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# AFFORDABLE HOUSING PROGRAM NEXT STEPS GUIDE – 2020 AWARDS

Congratulations on your Affordable Housing Program (AHP) award. We look forward to working together as you use these funds to develop housing and serve your community.

All policies and procedures related to the AHP are included in the AHP Implementation Plan and the AHP Regulation 12 CFR 1291.

This program guide highlights the critical elements of your AHP award and spells out the keys for success to help you navigate the AHP program and develop your housing initiative successfully, including:

- Contact information for the Housing and Community Investment department;
- FHLBank Boston's website and AHP documents and forms;
- The AHP Implementation Plan;
- Program timeline and key benchmarks;
- The Affordable Housing Program Agreement;
- Retention mechanism (mortgage, note, and subsidized advance rider);
- Income calculation methodology for AHP-eligible homebuyers and residents; and
- Rates and prepayment fees on FHLBank Boston AHP and CDA Advances.

## **2020 AHP Next Steps Presentation – Webinars**

In addition to this guide, FHLBank Boston (the Bank) has two online AHP Next Steps Webinars scheduled for January 26 and February 4, 2021. We encourage members, sponsors, and all members of your development team to participate. Please [register online](#). We will also separately post a recorded presentation on our [website](#).

## **Contact Information**

The program relies on the successful partnership and communication between member financial institutions, project sponsors and owners, and FHLBank Boston. Please make sure that we always have your up-to-date contact information, including email addresses.

Below is the list of Community Investment Managers and the entire Housing and Community Investment staff. We are delighted to answer any questions, provide additional information, or address specific issues as needed.

**HCI Staff Contact Information**

Name	AHP Region	Contact
<b>Affordable Housing Program Staff</b>		
Kathleen Amonte, Senior Community Investment Manager	Works with members and their community development partners in Connecticut, Rhode Island, and Southeastern Massachusetts, including Barnstable, Bristol, Dukes, Nantucket, Norfolk, and Plymouth counties	617-425-9413 <a href="mailto:kathleen.amonte@fhlboston.com">kathleen.amonte@fhlboston.com</a>
Tobi Goldberg, Senior Community Investment Manager	Works with members and their community development partners in Maine and Eastern Massachusetts, including Essex, Middlesex and Suffolk counties	617-292-9653 <a href="mailto:tobi.goldberg@fhlboston.com">tobi.goldberg@fhlboston.com</a>
Michael Pingpank Senior Community Investment Manager	Works with members and their community development partners in New Hampshire, Vermont, and Central and Western Massachusetts (Berkshire, Franklin, Hampden, Hampshire, and Worcester counties); as well as initiatives outside of New England	617-425-9564 <a href="mailto:michael.pingpank@fhlboston.com">michael.pingpank@fhlboston.com</a>
Theo Noell, Affordable Housing Program and Outreach Manager	Affordable Housing Program manager; long-term monitoring and reporting, refinancing, completion of AHP affordability obligations, as well as other programmatic and regulatory questions.	617-292-9668 <a href="mailto:theodore.noell@fhlboston.com">theodore.noell@fhlboston.com</a>
<b>Other HCI Staff</b>		
Livia Bourque	HCI Operations Manager	617-292-9607 <a href="mailto:livia.bourque@fhlboston.com">livia.bourque@fhlboston.com</a>
Ivette Morillo	HCI Analyst	617-425-9582 <a href="mailto:ivette.morillo@fhlboston.com">ivette.morillo@fhlboston.com</a>
Kaitlyn Mulhern	Homeownership Set-Aside Programs Manager	617-292-9606 <a href="mailto:kaitlyn.mulhern@fhlboston.com">kaitlyn.mulhern@fhlboston.com</a>
Kevin Ryan	HCI Analyst	617-292-9646 <a href="mailto:kevin.ryan@fhlboston.com">kevin.ryan@fhlboston.com</a>
Paulette Vass	Community Development Advance Manager	617-292-9792 <a href="mailto:paulette.vass@fhlboston.com">paulette.vass@fhlboston.com</a>
Kenneth Willis	Senior Vice President/Director	617-292-9631 <a href="mailto:kenneth.willis@fhlboston.com">kenneth.willis@fhlboston.com</a>
Housing and Community Investment Department		1-888-424-3863 <a href="mailto:housing@fhlboston.com">housing@fhlboston.com</a>

