



SECOND ROUND 2008

AFFORDABLE HOUSING PROGRAM

APPLICATION INSTRUCTIONS AND SCORING CRITERIA FOR OWNER-OCCUPIED PROJECTS

Submit by: Wednesday, October 1, 2008

Return to:

Joseph Gallo

Vice President

Federal Home Loan Bank of New York

101 Park Avenue – 5th Floor

New York, NY 10178-0599

Phone: (212) 441-6850

Fax: (212) 949-0652

www.fhlbny.com

e-mail: ahp@fhlbny.com

GENERAL INSTRUCTIONS

Review the following before completing the AHP Application:

- The AHP Application form is available on a computer diskette upon request or at the FHLBNY's website at ***www.fhlbny.com*** in the "Community" section.
- An AHP Application may only be submitted by a stockholder institution ("Member") of the Federal Home Loan Bank of New York ("FHLBNY"). Only a Member in good standing may apply for AHP subsidy on behalf of the Project sponsor(s). Such a list is available on the FHLBNY's website or upon request.
- While a Member may request or allow certain portions of the AHP Application to be completed by other parties, the Member ultimately takes full responsibility for the content and is bound by all information submitted in the AHP Application. A managing officer of the Member must sign the AHP Application. Such officers are limited to the Chairman, President, Executive Vice President, or Senior Vice President.
- The AHP Application must also be signed by an authorized signatory of the primary sponsor.
- Only AHP Applications marked "Second Round 2008" will be accepted for consideration.
- Submit only one original AHP Application. No copies are necessary.
- The AHP Application form and accompanying exhibits should *not* be permanently bound or enclosed in three-ring binders. Please do not staple or paper clip sections of the AHP Application together. Kindly use a binder clip to keep the entire AHP Application and supplemental exhibits together.
- A complete AHP Application package consists of the AHP Application form followed by Exhibits A through S. *Print out the cover page of each Exhibit on colored paper* and use it to separate each section of related documentation. If you prefer, you may add alphabetical index tabs to differentiate each Exhibit section.
- The AHP Application form and accompanying exhibits must be written in English or, if applicable, include English translations of any documents written in another language.
- If an exhibit is applicable to the Project, failure to submit appropriate documentation may result in a loss of points or, in some cases, the elimination of the AHP Application from the competitive process. If a particular Exhibit is not applicable to the Project, simply insert a page stating "Not Applicable." Furthermore, failure to submit a properly organized and completed AHP Application package may result in its elimination from the competitive scoring process.
- If you are completing an electronic version of the AHP Application, you may check the boxes by double clicking on the box and selecting "Checked" as the default value.
- Review the detailed instructions for each section of the AHP Application prior to completing the form.
- No fee is required in order to submit the AHP Application.
- AHP Applications must be submitted no later than **5:00 PM Wednesday, October 1, 2008**.
- Each AHP Application received by the deadline will be evaluated in order to insure that the provisions identified in the AHP Regulations are properly satisfied.
- If you require any assistance in completing the AHP Application, please call our department's general information number at (212) 441-6850.

- All AHP Applications will be scored on a competitive basis and the decisions of the FHLBNY are final.

II. AFFORDABLE HOUSING PROGRAM REQUIREMENTS

The AHP Application form has been revised and updated to reflect the requirements of the AHP Regulations issued by the Federal Housing Finance Board and the current policies, procedures, and guidelines affecting the local administration of the AHP by the FHLBNY.

Before completing the AHP Application, carefully review the following items:

- (a) the federal regulations that govern the FHLBNY's administration of the AHP as promulgated by the Federal Housing Finance Board;
- (b) the FHLBNY's *AHP Project Financial Feasibility Analysis Guidelines*;
- (c) the median income guidelines as determined by HUD, the USDA, and state mortgage revenue bonds;
- (d) the tri-party *AHP Direct Subsidy Agreement and Memorandum of Understanding* ["MOU"] for *Owner-Occupied Projects*;
- (e) the *Repayment Mortgage for Owner-Occupied Projects* and the *Repayment Mortgage Note for Owner-Occupied Projects* which are the FHLBNY's standardized retention documents to be completed, executed and recorded upon the disbursement of subsidy if the project is selected for funding;
- (f) the FHLBNY's *AHP Project Monitoring and Reporting Guidelines*; and
- (g) the FHLBNY's *AHP Recapture Guidelines*.

1. LOCATION

Provide the name of the project or program for which AHP funds are requested. If homes will be constructed or rehabilitated for sale to selected purchasers, provide the building street address, city, county, state, zip code, census tract and Congressional District for each home that is consistent with data obtained from <http://www.ffiec.gov/webcensus/ffieccensus.htm> for each project site. If additional space is needed, submit a supplemental sheet following the AHP Application form. If funds will be provided either to current homeowners to rehabilitate existing properties or to assist prospective homebuyers to purchase homes on the open market, write "Scattered Sites" in the space labeled "Building Street Address(es)" and specify the applicable city, county, state, Congressional District(s) and Congressional representative(s) that the Project will serve.

2. PROJECT DEVELOPMENT PARTICIPANTS

Check the box labeled "Primary contact for questions about the AHP Application" next to the name of the appropriate person whom the FHLBNY should contact first if any questions arise regarding the AHP Application.

A) MEMBER

Provide the requested information for the Member's contact person. The contact person should be the one most familiar with the AHP Application and need not be the same person who signs the AHP Application.

