

# Affordable Housing Program (AHP): Project Compliance and Monitoring

Presentation to 2008 AHP Award Recipients  
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Ufilya Davis, Assistant AHP Manager  
Danielle Manis, Assistant Compliance Analyst  
Deborah Nordstrom, Compliance Analyst  
Sherry Smith, Compliance Analyst



## Seattle Bank's Affordable Housing Program

- *In 2008:*
  - 51 AHP applications submitted
  - \$19.0 million of AHP subsidy requested
  - 13 AHP applications approved
  - \$4.38 million awarded to support the acquisition, construction, or rehabilitation of 440 units of affordable housing
- *Since 1990,* the Seattle Bank has contributed **\$140.0 million** to help finance **27,366 units** of rental and owner-occupied affordable housing.

Now that you've been notified of your AHP award... what happens next?

***Key Steps in the AHP Compliance Process:***

1. Executing the Regulatory Agreement
2. Submitting disbursement requests
3. Monitoring and reporting during construction
4. Submitting the Final Audit Report
5. Monitoring after project completion

# 1. Executing the Regulatory Agreement

- A “tri-party” agreement and an AHP *regulatory requirement*.
- Includes information about the terms and conditions of your AHP award, including regulatory restrictions and set-aside commitments.
- Must be signed by an authorized individual at the **Member** institution and by the project **Sponsor**.

