has been non-responsive for 90 days or longer.
- Inactive requests will not be followed up on as they are not considered to be a part of the project.
- If additional information is eventually provided, but the project has too many active requests, the Sponsor will need to decide what request(s) should be withdrawn before reactivating the request.
Disbursement availability and adjustments

• FHLB reserves the right to deny, delay, reduce, or recapture funds at any time if:
  o The Member or Sponsor failed to respond to a prior FHLB request for additional information;
  o The Member or Sponsor have a non-compliant project(s);
  o The Sponsor has an older or incomplete AHP project that is not making adequate progress;
  o Costs represented are not reasonable; or
  o The project no longer demonstrates a need for subsidy.
Disbursement processing

• FHLB will:
  o Review the request package,
  o Re-evaluate the financial and operational feasibility of the project,
  o Verify the project continues to qualify for the subsidy,
  o Request further documentation as necessary,
  o Send a Confirmation of AHP Funds Disbursement letter to the Member and Sponsor via e-mail upon approval for funding.
Disbursement criteria

• Requests will be processed in accordance with FHLB’s policies and procedures, which are dictated by the AHP Implementation Plan (IP).

• Physical construction for the project must be completed within three years of the AHP award and must be disbursed prior to its AHP commitment expiration date.
Online submissions

• Every disbursement request must be submitted by the Member through the Member’s Only portal on our website.

• Sponsors are responsible for gathering the required documentation and signing the Request Form to submit to the Member for submission.

• If the pre-approval was not previously completed, then all pertinent documentation must be provided with the disbursement package.
Online request form
Online request form
Disbursement request instructions

• Step 1: Provide required pre-approval documents
• Step 2: Complete the Request Form
• Step 3: Gather the Required Documents
• Step 4: Obtain required signatures and submit to Member
• Step 5: Member submits the request with all Required Documents to FHLB through the Member’s Only portal.
## Disbursement Request Form

Disbursement Request Form

<table>
<thead>
<tr>
<th>Required Document</th>
<th>Already Enclosed</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The lender certifies they have completed disbursement training.</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>2. Has this loan already been pre-approved by FHLB?</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>3. Completed General Information and Income Calculation pages from the FHLB Income and Affordability Workbook.</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>4. Homebuyer/owner information dated within 180 days of submission:</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>a. Executed and dated initial form or form application</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>b. Documentation of AHP-assisted household, if not stated on the initial form or loan application</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>c. Third-party verification for all income sources for all household members</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>5. Evidence dated within 180 days of submission showing the household meets the requirements as outlined in the approved AHP application:</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>a. First-time homebuyer</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>b. Household meeting the FHLB’s definition of an elderly household</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>c. Household with special needs meeting the FHLB’s definition</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>6. Evidence of completion (Certificate of Occupancy, etc.)</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>7. Type of work completed for this home:</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>a. New construction</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>b. Rehabilitation</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>c. Acquisition only</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>8. Evidence the household intended homebuyer counseling.</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>
1 - Disbursement training

- One person from the Sponsor organization is required to participate in training for this disbursement type prior to submission of a disbursement request.

- A consultant cannot attend training on the Sponsor’s behalf.

- AHP Sponsors may watch a recorded webinar at [www.fhlbcin.com](http://www.fhlbcin.com) that includes audio, not the slides-only versions, which is distinguishable because it requires signing into WebEx to view.
2-5 - Pre-approval requirements

- These sections pertain to the pre-approval piece of the package.
- If the pre-approval was already completed, mark ‘Yes’ for question 2 and ‘N/A’ for questions 3-5.
- If a pre-approval still needs to be completed, all required documentation must be submitted and mark the Request Form appropriately for questions 2-5.
- Refer to the Pre-Approval Manual and webinar for details about this process.
6 - Evidence of completion

• Submit one of the following for any unit that involved construction or rehabilitation work:
  o A certificate of occupancy; or,
  o A final inspection signed by a third-party certified/licensed inspector verifying that the work is complete and to code AND a copy of their license/certification.

• The evidence of completion must contain a completion date that does not precede the project’s AHP award date.
6 - Evidence of completion

• The project address on the evidence of completion must match the household’s address as identified elsewhere.

Common Mistakes:

• The documentation submitted was not signed by a third-party licensed inspector.
• The inspector’s license was not submitted as required.
7 - Indication of project type

• The Request Form has a section to check what type of unit the property is: new construction, rehabilitation, or acquisition only.
  o Rehabbed units in which a new owner acquires a property must have construction hard costs in excess of $5,000.00.
  o If the project was approved for substantial rehab, then the construction hard costs must be equal or exceed $10,000.

