

Strengthen Alabama Homes Program (SAHP) Structured Partnership Product with FHLBank Atlanta

March 14, 2016
Member Training



Strengthen Alabama Homes Program (SAHP) Structured Partnership Product with FHLBank Atlanta

- Product Overview
- Value to FHLBank Atlanta Members
 - Product Details
 - Product guidelines
 - Workflow
- Documentation requirements
- Questions



Product Overview

Joining forces to help you reach new customers and revitalize targeted areas!

- **Launch Date: March 19, 2016**
- **Homeowner's contribution**
 - **No** matching requirement
- Low-to-moderate income homeowner(s) are eligible to rehabilitate residence in Baldwin and Mobile counties
- Funds are eligible for the purpose of wind mitigation and other habitability purposes
- **2:1 matching** grant provision between the Alabama Department of Insurance (ALDOI) and FHLBank Atlanta to follow on a transactional basis
- **\$3 Million** in matching grants funds from both the Alabama Department of Insurance (ALDOI) and the FHLBATL for exclusive access by FHLBank Atlanta members

Value to Your Business and Your Community

Business Development Officers

- **Build** a stronger relationship with the Alabama Department of Insurance and the insurance commissioner's office
- **Opportunity** to build a meaningful business relationship with huge business drivers: insurance companies and contractors
- **Extend** revolving construction lines to the contractors in the SAHP SPP
- **Stimulate** real estate activity and economic development
- **Achieve** your lending business objectives with unique advantages over your competitors
- **Joint** operational workflow that streamlines the application, processing, and funding requirements to create ease of use
- **Positive** branding and public relations

Compliance Officers

- **Enhance** your CRA Consideration by extending credit to LMI borrowers in your assessment areas
- **Positive** CRA outcomes by managing the flow of grants to CRA-eligible homeowners

How does SAHP SPP Work?

- Funds will be available beginning April 11, 2016
- Available on a first-come, first-served basis until the earlier of:
 - October 7, 2016, or
 - Funds are depleted
- Eligible homes are those in need of wind mitigation and other habitability repairs located in Baldwin and Mobile counties

Strengthen Alabama Homes Program (SAHP) SPP



Product Guidelines

Strengthen Alabama Homes Program (SAHP) – Borrower's eligibility

- Homebuyer(s) must own the home for at least **30** days
- Owner-occupant of the property
- Household income must be $\leq 80\%$ of the county area median income, or the state median family income, adjusted for family size as published by HUD (whichever is higher)
 - HUD Income Limits: http://www.huduser.gov/portal/datasets/il/il15/index_il2015.html
- Complete FHLBank Atlanta's prescribed homebuyer counseling program provided by ClearPoint Credit Counseling Solutions
- Sign AHP Set-aside note and security instrument
- Understand that failure to own and occupy the property for five years could result in the recapture of funds on a pro-rata basis

Product Guidelines

Strengthen Alabama Homes Program (SAHP) – Maximum Subsidy

- ALDOI grants up-to \$7,500 per unit
- ALDOI and FHLBank Atlanta shall provide 2:1 matching grants that shall follow through on a transactional basis
- FHLBank Atlanta grants not to exceed \$15,000 per unit

How Can the Funds be Used?

The funds are to be used for wind mitigation and other habitability repairs of an existing owner-occupied unit

Strengthen Alabama Homes Program (SAHP) SPP

To advance wind mitigation objectives:

Scope of Work	% of Max Funding
<ul style="list-style-type: none"> Exterior doors 	<ul style="list-style-type: none"> No maximum funding
<ul style="list-style-type: none"> Roof 	<ul style="list-style-type: none"> No maximum funding
<ul style="list-style-type: none"> Windows 	<ul style="list-style-type: none"> No maximum funding
<ul style="list-style-type: none"> Other rehabilitation 	<ul style="list-style-type: none"> No maximum funding
<ul style="list-style-type: none"> Soft costs 	<ul style="list-style-type: none"> Not to exceed 20% of hard costs
<ul style="list-style-type: none"> Member fees 	<ul style="list-style-type: none"> Not to exceed 12% of hard costs

