



2010A Getting Started: Application Instructions

FHLBI Affordable Housing Program

8250 Woodfield Crossing Blvd. • Indianapolis, IN 46240 • P: 800-688-6697 • F: 317-465-0376 • housing@fhlbi.com

Application Process

- The **application** can be downloaded from our website, www.fhlbi.com/housing/ahp_app_gateway.asp.

NOTICE TO MEMBER INSTITUTIONS: Member institutions should not rely on the FHLBI's financial feasibility for the underwriting of this project. Members should use their own internal underwriting guidelines for determining projects readiness, development and operational feasibility, long-term viability and project sponsor/owner capacity. Please review Attachment B of the Implementation Plan for further information regarding feasibility analysis and guidelines. Remember, the submission of an application is an indication of a member's support and review of the proposed project. **If you have questions, please contact FHLBI prior to the submission of an application.**

NOTICE TO PROJECT SPONSOR/OWNER: Sponsors/owners should **only** complete the application in conjunction with an FHLBI member institution. Please keep in mind that the member institution may have additional requirements and deadlines. Sponsors should discuss the monitoring requirements in Section 11 of the application with the member. This section should provide detail as to how the member will monitor the project through the various stages to include: construction, completion and long-term monitoring. Refer to Attachment C of the Implementation Plan.

- Read the 2010 Implementation Plan at http://www.fhlbi.com/housing/imp_plan.asp. There are details within the plan that are not part of these instructions. It is important that you have a fundamental understanding of the program.
- If you have made the decision to apply, please **complete the Notification of Intent (NOI)** form and submit it by March 12, 2010. The NOI is not mandatory; however, it is strongly recommended.

The application is in Excel format. The application is available as a Microsoft Excel 2003 file and can be opened using earlier versions. Other versions of the application are not acceptable.

If you experience any trouble please refer to following link for additional help:

<http://www.valdosta.edu/helpdesk/guides/office2007/SaveAsExcel2003.shtml>

- This format provides enhanced features which ties information from the financial workbook and application for consistency.
- There is an application for rental/lease purchase projects and a separate application for owner-occupied/homeownership projects.
- All of the attachments appear as worksheets in the application.
- The "Smart Score" is a part of the workbook and a score is determined based on information input into the application and workbook.
- The "Smart Score" is a valuable tool in determining the competitiveness of your application. If you would like to use the Quick Smart Score in a stand alone version, one can be found on the website with the application

Review the financial workbook sections and complete them first. Much of the information in the application is populated automatically from the workbook's financial data. Some cells will not be fully populated until you have completed each attachment in the workbook. A financial analysis is an important step in evaluating project feasibility and funding needs.

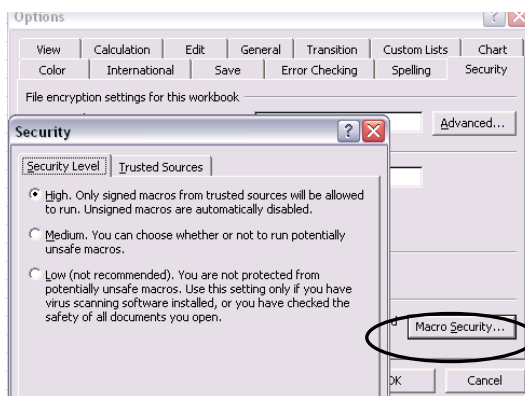
- Review the application and start gathering pertinent supporting documents.
- Ask questions before, April 2, 2010. We will assist with any questions and provide technical assistance through our Webinars, Application Helpline and Helpmail. Please see the schedule in this document for training dates and times.
- Submit it to the FHLBI by 5:00 p.m. (EDT) on April 7, 2010 (this is an in-hand deadline, not a postmark deadline). No faxes or electronic submissions will be accepted. *Note: The member submitting this application may have a deadline in advance of the FHLBI's. You are advised to check with your member institution.*
 - The FHLBI staff may contact individuals listed as application contact person(s) during the scoring process for further clarification. Promptly answer all questions or provide needed information to avoid an adverse impact on the score or consideration of the application.
 - Supporting Exhibit documentation or detail that is submitted after the application deadline will not be considered.
- Wait for announcements. Award announcements will be made on or about June 18, 2010. No information regarding the scoring process will be disclosed until the award date.

General Excel Instructions

For rental/homeownership specific **workbook instructions**, see the attachment at the end of this document.