***AHP subsidy cannot be disbursed without a properly signed  
Regulatory Agreement on file!***

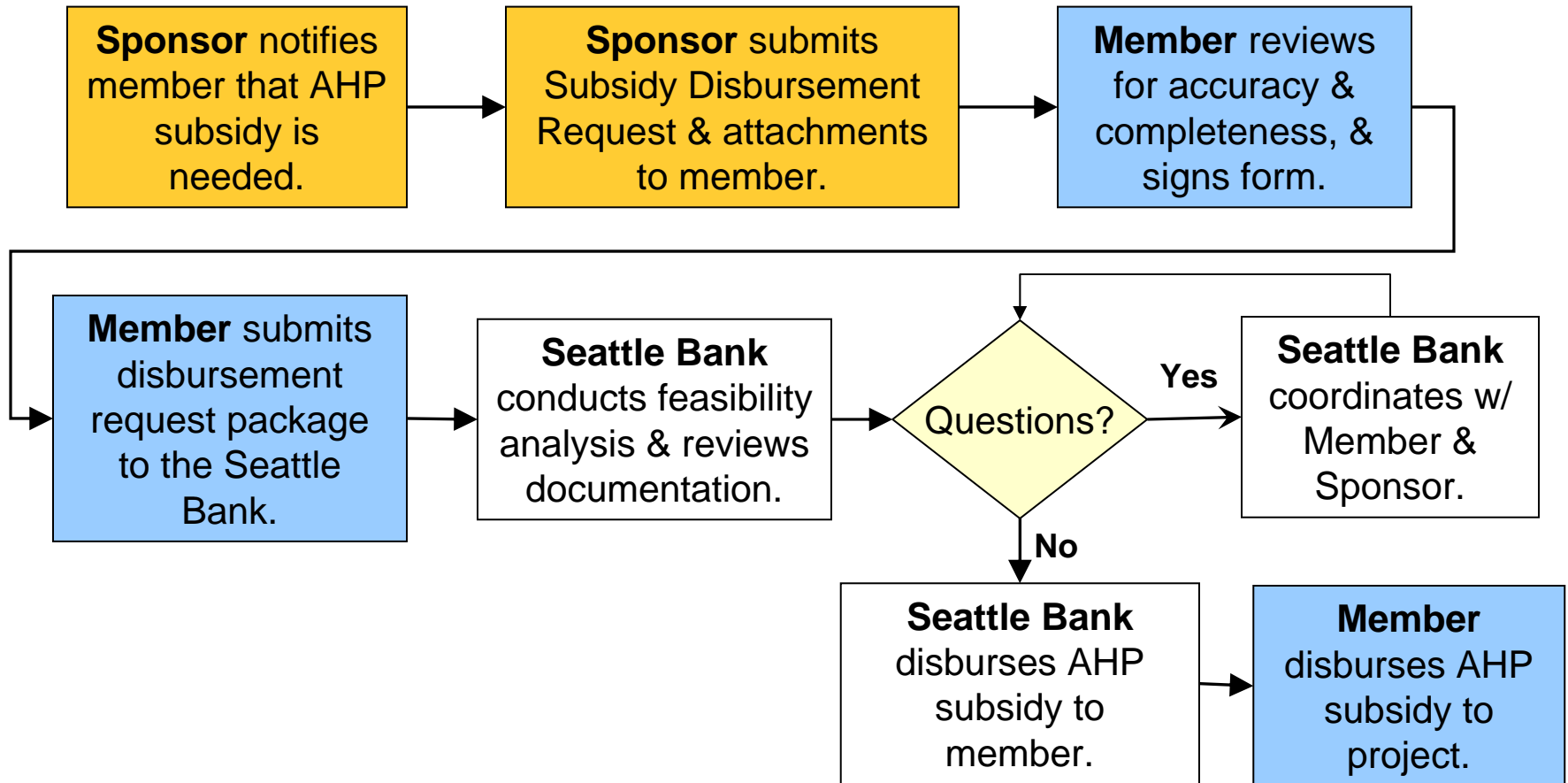
## 2. Submitting Disbursement Requests

### *When Can You Request Funds?*

You may request AHP subsidy for your project **AFTER:**

- **Member** and **Sponsor** have signed the Regulatory Agreement and returned it to the Seattle Bank
- **Member** and **Sponsor** have participated in our Compliance Seminar – as you are doing right now!
- Applicable expenses have been accrued as approved in the AHP application
- 75% of other funding sources have been approved

# Disbursement Request Process



# Submitting a Complete Disbursement Request

## ***Documents Needed For All Projects:***

- Signed Regulatory Agreement
- Signed Disbursement Request form
- Disbursement checklist
- All financial statements (Attachments A,B,C, D & G)
- Funding agreements evidencing 75% of TDC
- Proof of use of funds (invoices, receipts, HUD-1, etc.)
- Retention documents

## ***For Rental Projects Only:***

- If project received Tax Credit, a copy of an executed partnership agreement.
- Summary of Tax Credit Calculation

## ***For Owner-Occupied Projects Only:***

- Household information worksheet
- Household income documentation (paystubs, VOE, SSI, etc.)
- Proof of Homebuyer Education Certificate
- HUD-1 Settlement Statement which must have AHP subsidy as a separate line-item
- List of pre-qualified buyers with all set-asides identified

**Note:** If AHP subsidy is being used to pay the developer's fee, we will disburse based on the percentage of project completion. Documentation will be required to substantiate.

## Important Note!

If all the required documentation for an AHP subsidy disbursement request is not received by the Seattle Bank within 30 days of the original request, the disbursement request must be resubmitted.

## When Will the Disbursement be Available?

- Please allow up to 30 days to approve a disbursement request.

**Note:** If AHP subsidy is not used by the project within 30 days, it must be returned to the Seattle Bank. After 30 days, interest may apply.

## How Long is the AHP Subsidy Available?

- AHP subsidy expires **one year** from date of award.
- A project is expected to draw all AHP subsidy and be complete within **three years** from the date of the award.

***Your award date is December 11, 2008, and it is listed on page one of your Regulatory Agreement.***

### 3. Monitoring and Reporting During Construction

- By signing the application, the Regulatory Agreement, and the Disbursement Request form, the **Member** and **Sponsor** agree to:
  - Comply with AHP regulations and terms of the application, as approved, AND
  - Report to the Seattle Bank as requested

## Semi-annual Progress Reports

- It is a ***regulatory requirement*** to report the status of the project to the Seattle Bank semi-annually.
- Members and Sponsors both play a role:
  - **Member** monitors the progress of the project, updates and signs the Progress Report and sends to the Seattle Bank.
  - **Sponsor** provides the member with accurate and up-to-date information.

