ihcda

Indiana Housing & Community Development Authority

MINUTES AND MEMORANDA OF A MEETING
OF
THE BOARD OF DIRECTORS OF
INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY

Held: June 26, 2014

A regular meeting of the Board of Directors of the Indiana Housing and Community Development Authority ("IHCDA" or "Authority") was held June 26, 2014 at 10:00 a.m. at 30 South Meridian Street, 8th Floor Auditorium, Indianapolis, Indiana 46204.

The following individuals were present at the meeting: Kendra York (Public Finance Director of the State of Indiana), Chris Conner (Treasurer of the State of Indiana delegate), Pat Gamble-Moore, David Miller, Lu Porter, Jacob Sipe (Executive Director for IHCDA), members of the staff of the Authority, and the general public. Tonya Brothers-Bridge and Tom McGowan were not present.

Chris Conner served as Chair of the meeting, and upon noting the presence of a quorum, called the meeting to order. Sondra Craig served as Secretary.

I. Approval of Minutes

A. Meeting Minutes

A motion was made by Lu Porter to approve the May 22, 2014 Meeting Minutes, which was seconded by Pat Gamble-Moore; the following Resolution was unanimously approved:

> **RESOLVED**, the Minutes of the Board meeting held May 22, 2014, are hereby approved to be placed in the Minute Book of the Authority.

II. Neighborhood Stabilization Program

A. Program Update

Chairman Conner recognized Brian Madison who presented information regarding the Neighborhood Stabilization Program.

No action was required as this was an update to the board on the Neighborhood Stabilization Program.

II. Real Estate

A. Lakeside Gardens Apartments – Bond Volume/4% Credits

Chairman Conner recognized Darin Edwards who presented information regarding Lakeside Gardens Apartments – Bond Volume/4% Credits.

Background
IHCDA is empowered to act as the housing credit agency for the State to administer, operate, and manage the allocation of the Internal Revenue Service Section 42 low-income housing tax credits ("LIHTC") program. The purpose of LIHTC is to provide an incentive for private developers and investors to provide more affordable rental housing. This is done by both new construction and rehabilitation of existing structures.

Process
On March 12, 2014 the IHCDA began the 2014A-B bond round for multi-family bond volume. Lakeside Gardens Apartments is the third application received and reviewed. It represents a total development cost of $35,467,570.00 with $18,750,000.00 in bond volume and $1,217,714.00 in annual LIHTC to preserve 312 units of affordable housing.

Lakeside Gardens Apartments would rehabilitate an existing 312 unit multifamily housing community in East Chicago which is situated near the City of East Chicago's Indiana Harbor Neighborhood, only blocks from Lake Michigan. The applicant, Lakeside Gardens L.P., is proposing to acquire and rehabilitate the units using 4% low income housing tax credits, tax-exempt bonds, and FHA permanent financing.

Lakeside Gardens Apartments will consist of 86 one bedroom units, 170 two bedroom units, and 56 three bedroom units with proposed rents ranging from $311.00 to $920.00 per month. The substantial renovation and preservation of Lakeside Gardens will increase the quality of life for existing and future residents by providing significant amenity upgrades, increased safety and security, and social service programming. The scope of rehabilitation/construction includes a new playground, pocket pavilions, a security system linked with the police department, and a newly constructed community building which will include a leasing office, fitness room, and on-site laundry facilities. Individual units will include the following amenities: new kitchen and bathroom cabinetry, fixtures, flooring, paint, appliances, carpeting, and Energy Star light fixtures.

During the round the Real Estate Department staff reviewed the application to ensure it met the criteria set forth in the 2014-2015 Qualified Allocation Plan. Additionally, on June 10, 2014 the applicant was given an opportunity to present the development to many of the members of the Executive Committee and the Real Estate Department.

Following discussion, a motion was made by Pat Gamble-Moore to approve awarding $18,750,000.00 in bond volume and $1,217,714.00 in LIHTC according to the terms of the 2014A-B Application Round to Lakeside Gardens L.P., as recommended by staff, which was seconded by David Miller; the motion passed unanimously:

> **RESOLVED,** that the Board approve awarding $18,750,000.00 in bond volume and $1,217,714.00 in LIHTC according to the terms of the 2014A-B Application Round to Lakeside Gardens L.P., as recommended by staff.

B. Eastland Apartments – Bond Volume/4% Credits

Chairman Conner again recognized Darin Edwards who presented information regarding Eastland Apartments – Bond Volume/4% Credits.

Background
IHCDA is empowered to act as the housing credit agency for the State to administer, operate, and manage the allocation of the Internal Revenue Service Section 42 low-income housing tax credits ("LIHTC") program. The purpose of LIHTC is to provide an incentive for private developers and investors to provide more affordable rental housing. This is done by both new construction and rehabilitation of existing structures.

Process
On March 12, 2014 IHCDA began the 2014A-B bond round for multi-family bond volume. Eastland Apartments is the second application received and reviewed. It represents a total development cost of $12,993,555.00 with $7,500,000.00 in bond volume and $465,687.00 in annual LIHTC to create 161 units of affordable housing. The initial application also included a request for a $500,000.00 loan from the Affordable Housing and Community Development Fund.

Eastland Apartments would rehabilitate an existing 161 unit multifamily housing community in Evansville, Indiana. The applicant, Mirus Partners Inc., is proposing to acquire and rehabilitate the units using 4% low income housing tax credits, tax-exempt bonds, and FHA permanent financing.

Recent occupancy has ranged from 85-92% due to deteriorating physical condition and past management issues. The proposed scope of the work, the property's convenient location, and the affordable rents will successfully reposition and extend the useful life of the 34 year old property for an additional 30+ years. The proposed rents will be a lower than the market rents for comparable units in Evansville, which have increased significantly as new multifamily communities have been constructed in the immediate area.

Eastland Apartments will consist of 64 one bedroom units and 97 two bedroom units with proposed rents ranging from $440.00 to $658.00 per month. Residents will enjoy convenient surface parking and indoor and outdoor community space, including a business center and fitness center. Individual units will include the following amenities: individual entries, decks/porches, and a full array of Energy Star kitchen appliances and bathroom fixtures.

During the round the Real Estate Department staff reviewed the application to ensure it met the criteria set forth in the 2014-2015 Qualified Allocation Plan. Additionally, on April 28, 2014 the applicant was given an opportunity to present the development to many of the members of the Executive Committee and the Real Estate Department.

Following discussion, a motion was made by Lu Porter to approve awarding $7,500,000.00 in bond volume and $465,687.00 in LIHTC to Mirus Partners, Inc. and a loan in the amount of $500,000.00 from the Affordable Housing and Community Development Fund at 5% for 40 years to SA Evansville, LLC, according to the terms of the 2014A-B Application Round, as recommended by staff, which was seconded by Pat Gamble-Moore; the motion passed unanimously:

> **RESOLVED**, that the Board approve awarding $7,500,000.00 in bond volume and $465,687.00 in LIHTC to Mirus Partners, Inc. and a loan in the amount of $500,000.00 from the Affordable Housing and Community Development Fund at 5% for 40 years to SA Evansville, LLC, according to the terms of the 2014A-B Application Round, as recommended by staff.

C. Starr Senior Apartments Development Fund Loan

Chairman Conner again recognized Darin Edwards who presented information regarding Starr Senior Apartments Development Fund Loan.

Project Summary
Starr Senior Apartments, an existing 67 unit RHTC senior housing development in the historic district of Richmond, is requesting a Development Fund Loan to address health and safety issues identified in a Physical Needs Assessment. The loan proceeds will be used to remediate higher than acceptable levels of radon and to make structural repairs to internal beams that support an external courtyard area. Inspections and quotes to cure the radon issue as well as installation of the structural steel beams have been received.

Project Name:	Starr Senior Apartments
IHCDA Amount Requested:	$100,000.00
Development Fund Amount Recommended:	$100,000.00
IHCDA Per Unit Subsidy (Rehabilitation, Relocation, Program Delivery):	n/a
Total Project Costs:	$110,000.00
Other Funding:	$10,000.00 Owner Equity
Location:	Richmond, Wayne County
Developer:	Starr Senior Apartments, LP
Activity:	Rehabilitation/Repair and Remediation
Award Type:	Development Fund Loan 3% interest, 15 year term, 15 year amortization

Following discussion, a motion was made by David Miller to approve the Development Fund Loan at 3% interest with a 15 year term and 15 year amortization, in an amount not to exceed $100,000.00, for the above-referenced request, as recommended by staff, which was seconded by Lu Porter; the motion passed unanimously:

> **RESOLVED**, that the Board approve the Development Fund Loan at 3% interest with a 15 year term and 15 year amortization, in an amount not to exceed $100,000.00, for the above-referenced request, as recommended by staff.

D. Tax Credit Assistance Program – Revised Policies and Procedures Manual

Chairman Conner again recognized Darin Edwards who presented information regarding Tax Credit Assistance Program – Revised Policies and Procedures Manual.

Background
The American Recovery and Reinvestment Act of 2009 created the Tax Credit Assistance Program ("TCAP") to enhance the Section 42 Rental Housing Tax Credit Program. IHCDA was charged with distributing the state's $38,048,333.00 in TCAP

funding. IHCDA chose to distribute these funds in the form of loans as opposed to grants. In late 2011, IHCDA began to receive repayment of these funds.

On May 2, 2012, IHCDA issued Policies and Procedures for recycled TCAP funds. IHCDA followed TCAP's overall purpose of creating jobs in the near term as well as the long-term benefit of increasing the affordable housing supply by using the appropriation to start the construction on shovel-ready developments. The TCAP program was expected to address funding gaps created by diminished investor demand for Rental Housing Tax Credits ("RHTC").

IHCDA offered TCAP to RHTC participants to enhance development strength and encourage investment from traditional syndicator and investor sources. Eligible developments were required to have an award of 9% RHTC and a need for additional funding to be completed and placed in service. Furthermore, the development had to meet either the Rural or Housing First set-aside categories. TCAP funds could also be used for capital investments in eligible RHTC developments.