If you have technical questions, contact either Robert Graves at 317-465-0363 or rgraves@fhlibi.com, or Kathy Crumpton at 317-465-0370 or kcrumpton@fhlibi.com. Or use our toll-free number 800-688-6697.

IMPORTANT: When opening Excel, the application should allow the user to enable macros. If your Excel currently disables the macros automatically, then you will need to update your settings. **Go to Tools/Options/Security/Macro/Security and change the Security Level from High to Medium.**



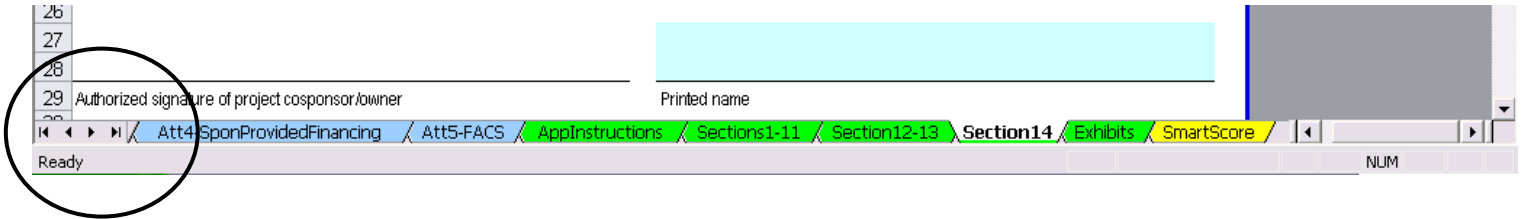
Exit Excel and then re-open the application. It should now ask whether you want to “Disable or Enable Macros”; **select the “Enable Macros.”** This is critical for some of the functionality of the 2009B application.

- Before beginning the input process, remember to save the workbook under a new name. Keep the original version in a safe place in case you need to refer to it at a later date.
- Because this is an Excel file, navigation is achieved by moving the cursor and clicking or using arrow keys.
- If you receive a request for a password when downloading a file from the website, click on the Refresh button or select View and Refresh from the menu. Passwords are not required to open this file.
- Only the shaded and/or blue spaces of the attachments are available for data entries. Blue fields indicate data entry use and drop-down boxes where indicated. The white spaces are automatically calculated. If you attempt to enter information in the white spaces, error messages will appear.
- If the information in an auto populated field is incorrect, go back to the first point of entry to correct.
- **Yellow Highlights:** If a box is highlighted in yellow, it is indicating important information that needs to be answered, data doesn't meet criterion to be eligible for points, or other warnings. **Please pay close attention to these indicators to minimize errors and avoid negative impacts to the scoring of your application.**

D. Homeless		5 variable point	
Does this project reserve at least 20% of units for housing of the homeless? If yes, attach as Exhibit 6, the Supportive Services Addendum.	<input type="text"/>	Exhibit 6 Needed?	<input type="text"/>
What is the maximum allowable stay for clients?	<input type="text"/> days	<input type="text"/> 5 months	No Max? <input type="text"/>
Project is not eligible for homeless points if maximum stay is less than six months.			
Total number of units that are reserved for the homeless:	<input type="text"/> 25	Percentage of total units:	<input type="text"/> 78.125%

- Yellow indicators also appear on the Feasibility Analysis Checklist Sheet (FACS) to indicate some financial data is outside acceptable guidelines or that additional information is requested. The FACS for both rental and homeownership projects captures key numbers and ratios that the FHLBI uses to determine the project's feasibility and need for subsidy. If, for any reason, your project falls outside a range, use the space to provide clear and concise explanations to justify the variance or provide information requested. These guidelines serve as benchmarks to evaluate projects. Exceptions to these standards will be considered on a case-by-case basis and will be based on an evaluation of how information and documentation provided in the application justify the exceptions. Inadequate information may result in the disqualification of your application.

- Only one attachment appears on the screen at a time. The other attachments appear as tabs at the bottom of the screen. Not all tabs may be visible. Click on the far-right arrow or far-left arrow near the bottom left-hand corner of the screen to see the end or beginning of the list of available attachments.



- When entering a percentage value less than one percent, it must be entered with a zero before the decimal. (e.g., 0.10, not .10).
- When entering dates, forward slashes must be used to separate the month, date and year (e.g., 01/01/10).

