



Federal Home Loan Bank
NEW YORK

Disaster Recovery Grant Programs

Member Guidelines

March 19, 2018





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INTRODUCTION

The Federal Home Loan Bank of New York (“FHLBNY”) is providing two Disaster Recovery Grant Programs for the insured depository Members in Puerto Rico and the U.S. Virgin Islands to implement on their own behalf:

1. Homeowner Recovery Grant (“HRG”) Program
2. Small Business Recovery Grant (“SBRG”) Program

These programs are intended to assist homeowners and small businesses in Puerto Rico and the U.S. Virgin Islands that sustained damage as a result of Hurricanes Irma and Maria in September 2017. The programs will be administered and marketed by the participating Members of the FHLBNY to benefit the homeowners and small businesses that are most in need of the grant funds. As such, we encourage all participating Members to identify those customers who may be at most risk of being unable to meet their debt obligations due to unanticipated and extraordinary expenses from damages to their homes or small businesses as a result of Hurricanes Irma and Maria.

The programs must be administered in accordance with these Disaster Recovery Grant Programs Member Guidelines (“Program Guidelines”). The Member is solely responsible for collecting, verifying and retaining the documentation that supports the eligibility of the applicants and compliance with the Program Guidelines. The Member is not required to submit supporting documentation to FHLBNY.

Prior to submission of applications by a Member, the Member must submit the *Disaster Recovery Grant Programs Member Acknowledgement* form executed by a senior officer of the Member agreeing to comply with the requirements in these Program Guidelines.

MEMBER AND NON-PROFIT ORGANIZATION PARTICIPATION

Member participation in the programs is limited to the stock-holder Member institutions located in Puerto Rico and the U.S. Virgin Islands.

Members can choose to partner with a non-profit organization in the identification and qualification of potential households and small businesses to receive grant funding. However, the Member is ultimately responsible for compliance with the Program Guidelines and certifications made to FHLBNY. Therefore, the Member should be satisfied with the experience, track record and reliability of the organization. Regardless of any third party organizations involved in the process, all grant



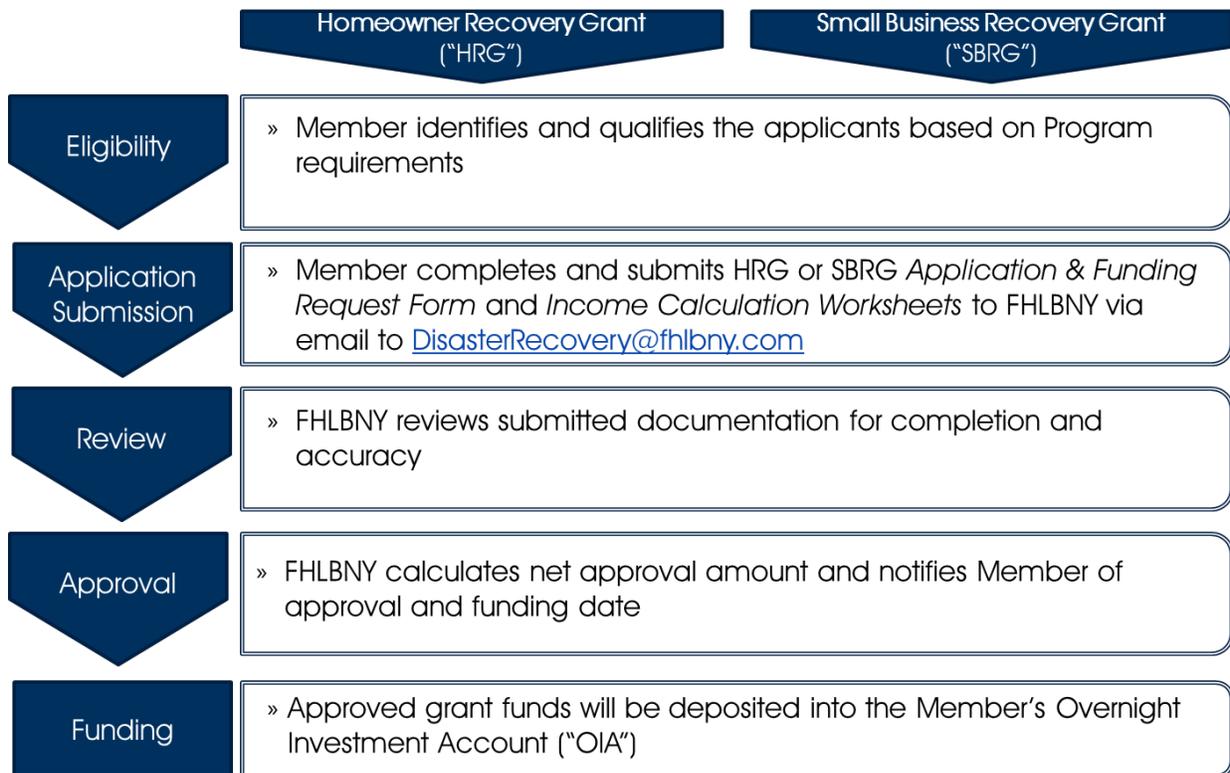
funding must be used for the benefit of the homeowner or small business. Grant funds may not be used for fees or compensation of third parties.