## Retention Requirements

- The **Member** must ensure that the project is subject to a recorded deed restriction or other legally enforceable retention agreement or mechanism.
- Three provisions must be addressed in the retention document:
  - Seattle Bank or its designee will be notified upon sale, transfer, or refinance.
  - Income and affordability restrictions, as approved in application, will be adhered to for entire retention period.
  - Required retention periods:
    - Owner-occupied Projects: 5 Years
    - Rental Projects: 15 Years

## Site Inspections

- The Seattle Bank reserves the right, with reasonable notice, to conduct a physical site inspection as deemed necessary anytime from the date of award approval through the end of the retention period.
- Site inspections may include a review of the physical improvements and an examination of documentation relating to commitments made in the approved application.

## 4. Submitting the Final Audit Report

- By regulation, the Seattle Bank must conduct a complete “Final Audit” of each project after completion (within 12 months for owner-occupied housing and 16 months for rental projects).
- The Seattle Bank initiates the request after notification of project completion.
- The **Sponsor** completes the report and required attachments.
- The Seattle Bank:
  - Compares the proposed project (application) with the final project (project completion)
  - Verifies compliance with the application and AHP regulation
  - Reviews financials to determine the need for and appropriate use of the AHP subsidy

## Ensure Timely Completion of the Final Audit

- Ensure that the completed project is consistent with what was originally approved and stated in the Regulatory Agreement
- Provide complete and accurate:
  - Recorded deed restrictions or other recorded and AHP-compliant retention documents
  - Cost certifications that are consistent with previously submitted Uses of Funds Statements
  - Third-party verification of household income
- ***Respond to Seattle Bank requests for additional information!***

## 5. Monitoring after Project Completion

### *Owner-occupied Projects:*

- 5-year retention period.
- **Members** and **Sponsors** will be required to sign one project certification following a project completion.

## Monitoring after Project Completion

### *Rental Projects:*

- 15-year retention period
- Sponsor certification annually
- Member certification every three years
- Periodic Tenant Income Verification (TIV)

For projects receiving...	Rent roll requested...
Funding from Federal LIHTC	If no problems are evident, no periodic TIV is required
\$50,000 or less	Once after project completion
\$50,001 – \$250,000	Every 6 years
\$250,001 – \$500,000	Every 4 years
More than \$500,000	Every 2 years

## What's New for 2009?

*Beginning in the fall of 2009, Community Investment Program applications, disbursements, compliance, and monitoring will be processed online!*

## Online Resources

- Visit the Community Investment section of our Web site [www.fhlbsea.com](http://www.fhlbsea.com) for:
  - Program information
  - Forms and regulations
  - *2007 Annual Report of Affordable Housing and Community Investment Initiatives*

## AHP Team

### **Ufilya Davis**

Assistant AHP Manager  
Compliance and Monitoring  
ufilyad@fhlbsea.com  
206.340.2342

### **Danielle Manis**

Assistant Compliance Analyst  
206.340.2327  
daniellem@fhlbsea.com

Fax: 206.340.8721

### **Deborah Nordstrom**

Compliance Analyst  
dnords@fhlbsea.com  
206.340.8733

Alaska, Idaho, Oregon, Wyoming and  
[the following Washington counties:](#)  
Clallam, Jefferson, Grays Harbor,  
Island, King, Kitsap, Mason, Pierce, San  
Juan, Skagit, Snohomish, Thurston, and  
Whatcom

### **Sherry Smith**

Compliance Analyst  
sherrys@fhlbsea.com  
206.340.8671

Guam, Hawaii, Montana, Utah, and  
[All Other Washington Counties](#)

Questions?

Thank you for attending our Web seminar!