



AFFORDABLE HOUSING PROGRAM (“AHP”) COMMITMENT EXTENSION POLICY

In accordance with the provisions of the Federal Housing Finance Agency’s regulation that governs the AHP, published in the Federal Register at 12 CFR Part 1291 (“AHP Regulation”), and the Federal Home Loan Bank of New York’s (“FHLB-NY”) *AHP Compliance Monitoring Guidelines* (AHP-102), following the FHLB-NY’s initial commitment to reserve AHP subsidy (“Commitment”) on behalf of an approved project, the FHLB-NY must receive adequate assurance that the development of the project is progressing in a reasonable manner. Until the AHP subsidy reservation is fully funded, the FHLB-NY will request updates on at least a semi-annual basis which confirm that the construction and/or renovation of the project units remain feasible and that the sponsor or developer has procured all of the necessary financing in order to bring the project to fruition.

§ 1291.5(c)(6) of the AHP Regulation requires a developer or sponsor of an approved AHP project to utilize a Commitment in a timely and efficient manner. Specifically, a developer or sponsor of an approved AHP project must likely commence development and draw down the Commitment, in whole or in part, within 12 months of the date of approval of the application for AHP subsidy. Otherwise, a developer or sponsor of an approved AHP project must realistically use the Commitment in order to procure other financing commitments within 12 months of the date of approval of the application for AHP subsidy.

Furthermore, § 1291.5(g)(2) of the AHP Regulation requires a developer or sponsor of an approved AHP project that remains under development to adequately demonstrate to the FHLB-NY, until the Commitment is fully drawn, that progress is being made toward the use of the AHP subsidy. The AHP Regulation requires that the FHLB-NY establish and implement standards and time limits for confirming that an approved project is making reasonable progress toward accessing a Commitment and attaining the milestones and objectives that were set forth in the application for AHP subsidy.

As such, the FHLB-NY reserves the right, in its sole discretion, based on progress reports and other supporting documentation, to decline a Commitment extension or cancel a Commitment under any of the following circumstances:

- a) Delays related to the development of an approved project, including, but not necessarily limited to, the failure to construct and/or rehabilitate the number of units proposed in the application for AHP subsidy in a timely manner;
- b) The failure of an approved project to feasibly attain other targets, objectives, and obligations that were set forth in the application for AHP subsidy, exclusive of formally authorized modifications;
- c) The inability of the project’s developer or sponsor to procure all required financing (for both the construction and permanent phases of development) in a timely manner; or
- d) Noteworthy revisions, errors, or omissions related to a project’s proposed financial structure (i.e., development budget and operating budget), including any changes that adversely impact the project’s demonstrated need for AHP subsidy and timeliness of completion.

In the event that the FHLB-NY cancels a Commitment or otherwise reduces an allocation of AHP subsidy reserved on behalf of an approved project, for reasons specified above, any AHP subsidies that are de-obligated or otherwise recovered will be reallocated to the FHLB-NY’s general AHP fund and made available to other AHP eligible projects.

I. Homeownership Projects

1. Newly Constructed Dwellings / Site-Specific Rehabilitation and Resale Initiatives

These guidelines pertain to the following types of homeownership projects:

- Projects that were approved to utilize AHP funds during the construction or rehabilitation phase of development (whereby the benefit of the AHP subsidy will ultimately be passed on to a qualified homebuyer at time of closing);
- Projects that involve the construction of new dwellings on designated lots for sale to qualified homebuyers (whereby the household will directly use the AHP subsidy as a source of downpayment or closing cost assistance at time of acquisition); and
- Projects that involve the rehabilitation of vacant, site-specific dwellings for subsequent resale to qualified homebuyers (whereby the household will directly use the AHP subsidy as a source of downpayment or closing cost assistance at time of acquisition).

Kindly refer to the FHLB-NY's *AHP Compliance Monitoring Guidelines* (AHP-102) for a summary of documents that the FHLB-NY customarily requires in connection with evaluating a Commitment extension request or processing a pending AHP subsidy funding requisition for homeownership projects.

