AHP RENTAL DISBURSEMENT REQUEST PROCESS

KATIE GNAGI

HCD COORDINATOR - AHP

HOUSING AND COMMUNITY DEVELOPMENT (HCD) DEPARTMENT

AHP Implementation Plan Highlights

- The request amount must be rounded down to the nearest dollar
- Disbursements are funded on a reimbursement basis after costs are incurred for the subsidy requested
- The Owner Equity and DDF amounts may not drop below the amounts committed to at the time of project Application
- Project sponsors should maintain and provide back-up documentation
  - This documentation should be made available to FHLBank upon request
- Modifications require an effort to cure and good cause
  - The project must also continue to score high enough to have been approved in the AHP funding round

AHP Implementation Plan Highlights

- FHLBank, in its sole discretion, may grant exceptions to the provisions, except regulatory requirements, of the AHP IP
  - Exceptions are documented as part of the review process and are reported to FHLBank's board
  - Contact HCD to determine if a potential exception violates regulatory requirements
- FHLBank may suspend or debar a member, project sponsor or project owner from AHP participation if such party shows a pattern of noncompliance or engages in a single instance of flagrant noncompliance

AHP Implementation Plan Deadlines and Reporting

- A disbursement request must be submitted within 12 months of the date of AHP application approval
  - Each disbursement request must be for a minimum of 25% of the subsidy awarded, except for the final disbursement request if it is for all remaining funds
  - FHLBank may extend the project start date for one 6-month period
- All requests for disbursement of AHP subsidy must be submitted within 42 months from the project approval date
  - All funds must be disbursed no later than 48 months after project approval

- Semi-Annually, project sponsors must provide reports to FHLBank indicating whether reasonable progress is being made toward project completion
- Project Completion Reporting will be due one year after the project completion date
  - Projects should provide FHLBank the Certificate of Occupancy, or other documentation verifying project completion, as soon as it is received

AHP Implementation Plan
Project Start & Disbursement Milestones

Project Start

Rental
• Submit a disbursement request that meets the Disbursement Milestones and is for at least 25 percent (25%) of the subsidy awarded within twelve months of application approval

• Provide documentation establishing that AHP subsidy was used to procure a financing commitment that was not approved at the time of the AHP application and must meet the criteria provided below.
  ◦ Amount of financing commitment must be at least $20,000.
  ◦ Project must submit a disbursement request for at least 25 percent (25%) of the subsidy awarded within 18 months of the date of the AHP application approval.

Disbursement

Rental
• Other funding source applications approved
• Project buildings and underlying land must be owned or leased at time of disbursement.
• Construction/Rehabilitation started

AHP Implementation Plan
Exhibit A: Project Cost Guidelines

1. DEVELOPMENT BUDGET	
a. Contractor Fees	Twelve percent (12%) aggregate total for contractor fees on the residential component of the project stated as a percentage of the residential costs for land improvements, new construction costs, rehabilitation costs, building hazardous material remediation, local and tap permit fees and other costs for construction and rehabilitation specified on the Development Budget tab of the Feasibility Workbook.
b. Developer / Consultant Fees	Developer and Consultant Fees may not exceed fifteen percent (15%) of the residential costs, excluding developer and consultant fees, land, amounts exceeding the maximum allowable contractor fees, contractor overhead, contractor profit, general requirements, and project reserves. In the event of a subsequent request for increase in subsidy, any additional developer/consultant fee must be no more than the original ratio of developer/contractor fee to costs and based on rates stated in FHLBank's AHP Plan at the time of AHP application. The subsequent request must include additional hard costs excluding developer fees.
c. Contingency	• 15 percent (15%) of hard costs for rehabilitation and adaptive reuse. • 10 percent (10%) of hard construction costs, new construction. • Contingency costs for combinations of rehabilitation and new construction will be proportionate to the respective costs. • 3 percent (3%) of soft costs.
d. Operating Reserves (capitalized)	12 months of operating expenses.
e. Replacement Reserves (capitalized)	$350 per unit
f. Debt Service Reserves	9 months of debt service.
g. Construction Costs	Construction costs must be reasonable. Project cost reasonableness will be determined through comparison to data established by RS Means Company or other industry construction data or justified as a result of a competitive bidding process.

AHP Implementation Plan
Exhibit A: Project Cost Guidelines

2. PROJECT FINANCING	
a. Construction Loan Fees	2 percent (2%) of the construction loan amount.
b. Permanent Loan Fees	2 percent (2%) of the permanent loan amount.
c. Interest Rate	• Permanent Loan/TIF Loan: 300 basis points over the comparable 15-year or 30-year CHP rate. (Applies to permanent loans not paid out of net cash flow.)
	• Construction Loan: 500 basis points over the 15-year CHP rate.

AHP Implementation Plan
Exhibit B: Eligibility & Feasibility Guidelines

ITEM	Project Eligibility and Feasibility Guidelines
a. Vacancy Rate/Bad Debt	Up to and including 7 percent (7%) of gross rent revenue.
b. Management Fee	Maximum 15 percent (15%) of net rent for 20 units or less. Maximum of 10 percent (10%) of net rent for less than 50 but greater than 20 units. Maximum of 5 percent (5%) of net rent for 50 or more units.
c. Operating Costs	Between $3,200 and $6,000 per unit per year without reserves and including real estate taxes or within operating costs approved per Section 8 operating agreement or equivalent requirement.
d. Replacement Reserves	Minimum $250 and Maximum $500/unit per year in any year on the 15-year proforma.
e. Debt Capacity Measurement	Debt Coverage Ratio (DCR) - Use DCR when total debt divided by total development cost is greater than or equal to 3 percent. DCR shall be between 1.05 and 1.50 in any year on the 15-year proforma. Effective Gross Income Percentage (EGI%) - Use EGI% when total debt divided by total development cost is less than 3 percent (3%). EGI% shall be between 85 percent (85%) to 100 percent (100%) in every year on the 15-year proforma.
f. Income and expense annual increase	Housing Proforma projections of income and expense must use projected annual increase of 2 percent (2%) income and 3 percent (3%) expenses. This guideline does not apply to Service Proformas.
g. Deferred Developer Fee Repayment	Deferred developer fees must be projected to be paid within the 15-year proforma period.

AHP Implementation Plan Definitions

- Area Median Income (AMI): For owner-occupied and rental households, the median income for the area, as published by the United States Department of Agriculture and adjusted for household size. NAHASDA income limits may be used for either owner-occupied or rental households for Native American projects.
- Developer Fee: Fees paid to the project developer as shown on the Development Budget worksheet. Developer fees also include consultant fees for consultants who perform tasks that a developer would normally perform, e.g. tax credit, AHP and loan applications, manage local government approvals, act as an owner agent for pre-construction or construction activities.
- Household: Includes all the individuals who currently, or will, occupy the house or residence.
- Total Development Cost (Rental): The costs of development for both residential and non-residential uses of funds as shown on the development budget within the AHP feasibility workbook.

AHP Disbursement Documentation Sources of Funds

- Documentation verifying the amount and loan terms (if applicable) for all sources of funds (including construction financing)
  - Loan Terms include the interest rate, loan term, amortization rate, loan fees, and monthly debt service amount
  - **At disbursement, all sources of funds should be approved**
    - If fundraising is a source of funds, all funds should be pledged by disbursement submission
  - If finalized documentation is available, please provide it
- The Owner Equity and DDF amounts may not drop below the amount committed to at the time of project Application
- If the project has the Member Financial Participation scoring commitment:
  - The amount drawn on the loan should total at least 5% of the Total Development Costs (including Non-Residential costs, if applicable)
  - The loan does not have to be drawn down on at the time of disbursement, but does need to be drawn on by Project Completion (PCR)

AHP Disbursement Documentation Documentation Checklist

- Disbursement and PCR Feasibility Workbook (FW)
  - Please use the FW corresponding to the year the project was awarded (i.e. projects awarded in 2025 will utilize the 2025 Projects FW)
- A copy of unrecorded Real Estate Retention Agreement (RERA)
  - All information should be filled out on pages 1, 2, & 6 except for the Effective Date on page 1
  - The RERA should not be signed or recorded yet
- Documentation verifying the costs have been incurred
  - Invoices, Pay Applications, etc.
- Site Control Documentation
  - Property Record Card, Settlement Statement, Deed, Executed Lease Agreement, etc.
- Scope of Work Documentation
  - Only needed if there was a change to the scope of work since the most recent AHP review
- Documentation verifying Acquisition Costs in FW (if applicable)
- Targeting & Income Workbook (previously the Tenant Income Worksheet)

AHP Online Disbursement Process Helpful Tips

- Page timeout is approximately 20 minutes
- Fields with stars are required to save the page
- Diamonds are required to submit the disbursement
- If there is a ‘Save’ option, always select ‘Save’, then ‘Next’ before navigating away from a page
  - Page does not automatically save

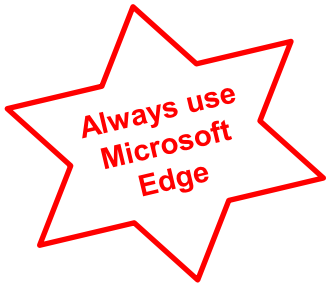


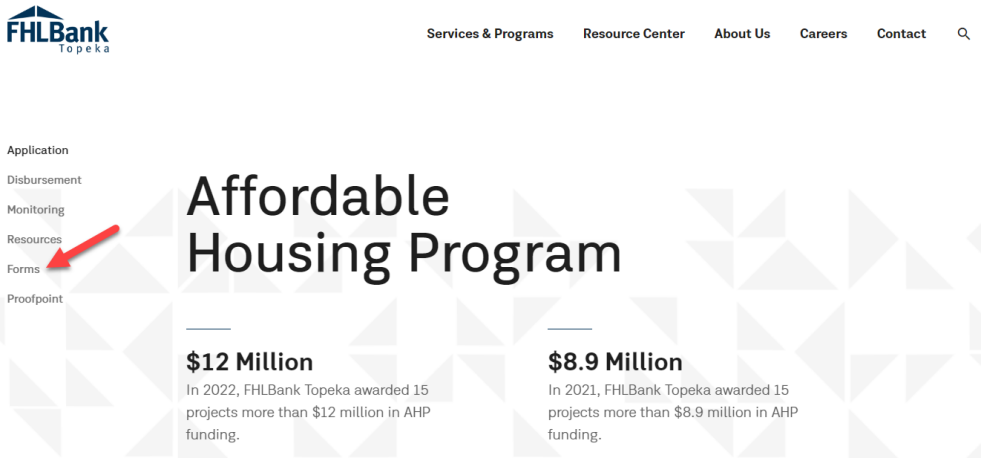
- Do not use the ‘Enter’ key on the keyboard
- Do not use the back or forward button on the browser
- **Do not initiate multiple disbursements at one time**

Helpful Tips, cont.

