



FEDERAL HOME LOAN BANK
OF INDIANAPOLIS

Building Partnerships. Serving Communities.

AHP Application Getting Started

Application Tips



Timing of AHP

The AHP application will be accepted in a single round. The application is typically available beginning mid-winter and due in the spring, with results announced late summer. Upon award, recipients receive a comprehensive award kit, as well as education on administering AHP grants through real-time, web-based training with FHLBI staff.

Preparing to Apply

Before submitting an application, applicants should send FHLBI a *Notification of Intent* (NOI). This is a form providing staff with information to allow them to offer early recommendations (i.e., recommending a project apply for different funds, recognizing when a project is not viable, etc.) and to determine if a site visit can be scheduled for a project.

The AHP application process is competitive. An average of one in three applications is awarded due to the volume of funds requested. Statistics from the last few years, which are published on the FHLBI website, can help applicants determine their project's competitiveness.

Approval of Applications

AHP regulations require 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 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 approves 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 will 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.

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 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 and Getting Started Guide.

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.



FEDERAL HOME LOAN BANK
OF INDIANAPOLIS

Building Partnerships. Serving Communities.

AHP Application Tips



Not-for-profit sponsor capacity

The benefit of housing developed, owned and managed by not-for-profit sponsors is recognized by the mandatory points required in the scoring of AHP applications, which FHLBI has enhanced. Not-for-profit entities have demonstrated their interest in community development and neighborhood revitalization by providing housing for very low income and special needs populations.

These organizations have a proven track record in developing creative affordable housing solutions; the need of which is determined by a comprehensive market study and reliance on data gathered through services delivered and operations of the not-for-profit entity. Up to seven points are available for varying levels of a not-for-profit organization's involvement in the sponsorship/ownership of AHP supported projects.

The not-for-profit developer's role can range from holding a partial partnership interest with another housing developer to complete ownership and responsibility for all aspects of the project from concept and development to ongoing operations.

In order to achieve the maximum points in this category, the non-profit must have been engaged in the business of fostering low-income housing in its geographic area of operation and of fostering housing for the population it serves for a minimum of three years. Housing must be a core mission objective. In addition, the not-for-profit must be the managing general partner and materially participate in the acquisition, development, ownership and ongoing operation of the property for the entire compliance period. Finally, the not-for-profit should be locally based in the community in which the project is located to be eligible for the not-for-profit points

Role of Consultants and Others Assisting in Application Preparation

FHLBI offers extensive technical assistance to members and housing sponsors to assure potential AHP applicants are familiar with the application process and understand the obligations associated with receiving an AHP award. In the event a housing sponsor decides to use the services of a consultant or other assistance to prepare an AHP application, the extent of this other party's role in developing the concept of the project, acquisition of the property and development of the project, including preparation of other funding and financing requests, and on-going operations should be disclosed and may affect the award of not-for-profit sponsor points.

Further, the sponsor/owner engaging the consultant is responsible for the delegation of duties to the consultant; reliance on the consultant's housing development experience is not an allowable substitute for a sponsor's housing inexperience or the sponsor's obligation. The FHLBI encourages not-for-profit-sponsors to pursue a vetting process in the selection of a consultant.

Overall experience of the consultant in the housing industry, track record with the Affordable Housing Program not only in award, but in the monitoring and compliance of awarded projects over time should be evaluated. Contributions that strengthen the development team are a few points to consider in the consultant selection process. Consultant contracts are required and should clearly specify the fees for services to be provided; consultant fees are treated as developer fees.



FEDERAL HOME LOAN BANK
OF INDIANAPOLIS

Building Partnerships. Serving Communities.

AHP Application Tips



Preparing the Application

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. Anticipate what questions may arise in considering the application and supporting documents. Try to clarify these things up front.

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. Additionally, the FHLBI may rely upon public information available. Make sure details of the application do not conflict with public sites.

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. Sponsors and members can always consult with FHLBI staff to help decide whether or not to apply. Use the Training on Demand Tool to request a staff consultation before applications are due and after award announcements. The Quick Smart Score tool is a self-scoring form that can be found at http://www.fhlbi.com/housing/ahp_app_gateway.asp that assists sponsors and members in evaluating how competitive a project may be.

Sponsor Tips in Preparing and Presenting a Competitive AHP Application:

- **Read the *Implementation Plan*.** It is a blue print for the entire program and should be thoroughly understood.
- **Contact an FHLBI member institution early in the process.** Make sure the member is willing to sponsor your application and give them time to review the application and obtain necessary approvals and signatures. An AHP award is a long term commitment for the sponsor and member. While the AHP is a forgivable grant, the member has an ongoing obligation to oversee the project. Members may underwrite the AHP as though it is a conventional loan and may require additional reporting and oversight in addition to those required by the FHLBI. Members may establish a deadline in advance of the FHLBI to allow time for their review and underwriting process.



FEDERAL HOME LOAN BANK
OF INDIANAPOLIS

Building Partnerships. Serving Communities.

