Federal Home Loan Bank
NEW YORK

Affordable Housing Program Implementation Plan

— 2024 —

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Introduction

The Federal Home Loan Bank of New York ("FHLBNY") herein presents its 2024 Affordable Housing Program ("AHP") Implementation Plan ("Plan"). The Plan is written in accordance with the Federal Housing Finance Agency ("FHFA") rules and regulations governing the FHLBNY's AHP, 12 C.F.R. Part 1291 ("Regulations") and any applicable FHLBNY policies and standards.

FHLBNY reserves the right to amend the Plan as necessary throughout the year. Per the Regulations, the Plan and any amendments are created in consultation with and reviewed by the FHLBNY's Affordable Housing Advisory Council ("AHAC"). The Plan and any amendments are approved by FHLBNY's Board of Directors.

Within 30 days of approval by its Board of Directors, FHLBNY shall publish the Plan on its website and provide notification to the FHFA.

Funding Allocation

AHP is offered in two forms: a competitive AHP General Fund and a Homeownership Set-Aside program, Homebuyer Dream Program® ("HDP®"). Each year, the FHLBNY contributes 10% of its prior year's net earnings to support the AHP. For 2024, FHLBNY will allocate up to 30% of its annual AHP contribution to the HDP. That portion of the annual AHP contribution that is not allocated to fund the HDP will be made available through the AHP General Fund.

The FHLBNY may also include any amounts deobligated or recaptured from prior AHP funding rounds, at the sole discretion of the Bank, to ensure that the funds are appropriately allocated in a timely manner.

Submission of Household Information

The Gramm-Leach-Bliley Safeguard Rule, the Identity Theft Act, Privacy State Laws and the Fair and Accurate Credit Transactions Act ("FACTA") are laws enacted to protect consumers from identity theft. To protect household information that may be utilized to develop a 'credit profile' if intercepted by an unauthorized third party, the FHLBNY requires that all household information be submitted in a secure manner.

AHP General Fund

Brief Overview of AHP General Fund Life Cycle

AHP provides grants and subsidized advances to our FHLBNY Member Financial Institutions ("members") to help households earning 80% or less of the area median income purchase or maintain their homes. It also enables organizations to purchase, rehabilitate, or construct apartment buildings in which at least 20% of the units are affordable to households earning 50% or less of the area median income.

The AHP General Fund life cycle is comprised of four distinct phases:

APPLICATION PROCESSING

- Review and analysis of applications to determine if the FHLBNY's minimum eligibility criteria is met, validate the scoring and determine financial feasibility of the project followed by an issuance of a commitment for subsidy.

PROGRESS REPORTING

- Periodic review of the progress made by the project; review and approval of drawdown requests; and determination of project modifications.

INITIAL MONITORING

- Gathering and analysis of documentation to determine if satisfactory progress is being made towards full occupancy, subsidies were used for eligible purposes, costs were reasonable and services have been provided.

LONG-TERM MONITORING

- Periodic gathering of information to verify that household incomes and rents comply with the income targeting and rent affordability commitments, respectively, made in the approved AHP application.

Application Processing

APPLICATION PROCESSING

- Review and analysis of applications to determine if the FHLBNY's minimum eligibility criteria is met, validate the scoring and determine financial feasibility of the project followed by an issuance of a commitment for subsidy.

Schedule for Annual AHP General Fund Rounds

FHLBNY will conduct one AHP General Fund funding round annually. The application deadline date for receipt of applications by the FHLBNY for the 2024 AHP General Fund offering will be announced approximately 45 calendar days prior to the deadline.

Member Submissions

The FHLBNY accepts applications for AHP subsidy under the AHP General Fund only from institutions that are members of the FHLBNY at the time the application is submitted.

Minimum Eligibility Requirements

FHLBNY requires all projects that apply for and receive AHP General Fund subsidy meet the following minimum eligibility requirements:

1. Using AHP subsidy to finance the purchase, construction, or rehabilitation of owner-occupied or rental housing. AHP subsidy may not be used for:
   a. Processing fees charged by members for providing AHP direct subsidies to a project.; or
   b. Capitalized reserves, periodic deposits to reserve accounts, operating expenses, or supportive services expenses.
2. At the time of application, the Sponsor (or ownership entity in which the Sponsor has an "ownership interest") must demonstrate satisfactory site control of 100% of the site(s) through:
   c. Deed in the name of the Sponsor or ownership entity in which the Sponsor has an "ownership interest."

d. Executed purchase contract or option to purchase (contract or option date should not expire before the AHP application deadline for the round in which the application is submitted).

e. Executed lease or option to lease for a term of at least 20 years, including the AHP retention period (lease option date should not expire before the AHP application deadline for the round in which the application is submitted). Any amendment must include the original executed agreement.

f. Resolution from a local government or other organization that is committing to transfer the property describing the terms of the commitment, the transfer price and the location of the property.

Site control is not required for down payment/closing cost assistance or owner-occupied rehabilitation projects.

3. Demonstrating project feasibility by providing development and operating budgets that reflect a need for AHP subsidy and reasonable costs; documentation from other funding sources that offer reasonable terms; and other information showing that the project is likely to be completed, and occupied;

   a. Indication that the AHP subsidy will not be used for non-eligible costs;

   b. Using AHP subsidy for refinancing only if specific conditions are met (See Project Feasibility section below);

   c. Agreeing to execute and record appropriate documents to secure the AHP subsidy throughout the project's long term retention period, pursuant to § 1291.15(a)(7) and (a)(8);

   d. Having a sponsor who is qualified and able to perform its responsibilities committed to in the AHP General Fund application;

   e. Complying with applicable Fair Housing Laws; and local building code standards, and

   f. The rate of interest, points, fees, and any other charges for all loans that are made for the project in conjunction with the AHP subsidy shall not exceed a reasonable market rate of interest, points, fees, and other charges for loans of similar maturity, terms, and risk.

In addition to the requirements noted above, Owner-occupied and Rental Projects have the following eligibility requirements.

Owner-Occupied Housing

1. AHP subsidy must be used exclusively to assist in financing the purchase, construction, or rehabilitation of a 1-to-4 family owner-occupied dwelling, condominium, cooperative unit, or manufactured housing for a qualified household whose income does not exceed 80% of the area median, adjusted for family size, based on the median income standard that the project sponsor selected from the list specified in the Plan.

2. A maximum of $500 in AHP subsidy per household may be used to finance homebuyer counseling costs, only in cases where:

   a. Such costs were incurred in connection with a qualified household who has attended and successfully completed a formal counseling program;

   b. The cost of such counseling has not been covered by another funding source, including the members;

   c. The amount of the AHP subsidy funded to each household, including any homebuyer counseling costs, must be reflected in the AHP retention agreement (i.e., Subordinate Mortgage), a deed restriction or other legally enforceable mechanism and on the Settlement Statement or Closing Disclosure with the exception of owner-occupied rehabilitation projects; and, if applicable, proof of homeownership counseling costs.

Rental Housing

1. AHP subsidy must be used exclusively to assist in financing the purchase, construction, or rehabilitation of a single-family or multi-family rental housing project, with five or more dwelling units, where at least 20% of the units (or beds, if applicable) in the project are reserved for and occupied by qualified households whose income does not exceed 50% of the area median income, adjusted for family size, based on the median income standard that the project sponsor selected from the options specified in the Plan. Rental projects include, for purposes of the FHLBNY General Fund, manufactured housing communities.

2. A rental unit must be affordable, which means that:

   a. The rent charged to a household for a unit that has been reserved for occupancy by a household with an income at or below 80% of the median income for the area, does not exceed 30% of the income of a household of the maximum income and size expected, under the commitment made in the AHP application, to occupy the unit (assuming occupancy of 1.5 persons per bedroom or 1.0 persons per unit without a separate bedroom); or

   b. The rent charged to a household, for rental units subsidized with Section 8 assistance under 42 U.S.C. § 1437f or subsidized under another assistance program where the rents are charged in the same way as under the Section 8 program, if the rent complied with this at the time of the household's initial occupancy and the household continues to be assisted through the Section 8 or another assistance program, respectively.

   c. The member shall ensure that an AHP-assisted rental project is subject to a deed restriction or other legally enforceable retention agreement or mechanism.

Project Feasibility

1. During the AHP General Fund application review process, FHLBNY will assess a project's demonstrated need for AHP subsidy, likelihood to be developed in a timely manner, and capacity to be operated in a financially sound manner. The project's estimated sources of funds shall equal its

estimated uses of funds, as reflected in the project's development budget. The difference between the project's sources of funds (excluding AHP subsidy) and uses of funds is the project's need for AHP subsidy, which is the maximum amount of AHP subsidy the project may receive. Projects that involve the use of AHP subsidy must demonstrate that the proposed targets are reasonable and AHP funds can be used effectively within a three-year period towards the completion of the project. FHLBNY shall evaluate all projects in accordance with the criteria as specified in the section "Time Limits On The Use of AHP Subsidy."

2. Some or all of the AHP subsidy must be likely to be drawn down by the project or used by the project to procure other financing commitments within 12 months of the date of approval of the application for AHP subsidy funding the project;

3. It must be likely for a project to be completed and occupied. FHLBNY has established cost guidelines that will be used to analyze and evaluate all projects during the life cycle of the project. FHLBNY reserves the right to consider project factors that are outside of the expected cost ranges stated within these guidelines, on a case-by-case basis, if reasonable explanations and adequate documents are presented.

    a. A project's sponsor must be qualified and able to perform its responsibilities as committed to in the application for AHP subsidy. A project sponsor means a non-for-profit or for-profit organization or public entity that: (1) has an ownership interest (including any partnership interest) in a rental project; or (2) is integrally involved in an owner-occupied project, such as by exercising control over the planning, development, or management of the project, or by qualifying borrowers, and providing or arranging financing for the owners of the units. FHLBNY, in its sole discretion, may prohibit a sponsor organization from qualifying for any new funding reservations of AHP subsidy, if the sponsor organization has committed AHP funds to other projects and those committed funds are not fully drawn down.

    b. A project, as proposed, must comply with applicable federal and state laws on fair housing and housing accessibility, including, but not limited to, the Fair Housing Act, the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, and the Architectural Barriers Act of 1969. The sponsor must also demonstrate how the project will be affirmatively marketed.

    c. All owners of AHP-assisted units in projects where a household receives AHP subsidy for purchase, purchase in conjunction with rehabilitation or construction of an owner-occupied unit must execute an AHP retention agreement (i.e., Subordinate Mortgage), a deed restriction or other legally enforceable mechanism at time of funding, and duly record the AHP retention agreement with the appropriate municipal clerk's office. An AHP Promissory Note is also required for projects located in Puerto Rico.

    d. If AHP subsidy is proposed to refinance an existing mortgage loan on a single-family or multi-family residence, the application must furnish adequate evidence that the equity proceeds generated from the refinance, for an amount consistent with the requested AHP subsidy, shall be used only for the purchase, construction, or rehabilitation of housing units that meet the minimum eligibility requirements as outlined in this Plan.

FHLBNY Additional District Eligibility Requirements

1. Rental projects are limited to a maximum per AHP-targeted unit average of $60,000in AHP subsidy;

2. Owner-occupied projects are limited to a maximum per-AHP-targeted unit average of $60,000 in AHP subsidy, where an owner-occupied unit means a dwelling unit occupied by the owner of the unit. (Housing with two to four dwelling units consisting of one owner-occupied unit and one or more rental units is considered a single owner-occupied unit.) This limit is inclusive of all AHP subsidies provided under the FHLBNY's Set-Aside program;

3. The maximum AHP subsidy granted to any one project is limited to no more than $2,000,000 (not to exceed the $60,000 per AHP-targeted unit limit); and

4. In cases of multiple AHP application submissions across multiple rounds, that pertain to a single project that is programmatic in nature (e.g., down payment/closing cost initiatives, owner-occupied rehabilitation programs or sponsor financed-type initiatives) the total AHP subsidy requested for all such submissions may be no more than $2,000,000.

Note: An AHP-targeted unit is one for which the income targeting is ≤ 80% AMI. AHP-assisted includes any unit within a project (excluding the superintendent or similar unit).

Median Income Standards

FHLBNY has designated specific area median income ("AMI") standards that can be used to qualify AHP-assisted households, depending on the nature of the project.

For the states, Washington D.C., and Puerto Rico, owner-occupied projects must select either:

1. The median income for the area, as published annually by U.S. Department of Housing and Urban Development ("HUD"); or

2. The applicable median family income, as determined under 26 U.S.C. § 143(f) (Mortgage Revenue Bonds) and published by a State agency or instrumentality.

For the U.S. Virgin Islands, owner-occupied projects must select the median family income for the area as published annually by HUD.

Rental projects must use the median income for the area, as published annually by HUD.