- Consultants no longer have access through their company's login information.
  - You will have to approve them as authorized users for the Sponsor and will need a different username login

- Locate documents from FHLBank's website within the Forms tab

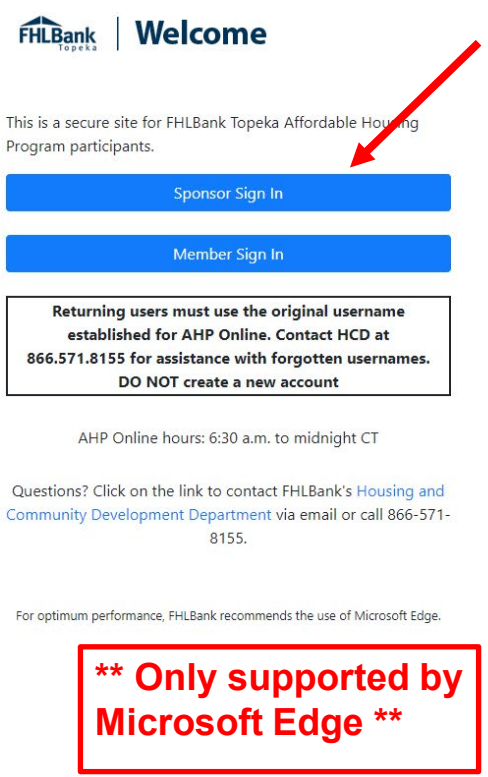




Registration and Login

www.ahpfhlbtopeka.com

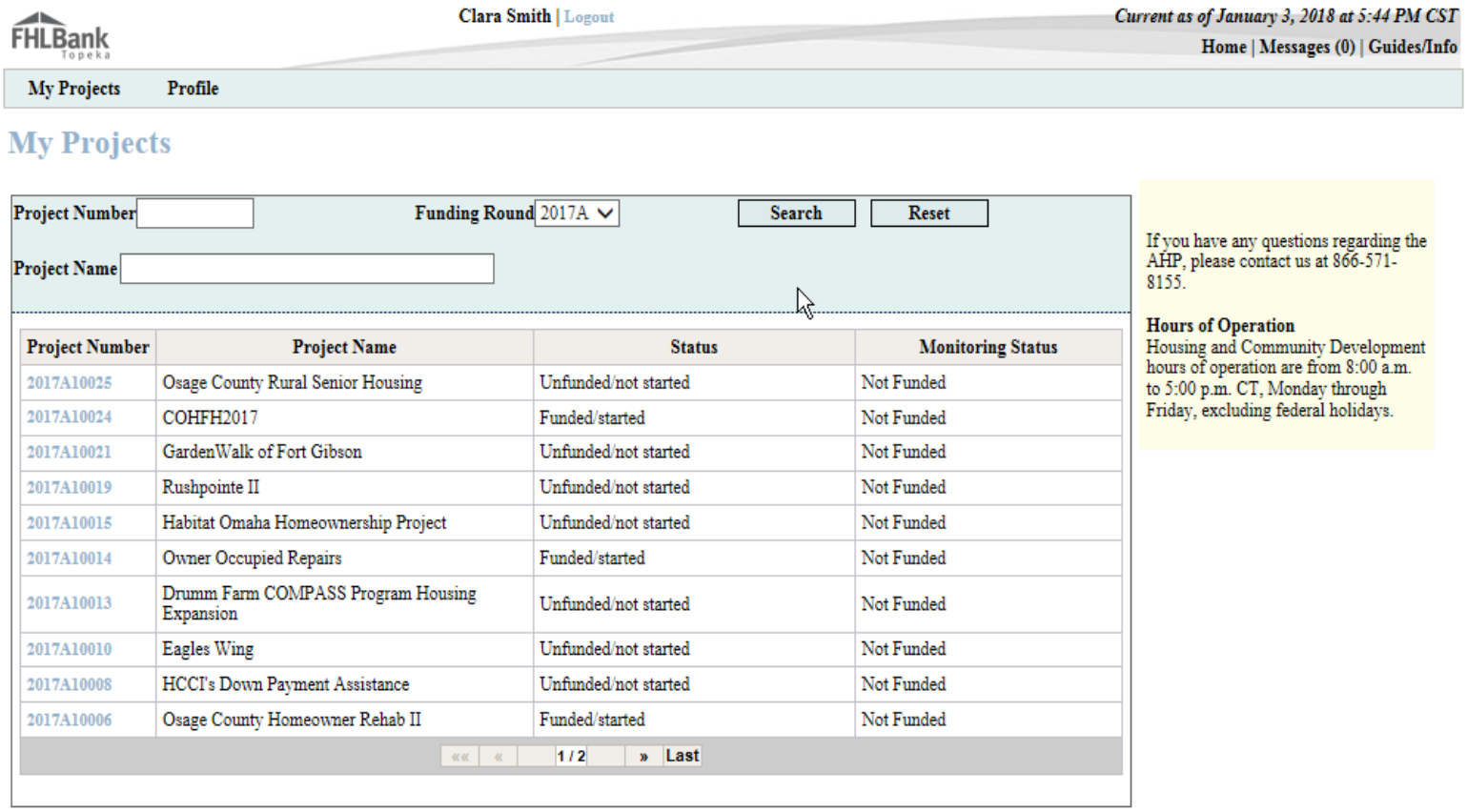




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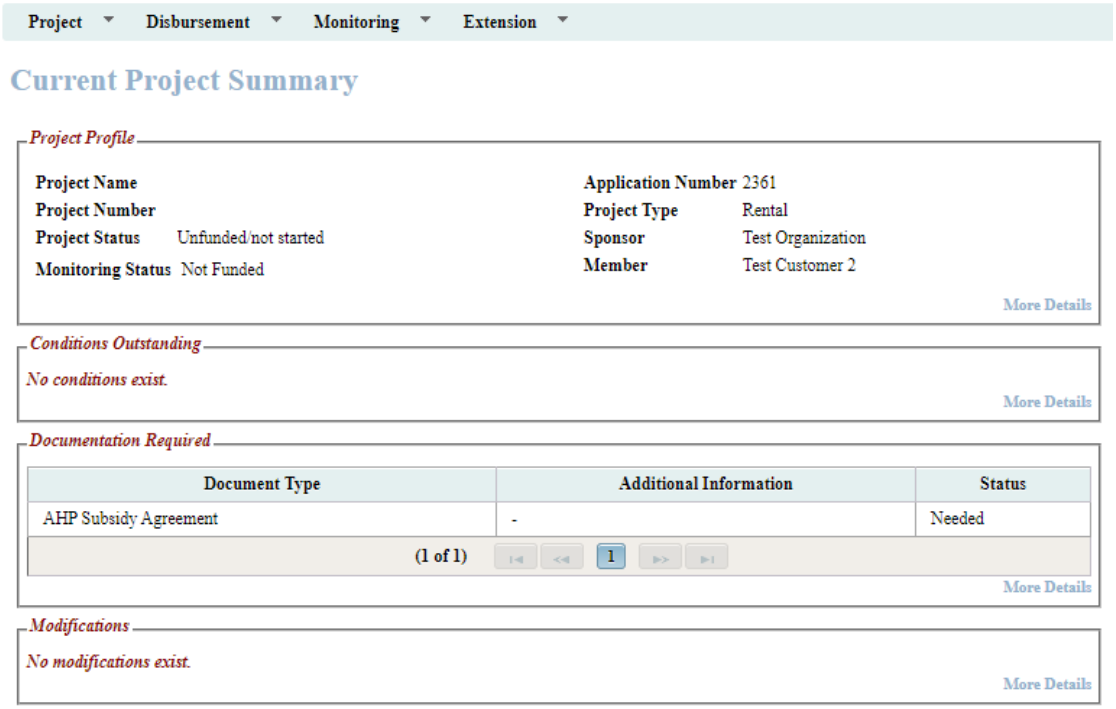
My Projects

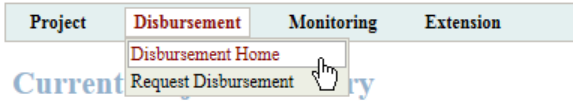
- Select Funding Round, then Search
  - Next, select the Project Number



Current Project Summary

- Select Disbursement Home from the Disbursement dropdown



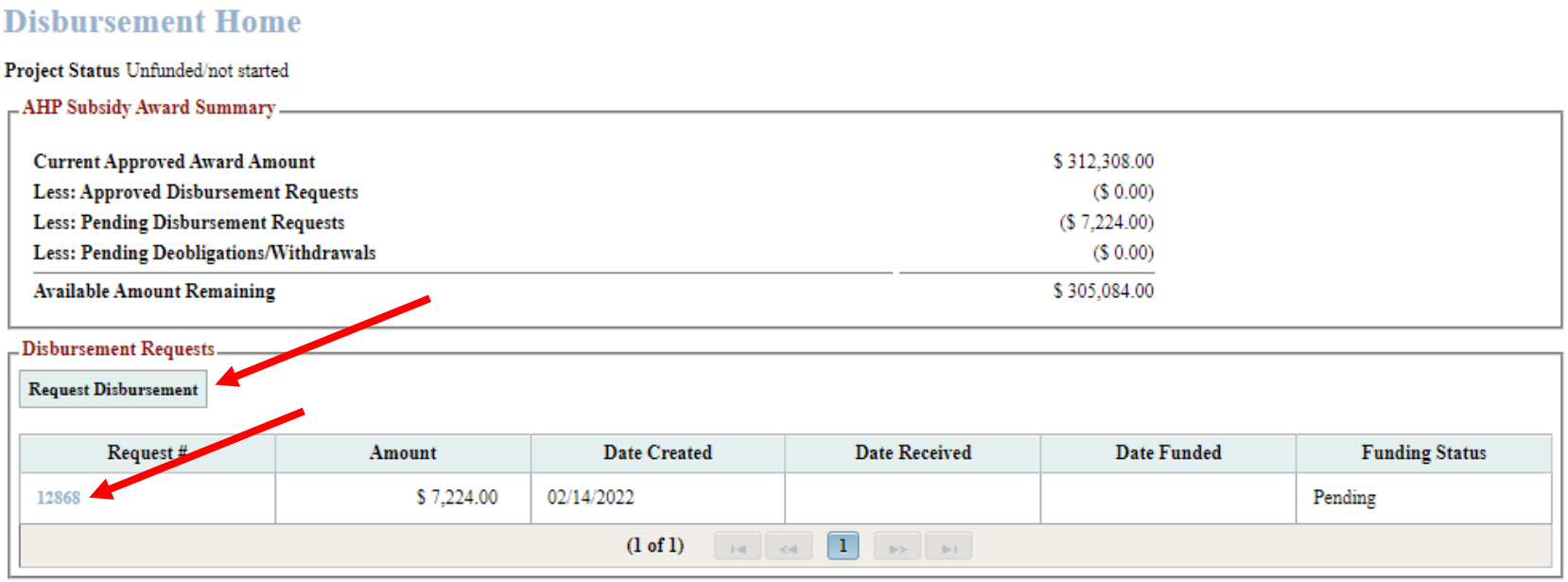


Disbursement Home

- Select specific Request #

  - OR -

- Request Disbursement



Disbursement Home

Project Status Unfunded/not started

AHP Subsidy Award Summary

Current Approved Award Amount	$ 312,308.00
Less: Approved Disbursement Requests	($ 0.00)
Less: Pending Disbursement Requests	($ 7,224.00)
Less: Pending Deobligations/Withdrawals	($ 0.00)
Available Amount Remaining	$ 305,084.00

Disbursement Requests

Request Disbursement

Request #	Amount	Date Created	Date Received	Date Funded	Funding Status
12868	$ 7,224.00	02/14/2022			Pending