• If the project was approved with only one project type, it cannot produce housing of a different project type without requesting a modification first.
8 - Homeownership counseling

- Mandatory counseling is required for each applicant by submitting a copy of the homebuyer’s completion certificate or a current, executed letter from the Sponsor indicating the homeowner counseling program has been completed.

- The homebuyer counseling program must include at a minimum: mortgage financing, credit-worthiness, household budgeting, and home maintenance.
9a - Landscaping labor
9b - Donation of goods/services

- Must provide a current, executed letter from a community organization indicating the organization has provided the service for the required timeframe or amount.
- An email containing the contact’s name and organization that indicates the services provided is also acceptable.
9c - Fee waiver from the local government

- Documented with a current, executed letter from a government entity indicating the entity has provided a fee waiver for at least one of the AHP-assisted homes creating a savings to the project of at least $500.
9d - Energy-efficient new construction

• Projects constructing new housing units that are energy-efficient must meet or exceed one of the following:
  o A signed LEED Certification,
  o Enterprise Green Communities Certification,
  o Evidence of the HERS rating,
  o Proof that the REScheck calculation exceeds the 2012 Model Energy code by 15% or better (must be from a third-party),
  o Energy Star, or
  o Passive House Certification
9d - Energy-efficient new construction

Common Mistakes:

• Documentation did not prove the home met the required energy-efficiency standards.

• A document that has not been approved by FHLB was submitted.

• REScheck document submitted was not completed by a third-party.

• Documentation provided was not for the subject property.
9e - Adaptive reuse

“Adaptive reuse” means rehabilitation/conversion of an existing structure not originally intended for housing into use as housing. The structure cannot have previously been used for housing of any type.

• Submit one of the following to verify that the project earned the point in this scoring category:
  o Local zoning information,
  o Property Value Assessment data,
  o Existing building floor plan,
  o Pictures from Sponsor’s acquisition, or
  o Other documentation approved by the FHLB.
10a - Verification of Sponsor commitments

- Must be the completed and executed AHP Sponsor Commitment Verification form that is located on our website.
- Must be submitted before the last request is disbursed.
- Check the approved activities that have been completed and describe each activity, if applicable.
- The form is not required if the project was not approved for completing any of the activities listed on the form.
10a - Sponsor Commitment Verification Form

Verification of AHP Approved Sponsor Commitment(s)

Project Number:

Project Name:

Sponsor Name:

The above named project was approved with one or more of the following Sponsor commitments. Check the commitment(s) that have been completed for this project by the above named Sponsor and describe the activities, if applicable.

☐ Provided marketing/outreach activities. Describe:

☐ Completed pre-development activities. Describe:

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

The above named project was approved with commitments to provide one or more of the following empowerment services. Check the committed service(s) that are available to all homebuyers/owners for or all tenants of this project.

Note: Execution of this form does not exempt Sponsors from defining empowerment activities in the Management Agreement for Rental projects.

☐ Credit counseling/budgeting ☐ Employment/skills training

☐ Daycare services ☐ Tenant on Sponsor’s Board

☐ Education services

I certify that the information presented herein is true and accurate and further understand that providing false representations may constitute an act of fraud.

Sponsor Contact Printed Name & Title:

Sponsor Contact Signature:

Date:
10b - Sponsor cash contribution

- The full amount of the contribution must be listed as a funding source on one or more of the Budgets for households in the project.
- The contribution must be at least $500 to qualify for the point in the AHP scoring system.
11 - Executed settlement statement

- Submit the settlement statement or Closing Disclosure for the property that is signed by both the buyer and the seller or the settlement agent.
- The document must contain at least the following:
  - Homebuyer’s name(s)
  - Mortgage amount
  - Signatures
  - Property address
  - Lender’s name
  - Closing date
11 - Executed settlement statement

• The items on the settlement statement must match information presented in other items of the request.

• If AHP is covering closing costs or a principal reduction, the document must show the full amount of the AHP requested as an amount paid by or on behalf of the borrower and must contain the lender’s name, the property address, and the closing date on it.

• If AHP is covering the development costs of the project then the AHP amount requested should not show on the document.
12a - AHP Ownership Development Budget

• MUST submit the FHLB AHP Ownership Development Budget with the final costs/sources.
  o Located on our website.
  o Instructions included.