Rental or owner-occupied projects that serve households that are eligible for assistance from a Tribally Designated Housing Entity or housing department may use the greater of the HUD income limits or Native American Housing Assistance and Self Determination Act of 1996 ("NAHASDA") income limits, also published by HUD.

FHLBNY may verify that the occupancy targets identified at time of application to the AHP General Fund are consistent with occupancy targets represented to other funding sources. The selected AMI standard must ensure that the project can feasibly attain its proposed targets in conformity with the requirements of the AHP and any applicable federal or state financing programs. The standard chosen will be applied to the project for the life of the AHP General Fund project life cycle. For an owner-occupied project the FHLBNY may, on a case-by-case basis, allow a project sponsor the option to substitute one approved income standard for another (e.g., Mortgage Revenue Bonds or U.S. Department of Housing and Urban Development), provided that only one income standard pertains to all households within a given project.

Scoring Guidelines

FHLBNY scoring guidelines are divided into three types: Statutory Priorities, Regulatory Priories, and District Priorities. Statutory Priories are set by law and neither the FHFA nor the FHLBNY have discretion over these rules. These include use of Donated or Conveyed Government-owned or Other Properties and Sponsorship by a Not-for-Profit Organization or Government Entity. FHLBNY has some discretion in the amount of points allocated to these and all other priorities, but the two Statutory Priories are required by law and cover the entire Federal Home Loan Bank system.

Regulatory Priories are those set by the FHFA, which uses its rulemaking authority to define certain scoring preferences in the AHP, and all Federal Home Loan Banks must include them in their scoring frameworks. These priorities are more adaptable to community needs as FHFA may amend them without a change in law. From time to time the agency will exercise its discretion and issue updated Regulatory Priorities, most recently in November of 2018. The current Agency priorities include: Targeting to Lower Income Households; Underserved Communities and Populations; Creating Economic Opportunity; and Community Stability.

Finally, with its District Priorities, FHLBNY has broad discretion to allocate points to address housing and community development needs in the District. The seven FHLBNY District Priorities shown in the table below represent the most pressing district challenges and are updated regularly to keep up with trends in the community and to better serve the members of the cooperative.

The FHLBNY will only score those applications that meet the AHP minimum eligibility criteria. Each FHLBNY AHP scoring category, identified below, has been designated as either a fixed point or a variable point criterion in accordance with the following methodology:

- The criteria that comprise variable-point objectives may be satisfied in whole or in part. Therefore, the number of points awarded to an application for meeting a variable point objective may be partial and can vary, depending on the extent to which the project can realistically satisfy the criterion.
- Fixed-point objectives cannot be achieved in varying degrees and are either satisfied, or not. An application that adequately meets a fixed-point criterion shall be awarded the total number of points allocated to that criterion.

The FHLBNY has established one hundred (100) points as the highest possible score, allocated among seven (7) separate scoring categories. In accordance with the AHP Regulation, the Targeting objective must have a value of at least twenty (20) points and each remaining category must carry a minimum value of five (5) points.

Category	Points	
Use of donated or conveyed government-owned or other properties	5	Variable
Sponsorship by a not-for-profit organization or government entity	7	Variable
Targeting to Lower Income Households	20	Variable
Underserved Communities and Populations • Homeless Households • Supportive Housing • Rental Housing for Extremely Low-Income Households • Affordable Housing in U.S. Territories	 6 6 6 6	 Fixed Fixed Fixed Fixed
Creating Economic Opportunity • High Opportunity and/or • Mixed Income Housing	 5 5	 Fixed Fixed
Community Stability • Preservation of Affordable Housing	 10	 Fixed
District Priorities • Project Readiness • Owner-Occupied Projects • Small Projects • In District • Green Building Innovation • Member Financial Participation • AHP Subsidy per Unit	 10 5 5 5 5 6 5	 Variable Fixed Fixed Fixed Fixed Variable Variable

Scoring Criteria

Use of donated or conveyed government-owned or other properties

Five (5) points – Variable

The creation of housing using a significant proportion (at least 20%) of units or land:

- Conveyed at any price by the Federal government or any agency or instrumentality thereof within five (5) years of the application deadline; or
- Donated for a nominal price ($1,000 or less) or conveyed at a price significantly below fair market value by any other third party. For properties donated, or conveyed at a nominal price, or at a price significantly below market value within five (5) years of the application deadline, points awarded are based on the project meeting the applicable criteria.

Arms-Length Transaction - Donations of at least 20% of land or units from any party are eligible for up to five (5) points provided that the conveyance of land or units was not from an affiliated party (e.g., transfers from a nonprofit organization to a nonprofit affiliate or from a general partner to a partnership entity).

Long-term Leases - Projects with annual land lease payments of $1,000 or less over the retention period will receive full credit (five (5) points). (NOTE: The lease must be effective for at least 15 years from the date of the Certificate of Occupancy for rental projects). Long-term leases from a federal government entity greater than or equal to the AHP retention period qualify for one (1) point.

Federal Government - Properties conveyed by the federal government, its agencies, or instrumentalities at any price are automatically awarded one point, provided that the land or units constitute at least 20% of the project's total units or land. "Federal government or any agency or instrumentality" refers to the United States government and does not include state, county, or other local governments or their related agencies or instrumentalities such as housing authorities.

Properties donated or conveyed for more than a nominal price, but below fair market value ("FMV") may qualify for points in this category. The property's FMV must be established by an "As-is" appraisal or Broker Price Opinion ("BPO"). For projects greater than 25 units, the FMV must be determined by an as-is appraisal; for smaller projects, defined as 25 units or less, a BPO may be used. The appraisal or BPO must specify an "as of" valuation date that is within six months of the fully executed acquisition agreement. Sponsors or developers that acquired property for $1,000 or less would not need to submit an appraisal or BPO. The points are awarded as follows:

- Five (5) points: Property is donated or conveyed for less than or equal to 10% of FMV, or for less than or equal to $1,000
- Three (3) points: Property is conveyed for greater than 10% and less than or equal to 50% of FMV
- One (1) point: Property that is donated or conveyed at any price by the federal government or an instrumentality of the federal government

Points will be awarded based on the project meeting the above criteria and receipt of acceptable documentation.

<u>Sponsorship by a not-for-profit organization or government entity</u>

Seven (7) points – Variable

Eligible projects are sponsored by either a private, not-for-profit corporation, as designated under the Internal Revenue Service ("IRS") Code, or by a state or political subdivision of a state, a state housing agency, a local housing authority, a Native American Tribe, an Alaskan Native Village, or the government entity for Native Hawaiian Home Lands. A sponsor of a rental project is defined as an organization that has ownership interest (including any partnership interest). A sponsor of an owner-occupied project is an organization that is integrally involved in a project, such as by exercising control over the planning, development, or management of the project, or by qualifying borrowers and providing or arranging financing for the owners of the units, where applicable. Points will be awarded as follows:

1. If a sponsor of an owner-occupied project is integrally involved in the development of the project, as evidenced by the following, seven (7) points will be awarded:

    a. ownership of the land or building(s) that comprise the project during the construction and/or rehabilitation phase of development; and/or

    b. responsibility as the developer, rehabilitation specialist and/or primary contractor of the properties that comprise the project.

2. If a sponsor of an owner-occupied project evidences that they will perform at least one of the following roles, three-and-one-half (3.5) points will be awarded:

    a. screening or qualifying prospective project households;

    b. arranging or providing mortgage financing;

    c. conducting credit or homeownership counseling; or

    d. participating in the marketing of project units.

3. If a sponsor of a rental project owns or will own the land and/or the building(s) that comprise the project, seven (7) points will be awarded.

    In order to confirm the sponsor's ownership role, FHLBNY shall evaluate such supporting documentation as deeds, contracts of sale, purchase options, organization chart, or lease agreements.

4. If a sponsor of a rental project that is utilizing Low-Income Housing Tax Credits ("LIHTC") is a not-for-profit entity and has or will have a majority ownership interest (e.g., 51% ownership interest or greater of the general partner / managing member) within the final ownership structure of the project, seven (7) points will be awarded.

    In order to confirm the sponsor's ownership role, FHLBNY shall evaluate such supporting documentation as a tax credit allocation award notice, partnership agreement, organization chart, or tax credit investor's commitment letter.

5. If a sponsor of a rental project that is utilizing LIHTC is a not-for-profit entity and will hold an ownership interest in the project, other than being a general partner, or holds a minority share of the general partner interest within the final ownership structure/limited partnership and is involved in the project, three-and-one-half (3.5) points will be awarded. In order to confirm the sponsor's ownership role, the FHLBNY shall evaluate such supporting documentation as a tax credit allocation award notice, partnership agreement, organization chart, or tax credit investor's commitment letter.

<u>Targeting</u>

The extent to which a project creates housing for very low-, low- or moderate-income households.

Twenty (20) points – Variable

For purposes of this scoring criterion, applications for owner-occupied projects and rental projects will be scored separately. Note that income averaging is not allowed.

1. Rental Projects

FHLBNY shall confirm the percentage of AHP-assisted units that a particular rental project has proposed to reserve for households who earn ≤ 50% of area median income ("AMI"), adjusted for family size:

a. If the percentage is less than 20%, the project cannot meet the AHP statutory minimum requirement and shall be eliminated from the competition.

b. If the percentage is greater than or equal to 60%, the project receives the maximum 20 point score.

Applications for projects with less than 60% of the AHP-assisted units reserved for occupancy by households with incomes at or below 50% AMI shall be awarded points based upon the below formula.

$$24\left[\frac{B-.20(A)}{.80(A)}\right]+16\left[\frac{c}{.80(A)}\right]+8\left[\frac{D}{.80(A)}\right]+0[E]=Points$$

Where:

A = Total number of AHP-assisted units

B = Number of AHP-assisted Units ≤ 50% of AMI

C = Number of AHP-assisted Units > 50% and ≤ 60% of AMI

D = Number of AHP-assisted Units > 60% and ≤ 80% of AMI

E = Number of AHP-assisted Units > 80% AMI

Note: AHP-assisted includes any unit within a project (excluding the superintendent or similar unit).

For projects that are not occupied at the time the AHP application is submitted to the FHLBNY for approval, a household must have an income meeting the income targeting commitments in the approved AHP application upon initial occupancy of the rental unit.

For projects involving the purchase or rehabilitation of rental housing that is already occupied at the time the AHP application is submitted to the FHLBNY for approval, a household must have an income meeting the income targeting commitments in the approved AHP application at the time the application for AHP subsidy is submitted to the FHLBNY for approval of such submission. If the project has a relocation plan for current occupants that is approved by one of its federal, state, or local government funders, or a reasonable relocation plan for current occupants that is otherwise approved by the FHLBNY, according to the standard below, a household may have an income meeting the income targeting commitments upon initial occupancy of the rental unit after completion of the purchase or rehabilitation. Such a relocation plan must be submitted with the AHP application.

The standard by which the FHLBNY will assess a relocation plan is the extent to which it adequately addresses each of the following, where relevant to the particular AHP project:

- The plan and timeline for resident notification;
- Accommodation measures to facilitate departing residents' transitions;
- The availability of temporary displacement housing prior to permanent relocation; and
- A relocation budget including a description of the general assumptions used to produce the cost estimates.

2. Owner-Occupied Projects

FHLBNY shall confirm the percentage of units that a particular owner-occupied project has proposed to reserve for households who earn ≤ 50% of AMI, adjusted for family size:

a. If the percentage is greater than or equal to 60%, the project receives the maximum 20 point score.
b. Project applications may not include units allocated to households earning greater than 80% of AMI.

Applications for projects with less than 60% of the units reserved for occupancy by households with incomes at or below 50% AMI shall be awarded points based upon the below formula.

$$20\,[\,B\,/A\,] + 14\,[\,C\,/\,A\,] + 8\,[\,D\,/\,A\,] = \mathrm{POINT}(S)$$

Where:

A = Total number of AHP-assisted units

B = Number of Units ≤ 50% of AMI

C = Number of Units > 50% and ≤ 60% of AMI

D = Number of Units > 60% and ≤ 80% of AMI

Note: Because all units in an owner-occupied project must be allocated to households ≤ 80% AMI, AHP-assisted and AHP-targeted units are equivalent.

A household must have an income meeting the income targeting commitments in the approved AHP application at the time it is qualified by the project sponsor for participation in the project.

Underserved Communities and Populations

A maximum of **twelve (12) points** will be awarded for the financing of housing for underserved communities or populations, by addressing up to two of the following four specific housing needs. Sponsors serving all four populations or areas should select the two for which they wish to be considered for points and submit the relevant supporting documentation.

Housing for Homeless Households

Six (6) points will be awarded for the financing of housing in which at least 20% of the AHP-assisted units are reserved for occupancy by homeless households. Documentation requirements for this category must be met at time of application:

An Agency or sponsor referral letter that pledges to make a specific number of referrals of eligible households directly to the Project.

