

AHP Early Disbursement Webinar 2020

Presented by:
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Webinar Agenda

- Summary
- Disbursement Criteria
- Documents and Forms
- Disbursement Processing
- Disbursement Availability
- Common Mistakes

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Summary

- Up to 25% of funds awarded can be disbursed prior to project completion to eligible rental projects.
- The AHP Early Disbursement Manual located at www.fhlbcin.com provides complete details on all documents required for an early disbursement.

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Disbursement Criteria

- Only one early disbursement per project is allowed.
- All AHP agreements must be fully executed.
- All funding sources must be fully committed.
- The AHP Sponsor and project must demonstrate low or moderate risk based on FHLB's assessments.

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Early Disbursement Risk Assessment

		Sponsor Risk		
		Low	Moderate	High
Current Project Risk	Low	<i>Low</i>	<i>Low</i>	<i>High</i>
	Moderate	<i>Low</i>	<i>Moderate</i>	<i>High</i>
	High	<i>High</i>	<i>High</i>	<i>High</i>

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Sponsor Risk Assessment

Sponsor Capacity Score (assigned by FHLB staff)	Low 0	Moderate 2	High 3
Project Progress Score (active/completed projects)	Poor 0	Satisfactory 1	Good 2
Modifications Score (active/completed projects)	Frequently 0	Occasionally 1	Never 2
Disbursement Delays Score (active/completed projects)	Frequently 0	Occasionally 1	Never 3

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Sponsor Capacity Score (max 3 points)

- FHLB staff will assign this score based on an assessment of:
 - The information about the Sponsor submitted with the project's approved AHP application,
 - The AHP Sponsor's prior and/or current performance on other FHLB projects,
 - Other related and notable information, and
 - Discussions on any issues concerning the AHP Sponsor within the past 5 years.

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Project Progress Score (max 2 points)

- FHLB will assign this score based on:
 - Number of completed AHP projects.
 - Number and status of the AHP Sponsor's active projects.
 - Review of Periodic Progress Reports filed within the past five years.

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Modifications Score (max 2 points)

- FHLB will assign this score based on:
 - Frequency of changes in prior and current AHP projects, and
 - Review of all modifications requested by Sponsor within past five years
 - A score of 2 for no modifications,
 - A score of 1 for 1-2 modifications, and
 - A score of 0 for 3 or more modifications.

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Disbursement Delays Score (max 2 points)

- FHLB will assign this score based on the frequency of significant issues that delayed AHP disbursements for the Sponsor's previous AHP projects.
 - > 6 months receive a score of 0.
 - 60 days to 6 months receive a score of 1.
 - < 60 days receive a score of 3.

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Sponsor Risk Assessment

<u>Score</u>	<u>Sponsor Risk</u>
0-4	High
5-7	Moderate
8-10	Low

- The sum of Sponsor risk scores determines the Sponsor risk per this table.
- If the Sponsor Risk is high, the project is NOT eligible for an early disbursement.

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Current Project Risk Assessment

Executed construction contract <u>is</u> in place (the Sponsor is <u>not</u> the general contractor) <i>AND</i> the project <u>has</u> a committed government funding source	Executed construction contract <u>is</u> in place (the Sponsor is <u>not</u> the general contractor) <i>OR</i> the project <u>has</u> a committed government funding source	The Sponsor <u>is</u> the general contractor on the project or the project <u>does not have</u> a construction contract in place <i>AND</i> the project <u>does not have</u> a committed government funding source
Low	Moderate	High

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Early Disbursement Risk Assessment

	Sponsor Risk		
Current Project Risk	<i>Low</i>	<i>Low</i>	<i>High</i>
	<i>Low</i>	<i>Moderate</i>	<i>High</i>
	<i>High</i>	<i>High</i>	<i>High</i>

- Projects with either a high Sponsor Risk or high Current Project Risk cannot receive an early disbursement of funds.
- Projects with low or moderate risk can request an early disbursement.

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Early Disbursement Request Instructions

- Step 1: Complete the AHP Early Disbursement Request Form
- Step 2: Compile the Required Documents
- Step 3: Obtain the Required Signatures
- Step 4: Submit the AHP Early Disbursement Request Form with all Required Documents and Signatures
- Mail to: FHLB Cincinnati- Housing
221 East Fourth Street, Suite 600
P.O. Box 598
Cincinnati, OH 45201-0598

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AHP Early Disbursement Request
Rental Projects Only
Effective February 19, 2020

Project Name: _____
 Project Address(es): _____
 Primary Member Name: _____
 Secondary Member Name: _____
 Sponsor Name: _____
 Project Number: _____
 Total Initially Awarded: \$ _____ Amount Requested:* \$ _____
 Primary Member Draw: \$ _____ Secondary Member Draw: \$ _____

*NOTE: Early grant disbursement requests are limited to 25% of the total grant initially awarded.