IHCDA's TCAP award period with HUD ended on May 9, 2012, at which time federal grant and TCAP requirements no longer applied to the use of program income or loan repayments received on or after that date. At the time, IHCDA had approximately $12.3 million in repayments that were still subject to federal grant and TCAP requirements. In April 2014, IHCDA committed the last of the TCAP funding subject to federal grant and TCAP requirements and began creating an updated TCAP policy.

Process
On May 30, 2014, IHCDA released the first draft of the TCAP Policies and Procedures Manual and accepted public comments until June 13, 2014. After receipt of public comment, IHCDA staff revised the TCAP Policies and Procedures Manual, and that document is attached hereto as **Exhibit A**. A summary of the changes are detailed below:

- An interest rate of 3% was added for construction loans and equity bridge loans.
- A $5,000,000.00 loan maximum was established for construction loans and equity bridge loans.
- In addition to Rural Development and Housing First, Small City was added as one of the three set-aside categories that a development must meet to be eligible to apply for construction loans and equity bridge loans.
- Predevelopment loans were added as an eligible use, carrying a 5% interest rate and a $200,000.00 loan maximum.
- Predevelopment loans would be limited to those meeting the not-for-profit set-aside.
- Cross cutting federal requirements were removed.

Following discussion, a motion was made by Pat Gamble-Moore to approve the Tax Credit Assistance Program Policies and Procedures Manual, as recommended by staff, which was seconded by Lu Porter; the motion passed unanimously:

> **RESOLVED**, that the Board approve the Tax Credit Assistance Program Policies and Procedures Manual, as recommended by staff.

E. City of Linton – Communities for a Lifetime Community Center Exercise Equipment and Entrepreneurial Feasibility Study

Chairman Conner recognized Megan Coler who presented information regarding the City of Linton – Communities for a Lifetime Community Center Exercise Equipment and Entrepreneurial Feasibility Study.

Project Summary
In February 2013, the City of Linton was designated a Community for a Lifetime by Indiana Housing and Community Development Authority for their work in creating an age and ability friendly community through the Aging in Place and Comprehensive Community Development strategic priorities. This request will fulfill two needs identified through the Communities for a Lifetime planning process. Both projects will complement the existing CDBG Owner-Occupied award and an automated pool lift already installed in the community pool.

This project will purchase a NuStep cross trainer and a Matrix commercial treadmill for the William T. Murphy Community Center exercise initiative in the amount of $8,917.00. Both pieces of equipment are specifically designed to provide safer exercise experiences for users with a wide range of ability levels. Additionally, this project will also provide the funding for the Entrepreneurial Feasibility Study in the amount of $23,557.00. The Entrepreneurial Feasibility Study is designed to look at existing space within the City of Linton and create entrepreneurial opportunities for which the entire community will benefit. The study will provide the City of Linton with market research and a strategy to promote the Historic District of downtown Linton as a Community for a Lifetime. It will include an analysis of the available spaces including building space, vacant land, and infrastructure that could provide amenities for the elderly. Following the completion of the study, the City of Linton will commence the implementation of the recommendations in the study. Potential implementation goals could include purchase of land, construction of infrastructure, renovation of buildings, and/or providing health and educational services.

Project Name:	City of Linton – Communities for a Lifetime Community Center Exercise Equipment and Entrepreneurial Feasibility Study
IHCDA Amount Requested:	$32,474.00
Development Fund Amount Recommended:	$32,474.00
IHCDA Per Unit Subsidy (Rehabilitation, Relocation, Program Delivery):	n/a
Total Project Costs:	$32,474.00
Other Funding:	n/a
Location:	City of Linton, Greene County
Consultant:	Southern Indiana Development Corporation
Activity:	Communities for a Lifetime
Award Type:	Development Fund Grant

Following discussion, a motion was made by David Miller to approve a Development Fund grant, in an amount not to exceed $32,474.00, for the above referenced Communities for a Lifetime projects, as recommended by staff, which was seconded by Pat Gamble-Moore; the motion passed unanimously:

> **RESOLVED**, that the Board approve a Development Fund grant, in an amount not to exceed $32,474.00, for the above referenced Communities for a Lifetime projects, as recommended by staff.

III. Community Programs

A. 2014 Individual Development Account Tax Credits

Chairman Conner recognized Taura Edwards who presented information regarding 2014 Individual Development Account Tax Credits.

Background
Pursuant to Indiana Code §6-3.1-18, IHCDA is authorized to allocate no more than $200,000.00 in state tax credits during any state fiscal year to support an Individual Development Account ("IDA") program. These credits may be allocated to any community development corporation ("CDC") as defined by IC §4-4-28-2. Similar to other tax credit programs at IHCDA, tax credits may be sold by the CDC and used to offset the buyer's tax liability. Revenue generated from the sale of tax credits is then used to assist IDA participants with setting up a new savings account or to financially support an established IDA program. CDCs assist participants with making qualified purchases as set forth by IC §4-4-28-16. Participating CDCs may use no more than 20% of the first $100,000.00 raised to cover the administrative costs of the program. Indiana has administered an IDA tax credit program since Indiana Code was amended in 1999.

Process
In April 2014, the Community Programs staff released the IDA Tax Credit application to current program administrators and the general public. Applications were due in May. Eligible CDCs were required to submit a program proposal to demonstrate the use of the tax credits and estimate the cost of administering the program. Applications were scored based on their capacity to support program administrative duties, facilitate participant recruitment, history of maintaining similar programs, determination of need, program recruitment, budget, and evaluation. Four organizations, listed in the table below, submitted applications, and all four applications met the requirements for funding. The sale from these tax credits will generate approximately $180,000.00 in match funds and cover $45,000.00 in local agency expenses.

Organization	Tax Credits Request	Recommendation
La Casa, Inc.	$50,000.00	$50,000.00
Community Action of Southern Indiana	$25,000.00	$25,000.00
Indiana Neighborhood Housing Partnership	$25,000.00	$25,000.00
Northwest Indiana Community Action	$12,500.00	$12,500.00
Total	**$112,500.00**	**$112,500.00**

Following discussion, a motion was made by Lu Porter to approve allocating IDA tax credits in the amount and to the organizations listed in the above table, as recommended by staff, which was seconded by Kendra York; the motion passed unanimously:

> **RESOLVED**, that the Board approve allocating IDA tax credits in the amount and to the organizations listed in the above table, as recommended by staff.

B. Emergency Solutions Grant, Fiscal Year 2014-2015 Awards – Shelter Program, Outreach, Rapid Re-Housing/Homeless Prevention, and Rapid Re-Housing/Shelter Program

Chairman Conner recognized Angie Hass who presented information regarding Emergency Solutions Grant, Fiscal Year 2014-2015 Awards – Shelter Program, Outreach, Rapid Re-Housing/Homeless Prevention, and Rapid Re-Housing/Shelter Program.

Background
The Emergency Solutions Grant Program ("ESG") is a formula grant that is allocated according to population and other demographic factors to eligible jurisdictions nationwide. IHCDA is the designated recipient for ESG funds directed to the Indiana State program.

IHCDA created a Request for Proposals ("RFP"), dividing the activities into the following three categories: ESG Shelter Program ("ESG/S"), ESG Outreach ("ESG/O"), and Rapid Re-Housing/Homeless Prevention ("RRH/HP"). The ESG/S component provides funding to help operate the shelters and provide essential services to shelter residents. The ESG/O allows qualified agencies to provide services and case management to the homeless who are currently living on the streets.

The RRH/HP component rapidly re-houses homeless individuals and families by providing short term to medium term rental assistance, financial assistance, as well as funds to help prevent individuals and families from becoming homeless.

The following threshold requirements were included in the 2014-2015 RFP for all three components:
1. Applicant must be a certified non-profit organization;
2. Program must be located in the Indiana Balance of State Continuum of Care; and
3. Applicants must actively participate in their Regional Planning Council on the Homeless meetings, attending at least 75% of the 2013 meetings.

The RFP included the following additional threshold requirements for the ESG/S:
1. All those served in the proposed shelter programs must be homeless, as defined by HUD;
2. For new applicants, the proposed shelter program must be a short-term emergency shelter, which does not require occupants to sign leases or occupancy agreements as required by HUD; and
3. The applicant cannot apply for a project that was denied funding through the McKinney-Vento awards.

The RFP included the following additional threshold requirements for the ESG/O component:

1. The Region needed to have had a homeless street count in the most recent Point in Time Count and serve 100% homeless persons.

There were no additional threshold requirements for the RRH/HP component.

Process
The Indiana ESG program received $3,353,815.00 for fiscal year 2014, a 17% increase from the 2013 ESG allocation. However, the allocation is still 6% under the 23% sequestration cut that was received in 2013. IHCDA will allocate funds according to HUD regulations and IHCDA's State Consolidated Plan. As such, the maximum portion to shelters is 60% of the funding which is $1,940,889.00 to the ESG/S and ESG/O components, and the remaining 40% or $1,256,608.00 to RRH/HP activities. Approximately 4.6% of the ESG is for administration and will be divided among IHCDA grant administration and the RRH/HP agencies. The 60/40 percentage calculations are taken after the administration amount is taken out. The final

award amount was determined by the score, the amount requested, and the funding availability. IHCDA plans to allocate monies according to HUD regulations as follows:

IHCDA Administration	$119,000.00
Sub-Recipient Administration RRH/HP	$37,318.00
Total Admin:	**$156,318.00**
ESG RRH/HP	$1,206,608.00
ESG RRH/Shelter	$50,000.00
Total RRH:	**$1,256,608.00**
ESG/S	$1,816,947.00
ESG/O	$123,942.00
Total Shelter/Outreach:	**$1,940,889.00**
TOTAL:	**$3,353,815.00**

IHCDA received $3,128,089.00 in requests for the 2014-2015 ESG program year for the ESG/S and ESG/O components. The maximum request amount per applicant for the ESG/S and ESG/O components was $60,000.00 for current sub-recipients and $25,000.00 for new applicants. The final award amount was determined by the average score, the amount requested, and the availability of ESG funds. All applicants met the threshold requirements for ESG/S component, and, therefore, all applicants were awarded funding. The following agency did not meet the threshold requirements for the ESG/O component and therefore was not awarded funds: Human Services, Inc.