FHLBNY GRANT FUNDING

Each Member will be notified of an initial allocation of funds for each program. If a Member would like to request additional funds upon utilization of the initial allocation, the Member may request additional funds in increments of up to \$100,000 in writing via e-mail to DisasterRecovery@fhlbny.com. Additional funds will be approved based on availability and may be for an amount less than the requested amount. The FHLBNY has the sole discretion to approve or deny requests for funds. Approved grant funds will be deposited into the Member’s Overnight Investment Account at the FHLBNY.

A Member is solely responsible for managing its applicant pipeline to its approved amount of allocated funds. A commitment of funds must not be made to an applicant until the Member receives a formal approval from FHLBNY.

APPLICATION APPROVAL PROCESS





HOMEOWNER RECOVERY GRANT ("HRG") PROGRAM REQUIREMENTS

INDIVIDUAL GRANTS

A homeowner may request an HRG grant of up to \$10,000 per household. Members must take reasonable measures to ensure that the applicant has not received or applied for an HRG through another Member. Only one grant is allowed per household and if an individual is also a small business owner, that individual may only apply for one of the two grant programs.

USE OF FUNDS

Reasonable and necessary expenses incurred by the homeowner as a direct result of Hurricanes Irma and/or Maria that are not otherwise covered or expected to be covered by other funding sources (e.g., Federal Emergency Management Agency ("FEMA"), insurance). Funds can be used to help defray the cost of rebuilding or replacement of the home that was destroyed during the hurricanes. In cases where the funds will be used towards the replacement of a destroyed home, the property must be located in Puerto Rico or the U.S. Virgin Islands. Recovery assistance may include, but is not limited to: emergency or permanent repairs to the damaged home, rebuilding or replacement of the home that was destroyed during the hurricanes, repair or replacement of essential appliances.

An example of ineligible use of funds includes moving expenses.

PROPERTY LOCATION

Single family home used as a primary residence located in Puerto Rico or the U.S. Virgin Islands that sustained damage as a direct result of Hurricanes Irma and/or Maria. All property locations in Puerto Rico and the U.S. Virgin Islands are potentially eligible as long as all other program requirements are met because a Major Disaster declaration was made for all those areas.

PROPERTY OWNERSHIP

Property ownership should be documented with title evidencing that the applicant is the owner of the property.

In the event a household does not have title to the property it occupies, that household may still be able to demonstrate occupancy with rights of ownership in one of the following ways:



1. If the household can provide proof of permission to occupy the property and evidence that it has occupied the property for 20 years or longer, or
2. If the household does not have proof of permission to occupy the property, but can evidence that it has occupied the property for 30 years or longer.

Examples of documentation for proof of occupancy may include an Affidavit; utility invoices under the occupant's name; Right of Use document issued by the Department of Housing; or other documentation that provides reasonable proof of occupancy.

HOUSEHOLD INCOME

The household's eligibility determination is dependent on meeting all program requirements within these program guidelines. Employees of the Member are also eligible as long as they meet all program requirements.

