



Indiana Finance Authority (IFA)

Residential Housing Infrastructure Assistance Program (RIF)

Source of Security and Repayment

- 1) Principal repayment will begin within 12 months of substantial completion of the project with a 20-year fixed interest rate.
 - i) Level debt service payments are preferred.
 - ii) The RIF program will use the SRF matrix for traditional utility infrastructure projects. [IFA: State Revolving Fund: Summary of Current Interest Rate Policy](#). All other projects will be eligible for the interest rate equal to the highest SRF interest rate on the date of loan closing.
- 2) Loans will be fully funded into the participant's account on day of closing and held at the Bank of New York Mellon. The participant will still have to follow the RIF disbursement process to access and draw down funds.
- 3) A minimum of 1.25x coverage for the Debt Service Coverage is required for the RIF loans secured by revenues.
- 4) A Debt Service Reserve (DSR) sized at maximum annual debt service (MADS) will be required for applicants pledging a "New" TIF.
- 5) **Below are the requirements for different sources of security and repayment:**

New TIF

- 1) IFA considers any TIF and associated allocation area "new" unless it has at least five (5) consecutive prior years of revenues generating 1.25x coverage against debt service on the proposed RIF loan.
 - i) If a "new" TIF is the sole source and security of repayment, IFA will require:
 - (1) The loan to be sized with 1.25x coverage of expected pro forma TIF revenues against debt service RIF loan
 - (2) A debt service reserve fund (sized at maximum annual debt service on the RIF loan) on deposit at closing.
 - (3) Any "excess" TIF in a given payment period being used to fund a reserve fund sized at maximum debt service on the RIF loan.
 - (4) A minimum taxpayer agreement with the Developer of the Project
 - (5) Either/or may be applied:
 - (a) Capitalized interest beginning with the semi-annual interest payment date following loan closing through the period of time in which expected TIF revenues will be generated
 - (b) If no capitalized interest and the applicant is proposing the Developer is responsible for such initial interest payments, a LoC (as defined as described below) from the Developer.

Existing TIF

- 1) IFA considers any TIF and associated allocation area “existing” if it has at least five (5) years of revenues generating 1.25x coverage against debt service on the proposed RIF loan.
- 2) If there are existing obligations payable by the TIF, IFA will only accept a senior / parity position with those outstanding obligations.
- 3) Please provide the five (5) year history of TIF revenues
- 4) Please provide the ten largest taxpayers, by incremental assessed value, for the TIF allocation areas.

Utility Net Revenues

- 1) Same Requirements as any traditional SRF wastewater or drinking water loan, such as:
 - i) 1.25x rate covenant
 - ii) Debt Service Reserve sized at maximum annual debt service on the RIF loan over a 60-month process
 - iii) Etc.
- 2) If there are existing obligations payable by the Utility Net Revenues, IFA will only accept a senior / parity position with those outstanding obligations.
- 3) Current User Rate (\$)
- 4) Will a Rate Increase be necessary to fund the RIF Loan?
 - i) If yes, please provide the Proposed New User Rate (\$)
- 5) Please provide the ten largest users of the Utility including both Annual Revenues and Consumption Date.
- 6) Please provide the last five (5) years of the number of users.

Developer

- 1) To the extent the applicant is proposing that a Developer is the sole source of repayment of the RIF loan, IFA will require:
 - i) Developer to receive an irrevocable Letter of Credit (“LoC”), in a form and with a bank acceptable to IFA.
 - ii) The LoC shall be in the amount of all outstanding principal and interest payments remaining on the RIF loan and can be drawn upon in the event of:
 - (1) Failure of the Developer to make payment on the RIF loan
 - (2) Any non-renewal of the LoC

Other

- 1) Please describe alternate repayment source
- 2) To the extent other revenues are pledged, different than those above, please note all revenue pledges will require a minimum of 1.25x coverage of the expected revenues against debt service on the RIF loan and will likely require similar debt service reserve funding.

- 3) If there are existing obligations payable by the pledged revenue source, IFA will only accept a senior / parity position with those outstanding obligations.
- 4) Please provide the five (5) year history of the pledged revenues.
- 5) If secured by property tax or a special benefits tax to be levied by the Municipality, please provide the ten largest taxpayers by net assessed value and five-year history of property tax collections.