



Attachment I Accessibility Modifications Program (AMP) Guidelines

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1: Program description

The Accessibility Modifications Program (AMP) is part of the Homeownership Initiatives Programs offering. AMP provides funding for accessibility modifications and minor home rehabilitation for eligible senior homeowners or owner-occupied households with a person(s) with a permanent disability. Eligible households must have household incomes at or below 80% of the area median income. The maximum subsidy that can be requested per household is \$15,000. The AMP subsidy request per household shall be no less than \$1,000.

AMP may be amended at any time with input from the FHLBI Council and approval by the FHLBI Board. Funding announcements may be revoked by the Board without notice. FHLBI also reserves the right to reallocate funds among programs to meet program demand and to ensure utilization of all funds but is not making an allocation at this time. All funds allocated to the Homeownership Initiatives Programs are available on a first-come, first-served basis.

2: Member participation requirements

FHLBI member financial institutions (member) that are current members of and eligible to borrow from the FHLBI may participate in AMP. The FHLBI does not accept applications from institutions with pending applications for membership in the FHLBI. A list of eligible members may be obtained from a directory at <https://www.fhlbi.com/>

- **Registration:**
All members must sign and submit a **Homeownership Initiatives Master Agreement and Registration and Certification Form**, which allows it to participate in all FHLBI Homeownership Initiative Programs. Members will be responsible for all terms and conditions contained in the **Homeownership Initiatives Master Agreement and Registration and Certification Form**, including, but not limited to, the requirements outlined in this document.
- **Training:**
All members will be required to participate in training that will provide information and instructions on program guidelines, disbursements, and documentation requirements. *At a minimum, either the Primary or Secondary contact is required to participate in the training.*
- **Submitting Disbursement Requests:**
Upon approval of the **Homeownership Initiatives Master Agreement, and Registration and Certification Form** and completion of required training, members will receive a **Starter Kit** with all of the information and forms needed to start requesting disbursements.

3: Funding - use, limits, and availability

- AMP funds may only be used to pay for approved eligible modification/repair costs unless otherwise noted.
- AMP funds cannot be used to pay for fees charged by members or sponsors for providing the subsidy to a homeowner.
- AMP subsidy may be used to pay for the real estate Retention Agreement recording fee up to a maximum of \$20. In the event the full amount of disbursed subsidy is returned, subsidy used for the recording fee must also be returned.

- The rate of interest, points, fees, and any other charges for all loans that are made for the project in conjunction with the AHP subsidy shall not exceed a reasonable market rate of interest, points, fees, and other charges for loans of similar maturity, terms and risk.
- Each participating member will be limited to \$300,000 in annual AMP funds, unless such limit is waived by the Board.
- Funding for the first round of Homeownership Initiatives Programs funding will be in the spring. At that time, approximately 70% of the funds available will be released and will remain available until all funds are exhausted. Unless funds remain from the spring release, in late summer, the remaining 30% of available funds plus any recaptured funds will be available until all funds are used.
- Throughout the program year, the remaining amount of funds available will be published on the FHLBI's website at least bi-weekly.

4: Member requirements

Members must provide funds only to homeowners who meet the income guidelines as described in Attachment D of the current Affordable Housing Program Implementation Plan (Plan).

- The Member is responsible for compliance with all applicable laws, regulations and with this Plan.
- Members must enroll each household in an FHLBI Homeownership Initiatives Program. The enrollment date is defined by the FHLBI as the date on which the member issues a qualification or other such loan commitment or enrolls the household in an FHLBI Homeownership Initiatives Program.
- Members must confirm that the recipient owners have owned the property in fee-simple for at least 18 months prior to enrollment. Individuals who during this period took title to the property in whole or in part due to the death of a spouse may also include the period of time the property was owned by the deceased spouse. No additional persons may have been in title to the property during the 18 month period other than deceased spouses. A household being qualified under the disabled household type, as defined below, may be granted an exception to this requirement.
- Members must ensure that title to the property is vested only in the owner-occupants and all units are owner-occupied by all owners in title.
- Members must ensure that proposed costs are reasonable based on the local market.
- Members must ensure that rehabilitation/modification work performed meets the requirements outlined in the *Accessibility Modifications Requirements* section of this document.
- For properties that include a home-based business, members must certify that the grant funds will not be used to cover costs to rehabilitate areas of the home exclusively designated for business use.
- Members must ensure that the rate of interest, points, fees, and any other charges for all loans that are made for the project in conjunction with the AHP subsidy shall not exceed a reasonable market rate of interest, points, fees, and other charges for loans of similar maturity, terms and risk.
- Members must submit a disbursement request to FHLBI within 30 days after enrollment of the household into an FHLBI Homeownership Initiatives Program.
- Members are advised to exercise due diligence in qualifying AMP households and obtain the following items for review *prior* to submitting a request to FHLBI to ensure that the funds will be provided to households stable in their financial affairs.