Income Limits

Household income must be no higher than 140% of the area median income, adjusted for household size, as determined under 26 U.S.C. §143(f) Mortgage Revenue Bonds ("MRB"), and published by a state agency or instrumentality. For the U.S. Virgin Islands only, the median family income for the area will be used, as published annually by U.S Department of Housing and Urban Development ("HUD"). The income limits used must be those in effect at the time of the application and must be specific to the county or municipality in which the property is located.

Household Size

In determining household size, all members of the household must be accounted for, including children (even if temporarily absent). "Adults" include household members age 18 and older. The total size is based upon the number of people (related or unrelated) who reside in the hurricane damaged home. Divorced or separated parents who have joint custody of their children should include children in their household count. Students who are considered dependents and are not living in the home while attending school should be included in the household count.

Household Income

The household income is defined as the combined annual earned income of all individuals age 18 and older that are living in the hurricane damaged home. This includes income of temporarily absent



family members, such as individuals in active military, which must be counted if that person normally resides in the home as his or her primary residence.

What constitutes "household income"?

The following is a list of items included in "household income." Note that the list is not meant to be exhaustive.

- » The gross amount, before payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services
- » The net income from operation of a partnership, business, or self-employment
- » Interest and dividends
- » Payments in lieu of earnings, such as unemployment benefits, disability compensation, worker's compensation, and severance pay
- » The gross amount of periodic payments from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other, similar types of periodic payments received
- » All regular pay, special pay, and allowances of a member of the Armed Forces
- » Income derived from stock portfolio earnings, dividends, and other interest income
- » Net income of any kind from real or personal property
- » Government/Welfare Assistance
- » Automobile allowance
- » Alimony, child support

What does not constitute "household income"?

The following is a list of items that should be excluded from "household income."

- » Income derived from children under the age of 18 years
- » Payments received for the care of foster children or foster adults or adoption assistance
- » Lump-sum additions to household assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or property losses
- » Amounts received by the household that are specifically for, or in reimbursement of, the cost of medical expenses for any household member
- » Income of a live-in aide
- » The full amount of student financial assistance paid directly to the student, veteran, or to the educational institution



- » The special pay to a household member serving in the Armed Forces who is exposed to hostile fire
- » Temporary, nonrecurring, or sporadic income (including gifts). For example, amounts earned by temporary census employees whose terms of employment do not exceed 180 days.
- » Deferred periodic payments of Supplemental Security Income and Social Security benefits that are received in a lump-sum payment or in prospective monthly payments
- » Income of persons that are no longer permanent residents of the household
- » Alimony or child support that is not actually received by the household as agreed
- » Income from state or local employment training programs
- » Tuition reimbursement
- » Mileage reimbursement
- » Amounts paid by a state agency to a household with a developmentally disabled family member living at home to offset the cost of services and equipment needed to keep the developmentally disabled household member at home
- » Food stamps

Income Calculation Worksheet

All income calculations must be done via the Income Calculation Worksheet (“ICW”). For each income type, supporting documentation must be obtained and used for completing the ICW. All documentation must be dated within one year prior to the application date and identify the applicant’s name.

Employment Income – Section A

Employment income should be captured in *Section A - Employment Income* portion of the Income Calculation Worksheet.

Consistent income, which includes base pay or any other income that is recurring and consistent, should be supported by consecutive paystubs covering 30 days, a fully completed Verification of Employment Form executed by the employer or any other third party documentation that provides the information required to calculate the annual income. The following portion of the ICW should be completed based upon the supporting documentation provided to the Member by the applicant:



Section A - Employment Income

Consistent Income (Paystubs / Verification of Employment Form) - Instructions / Documentation

- Consecutive paystubs, including sufficient information to appropriately calculate income, covering thirty days.
- In instances where YTD earnings are not listed on paychecks, a completed and properly executed Fannie Mae Request for Verification of Employment (Form 1005).
- Annual Income calculated using the higher of Base or YTD Pay Rate.