1. On the initial Commitment expiration date (i.e., six months following the issuance of the Commitment) the developer or sponsor is responsible for submitting a progress report to the FHLB-NY that formally requests an extension of the Commitment and includes:
 - a) A certification that the developer/sponsor maintains control of the project site(s); and
 - b) An updated timetable that provides reasonable assurance that the development of the project has commenced or is scheduled to be completed in a timely manner.
2. If a balance of AHP subsidy remains on account on the 1st anniversary of the issuance of the Commitment, the developer or sponsor is responsible for submitting a progress report to the FHLB-NY that formally requests an extension of the Commitment and includes:
 - a) Evidence that the developer/sponsor has taken title to the project site(s);
 - b) Evidence that all proposed construction financing has been procured;
 - c) Copies of building permits; and
 - d) An updated timetable that provides reasonable assurance that the development of the project has commenced or is scheduled to be completed in a timely manner.
3. If a balance of AHP subsidy remains on account on the 1½-year anniversary of the issuance of the Commitment, the developer or sponsor is responsible for submitting a progress report to the FHLB-NY that formally requests an extension of the Commitment and includes:
 - a) Evidence of commencement of the construction and/or rehabilitation of the project dwellings; and
 - b) An updated timetable that forecasts the project completion date and anticipated draw down of the balance of any AHP subsidy.
4. If a balance of AHP subsidy remains on account on the 2nd anniversary of the issuance of the Commitment, the developer or sponsor is responsible for submitting a progress report to the FHLB-NY that formally requests an extension of the Commitment and includes:
 - a) Evidence of satisfactory continuation of the construction and/or rehabilitation of the dwellings that comprise the project;
 - b) If applicable, a status of the pipeline of approved homebuyers;
 - c) If available, copies of certificates of occupancy for the completed dwellings; and
 - d) An updated timetable that forecasts the project completion date, commencement of closings, and anticipated draw down of the balance of any AHP subsidy.

5. If a balance of AHP subsidy remains on account on the 2½-year anniversary of the issuance of the Commitment, the developer or sponsor is responsible for submitting a progress report to the FHLB-NY that formally requests an extension of the Commitment and includes:
 - a) Evidence that construction and/or rehabilitation of the project dwellings has been completed, including copies of certificates of occupancy;
 - b) Copies of executed contracts of sale and mortgage financing commitment letters related to the proposed homebuyers; and
 - c) An updated timetable that forecasts the completion of closings, transfers of title to all approved households, and anticipated draw down of the balance of all AHP subsidy.

2. Open Market Homebuyer Initiatives / Rehabilitation of Owner-Occupied Dwellings

These guidelines pertain to the following types of homeownership projects:

- Projects that target first-time homebuyers or other eligible households who are purchasing one-to-four family dwellings on the open real estate market whereby AHP subsidy will provide a source of downpayment or closing cost assistance, including interest rate write-downs; and
- Projects that involve the rehabilitation of existing owner-occupied whereby AHP subsidy will finance renovation costs and related expenses.

Kindly refer to the FHLB-NY's *AHP Compliance Monitoring Guidelines* (AHP-102) for a summary of documents that the FHLB-NY customarily requires in connection with evaluating a Commitment extension request or processing a pending AHP subsidy funding requisition for homeownership projects.

1. Throughout the first year following the issuance date of the Commitment, the sponsor is responsible for submitting a progress report, on a semi-annual basis, to the FHLB-NY that formally requests an extension of the Commitment and includes:
 - a) A status of the pipeline of closings or renovations that will comprise the project; and
 - b) An updated timetable that provides reasonable assurance that all targeted households will be properly assisted and the reservation of AHP subsidy will be fully drawn in a timely manner.
2. If a balance of AHP subsidy remains on account on the 1½-year anniversary of the issuance of the Commitment, the sponsor is responsible for submitting a progress report to the FHLB-NY that formally requests an extension of the Commitment and includes:
 - a) A roster that identifies the names of the households who are currently in the project pipeline, either awaiting a closing date or completion of home renovations; and
 - b) An updated timetable that provides reasonable assurance that that all targeted households will be properly assisted and the reservation of AHP subsidy will be fully drawn in a timely manner.
3. If a balance of AHP subsidy remains on account on the 2nd anniversary of the issuance of the Commitment, the FHLB-NY reserves the right, in its sole discretion, to begin to de-obligate unused AHP subsidy on a pro rata basis, subject to the number of pending draw requests and a verification of households who remain in the project pipeline.

The FHLB-NY may consider extending the Commitment if the sponsor can provide:

- a) A roster that identifies the names of the households who are currently in the project pipeline, either awaiting a closing date or completion of home renovations; and
- b) Copies of executed contracts of sale and mortgage financing commitment letters related to the proposed homebuyers as evidence that these families are ready, willing, and able to acquire a home and utilize AHP subsidies in a timely manner.