**Key AHP Resources, Web Sites, Forms**

AHP Regulation	12 CFR 1291
AHP Implementation Plan	<p>This is the policy document that explains all aspects of the AHP, including eligibility, feasibility, scoring, disbursement, affordability retention, monitoring, and watch list reporting.</p> <p><a href="https://web-prd.fhlbboston.com/api/contentservices/api/contentstream/fhlbank-boston/AHP%20Implementation%20Plan.pdf">https://web-prd.fhlbboston.com/api/contentservices/api/contentstream/fhlbank-boston/AHP%20Implementation%20Plan.pdf</a></p> <p>For all questions about the AHP, please consult the AHP Implementation Plan or your Community Investment Manager.</p>
AHP Website	<p>This index web page and the following pages provide all the materials you will need to access and use the AHP funding for your initiative, including income calculation guidelines, templates of the AHP mortgages/notes, and disbursement and reporting instructions.</p> <p><a href="https://www.fhlbboston.com/fhlbank-boston/affordable-housing-program/">https://www.fhlbboston.com/fhlbank-boston/affordable-housing-program/</a></p> <p><b>NEW! We've got recorded presentations for AHP income calculation, disbursements, and long-term monitoring and reporting.</b></p>
AHP Income Calculation Guidelines	We have homeownership and rental guidelines published on our website. .
AHP Mortgages and Notes – legal templates	<p>Draft legal template documents to secure AHP funds are also available on our website.</p> <p>This includes the income calculation guidelines and the draft template documents for AHP Retention (notes, mortgages, Subsidized Advance rider, collateral assignment).</p> <p>Please note: These documents may be updated early in the first quarter of 2021.</p>
Secure AHP Monitoring and Reporting Website (includes AHP Application)	<p><a href="https://housing.fhlbboston.com">https://housing.fhlbboston.com</a></p> <p>File all your reporting, request disbursement of AHP funds, and request any modifications or extensions of your AHP award.</p> <p>Use your Community Lending Login username and password.</p> <p><b>Note:</b> Sponsors working with development consultants or third-party property managers: Ask us about designating an Authorized Representative to assist with the monitoring and reporting.</p>
FHLBank Boston	<p><a href="http://www.fhlbboston.com">www.fhlbboston.com</a></p> <p>More information about the AHP and all Housing and Community Investment programs can be found under the Housing &amp; Economic Growth section of our website.</p>

### Terminology

AHP	Affordable Housing Program
AHP Direct Subsidy	AHP subsidy or grant to be used to fund capital development costs of your housing.
AHP Interest-Rate Subsidy (AHP Advance Subsidy)	AHP subsidy which is separate from the AHP direct subsidy. This is used to reduce the interest rate charged to the member for the AHP subsidized advance (and consequently helps to reduce the end rate to the project).
AHP Subsidized Advance	A loan from FHLBank Boston to the member at a below-market interest rate, discounted using AHP interest-rate Subsidy. The member uses this advance to fund its loan to the sponsor.
CDA	Community Development advance – lower-cost, fixed-rate wholesale advances to members from FHLBank Boston to support targeted affordable housing and economic development initiatives.
CIM	FHLBank Boston Community Investment Manager in the Housing and Community Investment department (your primary point of contact with the manager covering your geographic region).
EBP	Equity Builder Program (part of the overall AHP). A separate down-payment and closing cost assistance program accessed by members for low-income and first-time homebuyers.
HCI	Housing and Community Investment department
Member	Financial institution that is a member shareholder of FHLBank Boston
Qualifying Characteristics (QC)	Scoring components of the AHP application to be maintained over the AHP retention period. This document is a component and a commitment of the AHP Agreement.
Sponsor	Developer/Owner of the AHP application or initiative.

## Key Elements of the AHP

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### AHP Award

- AHP Direct Subsidy
- AHP Subsidized Advance with the AHP Interest-Rate Subsidy (if applicable)
- AHP Qualifying Characteristics
- AHP Award Condition (if applicable)

### Project Readiness and Timing of AHP Subsidy Use

- Some or all the AHP subsidies must be likely to be drawn down or used by the project to procure other financing commitments within 12 months of the date of approval of the application for subsidy funding the project.
- Zoning compliance and all funding is expected to be committed within 12 months of the date of the application approval.
- Sponsors demonstrated that they have 100% of site control at the time of application. In those instances where it is through a purchase and sales agreement or other form of option, we generally expect this to be exercised within 12 months of the application approval as well.
- Construction/rehabilitation of the for-sale homes or rental apartment homes is generally expected to begin within 12 months of the AHP award. A one-time, additional six months may be granted at the FHLBank Boston's sole discretion based on individual circumstances related to your housing initiative. For additional information consult the AHP Monitoring/Time Limits section below.
- Physical completion of the for-sale homes or rental apartment homes is expected within 36 months of the application approval.
- Please consult the approved application, your Community Investment Manager, and the AHP Implementation Plan for more information.