• Changes cannot be made to this Budget after submission and before disbursement.

• The Budget must be signed by the Sponsor.
### Sample AHP Ownership Development Budget

#### Project Funding Sources - Permanent Financing and Equity Sources

<table>
<thead>
<tr>
<th>Funding Source Name</th>
<th>Funding Amount</th>
<th>Loan Term</th>
<th>Loan Amortization</th>
<th>Loan Rate</th>
<th>Annual Date Service</th>
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<tbody>
<tr>
<td>AHP Requested</td>
<td>$0.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Homebuyer Downpayment</td>
<td>$0.00</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Funding Source Name</td>
<td>$0.00</td>
<td>0</td>
<td>0</td>
<td>0.0000%</td>
<td>?/?/01</td>
</tr>
<tr>
<td>Funding Source Name</td>
<td>$0.00</td>
<td>0</td>
<td>0</td>
<td>0.0000%</td>
<td>?/?/01</td>
</tr>
<tr>
<td>Funding Source Name</td>
<td>$0.00</td>
<td>0</td>
<td>0</td>
<td>0.0000%</td>
<td>?/?/01</td>
</tr>
<tr>
<td>Funding Source Name</td>
<td>$0.00</td>
<td>0</td>
<td>0</td>
<td>0.0000%</td>
<td>?/?/01</td>
</tr>
<tr>
<td>Funding Source Name</td>
<td>$0.00</td>
<td>0</td>
<td>0</td>
<td>0.0000%</td>
<td>?/?/01</td>
</tr>
<tr>
<td>Total Funding Sources</td>
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<td></td>
<td></td>
<td></td>
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</table>

#### Project Costs

<table>
<thead>
<tr>
<th>Cost</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition Costs</td>
<td></td>
</tr>
<tr>
<td>Title LAND Cost</td>
<td>$0.00</td>
</tr>
<tr>
<td>Title BUILDING Cost</td>
<td>$0.00</td>
</tr>
<tr>
<td>Donated LAND Value</td>
<td>$0.00</td>
</tr>
<tr>
<td>Donated BUILDING Value</td>
<td>$0.00</td>
</tr>
<tr>
<td>LESS LAND &amp; BUILDING Taxes</td>
<td>$0.00</td>
</tr>
<tr>
<td>Acquisition Closing Costs</td>
<td>$0.00</td>
</tr>
<tr>
<td>Total Acquisition Costs</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cost</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hard Costs</td>
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<tr>
<td>Misc.</td>
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<tr>
<td>Buyers Financing</td>
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<tr>
<td>Title Land</td>
<td>$0.00</td>
</tr>
<tr>
<td>Title Building</td>
<td>$0.00</td>
</tr>
<tr>
<td>Donated LAND Value</td>
<td>$0.00</td>
</tr>
<tr>
<td>Donated BUILDING Value</td>
<td>$0.00</td>
</tr>
<tr>
<td>LESS LAND &amp; BUILDING Taxes</td>
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</thead>
<tbody>
<tr>
<td>Misc.</td>
<td>$0.00</td>
</tr>
<tr>
<td>Misc.</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

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<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Misc.</td>
<td>$0.00</td>
</tr>
<tr>
<td>Misc.</td>
<td>$0.00</td>
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</table>

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Sample AHP Ownership Development Budget