IHCDA received $2,272,500.00 in requests for the 2014-2015 RRH/HP funds from agencies and $74,200.00 in requests for a limited version of RRH funds (no rental assistance) from shelter organizations whose region was not applying for the larger amount of funding. The maximum request amount per applicant for the program was $350,000.00. All applicants met the threshold requirements for RRH/HP; and, therefore, all applicants were awarded funding.

The organizations and recommended disbursements referenced in **Exhibit B** receive disbursement of ESG grant monies in the amounts noted per agency. **Exhibit C** contains maps showing the recommended organizations.

Following discussion, a motion was made by Pat Gamble-Moore to approve awarding 2014-2015 program year Emergency Solutions Grant funds for the Shelter Program component to the shelter providers and agencies set forth in **Exhibit B** for the 2014-2015 program year in a total amount not to exceed $1,816,947.00, as recommended by staff, which was seconded by Lu Porter; the motion passed unanimously:

> **RESOLVED**, that the Board approve awarding 2014-2015 program year Emergency Solutions Grant funds for the Shelter Program component to the shelter providers and agencies set forth in **Exhibit B** for the 2014-2015 program year in a total amount not to exceed $1,816,947.00, as recommended by staff.

Following discussion, a motion was made by David Miller to approve awarding 2014-2015 program year Emergency Solutions Grant funds for the Outreach component to the shelter providers and agencies set forth in **Exhibit B** for the 2014-2015 program year in a total amount not to exceed $123,942.00, as recommended by staff, which was seconded by Pat Gamble-Moore; the motion passed unanimously:

> **RESOLVED**, that the Board approve awarding 2014-2015 program year Emergency Solutions Grant funds for the Outreach component to the shelter providers and agencies set forth in **Exhibit B** for the 2014-2015 program year in a total amount not to exceed $123,942.00, as recommended by staff.

Following discussion, a motion was made by Lu Porter to approve awarding 2014-2015 program year Emergency Solutions Grant funds for the Rapid Re-Housing/Homeless Prevention component to the shelter providers and agencies set forth in **Exhibit B** for the 2014-2015 program year in a total amount not to exceed $1,206,608.00, as recommended by staff, which was seconded by David Miller; the motion passed unanimously:

> **RESOLVED**, that the Board approve awarding 2014-2015 program year Emergency Solutions Grant funds for the Rapid Re-Housing/Homeless Prevention component to the shelter providers and agencies set forth in **Exhibit B** for the 2014-2015 program year in a total amount not to exceed $1,206,608.00, as recommended by staff.

Following discussion, a motion was made by Pat Gamble-Moore to approve awarding 2014-2015 program year Emergency Solutions Grant funds for the RRH/Shelter component to the shelter providers and agencies set forth in **Exhibit B** for the 2014-2015 program year in a total amount not to exceed $50,000.00, as recommended by staff, which was seconded by Kendra York; the motion passed unanimously:

> **RESOLVED**, that the Board approve awarding 2014-2015 program year Emergency Solutions Grant funds for the RRH/Shelter component to the shelter providers and agencies set forth in **Exhibit B** for the 2014-2015 program year in a total amount not to exceed $50,000.00, as recommended by staff.

C. Housing Opportunities for Persons with AIDS 2014-2015 Program Year Funding Allocations

Chairman Conner recognized Evan Shearin who presented information regarding Housing Opportunities for Persons with AIDS 2014-2015 Program Year Funding Allocations.

Background

The Housing Opportunities for Persons with AIDS ("HOPWA") program is formula grant provided by the U.S. Department of Housing & Urban Development ("HUD") for low-income individuals and families who are living with HIV or AIDS. HOPWA funding is used for: long- and short-term rent, mortgage assistance, utility assistance, facility-based assistance, housing information, supportive services, permanent housing placement services, and a small allowance for administrative operations.

Process

For the 2014-2015 program year, IHCDA received $947,296.00 from HUD, which is an increase of 1.3% from the 2013-2014 program year. From that total, IHCDA has allocated $28,418.00 to IHCDA for administration of the program. This dollar amount represents 3% of the grant which is the maximum amount allowed for administration. Along with $25,724.00 in rollover funds from the 2013-2014 program year award, IHCDA has $944,602.00 to allocate to our partners across the state. Despite the increase in HUD funding, this is a lower figure than last year due to a substantially smaller amount of rollover funds.

HOPWA sub-recipients were selected via a Request for Qualifications process that ensured all applicants met basic eligibility criteria, including designation as an Indiana State Department of Health ("ISDH") care coordination site. (*See* **Exhibit D.**) Funding allocations were determined based on the amount of funds requested, epidemiology figures from ISDH, previous program success, and funding availability.[1] **Exhibit E** contains a map showing the regions recommended for funding.

Sub-Recipient	2014 Award
AIDS Ministries	**$143,337**
AIDS Resource Group	**$178,763**
AIDS Task Force of NEI – Fort Wayne	**$128,640**
AIDS Task Force – LaPorte and Porter Counties (Aliveness Project)	**$177,908**
Aspire Indiana	**$163,483**
Hoosier Hills AIDS Coalition	**$25,000**
Housing Authority of Terre Haute	**$45,000**
IU Health Bloomington – Positive Link	**$82,471**
Total:	**$944,602**

Following discussion, a motion was made by Pat Gamble-Moore to approve the allocation of HOPWA funding as requested by staff, in an aggregate amount not to exceed $944,602.00 for the 2014-2015 program year, as recommended by staff, which was seconded by David Miller; the motion passed unanimously:

> **RESOLVED**, that the Board approve the allocation of HOPWA funding as requested by staff, in an aggregate amount not to exceed $944,602.00 for the 2014-2015 program year, as recommended by staff.

[1] Region 7 (Boone, Hendricks, Johnson, Madison, Marion, Morgan, and Shelby Counties) is outside IHCDA's jurisdiction.

IV. Finance

A. Multi-Family Permanent Loan Product

Chairman Conner recognized Blake Blanch who presented information regarding a Multi-Family Permanent Loan Product.

Background
The Authority allocates 9% low income housing tax credits to developments across the state. While most developments are able to get permanent loan financing, the Authority has been made aware of numerous developments that have had issues in obtaining financing. Primarily, this is due to the size of the permanent loan, whether too small or too large. This is especially an issue in rural areas where a $500,000.00 permanent loan can be difficult for a small, local bank to offer. Another difficulty is that banks are willing to invest in the construction loan because it is a short term loan (typically less than 24 months); however, they do not want to invest in the permanent loan that can be up to 17 years.

Process
IHCDA staff has been in ongoing discussions with developers of 9% tax credit developments over the last year regarding issues that arise in financing developments. Many of the issues raised were points on which IHCDA cannot control (Community Reinvestment Act ("CRA") markets, Davis-Bacon wage rates, tax credit pricing), and the topic of permanent financing also came up in these conversations. Universally, it seems that a development built in an urban area or in an area with a CRA need did not have a problem obtaining permanent financing. Conversely, for deals outside of those areas, acquiring permanent financing is an issue.

The Finance Department staff then started looking at how the Authority could assist those developments that were having problems getting permanent financing. Staff reviewed loan products from other state housing finance authorities as well as products offered by Fannie Mae and Freddie Mac.
Based on that research, a draft term sheet for a permanent loan product was prepared, reviewed internally, and posted on IHCDA's website for comment. A handful of comments were received. The term sheet attached hereto as Exhibit A reflects those comments ("Term Sheet). Highlights of the Term Sheet include:

1. Allowing a developer to lock in their permanent loan rate up to two years in advance.
2. By limiting the maximum Loan-To-Value ("LTV") to 75%, the Authority is minimizing risk.
3. Developers can select the amortization of its loan, and the interest rate of the loan is based on the amortization term selected.
4. Developers are required to defer at least 25% of their developer fee (to be paid out equally over a minimum of the first five years of the mortgage.) The Authority did not want to find itself competing with the private market, and, by requiring a portion of developer fee to be deferred, developers will be encouraged to find financing in the private market if it is available.

These loans will be funded with the IHCDA General Fund and will be held on the balance sheet. The loans themselves are low risk for multiple reasons: 1) IHCDA is in first lien position, 2) the loan has a 75% maximum LTV limit, and 3) a tax credit syndicator will be involved as the limited partner on every development. The tax credit syndicator has an incentive to ensure that development maintains its status as a tax credit development because if the development goes through foreclosure, the tax credits will be rescinded, and the syndicator will face significant losses and penalties. The Executive staff of the Authority believe this is a good use of the General Fund as these loans are being made for a programmatic purpose, are filling a niche not being served by the market, are going to allow the General Fund to earn a return higher than it could in the open market, and are properly secured with a low risk profile.

Developers would apply for the IHCDA permanent loan only after receiving an allocation of 9% tax credits beginning with developments awarded in 2015. Prior awards are not eligible for financing with this product. Developers would not apply for this permanent loan simultaneously when initially applying for tax credits as they do for other IHCDA resources like HOME and Development Fund.

It is possible that a development could receive an allocation of tax credits from the Authority, and not be recommended for financing under the permanent loan product. This could arise because of the difference in the competitive process and scoring for the 9% tax credits versus the permanent loan product which is approved after reviewing the entire development to ensure it is a sound investment for the Authority's balance sheet. It is expected that each loan recommended for funding under the Term Sheet would require approval by the Board, unless that approval is subsequently delegated to the Executive Director under the Delegation Policy.

Based on the timing of tax credit allocation rounds, the Authority does not expect to receive applications for this permanent loan product until late spring/early summer 2015. This will allow the Authority time to prepare form loan documents that are acceptable to tax credit syndicators as well as time to formalize the application process.

Following discussion, a motion was made by Kendra York to approve the Term Sheet, attached hereto as **Exhibit F**, for a permanent loan product for developments receiving an allocation of 9% tax credits, as recommended by staff, which was seconded by Pat Gamble-Moore; the motion passed unanimously:

> **RESOLVED**, that the Board approve the Term Sheet, attached hereto as **Exhibit F**, for a permanent loan product for developments receiving an allocation of 9% tax credits, as recommended by staff.

V. Asset Preservation

A. 2014-2015 Indiana Foreclosure Prevention Network Agency Contracts

Chairman Conner recognized Mark Neyland who presented information regarding 2014-2015 Indiana Foreclosure Prevention Network Agency Contracts.