(1 of 1) 1

Initiate Disbursement Request

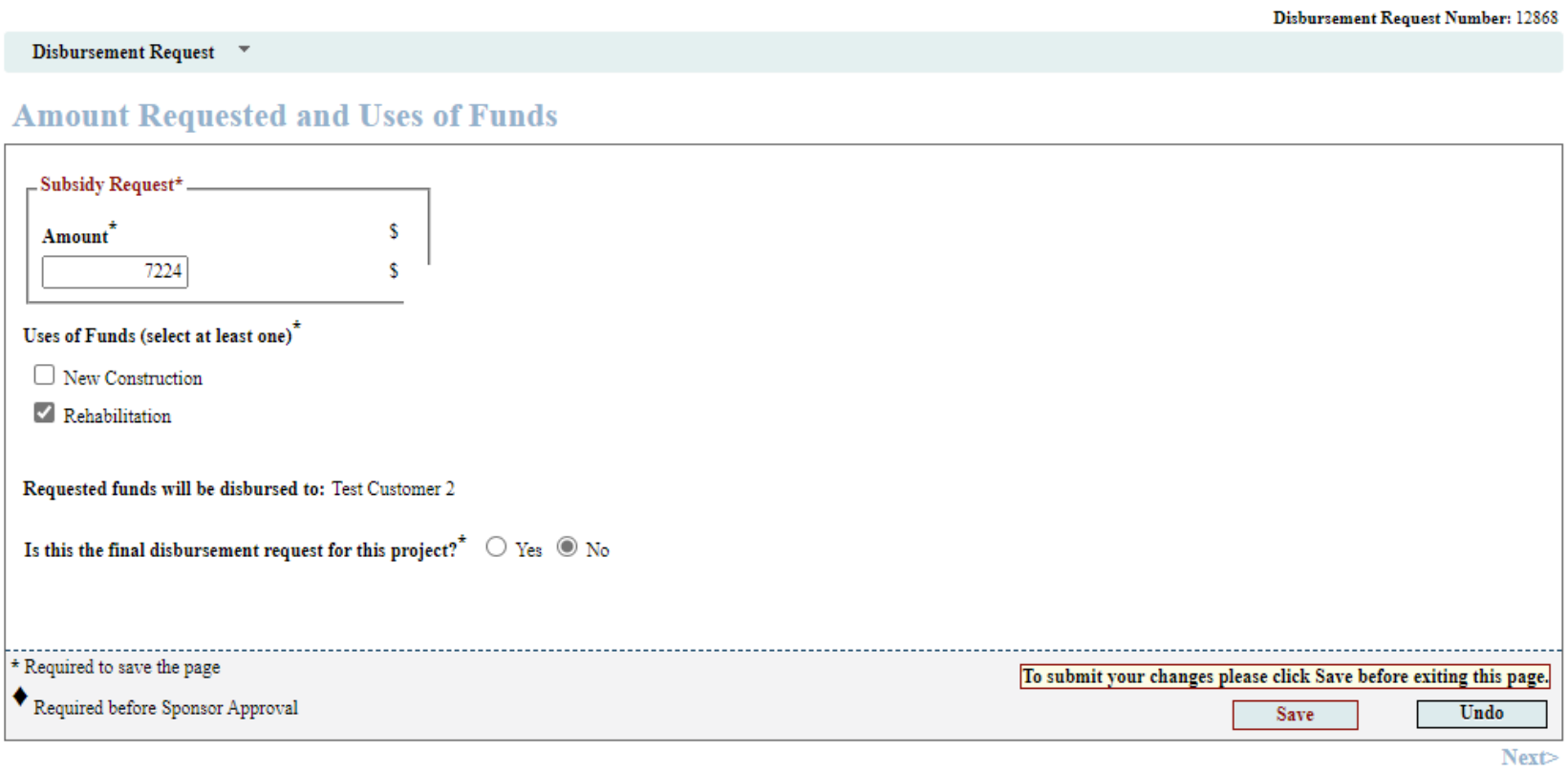
- Enter required fields, then select Submit



Remember – Subsidy Requested must be rounded down to the whole dollar

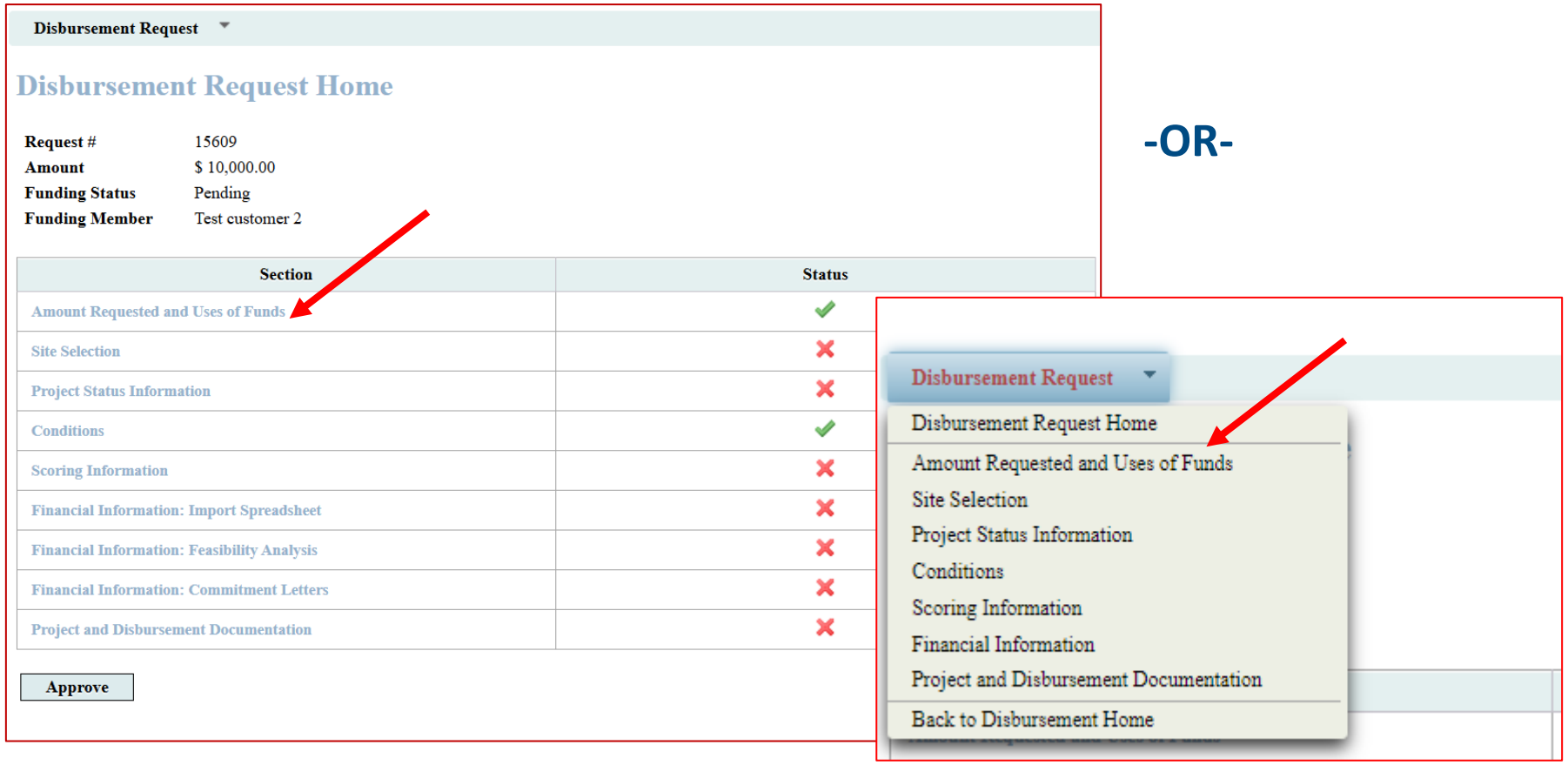
Initiate Disbursement Request, cont.

