



## Disaster Relief Program (DRP) Guide

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## 1: Program Description

The Federal Home Loan Bank of Indianapolis (FHLBank Indianapolis or “Bank”) established the Disaster Relief Program (DRP) as a standing response to natural disasters that occur within the states of Indiana and Michigan.

DRP may be instituted by the Bank any time following the declaration of a state or federal disaster in the states of Indiana and Michigan. Funding announcements may be revoked by the Board without notice.

Funds are available through Members as grants to assist low-to-moderate income eligible households affected by natural disasters. Grants of up to **\$15,000** per household are available to rehabilitate a home damaged by a state or federally declared disaster.

DRP funds are intended to meet eligible housing needs not already addressed by the household’s insurance policy, any state or federal housing assistance or other funding source

FHLBank Indianapolis will allot funds annually for in-district disaster needs. Funds will be available on a “first-come, first-served basis”, but only to the extent that funds are available. The program will remain available until all funds allocated have been exhausted or the FHLBank Indianapolis elects to terminate or suspend the program.

## 2: Member Participation and Registration

Institutions that are current members of and eligible to borrow from the FHLBank Indianapolis may participate in DRP. Institutions with pending applications for membership in the FHLBank Indianapolis are not eligible to participate in DRP. A list of eligible members may be obtained from a directory at <https://www.fhlbi.com/>

### A. *Registration:*

To participate in DRP, members must sign and submit a **DRP Master Agreement and Registration and Certification Form**. Members will be responsible for all terms and conditions contained in the **DRP 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 **DRP Master Agreement, Registration and Certification Form**, members will gain access to the .GIVES platform (same one used for Homeownership Initiatives) and will be able to submit requests to the Bank while the program is open and funds remain available.

## 3: Funding – Use, Limits, and Availability

To participate in DRP, recipients must be located within the disaster area and have applied for and received notification of all other available recovery funds.

- DRP funds may not be used to pay for fees charged by members or sponsors for providing the subsidy to a homeowner.
- DRP funds are limited to one subsidy per household, with a maximum of \$15,000 per subsidy.
- DRP funds must be used to fund eligible costs outlined in the Rehabilitation Requirements section of this Guide.
- DRP funds are intended to resolve housing needs that were not paid for by insurance, federal or state emergency assistance or any other funding sources.
- Financing Costs -The rate of interest, points, fees, and any other charges for all loans that are made for the project in conjunction with the DRP subsidy shall not exceed a reasonable market rate of interest, points, fees, and other charges for loans of similar maturity, terms and risk.

### Ineligible Uses of Funds

- DRP funds may not be used to pay off consumer debt.
- DRP funds may not be used for repairs that have already been funded by another funding source.
- DRP funds may not be used for reimbursement to the homeowner for repairs or materials.
- DRP funds may not be used for improvements the FHLB considers unreasonable or excessive as determined at the FHLB's discretion.

### 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 Guide.
- Members must ensure that the unit to be repaired is owned by the household applying for funds.
- Members must pass the entire amount of the Bank subsidy to the household in compliance with this Guide.
- Members must comply with Bank requirements to provide copies of qualifying and completion documentation such as rehabilitation closing statements, cost validation and other documentation as described in this document.
- Members are advised to exercise due diligence in qualifying DRP households. Members must obtain documentation such as the following for review prior to further considering the household for DRP:
  - Verification that legal title is vested in applicant(s) only
    - A title search 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.
  - Insurance information from the household on insurance claims filed, as well as the results of those claims or collecting a written statement from the applicant if they did not have homeowner insurance.
  - Pictures of home or areas to be repaired / replaced prior to commencement of work.
- Member must certify that the homebuyer(s) and the proposed transaction meet all eligibility requirements for DRP funds.

### 5: Recipient Requirements

Only households meeting all of the following requirements will be considered eligible for participation in the program:

- Reside within a census tract, Metropolitan Statistical Area (MSA) or county that has been declared a state or federal disaster. Please refer to the list of Declared Disasters and Counties published on the Bank's website.
- The total household income is at or below **100% of HUD AMI** income limits for the county where the property is located and adjusted for family size.
- Homeowner(s) must be owner-occupants of the home to be rehabilitated (must be primary residence).
- The subject property must be titled real estate and be permanently affixed to a permanent foundation.
- Evidence of loss: Homeowner is to provide evidence that damage being repaired was sustained by the disaster. Examples could include but are not limited to: insurance claims, disaster agency filings or similar documentation.

## 6. Guidelines for determining income eligibility (see Attachment D)

All members must use the income guidelines as outlined in Attachment D of the Bank's current Affordable Housing Program Implementation Plan. Households must have incomes at or below 100% of the Area Median Income (AMI) based on the size of the household at the time the household is enrolled by the member.

## 7: Eligible Repairs

Eligible repairs are intended to restore pre-disaster conditions. Only the following types of repairs are permitted:

- Structural (such as foundation, roof or floor joists, or outside walls)
- Windows, doors, floors, walls, ceilings
- Septic or sewer system
- Well and pump
- Recondition or replacement of HVAC systems
- Water heaters
- Sump pump systems
- Gutters
- Siding
- Roof
- Exterior paint
- Insulation
- Exterior doors
- Plumbing and electrical work needed for habitability or code compliance

Funds are not to be used for repairs already covered by another party and are not to be used to reimburse a homeowner for incurred expenses.

## 8: Eligible Property Types

The following owner-occupied property types are eligible to receive DRP funding:

- 1-4 family dwellings
- Townhouses,
- Condominiums,
- Cooperatives, and
- Manufactured housing titled as real estate

Lease/purchase arrangements and land contracts are not eligible ownership structures.

All properties must be titled as real estate and be affixed to a permanent foundation.

## 9: Post-Disbursement Requirements

The FHLBank Indianapolis requires that its **Rehabilitation Closing Statement (RCS)** be used when utilizing DRP subsidy for rehabilitation purposes. The form is available on the Bank's website and should be uploaded in the applicant's file in .GIVES upon completion of the repairs, or purchase. Members must ensure that the appropriate grant amount received from the Bank is clearly identified on any settlement statement if used for the purchase of a residence. Other items that should be clearly reflected on the statement are:

- All sources of additional funds, (insurance, additional grants, expended cash from the homeowner, home equity loan proceeds etc.)

- The total cost of the repair, including an itemized description of the home improvements *and* amounts associated with each improvement.

Repair project documentation must include proof of disbursement of the funds (copies of checks payable to contractors) and a final invoice/bid showing completion, if available.

It is expected that all home repairs will be completed within six months of the Bank's disbursement of funds. The Member is responsible for managing the progress and completion of the repair project and submitting required post-closing documents within the allotted time frame.

Members shall keep all documentation used for the qualification of the household and repairs.