### Income Calculation Guidelines for AHP-Eligible Residents and Homebuyers

- We have income calculation guidelines for both homeownership and rental initiatives.
- These income guidelines/standards must be used by members and sponsors/owners for the calculation of household income.
- The Resident Income Calculation and Helpful Information appendices to this Next Steps Guide provide more details about calculating and documenting household income eligibility.
- The same standards are used by HCI staff to review and approve household income for both rental and homeownership initiatives.
- These standards are expected to be used by rental initiatives throughout the 15-year retention period and five-year retention period for homeownership initiatives.
- The guidelines are used in conjunction with the HUD Income Limits.
- These guidelines may be updated periodically. Please make sure you are using the most current income calculation guidelines as published on our website.

#### *Important to remember:*

- A summary income-calculation coversheet must be used for each household when submitting income documents for review.
- FHLBank Boston has drafted the AHP Rental Household Income Information Worksheet, available on the AHP Forms and Applications webpage.

- All adult household members, who will reside in the property, but are not working or do not receive any income from any sources, will need to execute a Certificate of Zero Income form. The template is available online.
- The income calculation guidelines may differ from other programs and funders.

#### **Use of AHP Subsidy**

- Program funds may be used only for the direct costs of purchasing, constructing, or rehabilitating affordable housing.
- Eligible uses include acquisition, construction, rehabilitation costs, related soft costs, interest-rate buy-downs, down-payment and closing-cost assistance, and matched-savings programs. Only those units that are affordable, as defined by the AHP Regulation, are eligible for funding.
- Capitalized reserves, supportive services, nonresidential uses, and commercial space associated with a development, as well as certain prepayment or cancellation fees related to an AHP subsidized advance, are ineligible for AHP funding. AHP funds cannot be used to pay predevelopment costs (defined as costs to determine whether a proposed initiative is feasible) prior to receipt of all funding commitments.
- Evidence of use of AHP funds is required.

#### **Pass Through of the AHP Subsidy**

- AHP direct subsidy and subsidized advance funds must be provided to the sponsor/owner within 90 days from disbursement for approved purposes.
- The member is not permitted to make any arbitrage gain on the AHP subsidy.
- At a minimum, the member must transfer the funds to the sponsor by depositing the AHP funds into a separate account benefiting the sponsor within 90 days of disbursement from the Bank to the member.
- It is recommended that AHP funds should not be comingled with other funds.
- Evidence of funds transfer is required.

#### **AHP Affordability/Retention Period**

- This is the length of time required for a completed AHP-assisted initiative to remain in use as affordable housing and to satisfy all the AHP obligations in the AHP agreement and approved AHP application.
  - Five years from completion for homeownership initiatives
  - 15 years from completion for rental initiatives
- The affordability and all other AHP regulatory obligations contained in the AHP agreement will be secured using standard mortgage documents provided by FHLBank Boston.

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### **Key AHP Documents**

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#### **AHP Award Notification**

- The AHP award notification is mailed along with a sample draft AHP agreement to the CEO of the member and the contact person at the project sponsor.
- The AHP award has a 12-month expiration date from the date of award.

### AHP Agreement

- The AHP agreement should be executed within 12 months of award approval and before any disbursement of funds.
- The executed AHP agreement includes the terms and conditions that govern the approval and funding of the application, including all representations made in the application, and that bind the member and project sponsor/owner. This includes fulfillment of the AHP Qualifying Characteristics (QC).
- The QC summarize the scoring elements of the application and project, upon which, in part, it was approved for subsidy. If applicable, the award condition is listed on the QC.
- Changes to the terms and conditions of the AHP agreement are not allowed.
- Parties to the AHP agreement include the member, sponsor, project owner, any cosponsors, and FHLBank Boston.
- It is critical that the appropriate member and sponsor/owner representatives sign the AHP agreement.
  - **Members:** The individual signing on behalf of your institution must be an officer authorized to enter into this agreement pursuant to its current user entitlements on file with the FHLBank Boston.
- The signature(s) represent full understanding, acceptance, and compliance with the terms and conditions in the AHP agreement and QC.
- These parties should be the same entities as those identified in the AHP mortgages and notes.

