



2011A 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 2011A 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 1, 2011. **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.

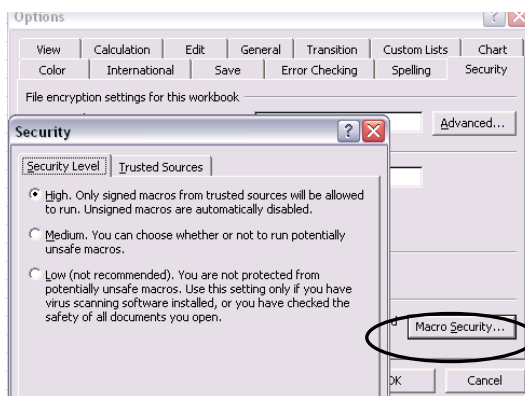
- Review the application and start gathering pertinent supporting documents.
- Ask questions before, April 12, 2011 We will assist with any questions and provide technical assistance through our Webinars, Application Helpline and Helpmail. Please see the schedule in this document for training dates and times.
- Submit it to the FHLBI by 5:00 p.m. (EDT) April 21, 2011 (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 July 29, 2011. 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@fhlbi.com, or Kathy Crumpton at 317-465-0370 or kcrumpton@fhlbi.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.



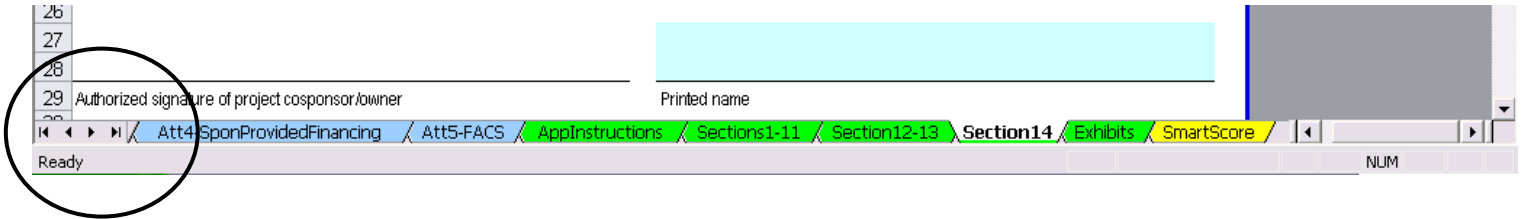
Exit Excel and then re-open the application. It should now ask whether you want to “Disable or Enable Macros”; **select the “Enable Macros.”** This is critical for some of the functionality of the 2011A application.

- 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., 01/01/11).

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 2011 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 divider 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 divider 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. 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. 11-12
 - F. First district priority (18 points) pg. 12 -14
 - Special Needs (5 points)
 - Member financial involvement (10 points)
 - Economic Diversity (3 points)
 - G. Second district priority-quality of life: (13 points) pg. 14-15
 - Development/Project Characteristics (13 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)

Where to Start?

· Read the Implementation Plan. It is, in essence, a request for proposal. All applicants should thoroughly understand the program and what they are committing to. If you are uncertain about whether it is an appropriate time to submit your application, please call us. If we determine that your project is premature in its submission, it will be excluded from the funding round.

- Use common sense and good judgment—follow the application instructions and guidelines outlined in the Implementation Plan.
- **PLAN AHEAD!** Review the requirements of the application and workbooks as soon as possible. Waiting until the last minute can seriously jeopardize your ability to provide accurate, quality information by the deadline.
- Writing the application is a balancing act! Give us enough information to understand your project, financing details, and other important information, but avoid "fluff" if you can. We care less about style; we care more about substance. The process of scoring applications is very objective. Lengthy descriptions and explanations only add to the time involved in scoring, not to the overall score.
- Provide consistent information. Information that is inconsistent throughout the application and exhibits, or inconsistent with public information available to the FHLBI, raises concerns about the project's viability.
- When determining project eligibility and sponsor capacity, we will consider sponsor/member compliance and monitoring cooperation with existing AHP awards. Make sure monitoring on other projects is up to date.
- Remember, a good project begins with a good application and is built on a foundation of good documentation. Providing good supporting documentation with your application is a good start.

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.

2011A AHP Deal or No Deal-Playing the Game (Getting Started)
Thursday March 3, 2011 9:30am-12noon
2011A AHP Deal or No Deal – The Bank Offer (Development Budget/ Funding Sources)
Thursday March 10, 2011 9:30am-12noon
2011A AHP Deal or No Deal- Seal the Deal Extra Credit (Exhibits/Documentation)
Thursday March 17, 2011 9:30am-12noon
2011A AHP MEMBERS ONLY Webinar (Members submitting Applications-Overview)
Thursday March 31, 2011 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 4	2:00pm	3:00 pm
March 8	10:00 am	11:00 am
March 11	2:00 pm	3:00 pm
March 15	10:00 am	11:00 am
March 18	2:00 pm	3:30 pm
March 22	2:00 pm	3:30 pm
March 25	10:00 am	11:30 am
March 29	2:00 pm	3:30 pm
April 1	10:00am	11:30 am
April 5	2:00pm	3:30pm
April 8	10:00am	11:30am
April 12	2:00pm	3:30pm

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.

4. Technical Review

An in person technical review of your completed application with FHLBI staff will be made available for the first time for the 2011A AHP round. The application must be complete and ready for the member's review and approval. Reviews are limited to 30 minute timeslots. Registration is required.

Monday, April 3	10:00 a.m. – 4:00 p.m.	Indianapolis, IN	FHLBI Building, 8250 Woodfield Crossing Boulevard
Mon/Tue April 11 & 12	10:00 am – 4:00 p.m.	Lansing, MI	Lansing Center (room to be determined)

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.
- Financial Service Fees or Capitalized Asset Management Fees are not eligible uses of the AHP subsidy.

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, IHCD / 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 homeless and/or special needs population must submit the FHLBI 2011A Supportive Services Addendum as part of this application

Attachment 4B – Att4B-SuppServRentalIncome

Attachment 5B – Att5B-SuppServ15YrProforma

The screenshot shows an Excel spreadsheet with the following content:

**Attachment 1 (AHP 2011 Round A Application)
Development Budget Sources - Rental Projects**

Member Institution:	Bank
Name of Project:	Summertime
County:	Allen
State:	Indiana
Supportive Services Project?	Yes

Please list all sources and uses of debt and equity in the project, including permanent financing, grants, donations, etc. Construction and other interim financing should not be included in the first chart, but should be listed in the Interim Financing box below. Attach letter(s) of commitment, if available and include in the exhibits as instructed by the application. Include FHLBI funding in total development sources. **Do not include non-cash items, such as sweat equity and in-kind & property donations.** In the "Type" column, "Description Code" column, and "Status" column, use the lists below for the description.

Type Codes	
E - Equity	G - Grant
P - Permanent loan	O - Other
S - Soft Debt	

Description Codes		
1. AHP subsidy or advance	9. State or local trust fund	17. HUD Other
2. Community Development Block Grant (CDBG)	10. FHLBI member permanent financing	18. USDA 515
3. HOME (local)	11. FHLBI member donation	19. Other state/local grants
4. HOME (state)	12. Mortgage financing	20. Deferred developer fee
5. Low Income Housing Tax Credits (LIHTC)	13. Non-member permanent financing	21. Capitalized operating reserves
6. Owner's Equity	14. Other nonbank permanent financing	22. Fundraising
7. Historic tax credits	15. HUD 202	23. Foundations
8. Neighborhood Stabilization Program credits (NSP)	16. HUD 811	24. Other

- 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.

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.