Final Review

- **The member institution and project sponsor or owner should review** the application thoroughly for **completeness, accuracy and consistency**. Members should discuss Section 11 of the application and determine together how the member will monitor the project's progress during construction and the 5 years or 15 years thereafter. FHLBI cannot be held responsible for omissions or errors made in the application that may impact the scoring process. Refer to Attachment C of the 2010 Implementation Plan for details concerning long term monitoring requirements.

Application certification. Please read this section carefully and sign where indicated. Applications not properly signed may not be scored. Member representatives who sign must be listed on a current **Certified Resolutions for Advances** form on file with the FHLBI. Members may contact the FHLBI at 317-465-0371 or 800-688-6697 to verify an authorized signatory.

- **Assembly Instructions**
 - The application package for the Affordable Housing Program (AHP) should be assembled in the order described below on **8½ x 11 paper only**. Remember to keep a copy of the completed application and all exhibits (for member and sponsor files) for cases in which the FHLBI might request an additional copy. Failure to submit all applicable exhibits may result in the loss of points or, in some cases, a suspension of the application scoring process. Please submit **one (1)** completed and properly signed application packet with the following:

1. Application/workbooks using **full-color ink** printed hard copy.
2. Application/workbooks Excel file and PDF format of the complete exhibit documents on a clearly labeled compact disc (CD).
3. Attachments and exhibit documents need to be separated with the applicable colored exhibit cover page included in the application. **NOTE: Only the exhibit cover pages should be printed on brightly colored paper to divide documentation specific to each exhibit number.**

Please DO NOT
<ul style="list-style-type: none"> ▪ Permanently bind the application. ▪ Enclose the application in three-ring binders. ▪ Staple or paperclip sections of the application together. ▪ Insert material between the application pages. ▪ Duplex print. ▪ Include post-it notes on application pages. ▪ Use glue, staples or tape to affix materials to the page
Please DO:
<ul style="list-style-type: none"> ▪ Clearly label the application/workbook CD with the project name, financial institution and sponsor name. ▪ Print application using color ink on white 8½ x 11 paper. (No grayscale or black and white) ▪ Print only the exhibit cover pages included in the application on brightly colored 8 ½ x 11 paper. ▪ Use one large binder clip or rubber band to hold together the entire application package. ▪ Make sure additional information, attachments, exhibits, etc., follow the application guidelines as indicated above and are scanned and saved on the CD. ▪ Package the application so it does not get shuffled during shipping. ▪ Package the CD correctly to prevent damage during the mailing process.

Approval of Applications

- AHP regulations require that applications for AHP subsidy under the competitive application process contain sufficient information to permit the FHLBI to determine whether the proposed project meets the eligibility requirements and evaluate the application pursuant to the scoring criteria.
- Applications are evaluated to determine eligibility and are scored and ranked by the FHLBI's staff and approved for funding by the FHLBI's Board of Directors.

Overview of Scoring

- The AHP operates through a district-wide competition. Applications are evaluated on nine scoring criteria identified in the regulation using a 100 point system. Points awarded for each criterion shall be either fixed or variable.
- The FHLBI Board shall approve applications in descending order starting with the highest scoring application until the total funding amount (except for any amount insufficient to fund the next highest scoring application) has been allocated. The Board shall also approve at least the next four highest scoring applications as alternates, and, within one year of approval, may fund such alternates if any previously committed AHP subsidies become available.
- The scoring criteria for AHP subsidies are listed below. Further explanations of the scoring criteria can be found in the FHLBI AHP Implementation Plan.
 - A. Use of donated properties, either government-owned or other properties (5 points) pg. 8-9
 - B. Sponsorship by a not-for-profit organization or government entity (7 points) pg. 9-10
 - C. Targeting (20 points) pg.10
 - D. Housing for the homeless (5 points) pg. 11
 - E. Promotion of empowerment (5 points) pg. 11
 - F. First district priority (15 points) pg. 12 -13
 - Special Needs (5 points)
 - Member financial involvement (10 points)
 - G. Second district priority: (16 points) pg. 13-15
 - Development/Project Characteristics (13 points)
 - Quality of Life (3 points)
 - H. AHP subsidy per unit (12 points) pg. 15
 - I. Community stability (15 points) pg. 15-18
 - Acquisition/Rehab of existing housing property (5 points)
 - Acquisition/Rehab of existing housing with rehab costs in excess of \$15,000/ unit (3 points)
 - Building Green Development/Rehabilitation Initiative (10 points)

Application Training Options

1. Webinar Sessions

Application training will be provided through web-based sessions called Webinars. Check our website for upcoming dates and times. Training will last approximately two hours and include a live demonstration on how to navigate through the application and financial workbooks. All times are EDT.