Applicant Name	Employment Start Date	End of Pay Period	Paystubs / Year	Base Pay Rate	YTD Gross Income	YTD Paystubs	YTD Pay Rate	Annual Income	
Section A, Total Consistent Income (Paystubs / Verification of Employment Form)								\$	-

When completing the ICW, the annual income of the applicant will be calculated using the information provided. The worksheet will perform two calculations and will use the higher figure as the annual income.

The first calculation will annualize the base pay rate entered on the ICW as follows.

Base Pay Rate Calculations:

- Multiply weekly wages by 52;
- Multiply bi-weekly wages by 26;
- Multiply semi-monthly wages by 24;
- Multiply monthly wages by 12.

The second calculation will use the average of the year-to-date income and annualize the average income figure as follows.

Average Year-to-Date Income Calculation:

- Year-to-date income ÷ number of paystubs received year-to-date.
- Using the average pay rate, the calculation will be as follows:
 - Multiply weekly average by 52;
 - Multiply bi-weekly average by 26;
 - Multiply semi-monthly average by 24;
 - Multiply monthly average by 12.

Note that averaging this source of income must be based on the start date of employment if it was during the same calendar year as the date of the income documentation.



In the event consistent income documentation as noted above is not available (i.e., all documentation was destroyed in the Hurricanes), an Employment Letter can be used. In these instances, the supporting documentation should provide the annual income, such that no further calculation is required. The Employment Letter must be completed by a third party and reflect the following information: date of letter, name of employer, name of applicant and annual income of applicant. The following portion of the ICW should be completed:

Consistent Income (Employment Letter)		
Applicant Name	Letter Date	Annual Income
Section A, Total Consistent Income (Employment Letter)		\$ -

Variable/Bonus Income

Variable/Bonus income is meant to include bonus income, commissions, tips, seasonal employment and any other income that may vary in amount or frequency of pay. Supporting documentation should include income paystubs, a fully completed Verification of Employment Form or any other third party documentation that provides the information required to calculate the annual income, namely the year-to-date income. As with all supporting income documentation, the third party documents must indicate the applicant name, employer name and date of the document. This income type should be captured in the following section of the ICW.

Variable/Bonus Income - Instructions / Documentation		
<ul style="list-style-type: none"> Includes tips, commissions, bonuses, etc. Recurring income should remain in YTD gross income. One time payments or non-recurring income should be itemized below. 		
Applicant Name	End of Pay Period	Amount
Section A, Total Variable/Bonus Income		\$ -

Self-Employment Income – Section B

Self-Employment income should be captured in *Section B – Self-Employment Income* portion of the Income Calculation Worksheet. Household members that report their annual earnings to the IRS through a Schedule C, 1099 statement, own a C or S Corporation, or an ownership interest in a partnership, are considered to be self-employed.



One year of completed signed copies of U.S. Individual Income Tax Returns (i.e., IRS 1040 Forms) and supporting schedules, must be provided. If a household cannot locate a prior year’s federal tax return, an IRS form 4506-T (Request for Transcript Tax Return) can be submitted to the IRS, and the Member can rely on the transcripts furnished by the IRS.

If a household meets requirements not to file a tax return or has been granted an extension for filing, a profit and loss statement should be provided.

To capture self-employment income on the ICW, the following section should be completed:

Section B - Self-Employment Income			Back to Top ^
Instructions / Documentation			
• Most recent federal income tax return, including all schedules.			
Applicant Name	# Months	Net Income	Annual Income
Section B, Total Income			\$ -

The applicant’s net income and duration of self-employment, as covered in the supporting documentation, should be entered in the ICW. For example, a tax return that reflects one full year of self-employment income should indicate 12 months in the ICW.

Child Support/ Alimony – Section C

Child support and alimony income should be documented with the court order for child support or alimony, printouts from the court or agency responsible for enforcing support payments or any other third party documentation evidencing the amount and frequency of support payments received. If there is a Private Arrangement, the details of the arrangement along with proof of receipt of two support payments must be provided.