- Notate the request #, then select Continue



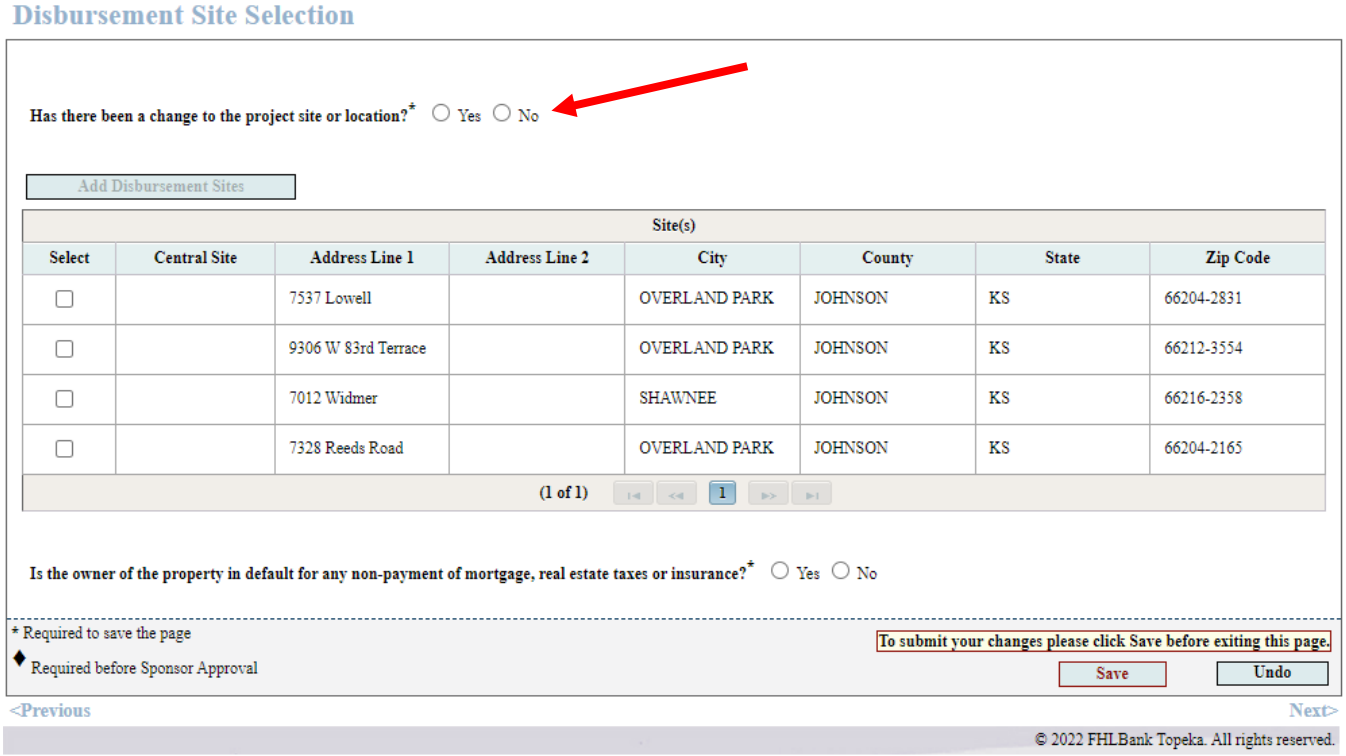
Disbursement Request Home

- Two ways to navigate



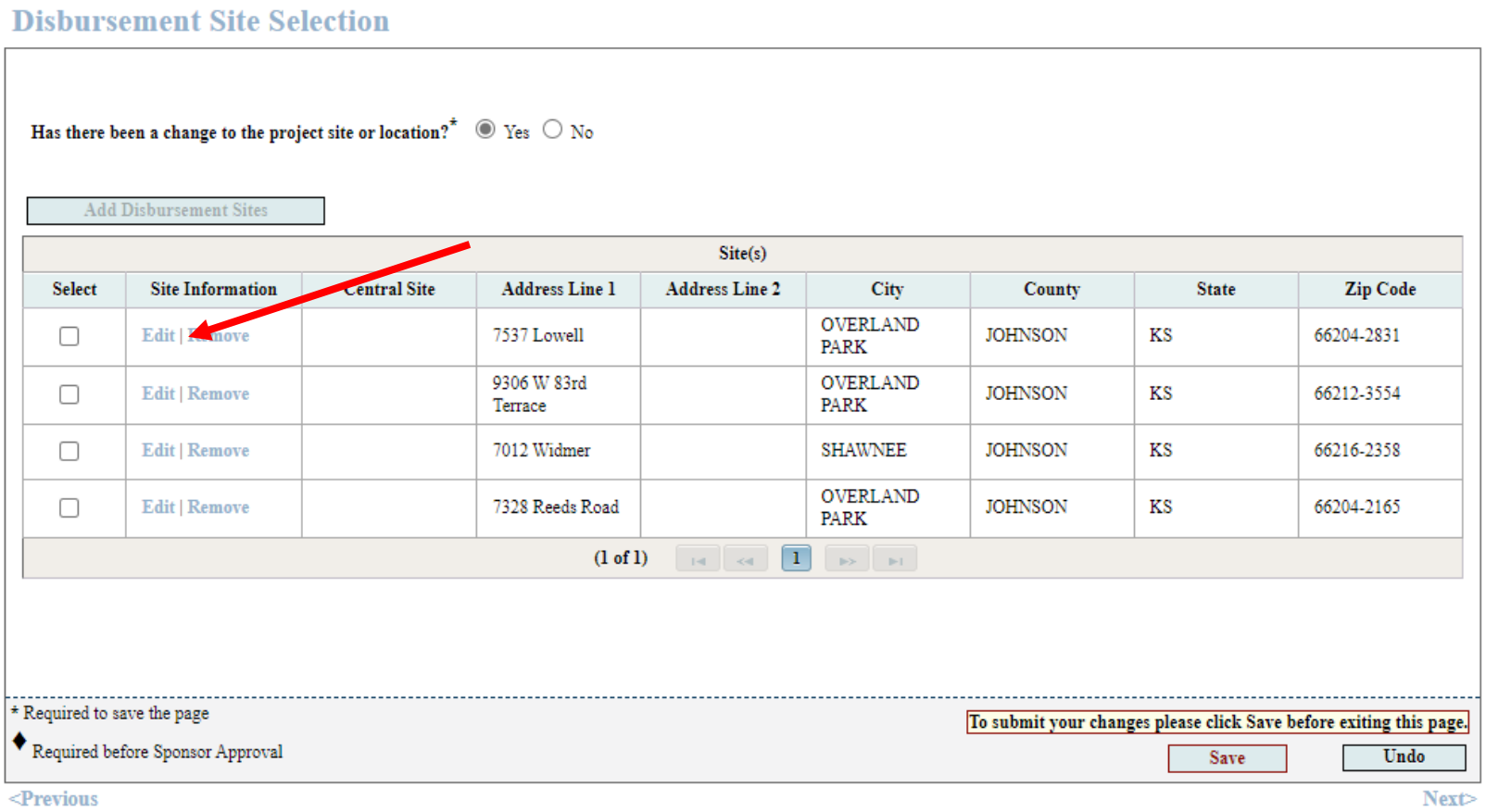
Disbursement Site Selection

- Answer the question “Has there been a change to the project site or location?”
  - If No, check the Select box next to the appropriate address, answer the Owner Default question, and select **Save**



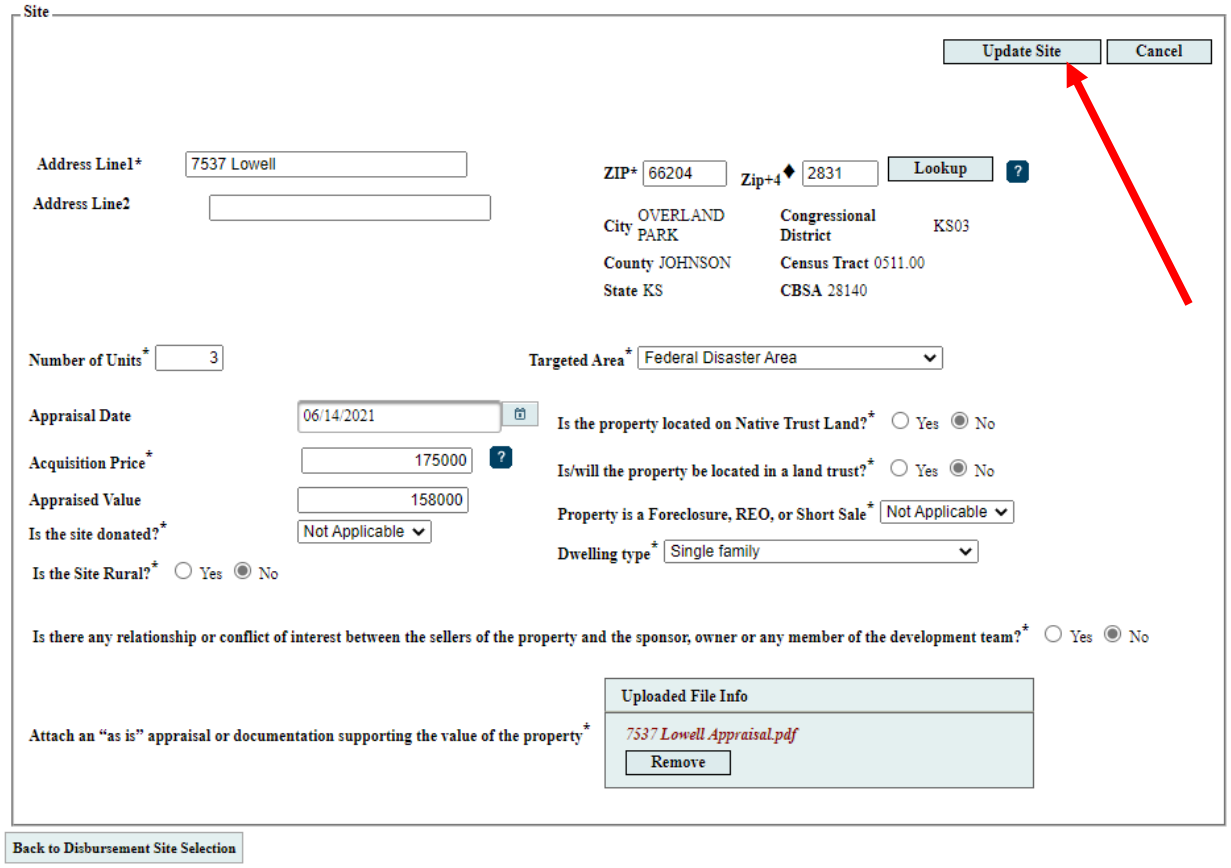
Disbursement Site Selection, cont.