### AHP Mortgages/Notes/Collateral Assignment/Rider (Retention Documentation)

- Please make sure you are using the correct and current documents.
- FHLBank Boston has **standard AHP mortgages and notes** for homeownership and rental initiatives on our website.
- AHP subsidized advances: The **standard AHP Subsidized Advance Rider** must be attached to and recorded with the member's mortgage.
- Any changes must be approved by FHLBank Boston prior to execution and recording. Changes may require additional time to review which may delay funding approval and disbursement.
- It is incumbent on members, project sponsors, and/or owners to review these AHP documents, along with other documents and requirements of other funders, and to understand the priority schedule of the various funds in the deal, including AHP, in advance of closing/disbursements (AHP or otherwise) so that it is clear how the deal is being put together and to avoid any confusion or issues.
- Mortgages must be recorded.

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### AHP Monitoring and Reporting

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NOTE: Consult the AHP Implementation Plan for more information on all requirements.

### Time Limits

- One additional six-month period may be granted on a case-by-case exception basis at the Bank's sole discretion if, in the Bank's judgment, sufficient evidence is provided documenting progress toward project funding and completion.

- Accommodations beyond 12/18 months may be granted for a particular circumstance such as extended timeline to resolve a NIMBY (“not in my backyard”)/zoning challenge or address an ownership or other issue.
- Requests for additional time should be initiated by the project sponsor/owner through the online semiannual progress reports (June/December), which are then reviewed and submitted by the member with final review and approval by the Bank.

### **FHLBank Boston Site Visits**

- HCI staff will conduct a site visit as required under the AHP Implementation Plan.
- This affords us the opportunity to see the property and work directly with you on this initiative and to strategize about future affordable housing development partnerships.
- We like to meet with you via phone or in person to learn more about your organization and provide technical assistance specific to your initiative.
- We also like to assist with and attend the groundbreakings and ribbon cuttings. *Please see the Media Relations/Community Impact section below for additional information.*

### **Modifications to Initiative and the Qualifying Characteristics**

- The AHP Regulation requires that an application receiving AHP funds must be modified if there are changes that impact the original score in the AHP application.
- Modifications may be considered but only after the sponsor and/or member have made reasonable efforts to remedy the situation and avoid the modification.
- Changes to scoring may impact your initiative’s continued eligibility for AHP funds.
- [Modification requests are initiated online](#) by the project sponsor/owner, reviewed and submitted online by the member, and then reviewed by FHLBank Boston.
- Consult your Community Investment Manager for more information.

### **Disbursement**

- The project sponsor/owner and then member both sign and submit the **online AHP Disbursement Request** and include all the required documentation with the online request form.
- Completed requests for disbursement are processed within **15 business days**.
- For direct subsidy disbursements, members are notified when the funds are being deposited into their IDEAL WAY account.
- For subsidized advance disbursement requests, CIMs will work with members to coordinate the take-down or rate lock of the funds from FHLBank Boston’s Member Funding Desk.
- Disbursements follow three review steps internally at FHLBank Boston:
  1. Recommendation,
  2. Manager approval, and
  3. Compliance review.
- See Appendix A – AHP Disbursement Checklist
- *Questions about AHP Subsidized Advances? See below.*

### Initial Monitoring

- During development, **online Semiannual Progress Reports** are required of members and sponsors/owners (typically June/December).
- These are vital reports for sponsors, members, and FHLBank Boston to ensure your continued success as well as program and regulatory due diligence.

### Physical Completion

- The AHP Implementation plan defines when a rental or homeownership is physically complete, typically based on the certificates of occupancy.
- We also monitor lease-up, occupancy, and the sale of any AHP-assisted homes.

### Completion Monitoring

The federal regulations (12 CFR 1291) governing the AHP require that FHLBank Boston conduct a closeout monitoring review upon completion of a rental or homeownership initiative.

The review will determine that the AHP funds have been used properly and confirm all the scoring categories in which this project received points.