B) PRIMARY SPONSOR

Provide the requested information for the primary sponsor's contact person. The contact person should be the person most familiar with the AHP Application. If the project has more than one sponsor, note the following:

- (a) Review the instructions for the "Sponsorship by a Non-Profit or Government Entity" section of the AHP Application before designating the primary sponsor, because the designation of the primary sponsor may affect the AHP Application's score.
- (b) If necessary, include supplemental information with the AHP Application form regarding all Project co-sponsors.

C) CONSULTANT

If a consultant assisted in the preparation of the AHP Application, provide the requested information for the consultant's contact person. The contact person should be the person most familiar with the AHP Application. If the primary sponsor did not use a consultant, this section may be left blank. Note that AHP funds may not be used to pay the consultant fees associated with preparing the AHP Application.

D) DEVELOPER

If the primary sponsor is not serving as the project's developer, provide the requested information for the Developer's contact person. The contact person should be the person most familiar with the AHP Application. If the primary sponsor is serving as the project's developer, this section may be left blank.

3. PROJECT INFORMATION

A) PROJECT TYPE

Check one or more boxes for the type of homes included in the project. Note that each two-to-four-family owner-occupied home is counted as one AHP unit. The rental unit(s) will not be treated or counted as AHP-assisted. The project will be scored and monitored as a single-family owner-occupied project. Answer "Yes" to the question that best describes the project and "No" to the other questions.

B) NUMBER OF UNITS

Fill in the number of units of each category below. Please note that this information will have no bearing on the project's score or competitive performance except for the number of very low-income units. It is requested for regulatory reporting purposes.

- (a) **Total Project** - The total number of units in the project.
- (b) **AHP-Assisted units** - The total number of units for which AHP subsidy is requested.
- (c) **Very Low-Income units** - The number of AHP-assisted units reserved for households earning 50% or less of the area median income (AMI) using the median income standard selected in the "Income Guidelines" section of the AHP Application. This number should be consistent with the Targeting section.
- (d) **Income of 30% or Less** - The number of AHP-assisted units you anticipate will be for households earning 30% or less of the area median income (AMI) using the median income standard selected in the "Income Guidelines" section of the AHP Application.
- (e) **First-time Homebuyer** - The number of AHP-assisted units you anticipate will be for households who are first-time homebuyers.
- (f) **Rehabilitation** - The number of AHP-assisted units, if any, to be rehabilitated using AHP subsidy.
- (g) **New Construction** - The number of AHP-assisted units, if any, to be constructed using AHP subsidy.
- (h) **Elderly** - The estimated number of AHP-assisted units, if any, which are or will be occupied by elderly households.
- (i) **Handicapped** - The estimated number of AHP-assisted units, if any, which are or will be occupied by handicapped households.

(j) Rural - The total number of AHP-assisted units, if any, located in an area designated as rural by the United States Department of Agriculture.

4. SUBSIDY REQUEST

AHP funds may be provided in the form of a Direct Subsidy, which is a grant, or as a Subsidized Advance, which is a loan to the Member that enables the Member to provide a below-market rate loan to the project.

Complete Section 1 (a) and (b) if a Direct Subsidy is requested or Section 2 if a Subsidized Advance is requested. Please be advised of the following:

- (a) The total amount of AHP subsidy requested per Project unit is a scoring category worth up to 5 points. Projects will be competitively scored based on the use of the least amount of subsidy per unit.
- (b) The calculation of the total AHP subsidy provided to the project will be based on the current subsidy request plus any prior AHP subsidy committed to the project.
- (c) The calculation of the total AHP subsidy provided to the project will be based on the current subsidy request plus any funds set aside under the FHLBNY's First Home Clubsm for households who are purchasing units in this project.
- (d) Only the owner's unit in a two-to-four-family dwelling is counted as an AHP-assisted unit.
- (e) If a subsidized advance is requested, the terms of the subsidized advance (maturity and amortization) must exactly match the terms of the proposed end loan. The FHLBNY will allow up to a 200 basis point spread between the advance rate and the rate on the end loan.
- (f) If a Subsidized Advance is requested, contact the FHLBNY's Affordable Housing Department prior to submission of the AHP Application. Upon notification, the FHLBNY's AHP staff will calculate the present value of the AHP subsidy that is needed to support the interest rate of the requested subsidized advance. This AHP subsidy estimate is needed to properly assess whether or not the request conforms to the FHLBNY's maximum subsidy limits.
- (g) Although the FHLBNY will make every effort to consider the full amount of AHP subsidy requested, the actual interest rate on a subsidized advance (or the actual amount of Direct Subsidy that a project may qualify for) will ultimately be subject to verification and approval by the FHLBNY.
- (h) Prepare Exhibit C (Financial Documentation) before completing this section of the form.
- (i) Any subsidy request that exceeds the FHLBNY's maximum AHP subsidy limits may cause the AHP Application to be eliminated from the competitive scoring process.

5. INCOME ELIGIBILITY GUIDELINES

Owner-occupied projects may choose from one of the following three median income standards specified in the Income Eligibility Guidelines section of the AHP Application. Before selecting a particular standard, please note that the standard chosen must be used in setting the occupancy goals listed in the "Targeting" section of the AHP Application and to determine income eligibility for all households provided AHP assistance through this project if the AHP Application is approved for funding. The USDA standards may only be used by projects serving rural areas as designated by the USDA.