Child support and alimony should be captured in *Section C – Child Support* of the ICW:

Section C - Child Support				Back to Top ^
Instructions / Documentation				
• Court order for child support/ alimony, printouts from the court or agency responsible for enforcing support payments, or other evidence indicating the frequency and amount of support payments received.				
Applicant Name	Dependents (select from dropdown)	Payment Frequency	Payment Amount	Annual Income
Section C, Total Income				\$ -



When completing the fields on the worksheet, the following guidelines should be followed:

- » Childrens' names cannot be entered on the worksheet; there is a drop down menu to identify Child #1, Child #2, etc.
- » Arrears payments should not be included in the income calculation.
- » Income Payment frequency must be provided so that the worksheet can calculate the annualized income.

Seasonal Employment, Unemployment, Interest, Dividends and Capital Gains - Section D

Seasonal Employment, Unemployment, Interest, Dividends and Capital Gains should be captured in *Section D* of the ICW. The acceptable documentation will vary dependent upon the income type.

For seasonal employment, the supporting documentation should include a fully completed Verification of Employment Form providing income amount earned over the most recent year, a W2 or other third party documentation providing this information.

To verify unemployment income, workers compensation or severance pay, the benefit notification or award letter should be obtained.

To document interest, dividends and capital gains, the most recent federal tax return, including all schedules, should be obtained. If a household cannot locate a prior year's federal tax return, an IRS form 4506-T (Request for Transcript Tax Return) can be submitted to the IRS, and the Member can rely on the transcripts furnished by the IRS. Other options for documentation include the most recent 1099 IRS statement or brokerage statements verifying stock portfolio earnings, dividends, and other interest income.

For these income types, the ICW is designed to accept an annual income amount, as reflected below. If the income source documentation provides an income figure that is not an annual amount, it must be annualized prior to completing the worksheet.

Section D- Seasonal Employment, Unemployment, Interest, Dividends and Capital Gains		Back to Top ^
Instructions / Documentation		
<ul style="list-style-type: none"> • Seasonal Employment: Verification of Employment providing income amount earned over the most recent year and duration of work during the year; or most recent W2. • Unemployment: Benefit notification/award letter for unemployment, disability, workers compensation or severance pay. • Interest, Dividends and Capital Gains: Most recent federal income tax return, including all schedules. 		
Applicant Name	Income Source	Annual Income
Section D, Total Income		\$ -



Social Security, Pension, Public Assistance and Disability Income – Section E

Social Security, Pension, Public Assistance and Disability Income should be captured in *Section E* of the ICW. Acceptable third party documentation will include the following:

- » Current year Social Security award letter
- » Current pension statement
- » Retirement award letter
- » Letters or case management forms from public assistance agencies
- » Two consecutive bank statements evidencing direct deposit of social security award
- » Other third party documentation evidencing the amount and frequency of the benefit being received

As the gross monthly benefit amount is entered in the ICW, the worksheet will calculate an annualized income amount.

Section E - Social Security, Pension, Public Assistance and Disability Income			Back to Top ^
Instructions / Documentation			
• Benefit notification / award letter or bank statements reflecting direct deposit of benefit / award.			
Applicant Name	Source	Monthly Payment Amount	Annual Income
Section E, Total Income			\$ -

Adults with Zero Income – Section F

All adult household members (i.e., individuals over the age of 18 years), who reside in the property, but are not working or do not receive any income from any sources must be captured in *Section F* at the bottom of the Income Calculation Worksheet.

Section F - Zero-Income Earning Adults	Back to Top ^
Instructions	
• Listing of all adult household members with zero income.	
Applicant Name	



SMALL BUSINESS RECOVERY GRANT (“SBRG”) PROGRAM REQUIREMENTS

INDIVIDUAL GRANTS

A small business owner may request an SBRG grant of up to \$10,000 per small business. Members must take reasonable measures to ensure that the applicant has not received or applied for an SBRG through another Member. Only one grant is allowed per small business and if the small business applicant also owns a primary residence that sustained damage, that individual may only apply for one of the two grant programs.

USE OF FUNDS

Reasonable and necessary expenses incurred as a direct result of Hurricanes Irma and/or Maria that are not otherwise covered or expected to be covered by other funding sources (e.g., FEMA, insurance). Recovery assistance may include, but is not limited to: rebuilding, rehabilitation or repairs of the building that has been damaged, business relocation within Puerto Rico or the U.S. Virgin Islands repair or replacement of essential machinery or equipment, inventory replacement, generator or generator fuel, or working capital.