Background
In April 2014, Indiana Housing and Community Development Authority ("IHCDA") received a grant award of $1,177,671.00 from the National Foreclosure Mitigation Counseling Program ("NFMC"). This competitive NFMC grant allocation was the sixth-highest among the 29 state housing finance agencies ("HFA") that received an award. The grant award includes the following:

Core Counseling Award	$927,300.00	
Program-Related Support	$185,460.00	(50% of which may be retained by IHCDA)
Operational Oversight	$64,911.00	(To be retained by IHCDA)
Total NFMC Award:	$1,177, 671.00	
Match Funds Required:	$167,767.10	
Match Funds Allocated:	$387,240.00	(33% of total funds awarded)
Total Funding Allocation:	**$1,500,000.00**	

Core counseling funds are provided to compensate housing counseling agencies for specific client counseling activities. Operational oversight funds are provided to HFAs to cover quality control, day-to-day oversight and management of the grant award, and any improvements to systems and infrastructure required. Program-related support funds are awarded to support direct costs associated with increasing the effectiveness and efficiencies of foreclosure counseling programs, such as outreach to delinquent homeowners and group orientation and education sessions. The matching funds used by IHCDA to secure the NFMC award come from revenues generated by the $50.00 foreclosure filing fee required in Indiana. These funds are used primarily to supplement the Core Counseling Award, but may also be used for oversight and support functions.

Process
Staff received applications from 27 organizations seeking to participate as a foreclosure prevention counseling agency in the Indiana Foreclosure Prevention Network ("IFPN") for the 2014-2015 Fiscal Year. In evaluating the applications and determining contract awards, staff reviewed each agency's organizational capacity, proposed service area, and previous NFMC program performance.

Staff proposes that an aggregate total of $1,500,000.00 from the grant award and matching funds be allocated to the approved network IFPN network agencies, as specified below. This amount represents the sum of the Core Counseling Award, all Program-Related Support funds, and allocated matching funds.

IFPN Network Agency	Counties Served	Amount
Affordable Housing Corporation	Cass, Delaware, Grant, Henry, Howard, Huntington, Jay, Madison, Miami, Randolph, Tipton, Wabash, Wells	$118,758.00
Brighton Center, Inc.	Dearborn, Ripley, Switzerland	$5,211.00
City of Gary – Community Development Division	Lake	$20,880.00

IFPN Network Agency	Counties Served	Amount
City of South Bend	St. Joseph	$27,918.00
Community Action Program of Evansville & Vanderburgh Co.	Clark, Clay, Floyd, Gibson, Harrison, Owen, Posey, Putnam, Sullivan, Vanderburgh, Vigo, Warrick, Washington	$68,376.00
Community Action of Greater Indianapolis	Boone, Hamilton, Hancock, Hendricks, Johnson, Marion, Morgan, Shelby, Tipton	$141,691.00
Community Action Program of Western Indiana	Benton, Fountain, Montgomery, Parke, Vermillion, Warren	$13,974.00
Consumer Credit Counseling Service of Northwest Indiana	Lake, Porter, LaPorte, Jasper, Newton, Starke, Pulaski	$58,410.00
Dubois-Pike-Warrick Economic Opportunity Committee d/b/a TRI-CAP	Clark, Crawford, Daviess, Dubois, Floyd, Gibson, Greene, Harrison, Knox, Lawrence, Perry, Pike, Posey, Scott, Spencer, Vanderburgh, Warrick, Washington	$26,851.00
Eastside Community Center	Bartholomew, Shelby, Jennings, Brown, Rush, Johnson, Decatur, Jackson, Monroe, Fayette, Morgan, Lawrence, Clark, Hancock, Wayne, Owen, Scott, Henry, Washington, Hamilton, Dearborn, Franklin	$77,174.00
Fort Wayne Urban League	Allen, Adams, DeKalb, Huntington, LaGrange, Steuben, Wells, Whitley, St. Joseph, Kosciusko, Marshall, Noble, Wabash	$15,552.00
The Home Ownership Center	Wayne, Fayette, Union, Franklin, Ripley, Dearborn, Ohio, Switzerland, Jefferson, Harrison, Floyd, Clark, Scott	$55,681.00
Hoosier Uplands, E.D.C.	Lawrence, Washington, Martin, Orange	$19,059.00
HOPE of Evansville	Vanderburgh, Warrick, Posey, Gibson, Pike, Dubois, Spencer, Perry	$82,133.00
Housing Opportunities, Inc.	Porter, Jasper, Fulton, Starke, LaPorte, Newton, Pulaski	$165,232.00
Human Services	Bartholomew, Brown, Decatur, Jackson, Jennings, Johnson, Monroe, Morgan, Shelby	$44,749.00
LaCasa, Inc.	Elkhart, Noble, Marshall, St. Joseph, Kosciusko, LaGrange	$41,627.00
Lafayette Neighborhood Housing Services (Homestead Consulting)	Tippecanoe, Benton, Boone, Carroll, Clinton, Fountain, Montgomery, Putnam, Warren, White	$95,925.00
Lincoln Hills Development Corporation	Perry, Crawford, Spencer	$3,465.00
Martindale Brightwood CDC	Marion, Hamilton, Hancock, Hendricks, Johnson, Morgan, Boone	$58,493.00
Money Management International (f/k/a Financial Hope Counseling and Education)[2]	Allen, DeKalb, Steuben, LaGrange, Noble, Kosciusko, Whitley, Wabash, Huntington, Wells, Adams	$3,919.00
Neighborhood Christian Legal Clinic	Marion, Boone, Hamilton, Hancock, Johnson, Morgan, Hendricks, Shelby	$271,739.00
Pathfinder Services, Inc.	Adams, Allen, DeKalb, Huntington, Jay, LaGrange, Kosciusko, Marshall, Noble, Starke, Steuben, Wabash, Wells, Whitley, St. Joseph, Miami, Howard, Blackford, Randolph, Madison, Hamilton, Boone, Tippecanoe	$35,234.00
PathStone	Delaware, Blackford, Madison, Henry, Randolph, Wayne, Jay	$8,700.00
South Bend Heritage Foundation	St. Joseph	$12,241.00
Respond Now	Lake	$20,000.00
Transition Resources Corporation	Allen, Blackford, Clinton, Delaware, Grant, Henry, Howard, Jay, Madison, Randolph, Tipton, Wayne	$7,008.00

Following discussion, a motion was made by Pat Gamble-Moore to approve IHCDA entering into an IFPN Network Agency contract with Hoosier Uplands Economic Development Corporation, in an amount not to exceed $19,059.00, as recommended by staff, which was seconded by Lu Porter. The motion passed with a majority of the vote with one abstention by David Miller.

RESOLVED, that the Board approve IHCDA entering into an IFPN Network Agency contract with Hoosier Uplands Economic Development Corporation, in an amount not to exceed $19,059.00, as recommended by staff.

[2] Withdrew application. Amount to be reallocated at a later date.

Following discussion, a motion was made by Pat Gamble-Moore to approve IHCDA entering into IFPN Network Agency contracts with the remaining 25 IFPN Network Agencies in the amounts listed above per Agency, as recommended by staff, which was seconded by Kendra York; the motion passed unanimously:

> **RESOLVED**, that the Board approve IHCDA entering into IFPN Network Agency contracts with the remaining 25 IFPN Network Agencies in the amounts listed above per Agency, as recommended by staff.

B. Blight Elimination Program – Division Two Funding Recommendation

Chairman Conner recognized Ryanna Binder who presented information regarding Blight Elimination Program – Division Two Funding Recommendation.

Background
The U.S. Department of the Treasury ("Treasury") established the Housing Finance Agency Innovation Fund for the Hardest Hit Markets ("Hardest Hit Fund", "HHF") to provide financial assistance to families in the states most impacted by the downturn of the housing market. Indiana was awarded over $221 million to help unemployed homeowners pay their mortgage.

Treasury has acknowledged a connection between the demolition of blighted residential properties and the stabilization of community property values. To facilitate the demolition of blighted properties, Treasury is allowing HHF recipients to seek permission to use a portion of their HHF awards to demolish blighted and abandoned properties. Indiana has requested and received authority to use $75 million of its HHF allocation to demolish blighted and abandoned homes in a comprehensive state wide program.

IHCDA engaged in an active discussion with Treasury to establish acceptable program parameters and guidelines for a blight elimination program. IHCDA and the Treasury have successfully negotiated a Term Sheet and on January 23, 2014, the Board passed a resolution allowing for the creation of the HHF Blight Elimination Program ("BEP"). The approved terms of BEP create a competitive application process which will allow for the acquisition and demolition of one to four unit residential structures up to an allowable cost of $25,000 per property. The Board approved division one awards on May 22, 2014.

Process
The state has been divided in to six funding divisions. A pool of BEP funds was made available to each Division based on the percentage of the state's population contained within the given Division. A competitive application process was organized to facilitate the allocation of funds within each Division. The application packet was released on February 7, 2014.

Division Two consists of Allen, Hamilton, and St. Joseph counties. Division Two was allocated 10,447,500 in BEP funding. The deadline for Division Two applications was May 19, 2014. IHCDA received Two Division two applications.

Applications Received		Award Recommendations	
Number	Amount Requested	Number	Amount Recommended
2	$6,305,000.00	2	$6,320,000.00[3]

The following Division Two cities and towns tendered applications for consideration:

County	Applicant	Application Number
Allen	Fort Wayne	2014D2-BEP-001
St. Joseph	South Bend	2014D2-BEP-002

Applications were self-scored. Each BEP application score was then reviewed and verified by IHCDA Asset Preservation staff based upon the requirements outlined in the BEP application packet. Applications were checked for completeness and threshold requirements.

[3] Includes property maintenance fee of $1,000 per $15,000 tier unit for three years.

Fort Wayne	[2014D2-BEP-001]

Project Summary
Fort Wayne is seeking an award of $4,705,000.00 to acquire, demolish, and facilitate an end use of 193 blighted residential structures located in Fort Wayne. Fort Wayne proposes to focus its demolition efforts in three target areas including the East Park Planning Alliance area, the Southeast Quadrant, and the West Central Neighborhood. Fort Wayne believes that the use of BEP funds for acquisition and demolition of blighted and abandoned residential structures in the designated areas will spur investment and growth and complement the city's existing development and redevelopment efforts.