- We conduct this monitoring review after you receive your certificate(s) of occupancy and/or lease up or sell your AHP-assisted homes.
- The monitoring review confirms that the initiative has been completed in compliance with all the commitments made in the approved AHP application. This includes:
  - Confirmation of the final development sources and uses;
  - Confirmation of operational feasibility (rental only);
  - Need for AHP subsidy and Use of AHP subsidy funds including subsidized advance proceeds;
  - Closing disclosures (homeownership only);
  - Recorded mortgages, notes, etc. securing the AHP funding;
  - Program eligibility, income targeting, and affordability;
  - Certificates of occupancy;
  - 8609 forms (Low Income Housing Tax Credit only);
  - fulfillment of all AHP scoring categories and the AHP QCs; and
  - Any award conditions, if applicable.
- Upon physical completion of the AHP-funded units, HCI will create the online AHP Closeout Monitoring Review, and notify sponsors and members via email.
- Sponsors and members are obligated to complete this within 30 days of receipt.
- *We'll help you manage. Contact your CIM with any questions.*

### Long-Term Monitoring – for Rental Projects Only

- This includes **online Annual Compliance Certifications** and **Periodic Monitoring Reports** based on the amount of AHP subsidy disbursed to the project and other factors.
- This reporting is not required for Low Income Housing Tax Credit (LIHTC) initiatives that provide a fully executed form 8609 and remain in LIHTC compliance.

### **AHP Risk Factors, AHP Ratings, and the AHP Watch List**

- The Bank manages the AHP portfolio according to our AHP Implementation Plan policies and procedures for our shared success.
- The AHP Implementation Plan identifies several key AHP risk factors, our portfolio rating framework, and Watch List procedures.
- FHLBank Boston may place an AHP-approved initiative on its Watch List for a number of reasons or factors, for example, delayed completion of the homes/apartments, risk of financial default, or regulatory noncompliance.
- This will require additional monitoring and reporting by members and project sponsors/owners, including additional online reporting.
- Failure to cure in a timely manner will risk suspension, debarment, and recapture of funds.

### **Suspension, Debarment, and Risk of Recapture**

- The Bank defines why, how, and when we will recapture AHP Funds and/or place members or sponsors on suspension.
- Suspensions are at a minimum 12 months and would prevent future applications and access to AHP funding.
- The worst case is permanent debarment.
- The Bank follows a standardized review and appeals process.

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### **Additional Information about AHP Subsidized Advances**

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#### *What is the AHP Subsidized Advance? What is the AHP Interest Rate Subsidy?*

- These are frequently asked questions and are often the most complex aspect of the AHP.
- The AHP interest-rate subsidy is used to reduce the interest rate charged to the member for the AHP subsidized advance. This is based on the specific information in the approved AHP application.
- FHLBank Boston uses the AHP interest-rate subsidy to lower the cost we charge the member to borrow the AHP subsidized advance by paying off a portion of the interest to bring the rate below the FHLBank Boston's cost of funds.
- The member will borrow the AHP subsidized advance from FHLBank Boston to fund the permanent loan to the initiative.
- The member adds the spread it requires per the approved AHP application and lends the AHP subsidized advance as the permanent loan to the initiative. The initiative receives the benefit of the AHP interest-rate subsidy in the form of the reduced fixed-interest rate.
- These transactions are separate from the AHP direct subsidy (capital grant).
- Don't forget to attach and record the AHP Subsidized Advance Rider with your mortgage securing these funds.

#### *Rates on AHP Subsidized Advances*

- At the time of application submission and approval, sufficient AHP interest-rate Subsidy funds are reserved, based upon rates at that time and within program limits, to reduce the interest rate on the long-term subsidized advance.
- Only amortizing AHP subsidized advances with terms of 10 years or more will be available, up to a term of 20 years with an amortization of 30 years.

- The AHP interest-rate subsidy is projected using a net present value calculation based on a future disbursement of the advance 18 months from application approval.
- At no time is the anticipated interest rate to the member or project requested in the application guaranteed, until the AHP subsidized advance is rate-locked or disbursed.
- A forward-rate guarantee with a mandatory disbursement (where the member locks in the interest rate and enters into a binding commitment to take down the AHP subsidized advance on a specific future date) is available as an option to help mitigate interest-rate risk.
- If that does not work for your project, there will be no interest-rate guarantee, but the amount of interest subsidy will remain available for the subsidized advance, provided progress is acceptable. The rate, principal, and term may be adjusted provided the project continues to demonstrate the need for AHP subsidy and meet all other AHP requirements.
- *Please contact your CIM if you have any questions about AHP subsidized advances.*