- Verification that legal title is vested in applicant(s) only
- A title search, which will provide information on outstanding liens and property tax information to ensure the homeowner is not in default on obligations that could affect home retention
- Credit reports to provide information on credit obligations that could affect home retention
- Homeowner's insurance verification to ensure that the home is properly insured
- Pictures of home or areas to be repaired / replaced prior to commencement of work
- Members must ensure that AMP-assisted units are subject to a Retention Agreement provided by the FHLBI that meet requirements of §1291.9 of the Regulation. See Attachment E of the Plan for sample retention language. If a member desires to use its own retention agreement, it must be substantially in the form of the retention agreement provided by the FHLBI and must be approved by the FHLBI prior to participating in the program.
- Members must comply with FHLBI requirements to provide copies of retention agreements, rehabilitation closing statements, evidence of costs and other documentation as described in this document.
- Members must maintain project files with all applicable information for all grant recipients.
- Member must certify that the homebuyer(s) and the proposed transaction meet all eligibility requirements for AMP funds.

5: Recipient requirements

Recipients of AMP funds must meet all of the following requirements:

- Is a household meeting one or more of the following types:

Type A –a household whereby all members are age 62 years or older or,

Type B –a household whereby all members are age 62 years or older, or age 17 or younger whereby the household members age 62 or older is the documented guardian(s) of a household member(s) age 17 or younger; or

Type C –a household with a member(s) of any age with a permanent disability and currently receives Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) benefits or reasonably equivalent state or federal funded permanent disability benefits. Documentation should support payment of benefits for at least 60 days.

The age requirement(s) must be met and documented at the time of enrollment.

- Households must reside in Michigan or Indiana.
- Resident has a household income that is equal to or less than 80% of the area median income (AMI) adjusted for family size as published annually by HUD (see FHLBI's website for current AMI charts).
- Recipients must be owner-occupants of the home to be rehabilitated (must be primary residence) and have resided in and owned the home, as a primary residence, for at least 18 months prior to enrollment with the member. Individuals who during this period took title to the property in whole or in part due to the death of a spouse may also include the period the time the property was owned by the deceased spouse, except as otherwise described herein. No additional persons may have been in title to the property during the 18 month period other

- than deceased spouses. A household being qualified under the disabled household type, as defined below, may be granted an exception to this requirement.
- Recipients must demonstrate that existing mortgage obligation(s) for the subject property must be current and paid as agreed.
 - Duplexes are eligible as long as the homeowner occupies one-half as the primary residence and 75% of the projected income generated from the other unit(s) is included in the AMP income qualification process. Projected income must be included in household income whether or not homeowner intends to rent the other unit(s).
 - AMP funds may only be used to provide assistance to rehabilitate an owner-occupied residence. Home-based business rehabilitation is not an eligible stand-alone use under the AMP. For eligible households whose home-based business is also located in the housing unit or on the property, AMP funds may be used if the primary purpose of the proposed rehabilitation is to rehabilitate and provide general benefit to the residence. Proposed rehabilitation that will only benefit the area of the home exclusively designated for business use is not an eligible use under the AMP. This policy applies whether or not the income generated from the business activity is the primary or secondary source of income to the household.
 - Lease/purchase arrangements and land contracts are not eligible ownership structures.
 - All properties must be titled as real estate and be permanently affixed to a permanent foundation.
 - All individuals in title to the property must occupy the property for which subsidy is being provided and must sign retention documents described below in the section 7: *Real Estate Retention Period*.
 - Transactions that require or involve non-occupying co-borrowers, co-owners, co-signers or guarantors are not eligible.
 - Recipients must provide all documentation to the member as required for participation in the program.
 - Applicants may not be students with part-time or no income while in school who ordinarily would have a reasonable prospect for a substantial increase in income exceeding the AHP income eligibility limit upon entering the workforce full-time. In determining an applicant's eligibility, the FHLBI will consider factors including, but not limited to, the applicant's current student status, number of hours currently enrolled, anticipated date of graduation and field of study. Supporting documentation will be required.
 - Recipients cannot receive, for the same property, more than one FHLBI grant of any kind, or more than one grant from any Federal Home Loan Bank, unless prior grants have been repaid or retention period has expired.