Product Guidelines

Strengthen Alabama Homes Program (SAHP) – Product Guidelines

Property Eligibility	<ul style="list-style-type: none"> • Owner-occupied homes by eligible homebuyer(s) in Baldwin and Mobile counties • Owner-occupied units that is the primary residence of the homeowner(s) <ul style="list-style-type: none"> • Single family detached (1 Units) • Manufactured housing <ul style="list-style-type: none"> • As approved by ALDOI on a case by case basis • New construction <ul style="list-style-type: none"> • Not eligible • Mobile homes <ul style="list-style-type: none"> • Not eligible
Eligible Use of Funds	<ul style="list-style-type: none"> • Rehabilitation assistance for wind mitigation and other habitability repairs of an eligible home

Product Guidelines

Strengthen Alabama Homes Program (SAHP) – Product Guidelines

Lien Positions



- **ALDOI** 0% interest soft second
 - 0 years - term
 - No monthly interest or principal payments during the term of the loan
 - The grant also may be recorded in a restrictive covenant which protects the affordability in the home or investment
- **Third Mortgage**, FHLBank Atlanta retention mechanism for rehabilitation funding.
 - 60-month term and deferred payment loan
 - 0% financing and zero payment

Here's How to Get Started

To be added to the list of participating lenders, contact Maxima Sims at 404.888.8366 or msims@fhlbatl.com

1

FHLBank Atlanta updates participants list to include new member

2

Submit complete application through FHLBA[®] once received

Fast, Easy, Managed End-to-End Process

Our commitment is to provide you with excellent customer service along with a streamlined and speedy application process

- **Expedited** ALDOI screening-approval process
- Real-time messaging
- **2-day turnaround** on application approvals
- **2-day turnaround** on funding requests



More Deals, Faster: FHLBAsap System

Automated Origination System for AHP Set-aside Products

Help | Logout

Home
Welcome, Laps Submitter

Isubmitter
Wed Dec 2 2:13:38 PM

Home File View Application Administrative Options Reports

My Tasks

Total Messages (7)

- Assigned to Me (0)
- Assigned to my Group (0)
- My Work in Progress (4)
- Messages from The Bank (0)
- Conditional Commitments (1)
- Post Funding (2)
- Past Due Documents (0)

AHP Set-aside Program Funds Available

Funds Available - General Products	\$64,738.01
Funds Available - <u>Restricted</u> for SPPs	\$12,500.00
Total Program Funds Available	\$77,238.01

My Allocation Summary

Funding Limit:	\$1,000,000.00
Pending:	4,500.00
Disbursed:	2,200.00
Funds Available:	\$993,300.00

Message Board

- ▶ 09/11/2015: NEWLY FHLBASAP ENHANCED HOMEPAGE DASHBOARD DISPLAY
- ▶ 08/20/2015: AHP SET-ASIDE AVAILABLE FUNDS BY PRODUCT
- ▶ 08/11/2015: AVAILABLE FUNDS
- ▶ EFFECTIVE AUGUST 31, 2015: IMPORTANT UPDATE - AHP SET-ASIDE MONITORING REQUIREMENTS
- ▶ 03/06/2015: MAXIMIZE THE VALUE OF AHP SET-ASIDE PRODUCTS
- ▶ 02/24/2015: VETERAN REHABILITATION FORMS HAVE BEEN REVISED - EFFECTIVE 02-23-2015

Message Archive

Application Status Continue Application

Purchase Only

Apply Now

For down-payment and closing cost assistance for the purchase of a new or existing home.

Purchase and Rehab

Apply Now

For the purchase and rehabilitation of a new or existing home.

Rehab Only

Apply Now

For the rehabilitation of an existing home.

Fast, Easy, Managed End-to-End Process

Ready to apply?