OR

Third-party evidence that capital or operating subsidies have been committed to the project. The evidence must specify how many project units must be reserved for and occupied by a specified number of homeless households.

The following are eligible housing initiatives for this scoring category:

1. Rental – The financing of rental housing, excluding overnight shelters, reserving at least 20% of the units for homeless households, the creation of transitional housing for homeless households permitting a minimum of six months occupancy.

2. Owner – The creation of permanent owner-occupied housing reserving at least 20% of the AHP-assisted units for homeless households.

The term "homeless," "homeless individual," "homeless person," or "homeless household" shall mean an individual or family who is homeless or at risk of homelessness based on third-party evidence demonstrating that the individual or household:

1. Lacks a fixed, regular, and adequate nighttime residence;

2. Has a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings or an individual who is exiting an institution where he or she temporarily resided;

3. Lives in a supervised publicly or privately operated shelter designated to provide temporary living arrangements;

4. Will imminently lose their housing, including housing they own, rent, or live in, or family that they must leave within 14 days;

5. Is a family with children who has experienced a long-term period without living independently in permanent housing;

6. Is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions in the individual's or family's current housing situation;

7. Is aging out of foster care with no permanent residence available; or

8. Is defined as homeless under other state, local, or federal rules and regulations.

Supportive Housing for Persons with Special Needs

Six (6) points will be awarded for the financing of housing in which at least 20% of the AHP-assisted units are reserved for occupancy by households with special needs.

A supportive housing project should have a social services plan that addresses the unique needs of the identified special needs population(s), including a staffing plan, AND a fully executed agreement with a social service provider. The plan and agreement should each outline the number of AHP-assisted units to be reserved for supportive housing and describe how the supportive services will be implemented, coordinated, and made available to all special need tenants. AHP-assisted units should not be double-counted if that AHP-assisted unit qualifies under more than one special needs category.

Special Needs are defined as:

1. Physically and/or mentally disabled – A person (a) with a physical and/or mental (i.e., psychiatric disorder) impairment that results in substantial functional limitations or (b) who is deemed physically and/or mentally disabled and by reason of this impairment, the person is unable to perform life roles in at least one of the major domains of living, working, learning or socializing.

2. Developmentally disabled – A person (a) with a severe chronic developmental disability who has been diagnosed with an intellectual disability or (b) who is deemed developmentally disabled and by reason of this impairment, the person is unable to perform life roles in at least one of the major domains of living, working, learning or socializing.

3. Persons recovering from domestic abuse (physical abuse) – A person who has been subjected to a willful action of inflicting bodily injury or physical mistreatment.

4. Persons recovering from domestic abuse (emotional abuse) – A person who has been subjected to a willful action of inflicting emotional mistreatment, but has not been physically abused.

5. Persons recovering from chemical dependency – A person with a history of substance abuse and/or dependency who is receiving treatment for the abuse and/or dependency from a service provider.

6. Formerly incarcerated – A person that was previously convicted of a crime and/or was detained in a local, state, or federal jail or prison.

7. Persons with HIV/AIDS – A person with a medical diagnosis of Auto Immune Deficiency Syndrome or who is medically diagnosed as HIV positive and who is receiving medical care for the condition diagnosed.

8. Youth aging out of foster care - Youth/young adults who left foster care within the prior five years and who were in foster care at or over age 16.

Rental Housing for Extremely Low-Income Households

Six (6) points for rental projects in which 20% or more of the AHP-assisted units are reserved for households who earn ≤ 30% of area median income ("AMI"). This must be reflected across the entire AHP application package, consistent with income targeting goals established by other funders, and remain in place throughout the duration of the 15-year AHP retention period.

Affordable Housing in U.S. Territories

Six (6) points will be awarded for the financing of housing located in a permanently inhabited U.S. Territory (e.g., Puerto Rico, U.S. Virgin Islands, Guam, American Samoa, and Northern Mariana Islands).

Creating Economic Opportunity
Residential Economic Diversity

Ten (10) points – Variable

1. Residential economic diversity: Projects that provide either affordable housing in a high opportunity area or mixed-income housing will receive up to ten (10) points.

   a. High Opportunity Area: A rental or owner-occupied project with at least 75 percent of its low and very low income AHP-assisted units, combined, located in a high opportunity area will receive **five (5) points**.

      For the purpose of this scoring criterion, "high opportunity area" means a census tract with a median family income that is equal to or greater than 120 percent of the median family income of the state or territory in which the tract is located. For states, Washington D.C., and Puerto Rico, tract and state/territory median family income will be determined from the most recent 5-year estimates from the Census Bureau, as of the year specified in the AHP application package. (For the U.S. Virgin Islands, the comparison will be made between the tract and territory using data from the V.I. Community Survey.) To receive points under this part of the definition, all properties in the project must be known and identified and the Federal Financial Institutions Examination Council ("FFIEC") printout must be included with the application to show the tract number(s) for all project site(s). In instances where sites are known but addresses are not identified, FFIEC census tract documentation reflecting the exact property/properties must be provided.

      AND/OR

   b. Mixed Income Housing: Either a rental or owner-occupied project must have at least 20 percent of its AHP-assisted units that are targeted to households with income greater than 60 percent of AMI (the total number of AHP-assisted units in the project will be used to determine the Residential Economic Diversity score) will receive **five (5) points**.

Community Stability

Preservation of Housing Units

Ten (10) points – Fixed

Projects that promote community stability by preserving housing units may be awarded ten (10) points, as follows:

1. If a project preserves existing occupied housing units, ten (10) points will be awarded, subject to a project's satisfaction of the following conditions:

    a. Rental Projects:

        i. Confirmation that a rental project is operational, has at least 50% of its units occupied at time of application to the AHP, and displacement of the current occupants will not occur or, if displacement of the current occupants will occur, adequate procedures and a formal relocation plan, as described in the Targeting section, are in place that will minimize the impact of such displacement. In cases where a project will change the number of units upon completion, the occupancy rate will be based on the current unit count of the existing building as reflected on the Rental Income Verification ("RIV") form;

        ii. The project will undergo rehabilitation or other housing-related capital improvements that average at least $15,000 per unit, excluding contingency; and

        iii. The rehabilitation work must be sufficient to achieve the Housing Quality Standards ("HQS") established by HUD and must ensure that the remaining economic life of the major building systems will survive the 15-year AHP compliance period.

    b. Owner-occupied Projects:

        i. Confirmation that an owner-occupied project involves the rehabilitation of dwellings that are owned and occupied by existing homeowners;

        ii. The cost of renovating or rehabilitating the average project unit is at least $10,000; and

        iii. The rehabilitation work for each -dwelling must be sufficient to address all local building code requirements and ensure that the remaining economic life of the major building systems will survive for at least five years from the date of the final cost certification.

    OR

2. If a rental project preserves housing units by replacing occupied substandard building(s), ten (10) points will be awarded, subject to a project's satisfaction of the following conditions:

    a. Confirmation from a federal, state or local agency that the project is intended to replace units and:

        i. States, in a brief narrative, the reason that replacement was chosen rather than rehabilitation.

ii. The units to be replaced are operational and at least 50% occupied at the time of application to the AHP or were so prior to the units' demolition within five years prior to the application.

iii. The number of AHP-assisted units in the project is equal to or greater than the number of units that meet (or met) the definition of AHP-assisted units in the replaced building(s), or that the total number of AHP-assisted units in a phased development plan will do so.

All of the most recent residents of the replaced building(s) may choose to relocate to the new building(s) without incurring application fees or undergoing a competitive selection process.

b. A relocation plan or redevelopment plan approved by HUD or by a public housing authority's board of directors that addresses the above elements may also be submitted.

c. The project will undergo rehabilitation or other housing-related capital improvements that average at least $15,000 per unit, excluding contingency.

d. The rehabilitation work must be sufficient to achieve the Housing Quality Standards ("HQS") established by HUD and must ensure that the remaining economic life of the major building systems will survive the 15-year AHP compliance period.

FHLBNY District Priorities

A maximum of **thirty-six (36) points** will be awarded to projects that finance projects meeting one or more of the following District Priorities:

1. Project Readiness – A rental or owner-occupied project that demonstrates readiness in accordance with the following criteria will qualify for a maximum of ten (10) points:

   a. Approvals: If the sponsor/developer has obtained final site plan approval or evidences that the project may be developed "as-of-right" (i.e., the project complies with all applicable zoning regulations and does not require any discretionary action by the city's planning commission or local municipality), five (5) points will be awarded. Documentation is required to confirm final site plan approval or "as-of-right" status, regardless of the type, scope, or nature of the project. Acceptable forms of documentation include but are not limited to:

      - Final site plan approval; or
      - Executed copy of the AHP General Fund Project Readiness – Approvals Certification form.

   b. Other Funding Commitment Procurements: With the exception of projects where AHP is requested from FHLBNY to provide 50% or more of the project's funding, five (5) points will be awarded to sponsors who have procured at least 75% of a project's proposed non-AHP permanent funding. This percentage will be determined by dividing the total permanent funding sources procured by the total project costs less the amount of the AHP subsidy request.

      - Percentage = Total Permanent Funding / (Total Project Costs – AHP Subsidy Request)

2. Owner-Occupied Projects – Five (5) points will be awarded to projects in which 100% of the units in the project are owner-occupied units.

3. Small Projects – Five (5) points will be awarded to rental or owner-occupied projects with 25 AHP-assisted units or fewer.

4. In-District Projects - Projects that are located in New York, New Jersey, Puerto Rico, or the U.S. Virgin Islands will be awarded five (5) points.

5. Green Building Innovation - Five (5) points maximum will be awarded to project sponsors who can demonstrate their projects are designed to meet any of the following energy efficiency standards:

   a. *Passive House Design* – Each building in the project is participating in either the Passive House Institute U.S. ("PHIUS"), or the Passive House Institute ("PHI") programs. Building(s) must be designed to meet the latest version of either Passive House Building Standard based on the construction timeframe.

   The following documentation must be provided:

      i. Signed contract with a PHIUS or PHI-certified consultant confirming the following:
         - project is designed to Passive House standards, detailing the consultant's integral role in the projects' design, construction, inspection, and final energy efficiency testing stages;

      ii. Evidence of the consultant's experience with PHIUS or PHI design methods; and

      iii. Written confirmation from the project's architect or engineer that they will work in conjunction with the energy consultant during all stages of the development process.

   Projects that are considering Passive House design but cannot meet the documentation requirements above will not be eligible for points in this category.

   b. *Achieving Net Zero Energy* - Design each building in the project to U.S. Department of Energy ("DOE") Zero Energy Ready Home ("ZERH") program specifications **and** install renewables and/or procure source renewable energy that will result in the building(s) producing enough renewable energy to meet their own annual energy consumption requirements. Projects that do not commit to installing renewables and/or procuring source renewable energy will not receive points.

      The following documentation must be provided:

      i. Signed contract with an energy efficiency consultant confirming the project is designed to ZERH standards and will install renewables and/or procure source renewable energy, detailing the consultant's integral role in the projects' design, construction, and final energy efficiency testing stages. The contract must include the following:
         - consultant will perform regular on-site inspection and interim testing throughout construction; and
         - consultant will conduct a final Home Energy Rating System ("HERS") test upon project completion.

      ii. Current resume and description of consultant's experience in energy efficient construction, including successful project examples; and

iii. Confirmation from the project's architect or engineer they will work in conjunction with the energy consultant during all stages of the development process.

Projects that are considering net zero energy design but cannot meet the documentation requirements above will not be eligible for points in this category.

FHLBNY requires that all projects using alternative energy sources, or any energy efficiency strategies or green building practices, to incorporate the design, operating cost, and development cost assumptions associated with those measures into the project at the time of application. Any changes to the energy efficiency strategy or green building practices after application submission will not be allowed.

<u>Green Building Innovation – Rehabilitation Projects</u>

Rehabilitation projects may receive five (5) points in this category by fulfilling the requirements of Passive House or Net Zero Energy outlined above. They may also receive points if they are designed to significantly reduce energy usage. The rehabilitation project's scope of work must be designed to reduce a building's projected energy usage by at least 30% via renovations to existing structures, defined as changes, additions, or deletions to any system or process that impacts an existing building's energy consumption. Scattered site projects must meet these requirements at all sites to receive points in this category. Gut rehab or adaptive use projects are not eligible for this category.

The building owner must work with a provider to conduct a comprehensive energy audit using industry best practices and standards. The provider is responsible for ensuring that all performance assumptions made in the energy audit are translated into bid and construction documents. Projects must select a provider that is registered, licensed, or approved by a state or territory agency to fulfill these responsibilities.