2010A (AHP 101)-The Numbers Game-Getting Started & Final Workbooks Thursday March 11, 2010 9:30am-12noon
2010A (AHP 101)- School Supplies-(Exhibits/Documentation) Thursday March 18, 2010 9:30am-12noon
2010A (AHP 101)-Extra Credit (Pointers, Trips & Technicalities) Thursday March 25, 2010 9:30am-12noon
2010 (AHP 101)-For Members Only Club(Members submitting Applications-overview) Monday March 29, 2010 2:00pm-4:00pm

Visit <http://www.fhlbi.com/news/eventcal.asp> to register for all Webinars. You will be sent a confirmation email prior to the scheduled session materials with instructions on how to participate.

2. Application Helpline

- All general and technical questions should be directed to the Application Helpline. This is an informal question and answer session. If staff feels a question is specific to your project and is not in the interest of other Helpline participants, they may suggest and schedule a one-on-one discussion for a different time.
- To participate, call 866-854-6779. Enter *5966277* for the meeting/conference number. (It is important to enter the star key before and after entering this number.) All times are EDT. Registration is not required.

HELPLINE DATES		
March 9, 2010		2-3pm
March 12, 2010		10-11am
March 16, 2010		2-3pm
March 19, 2010		10-11am
March 23, 2010		2-3:30pm
March 30, 2010		2-3:30pm
April 2, 2010		10-11:30am

3. Helpmail

You can use our [HelpMail](#) feature which allows you to submit a question electronically. Since there's a place to enter the type of question you have, your request is directed to the person who is best suited to answer it. You will receive an answer within a few hours or within one business day at the most.

Workbook Instructions Attachment

Homeownership workbook

- HUD's most current Area Median Income (AMI) is automatically calculated after county and state are entered. **Only provide the correct spelling of the name of the county and do not enter word "county" or abbreviation "cty" so that the calculation works.**
- Habitat for Humanity projects and similar projects must complete # of units on Attachment 2, Attachment 3 and PV calculation on Attachment 4 **before** Attachment 1 can be completed.
- If Attachment 4 (Sponsor Provided Financing) is not applicable to your project, disregard edit check number 9 on the Project Checklist.
- All sources of down payment and closing costs, including funds provided by the homebuyer, should appear on Attachment 2 (Uses).
- If the project is an owner-occupied rehabilitation, do not complete Attachment 3.
- Mortgages should be included as a source of funds/permanent financing on Attachment 1 (Sources).

Rental workbook

- HUD's most current Area Median Income (AMI) is automatically calculated after county and state are entered. **Only provide the correct spelling of the name of the county and do not enter word "county" or abbreviation "cty" so that the calculation works.**
- This workbook has been designed for various project types. Be sure to complete the applicable worksheets for the type of project you are submitting. (**IMPORTANT**) If this project will reserve more than 20% of the total units targeted to homeless/transitional populations or permanent supportive housing, select "Yes" on Attachment 1-Sources in response to the question "Is this a Supportive Services project?" If the project will not reserve at least 20% of the units for that type of population, the project does not meet the applicable criteria for a Supportive Services project and the default "No" should remain as the selected option. Senior projects do not need to complete this item unless providing intensive supportive services.
- Attachment 3 applies *only* to projects using Low Income Housing Tax Credit financing.
- Include only hard debt (must-pay debt) in the debt service calculation. Payments that are subject to available cash flow, such as HOME, CDBG or deferred developer fee, should not be included in the debt service calculation. [In other words, do not enter an interest rate and term on Attachment 1 (Sources).] Deferred developer fee payments should be listed on line 9 of Attachment 5 (Operating Proforma).
- Required payments on soft debt can be described in Section 3 of the AHP application or on Attachment 6 (Feasibility Analysis Checklist) in items 23, 24 or 25.

- Review the instructions to Attachment 5 (Operating Proforma) before completing the Project Proforma. The proforma should represent **only** those incomes and expenses that relate specifically to the physical operation of the housing. The proforma must demonstrate that the housing is financially feasible or appropriate reserves have been established to cover periods of projected negative cash flow. Projects with commercial space which generates a regular and consistent income must submit a separate proforma for the operation of the commercial areas.
- A separate proforma for the supportive services must be provided in the supportive services addendum.

15 Year Proforma Instructions/Assumptions

1) Income

Should represent income derived only from tenant paid rents exclusive of any rental income received from commercial leased space or income from sources of funds designated to fund support services to the tenants of the project.