6. PROPOSED USE OF AHP SUBSIDY IN RELATION TO OTHER FUNDING SOURCES

The use of AHP subsidy is limited to costs directly related to the acquisition, rehabilitation, and/or construction of residential units. Other funding sources must finance social services or non-housing related programs provided to project residents. Other funding sources must finance work in any non-residential areas of the buildings included in the project.

Fill in the chart to indicate how the AHP proceeds and other funding sources will be used for the project. Information on this chart should be consistent with the information included in Exhibit C (Financial Documentation). Consider the following when determining how the AHP subsidy will be utilized:

- (a) Purchase Price - AHP subsidy may be used toward the contract sales price for properties purchased after the AHP commitment is issued. If the sales transaction is between the Member, sponsor(s), and/or entities

related to the Member or sponsor(s), or the AHP subsidy is requested for Project site acquisition, the FHLBNY may request an “as-is” appraisal to verify a “reasonable” purchase price.

- (b) Rehabilitation/Construction Costs - AHP subsidy may be used to reimburse the primary sponsor for reasonable hard costs (including contractor’s overhead and profit) incurred to construct and/or rehabilitate residential units. Conversely, AHP subsidy may not be used for work in non-housing areas (such as management offices, meeting rooms, social service or recreational areas or commercial space). Furthermore, AHP subsidy should not be used to fund contingency or reserve accounts.
- (c) Mortgage Buydown - AHP subsidy may be used as a “soft” second mortgage to reduce the principal amount of conventional financing for qualified income-eligible homebuyers.
- (d) Down Payment Assistance - AHP subsidy may be used to directly assist income-eligible households at time of closing in order to finance a down payment on the purchase of a home.
- (e) Closing Cost Assistance - AHP subsidy may be used to directly assist income-eligible households in order to finance closing costs associated with the purchase of a home.
- (f) Interest Rate Write-Down - AHP subsidy may be used to directly assist income-eligible households by providing funding to buy-down the lender’s interest rate to reduce the purchaser’s mortgage payment to the level affordable to the purchaser.
- (g) Counseling Costs – A maximum of \$500 in AHP subsidy per household may be used to defer the cost of providing homebuyer education and counseling costs to qualified households, only in cases where: (i) Such costs were incurred in connection with a qualified household who has attended and successfully completed a formal counseling program that the FHLBNY has approved and ultimately purchases an AHP-assisted unit; (ii) The cost of such counseling has not been covered by another funding source, including the Member; and (iii) The comprehensive amount of the AHP subsidy funded to each household, including any homebuyer counseling costs, must be reflected in the AHP retention agreements and enumerated on the HUD-1 settlement statement.
- (h) Developer’s Retention - AHP subsidy may be used for an amount within the FHLBNY’s *AHP Project Financial Feasibility Analysis Guidelines*.

Please note that AHP subsidy may not be used to refinance existing mortgages on owner-occupied properties.

7. FIRST HOME CLUBsm (“FHC”) FUNDS

Indicate whether households to be assisted through the Project are or will be enrolled in the FHLBNY’s FHC and provide the requested information. The calculation of the total AHP subsidy provided to the Project will be based on the amount requested through the AHP Application plus any funds that the primary sponsor anticipates households will obtain through the FHLBNY’s FHC.

III. MINIMUM PROJECT ELIGIBILITY THRESHOLD REQUIREMENTS

Projects must meet all of the eligibility requirements listed on the "Eligibility Requirements" Section of the AHP Application as a prerequisite to scoring.

1. **Project Type** – The Project must involve the purchase, construction or rehabilitation of owner-occupied residential properties for households earning 80% or less of the AMI based on the income standard selected in the "Income Guidelines" section of the AHP Application. The FHLBNY will consider the "Project Type", "Subsidy Use" and "Targeting" sections of the AHP Application to assess whether the project meets this requirement.
2. **Timing of Subsidy Use** – The FHLBNY will review the Project schedule provided in Exhibit B in order to assess whether or not the Project satisfies the requirement that the primary sponsor will take to the

proposed Project site(s) and begin to draw down AHP subsidy or use the AHP commitment to procure all other proposed financing commitments by January 31, 2010, if the Project is approved for funding.

- 3. Feasibility Requirements** – Projects that contain newly constructed or renovated units for subsequent resale to selected purchasers must demonstrate feasibility *whether or not* AHP funds will be used during the construction phase. The FHLBNY will evaluate the site control evidence (Exhibit D), the “as-is” appraised value (Exhibit E), the status of necessary governmental approvals (Exhibit F) and whether the project’s financial structure is reasonable (Exhibit G) to make this determination. Any variations from the FHLBNY’s *AHP Project Feasibility Analysis Guidelines* must be adequately justified. Failure to furnish the FHLBNY with the appropriate supporting documentation as evidence that the Project is feasible may result in the elimination of the AHP Application’s from the competitive scoring process.

Projects that are designed to provide AHP assistance either to existing owner-occupants in order to rehabilitate their dwellings or to prospective homebuyers in order to purchase homes on the open real estate market satisfy these requirements de facto.