The energy audit should:

i. Identify needed improvements for the building, and to the operations, quality, energy and water efficiency of the building, including identifying components nearing the end of their useful life, before they fail, if applicable; and
ii. Provide expected costs of improvements
iii. Building owners can choose which improvements they would like to install provided the overall work scope is designed to meet or exceed a 30% reduction in site energy usage.

The following documentation must be provided at the time of application:

i. Signed contract with energy audit provider, detailing the provider's integral role in the project's design, construction, and final energy savings testing stages. The contract must include the following:
   - provider will conduct basic construction oversight and inspection services during installation of the improvements identified in the project's approved work scope; and
   - one year after construction completion, the project's energy performance will be analyzed; and
   - the work scope is designed to meet or exceed a 30% reduction in site energy usage.

ii. A completed energy audit highlighting needed improvements and expected costs.

iii. Confirmation from the project's architect or engineer that they will work in conjunction with the provider during all stages of the development process;

iv. Evidence that the provider is registered, licensed, or approved by a state or territory agency to provide the services described.

Projects in pre-development that cannot meet the above documentation requirements will not be eligible for points in this category.

FHLBNY requires that all projects using alternative energy sources, or any energy efficiency strategies or green building practices, to incorporate the design, operating cost, and development cost assumptions associated with those measures into the project at the time of application. Any changes to the energy efficiency strategy or green building practices after application submission will not be allowed.

Green Building Innovation – Projects located in the United States Virgin Islands and Puerto Rico

Rental and owner-occupied projects located in the U.S. Virgin Islands and Puerto Rico may receive five (5) points by being certified to the ENERGY STAR Multifamily New Construction (Caribbean Program Requirements Version 1, Rev. 02 or later) or ENERGY STAR Single-Family New Homes (Caribbean Program Requirements Version 3, Rev. 10 or later) program. Projects must be designed to meet the criteria established by the United States Environmental Protection Agency ("EPA") and demonstrate through third-party documentation all eligibility requirements, partnership and training requirements, and ENERGY STAR Certification Process for the Caribbean will be implemented.

To be considered for points, the following documentation must be provided:

i. ENERGY STAR Partnership Agreement executed by the parties listed in the agreement.

ii. Identify the Energy Rating Company who will be responsible for completing the third-party verification required for certification. Provide a statement from the Energy Rating Company confirming their role in the project. This statement is to be signed by the project sponsor, builder / developer (if separate from sponsor), and the Energy Rating Company, and must confirm:

   a. The Energy Rating Company will only utilize Raters (e.g., Certified Rater, Approved Inspector, as defined by ANSI / RESNET / ICC Standard 301, or an equivalent designation as determined by a Home Certification Organization or Multifamily Review Organization) who have successfully completed an EPA-recognized training class;
   b. The Energy Rating Company will provide the energy analysis and on-site inspections/testing for site-built ENERGY STAR projects;
   c. A detailed description of the Energy Rating Company's previous successful experience with similar projects.

iii. Provide confirmation from the project's architect or engineer they will work in conjunction with the Energy Rating Company during all stages of the development process.

6. Member Financial Participation – **6 points** - **Variable**

This scoring criterion measures the extent to which the project's member financially participates in the project, excluding pass-through of the AHP subsidy. Housing Associates of the FHLBNY are not members. Members other than the applicant of record that financially participate in a project do not qualify for points.

The member must originate the construction and/or permanent financing. Loan pools, pari passu, or similar financing structures with multiple financial institutions do not qualify for points in this category.

Rental Projects

- Permanent Loan (permanent loan principal and interest payments must be shown on the AHP development (sources) and operating budgets) **Six (6) points**
- Construction Loan (construction loan interest and loan fees must appear on the AHP development budget) **Six (6) points**
- Cash contribution to the project with a minimum value not less than the lesser of $10,000 or 1% of the total project costs (must be shown on the AHP development budget; if costs increase or decrease throughout the construction process, the member commitment shall remain the same as at time of application) **Two (2) points**

Owner Occupied Projects

- Construction Loan (construction loan interest and loan fees must appear on the AHP development budget) **Six (6) points**
- Cash contribution to the project with a minimum value not less than the lesser of $30,000 or 5% of the total project costs (must be shown on the AHP Development Budget; if costs increase or decrease throughout the construction process, the member commitment shall remain the same as at time of application) **Six (6) points**
- Cash contribution to the project with a minimum value not less than the lesser of $10,000 or 1% of the total project costs (must be shown on the AHP Development Budget; if costs increase or decrease throughout the construction process, the member commitment shall remain same as at the time of application) **Two (2) points**

To be considered for points in this category, the member must execute and submit the AHP Member Financial Participation Certification form.

7. AHP Subsidy Per (AHP-Targeted) Unit ("SPU") – **Five (5) points - Variable**

Points will be awarded based upon the formula below.

$$[(\text{Maximum SPU} - \text{X}) \ / \ (\text{Maximum SPU} - \text{Minimum SPU})] \times 5$$

Where:

Maximum SPU = $60,000

X = Subsidy requested /AHP-targeted units

Minimum Rental SPU = $15,000

Minimum Owner-occupied SPU = $20,000

Note: An AHP-targeted unit is one for which the income targeting is ≤ 80% AMI.

Minimum SPU is for scoring purposes only. An applicant can request any subsidy amount within the stated guidelines (up to $60,000 per AHP-targeted unit). For purposes of this scoring criterion, applications for owner-occupied projects and rental projects will be scored separately.

Methodology to Break Scoring Ties

The below methodology will be utilized if two applications receive identical scores and there is insufficient AHP subsidy to approve all of the tied applications but sufficient subsidy to approve one of them.

Step 1: Compare the applications' scores in the Targeting category. The application that scored the highest number of points within this component will be ranked higher. If the applications' scores are still tied, proceed to Step 2.

Step 2: Compare the applications' scores in the In District category. The application that scored the highest number of points within this component will be ranked higher. If the applications' scores are still tied, proceed to Step 3.

Step 3: Compare the applications' scores in the Underserved Communities and Populations category. The application that scored the highest number of points within this component will be ranked higher. If the applications' scores are still tied, proceed to Step 4.

Step 4: If the applications' scores are still tied, repeat the above steps by comparing these scoring categories in the following order until the tie is broken:

1. Project Readiness
2. Subsidy per AHP-Targeted Unit
3. Member Financial Participation
4. Green Building Innovation
5. Community Stability
6. Creating Economic Opportunity
7. Use of donated or conveyed government-owned or other properties
8. Small Projects
9. Sponsorship by a not-for-profit organization or government entity
10. Owner-occupied projects

Progress Reporting

PROGRESS REPORTING

- Periodic review of the progress made by the project; review and approval of drawdown requests; and determination of project modifications.

Time Limits on the Use of AHP Subsidy

The AHP subsidy must be used by the sponsor to procure other financing commitments within 12 months of the date of commitment and drawn down within 36 months of the commitment date. The commitment period is 36 months, with 6-month progress reporting intervals.

Progress Reporting Requirements

The total duration for progress reporting will be 48 months, during which time progress milestones will be reviewed to ensure that progress is being made toward project completion. The FHLBNY reserves the right, in its sole discretion, to cancel the AHP commitment or recapture funds, at any time during the Progress Reporting period, if the project does not demonstrate satisfactory advancement as per the progress milestones.

For every progress reporting milestone, the sponsor is responsible for providing (1) an updated timetable that provides reasonable assurance that the development of the project is scheduled to be completed in a timely manner and (2) confirmation that the project continues to demonstrate a need for AHP subsidy. In addition, the following milestone criteria must also be met:

1. By the 6-month milestone, the sponsor is responsible for submitting a progress report to the FHLBNY that includes:
    a. Completion of AHP Life Cycle training by the sponsor.
2. By the 12-month milestone, the sponsor is responsible for submitting a progress report to the FHLBNY that includes:
    a. A confirmation that the sponsor maintains control of the project site(s).
    b. A confirmation that the sponsor is using the AHP commitment to procure other funding.

3. By the 18-month milestone, the sponsor is responsible for submitting a progress report to the FHLBNY that includes:

   a. Evidence that the sponsor has obtained building permits, if applicable; and

   b. Evidence that 100% of all financing (for both the construction and permanent phases of development) has been committed, if applicable.

4. By the 24-month milestone, the sponsor is responsible for submitting a drawdown requisition(s) to the FHLBNY.

5. By the 30-month milestone, the sponsor is responsible for submitting a progress report to the FHLBNY that includes a detailed update on the status of construction.

6. By the 36-month milestone, the AHP subsidy should be fully funded.

7. By the 42-month milestone, a progress report is required to demonstrate that a rental project is leasing up at a sufficient rate to reach the 80% occupancy threshold by 48 months.

8. By the 48-month milestone, the project should be fully constructed and at least 80% occupied.

FHLBNY reserves the right, in its sole discretion, based on progress reports and other supporting documentation, to cancel a commitment under certain circumstances, including but not limited to the following:

1. Delays related to the development of an approved project, including, but not limited to, the failure to construct and/or rehabilitate the number of units proposed in the application for AHP subsidy in a timely manner;

2. 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;

3. The inability of the project's sponsor to procure all required financing (for both the construction and permanent phases of development) in a timely manner;

4. 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; or

5. The project sponsor's failure to provide complete and accurate information and documentation required and or requested by the FHLBNY in a timely fashion.

Increases in Subsidy

Projects with an AHP General Fund award may, under certain circumstances, request an increase in an AHP General Fund subsidy through the AHP project modification process. The decision to increase AHP funds to previously awarded projects is at the sole discretion of FHLBNY and must be approved by its Board of

Directors or a committee thereof. FHLBNY will take into consideration the extent to which the project has met the regulatory thresholds and the amount of AHP funds available to fund such modification. Sponsors who request to modify and increase an existing reservation of AHP subsidy must satisfy the following criteria:

1. All regulatory thresholds for a modification, as stated in §1291.29 of the AHP Regulation;

2. The modified project must score competitively in the funding round in which it was originally approved and continue to meet all feasibility guidelines;

3. The total amount of AHP subsidy from the original award plus the increase through the modification cannot exceed either of the following:

    a. the maximum percentage of the total subsidy available allowed for any one project, or the maximum dollar amount per award in the funding round in which it was originally approved; **or**

    b. the maximum subsidy per AHP-targeted unit in the funding round in which it was originally approved;

4. Requests to increase the AHP General Fund commitment are limited to change orders, overruns limited to construction/rehabilitation costs, or repricing of tax credits that resulted in the loss of tax credit equity. Conversely, such requests cannot be used to reduce a deferred developer fee, finance increases to soft costs, or offset escalated reserve requirements.

The sponsor of an incomplete project that still requires additional funding and does not meet the foregoing thresholds may re-apply for a larger allocation of AHP subsidy in an upcoming AHP General Fund offering. However, under such circumstances, the sponsor will be required to cancel their existing AHP General Fund commitment prior to submitting a new AHP application.

Fully constructed/rehabilitated projects are not permitted to submit a new AHP application, except in cases where the existing award will complete its retention period prior to the possible approval of a new subsidy award. Owner-occupied projects where a household receives AHP subsidy for purchase, purchase in conjunction with rehabilitation or construction of an owner-occupied unit may submit a new AHP General Fund application 5 years from the date of final cost certification.

Drawdown Requisitions

A member that maintains an active AHP General Fund commitment may request to draw down on behalf of the project sponsor all or part of the AHP subsidy reservation at their discretion subject to review and approval by FHLBNY.

The following milestones must be met prior to submitting a drawdown requisition:

1. The sponsor has ownership of the site(s);

2. All of the building permits have been obtained;

3. All of the project's construction and permanent financing in place; and,

4. The sponsor can demonstrate that enough construction work (less retainage) has been completed to warrant reimbursement.

The project will undergo a financial review at the time of a drawdown requisition to ensure that the project has: (1) continued to demonstrate a need for subsidy; (2) can exhibit that it will be operationally sustainable throughout the retention period (for owner-occupied rehabilitation projects, the operational sustainability period is at least five years from the date of final cost certification); and (3) meets the AHP General Fund's financial feasibility requirements.

The prerequisite to processing an AHP drawdown requisition is the timely, complete and accurate submission of the following types of supporting source documents:

- AHP General Fund Rental or Owner-occupied Project Workbook
- AHP General Fund Project Construction Form, if applicable
- AHP General Fund Third Party Cost Review Form, if applicable
- Appraisal, if applicable
- Site Control evidence such as sales contracts (only in cases where AHP subsidy is used for acquisition), settlement statements, deeds, and ordinances
- Site approval evidence such as building permits and certificates of occupancy
- Cost documentation such as the Application and Certificate for Payment or Final Cost Certification
- Financial documentation such as loan commitments, notes, mortgages, and grant agreements, and financial statements
- AHP General Fund retention agreement (i.e., Subordinate Mortgage), a deed restriction or other legally enforceable mechanism for AHP assisted owner-occupied projects where a household receives AHP subsidy for purchase, purchase in conjunction with rehabilitation or construction of an owner-occupied unit
- AHP General Fund Promissory Note, for projects located in Puerto Rico only

Initial Monitoring

INITIAL MONITORING

- Gathering and analysis of documentation to determine if satisfactory progress is being made towards full occupancy, subsidies were used for eligible purposes, costs were reasonable and services have been provided.