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering Fees</td>
<td>$0.00</td>
</tr>
<tr>
<td>Architecture Fees</td>
<td>$0.00</td>
</tr>
<tr>
<td>Master Study</td>
<td>$0.00</td>
</tr>
<tr>
<td>Survey</td>
<td>$0.00</td>
</tr>
<tr>
<td>Energy Audit</td>
<td>$0.00</td>
</tr>
<tr>
<td>Environmental Study/Report</td>
<td>$0.00</td>
</tr>
<tr>
<td>Inspection Fees</td>
<td>$0.00</td>
</tr>
<tr>
<td>Accounting Fee</td>
<td>$0.00</td>
</tr>
<tr>
<td>Tax Credit Application Fee</td>
<td>$0.00</td>
</tr>
<tr>
<td>Tax Credit Reservation/Commitment Fee</td>
<td>$0.00</td>
</tr>
<tr>
<td>Syndication Expenses</td>
<td>$0.00</td>
</tr>
<tr>
<td>Organizational Expenses</td>
<td>$0.00</td>
</tr>
<tr>
<td>Compliance Fee</td>
<td>$0.00</td>
</tr>
<tr>
<td>Appraisal</td>
<td>$0.00</td>
</tr>
<tr>
<td>Title &amp; Recording Costs</td>
<td>$0.00</td>
</tr>
<tr>
<td>Legal Fees</td>
<td>$0.00</td>
</tr>
<tr>
<td>Tax &amp; Insurance Escrows</td>
<td>$0.00</td>
</tr>
<tr>
<td>Lease-up Reserve</td>
<td>$0.00</td>
</tr>
<tr>
<td>Operating Reserve</td>
<td>$0.00</td>
</tr>
<tr>
<td>Replacement Reserve</td>
<td>$0.00</td>
</tr>
<tr>
<td>Capitalized Asset Management Fee</td>
<td>$0.00</td>
</tr>
<tr>
<td>Other Reserves</td>
<td>$0.00</td>
</tr>
<tr>
<td>Developer Fee</td>
<td>$0.00</td>
</tr>
<tr>
<td>Consultant Fee</td>
<td>$0.00</td>
</tr>
<tr>
<td>Organizational Overhead</td>
<td>$0.00</td>
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<tr>
<td>Application Preparer Fee</td>
<td>$0.00</td>
</tr>
<tr>
<td>Education Costs</td>
<td>$0.00</td>
</tr>
<tr>
<td>Real Estate Taxes</td>
<td>$0.00</td>
</tr>
<tr>
<td>Rent up-Marketing</td>
<td>$0.00</td>
</tr>
<tr>
<td>Site Security</td>
<td>$0.00</td>
</tr>
<tr>
<td>Soft Cost Contingency</td>
<td>$0.00</td>
</tr>
<tr>
<td>Other Soft Costs</td>
<td>$0.00</td>
</tr>
<tr>
<td><strong>Total Soft Costs</strong></td>
<td><strong>$0.00</strong></td>
</tr>
<tr>
<td><strong>Total Project Costs</strong></td>
<td><strong>$0.00</strong></td>
</tr>
</tbody>
</table>

Sponsor Signature Sign-off

Signage, drinks, food, t-shirts, lawn mowers, gift gift cards, entertainment, parking fees, cell phone bills, gas, donated employee labor, etc.

Sponsor Signature: __________________________
Sponsor Typed Name: __________________________
Date: ____________
12a - AHP Ownership Development Budget

- List only permanent (not construction) funding sources.
  - Do not include any forgivable loans from the Sponsor organization on the Budget.
- Sum of costs MUST equal sum of funding sources and be at least the purchase price to the homebuyers.
- Donations should be shown as both a cost and a source.
12a - AHP Ownership Development Budget

Common Mistakes:

• The land costs amount was erroneously entered on the Budget.

• The land costs are incorrectly listed under the paid costs when it was donated or vice versa.

• The developer fee exceeds 15% of the total development costs.

• The AHP funding source included on the Budget does equal the ‘Final Amount Requested’ on the Request Form.
13 - Construction contract

- Submit a construction contract and change orders for the home signed by all required parties (contractor, Sponsor, and architect, if applicable).
- Costs associated with any rehabilitation/construction must coincide with the costs shown on the costs and sources detail.
- This is not required if the AHP Sponsor performed the construction/rehab work or it was acquisition only.
Project location

• If project addresses were indicated in the approved AHP application at the time of project approval, those addresses do NOT have to be used.

• Any property address can be used for the project as long as it meets ALL of the following:
  o Located in the county approved in the application, and
  o All the other approved scoring commitments are met, i.e. Appalachia, QCT, AIF, etc…
14a - Verification of acquisition cost

• Document all acquisition costs shown on the Budget by submitting a signed copy of one of the following:
  o Purchase contract
  o Deed with price
  o Loan payoff statement
  o Settlement statement
  o Sheriff’s sale document

• Must tie to deed that verifies ownership of the property (submit copies of surveys or platting information if necessary).

• Must be for a cost paid to a third party, not between the AHP Sponsor and itself or an entity related to the AHP Sponsor.
14b - Verification of property donation

• Must be documented with a fully executed copy of one of the following:
  ○ Purchase contract
  ○ Settlement statement
  ○ Letter from grantor
  ○ Deed indicating price
  ○ PVA

• Must show that the AHP Sponsor acquired all property from a third party for $0 or a nominal price (payment of back taxes or loans payoffs constitute purchases, not donations).