Refer to the AHP Early Disbursement Manual for acceptable format of required documentation. Documents that do not meet FHLB requirements as listed in the manual will require amendment prior to disbursement of AHP funds, if viable, or will result in denial of the disbursement request.

Required Documents:	Already on file	Enclosed	N/A
1. Project dates: a. Construction loan closing: b. Issuance of work permits:			
2. The Sponsor certifies they have completed disbursement training: Yes <input type="checkbox"/> No <input type="checkbox"/>			
3. Proof that ALL funding sources aside from tax credits and cash contributions have been committed to the project via copies of executed grant agreements, notes and mortgages, etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Verification of Sponsor's ownership/leasehold interest	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Executed construction contract that includes a scope of work if the Sponsor is not the general contractor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. For tax credit projects only: a. Evidence of the firm commitment from the tax credit allocating agency b. Executed copy of the partnership operating agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

AHP Early Disbursement Request
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Effective 02/19/2020

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AHP Early Disbursement Manual

- The most important tool for successfully completing the AHP Early Disbursement process.
- The manual details FHLB's requirements for each item on the request form.
- Access the AHP Early Disbursement Manual at www.fhlbcin.com.

Evidence of Funding Sources

- Evidence that ALL outside funding sources are committed is required.
- Grant sources- signed commitment letters or fully executed grant agreements.
- Debt sources- signed commitment letters or executed notes and mortgages.
- Cash contributions from the Member, Sponsor, or other entities or evidence of deferred developer fee NOT required until final disbursement request.

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Verification of Sponsor's ownership/leasehold interest

- Evidence of site control (ownership or leasehold interest) is required.
- Submit a signed and recorded copy of the deed, lease, or memorandum of lease between the AHP Sponsor or owner and a third party.
- The term of any lease must be at least 15 years to satisfy FHLB requirements.

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Executed Construction Contract

- Submit an executed construction contract for the project with a scope of work that is consistent with the approved AHP application's Development Budget.
- If the AHP Sponsor is the contractor for the project, a contract is not required (but evidence of a committed government funding source is).

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Commitments for Tax Credit Projects

- Provide evidence of a firm commitment from the tax credit allocating agency:
 - 9% Low Income Housing Tax Credits- provide the executed commitment letter or carryover allocation.
 - 4% tax credits- provide an executed letter of eligibility.
 - Historic tax credits-provide copies of Parts I and II of the application signed by the representative of the state historic preservation office or the National Park Service.
- Submit the executed partnership or operating agreement with all exhibits and attachments.

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Project Financials

- Submit the following to verify project's financial structure still meets FHLB guidelines:
 - Updated AHP Operating Budget
 - Updated AHP Development Budget
- See OASYS for FHLB's AHP budget template

*this is not required if the updated financials have already been submitted to FHLB within the past six months.

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Changes in Project Characteristics

- Changes to the following require modification request :
 - Sponsor or Member Role
 - Project targeting (income, special needs, homeless, etc.)
 - Number of units or unit mix
 - Project location
 - Any other material change
- Complete the AHP Modification Request Form located at www.fhlbcin.com.

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Early Disbursement Processing

- Disbursements will be processed in accordance with FHLB's current procedures and guidelines.
- Allow at least 30 days for the processing
- FHLB will review the disbursement package submitted and other information obtained during the review process to:
 - Reevaluate the project's financial and operational feasibility, and
 - Verify that the project continues to qualify for AHP subsidy.

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Early Disbursement Availability

- FHLB reserves the right to delay, deny, reduce, or recapture funds at any time if:
 - The Member or AHP Sponsor has been asked by FHLB to cure a noncompliant situation and resolution is pending,
 - The Sponsor currently has other older and incomplete AHP projects that are not making satisfactory progress,

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Early Disbursement Availability (cont.)

- The Member or Sponsor fail to respond to a request for information on any AHP project or action; or,
- The project no longer demonstrates a need for subsidy or fails to meet AHP threshold requirements or scoring criteria.

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Common Mistakes

- The disbursement request form is incomplete or not signed by both parties. If a question is not applicable, check the “N/A” box on the form.
- All of the funding sources approved at application were not documented with executed grant agreements or notes/mortgages (deeds of trust).
- There is a significant and unexplained change in the approved project budgets (development or operations).

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Reminders

- Allow up to 30 days for FHLB staff to review any documentation submitted.
- AHP Sponsor/owner should submit additional information requested within 30 days of request.
- Inform FHLB of any staff changes within your organization.

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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)
- Once there, you can find additional resources such as the AHP Implementation Plan.
- Contact the FHLB staff if you have specific questions that are not answered in the materials available on the website.

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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).**



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Thank You



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