Please note that the FHLB-NY cannot reasonably approve Commitment extensions for an indefinite period of time. As previously indicated, once a Commitment reaches its second anniversary, the FHLB-NY will, on a case-by-case basis, restrict extensions for homebuyer programs and rehabilitation initiatives for existing homeowners, subject to the project's record of performance and confirmed progress. When considering Commitment extensions, the FHLB-NY will also rely on documentation furnished in any AHP funding requisitions that have been submitted to our office and remain in the process of review and disbursement.

II. Rental Projects

Kindly refer to the FHLB-NY's *AHP Compliance Monitoring Guidelines* (AHP-102) for a summary of documents that the FHLB-NY customarily requires in connection with evaluating a Commitment extension request or processing a pending AHP subsidy funding requisition for homeownership projects.

These guidelines pertain to all rental projects:

1. On the initial Commitment expiration date (i.e., six months following the issuance of the Commitment) the developer or sponsor is responsible for submitting a progress report to the FHLB-NY that formally requests an extension of the Commitment and includes:
 - a) A certification that the sponsor/owner maintains control of the project site(s); and
 - b) An updated timetable that provides reasonable assurance that the development of the project is imminent and is scheduled to be completed in a timely manner.
2. If a balance of AHP subsidy remains on account on the 1st anniversary of the issuance of the Commitment, the developer or sponsor is responsible for submitting a progress report to the FHLB-NY that formally requests an extension of the Commitment and includes:
 - a) Evidence that the sponsor/owner has taken title to the project site(s);
 - b) Evidence that the sponsor/owner has obtained municipal site plan approval(s) or will realistically obtain such approval(s) within the next six months;
 - c) Evidence that the sponsor/owner has procured at least 50% of all proposed sources of financing (for both the construction and permanent phases of development) or will realistically procure at least 50% of the Project's proposed financial structure within 60 days;
 - d) Confirmation that the project continues to demonstrate a need for AHP subsidy; and
 - e) An updated timetable that provides reasonable assurance that the development of the project is imminent and is scheduled to be completed in a timely manner.
3. If a balance of AHP subsidy remains on account on the 1½-year anniversary of the issuance of the Commitment, the developer or sponsor is responsible for submitting a progress report to the FHLB-NY that formally requests an extension of the Commitment and includes:
 - a) Confirmation that the sponsor/owner maintains ownership of the project site(s);
 - b) Evidence that the sponsor/owner has obtained final site plan approval;
 - c) Evidence that at least 75% of all proposed sources of financing (for both the construction and permanent phases of development) have been procured;
 - d) Confirmation that the project continues to demonstrate a need for AHP subsidy; and
 - e) An updated timetable that provides reasonable assurance that the development of the project is imminent and is scheduled to be completed in a timely manner.
4. If a balance of AHP subsidy remains on account on the 2nd anniversary of the issuance of the Commitment, the developer or sponsor is responsible for submitting a progress report to the FHLB-NY that formally requests an extension of the Commitment and includes:
 - a) Confirmation that the sponsor/owner maintains ownership of the project site(s);
 - b) Evidence that the sponsor/owner has obtained building permits;

- c) Evidence that 100% of all proposed sources of financing (for both the construction and permanent phases of development) have been procured;
 - d) Confirmation that the project continues to demonstrate a need for AHP subsidy; and
 - e) An updated timetable that provides reasonable assurance that the development of the project is imminent and AHP subsidy will be drawn down in a timely manner.
5. If a balance of AHP subsidy remains on account on the 2½-year anniversary of the issuance of the Commitment, the developer or sponsor is responsible for submitting a progress report to the FHLB-NY that formally requests an extension of the Commitment and includes:
- a) Evidence that construction and/or rehabilitation of the project units has commenced;
 - b) Confirmation that 100% of all proposed sources of financing (for both the construction and permanent phases of development) remains in place;
 - c) Confirmation that the project continues to demonstrate a need for AHP subsidy; and
 - d) Confirmation that AHP subsidy will be drawn down within the next six months.

Please note that the FHLB-NY cannot reasonably approve Commitment extensions for an indefinite period of time. If undrawn AHP subsidy remains on account on 3rd anniversary of the issuance of the Commitment, the FHLB-NY reserves the right to refuse to grant additional extensions. Such requests will be evaluated on a case-by-case basis, subject to the project's record of performance and confirmed progress. When considering Commitment extensions beyond the 3rd anniversary, the FHLB-NY will customarily rely on documentation furnished in any AHP funding requisitions that have been submitted to our office and remain in the process of review and disbursement.