- 4. Non-eligible Costs** – The box must be checked as confirmation that the Member and primary sponsor agree that AHP funds will not finance any of the ineligible costs specified on the AHP Application.
- 5. Refinancing** – The box must be checked as confirmation that the Member and primary sponsor agree that AHP funds will not be used to refinance any existing mortgages on owner-occupied properties.
- 6. Retention Requirements** – The box must be checked as confirmation that the Member and primary sponsor agree that Project households will execute the FHLBNY’s standardized AHP retention agreements. The long-term retention period for owner-occupied projects is 5 years.
- 7. Sponsor Qualifications** – The FHLBNY will assess the items submitted in Exhibit H to determine whether the primary sponsor and/or a development team member meet the threshold requirements.

The FHLBNY reserves the right to consider sponsors of scattered site, programmatic-type homeownership projects with existing AHP commitment(s) that were issued on behalf of a previous phase of a similar housing-type proposal (e.g., Habitat for Humanity developments, rehabilitation programs for existing owner-occupied dwellings, downpayment/closing cost assistance programs) who have not currently drawn down at least 50% of such AHP commitment(s) as not satisfactorily meeting the sponsor qualification criterion. The FHLBNY may, in its sole discretion, give such sponsors credit for pending AHP draw downs that are “in process,” provided that such funding requisitions were received at the FHLBNY at least two weeks prior to the commencement of a given competitive offering.

- 8. Fair Housing** – The FHLBNY will assess the items submitted in Exhibit I to determine whether the marketing and occupancy of the Project will satisfy all fair housing laws and regulations.
- 9. Maximum Subsidy Limits** – The Project cannot receive more than \$20,000 in AHP subsidy *per unit* and, inclusive of all AHP Application submissions related to the Project (or affiliated housing initiative), cannot request more than 10% of the total available AHP subsidy offered for a particular competitive offering. (See the Subsidy Request section on page 2 of the AHP Application form.)

IV. SCORING CRITERIA

AHP Applications that meet the thresholds described above will advance to the scoring phase of the AHP competition. The FHLBNY will evaluate the information presented in the AHP Application form as well as the supplemental documentation furnished in the Exhibits. The FHLBNY will objectively rate each project based on its ability to satisfy each of the nine scoring categories that collectively total 100 points.

The score for each category is designated as either fixed or variable. A fixed criterion means that all projects meeting the criterion will be awarded the maximum number of points for that criterion. A variable criterion means that points awarded will vary depending on the extent to which the project meets the criterion in

comparison with the other projects applying in the funding round. The FHLBNY's Board of Directors will subsequently approve AHP Applications for subsidy in descending order, starting with the highest scoring AHP Application, until the total amount of AHP subsidy available for this funding period is exhausted.

The scoring categories are as follows:

1. DONATED GOVERNMENT OWNED OR OTHER PROPERTIES (5 points – variable)

An AHP Application will be awarded points for the creation of housing units on property that has been donated or conveyed by the federal government or any agency or instrumentality thereof, or by any other party. In order for the Project to qualify for points in this category, at least 20% of total Project units must be built or generated on property that has either been transferred by the U.S. Department of Housing and Urban Development or other U.S. government agency (regardless of the conveyance price or acquired "significantly below fair market value" either privately or from a state, county, or local government entity.

"Significantly below fair market value" is defined as \$100 per vacant parcel of land or \$250 per existing building. Properties that are obtained at a substantially discounted price, but cost greater than either \$100 per vacant lot or \$250 per building cannot be considered as "donated." Acceptable documentation of the actual or proposed sales price must be included in Exhibit C.

2. SPONSORSHIP BY A NON-PROFIT OR GOVERNMENT ENTITY (10 points – variable)

Projects will receive 10 points if the Project's primary sponsor is a not-for-profit organization, a state or political subdivision of a state, a state housing agency, a local housing authority or Native American tribe and the primary sponsor will perform at least one of the following roles:

- a) Own the land or building(s) that comprise the project during the construction and/or rehabilitation phase of development, and/or;
- b) Act as the primary contractor and/or construction manager for the properties that comprise the Project. Sponsors of scattered-site rehabilitation projects who use rehabilitation specialists or similar professionals who directly oversee the renovation of properties that comprise the Project may also qualify for 10 points.

Projects will receive 5 points if the Project's primary sponsor is a not-for-profit organization, a state or political subdivision of a state, a state housing agency, a local housing authority or Native American tribe and the primary sponsor will perform at least one of the following roles:

- a) Screening or qualifying prospective Project households;
- b) Arranging or providing mortgage financing for eligible households who are purchasing Project units,
- c) Conducting credit or homeownership counseling for Project households,
- d) Participating in the marketing of Project properties, or
- e) Other roles that demonstrate that the sponsor is integrally involved in the project.

In any case, if the primary sponsor is a private not-for-profit corporation as defined in Section 501(c)(3) or Section 501(9)(a) of the Internal Revenue Code, Exhibit H must include a copy of the entity's nonprofit designation letter that was issued by the U.S. Department of the Treasury.

3. TARGETING (20 points – variable)

Owner-occupied projects that target the largest percentage of households earning 50% or less of the AMI will receive the highest score and all other projects which target households with incomes at or below 80% of the AMI will receive points on a declining scale. To determine the score for this criterion, the FHLBNY will evaluate information specified in the "Targeting" section of the AHP Application form.

Select one income standard in the "Income Guidelines" section of the AHP Application form. This standard must pertain to all Project households. The targets for projects that are comprised of two-to-four-family dwellings must pertain to the income of the owner-occupant family only, *excluding* any tenants or rental units.