FHLBNY shall monitor each AHP owner-occupied and rental project under its AHP General Fund program prior to and within a reasonable period of time after project completion, to determine at a minimum, whether:

1. The project is making satisfactory progress towards completion and remains in compliance with the commitments made in the approved AHP General Fund application, executed agreements and in accordance with FHLBNY policies.

   a. Following completion of the project, satisfactory progress is being made towards occupancy of the project by eligible households; and

   b. Within a reasonable period of time after project completion, the project meets the following requirements, at a minimum:

      i. The AHP subsidies were used for eligible purposes according to the commitments made in the approved AHP General Fund application;

      ii. The household incomes and rents comply with the income targeting and rent commitments made in the approved AHP General Fund application;

      iii. The project's costs were reasonable in accordance with FHLBNY's project cost guidelines, and the AHP subsidies were necessary for the completion of the project as currently structured;

      iv. Each AHP-assisted unit of an owner-occupied project where a household receives AHP subsidy for purchase, purchase in conjunction with rehabilitation or construction of an owner-occupied unit and rental project is subject to recorded AHP retention agreement (i.e., Subordinate Mortgage), a deed restriction or other legally enforceable mechanism. An AHP Promissory Note is also required for projects located in Puerto Rico; and

      v. The services and activities committed to in the approved AHP General Fund application have been provided.

Initial Monitoring Review

AHP owner-occupied and rental projects under the AHP General Fund program enter the Initial Monitoring phase once the entire approved AHP subsidy has been fully drawn, and the project is fully constructed and at least 80% occupied. Within eighteen months of entering initial monitoring, the sponsor and member are responsible for providing documentation to demonstrate that the project has fully attained the proposed levels of performance that were made in the AHP application. In addition to the supplemental documentation that was previously received during the AHP drawdown process, the FHLBNY shall request submission of the following documents, as applicable:

Owner-Occupied Projects

1. Evidence of timely disbursement of the AHP subsidy from the member to the project sponsor, or affiliate thereof;

2. Copies of any outstanding transmittal summaries or Settlement Statements or Closing Disclosures as evidence that the household received the direct benefit of the AHP subsidy;

3. Copies of any outstanding counseling completion certificates;

4. Confirmation that the project households have benefited from all empowerment activities that were specified and approved in the AHP application;

5. Copies of any outstanding executed and recorded AHP retention agreement (i.e., Subordinate Mortgage), a deed restriction or other legally enforceable mechanism where a household receives AHP subsidy for purchase, purchase in conjunction with rehabilitation or construction.

6. Sponsor Certification that verifies that AHP subsidies were used for eligible purposes according to the commitments made in the approved AHP application; the household incomes comply with the income targeting and commitments made in the approved AHP application; The project's costs were reasonable in accordance with the FHLBNY's project cost guidelines, and the AHP subsidies were necessary for the completion of the project as currently structured; AHP-assisted units with a purchase, purchase in conjunction with rehabilitation or construction of an owner-occupied project is subject to an AHP retention agreement; and the services and activities committed to in the approved AHP application have been provided.

7. Any and all other documentation at FHLBNY’s discretion that is necessary to effectuate the review.

Rental Projects

1. Evidence of timely disbursement of the AHP subsidy from the member to the project sponsor, or affiliate thereof;

2. Copies of final Certificate(s) of Occupancy, Certificate(s) of Substantial Completion, or other comparable documentation;

3. An executed Low-Income Housing Credit Allocation and Certification 8609 form for projects that have been financed through LIHTC;
4. AHP Rental Income Verification Form (reflective of household income, family size, and monthly rent);
5. Copies of any outstanding income source documents, rental leases, referral letters, and/or rental income subsidy agreements/vouchers that have been issued by public agencies; with the exception of LIHTC projects and projects funded by HUD Section 202 Program for the Elderly; HUD Section 811 Program for Housing the Disabled; USDA Section 515 Rural Multifamily Program; or USDA Section 514 Farmworker Multifamily Program);
6. Third-party documentation that confirms all expenses related to the construction/rehabilitation of the project (e.g., a final contractor’s application for payment, a final cost certification, and/or an independent auditor’s financial report);
7. Confirmation that the tenants have benefited from all empowerment activities and/or supportive services that were specified and approved in the AHP application;
8. Stabilized income and expense documentation;
9. If applicable, copies of any outstanding executed and recorded AHP retention agreement (i.e., subordinate mortgage) or deed restrictions;
10. Sponsor Certification that verifies that AHP subsidies were used for eligible purposes according to the commitments made in the approved AHP application; the household incomes and rents comply with the income targeting and rent commitments made in the approved AHP application; the project's costs were reasonable in accordance with the FHLBNY's project cost guidelines; the AHP subsidies were necessary for the completion of the project as currently structured; each AHP-assisted unit of a rental project is subject to an AHP retention agreement; and the services and activities committed to in the approved AHP application have been provided; and
11. Any and all other documentation at FHLBNY’s discretion that is necessary to effectuate the review.

Long-Term Monitoring

LONG-TERM MONITORING

- Periodic gathering of information to verify that household incomes and rents comply with the income targeting and rent affordability commitments, respectively, made in the approved AHP application.

Retention Periods

All AHP-assisted projects must continue to comply with the requirements of the AHP Regulation and meet the income targeting and rent commitments set forth in the approved AHP application for a finite period of time, known as the "Retention Period." The Retention Period:

1. Shall be five (5) years from the date of closing for an AHP-assisted owner-occupied unit where a household receives AHP subsidy for purchase, purchase in conjunction with rehabilitation or construction of an owner-occupied unit. Owner-occupied rehabilitation projects where no AHP subsidy is used toward the purchase, purchase in conjunction with rehabilitation or construction of an owner-occupied unit are not subject to a deed restriction or other legally enforceable retention agreement or mechanism.

2. Shall be fifteen (15) years from the date of project completion for a rental project. For all rental projects, the FHLBNY has determined that the completion date commences on the issuance date of the Certificate of Occupancy (temporary or final), the Certificate of Final Completion, or other comparable documentation.

Long-Term Monitoring

Long-Term Monitoring occurs during the retention period of an AHP-assisted rental project or owner-occupied project. During this time, the project must continue to operate in accordance with the representations made in the AHP application or subsequent modifications. The Long-Term Monitoring period and compliance reporting requirements differ based on the type of project. 1.

1. **Owner-Occupied Projects**

   Transfers of title for owner-occupied projects where a household receives AHP subsidy for purchase, purchase in conjunction with rehabilitation or construction of an owner-occupied unit are effectively monitored through retention agreements (i.e., Subordinate Mortgages), deed restrictions or other legally enforceable mechanisms.

2. **Rental Projects**

The Bank shall monitor completed AHP rental projects through the 15-year retention period, to verify that household incomes and rents are in compliance with the commitments made in the approved AHP application during the AHP 15-year retention period, along with information on the ongoing financial viability of the project, including whether the project is current on its property taxes and loan payments, its vacancy rate, and whether it is in compliance with its commitments to other funding sources.

The required documentation schedule for rental projects is as follows:

Long-Term Monitoring Documentation Schedule		
Project Characteristics	**Status Report Frequency**	**Annual Certifications**
LIHTC allocation	None required	No
AHP subsidy ≤ $50,000	None required	Yes
Project-based rental assistance	6 years	Yes
AHP subsidy > $50,000 & ≤ $400,000	6 years	Yes
AHP subsidy > $400,000 & ≤ $750,000	4 years	Yes
AHP subsidy > $750,000	2 years	Yes

Rental Projects that have an Allocation of Federal Low Income Housing Tax Credits

For rental projects that receive an allocation of Federal Low Income Housing Tax Credits ("LIHTC") or ("tax credits") as a funding source, the FHLBNY will rely on the compliance monitoring performed by the state-designated housing credit agency administering the tax credits of the income targeting and rent requirements applicable under the LIHTC Program. The FHLBNY will not obtain and review regular reports from the tax credit agency or otherwise monitor the project's long-term AHP compliance, with the exception of LIHTC noncompliance notices.

Rental Projects without LIHTCs

Rental Projects that do not have a LIHTC allocation are subject to the following requirements:

1. Requirements for Project Sponsors

   Projects sponsors will be required to submit long-term monitoring reports in accordance with the above Long-Term Monitoring Documentation Schedule and related supporting documentation.

In the second year after project completion and annually thereafter until the end of the project's Retention Period, the project sponsor must maintain documentation and certify to the FHLBNY:

a. that that the project continues to be owned and managed in a satisfactory manner; and

b. that tenant rents and incomes are in compliance with the rent and income targeting commitments which were originally specified in the AHP application.

The project sponsor must maintain documentation and provide information regarding:

a. the ongoing financial viability of the project;

b. whether all real estate tax remittances are current;

c. whether any debt payments on the project are current;

d. the project's vacancy rate; and

e. whether the project is in compliance with its commitments to other funding sources.

2. Income Eligibility Documentation and Rent Structure Verification

Projects funded by HUD Section 202 Program for the Elderly; HUD Section 811 Program for Housing the Disabled; USDA Section 515 Rural Multifamily Program; or USDA Section 514 Farmworker Multifamily Program are not subject to the below provision. FHLBNY must ensure that the incomes of tenants and the rent structure of an AHP-assisted project comply with the income targeting and rent commitments made in the approved AHP application. A risk-based sample of the occupied units will be selected for review by the FHLBNY in conjunction with the Status Report. For each household selected as part of the sample, income source documentation and a copy of the rental lease must be submitted. Dependent upon the project characteristics, alternative documentation may be required:

a. If a project receives project-based Section 8 assistance, a copy of the Section 8 contract may be submitted to the FHLBNY in lieu of income source documents.

b. If a project receives tenant-based Section 8 assistance, a copy of the Section 8 voucher (or other comparable evidence) may be submitted to the FHLBNY in lieu of income source documents.

c. If a project receives rent subsidy from a city, county, state, or federal agency that targets very low- and low-income households, a copy of the executed subsidy contract/agreement may, at the discretion of the FHLBNY, be submitted in lieu of income source documents, provided that the income references set forth in the subsidy contract/agreement are consistent with the income targeting commitments made in the AHP General Fund application.

d. The Rental Income Verification form will be collected to document that the units remain allocated for homeless housing.

e. For AHP rental projects that received funds other than tax credits from federal, state, or local government entities, the FHLBNY may rely on the monitoring by these entities of the income targeting and rent requirements, provided that this documentation reflects that: (i) the compliance profiles regarding income targeting, rent, and retention period requirements of the AHP and the other program are substantively equivalent; (ii) the entity has demonstrated and continues to demonstrate its ability to monitor the project; (iii) the entity agrees to provide reports to the FHLBNY on the project's incomes and rents for the full 15-year AHP retention period; and (iv) FHLBNY receives and reviews the reports from the monitoring entity to confirm that they comply with the FHLBNY's monitoring policies.

3. Requirements for the FHLBNY

   a. The FHLBNY shall review the Monitoring Reports and supporting documentation provided by project sponsors and/or public agencies regarding tenant rents and incomes in order to verify compliance with the commitments made in the AHP application.

   b. For the purposes of determining a project's ongoing compliance with the approved rent and income targets, the FHLBNY will utilize current annual median income data, adjusted for family size, when verifying the eligibility of a new tenant who has been approved to occupy a recently vacated unit.

   The FHLBNY staff reserves the right to perform site visits or increase the frequency of monitoring for AHP-assisted projects as needed.

Site Visit Criteria

Throughout an AHP project's life cycle, the FHLBNY collects documentation to evaluate whether each project is in compliance with the AHP regulation and commitments made in the project's AHP application. The FHLBNY, in its sole discretion, may visit a project site to perform an on-site review.

Factors to be considered when determining whether to conduct an on-site review may include, but are not limited to, the following:

1. The FHLBNY has obtained information that a project is not in compliance, or may not be in compliance, with the AHP Regulation;

2. The owner, sponsor, managing agent, or other party associated with the project has demonstrated a pattern of submitting inconsistent, evasive and/or incomplete information;

3. The FHLBNY suspects the possible misuse of AHP funds, misrepresentation of factual information, the alteration of project documentation, or the failure to complete or continue to operate the project;

4. The FHLBNY has received credible complaints about the project's development or operation; and/ or

5. The ability of the project sponsor or owner to develop or operate the project appears to be threatened by newly discovered information or a change in circumstance.