- If Yes, select the Edit button next to the site that needs to be edited



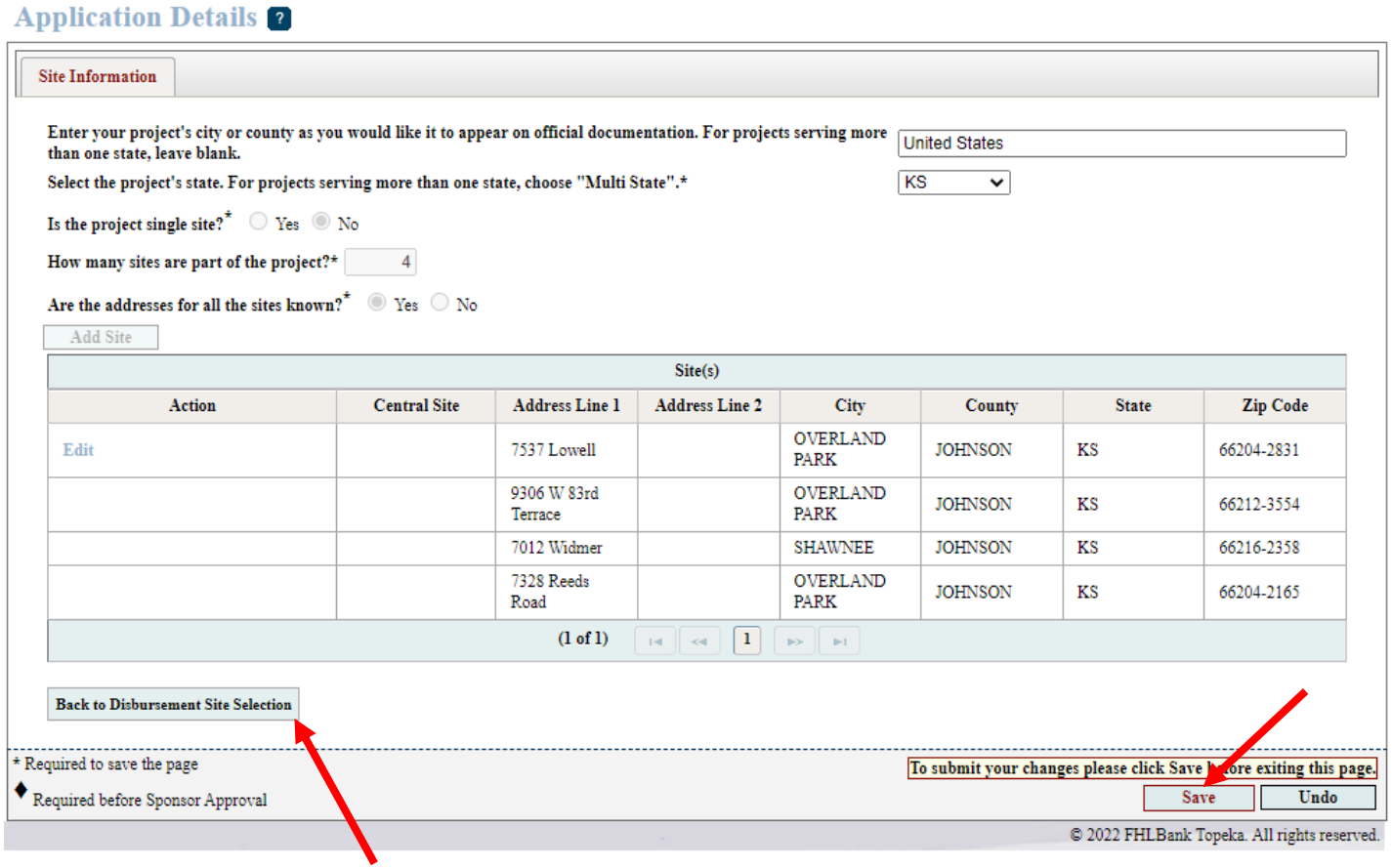
Site Information

- Update address info as necessary, then select **Update Site**



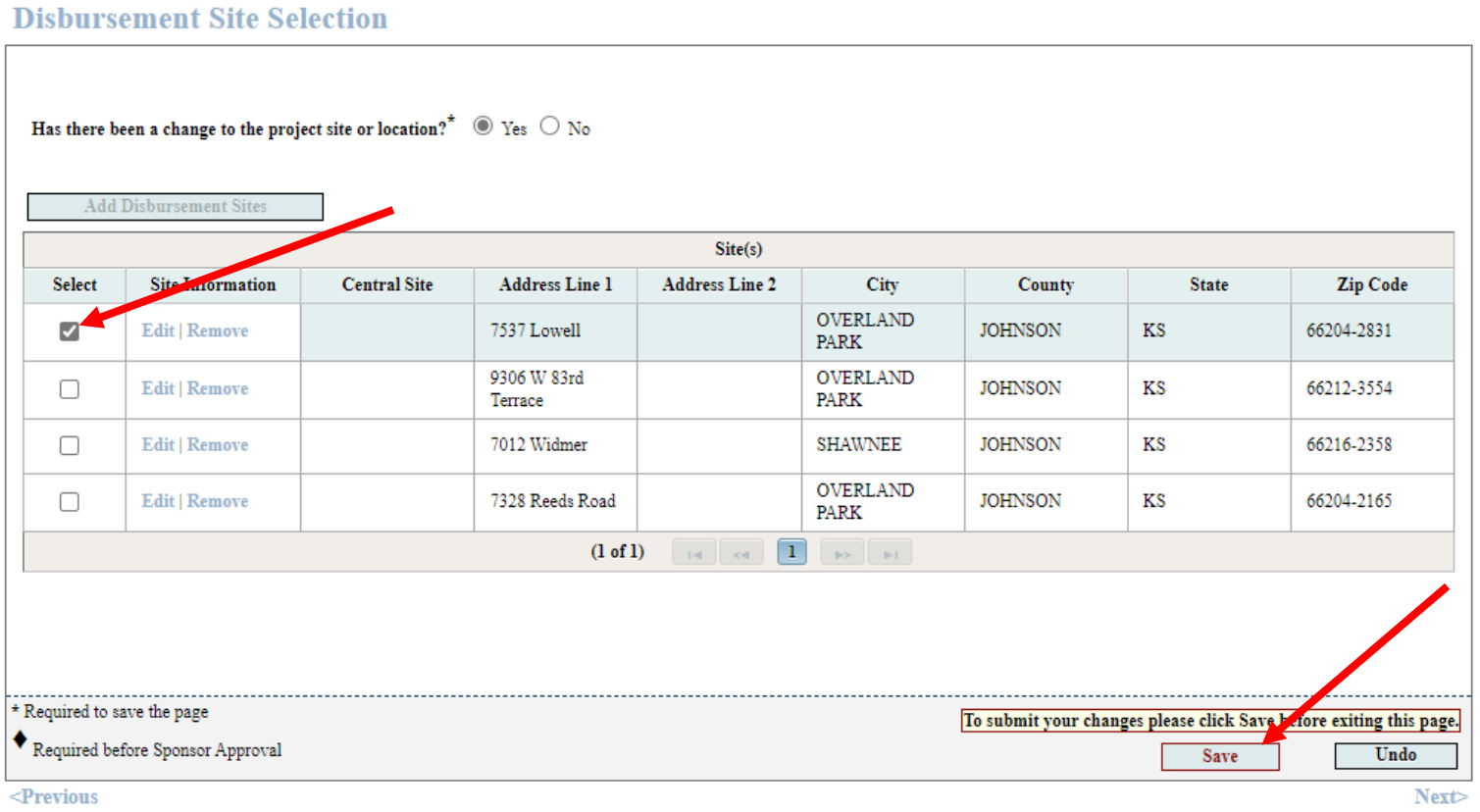
Site Information, cont.

- Select **Save,** then **Back to Disbursement Site Selection**



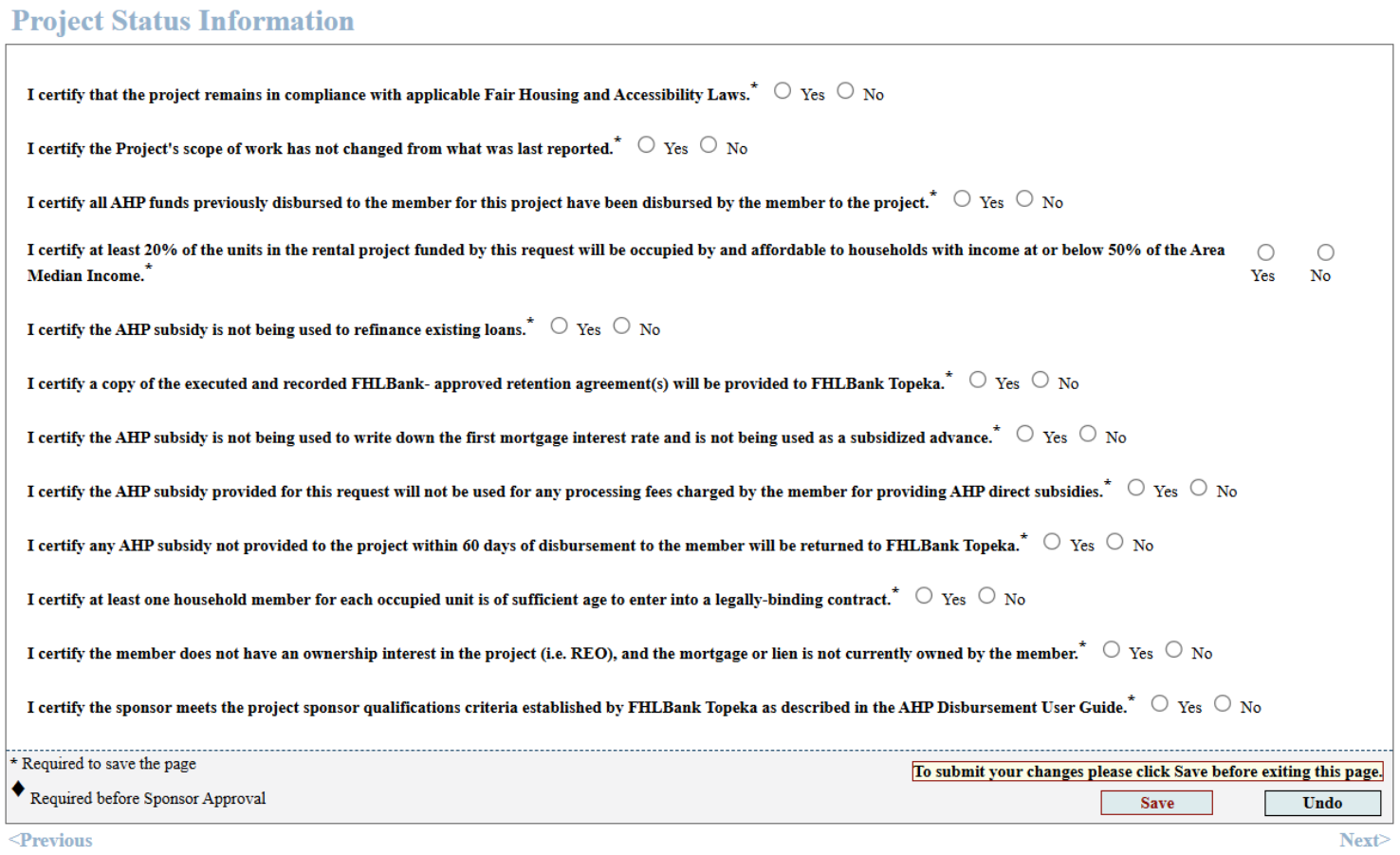
Disbursement Site Selection, cont.

- Check the Select box next to the updated address



Project Status Information

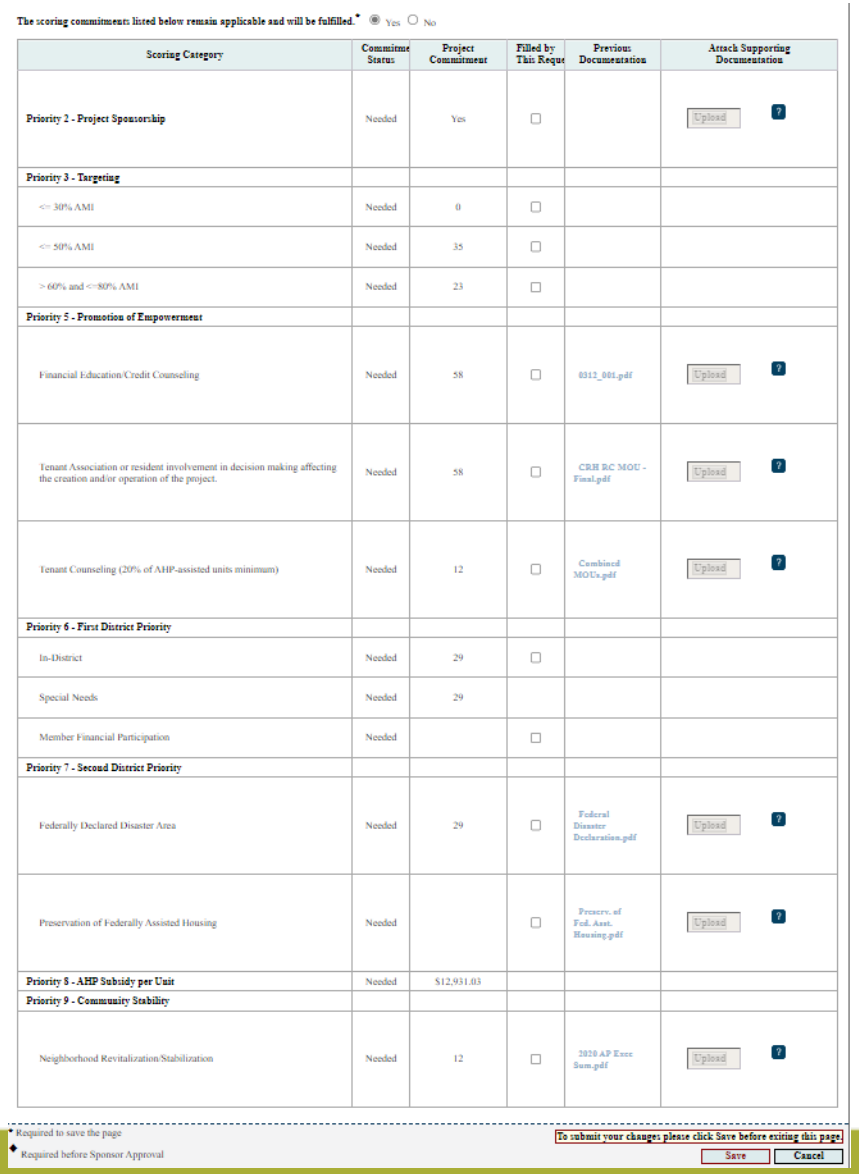
- All certifications must be answered before a Disbursement Request can be submitted



Conditions

- If the project does not have any conditions, select **Save**
  - Having conditions is very uncommon and will be discussed with the project prior to them appearing in AHP Online, if applicable

Scoring Information



The scoring commitments listed below remain applicable and will be fulfilled.* ◉ Yes ○ No

Scoring Category	Commitment Status	Project Commitment	Filled by This Reque	Previous Documentation	Attach Supporting Documentation
Priority 2 - Project Sponsorship	Needed	Yes	☐		Upload ?
Priority 3 - Targeting					
<= 30% AMI	Needed	0	☐		
<= 50% AMI	Needed	35	☐		
> 60% and <=80% AMI	Needed	23	☐		
Priority 5 - Promotion of Empowerment					
Financial Education/Credit Counseling	Needed	58	☐	0312_001.pdf	Upload ?
Tenant Association or resident involvement in decision making affecting the creation and/or operation of the project.	Needed	58	☐	CRH RC MOU - Final.pdf	Upload ?
Tenant Counseling (20% of AHP-assisted units minimum)	Needed	12	☐	Combined MOUs.pdf	Upload ?
Priority 6 - First District Priority					
In-District	Needed	29	☐		
Special Needs	Needed	29			
Member Financial Participation	Needed		☐		
Priority 7 - Second District Priority					
Federally Declared Disaster Area	Needed	29	☐	Federal Disaster Declaration.pdf	Upload ?
Preservation of Federally Assisted Housing	Needed		☐	Preserv. of Fed. Asst. Housing.pdf	Upload ?
Priority 8 - AHP Subsidy per Unit	Needed	$12,931.03			
Priority 9 - Community Stability					
Neighborhood Revitalization/Stabilization	Needed	12	☐	2020 AP Exec Sum.pdf	Upload ?

* Required to save the page
◆ Required before Sponsor Approval

To submit your changes please click Save before exiting this page.