Examples of ineligible uses of funds includes lost wages and lost profits.

PROPERTY LOCATION

The property from which the business operates must be located in Puerto Rico or the U.S. Virgin Islands in order to be eligible for grant funds. All business property locations within the territories are potentially eligible as long as all other program requirements are met because a Major Disaster declaration was made for all those areas.

BUSINESS ELIGIBILITY

The small business’ eligibility determination is dependent on meeting all program requirements within these program guidelines. The business should be currently operating or the grant must be part of a plan to resume operations. The Member must verify that the applicant is the owner of the business via documentation that is appropriate for the business type.

Applicants are required to meet the definition of a small business, based on Small Business Association (“SBA”) guidelines. Based on the type of business, size standards will be determined by annual receipts



or number of employees. The “Table of Small Business Size Standards” can be found at the following link: <http://www.sba.gov/content/small-business-size-standards>

DOCUMENT SUBMISSION REQUIREMENTS

The following documents can be located on www.fhlbny.com website under the Community tab.

» Homeowner Recovery Grant Program (“HRG”)

- HRG Application and Funding Request Form (“HRG A-FRF”) (*by following the instructions within the form*)
- Income Calculation Worksheet for each household submitted on the HRG Application and Funding Request Form
- *Note: Supporting income documentation will not be collected by the FHLBNY, however, the Member is required to retain supporting documentation on file).*

» Small Business Recovery Grant Program (“SBRG”)

- SBRG Application and Funding Request Form (“SBRG A-FRF”) (*by following the instructions within the form*)
- *Note: Supporting documentation will not be collected by the FHLBNY, however, the Member is required to retain supporting documentation on file).*

Applications for the programs must be submitted to the FHLBNY by an authorized representative of the participating Member via the DisasterRecovery@FHLBNY.com email box. Applications will be accepted until September 30, 2019, or until all program funds are exhausted, whichever occurs first.

The FHLBNY has the sole discretion to deny all or any portion of the applicants listed in the HRG or SBRG Application and Funding Request Form for any reason, including the lack of funds available under this voluntary grant program. Nothing contained in these Program Guidelines or the HRG or SBRG Application and Funding Request form will be construed as an agreement or commitment on the part of FHLBNY to provide a grant to the Member or the applicant.

Prior to submission of applications by a Member, the Member must submit the Disaster Recovery Grant Programs Member Acknowledgement form executed by a senior officer at the Member institution. The Disaster Recovery Grant Programs Member Acknowledgement form must identify those specific personnel at the Member institution who are authorized to submit applications for the programs.



APPLICANT WITHDRAWALS

If after the receipt of grant funds, a Member receives information that all or some of the grant amount will not be used for the intended purpose by the household or the small business, the Member is required to notify FHLBNY immediately in writing via the DisasterRecovery@FHLBNY.com email box. The Member should reflect this household or small business on the HRG or SBRG Application and Funding Request Form (“A-FRF”) by indicating a negative grant amount under the “Amount Requested” field. If the Member is submitting new applicants on the same A-FRF as the withdrawal applicant, the total requested A-FRF Funding amount will be reduced by the amount of returned grant funds.

If a Member submits an Application and Funding Request Form for the withdrawal applicant only, the withdrawal grant amount will be debited from the Member’s Overnight Investment Account.

RECOVERY OF FUNDS

In the event the FHLBNY discovers that (1) the household or small business does not meet the requirements of the Program Guidelines, or (2) the Member provided false, misleading or incomplete information, the FHLBNY may recover the funds from the Member’s Overnight Investment Account.

TAX AND OTHER GOVERNMENT REPORTING

The Member shall be solely responsible for any tax or other government reporting obligations with regard to the disbursements of the grant to the eligible recipients.

DOCUMENT RETENTION REQUIREMENTS

All documentation used in making decisions regarding eligibility must be retained by the Member for a period of seven (7) years from the application date.