Project Name: HHF BEP – Fort Wayne

Unit Request:
- **$15,000 Tier Units:** 12
- **$25,000 Tier Units:** 181
- **Total Units:** 193

Total Funding Request: $4,705,000.00

Maintenance Fee Request: $36,000.00

Amount Recommended: $4,741,000.00

Pledged Match: Release of Neighborhood Code Enforcement Liens

Activity: Acquisition and Demolition

Award Type: Blight Elimination Program Loan

South Bend	[2014D2-BEP-002]

Project Summary
South Bend is seeking an award of $1,600,000.00 to acquire, demolish, and facilitate an end use of 64 blighted residential structures located in South Bend. South Bend has undertaken a Vacant and Abandoned Properties Initiative where 1,000 blighted and/or abandoned properties will be addressed in 1,000 days. As a part of the initiative, the Vacant and Abandoned Properties Task Force identified reinvestment areas within the city. South Bend has proposed to focus its efforts in the Northwest, West, and South Reinvestment Areas to complement its existing program.

Project Name: HHF BEP – South Bend

Unit Request:
- **$15,000 Tier Units:** 3
- **$25,000 Tier Units:** 61
- **Total Units:** 64

Total Funding Request: $1,600,000.00[4]

Maintenance Fee Request: $9,000.00

Amount Recommended: $1,579,000.00

Pledged Match: $146,000.00 Cash Contribution – Gaming Proceeds

Activity: Acquisition and Demolition

Award Type: Blight Elimination Program Loan

[4] All South Bend properties were placed in Tier Two. This indicates these properties have a basement. A search of the Assessor's record revealed that three properties were not assessed as having a basement. IHCDA placed the three properties in Tier One. This accounts for the difference between the requested and recommended awards.

The Division Two BEP allocation is $10,447,500.00. If the awards recommended by staff are approved, there will be a remaining allocation of $4,127,500.00. Staff recommends offering a second funding round to Division Two with applications for Division Two-Round Two to be submitted on or about October 1, 2014.

The proposed Division Two-Round Two would be open to all of Division Two, including previous applicants. Local units of government that have not previously applied will need sufficient time to complete the application process. If the recommended Division Two awards presently before the Board are approved, Fort Wayne and South Bend will need time to commence their current BEP projects and evaluate the possibility of applying for additional award monies.

IHCDA staff plans to undertake an outreach effort in the Division Two counties which includes requesting meetings with regional planning councils and county commissioners. It is the goal of the staff that the local units of government within division two have the information necessary to make an informed decision regarding BEP application.

Following discussion, a motion was made by Kendra York to approve the recommended Division Two Blight Elimination Program awards in an amount not to exceed $6,320,000.00, as outlined above used in compliance with the Blight Elimination Program Term Sheet and Program requirements as outlined in the Application, as recommended by staff, which was seconded by Lu Porter; the motion passed unanimously:

> **RESOLVED**, that the Board approve the recommended Division Two Blight Elimination Program awards in an amount not to exceed $6,320,000.00, as outlined above used in compliance with the Blight Elimination Program Term Sheet and Program requirements as outlined in the Application, as recommended by staff.

Following discussion, a motion was made by David Miller to approve Division Two-Round Two to distribute the remaining Division Two-Round One Blight Elimination Program allocation of $4,127,500.00, as recommended by staff, which was seconded by Kendra York; the motion passed unanimously:

> **RESOLVED**, that the Board approve Division Two-Round Two to distribute the remaining Division Two-Round One Blight Elimination Program allocation of $4,127,500.00, as recommended by staff.

VI. Executive

A. Monthly Update

Chairman Conner recognized Jake Sipe who presented the monthly Executive update.

After discussions between Blake Blanch, Matt Rayburn, Alan Rakowski, and IFA, it has been decided that bond round applications will be accepted year round. The team will work closely to manage the bond volume and assure there is always bond volume available for deals.

Kaufman Global has begun their work with IHCDA on a continuous improvement program. A packet was given to the Board members to give them Kaufman's background and a general idea of the program. Jake gave an example of the Rapid Improvement Event that HHF staff completed. Wherein the HHF staff is working to get the first payment to the participants' banks in less than 45 days from the date of the application.

Indiana State University is conducting a research study on the 2011 QAP Community Impact Set-Aside which is 11 properties. The goal of the research is to assess the local and social impact on the communities and neighborhoods, not just affordable housing. This assessment includes:

1. Impact contributed to the value of real estate in the neighborhood;
2. Any change in the tax base;
3. Effect on existence of the development on surrounding real estate values and tax assessments;
4. Effect on the nature of businesses; i.e. are new businesses entering the neighborhood; and
5. Change in employment in the surrounding area.

The first portion of the report will be available in the first quarter of 2015.

IHCDA is a partner in the Indiana Development Capital and applied for $60,000,000.00 in New Market Tax Credits last year. We learned our application was denied. The application received a "Poor" rating in sections: Management Capacity and Capitalization Strategy. Treasury awarded $3.5 billion to 87 applications; out of 310 application requesting $25.8 billion.

VII. Other Business

There being no further business a motion was made by Pat Gamble-Moore to adjourn the meeting, the motion passed unanimously and the meeting was adjourned at approximately 11:30 a.m.

Respectfully Submitted,

Tonya Brothers-Bridge as designee of
Lieutenant Governor, Sue Ellspermann

ATTEST:

J. Jacob Sipe
Executive Director for IHCDA

July 2014

Revised Tax Credit Assistance Program (TCAP) Policies and Procedures Manual

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The American Recovery and Reinvestment Act of 2009 created the Tax Credit Assistance Program ("TCAP") to enhance the Section 42 Rental Housing Tax Credit program.

The Indiana Housing and Community Development Authority ("IHCDA") administered the distribution of the State's $38,048,333 in TCAP funding. IHCDA has begun to receive repayment of these funds and is updating the Recycled Funds Policy originally issued on May 2, 2012.

IHCDA intends to offer TCAP loans for the following activities:

- Up to $5,000,000.00 per development to rental housing tax credit developments as construction loans or equity bridge loans to enhance development strength and encourage investment from traditional syndicator and investor sources.
- Up to $200,000.00 per development to not-for-profit organizations as predevelopment loans related to predevelopment costs of a rental housing tax credit development. IHCDA will make a maximum of $3,500,000.00 of its total TCAP funds available for predevelopment awards.

Terms used in this TCAP Policy will have the same meaning as used in IRS Code Section 42, federal regulations, IHCDA's Qualified Allocation Plan ("QAP"), and legal agreements between the IHCDA and Owners.

Part 1: Construction and Bridge Loans

Section 1: Threshold Requirements, Eligible Uses, Application Process, and Selection Criteria

1.1.1. Threshold Eligibility – Construction and Bridge Loans

A. To qualify for a TCAP construction or bridge loan, the Development must meet one of the following set-aside categories under the QAP:

   i. Rural;

   ii. Small City; or

   iii. Housing First.

B. The Development must have an award of 9% tax credits from IHCDA and require additional funding to be completed and placed-in-service. For purposes of the TCAP Criteria, "award" means one of the following:

   i. A reservation of credits approved by IHCDA Board of Directors; or

   ii. A fully executed Carryover Agreement.

C. The Development must have an equity commitment, including financial projections.

D. The Development must demonstrate that it continues to meet the QAP's Criteria for Approval including: marketability, overall financial feasibility, viability, experience of the development team, and no outstanding noncompliance issues for existing developments.

E. Applicant/Owner/Developer may not have an outstanding TCAP loan balance.

F. Applicant/Owner/Developer must be in good standing with IHCDA – i.e. may not currently be suspended or debarred and must currently be in compliance on other IHCDA funded properties.

G. TCAP construction or bridge loan request may not exceed $5,000,000.00.

1.1.2. Eligible Uses of Funds

TCAP construction and bridge loan funds may be used for capital investments in eligible rental housing tax credit developments. Capital investments are costs that are included in the eligible basis of a development under Section 42 of the IRC.

The TCAP assistance provided to a development is subject to the same limitations (including rent and income limits, use restrictions and compliance monitoring) as required by IHCDA with respect to an award of rental housing tax credits to a development (i.e. as required under Section 42 of the IRC and its implementing regulations).

1.1.3. Application Process Requirements

A. Eligible applicants may apply to IHCDA at any time after obtaining an equity commitment.

B. Applicants are required to submit:

   i. IHCDA TCAP application;

   ii. $500.00 application fee;

   iii. Amount requested;

   iv. Current sources and uses;

   v. Anticipated closing date;

   vi. Anticipated construction and completion schedule;

   vii. Explanation of the TCAP request in terms of filling the gap caused by syndicator/investor's proposal or requirements as compared to the most recent rental housing tax credit application; and

   viii. Documentation/description of readiness criteria.

C. The Development must meet the Threshold Eligibility Requirements.

1.1.4. Selection Criteria

A. IHCDA will evaluate, prioritize and award TCAP funds to developments based on the following criteria:

   i. Meet the all of the threshold eligibility and application process requirements.

   ii. Owner's ability to close on all financing within 90 days of the TCAP award. IHCDA's "Readiness Criteria" is determined by the following:

      a. The anticipated building timelines, including any challenges (e.g. extensive site work);

      b. Owner's and general contractor's recent history of timely construction;

      c. Executed construction contract;

      d. Building permit or documentation of status approval;

      e. State approval of plans and specifications;

      f. Site Plan Approval by locality;

      g. Secure construction loan; and

      h. Completed engineering and final construction drawings.

B. IHCDA will review each request based on the materials submitted and deny TCAP funding to those who, in IHCDA's sole judgment, are unable to meet the criteria. IHCDA maintains the right to commit TCAP funds due to unforeseen circumstances if such commitment will further the housing priorities stated in IHCDA's QAP, and is determined to be in the best interest of the citizens of the State of Indiana. All TCAP award results will be posted on IHCDA's website and be made available to the public.