Depending on the circumstances resulting in the FHLBNY's decision to conduct a site visit, the site visit by the FHLBNY or its designee may involve, but is not limited to, the following:

1. A meeting with project representatives and/or other stakeholders such as other project funders;

2. An on-site review of tenant files or other project records;

3. An inspection of the project including residential units, administrative offices and common areas; and/ or

4. A drive by inspection to confirm whether the project is in the stage of its life cycle as reported by project representatives.

AHP Record Retention Requirements

Owner-Occupied Projects (where a household receives AHP subsidy for purchase, purchase in conjunction with rehabilitation or construction of an owner-occupied unit):

All loan documents shall be maintained by the member during the five-year retention period, plus the current year and two additional years.

Rental Projects

All loan documents shall be maintained by the member during the fifteen-year retention period, plus the current year and two additional years.

Retention Duration

AHP funds are subject to recapture by the FHLBNY from the time that the member draws down AHP funds until the end of the retention period.

1. The retention period for owner-occupied units receiving AHP direct subsidies where a household receives AHP subsidy for purchase, purchase in conjunction with rehabilitation or construction of an owner-occupied unit will equal five (5) years from the respective date of closing; and

2. The retention period for rental projects will equal 15 years from the date of the issuance of a final Certificate(s) of Occupancy, Certificate(s) of Final Completion, or other comparable documentation.

3. The term of an AHP subsidized advance shall be no longer than the term of the member's loan to the project funded by the advance, and at least once in every 12-month period, the member shall be scheduled to make a principal repayment to FHLBNY equal to the amount scheduled to be repaid to the member on its loan to the project in that period. The retention period of an AHP subsidized advance is 15 years. AHP obligations do not terminate with the prepayment of an AHP subsidized advance. Upon a prepayment of an AHP subsidized advance, the FHLBNY shall charge a prepayment fee only to the extent the FHLBNY suffers an economic loss from the prepayment. If all or a portion

of the loan or loans financed by an AHP subsidized advance are prepaid by the project to the member, the member may, at its option, either repay to the FHLBNY that portion of the advance used to make the loan or loans to the project, and be subject to a fee imposed by the FHLBNY sufficient to compensate the FHLBNY for any economic loss the FHLBNY experiences in reinvesting the repaid amount at a rate of return below the cost of funds originally used by the FHLBNY to calculate the interest rate subsidy incorporated in the advance; OR continue to maintain the advance outstanding, subject to the FHLBNY resetting the interest rate on that portion of the advance used to make the loan or loans to the project to a rate equal to the cost of funds originally used by the FHLBNY to calculate the interest rate subsidy incorporated in the advance.

Noncompliance

FHLBNY may determine, via monitoring, evaluating funding requisitions, or receiving notification from a member that AHP subsidy will not be used, or is no longer being used for purposes that conform to the objectives set forth in the AHP General Fund application or the AHP Regulation. Such a situation would constitute an event of noncompliance which may result in the recapture or de-obligation of AHP subsidy.

The AHP Regulation requires members who pass AHP subsidy on to sponsors for rental projects and owner-occupied projects where a household receives AHP subsidy for purchase, purchase in conjunction with rehabilitation or construction of an owner-occupied unit, to have the recipients of AHP subsidy execute a legally enforceable retention mechanism which is recorded with the appropriate municipality, secures the AHP-assisted property, and that authorizes the member to recover subsidy from a project sponsor or subsidy recipient if an event of noncompliance should occur and the sponsor or subsidy recipient is unable or fails to remediate.

Events of Noncompliance

An AHP-assisted project may experience an Event of Noncompliance when it fails to attain a level of performance which was specified and approved at the time of application. Examples of Events of Noncompliance may include, but are not limited to:

1. Failure of a member and/or sponsor to submit monitoring reports in a timely fashion;
2. Failure to furnish required project monitoring documentation in a timely fashion;
3. Failure of a project sponsor to properly maintain its nonprofit status;
4. Failure of a project to attain its specified priorities/objectives (e.g., property use restrictions, occupancy targets, income restrictions, empowerment activities, long-term retention periods, etc.) regardless of minimal AHP regulatory requirements;
5. Evidence of fraud or willful noncompliance by a project sponsor or owner;
6. Failure to ensure or maintain the long-term affordability of all project units in accordance with the specified terms and conditions of the approved AHP General Fund application; or
7. Failure of a project to demonstrate that AHP subsidy continues to be essential for its financial feasibility (e.g., changes in the financial structure of a project, changes in the sources and uses of funds, violations of the maximum subsidy requirements, etc.).

Remedies for Noncompliance

Upon a determination of Noncompliance, the FHLBNY will request that the project sponsor or owner make a reasonable effort to cure the noncompliance within a reasonable period of time. If the noncompliance is cured within a reasonable period of time, the FHLBNY shall not require the project sponsor or owner to repay AHP subsidy to the FHLBNY. If the project sponsor or owner cannot cure the noncompliance within a reasonable period of time, the FHLBNY shall determine whether the circumstances of the noncompliance can be eliminated through a modification of the terms of the AHP application pursuant to 1291.29.

When the circumstances of the noncompliance can be eliminated through a modification, the FHLBNY shall approve the modification and shall not require the project sponsor or owner to repay AHP subsidy to the FHLBNY. If the circumstances of a project's noncompliance cannot be eliminated through a cure or modification, the FHLBNY, or the member if delegated the responsibility, shall make a demand on the project sponsor or owner for repayment ("de-obligation") of the full amount of the AHP subsidy not used in compliance with the commitments in the AHP application (plus interest, if appropriate). If the noncompliance is occupancy by households with incomes exceeding the income-targeting commitments in the AHP application, the amount of AHP subsidy due is calculated based on the number of units in noncompliance, the length of the noncompliance, and the portion of the AHP subsidy attributable to the noncompliant units.

If the demand for repayment of the full amount due is unsuccessful, the FHLBNY, or the member if delegated the responsibility and in consultation with the FHLBNY, shall make reasonable efforts to collect the subsidy from the project sponsor or owner which may include settlement for less than the full amount due, taking into account factors such as the financial capacity of the project sponsor or owner, assets securing the AHP subsidy, other assets of the project sponsor or owner, the degree of culpability of the project sponsor or owner, and the extent of the FHLBNY's or member's collection efforts. The requirements for these remedies are described below.

Cure

In an effort to assist the sponsor in fully attaining a project's objectives as required by the approved application or as modified if applicable, the FHLBNY will consider and, when feasible, approve a Workout Plan ("Plan") to cure the event(s) of noncompliance. The Plan will require the sponsor to restore the project to full compliance within a reasonable period of time.

Under such circumstances, the member or project sponsor may submit a written request to the FHLBNY for a remediation period. The written request should include a formal Plan of Action, which the project sponsor will implement during the remediation period in order to restore the project to full compliance. The FHLBNY, in its sole discretion, may approve a remediation period (for a specified period of time, generally not to exceed 12 months) for a project if the member or project sponsor can effectively justify the request and the Plan of Action is acceptable.

Project Modification

Circumstances beyond the control of the sponsor may prevent the project from attaining all of the levels of performance which were specified and approved in the AHP application and may, in some instances, result in noncompliance.

Whether prior to or after the final disbursement of funds from all financing sources to an AHP-assisted project, a member may request a modification to the specified terms of an approved AHP application (including a request for additional AHP subsidy) if there is or will be a change in the project which materially affects the facts under which the AHP application was originally scored and approved. The FHLBNY, in its sole discretion, will approve such a request under the following conditions:

1. The project sponsor or owner must first make a reasonable effort to cure any noncompliance within a reasonable period of time, and demonstrate the noncompliance could not be cured within a reasonable period of time;

2. the project, incorporating any such changes, must continue meet the eligibility requirements of the AHP Program;

3. the project, as reflective of such changes, must continue to score high enough to have been approved in the AHP funding round in which it was originally scored and approved by FHLBNY, which is as high as the lowest ranking alternate approved for funding by FHLBNY, if applicable; and

4. there is good cause for the modification, which may not be solely remediation of noncompliance, and the analysis and justification for the modification, including why a cure of noncompliance was not successful or attempted, are documented by the FHLBNY in writing.

De-obligation

The following may cause the FHLBNY to un-commit, or de-obligate, any unfunded AHP subsidy that was committed to a project:

1. The member or project sponsor formally withdraws an approved AHP project;

2. A project cannot be brought to fruition and cannot meet the progress reporting milestones; or

3. FHLBNY cancels the balance of an AHP Commitment because an event of noncompliance has not been satisfactorily or timely remedied.

4. The project sponsor's failure to provide complete and accurate information and documentation required and or requested by the FHLBNY in a timely fashion.

Recapture

1. Direct Subsidy Held by the Member Not Disbursed to Project

   A member which has been funded AHP subsidy is required to notify the FHLBNY immediately upon receiving information that the subsidy will not be or is no longer being used for the purposes approved by the FHLBNY. If a member has not disbursed all or part of a direct subsidy to a project, the FHLBNY will require the member to immediately reimburse the FHLBNY for the AHP subsidy amount that was not disbursed.

If the member does not reimburse the FHLBNY, the FHLBNY will then notify the member that the member's Overnight Investment Account or any other deposits, credits or moneys of the member then in the possession of the FHLBNY will be debited.

In either case, if the subsidy subject to recapture remained in the possession of the member for more than 30 days, the FHLBNY may, in its sole discretion, assess the member a per diem rate of interest.

1. Subsidized Advance

   If a member has not disbursed all or any part of a Subsidized Advance to a project, the FHLBNY may at its option:

   a. Retroactively reprice the advance to the interest rate charged to member's on non-subsidized advances of comparable type and maturity at the time when the original advance was funded;
   b. Require immediate repayment of all or any part of the advance (subject to prepayment fees); and/or
   c. Assess a recapture fee for misuse of subsidy while the advance remained outstanding.

2. Direct Subsidy Disbursed to Project

   In an event of unresolved noncompliance, the member is accountable for recovering the AHP subsidy from a project, as determined by the FHLBNY. In order to effectively implement the FHLBNY's recapture requirements, the AHP Regulation requires the member to have on public record a subordinate lien (or other legally enforceable agreement) secured by the project property which may permit the member to recover subsidy from the sponsor or subsidy recipient.

   In the event that the FHLBNY needs to initiate recapture proceedings against a project, the member is responsible for making reasonable efforts to collect it from the sponsor. If the member , in good faith, opts to directly reimburse the FHLBNY for any misused AHP subsidy, the FHLBNY will debit the member's Overnight Investment Account for the amount of AHP subsidy to be recaptured.

   If the member has *not* taken steps to record a lien or otherwise safeguard their interest in a project and enforce the AHP Regulation, the member will be liable for reimbursing the FHLBNY for the portion of the misused AHP subsidy, as determined by the FHLBNY.

3. Sale, Transfer, or Refinancing of Rental Projects Prior to Conclusion of Retention Period

   To preclude potential windfall profits from the sale of rental projects prior to the end of the retention period which were either developed or rehabilitated with AHP subsidy, members are required, in the event of such a sale or transfer, to provide the FHLBNY with:

a. Evidence that a deed restriction or other legally enforceable retention mechanism is in place that ensures ongoing affordability and that the rental property will continue to be used for the purpose originally intended;

b. Evidence if the project is refinanced that the project continues to be subject to a retention agreement (i.e., Subordinate Mortgage), a deed restriction or other legally enforceable mechanism and the successor sponsor or member agrees to continue monitoring reporting for the remainder of the project; or

c. Reimbursement of the full amount of the AHP subsidy provided to the project.