4. HOMELESS HOUSING (10 points – variable)

An AHP Application will be awarded points based on the percentage of units to be occupied by formerly homeless households. To determine if the criterion is met, the FHLB NY will evaluate the information specified in the "Homeless Housing" section of the AHP Application form as well as the evidence furnished in Exhibit J. In order for the Project to qualify for points and satisfy the AHP regulatory definition of a "homeless household," at least **20%** of total Project units must be purchased by households who are made up of 1 or more individuals, other than individuals imprisoned or otherwise detained pursuant to state or federal law, who:

1. Lack a fixed, regular, and adequate nighttime residence; or
2. Have a primary nighttime residence that is:
 - i. A supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill);
 - ii. An institution that provides a temporary residence for individuals intended to be institutionalized; or
 - iii. Public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.
3. May be viewed as homeless or at the risk of homelessness, such as:
 - i. Victims of domestic violence in rural areas where no organized shelters exist, forcing victims to live in the homes of their abusers;
 - ii. Related or unrelated individuals living in shared overcrowded housing in extremely cold climates where there is a shortage of organized shelter and it is not possible to live on the streets or cars;
 - iii. Children living in foster care who are about to reach the age of 18 and must leave the foster care system;
 - iv. Households facing imminent loss of their homes due to condemnation or eviction.

5. EMPOWERMENT (10 points – variable)

An AHP Application will be awarded points for providing housing in combination with a program offering certain services or activities (e.g., employment, education, training, homebuyer or tenant counseling, daycare, resident involvement, the establishment of formal homeowners' association, or welfare to work initiatives) that economically empower project residents. The maximum number of points will be awarded to the project providing the most services or activities with the remaining projects awarded points on a declining scale. To determine if the criterion is met, the FHLB NY will evaluate information furnished in Exhibit K.

6. COMMUNITY STABILITY (15 total fixed points)

Projects will be awarded points if they promote certain community stability initiatives specified below. This category is broken down into five categories. In order to qualify for points, check off each criterion that the Project will satisfy and, if applicable, furnish appropriate documentation in Exhibits L, M, N, and O. Points will be awarded based on the Project's ability to meet each of the five following categories, including all relevant supporting documentation:

A) REHABILITATION OF VACANT OR ABANDONED PROPERTIES (3 points – fixed)

Points will be awarded to projects that involve the rehabilitation of vacant or abandoned properties, including the reuse and conversion of existing unused or under-used buildings. Projects that involve the new construction of housing units on vacant land may not qualify for points in this category. To determine if the criterion is met, the FHLB NY will evaluate the Project Description (Exhibit A) and other relevant information furnished throughout the AHP Application.

B) NON-DISPLACEMENT OR RELOCATION OF HOUSEHOLDS (3 points – fixed)

Points will be awarded to projects that do not displace low- or moderate-income households, or if such displacement will occur, there are adequate procedures in place to ensure that such households will be

assisted to minimize the impact of such displacement. To determine if the criterion is met, the FHLBNY will evaluate information furnished throughout the AHP Application and Exhibit L, if applicable.

C) HISTORIC PRESERVATION (3 points – fixed)

Points will be awarded to a project that has either qualified for historic tax credits or is specifically identified in the National Register of Historic Places. To determine if the criterion is met, the FHLBNY will evaluate evidence provided in Exhibit M.

D) REMEDIATION OF BLIGHT (3 points – fixed)

Points will be awarded to a project that enacts strategies to remediate physical, environmental or social blight, (including indecent or substandard housing), brownfields, or crime and public safety needs. To determine if the criterion is met, the FHLBNY will evaluate evidence provided in Exhibit N.

E) SMART GROWTH (3 points – fixed)

Points will be awarded to a project that enacts smart growth strategies, is part of a village or community center concept, includes planned units (or areas) of development, contains in-fill construction, or allows for increased residential density. To determine if the criterion is met, the FHLBNY will evaluate evidence provided in Exhibit O.

7. 1st DISTRICT PRIORITY (10 total fixed points)

The AHP Regulations authorize the FHLBNY to establish regional District priorities. The FHLBNY's First District Priority is comprised of the following two objectives:

A) ECONOMIC DIVERSITY (5 points – fixed)

Points will be awarded to a project that fosters economic diversity by providing market rate units in low- and moderate-income neighborhoods or low- and moderate-income units in an upper income area. To determine if the criterion is met, the FHLBNY will evaluate evidence provided in Exhibit P.

B) COMMUNITY DEVELOPMENT (3 points – fixed)

Points will be awarded to a project that is an integral part of a neighborhood stabilization plan, community development plan, or housing strategy that a government entity has formally adopted. To determine if the criterion is met, the FHLBNY will evaluate evidence provided in Exhibit Q.

8. 2nd DISTRICT PRIORITY: ENVIRONMENTAL UPGRADES AND SAFETY IMPROVEMENTS (15 points – variable)

Points will be awarded to Projects that create or preserve the stock of 1-to-4-family owner-occupied dwellings through weatherization, the installation of major energy efficient systems, heating system efficiency upgrades, energy or water conservation improvements, mold or lead-based paint hazard abatements, asbestos removal, and/or other safety improvements. The maximum number of points will be awarded to the project(s) that target the greatest percentage of owner-occupied units that will receive such upgrades and improvements, with the remaining projects earning points on a declining scale. To assess how this criterion is being achieved, the FHLBNY will evaluate documentation that is included in Exhibit R of the AHP Application.