Section 2: Loan Terms and Underwriting Provisions

1.2.1. Underwriting Requirements

All underwriting requirements of the most recently accepted rental housing tax credit application shall remain in force, except changes to sources and uses mandated by an investor's commitment and approved by IHCDA if, in IHCDA's sole judgment, they are deemed reasonable.

1.2.2. Development Fee

A. The inclusion of development fees must be supported by a development services agreement that recites in reasonable detail the development services provided, sets forth a schedule for accrual of the development fee as specified benchmarks are achieved, and clearly identifies the terms for payment of the fee.

B. The inclusion of other fees to service providers must be supported by evidence that the services: (A) were actually performed, and (B) were not duplicative of the services for which the development fee is being paid (or for which, in a customary transaction, the development fee would be paid).

C. Other fees will not be paid to entities related to the General Partner or the Developer except where the General Contractor is a related party and is entitled to general overhead, builder profit, and general requirements.

D. The Development will be subject to the following deferred developer fee requirements:

   i. 50% of the developer fee will be deferred and payable upon project completion.

   ii. An applicant may request a waiver (see Part 4.1 below) of the deferred developer fee requirement. However, developments that propose to defer less than 50% of the developer fee will be subject to a higher interest rate on the TCAP loan.

1.2.3. Loan Terms

A. TCAP funds can be used as a construction loan and/or bridge loan.

B. TCAP funding Construction Loan Terms will be for the financing of development cost related to construction or rehabilitation. Loans will carry an interest rate starting at 3% with a term not to exceed twenty-four (24) months, interest only.

C. Construction financing will have full recourse against the borrower.

D. A portion of a TCAP construction loan may remain in the development as a bridge loan for up to an additional 24 months.

E. IHCDA will agree to subordinate the TCAP loan in priority to the lender in first lien position.

F. IHCDA shall disburse TCAP funds at closing or during construction as needed upon receiving evidence that costs have been incurred.

G. See "Exhibit A: Summary of Loan Products and Terms" for more details on loan terms.

1.2.4. TCAP Written Agreements and Disbursements

IHCDA must execute a legally binding written agreement with each project owner. The written agreement will set forth all of the TCAP program requirements applicable to the funding, and must make these requirements enforceable through the recordation of a restriction that is binding on all owners and successors, e.g., a Lien and Extended Use Agreement.

Below is a list of all documents that must be executed:

A. Loan Agreement;

B. Note;

C. Mortgage;

D. Security Agreement;

E. Guaranty;

F. Cooperation Agreement; and

G. Lien and Extended Use Agreement

1.2.5. Post Award: Timelines and Noncompliance with Terms

A. Owners who do not close on their financing and TCAP award within ninety (90) days of the TCAP award will be de-obligated and will not be eligible to reapply for TCAP funds until sixty (60) days from the date of de-obligation.

B. TCAP Funding Commitments ("the Commitment") will specify construction schedules. If an Owner fails to expend TCAP funds according to the Commitment's construction schedule, IHCDA will assess. Depending on the circumstances, IHCDA may allow the Owner an opportunity to remedy the situation.

C. Remedies for loan default or other noncompliance may include IHCDA having the ability to do some or all of the following:

   i. Declare recipients not in good standing;

   ii. In conjunction with the equity investor, change the structure of the ownership entity, including adding or removing members/partners;

   iii. In conjunction with the equity investor, replace the management company;

   iv. Initiate foreclosure proceedings; and/or

   v. Other remedies as determined appropriate by IHCDA.

Section 3: Affordability Periods and Compliance Requirements

1.3.1. Affordability Period

All developments are subject to a thirty (30) year affordability period. The Owner must record a thirty (30) year Lien and Extended Use Agreement against the property.

1.3.2. Reporting and Tax Credit Compliance

A. Progress Reports: Owners will report to IHCDA, no less than quarterly on the day preceding the end of such quarter:

   i. Description of the development, and

   ii. Evaluation of the completion status.

B. Owners must follow IHCDA's compliance requirements, processes, and procedures as applicable to Section 42 rental housing tax credit developments, as outlined in IHCDA's *Rental Housing Tax Credit Compliance Manual* as amended annually. This includes online reporting requirements and cooperation with IHCDA file audits and physical inspections.

C. Non-compliance with TCAP policies and procedures contained herein will subject development's award to recapture.

D. Non-compliance with TCAP policies and procedures can negatively affect future LIHTC reservations from IHCDA and may result in the Applicant, Owner, Developer, and/or Management Company being placed on IHCDA's suspension or debarment list.

1.3.3. Fair Housing: Non-discrimination & Accessibility Requirements

Owners and developments must comply with all of the following:

A. Owners must comply with the non-discrimination requirements of the federal Fair Housing Act (42 U.S.C. 3601-19 and the implementing regulations at 24 CFR Part 100 24 CFR Part 107) and the Violence Against Women Reauthorization Act of 2013.

B. Accessibility:

   i. The Federal Fair Housing Act Amendments of 1988 establishes the following seven design standards for all newly constructed multi-family housing of four or more units ready for first occupancy on or after March 13, 1991 (See 24 CFR 100.205). The housing is not covered if the last building permit was issued prior to June 15, 1990, or if the site is determined to be impractical:

      a. At least one building entrance must be on an accessible route.

      b. All public and common areas must be readily accessible to and usable by people with disabilities.

      c. All doors providing passage into and within all premises must be sufficiently wide for use by persons in wheelchairs.

   ii. Additionally, all ground floor units and all units on floors served by elevators must have:

a. An accessible route into and through the dwelling.

b. Accessible light switches, electrical outlets, thermostats, and other environmental controls.

c. Reinforcements in bathroom walls to allow later installation of grab bars around the toilet, tub, and shower, when needed.

d. Kitchens and bathrooms configured so that a person using a wheelchair can maneuver in the space.

Section 4: Waivers and Modifications

1.4.1. Requesting Waivers

IHCDA, in its sole discretion, may consider a waiver request from any Applicant/Developer in regards to any program requirement outlined within this policy. The Applicant must submit the waiver request along with the original application. The waiver request must include:

A. The details of the specific requirement for which the waiver is being requested;

B. A detailed description as to why the requirement cannot be met;

C. Any additional information the Applicant would like IHCDA to consider with the request, and

D. Payment of the waiver request fee in the amount of $500.00 for each requirement requested to be waived.

IHCDA will provide a written response approving or denying the request. The waiver request fee will be retained by IHCDA regardless of whether the waiver is granted.

1.4.2. Requesting Modifications

IHCDA will impose a $500.00 fee for a request for changes to the characteristics of the development, such as unit types, distribution, or targeting (e.g. set-asides). A modification fee will also be imposed for a request to change loan terms from those in the original executed letter of intent. This fee will apply to any modification requested after approval of funding.

In addition, IHCDA will impose a $1,500.00 fee to modify any legal documents including but not limited to the note, loan agreement, the recorded Lien and Extended Use Agreement, etc.

For example, if an owner requests a modification to change the number of 30% set-aside units at the property during the affordability period, the owner would submit a $500.00 modification request fee and then, if approved, an additional $1,500.00 fee to have IHCDA modify the recorded Lien and Restrictive Covenant on the property to reflect the new unit

mix. The total modification cost is $2,000.00. If the modification does not require amending the legal documents, then the $1,500.00 fee would not apply.

Approval of modification requests is at the sole discretion of IHCDA. IHCDA must evaluate each request to see how the change would have affected original funding and underwriting of the development, as well as to ensure that the proposed change will not cause noncompliance.

Part 2: Predevelopment Loans

Section 1: Threshold Requirements, Eligible Uses, Application Process, and Selection Criteria

2.1.1. Threshold Eligibility-Predevelopment Loans

A. To qualify for a predevelopment loan, the Applicant must have an award of 9% tax credits and qualify under the qualified not-for-profit set-aside.

B. Applicant/Owner/Developer may not have an outstanding TCAP loan balance.

C. Applicant/Owner/Developer must be in good standing with IHCDA – i.e. may not currently be suspended or debarred and must currently be in compliance on other IHCDA funded properties.

D. TCAP predevelopment loan request may not exceed $200,000.00.

2.1.2. Eligible Uses of Funds

TCAP funds may be used as predevelopment loans to not-for-profit organizations. Eligible activity costs include:

A. Costs associated with conducting a feasibility analysis and market study of the proposed activity;

B. Professional fees such as legal, architectural, engineering, etc. to render development details;

C. Title search;

D. Option(s) to purchase property (acquisition is NOT eligible); and/or

E. Payment of necessary fees, such as appraisals, permits, bonding, and credit checks.

2.1.3. Application Process

A. Eligible applicants may apply to IHCDA at any time.

B. Applicants are required to submit:

i. IHCDA TCAP Pre-Development Loan Application;

ii. $500.00 application fee;

iii. Amount requested;

iv. Detailed pre-development budget uses for the loan;

v. Current sources and uses;

vi. Anticipated closing date;

vii. Anticipated construction and completion schedule;

viii. Explanation of the TCAP request; and

ix. Documentation/Description of readiness criteria.

C. The Development must meet the Threshold Eligibility Requirements outlined above.

2.1.4. Selection Criteria

A. IHCDA will evaluate, prioritize and award TCAP funds to developments based on the following criteria:

i. Meet all the above threshold eligibility and application process requirements; and

ii. Demonstrated financial capacity to repay the loan.

B. IHCDA will review each request based on the materials submitted and deny TCAP funding to those who, in IHCDA's sole judgment, are unable to meet the criteria. IHCDA maintains the right to commit TCAP funds due to unforeseen circumstances if such commitment will further the housing priorities stated in IHCDA's QAP, and is determined to be in the best interest of the citizens of the State of Indiana. All TCAP award results will be posted on IHCDA's website and be made available to the public.

Section 2: Loan Terms and Underwriting Provisions

2.2.1. Underwriting Requirements

Underwriting for all pre-development loans will adhere to underwriting guidelines outlined in the IHCDA 2014-2015 Qualified Allocation Plan. Additionally, applicant must demonstrate sufficient financial ability to secure and repay loan.

2.2.2. Loan Terms

A. TCAP pre-development funds will be available for the financing of pre-development costs related to construction or rehabilitation of affordable rental housing. Eligible uses of loan proceeds are described in Section 1.1.2 of this Part.

