



OVERVIEW OF THE AHP DRAW DOWN PROCESS FOR HOMEOWNERSHIP 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 Homeowner Projects* form ([AHP-128](#)) and all pertinent supporting documents specified on the appropriate set of Exhibit Cover Pages ([AHP-129](#), [AHP-130](#), or [AHP-131](#)).

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.

Note the following about when a homeowner project is eligible to be funded based on its project type:

For projects involving the use of AHP subsidy to fund rehabilitation work done at the homes of existing homeowners, funds will only be disbursed upon the completion of the work. For projects of this type, we permit the submission of a partial drawdown package for staff review and feedback before the work has been completed as a courtesy to the project sponsor so that the drawdown can be funded more expeditiously once the final cost certification form is submitted. The items that must be submitted for this type of homeowner project are included on the Rehabilitation of Existing Homes Exhibit Cover Pages ([AHP-129](#)).

For projects involving the use of AHP subsidy to assist income-eligible purchasers to buy existing homes, funds generally may be disbursed once all of the following milestones have been achieved: 1) the purchaser has executed a sales contract, 2) the purchaser has a mortgage commitment and 3) a closing date has been established. In some cases, the FHLB-NY will not disburse funds until after a household has closed as a result of past documentation issues. The items that must be submitted for this type of homeowner project are included on the Purchase of Existing Homes Exhibit Cover Pages ([AHP-130](#)).

For projects involving the new construction or rehabilitation of homes developed by the sponsor for sale to income-eligible purchasers (excluding Habitat-type projects), funds may be disbursed once all of the following milestones have been achieved: 1) a Certificate of Occupancy has been issued to the developer, 2) the purchaser has executed a sales contract, 3) the purchaser has a mortgage commitment, and 4) a closing date has been established. For projects involving the new construction or rehabilitation of homes by Habitat affiliates or projects which are similar, funds may be disbursed for a household once all of the following milestones have been achieved: 1) a certificate of occupancy has been issued and 2) the purchaser has taken title to the home. The items that must be submitted for this type of homeowner project are included on the Purchase of Homes Developed by the Project Sponsor Exhibit Cover Pages ([AHP-131](#)).

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 Homeowner Projects* form ([AHP-128](#)), 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 as one or more PDF files. The Homeownership Project Worksheet ([AHP-132](#)) which is a part of Exhibit B should be saved as an unprotected Excel file and named B Homeowner Project Worksheet.xls.

If you submit the drawdown request as a traditional hard copy, print out the cover page of each Exhibit on *colored paper* and use it to separate each section of related documentation and between the documentation for each household. In addition to including a copy of the Homeownership Project Worksheet ([AHP-132](#)) which is a part of Exhibit B in the submission, send an e-mail of this worksheet saved as unprotected Excel file to ahp@fhlbny.com. Indicate the name of the project and the project number in your message.

Please allow *at least twenty business days* (i.e., four weeks) for FHLB-NY staff to *initially* analyze an AHP funding requisition. If the AHP funding requisition pertains to a project that is under construction or a cluster of proposed households, this timeframe may expand *by at least five additional business days*. In order to expedite this process, please ensure that you have properly submitted all required forms and pertinent supporting documentation. Please note that the disbursement of AHP funds may be delayed *indefinitely* if our staff identifies any missing documentation, the submission is premature, or other discrepancies.

In order to expedite this process, the AHP drawdown package for each Project household should be properly organized and thoroughly documented. The proposed use of the AHP subsidy must be consistent with the original objectives that were set forth in the AHP application. If the income of any household is inconsistent with the approved targets that were set forth in the AHP application, a project modification may be required which could further delay processing and/or result in a determination that one or more households whose incomes are inconsistent with the approved targets cannot be funded. Delays will occur if an AHP draw request lacks coherence or is otherwise incomplete.

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, every household who receives AHP subsidy must own and occupy their dwelling for a period of five years. Any breach may result in a pro rata recovery of AHP subsidy. Furthermore, each AHP-assisted homeowner must execute certain AHP retention agreements that are referenced below. Once a household has satisfied their AHP compliance obligations, they may request the Member to discharge them from the encumbrance of the AHP subordinate lien.

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

- AHP Funding Application for Homeowner Projects ([AHP-128](#))
- Rehabilitation of Existing Homes Exhibit Cover Pages ([AHP-129](#))
- Purchase of Existing Homes Exhibit Cover Pages ([AHP-130](#))
- Newly Constructed or Rehabilitated Homes for Sale Exhibit Cover Pages ([AHP-131](#))
- Homeownership Project Worksheet ([AHP-132](#))
- Final Cost Certification for Owner-Occupied Rehabilitation Projects ([AHP-133](#))
- AHP Long-Term Retention Agreements ([AHP-111](#) and [AHP-112](#))

In addition, the Member and the project sponsor and any other party involved in administering the project should carefully review each of the following AHP-related guidelines and policy statements prior to submitting an AHP drawdown request:

- AHP Guidelines for Determining Income Eligibility ([AHP-103](#))
- Area Median Income Limits
- AHP Guidelines for Determining Mortgage Affordability ([AHP-136](#))
- AHP Compliance Monitoring Guidelines ([AHP-102](#))
- AHP Compliance Late Receipt Policy ([AHP-104](#))
- AHP Recapture Guidelines ([AHP-105](#))