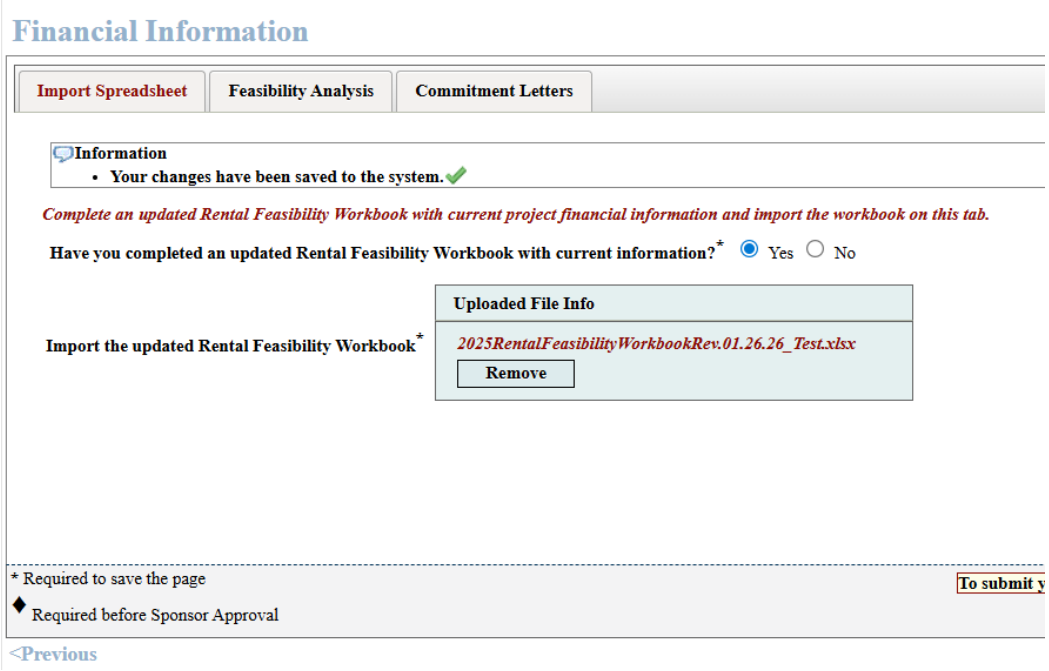
Save Cancel

- Select Yes
- Do not select any of the scoring commitments or upload any documents for disbursement. Click **Save**.
  - Scoring commitments will be reviewed at PCR

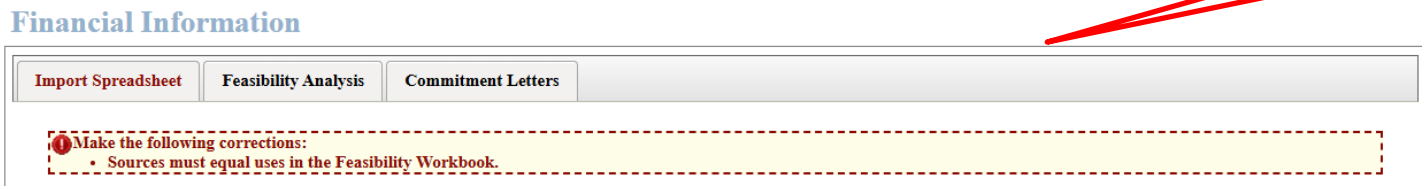
Financial Feasibility

- Complete the Rental Feasibility Workbook
  - 2025 Disbursement/PCR Feasibility Workbook can be found within the Forms page on the AHP website
  - FW is required to be uploaded to AHP Online
  - **Do NOT use the FW from Application**. AHP Online requires the Disbursement/PCR template to be used.
  - Update all financial information to the most recent data (Development Budget, Sources of Funds, Operating Financials in the Pro Forma, Scope of Work, etc.)
  - Call for technical assistance

Financial Information: Import Spreadsheet



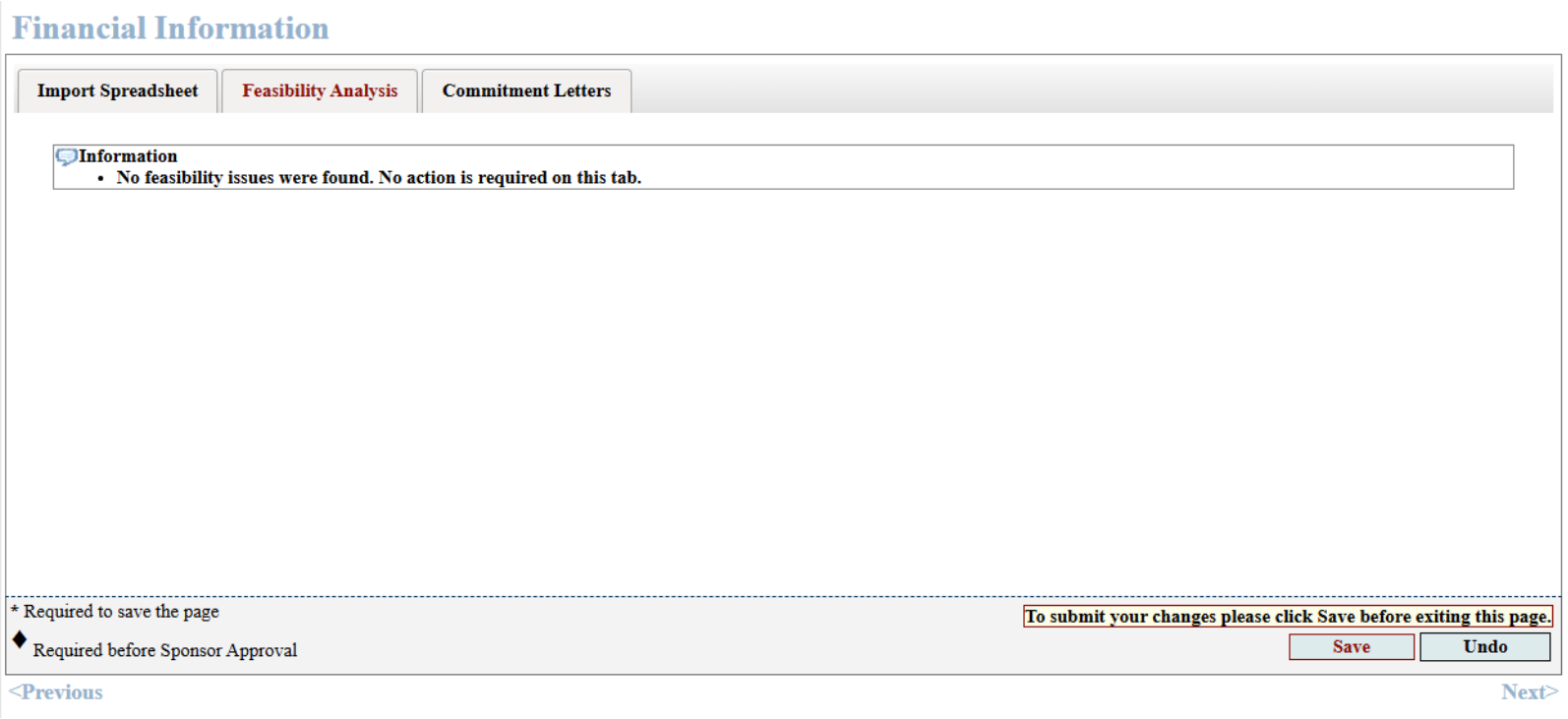
- Once uploaded, select Save
- Verification will appear at the top of the page
- If the upload didn't work, an error will appear



Example warning if upload does not work

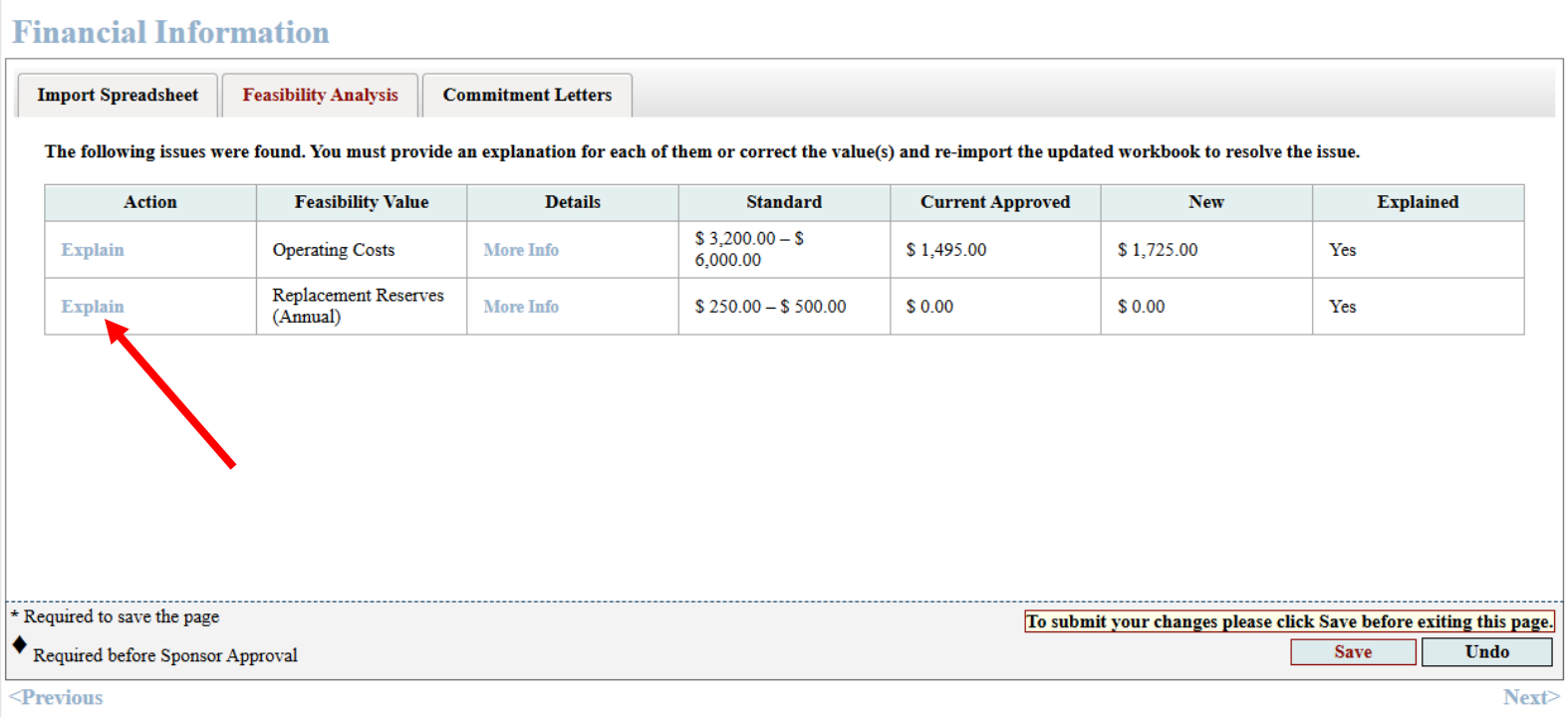
Financial Information: Feasibility Analysis

- No guideline issues, select **Save**



Financial Information: Feasibility Analysis, cont.

- If a feasibility guideline issue is found, select the 'Explain' link
  - Explanations can be copied from the explanation provided by the project on the Feasibility Analysis tab of the FW



Financial Information

Import Spreadsheet | Feasibility Analysis | Commitment Letters

The following issues were found. You must provide an explanation for each of them or correct the value(s) and re-import the updated workbook to resolve the issue.