4. Sale, Transfer, or Refinancing of Owner-occupied Project Units Prior to Conclusion of Retention Period

If an owner-occupant decides to sell, transfer, assign the title or deed, or refinance the AHP-targeted unit during the retention period, a portion - as calculated in the *Recapture Form* - of the AHP subsidy may need to be repaid to the FHLBNY. However, if any one of the following conditions are met, the household will have fulfilled the conditions of the AHP deed restriction or other legally enforceable retention agreement or mechanism, which terminates the agreement. The subsequent purchaser is not subject to the AHP deed restriction or other legally enforceable retention agreement or mechanism and does not have any AHP subsidy repayment obligations.

a. The unit was assisted with a permanent mortgage loan funded by an AHP subsidized advance;

b. The sale is by the AHP-targeted household to a household that can be determined, by reliable indicators, to be of low- or moderate-income, defined as having an income of less than or equal to 80% of the area median income. The reliable indicator, or proxy, to be used is a comparison between the sales price and the value limit for the relevant county, number of units, and fiscal year, as per the HUD HOME and HTF Homeownership Value Limits for Existing Housing;

c. The amount of AHP subsidy that would be required to be repaid in accordance with either of the following calculations is $2,500 or less:

    i. The AHP subsidy, reduced on a pro rata basis per month until the unit is sold, transferred, or its title or deed transferred, or is refinanced, during the AHP five-year retention period; or

    ii. Any net proceeds from the sale, transfer, or assignment of title or deed of the unit, or the refinancing, as applicable. Net proceeds means, in the case of a sale, transfer, or assignment of title or deed, the sales price minus the AHP-targeted household's investment. A household's investment means the following, to the extent paid by the household and documented (in the Closing Disclosure or other settlement statement, if applicable, or elsewhere) to the FHLBNY or its designee:

    - Reasonable and customary costs paid by the household in connection with the purchase of the unit (including real estate broker's commission, attorney's fees, and title search fees);
    - Any down payment paid in connection with the household's purchase of the unit;

- The cost of any capital improvements made after the household's purchase of the unit until the time of the subsequent sale, transfer, assignment of title or deed, or refinancing; and
- The amount of principal on any mortgage senior to the AHP subsidy lien or other legally enforceable AHP subsidy repayment obligation repaid by the household.
- In the case of a refinancing of an AHP-assisted unit by a household during the AHP five-year retention period, net proceeds means the principal amount of the new mortgage minus reasonable and customary costs paid by the household in connection with the transaction (including attorney's fees and title search fees) and the principal amount of the refinanced mortgage.
- Following a refinancing, the unit continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism;
- The obligation to repay AHP subsidy to the FHLBNY shall terminate after any event of foreclosure, transfer by deed-in-lieu of foreclosure, an assignment of a Federal Housing Administration first mortgage to HUD, or death of the AHP-assisted homeowner.

5. Foreclosure

The obligation to repay AHP subsidy to the FHLBNY shall terminate after any event of foreclosure, transfer by deed-in-lieu of foreclosure, an assignment of a Federal Housing Administration first mortgage to HUD, or death of the AHP-assisted homeowner.

a. If authorized by the FHLBNY, in its discretion, the AHP project's households are relocated, due to the exercise of eminent domain, or for expansion of housing or services, to another property that is made subject to a retention agreement (i.e., Subordinate Mortgage), deed restriction or other legally mechanism incorporating the income-eligibility and affordability restrictions committed to in the approved AHP application for the remainder of the retention period.

6. AHP Settlements

In certain instances, the FHLBNY may consider waiving recovery of the total or a portion of the remaining balance of AHP subsidy that is subject to recapture when all economically sensible means of recovery have been exhausted. Such consideration will include, but are not limited to, the following:

a. The dollar amount of AHP subsidy that was disbursed to a particular project or property;
b. The market value of the project or property in comparison to the AHP subsidy subject to recapture;
c. The dollar value of improvements made to the AHP-assisted project or property;
d. The inhabitable condition of an AHP-assisted project or property;
e. The financial capacity of the project sponsor, such as the sponsor's insolvency or other adverse financial condition that impedes their reasonable ability to repay the AHP obligation; or
f. The degree of culpability of the project sponsor, and the extent of the FHLBNY's or member's collection efforts.

Homeownership Set-Aside Program

Homebuyer Dream Program®

The Homebuyer Dream Program ("HDP®") is a noncompetitive Homeownership Set-Aside Program offered by the FHLBNY as part of its annual Affordable Housing Program ("AHP") allocation, which assists first-time homebuyers with incomes at or below 80% of area median income. These funds may be used toward the down-payment and closing costs for the purchase of a home. The FHLBNY may allocate up to the greater of $4.5 million or 35% of its annual required AHP allocation towards the Set-Aside program. The reservation of subsidies to households come from the allocation for the Set-Aside program in the year in which the FHLBNY makes the reservation. Comprehensive details can be found in the Homebuyer Dream Program Guidelines, available on the FHLBNY website.

The HDP is administered through participating members in an annual round. Each year the FHLBNY will provide a funding allotment to its participating members. Members' initial allotments will reflect their past usage of FHLBNY AHP Set-aside programs, recognizing their investments and service to eligible households. Any members that are new to the program will be issued a predetermined allotment.

Notification will be distributed at least thirty days prior to the start date of the round. Once the round opens members may begin submitting reservation requests on behalf of eligible households. The maximum grant amount that a household may receive is $19,500, as determined by the participating member and submitted to the FHLBNY. Funds may be used toward the down-payment and/or closing cost for the purchase of a home by a qualified household. Additional grant funds up to $500 may be added to the total grant amount awarded to assist in defraying the cost of the non-profit housing agency counseling, resulting in the potential maximum assistance of $20,000 To ensure the full commitment of allocated funds the FHLBNY in its sole discretion may advise of a date at which funds that are not committed will be reallocated to those members that have exhausted their funds. Members may be eligible for an increase or decrease in their allotments in subsequent rounds depending on funding availability, the number of participating members, and the funding utilization of other members.

Household Reservation

Participating members will submit a *Reservation Request* and required supporting documentation for the reservation of funds for an eligible household to FHLBNY via the FHLBNY File Transfer System (FTS). The FHLBNY will reserve funds for requests against a member's funding allocation.

Household and Program Criteria

The HDP is subject to the following criteria. The FHLBNY, in its sole discretion, determines whether each household has met the requirements for the HDP and approves the grant of funds under the Program.

1. Participating members will provide HDP funds only to households that meet the following criteria:

a. Satisfy the definition of a first-time home buyer, based upon the U.S. Department of Housing and Urban Development ("HUD"):

   i. An individual who has had no ownership in a principal residence during the 3-year period ending on the date of purchase of the property. This includes a spouse (if either meets the above test, they are considered first-time homebuyers).

   ii. A single parent who has only owned a principal residence with a former spouse while married.

   iii. An individual who is a displaced homemaker and has only owned a principal residence with a spouse.

   iv. An individual who has only owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable Regulations.

   v. An individual who has only owned a property that was not in compliance with state, local or model building codes and that cannot be brought into compliance for less than the cost of constructing a permanent structure.

b. Purchase a home located in any state or U.S. territory. .

c. Purchase an eligible property type:

   i. 1 - 4 family homes;

   ii. Condominiums;

   iii. Co-operatives; or

   iv. Manufactured homes permanently affixed to a foundation

d. Have a reservation request submitted by a participating member

e. Have a household income of 80% or less of the area median income for the property being purchased, adjusted for family size, at the time of submission of the household reservation request.

f. Household must have a fully executed Purchase and Sale Contract dated prior to the reservation request date.

g. Household must evidence a minimum of $1,000 equity contribution; cannot use seller concession, secondary financing or other grant.

h. Complete a homebuyer counseling program prior to the submission of the household reservation request to the FHLBNY.

i. Obtain mortgage financing from the participating member, or a wholly owned subsidiary, or the federal government, or an instrumentality thereof, for the purchase of a primary residence. The rate of interest, points, fees, and any other charges for the mortgage financing that are made to the household in conjunction with the grant subsidy shall not exceed a reasonable market rate of interest, points, fees, and other charges for loans of similar maturity, terms, and risk.

j. Sign, at the time of closing, a five-year retention agreement (i.e., Subordinate Mortgage), a deed restriction or other legally enforceable mechanism, designating the participating member as the lien holder in the amount of the grant, which will be recorded in the appropriate county clerk registry.

k. Comply with the underwriting standards of the FHLBNY, including but not limited to:
   i. Maximum original Loan to Value ("LTV") of 97%, with the exception of loans guaranteed by the federal government, or an instrumentality thereof, and loans originated by the USDA Section 502 Direct Loan Program, for which the LTV may be up to 100%. LTV is calculated using the base mortgage amount.
   ii. Debt to Income Ratio of greater than 45% requires the participating member submit an explanation of household affordability.
   iii. The term of the first mortgage financing cannot be less than 5 years.

2. The FHLBNY will provide individual grants up to a maximum of $19,500 per eligible first-time homebuyers. It is the member's responsibility to determine the grant amount for each household.

3. Grant funds may be used toward the down-payment and/or closing cost for the purchase of a home by a qualified household.

4. Grant funds may only be disbursed to the participating member.

5. The first mortgage lien does not violate any Anti-Predatory Lending Laws.

6. First mortgage financing does not exceed the annual percentage rate, points and fees, or prepayment penalty thresholds threshold of the Home Ownership and Equity Protection Act of 1994 and its implementing regulation (Federal Board Regulation Z).

7. The participating member may provide cash back to a household at closing in an amount not exceeding $250 above the sum of the items reflected on a Closing Disclosure, in order to partially reimburse the household for any pre-closing expenses directly related to the acquisition of their dwelling; i.e., mortgage application fees, credit report fees, appraisal fees, or property inspection fees, or down payment costs.

8. Additional grant funds up to $500 may be added to the total grant amount awarded to assist in defraying the cost of the non-profit housing agency counseling, which will be provided on behalf of the household via the participating member to the non-profit housing agency, providing:
   a. Such costs were incurred in connection with a qualified household who has attended and successfully completed a formal counseling program and ultimately purchases an AHP-targeted unit;
   b. The cost of such counseling has not been covered by another funding source, including the participating members; and
   c. The cumulative amount of the grant subsidy funded to each household, including any homebuyer counseling costs (e.g., $19,500 + $500 = $20,000), must be reflected in the retention agreement (i.e., Subordinate Mortgage), a deed restriction or other legally enforceable mechanism and reflected on the Closing Disclosure.

Median Income

Households must meet the income guidelines at the time of submission of a reservation request with a total household income of 80% or less of the area median income for the area the property is being purchased, adjusted for family size, as determined under 26 U.S.C. § 143(f), Mortgage Revenue Bonds, ("MRB"), as published by a State agency or instrumentality for New York, New Jersey and Puerto Rico. For the U.S. Virgin Islands, states and U.S. territories outside of the FHLBNY District, the median family income for the area as published annually by U.S. Department of Housing and Urban Development ("HUD") is used.

Commitment of Subsidy

Upon completion of the review and approval of the *Reservation Request*, the FHLBNY will advise the participating member confirming its commitment of grant funds. Members will have 120 days, from the issuance date of a commitment of funds, to close the household and receive reimbursement of funds from the FHLBNY.

Funding of Subsidy

After closing, the participating member must submit a *Funding Request* and required supporting documentation for reimbursement of funds. The FHLBNY will disburse subsidies under the Homebuyer Dream Program only to institutions that are members of the FHLBNY at the time they request a draw-down of the subsidies. If a member with an approved *Funding Request* for grant subsidy loses its membership in the FHLBNY, the FHLBNY may disburse grant subsidies through another Federal Home Loan Bank to a member that has assumed that member's obligations.

Retention Period

All AHP-assisted households must continue to comply with the requirements of the AHP Regulation for a minimal period of time, known as the "Retention Period." The Retention Period shall be five (5) years from the date of closing.

Monitoring Practices

Transfers of title for owner-occupied properties are effectively monitored through legally enforceable AHP Retention Agreements. On an annual basis members will be required to certify that households within the five year retention period have not had an event of noncompliance.

Events of Noncompliance, Sale, Transfer, or Refinancing

The FHLBNY may determine by receiving notification from a member or through the written notice provision in the retention documentation that AHP subsidy will not be, or is no longer being used for purposes that conform to the AHP Regulation. Such a situation would constitute an event of noncompliance which may result in the recapture of a portion of AHP subsidy, or any other remedies authorized by the AHP Regulation.

1. Evidence of fraud or willful noncompliance by a household, member or counseling agency.
2. Sale, transfer or refinancing prior to conclusion of retention period:

If an owner-occupant decides to sell, transfer, assign the title or deed, or refinance his or her AHP-assisted unit during the retention period, a portion - as calculated in the *Recapture Form* - of the AHP subsidy may need to be repaid to the FHLBNY. However, if any one of the following conditions are met, it will not be an event of non-compliance and the household will have fulfilled the conditions of the AHP retention agreement (e.g., Subordinate Mortgage, a deed restriction or other legally enforceable mechanism), which terminates the agreement. The new purchaser is not subject to the AHP deed restriction or other legally enforceable retention agreement or mechanism and does not have any AHP subsidy repayment obligations.

a. The unit was assisted with a permanent mortgage loan funded by an AHP subsidized advance.

b. The sale is by the AHP-assisted household to a household that can be determined, by reliable indicators, to be of low- or moderate-income, defined as having an income of less than or equal to 80% of the area median income. The reliable indicator, or proxy, to be used is a comparison between the sales price and the value limit for the relevant county, number of units, and fiscal year, as per the HUD HOME and HTF Homeownership Value Limits for Existing Housing. If documentation demonstrating the subsequent purchaser's actual income is available, the value limits proxy test may not be used to determine subsequent purchaser income.

c. Following a refinancing, the home continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism.

d. The amount of AHP subsidy that would be required to be repaid in accordance with either of the following calculations is $2,500 or less:

    i. The AHP subsidy, reduced on a pro rata basis per month until the unit is sold, transferred or its title or deed transferred during the five year retention period; or

    ii. Any net proceeds from the sale, transfer, or assignment of title or deed of the unit, or the refinancing, as applicable. Net proceeds means, in the case of a sale, transfer, or assignment of title or deed, the sales price minus the AHP assisted household's investment. A household's investment means the following, to the extent paid by the household and documented (in the Closing Disclosure or other settlement statement, if applicable, or elsewhere) to the FHLBNY or its designee:

        - Reasonable and customary costs paid by the household in connection with the purchase of the unit (including real estate broker's commission, attorney's fees and title search fees;
        - Any down payment paid in connection with the household's purchase of the unit;
        - The cost of any capital improvements made after the household's purchase of the unit until the time of the subsequent sale, transfer, assignment of title or deed, or refinancing and
        - The amount of principal on any mortgage senior to the AHP subsidy lien or other legally enforceable AHP subsidy repayment obligation repaid by the household.