6: Accessibility Modifications requirements

Eligible repairs must address accessibility needs of the home to assist with aging in place and independent living. Subsidy may only be used for repairs to the livable space of the home, unless otherwise noted. Where applicable, rehabilitation and repair of systems and materials must be of similar quality, like and style. FHLBI may exercise discretion in determining if repairs are eligible for funding. When possible, modifications should comply with Americans with Disabilities Act (ADA) or Universal Design specifications. Members must execute a certification of cost reasonableness and maintain copies of all bids obtained to support the proposed work.

Any exceptions to the following list of eligible modifications and/or repairs must be pre-approved by the FHLBI. Work performed or completed prior to enrollment may not be paid for with AMP funds. The homeowner may not complete any of the approved rehabilitation funded by AMP.

Eligible Accessibility Modifications

The following modifications are eligible for funding under AMP:

- Ramps/zero step entries
- Handrails
- Levered door handles
- Self-closing hinges (internal/external doors)
- Pocket doors or swing hinges
- Bathroom modifications
 - walk/roll-in showers
 - grab bars
 - rebath - easy entry bath
 - ADA-approved toilets/drop down grab bar
 - Roll-under vanity
 - Lower level ½ bath conversions
- Kitchen modifications
 - Lowering existing cabinets or replacing with ADA-approved cabinets
 - Lowered and/or roll under ADA-approved counters
- Internal chair and wheelchair lifts
- Widened door-ways
- Installation of smoke detectors or carbon monoxide detectors
- Universal Design floor coverings
- Exclusion may apply

Other Repairs:

- Up to 25% of AMP funds may be used for the following deferred maintenance items:
 - Roofing
 - Soffit and Fascia
 - Siding
 - Windows
 - External doors
 - Water-heaters
 - HVAC
 - Gutters

Ineligible improvements:

In general, improvements in functionality/modernization, changes for elimination of obsolescence, luxury items, improvements that do not become a permanent part of the property, and installation or repair of items listed below are not eligible improvements. The list is not all-inclusive and the FHLBI suggests that members use prudent decision-making when approving requested improvements.

- Additions or alterations for commercial use
- Porches, detached garages, etc.
- The finishing of attics, basements, etc.
- Furniture and appliances
- Landscaping or tree work
- Fences
- Room additions
- Driveways and sidewalks
- Awnings and shutters

7: Real Estate Retention Period

All funds to be repaid or returned must be calculated using the **Retention Agreement Guide and Subsidy Repayment Worksheet (Worksheet)**, which can be found on FHLBI's website. The Worksheet outlines the specific repayment provisions and calculations for repayment or return of subsidy in accordance with the Real Estate Retention Agreement or in the event the subsidy is unused.

A household must repay a pro-rated amount of the funds if it sells or refinances the unit during the five-year retention period unless one of the following exceptions applies:

- In the case of a sale, the purchaser is very low-, low- or moderate-income;
- In the case of a refinancing, the household agrees to continue to be subject to a Retention Agreement, deed restriction or other legally enforceable retention mechanism as described in §1291.9(a)(7) after the refinancing for the balance of the original retention period; or
- The household had obtained a permanent mortgage funded by an AHP subsidized advance and not a direct subsidy.

The household only repays the subsidy from the net gain from either a sale or a refinancing. If there is no net gain, the household does not repay any subsidy. If the net gain is greater than the pro-rated amount of the subsidy, the household must repay the pro-rated amount of the subsidy. If the net gain is less than the pro-rated amount of the subsidy, then the household must repay only the net gain amount. For AMP households, the original purchase price may be an estimate supported by reasonable third-party documentation, if the property was not purchased recently.

These terms also apply to any future, subsequent refinancing(s) during the retention period unless the Retention Agreement has otherwise terminated.

The net gain is defined as the sales price of the home, or the amount of the new first mortgage after the refinancing of the home, minus the original purchase price, purchase-related closing costs and the costs associated with the sale (including seller concessions) or refinancing of the home. If the household made substantive improvements to the property, which add to the property's basis, then the costs of those improvements must also be deducted. This information is included in the Worksheet.

In the event the subsidy has been provided to the member, is unused and is not provided to the household, FHLBI does not consider the subsidy disbursed to the household and the subsidy must be returned.

Once the Worksheet has been completed, it should be printed and returned along with the HUD-1 Settlement Statement/Closing Disclosure for the current sale of the property, to the FHLBI with instructions to FHLBI to withdraw the funds from the member's FHLBI CMS account, assuming funds are owed or unused.