Action	Feasibility Value	Details	Standard	Current Approved	New	Explained
Explain	Operating Costs	More Info	$ 3,200.00 – $ 6,000.00	$ 1,495.00	$ 1,725.00	Yes
Explain	Replacement Reserves (Annual)	More Info	$ 250.00 – $ 500.00	$ 0.00	$ 0.00	Yes

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◆ Required before Sponsor Approval

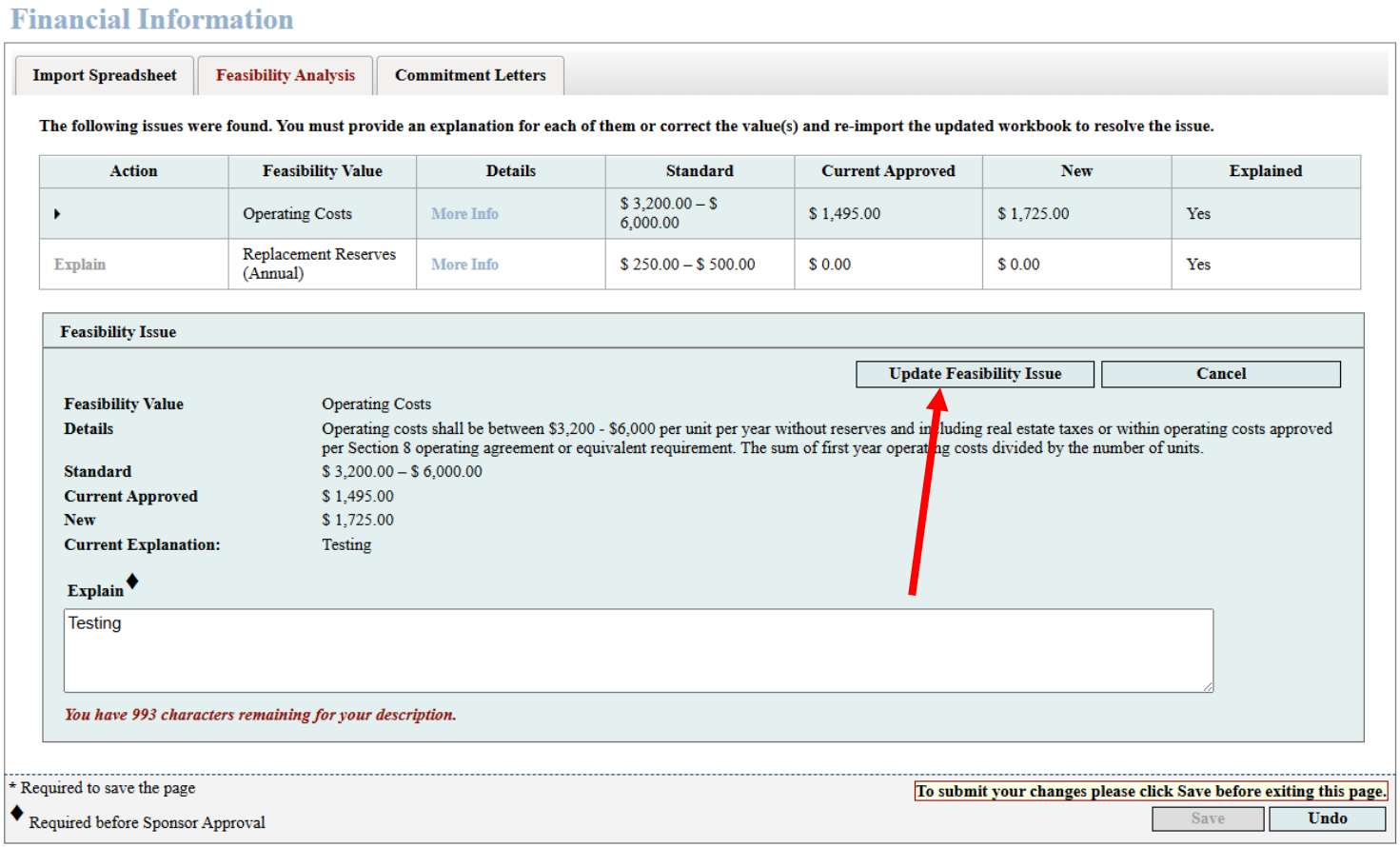
To submit your changes please click Save before exiting this page.

Save | Undo

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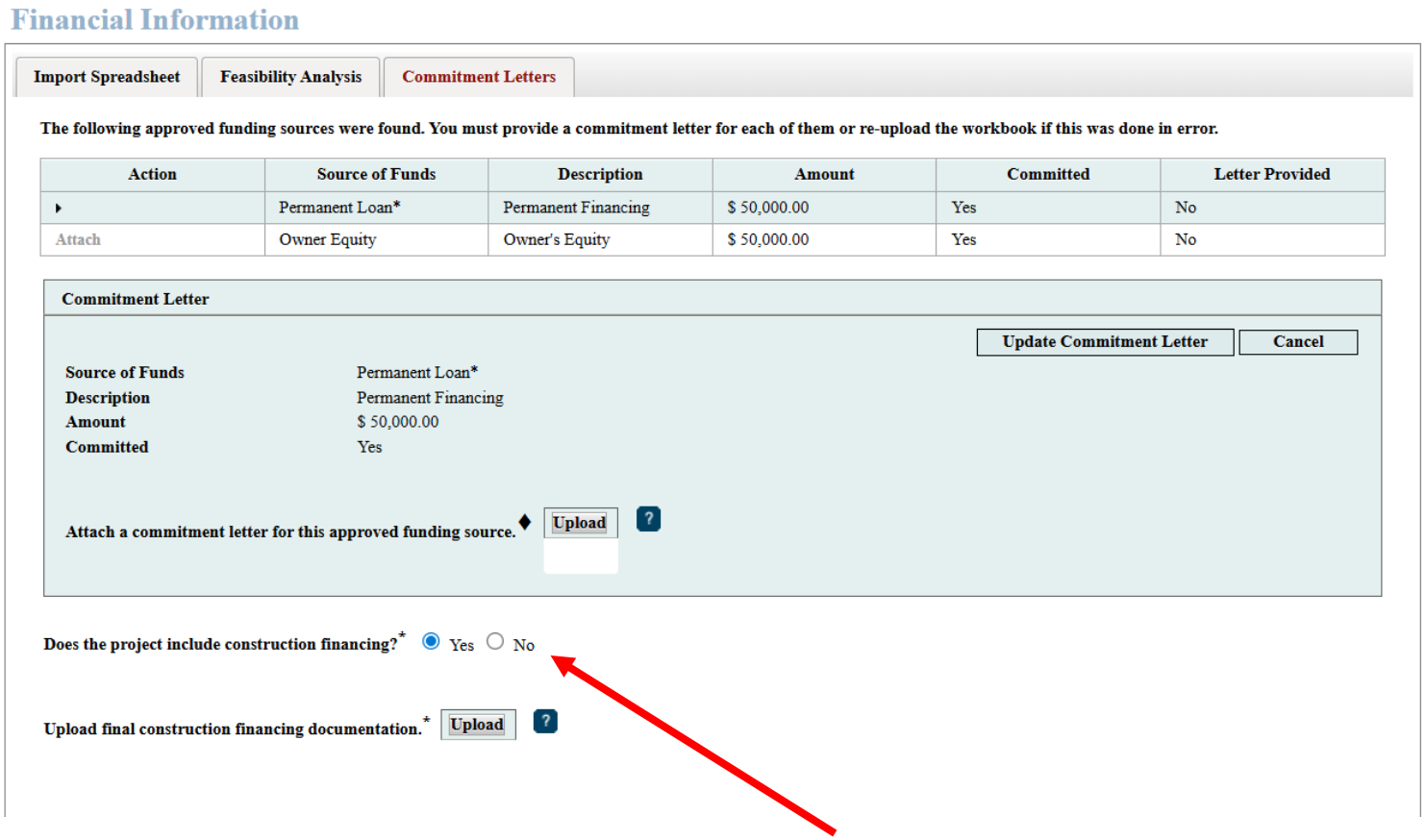
Financial Information: Feasibility Analysis, cont.

- Explain why the amounts are outside of guidelines
  - Select Update Feasibility Issue, then Save



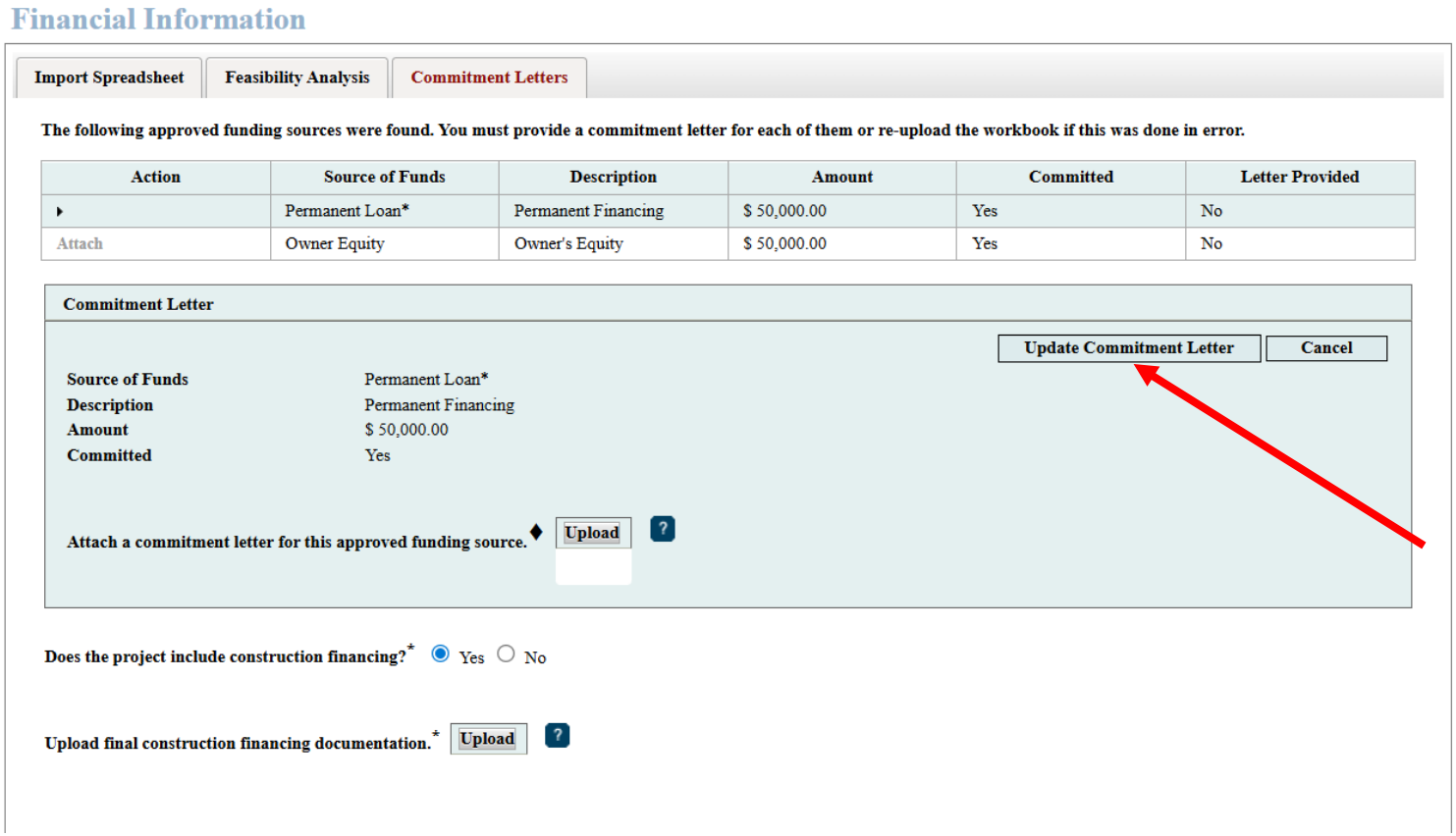
Financial Information: Commitment Letters

- Answer the construction financing question
  - The letter/document should verify the loan amount and terms (interest rate, & loan fees)



Financial Information: Commitment Letters

- The letter/document should demonstrate that the source is at least approved along with the amount (if finalized documentation is available, please provide it)
  - For loans, the letter/document should verify the loan terms (interest rate, loan term, amortization rate, loan fees, and monthly debt service amount)



Project and Disbursement Documentation

- See Slide 11 for additional information on each of the documents below

Project and Disbursement Documentation

Disbursement Request Documents

Action	Document Type	Requirement Type	Has Template?	Attached Document
Edit	Retention Agreement - Draft	Optional	Yes	
Edit	Site Control	Optional	No	
Edit	Acquisition Cost	Optional	No	
Edit	Scope of Work	Optional	Yes	
Edit	Invoices	Required	No	
Edit	Tenant Income Worksheet	Optional	Yes	
Edit	Operating Financials	Optional	No	
Edit	Misc	Optional	No	

Project Documents

If documentation is available for any of the Needed documents, click "Edit" and attach the document.