- **Step 1:** Enter the household's information for all household members
- **Step 2:** Enter income and asset information for all household members
- **Step 3:** Enter the subject property information
- **Step 4:** Select the eligible AHP Set-aside product. The product eligibility options will be determined by the information entered in **Step 1**
- **Step 5:** Enter the scope of work identified for the basic repairs and the contact information for the Contractor and Intermediary, if applicable
- **Step 6:** Attach the required program documentation
- **Step 7:** Review and submit application (*requires an action from submitter and approver*)



Quick Start Guide: <http://corp.fhlbatl.com/files/documents/fhlbasap-quickstart.pdf>

Fast, Easy, Managed End-to-End Process

Step	Workflow
<p>1</p> 	<ul style="list-style-type: none"> Homeowner visits www.StrengthenAlabamaHomes.com or contacts Strengthen Alabama Homes Program (SAHP) at SAH@insurance.alabama.gov or 334.269.3550 (designated phone line) <ul style="list-style-type: none"> Homeowner(s) submits an SAHP application to ALDOI (online or hard copy) <ul style="list-style-type: none"> - Note: Application should include a drop-down box that enables the homeowner to select an FHLBank Atlanta participating lender
<p>2</p> 	<ul style="list-style-type: none"> Within three business days, SAHP Grant Coordinator reviews the application information and pre-qualifies the homeowner <ul style="list-style-type: none"> Collect homeowner's income documentation Conduct initial income qualification Works to ensure homeowner executes Intake Certification
<p>3</p> 	<ul style="list-style-type: none"> SAHP Grant Coordinator <ul style="list-style-type: none"> Pre-rehabilitation inspection with IBHS-certified inspector* The review and selection, if needed, of contractor bids (at least three bids as best practice) Collects signatures from all parties on the SAHP Pre-work Certification Signature from homeowner on Retention Document (Best practice)
<p>4</p> 	<ul style="list-style-type: none"> SAHP Grant Coordinator submits SAH application packet, complete with executed documents from Steps 2 and 3, to FHLBank Atlanta participating lender identified in their application

Fast, Easy, Managed End-to-End Process

Step	Workflow
5 	<ul style="list-style-type: none"> FHLBank Atlanta participating lender submits application for the ALDOI-SAH product through FHLBAsap®
6 	<ul style="list-style-type: none"> FHLBank Atlanta reviews for commitment (two day turnaround) <ul style="list-style-type: none"> If eligible, a 90-day Funding Commitment electronic notification to fund the rehab scope as approved is issued to ALDOI and the FHLBank Atlanta participating lender
7 	<ul style="list-style-type: none"> SAHP Grant Coordinator gives notice to proceed to IBHS-certified contractor <ul style="list-style-type: none"> Contractor begins approved home rehabilitation scope
8 	<ul style="list-style-type: none"> Upon the receipt of the commitment, SAHP Grant Coordinator notifies homeowner to complete required ClearPoint Counseling session (45 minutes, telephonic)
9 	<ul style="list-style-type: none"> SAHP Grant Coordinator oversees rehabilitation work and coordinates: <ul style="list-style-type: none"> Post-rehabilitation inspection by IBHS-certified inspector Signatures from all parties on completed SAHP Post-work Certification within the 90-day FHLBank Atlanta commitment period

Fast, Easy, Managed End-to-End Process

Step	Workflow
10 	<ul style="list-style-type: none"> SAHP Grant Coordinator submits to FHLBank Atlanta participating lender <ul style="list-style-type: none"> Proof of ClearPoint counseling payment (\$175) Certificate of ClearPoint counseling completion attained from homeowner Executed SAHP Post-work Certification to FHLBank Atlanta participating lender
11 	<ul style="list-style-type: none"> FHLBank Atlanta participating lender submits funding request through FHLBAsap®, consisting of the documents listed in Step 10
12 	<ul style="list-style-type: none"> FHLBank Atlanta reviews/approves funding request within two days Once approved, FHLBank Atlanta disburses funds to FHLBank Atlanta participating lender and notifies ALDOI of the funding
13 	<ul style="list-style-type: none"> FHLBank Atlanta participating lender makes payments to ALDOI ALDOI makes payments to all third parties, within 6-days of FHLBank Atlanta funding
14 	<ul style="list-style-type: none"> After funding, FHLBank Atlanta participating lender provides copy of required executed and recorded retention documents to SAHP Grant Coordinator FHLBank Atlanta participating lender submits required recorded retention documents and post-funding documentation to FHLBank Atlanta through FHLBAsap®