AHP Application Tips



- **Use the Quick Smart Score Tool** to obtain a preliminary score and determine how changing variables, like the number of targeted units or the subsidy amount, can change your project's scoring potential. Statistics are posted for each AHP round to offer some insight to successful applications. No two funding cycles are the same and scoring changes from year to year. These differences should be considered when reviewing the statistics.
 - **Review the requirements of the application financial workbooks as soon as possible.** Waiting until the last minute can seriously jeopardize your ability to provide accurate financial information by the application deadline. We recommend you do this after reading the Implementation Plan and before completing the application. Even if you don't have all the information, you can easily update the workbook before completion. The application includes the financial workbook in an Excel format and relies on the financial data entry to populate a number of fields in the application.
 - **Submit a Notification of Intent** for potential projects per deadlines so we can contact you if needed with workbook updates and assure project eligibility. For projects involving rehabilitation of existing housing, site visits by FHLBI staff may be requested.
 - **Application readiness is very important!** Please call us to discuss whether an application is ready to submit in the current round. If we determine a project is premature in its submission, it will be excluded from the funding round. The member may have other requirements that impact the readiness tests such as: staffing needs to manage the AHP processes, time to get to know you, your organization.
- The project may or may not align with the member's current community development initiatives.
- **Timing is Important!** The primary funding source for the project should be committed so the need for subsidy can be measured. A good rule of thumb to follow is 70% of funding should be firmly committed by the time award announcements occur.
 - **Timeline Diagram.** The development timeline is one of several evaluation factors used to determine project readiness. The timeline should be realistic and consistent with representations made to other funding sources. If adjustments for funding delays have impacted the development timeline, this should be noted and explained.
 - **Balance the budget.** Submit workbooks showing equal sources and uses. Be sure to answer any questions on the Feasibility Analysis Checklist (FAC).
 - **Submit firm financial commitments.** Firm financial commitments are funding sources for which you've received a confirmation or proposals with details of the proposed financial structure; not applications or letters of support.
 - **Submit a complete and thorough application.** Do not leave boxes unchecked for any questions. Answer with a Yes, No or N/A. Omitting an answer could mean losing points you could have earned and, in some cases, can disqualify your application.



FEDERAL HOME LOAN BANK
OF INDIANAPOLIS

Building Partnerships. Serving Communities.

AHP Application Tips



- **Say what you mean and mean what you say.** Your application is the blueprint for your project. If awarded, we compare and contrast the project's progress to the goals and objectives originally detailed in the application. We also compare commitments made in the AHP application with other funding sources. Targeting requirements for an AHP application to be competitive may be more restrictive and deeper than requirements of other funding used in the project. For rental projects, targeting requirements impact gross rents and the operating proforma. The financial proforma and development budget should be structured around the most restrictive targeting requirements of the various funders. Explanations should be offered to address why there are differences in targeting commitments and how other stakeholders will be advised of the deeper targeting commitments of the AHP.
- **Provide good supporting documentation with your application.** Remember, a good project begins with a good application that is erected on a foundation of good documentation. The exhibit documentation is as important as the application itself!
- **Use appropriate exhibit pages.** Download only those needed and use inserts of brightly colored paper to separate the exhibits to help our staff review and score applications. Remember to complete the information box on each exhibit page. Be sure to print the exhibit pages after all of the final input has been made to the application.
- **Make sure monitoring on other AHP projects is up to date.** When determining project eligibility and sponsor capacity, we will consider sponsor and member compliance and monitoring cooperation with previously awarded AHP projects of that sponsor and member.
- **Submit the application with original signatures** and include printed names and dates. Make sure the member representative who signs the agreement appears on the FHLBI certified resolutions list of authorized signers. Failure to provide an original, authorized signature may result in the disqualification of the application.
- **Respond quickly.** We sometimes send requests for clarification or additional information when reviewing applications. Please make sure your contact person will be available and responds as quickly as possible. Generally a 24 - 48 hour response time is stipulated. These requests are sent to the person identified in the application as the contact person.



FEDERAL HOME LOAN BANK
OF INDIANAPOLIS

Building Partnerships. Serving Communities.

AHP Application Tips



Member specific considerations in supporting an AHP application:

- **Consider establishing your own deadline for AHP applications** in advance of the FHLBI deadline to allow for your institution's review and approval processes.
- **Conduct usual and customary loan due diligence** prior to AHP application submission. If there is no lending opportunity because of the project's financial structure, the member should underwrite the grant as though it were a loan (FHLBI underwriting of a project should not be relied upon by the member or any other funder for lending purposes).
- **Submit firm financial commitments.** Firm financial commitments are funding sources for which there is confirmation or proposal with details of the proposed financial structure; not applications or letters of support. Member involvement points rely upon the member extending construction and/or permanent lending facilities toward the development costs of the project.
- **Allow adequate time** to get the applicable lending products through a loan committee review/approval is needed to extend the commitment necessary to award points in this category. Discuss with the sponsor how the AHP will be secured: Real Estate Retention Agreement plus a junior or soft second mortgage are not uncommon. The rate of interest points, fees and any other charges for all loans that are made using AHP program funds shall not exceed a reasonable market rate of interest, points, fees and other charges for loans of similar maturity, term or risk.
- **AHP funds may not** be used to reimburse any fees associated with the submission or monitoring of an AHP application or project.
- **Make sure monitoring on other AHP projects is up to date.** When determining project eligibility and sponsor capacity, we will consider sponsor and member compliance and monitoring cooperation with previously awarded AHP projects of that sponsor and member. Be sure to provide detail for the application which outlines the member's oversight of the project through the development and compliance processes to include: physical inspections, semi-annual progress reporting, disbursement request reviews, completion monitoring review and long term monitoring obligations.
- **Submit a complete and thorough application.** Do not leave boxes unchecked for any questions -answer with a Yes, No or N/A. Omitting an answer could mean losing points, and could disqualify the application.
- **Provide good supporting documentation with the application.** Remember, a good project begins with a good application and is erected on a foundation of good documentation. The sponsor has prepared the bulk of the AHP application. If you are unclear about any aspect of the application, chances are those scoring the application will be too! Anticipate questions and work with the sponsor to ensure documentation is clear and follows appropriately through to the project financials.
- **Submit the application with original signatures** and include printed names and dates. Make sure the member representative who signs the agreement appears on the FHLBI certified resolutions list of authorized signers.
- **Respond quickly.** We sometimes send requests for clarification or additional information when reviewing applications. Please make sure your contact person will be available and responds as quickly as possible.