2) Rental Subsidy

Subsidized rental income derived from HUD, USDA HAP, or other forms of rent subsidy.

3) Management Fees

Includes the total of all management fees or any other such fees as specified in the management agreement or partnership agreement that are treated as an operating expense and not paid out of residual cash flow. Also includes expenses paid to a management company or organization that is coordinating the functions relative to the operation of the housing.

4) Gas & Electric

Relates to all common area expenses as well as vacancy related costs.

5) Maintenance Payroll

Actual payroll expense for employees of the Management Company and/or Owner of the project. Contract labor costs should not be indicated here but included with Maintenance & Repairs.

6) Grounds Maintenance

Includes all contract lawn care expense, grounds related supplies, snow removal and related supplies.

7) Maintenance & Repairs

Costs related to any contract services such as pest control, apartment cleaning, sewer clean out, heating and cooling repairs and any other similar items that are non capitalized repairs. Also, costs related to apartment and common area maintenance such as contract and/or in-house apartment painting, carpet cleaning and minor flooring repairs and carpet cleaning/restoration related expenses. **This does not include replacement expenses related to new carpet, vinyl, appliances, windows, doors and other capital items.**

8) Payroll Taxes & Benefits

All payroll related taxes and employee benefits.

9) Insurance

Property, casualty, liability, personal property and umbrella insurance.

10) Replacement Reserve

The annual per unit contribution to replacement reserves as stipulated by mortgage loan, partnership, HUD, USDA, IHCDA / MSHDA. Note: This does not include any initial funding of the reserve fund, but rather identifies annual allocation to reserves. (See Feasibility Guidelines in the current year's Implementation Plan for required disclosures relating to reserve accounts.)

11) Debt Service

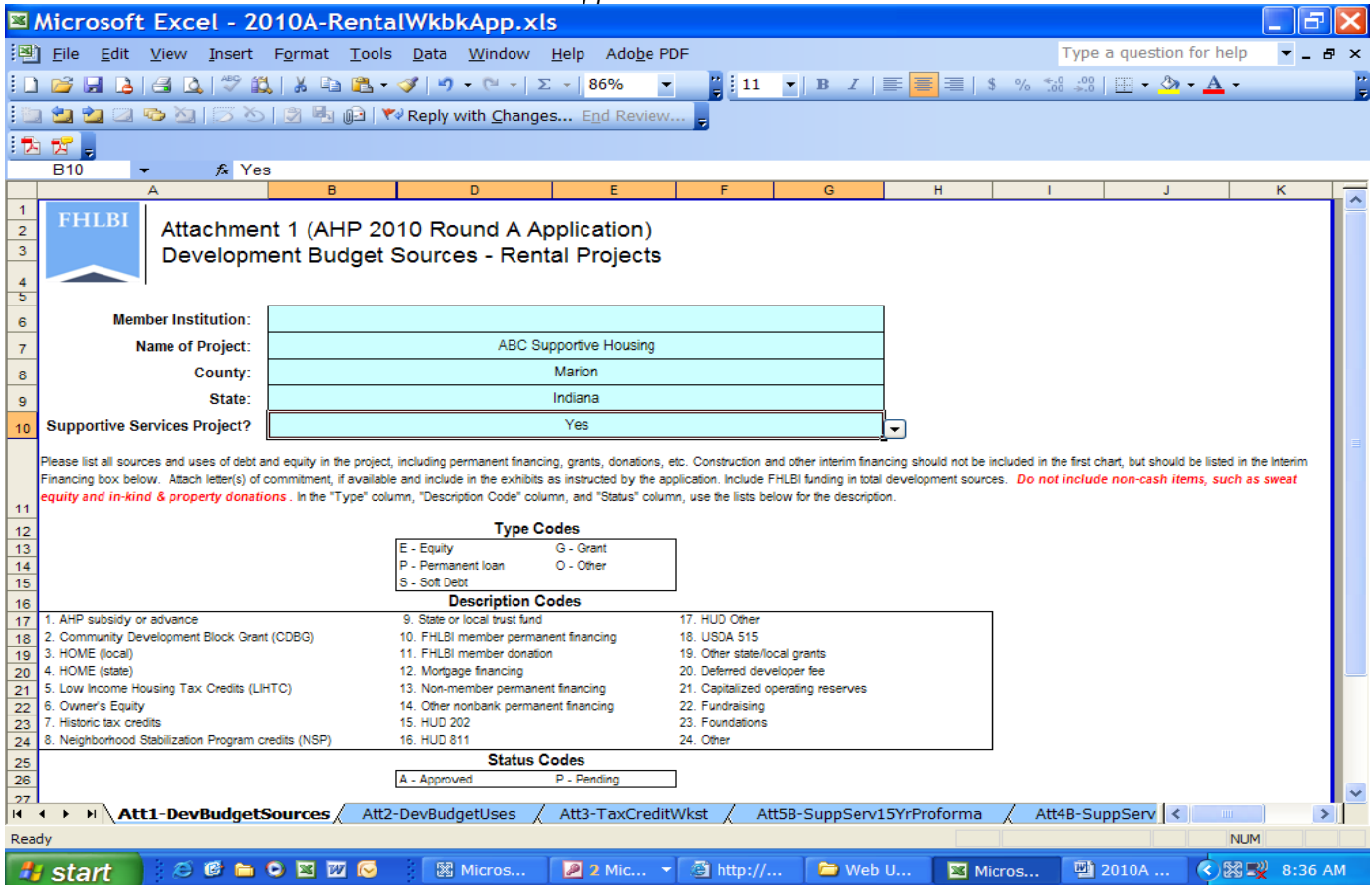
Principal and interest due from the project relating to all permanent financing sources. This should be hard debt only and should not include soft debt such as HOME, CDBG and deferred developer fee.

