



OVERVIEW OF THE AHP DRAW DOWN PROCESS FOR RENTAL PROJECTS

A Federal Home Loan Bank of New York (“FHLB-NY”) stockholder institution (“Member”) that maintains an active AHP commitment may request to draw down all or part of the AHP subsidy reservation at their discretion, provided that the development of the project has progressed to a point where AHP funds may finance the approved objectives that were set forth in the AHP application. In order to requisition AHP funds, the Member and the primary project sponsor (or its affiliated partners) must jointly submit a complete drawdown package to the FHLB-NY that consists of the *AHP Funding Application for Rental Projects* form ([AHP-123](#)) and all pertinent supporting documents specified on the appropriate set of Exhibit Cover Pages ([AHP-124](#)).

The drawdown process is a significant step in the development of an AHP-assisted project. FHLB-NY staff must ensure that a project demonstrates attainment of various thresholds and criteria prior to funding a project. The competitive nature of the AHP, coupled with regulatory mandates, places significant responsibility on FHLB-NY staff to effectively administer this valued program. Failure to obtain all required supporting documentation, rectify any deficiencies, and resolve inconsistencies places the FHLB-NY and our Member at risk for being liable for any AHP subsidy that has been improperly disbursed.

AHP subsidy may be used for site acquisition, housing-related hard costs, certain soft costs and the developer’s fee based on the use(s) specified in the AHP application submitted for the project. With the exception of projects involving the full or partial use of AHP subsidy to fund the acquisition of the project site, an AHP drawdown may be requested once all of the following milestones have been achieved: 1) the entity that will own the project throughout the long term retention period has taken title to the project site(s); 2) the building permit(s) have been issued; 3) all construction period funding source documents (including the agreement with the tax credit investor, if applicable) have been executed; and 4) all permanent period funding source commitments, if any, have been issued. For projects that have been approved for a supplemental amount of AHP subsidy (two separate AHP commitments for the same project), the supplemental commitment will not be disbursed until the project has achieved the following additional milestones: 1) the project has received its certificate of occupancy; 2) the project has submitted an audited final cost certification or comparable documentation; and 3) all permanent funding source mortgage, notes and/or grant agreements have been executed.

For projects involving the full or partial use of AHP subsidy to fund the acquisition of the project site, an AHP drawdown may be requested once all of the following milestones have been achieved: 1) the entity that will own the project throughout the long term retention period has a valid sales contract or comparable documentation to obtain the project site(s); 2) the building permit(s) have been issued; 3) all construction period funding source commitments have been issued; 4) all permanent period funding source commitments, if any, have been issued; 5) any pre-closing conditions included in the construction commitment documents have been met; and 6) a closing date has been set. Since it is generally difficult to meet these milestones, sponsors who are using AHP funds for acquisition typically will close using an interim funding source it will repay once the AHP drawdown is processed.

For projects whose permanent financial structure is predominately comprised of developer’s equity, replacement reserves, operating reserves, and/or private donations, the FHLB-NY will evaluate the percentage of completed work and corresponding dollar amount of improvements in order to determine the amount of AHP approved subsidy that can feasibly be disbursed during the construction phase of development. Final disbursement of any AHP funds that remain on account will be contingent upon issuance of a Certificate of Occupancy (or Substantial Completion), audited financial statements, and any other supporting documentation that the FHLB-NY determines to be relevant or appropriate.

We have revised our process to permit the submission of drawdown requests in an electronic format. You may send your request either on a CD-ROM or as a traditional hard copy.

If you submit the drawdown request on a CD-ROM, the *AHP Funding Application for Rental Projects* form ([AHP-123](#)), cover letters, deeds, contracts of sale, loan commitments, sales commitments, long term retention agreements, income documentation and other similar types of documentation must be scanned or saved as one or more PDF files. The Rental Project Worksheet ([AHP-125](#)) which is a part of Exhibit C should be saved as an unprotected Excel file and named “C Rental Project Worksheet.xls”. If the project has any tenants in occupancy, the Rental Income Verification Worksheet ([AHP-126](#)) which is part of Exhibit K should be saved as an unprotected Excel file and named “K Rental Income Verification Worksheet.xls”.

If you submit the drawdown request as a traditional hard copy, print out the cover page of each Exhibit on *colored paper*. In addition to including a copy of the Rental Project Worksheet ([AHP-125](#)) which is a part of Exhibit C and the Rental Income Verification Worksheet ([AHP-126](#)) which is part of Exhibit K in the submission, send an e-mail of these worksheets saved as unprotected Excel files to ahp@fhlbny.com. Indicate the name of the project and the project number in your message.

Please allow *at least twenty-five business days* (i.e., five weeks) for FHLB-NY staff to *initially* analyze an AHP funding requisition. Once the initial review has been completed, the staff member assigned to review the request will e-mail any questions or requests for additional documentation to the member, sponsor and development team members. Since it may take some time for outstanding issues to be resolved, developers of AHP-assisted projects need to properly plan ahead to ensure that they have sufficient resources to pay the project contractor(s) and other project expenses while a drawdown request is under review. To ensure the shortest possible processing time, please ensure that you have properly submitted all required forms and the AHP drawdown package is properly organized, thoroughly documented, and consistent with the original objectives of the AHP application. Delays will occur if an AHP draw request lacks coherence or is otherwise incomplete. Please note that the disbursement of AHP funds may be delayed *indefinitely* if documentation or discrepancies remain unresolved or the submission is premature.

Once FHLB-NY staff completes the evaluation and processing of the AHP funding requisition package, the approved AHP funds will be credited to the Member’s FHLB-NY demand deposit account. In turn, the Member is required to disburse the AHP funds to the project within 30 days. If the Member is unable to deliver the AHP funds to the project in a timely manner, the Member must return any AHP funds that were withheld to the FHLB-NY. Any AHP funds not returned to the Bank may be subject to per diem interest charges at a rate equal to the Federal Funds Effective Rate for each day exceeding the 30-day period.

In accordance with federal regulations, the FHLB-NY is responsible for monitoring all AHP-assisted rental projects for a period of fifteen years, commencing with the issuance date of the Certificate of Occupancy or comparable third-party evidence that the project was completed. Once a project has satisfied its initial AHP compliance monitoring requirements (as determined by the FHLB-NY), primary sponsors (or their designated property managers) are required to submit long-term monitoring reports to the FHLB-NY on an annual basis. FHLB-NY staff reserves the right to conduct periodic on-site inspections of the project, as necessary.

The forms, worksheets, and other documents related to the AHP drawdown process are as follows:

- AHP Funding Application for Rental Projects* ([AHP-123](#))
- Exhibit Cover Pages - Rental Projects ([AHP-124](#))
- Rental Project Worksheet ([AHP-125](#))
- Rental Project Income Verification Worksheet ([AHP-126](#))
- Long-Term Retention Instructions ([AHP-110](#)) and Agreements ([AHP-113 through AHP-121](#))

Prior to submitting an AHP funding requisition, the Member and project development team associates should carefully review each of the following AHP-related guidelines and policy statements:

- AHP Guidelines for Determining Income Eligibility* ([AHP-103](#))
- Area Median Income Limits
- AHP Compliance Monitoring Guidelines* ([AHP-102](#))
- AHP Compliance Late Receipt Policy* ([AHP-104](#))
- AHP Recapture Guidelines* ([AHP-105](#))