Household Income Calculation



Expanding Your Eligible Customer Base

New! FHLBank Atlanta AHP Income Limit Methodology and Calculator

FHLBank Atlanta - AHP Income Limits Calculator

Enter Calculation Criteria	
Application Year [?]	2015 - Present <input type="button" value="v"/>
HUD Year [?]	2015 <input type="button" value="v"/>
State	AL <input type="button" value="v"/>
County	Baldwin County <input type="button" value="v"/>
MSA	Baldwin County, AL <input type="button" value="v"/>
Household Size	Please Select <input type="button" value="v"/>
Household Income	<input type="text"/> <input type="button" value="Calculate AMI%"/>
Maximum 80% Income	
Household AMI%	

FHLBank Atlanta Income Calculator
<https://cis.fhlbatl.com/ahp/utilities.portal>

- Selects the greatest of four calculation methodologies
- Point-and-click Calculator automatically provides the highest income limit
- 548 of 599 counties in the Bank's district (91%) now have a higher income limit!
- Our income methodology uses current circumstances to anticipate future income for the next 12 months. **Think of compliance income vs. qualifying income**

Required Documents and Forms

Application Documentation:	Prefunding Documentation:	Post Funding Documentation:
<p>Required Documents uploaded into FHLBAsap® (Step 6):</p> <ul style="list-style-type: none"> • Intake certification (fully executed) • Census tract verification • Income and asset supporting documentation • Pre-work certification (fully executed) • Other documentation may be required by the Bank 	<p>Required Documents uploaded into FHLBAsap® (Step 8): 2 business days prior to closing</p> <ul style="list-style-type: none"> • Post-work certification (fully executed) • Evidence of payment to ClearPoint for required counseling session (\$175 check or wire) • Certificate of ClearPoint counseling completion • Other documentation may be required by the Bank 	<p>Required Documents uploaded into FHLBAsap® (Step 9): <i>within 20 calendar days from AHP disbursement</i></p> <ul style="list-style-type: none"> • Proof of AHP Set-aside funds transfer to Intermediary and/or Contractor (copy of check or wire transfer) • Recorded retention documents or executed (but unrecorded) retention documents and a receipt for recording showing the date and number of pages to be recorded • Other documentation may be required by the Bank
<p>For additional details, please refer to the AHP Set-aside Documentation Checklist: http://corp.fhlbatl.com/files/documents/ahp-products-documentation-requirements.pdf</p>		

Compliance / Risk Management

Best Practices for Working with Intermediaries and Contractors using FHLBank Atlanta's Rehabilitation Products

Know those representing your organization (Contractor, Inspector, Intermediary)



- Underwrite the organization as you would in your normal course of business
 - Get a background check
 - Get a credit check
 - What is their experience?
- Are contractors licensed and insured (required)?
- Do they have a board of directors? If so, engage the Chair of the Board
- Have a legal agreement/contract with your partners

Know your customer



- Are they the homeowner?
 - Title search or tax records can help document ownership
- Are they current on their mortgage?
- What liens are on the property?
- Have they previously been awarded AHP for work on their property?
- Check-in with your homeowner once the work is complete. A random sampling will help you ensure your customers are satisfied

Inspections



- Written pre- and post-construction inspection reports are required
- Request these inspection reports with photos so that you can see the work is truly required and was adequately completed
- Must be conducted by an unrelated 3rd party approved by the member
- We suggest the inspection reports be commissioned by your institution

Member to comply with all applicable BSA/AML and OFAC requirements as they relate to the transaction, including OFAC screening of the homebuyer(s)/homeowner(s)

AHP – Risk Management

Any person who knowingly makes a false statement or misrepresentation to the Federal Home Loan Bank is subject to penalties that may include fines, imprisonment, or both, under the provision of Title 18, United States Code, Sec. 1014, including, but not limited to:

- Shareholders
- Sponsors
- Intermediaries
- Contractors
- Inspectors
- Consultants
- Property Managers



Civil / Criminal
Court System



Professional
Licensing



Enforcement
of Contract

Department of Justice
U.S. Attorney's Office
Southern District of Mississippi

FOR IMMEDIATE RELEASE

Wednesday, April 8, 2015

BRANDON RESIDENTS INDICTED FOR CONSPIRACY AND MAKING FALSE STATEMENTS

Jackson, Miss - Kayla Paul Lindsey, 46, of Brandon, and Marlene Solomon Williams, 61, of Brandon, were indicted on April 7, 2015 by a federal grand jury for conspiracy to make false statements and for making false statements to the Federal Home Loan Bank of Dallas, announced U.S. Attorney Gregory K. Davis and FBI Special Agent in Charge Donald Alway.

