



Attachment H. Neighborhood Impact Program (NIP) Guidelines

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1: Program Description

The Neighborhood Impact Program (NIP) is part of the Homeownership Initiatives. NIP provides rehabilitation assistance to homeowners with household incomes at or below 80% of the area median income. The maximum subsidy that can be requested per household is \$7,500. The minimum subsidy that can be requested per household is \$1,000.

NIP may be amended at any time with input from the FHLBank Indianapolis Council and approval by the Board. Funding announcements may be revoked by the Board without notice. The Bank also reserves the right to reallocate funds among programs to meet program demand and to ensure utilization of all funds.

2: Member Participation

Institutions that are current Members of and eligible to borrow from the Bank may participate in NIP. The Bank does not accept applications from institutions with pending applications for membership in the Bank.

A. *Registration:*

All Members must sign and submit a **Homeownership Initiatives Master Agreement and Registration and Certification Form**. 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.

B. *Submitting Disbursement Requests:*

Upon approval of the **Homeownership Initiatives Master Agreement, Registration and Certification Form**, Members will be provided user registration procedures for use of the Bank's online system.

3: Funding – Use, Limits, and Availability

- NIP funds may only be used to pay for eligible rehabilitation/repair costs.
- NIP funds cannot be used to pay for fees charged by Members or sponsors for providing the subsidy to a homeowner.
- 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 NIP funds, unless such limit is waived by the Board.
- Homeownership Initiatives funding will be announced in the spring. Funds will be made available on a first-come first-served basis until all funds are exhausted. Throughout the program year, the remaining amount of funds available will be published on the Bank's public 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 this Plan.
- Members must confirm that the recipient owners have owned the property in fee-simple for at least **6 months prior to enrollment**. No additional persons may have held title to the property during the **6-month** period other than the children of the homeowner who are on title for estate planning purposes.
- Members must ensure that proposed costs are reasonable based on the local market.

- Members must ensure that rehabilitation work performed meets the requirements outlined in the *Rehabilitation Requirements* section of this attachment.
- 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 comply with the Bank's requirements to provide copies of rehabilitation closing statements and other documentation as described in this document.
- Members must maintain project files with all applicable information for all grant recipients.
- Members must ensure that NIP funds are not used to pay for fees charged by Members or sponsors for providing the subsidy to a homeowner.
- Members must certify that the recipient(s) and the proposed transaction meet all eligibility requirements for NIP funds.
- The Member must pass the entire amount of the AHP subsidy to the household.

5: Recipient Requirements

Recipients of NIP funds must meet the following requirements:

- Recipients must have 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. (Refer to the Bank's public website for current AMI limits).
- Recipients' existing mortgage obligation for the subject property must be current and paid as agreed.
- Recipients must sign an acknowledgement identifying the contractor(s) which is being used for the repairs.
- NIP 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 NIP. For eligible households whose home-based business is also located in the housing unit or on the property, NIP 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 NIP. This policy applies whether or not the income generated from the business activity is the primary or secondary source of income to the household.
- Recipients must provide all documentation to the Member as required for participation in the program.
- Recipients cannot receive, for the same property in a five-year period, more than one Bank 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.
- 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 fulltime. In determining an applicant's eligibility, the Bank 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.

6: Rehabilitation/Repair Information

Eligible repairs must address deferred maintenance needs of the home. Funds may only be used for repairs to the livable space of the home. Rehabilitation and repair of systems and materials must be of similar quality, like and style. The Bank may exercise discretion in determining if repairs are eligible for funding.

Rehabilitation/repair work completed prior to enrollment may not be paid for with NIP funds.

A. *Eligible Rehabilitation/Repair*

The following types of repairs are eligible for funding under NIP:

- Repair/replacement of existing heating, ventilation, air conditioning
- Repair/replacement of existing well/septic system or underground property sewer system*
- Repair/replacement of existing water heater
- Energy conservation improvements – includes repair/replacement of existing:
 - Windows
 - Soffit and Fascia
 - Siding
 - Roofing
 - Gutters
 - Downspouts
 - Caulking
 - Exterior doors
 - Weather stripping, attic and wall insulation
 - Electrical – replacement of knob-and-tube wiring that prevents a home from meeting current code requirements for its area

* Additional documentation may be required.

If work is being performed by a related party to the homeowner, the Member must ensure that all repairs included in the original bid are being completed and funds are being used for said repairs.

B. *Ineligible Rehabilitation/Repair*

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 Bank suggests that Members use prudent decision-making when approving requested improvements. **Any exceptions to the eligible rehabilitation/repairs included in Section 6.A must be pre-approved by the Bank.**

7: Eligible Property Types

The following property types are eligible to receive NIP funding:

- Owner-occupied 1-4 family properties
- Townhouses
- Condominiums
- Cooperatives
- Manufactured housing deeded as Real Estate

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.

8: Post-Disbursement

It is expected that all home repairs will be completed within **6 months** of the Bank's disbursement of funds. The Member is responsible for managing the progress and completion of the repair project.

9: Monitoring, Reporting, and Documentation

Annually, the Bank will monitor a random sampling of households disbursed to each Member to ensure compliance with the NIP program requirements.

On-Site Monitoring

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

10: 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 HUD median income limits, based on the household size, for the area at the time the household is accepted for enrollment by the Member.