#### Prepayment Fees on FHLBank Boston AHP and CDA Advances

- FHLBank Boston will charge the member a prepayment fee to the extent it suffers an economic loss from the prepayment of a subsidized advance.
- Members utilizing an AHP subsidized advance or a Community Development Advance will be subject to FHLBank Boston's yield maintenance fee requirements in the event the advance is paid back to the Bank prior to its scheduled maturity.
- In the event the sponsor (or borrower) prepays such an advance to the member, the member must pay FHLBank Boston back, notwithstanding the scheduled maturity of the advance. Therefore, FHLBank Boston recommends that the member pass through or insure in its mortgage document that the sponsor (or borrower) is responsible for any and all prepayment fees that may be due to FHLBank Boston as a result of the prepayment of the advance.

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#### **Media Relations/Community Impact**

- If the project sponsor/owner erects a sign, we request that the member and FHLBank Boston be listed as sources of funding along with other funders as applicable. Logos and specifications are available from FHLBank Boston's Marketing and Communications department or your CIM.
- FHLBank Boston's Marketing and Communications and Housing and Community Investment staff are available to assist members and sponsors with public relations or other press events. Please consult with your CIM if you have any questions.

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#### **Fourteen Points to Remember**

1. We are here to help. Your success is our success.
2. Communication is critical. Let us know whenever you have a question of if anything is changing in your housing initiative e.g. program specifics, timing, funding.
3. AHP award notification – AHP subsidy includes the AHP direct subsidy and the AHP interest-rate subsidy, as applicable.
4. AHP agreement – to be signed by the appropriate member, sponsor and/or project owner, and FHLBank Boston.
5. The AHP Qualifying Characteristics summarize the scoring commitments made in the approved application.
6. Remember to follow the appropriate AHP Income Calculation Guidelines.

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7. Readiness and timing of use of AHP subsidy (12/18/36 months)
8. Retention periods (5 years for homeownership, 15 years for rental)
9. Use the AHP mortgage, note, and/or Subsidized Advance Rider templates to secure the AHP funds to the initiative/real estate.
10. Disbursements are requested online (<https://housing.fhlbboston.com>).
11. Modifications: Cure First. Can be requested online (<https://housing.fhlbboston.com>).
12. Monitoring is online (<https://housing.fhlbboston.com>).
  - a. June and December semiannual progress reports during development
  - b. Closeout Monitoring Review when the initiative is completed
  - c. Long-term Monitoring for rental initiatives only
13. AHP Regulation is **12 CFR 1291**.
14. The **AHP Implementation Plan** governs the AHP and is on the FHLBank Boston website.

We look forward to working with you to develop this critical affordable housing initiative and build long-term partnerships for future successful community development initiatives.

*Questions?*

*Call or email your AHP contact at FHLBank Boston.*

*We are here to help.*

Revised 11/30/2020

**Appendix A: AHP Disbursement Checklist**

**Appendix B Resident Income Calculation**

**Appendix C: Helpful Information**

## **Appendix A: AHP Disbursement Checklist**

**Please have the following documents ready prior to starting the disbursement request:**

- **Please upload all required documentation from the list below into the disbursement request at the designated attach button.**
- **Please allow 15 business days from the date that we have a complete request to process your disbursement.**

### **FOR ALL PROJECTS:**

1. Executed AHP award letter, if not yet submitted (*not applicable for 2020 awards*)
2. Executed AHP agreement with Qualifying Characteristics page
3. If applicable, documentation that award conditions have been met. Check your award package for award conditions.
4. Evidence that prior AHP disbursed funds have been deposited in a project account within 90 days of receipt.
5. Current sources and uses budget, including commercial budget, if applicable.
6. Funding commitments for all sources listed in the current sources and uses budget.
7. Contracts, contractor requisitions, settlement statements or invoices to evidence use of AHP funds.
8. Ensure that all AHP project reporting is up to date.
9. Evidence documenting member financial participation and other AHP Qualifying Characteristics, as applicable.