9. SUBSIDY PER UNIT (5 points – variable)

The project(s) that will use the least amount of AHP subsidy per unit will be awarded the maximum number of points in this category. The remaining projects will receive points on a declining scale. To determine the score for this criterion, the FHLBNY will use the information specified in the "Number of Units" and "Subsidy Request" sections of the AHP Application form.

V. MISCELLANEOUS

1. EMPLOYMENT

In the “Employment” section of the AHP Application, list the type and number of permanent jobs to be created in the project for anyone, not just project residents. This section is for informational purposes only and does not affect the score of the AHP Application.

2. INTEREST IN PROJECT

In the “Interest in Project” section of the AHP Application, indicate whether or not the Member has any past or present financial or ownership interest in the Project, in accordance with the conditions set forth in Exhibit S. Please indicate whether the Member be offering reduced closing costs, grants or in-kind services to the project (excluding the AHP Subsidy). Note that most Members do not offer reduced closing costs, grants or in-kind services to the project and whether they do or not will have no bearing on the project’s score or competitive performance. It is requested for regulatory reporting purposes. If the Member answers “yes” to the questions in this section, furnish the appropriate statement(s) or supporting documentation in Exhibit S.

VI. CERTIFICATIONS

1. PRIMARY SPONSOR'S CERTIFICATION AND SIGNATURE

The AHP Application must be signed by an authorized signatory of the primary sponsor. *Please note that unsigned AHP Applications will not be processed.*

2. MEMBER'S CERTIFICATION AND SIGNATURE

The AHP Application must be signed and dated by an authorized managing officer of the Member (i.e. Chairman, President, Executive Vice President, or a Senior Vice President). *Please note that unsigned AHP Applications will not be processed.* The AHP Application must be submitted to the FHLBNY by a financial institution (“Member”) that has been approved for membership in and has purchased capital stock in the FHLBNY in accordance with the federal regulations that govern the FHLBNY’s operation of the AHP. Although a not-for-profit housing organization or a professional developer may complete substantial portions of the AHP Application, the Member accepts ultimate responsibility for the claims set forth in the AHP Applications as well as all accompanying attachment forms and exhibits.

VII. EXHIBITS

Exhibits are an integral part of determining the Project's eligibility for funding and point allocation in each competitive scoring category.

The cover page for each respective Exhibit except for EXHIBIT C (which follows this section) contains concise instructions that pertain to the specific threshold or competitive scoring criterion. *Be sure to include all of the Exhibit cover pages in the AHP Application package, along with appropriate forms and supplemental documentation. Failure to include supporting exhibits may jeopardize the Project’s score and may, in some cases, result in the elimination of the AHP Application from the competitive review process.*

If your organization has received a “hard” copy of the Second Round 2008 Application package, please note that the Exhibit cover pages appear on pastel-colored paper. Please use these colored Exhibit cover pages to separate each respective section of the Exhibits. If a particular Exhibit is not pertinent to the Project, kindly insert a page that simply states “Not Applicable.” If you prefer, you may also place alphabetical divider tabs on each Exhibit cover page as added differentiation for each section of supplemental documents. If your organization has chosen to download the Second Round 2008 AHP Offering Application package off of the FHLBNY’s website or a diskette, please print out the Exhibit cover pages **on any standard colored paper.**

Please use these colored Exhibit cover pages to separate each respective section of the Exhibits. Again, if a particular Exhibit is not pertinent to the Project, kindly insert a page that simply states “Not Applicable.” Likewise, you may also place alphabetical divider tabs on each Exhibit cover page in order to provide added differentiation for each section of supplemental documents.

The 17 Exhibits that comprise the Second Round 2008 AHP Offering Application package for Home Ownership Projects are as follows:

EXHIBIT A	Project Description
EXHIBIT B	Project Development Schedule – Timing of Subsidy Use
EXHIBIT C	Financial Documentation (Including Worksheets A, B, C, D, E, F & G)
EXHIBIT D	Site Control
EXHIBIT E	Appraisal Report(s)
EXHIBIT F	Required Approvals
EXHIBIT G	Other Financing Commitments
EXHIBIT H	Sponsor Qualifications
EXHIBIT I	Fair Housing
EXHIBIT J	Homeless Referral Letters
EXHIBIT K	Empowerment Activities
EXHIBIT L	Relocation Plan
EXHIBIT M	Historic Preservation
EXHIBIT N	Remediation of Blight
EXHIBIT O	Smart Growth
EXHIBIT P	Economic Diversity
EXHIBIT Q	Community Development
EXHIBIT R	Environmental Upgrades and Safety Improvements
EXHIBIT S	Member Interest

Before submitting the AHP Application, the Member is advised to review the completed contents of the AHP Application, all supplemental documentation, the attached AHP Application instructions and scoring guidelines, the federal AHP regulation, the FHLBNY’s *2008 AHP Implementation Plan* (which may be accessed on our website at http://www.fhlbny.com/aboutus/bankforms/HCD/AHP/AHP_100.pdf), and all attachments thereto. All decisions of the FHLBNY regarding the scoring and evaluation of the AHP Application are final.