- In the case of a refinancing of an AHP-assisted unit by a household during the AHP five-year retention period, net proceeds means the principal amount of the new mortgage minus reasonable and customary costs paid by the household in connection with the transaction (including attorney's fees and title search fees) and the principal amount of the refinanced mortgage.

3. Foreclosure

   The obligation to repay AHP subsidy to the FHLBNY shall terminate after any event of foreclosure, transfer by deed-in-lieu of foreclosure, an assignment of a Federal Housing Administration first mortgage to HUD, or death of the AHP-assisted homeowner.

4. Inheritance

   Inheritance of an AHP-assisted home by the heirs of an AHP-assisted owner(s) of the home does not constitute a "sale" or "refinancing" of the home. Upon the death of the AHP-assisted owner, the Retention Agreement (i.e., Subordinate Mortgage), deed restriction or other legally enforceable mechanism terminates and there is no obligation to repay.

Processing of a Recapture

In the event of a recapture, the member must complete and submit the *Recapture Request Form* located on the FHLBNY website. The AHP-153 *Recapture Request Form* incorporates a pro rata calculation and a calculation of net proceeds. The member is responsible for gathering, reviewing, and retaining all documents (i.e., invoices, receipts) utilized when calculating the recapture amount. For purposes of quality control, the FHLBNY will perform a second review and analysis of all documents initially reviewed and analyzed by the member. Refer to the AHP-153 for further instructions.

The member is accountable for recovering the AHP subsidy from a household as determined by the FHLBNY. If the Member does not reimburse FHLBNY, the member's Overnight Investment Account or any other deposits, credits or moneys of the member then in the possession of the FHLBNY may be debited at the sole discretion of FHLBNY. If the subsidy subject to recapture remains in the possession of the member for more than 30 days, the FHLBNY may, in its sole discretion, assess the member's per diem rate of interest.

Member Record Retention Requirements

All loan documents and documents pertaining to the households' eligibility shall be maintained by the member during the five-year retention period, plus the current year and two additional years. The member will make all documentation available to the FHLBNY upon request.

Re-Use of Repaid AHP Subsidies

FHLBNY will not allow members or project sponsors to re-use repaid AHP subsidies. Any repaid AHP subsidies must be returned to FHLBNY for use by eligible projects and/or eligible households.

Suspension and Debarment

The FHLBNY may suspend or debar a member, project sponsor, or project owner from participation in the AHP if such party shows a pattern of noncompliance, or engages in a single instance of flagrant noncompliance, with the terms of an approved application for AHP subsidy.

Conflict of Interest

FHLBNY's Board of Directors has adopted a written policy regarding the Code of Business Conduct and Ethics, consistent with the AHP Regulation, which is available on FHLBNY's website. Pursuant to this policy, conflicts of interests or attempts to influence any action that would affect the funding on a project are not permitted by the following parties: 1) Members of the Affordable Housing Advisory Council; 2) Members of the Board of Directors; and 3) FHLBNY staff and management.

Appendix

AHP Financial Feasibility Guidelines

The FHLBNY has established financial feasibility guidelines for determining:

- The need for subsidy
- The reasonableness of the project's costs
- The feasibility of the project, based on developmental and operational factors

The guidelines serve as a benchmark for evaluating projects and may be used as a basis for approving, adjusting, or rejecting requests for subsidy at any phase during the AHP project life cycle. The FHLBNY, in its sole discretion, may approve exceptions to the guidelines, if the project can demonstrate justification for the exception.

The FHLBNY may request an independent third-party review of any aspect of a project's feasibility to be completed at the expense of the project sponsor or project owner.

Development Budget Costs for Rental Projects

Developer's Retention (Rehabilitation and New Construction)
Maximum: 15% of Total Development Costs (including any additional fees for housing consultants).

Construction and Renovation Costs
Rehabilitation must be done in compliance with applicable health, fire prevention, building, and housing codes and standards. At completion of rehabilitation, each AHP-assisted unit or dwelling must meet HUD minimum habitability standards.

1. Rehabilitation
   a. Substantial rehabilitation of multi-family rental housing or single-family dwellings will be evaluated by a third-party resource to determine whether the costs appear reasonable.
   b. Substantial rehabilitation of group homes or substantial rehabilitation of 1-to-4-family dwellings will be evaluated in accordance with industry construction cost data to determine whether the rehabilitation costs appear reasonable, including remaining useful life, as determined by the FHLBNY.
   c. Moderate rehabilitation of multi-family housing will be evaluated by a third-party resource to determine whether the rehabilitation costs appear reasonable, including remaining useful life, as determined by the FHLBNY.

2. New Construction
   a. New construction of multi-family rental housing or single-family dwellings built on infill developments will be evaluated by a third-party resource to determine whether the

construction costs appear reasonable on a cost per square foot basis, or other basis of measurement as determined by the FHLBNY.

b. New construction of group homes or new construction of 1-to-4-family dwellings will be evaluated in accordance with industry construction cost data to determine whether the construction costs appear reasonable, as determined by the FHLBNY.

Contingencies

1. Newly Constructed

   a. Hard Cost Contingency Expenses Maximum: 10% of hard costs

   b. Soft Cost Contingency Expenses Maximum: 5% of total soft development costs (if combined with the hard cost contingency guideline, maximum of 10%)

   c. Combined Hard and Soft Cost Contingency Expenses Minimum: 5% of total construction and soft costs

2. Renovated or Rehabilitated

   a. Hard Cost Contingency Expenses Maximum: 15% of hard costs

   b. Soft Cost Contingency Expenses Maximum: 5% of total soft development costs (if combined with the hard cost contingency guideline, maximum of 15%)

   c. Combined Hard and Soft Cost Contingency Expenses Minimum: 5% of total construction and soft costs

Note: Soft cost contingency expenses that exceed 5% of total soft development costs will require further explanation *unless*, when combined with the hard cost contingency guideline, are within an acceptable range (i.e., 10% for newly constructed projects and 15% for rehabilitated projects).

Builder's Profit, Overhead, and General Requirements ("POGR")
Minimum: 9% of total construction costs
Maximum: 16% net of total construction costs (i.e., an average of 7% builder's profit, 3% overhead, and 6% general requirements)

Soft Costs

1. For rental projects in New York located within the counties that comprise the New York metropolitan region (i.e., Manhattan, Bronx, Kings, Queens, Richmond, Nassau, Suffolk, Westchester, Rockland, and Putman), total soft cost expenses (i.e., all costs other than acquisition and direct construction expenses) should not exceed 17% of total development costs.

2. For rental projects located in New Jersey, total soft cost expenses (i.e., all costs other than acquisition and direct construction expenses) should not exceed 19% of total development costs.

3. For rental projects located in all other areas within the FHLBNY District, including those outside the District, total soft cost expenses (i.e., all costs other than acquisition and direct construction expenses) should not exceed 17% of total development costs.

Initial Operating Deficit Reserve
Maximum: six months of the first year's forecasted operating expenses plus debt service

Operating Costs for Rental Projects

Vacancy Rates
Minimum: 4% of Annual Gross Rent
Maximum: 10% of Annual Gross Rent

Reserves

1. Annual Reserves

   Replacement Reserve
   Minimum: $250 per unit or .25% of the total development cost (less the cost of land acquisition)
   Maximum: $500 per unit or .50% of the total development cost (less the cost of land acquisition)

   Operating Reserve
   Maximum: 3% of a project's gross rents

2. Capitalized Operating Reserves

   Maximum: 6 months of operating costs + 6 months of debt service

3. Capitalized Replacement Reserves

   Maximum: $1,000 per unit

For projects utilizing state-administered funding, the FHLBNY may defer to the requirements published by the state HFA or its equivalent

Management Fees (operating budgets for projects that are not charging a management fee and do not contain a line item expense for a property manager's salary will require further explanation)
Maximum: 8% of Total Effective Income or $53 per unit per month

Revenue and Expense Increase per Year
Minimum: 1% per annum
Maximum: 3% per annum

Tax Credit Sale Price
Minimum for State Low-Income Housing Tax Credit Financing: $0.62 per $1.00
Minimum for Federal Low-Income Housing Tax Credit Financing: $0.85 per $1.00

Operating Expense per Unit per Year
Minimum: $3,000 per unit
Maximum: $8,000 per unit

Debt Coverage Ratio
Minimum: 1.10 in the first year of operation on mandatory debt
Maximum: 1.40 in the first year of operation on all debt

Debt ratios beyond the first year must reflect a reasonable trending pattern. For projects with no debt service payments, the cash flow will be analyzed to assess if it is insufficient to support debt and/or will be deposited in an operating reserve to offset future operating deficits.

Development Budget Costs for Owner-Occupied Projects

Developer's Retention

1. Sponsors of projects that involve the resale of properties to first-time homebuyers on the open market will be limited to a $500 credit counseling or financial literacy education fee if they provide such services.
2. Sponsors of other owner-occupied projects whose roles are limited to homebuyer screening, mortgage application preparation, marketing, or other administrative functions will not be entitled to any developer fee.
3. Sponsors of projects that involve the development of new construction or rehabilitation of existing owner-occupied dwellings will be permitted a 15% developer fee (which may not be charged in addition to related salary or administrative expenses).

Construction and Renovation Costs
Rehabilitation must be done in compliance with applicable health, fire prevention, building, and housing codes and standards. At completion of rehabilitation, each AHP-assisted unit or dwelling must meet HUD minimum habitability standards.

For projects that involve the rehabilitation of existing owner-occupied dwellings and proposed hard costs exceed the customary limits as determined by the applicable standard (see above), a qualified rehabilitation specialist (who is employed by the sponsor) or a qualified third-party professional must explain the bidding process that was used to select the project contractor(s). Such professionals must also certify that the quality of the completed work is in conformity with the contract documents, and they have determined that the amount to be paid is reasonable.

Moderate rehabilitation of, or emergency repairs to, existing owner-occupied 1-to-4-family dwellings will be evaluated in accordance with industry construction cost data to determine whether the rehabilitation costs appear reasonable, including remaining useful life, as determined by the FHLBNY.

Architectural Fees
Minimum: 2.5% of Total Construction Costs
Maximum: 7% of Total Construction Costs

Any project that involves the rehabilitation of existing owner-occupied dwellings must have a qualified rehabilitation specialist who is employed by the sponsor or a qualified third-party professional to certify that the quality of the completed work is in conformity with the contract documents and that the amount to be paid is reasonable.

Contingencies

1. Newly Constructed

    a. Hard Cost Contingency Expenses Maximum: 10% of hard costs

    b. Soft Cost Contingency Expenses Maximum: 5% of total soft development costs (if combined with the hard cost contingency guideline, maximum of 10%)

    c. Combined Hard and Soft Cost Contingency Expenses Minimum: 5% of total construction and soft costs

2. Renovated or Rehabilitated

    a. Hard Cost Contingency Expenses Maximum: 15% of hard costs

    b. Soft Cost Contingency Expenses Maximum: 5% of total soft development costs (if combined with the hard cost contingency guideline, maximum of 15%)

    c. Combined Hard and Soft Cost Contingency Expenses Minimum: 5% of total construction and soft costs

Builder's Profit, Overhead, and General Requirements ("POGR")
Minimum: 9% of total construction costs
Maximum: 16% net of total construction costs (i.e., an average of 7% builder's profit, 3% overhead, and 6% general requirements)

Soft Costs

Projects that involve the construction or rehabilitation of owner-occupied units with total soft cost expenses (i.e., all costs other than direct construction expenses and acquisition, if applicable) that do not exceed 10% of the total development cost for each unit will be deemed acceptable.