Action	Document Type	Additional Information	Status	Attached Document	Reviewed by HCD?
Edit	AHP Subsidy Agreement		Needed		Yes

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◆ Required before Sponsor Approval

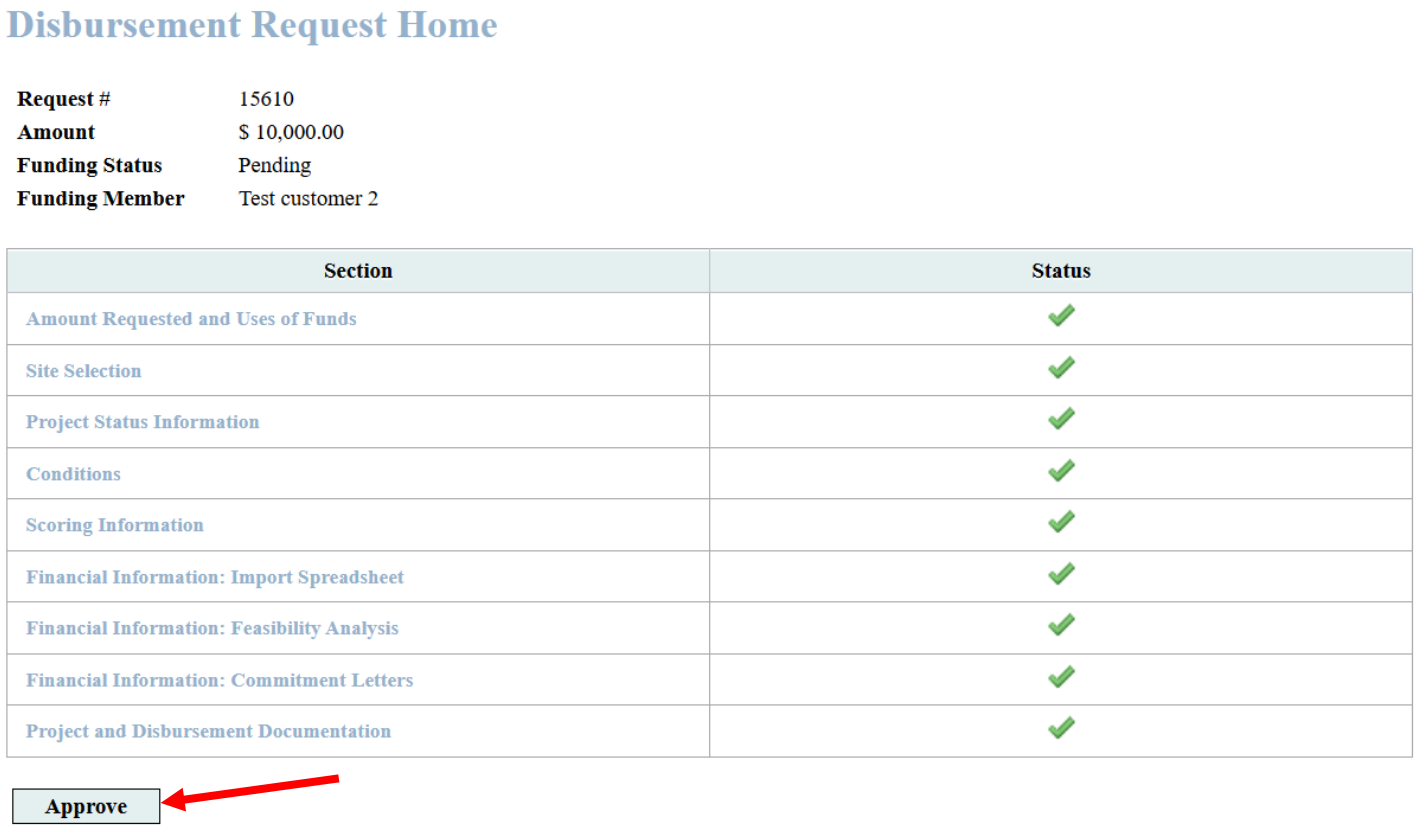
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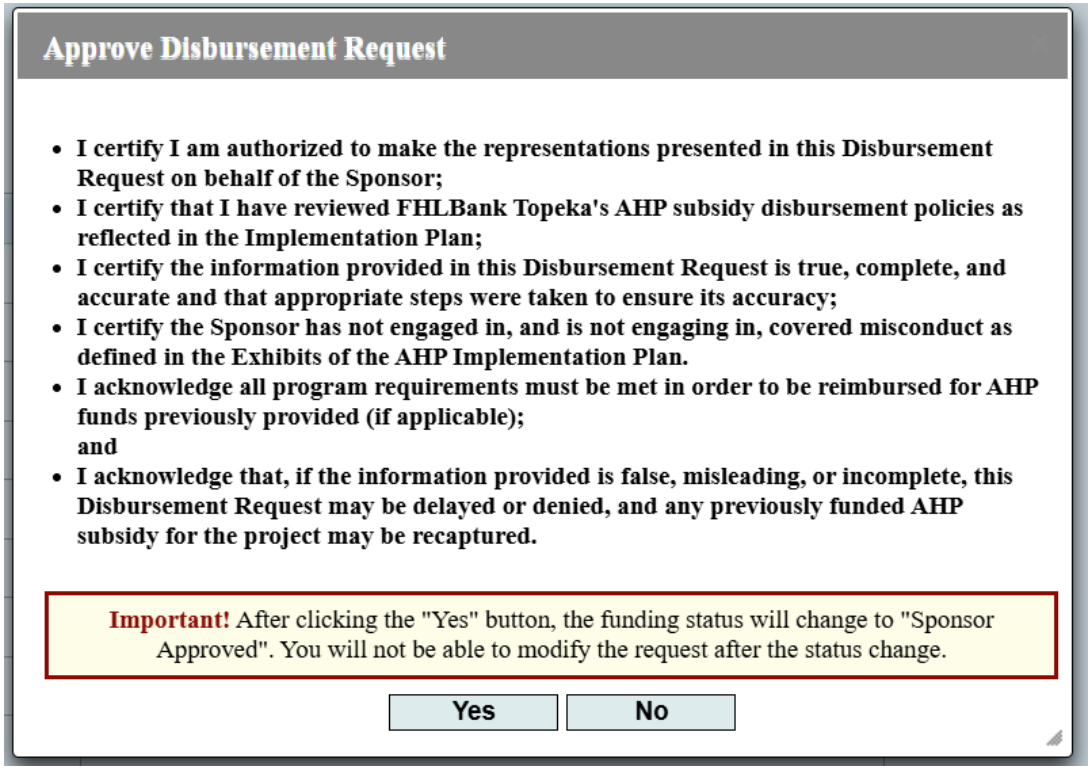
Sponsor Approval

- Must have all green checkmarks
- Select Approve



Sponsor Approval, cont.

- Select Yes if you agree with the certifications



Emails

- Action: Sponsor Approved Disbursement Request

  Recipients: Member contact(s)

- Action: Member Approved Disbursement Request

  Recipients: Lead Sponsor Contact(s)

- Action: Member Rejected Disbursement Request

  Recipients: Lead Sponsor Contact(s)
  - If a rejection occurs, contact the Sponsor to discuss the necessary changes.
  - Once the Sponsor re-approves the disbursement request, you may return to the disbursement request and follow the same steps outlined in the presentation.

- Action: Clarification for Disbursement Request needed by FHLBank

  Recipients: Lead Sponsor Contact(s)
  - If clarification is needed, the HCD Analyst assigned to the Project will contact the Sponsor outside AHP Online with more detailed information.

- Action: Disbursement Request Approved by FHLBank “TO FUND”

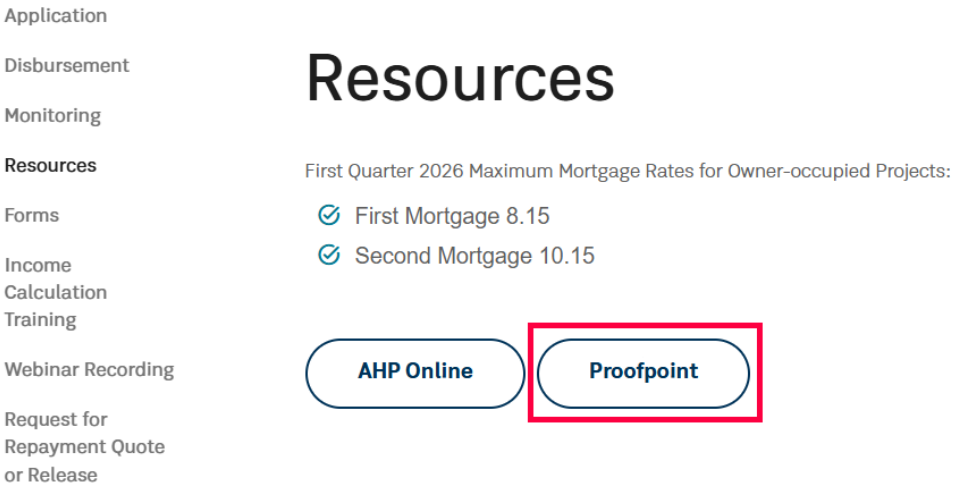
  Recipients: Lead Sponsor Contact(s) and Member contact(s)

- Action: Disbursement Request Approved by FHLBank “NOT TO FUND”

  Recipients: Lead Sponsor Contact(s) and Member contact(s)

Secure Information

- FHLBank Topeka takes security seriously
  - For more information visit our website or select the links below.
    - Corporate Governance Website
    - Amazon Web Services (AWS)



SECURED ONLINE INFORMATION

It is important to us that members know securing their information online is a top priority. Please see our Information Assurance Policy to view policies and procedures. The AHP online system will house all information submitted for HCD programs on Amazon Web Services (AWS). AWS has obtained national and global assurance certifications. View all certifications here. Information on AWS cloud security can be found here.

Thank You!

- FHLBank Topeka would love to support any celebratory events for your project (Ribbon Cuttings, Open Houses, etc.)
- If you need assistance with press releases or other marketing materials for your project/event, please reach out!