VIII. EXHIBIT C – FINANCIAL DOCUMENTATION WORKSHEET INSTRUCTIONS

Sponsors of Owner-occupied Projects must complete one or more Worksheets (ID: AHP/APP-104) depending on the project type and include the appropriate worksheet(s) in Exhibit C. Sponsors may fill in the blanks on a hard copy of the application which will require manual calculations or obtain the excel version which includes equations either by requesting an AHP Application form diskette or downloading the worksheet from the website. Information should not be input in cells that are shaded, as those cells contain formulas.

1. If AHP funds will be used to assist **existing owner-occupants** in rehabilitating their homes, complete and attach **Worksheet A**. The worksheet is on the tab labeled “A Existing Rehab.”
2. If AHP funds will be used to provide **down payment and/or closing cost assistance** to income-eligible households who are purchasing existing homes on the open market, complete and attach **Worksheet B**. The worksheet is on the tab labeled “B Down Payment or Closing Cost.”
3. If AHP funds will be used to **write down the interest rate** of the mortgages to income-eligible households who are purchasing existing homes on the open market, complete and attach **Worksheet C**. The worksheet is on the tab labeled “C Interest Write Down.”

4. If the Project involves **the new construction or substantial rehabilitation of site-specific dwellings** (except those using a Habitat-type model involving Sponsor-Provided Financing) for subsequent resale to income-eligible households whether or not AHP funds are to be used during the construction phase of development, complete and attach the following:
- a. **Worksheet D** on the tab labeled “D Development Budget”.
 - b. **Worksheet E** on the tab labeled “E Permanent Take Out”. “Model Type” refers to a group of homes to be sold for a particular contract sales price to a group of purchasers within a certain income level. For each “Model Type”, fill in the number of units of that model to be constructed, the sales price, the AHP amount, and the amount of other funding sources (fill in the name of the source in the column heading) to be provided to each purchaser. You may add or delete rows and columns if needed. Note that the “Grand Total” row for the AHP subsidy should equal the amount of AHP subsidy requested on page 2 of the AHP Application form. The amount in the “Grand Total” row of the “Source” columns should equal the amount on any funding source documentation in Exhibit G, and the amount in the “Grand Total” row of the “Total” column should equal the total development costs on Worksheet D.
 - c. **Worksheet F** on the tab labeled “F New Unit Purchasers”. In the “Typical Household” column, fill in the details based on one of the model types listed on Worksheet E and the “Total Project” column based on the “Grand Totals” row. The totals on Worksheet F should equal the amounts on Worksheet E plus the amount for the purchasers’ closing costs.
 - d. Provide an explanation if any items on the development budget exceed the FHLBNY’s *AHP Project Financial Feasibility Analysis Guidelines*.
 - e. If the development budget includes capitalized reserves, working capital or escrows, provide an explanation for how the amounts for these line items was determined, indicate if the line items are required by another funding source, and describe the disposition process for any unexpended funds upon construction completion.
 - f. Attach a detailed construction and/or rehabilitation trade payment break down, if available. Although homeownership projects generally do not contain commercial space or other non-housing areas, if applicable, attach a statement that no AHP funds will be used to construct and/or rehabilitate such space.
 - g. Attach a description of how the construction cost estimate was determined and the process that will be used to finalize the construction cost estimate. In the description, address the following:
 - i. Who will or has prepared the plans or scope of work for the Project? What are that person’s qualifications?
 - ii. Indicate the status of the Project’s plans or scope of work. Are they at a preliminary stage or have they been finalized?
 - iii. How will the contractor(s) be selected? If a bidding process will be used, briefly describe that process and indicate if bids will be solicited through formal public bidding or through an informal process. If a bidding process will not be used, describe how the sponsor will assess that the cost estimate is reasonable. Indicate whether the construction costs are subject to review and approval by other funding sources.
 - h. Confirm that Exhibits B through G include sufficient documentation to demonstrate that the Project meets the minimum project Eligibility Threshold Requirements as specified on Pages 6 and 7 of the *AHP Application Instructions and Scoring Guidelines for Owner-Occupied Projects*.
5. If the Project is sponsored by a Habitat for Humanity affiliate or an organization that uses a similar model involving Sponsor-Provided Financing:

- a. Attach an *itemized* construction period Project development budget using the format provided on **Worksheet D** on the tab labeled “D Development Budget”.
- b. Attach **Worksheet G** on the tab labeled “G Habitat Projects”. Contact the FHLBNY at (212) 441-6850 if you need assistance completing the worksheet after reviewing the following:
 - i. In Section A, indicate the project name.
 - ii. Section B provides for the calculation of the Sponsor's Cash Contribution by determining the *Net Present Value* of the Sponsor-provided mortgages to purchasers. Do not enter data in the shaded cells on the spreadsheet, as these cells contain formulas.
 - The *Market Rate* is assigned by the FHLBNY and must not be changed.
 - The *Sponsor Mortgage Amount* is the combined mortgage amount for all of the units included in this AHP Application. Add together the principal amount of the mortgages to be provided to each purchaser who will be receiving AHP subsidy through this AHP Application.
 - Enter the *Mortgage Term* in months, i.e. if the mortgage term is 20 years, enter 240.
 - You do not need to enter the Mortgage Rate unless it is greater than 0%.
 - The spreadsheet will calculate the *Sponsor Mortgage monthly P&I Payment* for the combined mortgages **rounded to the nearest penny**.
 - The spreadsheet will calculate the *Market Rate monthly P&I Payment* for the combined mortgages **rounded to the nearest penny** using the assigned rate.
 - The spreadsheet will calculate the *Foregone Interest over the Mortgage term* for the combined mortgages **rounded to the nearest penny** using the assigned rate.
 - The spreadsheet will calculate the *Sponsor's Cash Contribution* (B1) which is the net present value of the payments to be made over the term using the assigned rate for the combined mortgages **rounded to the nearest penny**. This calculation is done to recognize that the sponsor will not receive the full principal amount at closing as would be the case if purchaser's secured a conventional loan and determines the value of the stream of payments to be made over the term of the loan if a market rate of interest had been charged.
 - iii. In Section C, list *Cash Costs* as accurately as possible for all development costs associated with the units for which this AHP Application is requesting funds. Do not include the value of donated materials, labor or services in this section. Input this section after completing **Worksheet D** which is a detailed Development Budget.
 - *Purchase Price* is the total of the contract sale prices for the acquisition of the site(s) by the project sponsor.
 - *Cost of Purchasing Materials* is the total cash cost of all materials that will be purchased by the Sponsor to construct the unit(s), including any items obtained at discounted prices but not including donated items.
 - *Cost of Paying Contractors* is the total amount to be paid to any contractors for work they are hired to perform on the units.
 - *Soft Costs* include the sponsor's acquisition-related expenses such as closing costs and title insurance; professional fees for legal, appraisal, consulting, engineering, architectural, or environmental services; financing costs such as loan fees and construction interest; carrying costs incurred while the Project is under development such as liability and fire insurance, real estate taxes, property security and utilities; fees and permits; rent-up costs including marketing, furnishings, and lost income; capitalized reserves; and soft cost contingency. The sponsor's

administrative overhead fees, staff expenses and/or hospitality costs related to labor provided by volunteers are not eligible soft costs and should not be included in this total.

- Enter a *Developer's Fee*, if applicable. The sponsor is entitled to collect a developer fee to cover administrative overhead fees, staff expenses and/or hospitality costs related to labor provided by volunteers. See the *AHP Project Financial Feasibility Analysis Guidelines* for limitations on the amount.
- Add the amounts listed in Section D to obtain a *Total Cash Cost of All Units (C1)*. This amount should equal the *Total Permanent Funding Sources (D1)*.

iv. In Section D, fill in the spaces as follows:

- The spreadsheet will insert the *Sponsor's Cash Contribution (B1)* as determined above.
- The *AHP Subsidy Request* should equal the total amount requested on Page 2 of the AHP Application.
- The *Purchaser Downpayments* should equal the total all purchasers will contribute from their own funds as their down payment for the AHP-assisted units.
- *Cash Contributions/Fundraising* is the total to be raised by the project sponsor over and above the discounted value of the *Sponsor's Cash Contribution (B1)*. Typically, this figure will be backed into by subtracting the total of all the other cash sources from the *Total Cash Cost of All Units (C1)*.
- *Other* is the total to be raised from each grant funding source specifically committed to develop the AHP-assisted units such as grants or pledges from foundations, corporations, governmental entities or other similar sources. List the name and provide the amount for each such source.
- *Total Permanent Funding Sources (C1)* is the total for all the above funding sources and should equal the *Total Cash Cost of All Units (C1)*.

v. In Section E, list the annual income for a typical purchaser who will buy an AHP-assisted unit.

vi. In Section F, list the projected monthly housing expenses for a typical purchaser including the monthly mortgage payment for the loan provided by the sponsor, property taxes, hazard insurance, private mortgage insurance, flood insurance, utilities and other debt service, if applicable. Provide the principal amount, rate and term for the mortgages. Add the monthly payments to get the *Total Monthly Housing Expenses (F1)*.

- c. If the deed or mortgage will include "windfall" or similar provisions that require the purchaser to pay a penalty in the event they fail to comply with certain restrictions, attach a draft or an explanation of the provisions.
- d. Provide an explanation if any items on the development budget exceed the FHLBNY's *AHP Project Financial Feasibility Analysis Guidelines*.
- e. If the development budget includes capitalized reserves, working capital or escrows, provide an explanation for how the amounts for these line items was determined, indicate if the line items are required by another funding source, and describe the disposition process for any unexpended funds upon construction completion.
- f. Attach a detailed construction and/or rehabilitation trade payment break down, if available. Although homeownership projects generally do not contain commercial space or other non-housing areas, if applicable, attach a statement that no AHP funds will be used to construct and/or rehabilitate such space.
- g. Attach a description of how the construction cost estimate was determined and the process that will be used to finalize the construction cost estimate. In the description, address the following:

- i. Who will or has prepared the plans or scope of work for the Project? What are that person's qualifications?
 - ii. Indicate the status of the Project's plans or scope of work. Are they at a preliminary stage or have they been finalized?
 - iii. How will the contractor(s) be selected? If a bidding process will be used, briefly describe that process and indicate if bids will be solicited through formal public bidding or through an informal process. If a bidding process will not be used, describe how the sponsor will assess that the cost estimate is reasonable. Indicate whether the construction costs are subject to review and approval by other funding sources.
- h. Confirm that Exhibits B through G include sufficient documentation to demonstrate that the Project meets the minimum project Eligibility Threshold Requirements as specified on Pages 6 and 7 of the *AHP Application Instructions and Scoring Guidelines for Owner-Occupied Projects*.