The lien securing the subsidy must be released.

8: Disbursement process

Disbursement requests must include the following required documents:

- 1) FHLBI Disbursement Authorization Form (in Excel workbook). The Disbursement Authorization Form must be signed by an FHLBI authorized signatory and must accompany each disbursement. If members require assistance identifying an authorized signatory, please call 1-800-688-6697. Because original signatures are required, we cannot accept requests via facsimile.
- 2) FHLBI Household Qualification Form (in Excel workbook)
- 3) FHLBI Fund Manager
- 4) FHLBI Income calculation worksheet and corresponding income documentation as outlined in *Attachment D, the Income Guidelines*
- 5) Zero Income Affidavit, if applicable
- 6) FHLBI Certification of Cost Reasonableness executed by the member. Please note: The certification must be supported by a minimum of two independent, third-party bids/estimates for each proposed modification/repair which must be maintained in the member's file.
- 7) Other supporting documentation such as, photos, may be required and must be available for review by the FHLBI upon request

Funds should not be requested earlier than **60 days** prior to the estimated closing date, which is the date the Retention Agreement is recorded. During times of normal volume, disbursement requests should be reviewed and/or approved within ten business days. Upon approval, the funds will be credited to the member's FHLBI CMS account.

No substitutions of households will be allowed.

The member must pass the entire amount of the subsidy to the household.

Disbursement recommendations

- a) Consider establishing an escrow account to disburse funds as the work is completed.
- b) Request that the homeowner provide you with invoices and make checks jointly payable to the contractor or other service provider and the homeowner.
- c) Take before and after photos.
- d) If time permits, consider doing property inspections.
- e) Require all work completed by a licensed/bonded contractor
- f) Consider requiring the homeowner to certify that work has been completed satisfactorily prior to issuing payment. A form that can be used for this purpose is available on FHLBI's Grant Tools web page.
- g) Have the homeowner sign the Retention Agreement prior to the start of the rehabilitation work.

9: Post disbursement requirements and documentation

Real Estate Retention Agreement Recording

The real estate Retention Agreement must be recorded within 30 days of disbursement. The recordation date must be submitted for *every* unit to the FHLBI via the Fund Manager (Excel spreadsheet from Starter Kit). If the recorded Retention Agreement has not yet been received, at a minimum, a receipt of recording may be used to determine the recording date. Extension requests will be reviewed on a case-by-case basis.

Rehabilitation Closing

All home modifications should be completed within 6 months of the FHLBI disbursement of funds along with all funds disbursed for services performed. The member is responsible for managing the progress and completion of the repair project. The FHLBI requires that the **Rehabilitation Closing Statement (RCS)** be completed upon completion of all modifications. The form is available on FHLBI's website. All costs associated with each modification must be documented. Members must ensure that the appropriate subsidy amount received from the FHLBI is clearly identified. The total cost of the repair including an itemized description of and costs associated with the home modifications or repairs must be documented. Members are required to sign the RCS.

10: Monitoring, reporting, documentation

Semi-annually, the FHLBI will request documentation for a randomly selected sample of households. The documentation requested can include any of the documents that members are required to maintain in their files. Members have 30 days to submit the requested documentation. If documentation is not received within 30 days, the FHLBI reserves the right to deem the member to have violated the terms of the award and debit the member's CMS account for the appropriate amount. The member will then need to reapply for funding for the particular household, subject to funding availability.

At a minimum, members should maintain the following documentation in their files for every AMP recipient:

- 1) A copy of the disbursement request and all documentation obtained and used to qualify the household at enrollment
- 2) *Final, fully-executed* Rehabilitation Closing Statement, executed by both the homeowner and the member
- 3) Executed *and* recorded retention document executed by all owners in the legal title
- 4) Original bids to support the executed Certification of Cost Reasonableness
- 5) Final cost verification for rehabilitation work performed evidenced by copies of final invoices, receipts and cancelled checks or similar forms of payments to the contractor(s)

Onsite Monitoring

At the discretion of FHLBI, participating members may be selected for monitoring review. During reviews, which are held at the member's place of business, the FHLBI reviews the member's policies and procedures for administering AMP and a sampling of the grant recipient files. The FHLBI reserves the right to review all files if sampling indicates compliance issues.

11: Income Guidelines (see Attachment D)

All members must use the income guidelines as outlined in Attachment D of the current Plan. Households must have incomes at or below 80% of the median income for the area at the time the household is accepted for enrollment by the member.