The 17- count indictment alleges that Lindsey and Williams administered a grant from the Federal Home Loan Bank of Dallas that was intended to provide home repairs for low- to moderate-income households. According to the indictment, Lindsey and Williams required the contractors they hired to perform the repairs to inflate their invoices and to kick the extra money back to Lindsey and Williams. The fraudulently inflated invoices were submitted to the Federal Home Loan Bank of Dallas through its local member institution, Trustmark Bank. It is alleged that, during the course of the conspiracy, the defendants were paid \$187,261.23 in kickbacks generated by the fraudulent invoices.

Timothy Mowery, Special Agent in Charge, Federal Housing Finance Agency Office of Inspector General, stated: "The act of committing fraud upon programs that are intended to assist the elderly, low income, or others who have fallen on hard times is detestable. Kayla Lindsey and Marlene Williams allegedly engaged in such a fraud against a Federal Home Loan Bank. FHFA-OIG is committed to identifying fraudsters and seeking prosecution to the fullest extent the law allows."

"This case is an example of the results we can achieve by working with our law enforcement partners," stated FBI SAC Donald Alway. "I commend the work of the individuals involved in this collaborative, investigative effort."

This case was investigated by the Federal Housing Finance Agency Office of the Inspector General, Federal Bureau of Investigation, USDA Office of Inspector General, and the Mississippi Attorney General's Office.

If convicted each defendant faces up to five years in prison and a \$250,000 fine for the conspiracy, and up to 30 years in prison and a \$1,000,000 fine for each of the 16 remaining counts of making false statements to the Federal Home Loan Bank of Dallas.

Compliance/Risk Management

Non-compliance of retention requirements may lead to:

- Recapture of AHP Set-aside funds
- Shareholder's suspension from FHLBank Atlanta's CIS programs
- Nonprofit entity's suspension from FHLBank Atlanta's CIS programs
- Additional training and education



What are the Shareholder's Responsibilities?

- Ensure that no unit under a current retention period uses AHP Set-aside funds in connection with an existing or future funding under other AHP Set-aside products or with an AHP Competitive program award
- Establish and maintain adequate and effective internal control environment, including but not limited to policies and procedures, to assure the prevention, detection, and reporting of fraud or abuse or other suspicious activity in connection with any element of the AHP Set-aside transaction
 - Including but not limited to the appropriate countersignatures and notarization of document

What are the Shareholder's Responsibilities?

- Notify the Bank promptly after discovery or notice of any material change, either positive or negative, in the financial condition, operations, properties, or prospects of any material party associated with the transaction.
Examples include:
 - Any material party to the unit lost their requisite license or been suspended by any applicable government agency
 - Any party been barred from participation in any affordable housing program or any event which has or may have a material impact on the transaction
- Represent and warrant that all documents and other information delivered to the Bank are and will be true, complete and correct in all material respects at the time of delivery to the Bank
 - Documentation materially consistent with corresponding documentation and information provided to other funding sources

Marketing and Outreach

- Upcoming Events
 - **March 14th:** FHLBank Atlanta Member Webinar
 - **March 19th:** Africatown Information Day Community Event, sponsored by ALDOI
 - **April 1st:** Strengthen Alabama Homes (SAHP) in market launch event in Mobile, AL with FHLBank Atlanta members
 - **April 11th:** Application Intake Start Date

Do You Have Any Questions?

We are happy to help



Contact Us for More Information

Visit our website: <http://corp.fhlbatl.com/resources/affordable-housing-products/>

1.800.536.9650, Option 3, Option 2, and Option 0

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