• Market value of the property can be shown as a source and a use on the Budget.
14a - Verification of acquisition cost
14b - Verification of property donation

Common Mistakes:

• The documentation of costs is not dated from the time of acquisition.

• The property address listed on the verification documents does not match the address on the Request Form, the Note(s), the Mortgage(s), or the Deed.

• The land costs are incorrectly listed under the paid costs when it was donated or vice versa.
14c - Verification of land costs paid are at least 50% below market value

- Must be verified with a Property Value Assessment (PVA) from the county auditor’s office within six months prior to the Sponsor’s acquisition or;

- An appraisal signed by a licensed/certified appraiser that shows the “as-is” value of the property within six months prior to the acquisition.
14d - Appraisal or PVA

- The market value of the land (paid or donated) must be documented with an appraisal or PVA from the county recorder’s office (dated within six months prior to acquisition).
- If the price paid for the land is greater than the market value, the grant amount will be reduced unless the project was reduced for this reason at the time of application approval.
- The market value for donated land should be the figure entered on the Budget.
14e & f - Property vacant due to foreclosure

• Units must have been acquired by the Sponsor directly from one of the following:
  o Foreclosure notices,
  o Sheriff’s sale document,
  o Deed between the previous owner and the lender, or
  o Letter from the lender.

• Units that passed through the ownership of other entities DO NOT qualify for these points.
14e & f - Property vacant due to foreclosure

• Evidence that the property was vacant at the time it was acquired by the Sponsor is required and must be documented with one of the following:
  o Photos dated within one year of the acquisition, or
  o Appraisal dated within six months prior to the acquisition.
15a - Qualified Census Tract

• Submit a copy of a FFIEC printout indicating the property is located in a QCT.
• Projects approved in 2017 or prior, are required to have at least 20% of its units in a QCT.
• Projects approved in 2018, are required to have ALL of its units in a QCT.
15b - Average Income Factor

• Submit a copy of a FFIEC indicating the property is located in a census tract with an AIF as approved.

• Projects approved in 2018 and 2019, are required to have 100% of its units located in a census tract with an AIF greater than 60%.

• Projects approved in 2020, are required to have at least 20% of its units in a census tract with an AIF greater than 120%.
16 - Executed Notes and Mortgages (Deeds of Trust)

- Executed Notes and Mortgages (Deeds of Trust) are required for all loans to the homebuyer, even if forgivable.
- All repayable loans must be entered on the Budget.
- Homebuyers cannot occupy the property prior to closing, the project could then be considered a rental project.
17 - Evidence of all funding sources

• If the project was approved for SHOP, HOME, etc., submit the fully executed grant/funding agreements along with any attachments/exhibits.

• If the project was approved for a cash contribution from a source, submit an executed letter verifying the cash contribution.
17 - Evidence of all funding sources

Common Mistakes:

• The required documentation to verify the funding sources listed on the Budget was not provided.

• The cash source received was not disclosed on the household’s Budget.

• Cash sources that were approved in the AHP application were not applied to the household’s as they originally indicated.
18 - Homebuyer housing expenses

• Input the amount of monthly homebuyer’s insurance, homeowners association dues, and property taxes the homebuyer(s) can expect to pay onto the Request Form.

• If the information entered on the request form does not match information included on the household’s settlement statement or Closing Disclosure, provide an explanation for the discrepancy.
19 - Deed

- Must submit a Deed indicating the property has been transferred to the homebuyer(s) from a third-party and that the current FHLB retention language is in the Deed or referenced in the Deed as an exhibit or addendum.

- “Retention period” means: Five (5) years from the loan closing or certification of project completion for an AHP-assisted owner-occupied unit.
19 - Deed

Common Mistakes:

- The Deed showing the transfer of ownership was not submitted with the disbursement package as required.
- The Deed includes or references old retention language.
- The retention language is not included in the Deed or it is not properly referenced as an exhibit or addendum.
20a- Member’s permanent loan

• Submit signed copies of the Note and Mortgage/Deed of Trust for the loan the Member made to the project.
• The Note must show the project’s Member as lender.
• Points for permanent loans require the Member to provide loans to at least 51% of the project’s units.
20b - Bridge or construction loan

- Must be documented with executed copies of Note and Mortgage (Deed of Trust) showing the Member as the lender.
20c - Below-market rate on the permanent, construction, or bridge loan