Supportive Services Projects

(Projects committing at least 20% of units to a special needs population must submit the supportive services addendum as part of this application)

Attachment 4B – *Att4B-SuppServRentallIncome*

Attachment 5B – Att5B-
SuppServ15YrProforma



- Attachment 1–Sources should indicate in the box at the top of the page that the project meets the Supportive Services criteria. In making this distinction, the 15 year proforma and rental income worksheet are different from a traditional rental project. The general proforma instructions and assumptions listed above still apply. In addition to these instructions, please review specific details of the 15 yr SuppServ Proforma and SuppServ Rental Income Worksheet below:
- Complete Attachment 5B–SuppServ 15 yr Proforma *BEFORE* completing attachment 4B–SuppServ Rental Income Worksheet.
- Summarize the supportive services income & expenses in the designated section of the 15yr SuppServ Proforma at the bottom of the attachment. Provide detailed budget information in your format and attach to the Supportive Services Addendum.
- Attachment 4B–SuppServ Rental Income Worksheet copies the income from the SuppServ 15 yr Proforma and calculates the averages of tenant and subsidized rent based on the total number of units. Use these averages as a guide to input the per unit tenant paid rent and rent subsidy into the unit chart by the targeted AMI.
- See diagram of tab order on workbook below.

Microsoft Excel - 2010A-RentalWbkApp.xls

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Type a question for help

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Reply with Changes... End Review...

	A	B	C	D	E	F	G	H	I	J	
47		G. Payroll Taxes & Benefits		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
48		H. Real Estate Taxes		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
49		I. Replacement Reserve		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
50		J. Other Tax		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
51		K. Insurance		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
52		L. Other		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
53		M. Total Operating Expenses		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
54											
55		4. Total Expenses		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
56		5. Net Income		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
57		6. Debt Service		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
58		7. Cash Flow		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
59											
60		8. Debt Coverage Ratio		0.00	0.00	0.00	0.00	0.00	0.00	0	
61											
62		9. Deferred Developer Fee Pmt.		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
63		10. Cash Flow after Def. Dev. Fee		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
64											
65		11. Supportive Services		This is a Supportive Services Project. This section must be completed.							
66		A. Supportive Services Income		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
67		B. Supportive Services Admin. Expense		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
68		C. Supportive Services Operating Expense		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
69		D. Net Supportive Services		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
70		*NOTE: Year 1 rents & rental assistance are carried to Attachment 4B-SuppServ Rental Income Worksheet.									
71											
72											
73											
74											

Att5B-SuppServ15YrProforma Att4B-SuppServRentalIncome Att6-FACS AppSections1-11 AppSection12-13 AppSection15

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NOTE: The units must be listed in the AMI unit chart (Attachment 4B) before the calculations for the average per unit rent subsidy and tenant paid rent can be calculated. If any box appears with a yellow background, the totals are not in agreement with the data input from Attachment 5B-SuppServ 15 yr proforma and correction may be needed. The calculations are meant to be used as a guideline and may not be exact.