B. TCAP pre-development loans will carry an interest rate of 5%.

C. The term of the pre-development loan is not to exceed 24 months with annual interest only payments.

D. Pre-development financing will have full recourse against the borrower.

E. Pre-development loans (principal amount plus any accrued interest) must be repaid in full at time of construction loan closing or twenty-four (24) months, whichever is sooner.

F. IHCDA shall disburse TCAP funds at closing and/or during pre-development term on as monthly basis upon receiving claim request and proper evidence that costs have been incurred.

G. See "Exhibit A: Summary of Loan Products and Terms" for more details on loan terms.

2.2.3. TCAP Written Agreements and Disbursements

Each project owner must execute a legally binding written agreement with IHCDA. The written agreement will set forth all of the TCAP program requirements applicable to the funding. Below is a list of all documents that must be executed:

A. Loan Agreement;

B. Mortgage;

C. Security Agreement;

D. Guaranty; and

E. Cooperation Agreement.

2.2.4. Post Award: Timelines and Noncompliance with Terms

A. Owners who do not close on their TCAP award within ninety (90) days of the TCAP award will be de-obligated and will not be eligible to reapply for TCAP funds until sixty (60) days from the date of de-obligation.

B. Remedies for loan default or other noncompliance may include IHCDA having the ability to do some or all of the following:

   i. Declare Applicant/Developer/Owner not in good standing;

   ii. Initiate foreclosure proceedings; and/or

iii. Other remedies as determined appropriate by IHCDA.

Section 3: Waivers and Modifications

2.3.1. Requesting Waivers

IHCDA, in its sole discretion, may consider a waiver request from any Applicant/Developer in regards to any program requirement outlined within this policy. The Applicant must submit the waiver request along with the original application. The waiver request must include:

A. The details of the specific requirement for which the waiver is being requested;

B. A detailed description as to why the requirement cannot be met;

C. Any additional information the Applicant would like IHCDA to consider with the request, and

D. Payment of the waiver request fee in the amount of $500 for each requirement requested to be waived.

IHCDA will provide a written response approving or denying the request. The waiver request fee will be retained by IHCDA regardless of whether the waiver is granted.

2.3.2. Requesting Modifications

IHCDA will impose a $500.00 modification fee for a request to change loan terms from those in the original executed letter of intent. This fee will apply to any modification requested after approval of funding.

In addition, IHCDA will impose a $1,500.00 fee to modify any legal documents.

ESG Shelter Program Awards 2014-2015			
Organization	**Counties Covered**	**Award Amount**	**Request Amount**
Genesis Outreach	Allen	$39,510	$60,000
Hope House, Inc.	Allen	$21,386	$32,475
Vincent Village	Allen	$40,074	$60,000
YWCA Northeast Indiana	Allen	$34,994	$60,000
Interfaith Hospitality Network of Greater Fort Wayne	Allen	$32,736	$60,000
Columbus Regional Shelter for Victims of Domestic Violence	Bartholomew	$29,350	$60,000
Human Services, Inc.	Bartholomew	$38,380	$60,000
Emmaus Mission Center	Cass	$33,301	$60,000
Heart House Inc.	Dearborn	$23,480	$48,000
A Better Way Services, Inc.	Delaware	$36,219	$50,000
Bridges Community Services	Delaware	$35,747	$50,000
Family Services of Elkhart County, Inc. d/b/a iFiT	Elkhart	$20,414	$31,000
Goshen Interfaith Hospitality Network, Inc.	Elkhart	$26,246	$45,000
St. Elizabeth Catholic Charities	Floyd	$31,607	$60,000
The Center for Women and Families	Floyd	$25,963	$40,000
Family Service Society	Grant	$25,740	$40,239
Hancock Hope House	Hancock	$37,251	$60,000
Sheltering Wings Center for Women	Hendricks	$42,332	$60,000
Coordinated Assistance Ministries, Inc.	Howard	$41,203	$60,000
Family Service Association of Howard County, Inc.	Howard	$45,722	$60,000
Community and Family Services	Huntington	$10,762	$22,000
Anchor House, Inc.	Jackson	$40,639	$60,000
North Central Indiana Rural Crisis Center	Jasper	$17,824	$30,075
Kosciusko County Shelter for Abuse, Inc.	Kosciusko	$37,816	$60,000
Gary Commission for Women	Lake	$37,816	$60,000
Haven House, Inc.	Lake	$12,042	$20,000
St. Jude House	Lake	$31,607	$60,000
Citizens Concerned for the Homeless	LaPorte	$22,577	$48,000
Stepping Stone Shelter for Women, Inc.	LaPorte	$36,687	$60,000
Becky's Place (Catholic Charities)	Lawrence	$28,306	$51,000
Alternatives Inc. of Madison County	Madison	$41,768	$60,000
Martha's House	Monroe	$12,230	$25,000
Middle Way House, Inc.	Monroe	$39,510	$60,000
New Hope Family Shelter	Monroe	$31,607	$60,000
Shalom Community Center	Monroe	$32,736	$60,000
Stepping Stones, Inc.	Monroe	$34,429	$60,000
Family Crisis Shelter, Inc.	Montgomery	$24,082	$40,000
Community Service Center of Morgan County, Inc.	Morgan	$41,768	$60,000
Gabriel's Horn Corporation	Porter	$32,172	$60,000
Housing Opportunities	Porter	$40,074	$60,000
The Caring Place	Porter	$12,211	$22,000
Safe Passage	Ripley	$21,006	$38,500
Family Promise of Greater Lafayette	Tippecanoe	$14,111	$30,000
Lafayette Transitional Housing Center Inc.	Tippecanoe	$41,203	$60,000
Lafayette Urban Ministry	Tippecanoe	$44,026	$60,000
Mental Health America of Tippecanoe County	Tippecanoe	$41,767	$60,000
The Salvation Army	Tippecanoe	$42,332	$60,000
YWCA of Greater Lafayette	Tippecanoe	$33,827	$58,000
Albion Fellows Bacon Center, Inc.	Vanderburgh	$21,167	$30,000

EXHIBIT B

ESG Shelter Program Awards 2014-2015			
Organization	**Counties Covered**	**Award Amount**	**Request Amount**
Evansville Goodwill Industries, Inc.	Vanderburgh	$22,060	$35,000
House of Bread and Peace	Vanderburgh	$20,747	$40,100
Ozanam Family Shelter Corporation	Vanderburgh	$32,522	$51,600
United Caring Services	Vanderburgh	$37,816	$60,000
YWCA of Evansville	Vanderburgh	$40,074	$60,000
Catholic Charities Terre Haute	Vigo	$32,736	$60,000
Council on Domestic Abuse	Vigo	$32,172	$60,000
Prisoner and Community Together	Washington	$25,253	$45,500
YWCA of Richmond	Wayne	$3,260	$6,300
Interfaith Mission, Inc. d/b/a The Lighthouse	Whitley	$30,550	$43,300
TOTAL		**$1,816,947**	$2,953,089

ESG Outreach Awards 2014-2015			
Organization	**Counties Covered**	**Award Amount**	**Request Amount**
Shalom Community Center	Monroe	$39,826	$60,000
Wabash Valley Alliance	Tippecanoe	$34,333	$55,000
Aurora, Inc.	Vanderburgh	$49,783	$60,000
TOTAL:		**$123,942**	$175,000

ESG Rapid Re-Housing and Homeless Prevention Awards 2014-2015			
Organization	**Counties Covered**	**Award Amount for Financial Assistance & Services[1]**	**Request Amount**
Aspire, Inc.	Madison, Hamilton, Hendricks, Boone, Hancock	$61,134	$100,000
Aurora, Inc.	Vanderburgh	$212,910	$350,000
CANI-Fort Wayne	Allen	$164,318	$350,000
CoC of Northwest Indiana	Lake	$125,720	$340,000
Housing Opportunities, Inc.	Porter, LaPorte	$173,252	$350,000
Human Services, Inc.	Bartholomew, Decatur, Johnson, Jackson, Jennings, Shelby	$206,272	$350,000
Lafayette Transitional Housing Center	Tippecanoe	$61,432	$100,000
Shalom Community Center	Monroe, Morgan, Lawrence	$173,535	$282,500
The Center for Women & Families	Clark, Floyd	$28,035	$50,000
TOTAL:		**$1,206,608**	$2,272,500

ESG Rapid Re-Housing Shelter -Financial Assistance 2014-2015			
Organization	**Counties Covered**	**Award Amount**	**Request Amount**
Heart House, Inc.	Dearborn	$6,539	$12,000
A Better Way	Delaware	$8,070	$10,000
Bridges Community Services, Inc.	Delaware	$7,964	$10,000
Community and Family Services, Inc.	Huntington	$1,636	$3,000
North Central Indiana Rural Crisis Center	Jasper	$6,932	$10,500
Becky's Place-Catholic Charities	Lawrence	$5,565	$9,000
Safe Passage	Ripley	$609	$1,000
Prisoner and Community Together	Washington	$7,419	$12,000
Interfaith Mission, Inc.	Whitley	$5,266	$6,700
TOTAL:		**$50,000**	$74,200

[1] Administration not included.