• Must be documented with one of the following:
  o Current, executed letter from the Member indicating the below-market interest rate for the project and how the interest rate is below the market rate.
  o A copy of the standard rate sheet for loans of this type offered by the Member and published for the general public.
20d - Member cash contribution

- Must submit an executed letter from the Member or a copy of the cancelled check.
- This contribution must be listed as a “Cash Source” (Member cash contribution) on at least one of the Budgets for a homebuyer in the project.
20e - Servicing of homebuyer loans originated by the Sponsor

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

- The housing expense ratio must be within the required affordable range of 31% or below.
- FHLB requires the loan principle(s), loan terms(s), interest rate(s), homeowners association dues, mortgage insurance premiums, and amounts for other predetermined housing costs (insurance, taxes, etc...).
Affordability analysis

• If the annual expense ratio is not within our guidelines, FHLB will:
  o Request additional information regarding actual costs of insurance, taxes, dues, or premiums or
  o Allow a mortgage recasting to occur.

• For households that exceed 31%, if the options above do not remedy the issue then the homebuyer will be deemed ineligible for disbursement.
Disbursement feasibility

• The Sponsor is responsible for ensuring the financial information is correct and consistent with the approved AHP application.

• Projects must meet all feasibility guidelines and approved parameters. Any deviations must be explained and will undergo additional review for reasonableness.

• FHLB’s determination will be final and any costs determined not reasonable will be disallowed and will not be reimbursed with AHP funds.
Feasibility guidelines/limits

• Total Project Cost (TPC) per unit must not exceed $200,000.

• Construction soft costs must be no more than 25% of TPC.

• The AHP subsidy per unit requested must not exceed $50,000 per unit.
Feasibility guidelines/limits

• Rehab costs requirements:
  o Rehabbed properties must have construction hard costs in excess of $5,000.00.
  o If the project was approved for substantial rehab, then the construction hard costs must be equal or exceed $10,000.

• Developer fee (maximum 15% of total development costs):

  Developer Fee
  (Total Project Costs – Developer Fee)
General common mistakes

• The Sponsor or Member is unfamiliar or did not fulfill the commitments made in the AHP application.

• Package includes documentation that contradicts something else that was also submitted to FHLB.

• The Sponsor or Member is delinquent submitting requested additional information or compliance requirements.
General common mistakes

• The homebuyer or property does not fit into the project’s requirements (special needs, elderly, homeless, first-time homebuyer, or the property was not donated, etc…).

• The Deed showing transfer of ownership to the homebuyer does not include the most recent retention language.

• Items submitted with the AHP application are resubmitted with the disbursement request package while updated documentation is required.
Reminders

• The Request Form must be signed by the Sponsor contact.
• Any changes to income or household size that occur after pre-approval are not considered.
• A signed Budget is required for each unit when requesting funds.
• Please be sure to use the correct retention language as it changes from year to year.
Reminders

- Submit a copy of the Note and the corresponding Mortgage for all loans made to the partner family.

- Show the principal and interest payment from the Note for all repayable loans shown on the Budget.

- Only submit the request under the project you wish to disburse it under. A household should not be transferred between projects unless it is absolutely necessary.
Reminders

• Allow up to 30 days for FHLB staff to review the packages as well as additional information submitted.

• If a request is withdrawn by the Sponsor, it cannot be reinstated under the same project.

• Keep FHLB informed of any staff changes in your organization via e-mail.

• Effective July 1, all requests must be submitted online through the Member’s Only portal on our website.
HCI resources

• Access resources on www.fhlbcin.com by clicking through the following links:
  ○ “Housing Programs” (in the header or middle of the screen) then
  ○ “Affordable Housing Program” (on the left)

• Contact the FHLB staff if you have specific questions that are not answered in the materials available on the website.
### HCI staff

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Connect with us!

Get the latest news, events, and updates at FHLB Cincinnati by connecting with us on social media.

@FHLBCin
www.twitter.com/fhlbcin

www.facebook.com/fhlbcincinnati

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

@FHLBCin
www.instagram.com/fhlbcin
Let’s celebrate together!

We encourage all FHLB Members and housing sponsors to notify us of plans to celebrate or recognize any FHLB-funded housing or community investment project. FHLB is often available to participate and to offer public relations assistance for community events such as ribbon cuttings, groundbreakings, and dedications. Please contact Marketing/Public Affairs, toll-free, at (877) 925-FHLB(3452).
Thank You