**If you have proposed changes to the AHP agreement, AHP mortgage or note, please submit them prior to submitting the disbursement request so that our attorney may review and determine if the changes are acceptable or not.**

**If you have approved changes to your AHP mortgage, note, or collateral assignment, please submit the approval email with the AHP mortgage and note authorizing the changes made.**

### **FOR RENTAL PROJECTS:**

1. Updated 15-year operating proforma, including commercial space proforma, if applicable. Must include detailed income, expenses, debt service and cash flows for the first full year of operation.
2. Updated rent schedule. The resident rent charges cannot exceed cannot exceed 30% of the area median income for the targeted income group. For direct subsidy/grant: recorded AHP mortgage and note (please ensure that the correct AHP agreement effective date is used in the AHP mortgage).
3. Recorded collateral assignment of the AHP mortgage back to the member financial institution if the member is not the lender of the grant (for example, in a LIHTC transaction).
4. For subsidized advance: recorded member first mortgage with AHP Subsidized Advance Rider attached and executed promissory note. Other loan documents may need to be provided; typically, this can include the loan agreement.

5. Forward Rate Commitments:
  - A. Formal commitment letter executed by member and sponsor committing to using the final agreed upon draft mortgage with the AHP Subsidized Advance Rider and the final draft promissory note. This commitment letter template is available upon request from FHLBank Boston.
  - B. Forward rate commitments: draft mortgage with the AHP Subsidized Advance Rider and the final draft promissory note.

**FOR OWNERSHIP PROJECTS:**

1. Recorded AHP mortgage & note (or interim AHP mortgage and note).
2. **Homeownership spreadsheet.**
  - a. If this is a Habitat for Humanity initiative, please ensure that the correct PV percentage is in cell H6 on the Habitat worksheet tab.
3. Completed family application and income verifications used to qualify homeowner family at the time of approval for program. Income verifications must be within 45 days of the application processed. Consult the Income Calculation Guidelines on our website.
4. If this is a Habitat for Humanity initiative, please attach the recorded Habitat first mortgage and note, for home(s) which have been sold.
5. Final settlement statement for home(s) which have been sold.

**FOR REVOLVING LOAN FUND PROGRAMS:** Please discuss the required documentation with your CIM.

**Appendix B: Resident Income Calculation**

One of the most important tasks you will perform during your AHP retention period is determining, verifying, and calculating **prospective gross** annual household income at the time of move-in or application eligibility. The purpose of calculating this income is to ensure that residents/homebuyers:

1. Meet the income targeting you committed to in the AHP agreement;
2. Have provided sufficient income documentation to move into your project or purchase a home; and
3. Pay rent/housing expense that is affordable at 30% of the HUD targeted income limit

Initial income eligibility is determined prospectively and based on the anticipated income for the 12 months from date of eligibility/move-in. All household income must be verified using acceptable forms of third-party verifications outlined in the AHP Income Guidelines (separate streamlined guidelines for rental initiatives) and be within 45 days of move-in. **Please read these guidelines carefully, and if you have any questions, contact your CIM.**

The goal of the income calculation guidelines is to inform sponsors, owners, and/or managers of AHP-assisted housing initiatives of what is expected by FHLBank Boston. Specific AHP policies and forms are based on HUD Section 8 regulations and the HUD 4350.3 Handbook, Chapter 5, as well as the AHP Regulation (12 CFR 1291). Below are other useful links and resources to guide you through the process. It is expected that sponsors, property managers, and owners managing a project with AHP direct subsidy or a subsidized advance have had property management and income-eligibility

training, as well as the capacity to qualify residents in a way that is consistent with FHLBank Boston's AHP. Should you have any questions about this process, please contact your CIM.

### **Appendix C: Helpful Information**

Listed below are a collection of website and other resources to assist you in the development, management, and compliance reporting for your housing initiative.

#### **Nationally recognized trainers for housing programs**

- [Spectrum Seminars](#)
- [Quadel Consulting Corp](#)
- [National Affordable Housing Management Association](#)
- [Elizabeth Moreland Consulting, Inc.](#)
- [A.J. Johnson Consulting Services, Inc.](#)
- [National Center for Housing Management](#)
- [Novogradac & Company](#)
- [TheoPRO](#)
- [Liz Bramlet Consulting, LLC](#)

#### **Helpful websites**

- [U.S Department of Housing and Urban Development \(HUD\)](#)
- [U.S. Department of Internal Revenue Service \(IRS\)](#)
- [HUD User Income Limits](#)

#### **Fair Housing Act and Related Standards**

- [Fair Housing Act Guidelines](#)
- [Fair Housing Act Design Manual](#)
- [Section 504 of the Rehabilitation Act](#)