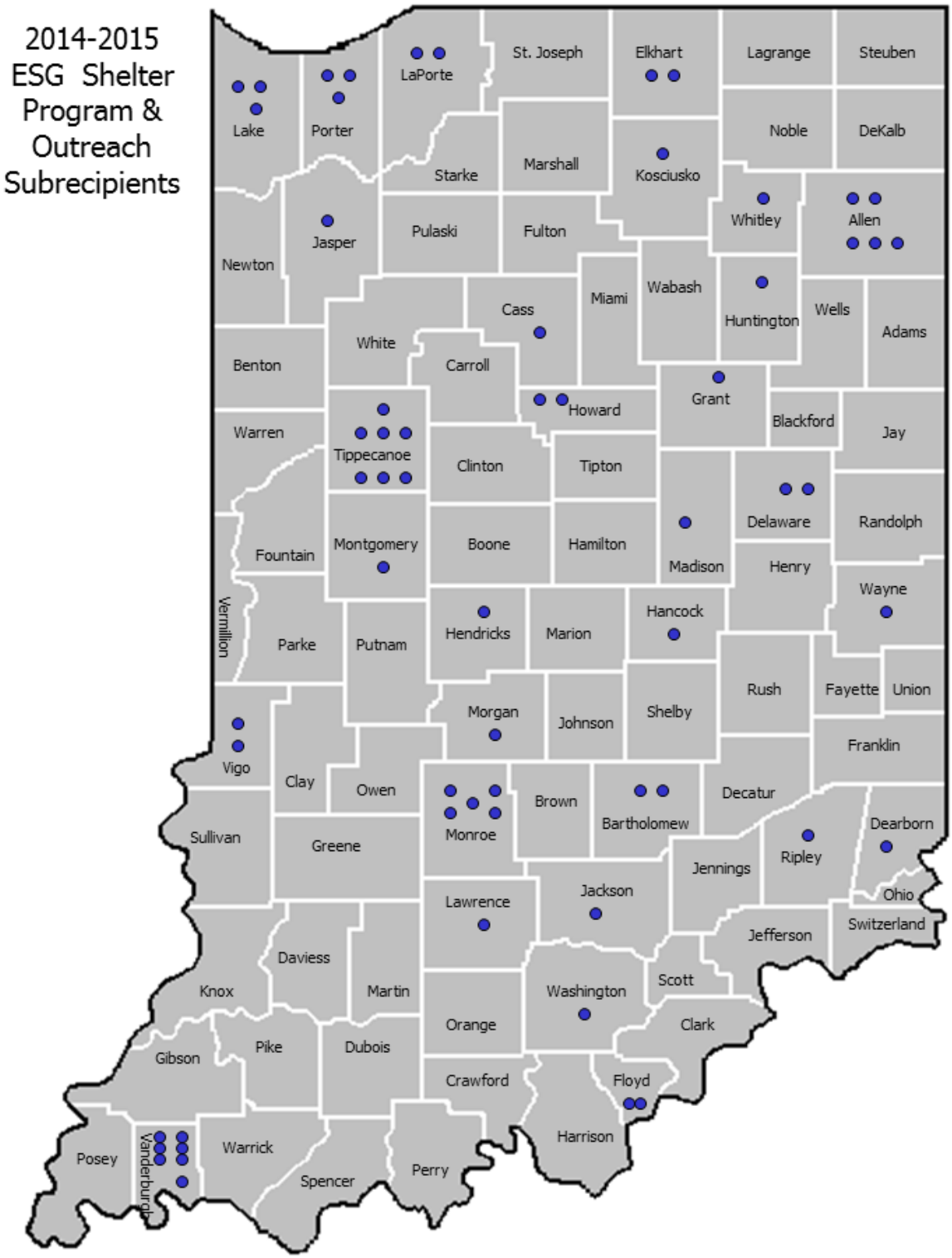
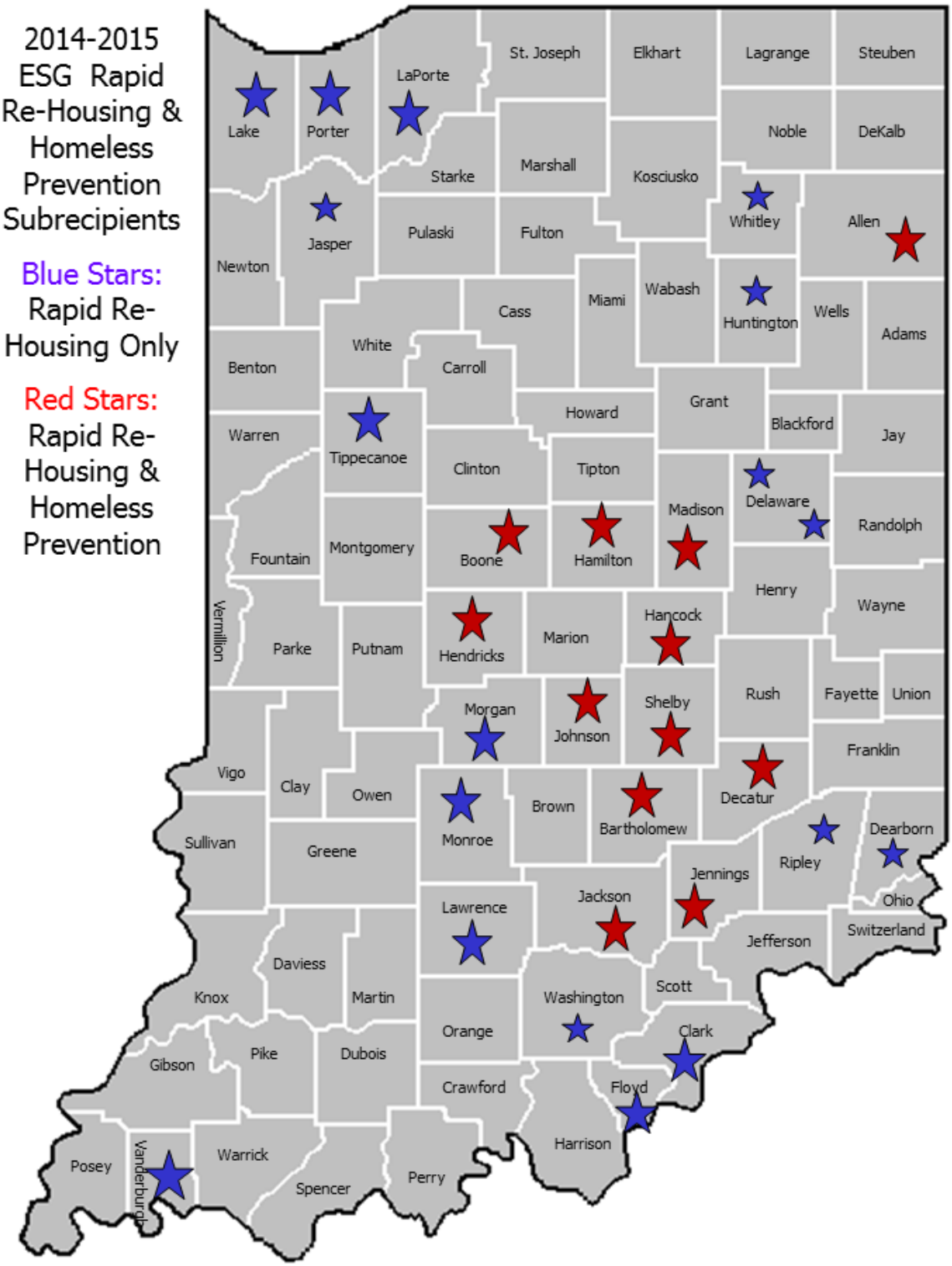

2014-2015
ESG Shelter
Program &
Outreach
Subrecipients
Lake
Porter
LaPorte
St. Joseph
Elkhart
Lagrange
Steuben
Noble
DeKalb
Starke
Marshall
Kosciusko
Whitley
Allen
Newton
Jasper
Pulaski
Fulton
Miami
Wabash
Huntington
Wells
Adams
Cass
White
Benton
Carroll
Grant
Howard
Blackford
Jay
Warren
Tippecanoe
Clinton
Tipton
Delaware
Randolph
Fountain
Montgomery
Boone
Hamilton
Madison
Henry
Wayne
Vermillion
Parke
Putnam
Hendricks
Marion
Hancock
Rush
Fayette
Union
Morgan
Johnson
Shelby
Franklin
Vigo
Clay
Owen
Brown
Bartholomew
Decatur
Dearborn
Sullivan
Greene
Monroe
Ripley
Jennings
Ohio
Lawrence
Jackson
Switzerland
Jefferson
Daviess
Knox
Martin
Washington
Scott
Orange
Clark
Gibson
Pike
Dubois
Crawford
Floyd
Harrison
Posey
Vanderburgh
Warrick
Spencer
Perry

EXHIBIT C

2014-2015 ESG Rapid Re-Housing & Homeless Prevention Subrecipients

Blue Stars: Rapid Re-Housing Only

Red Stars: Rapid Re-Housing & Homeless Prevention



INDIANA STATE DEPARTMENT OF HEALTH
HIV CARE COORDINATION PROGRAM

HIV Care Coordination is a specialized form of HIV case management. Its mission is to assist those living with HIV disease with the coordination of a wide variety of health and social services. Case Management services are available statewide at sixteen regional sites. Care Coordination provides an individualized plan of care that includes medical, psychosocial, financial, and other supportive services, as needed. Care Coordination services are offered FREE of charge.

The primary goals of the program are to ensure the continuity of care, to promote self-sufficiency, and to enhance the quality of life for individuals living with HIV.

The Care Coordinators are trained professionals who can offer assistance in the following areas:

- Access to health insurance to obtain medications
  This includes Medicaid, Medicare, Early Intervention Plan (EIP), AIDS Drug Assistance Plan (ADAP), Health Insurance Assistance Plan (HIAP), Indiana Comprehensive Health Insurance Association (ICHSA), Wishard Advantage, and the Ryan White Program (Parts A & C) offered through the Marion County Health Department, etc.
- Access to housing programs such as Section 7, Housing Opportunities for Persons with AIDS (HOPWA), Shelter Plus Care, etc.
- Access to emergency funds, such as Direct Emergency Financial Assistance (DEFA) to assist with rent, utilities, medications, etc.
- Access to mental health and substance abuse programs
- Referrals for optical and dental care
- Referrals to community and government programs, such as Social Security
- Referrals to local food pantries
- Referrals to support groups
- Referrals to legal assistance
- Assistance with medication management
- Assistance with transportation (e.g., bus passes
- Access to HIV testing and prevention counseling services
- Access to HIV prevention and education services

For more information about the HIV Care Coordination Program, please call us a 1-866-588-4948, option 2, or visit http://www.in.gov/isdh/17397.htm

Lake
Porter
LaPorte
1
St. Joseph
2
Elkhart
LaGrange
Steuben
Noble
DeKalb
Starke
Marshall
Kosciusko
Whitley
Allen
3
Jasper
Pulaski
Fulton
Newton
Miami
Wabash
Huntington
Adams
Wells
White
Cass
Benton
4
Carroll
6
Grant
Howard
Jay
Blackford
Warren
Tippecanoe
Clinton
Tipton
Delaware
5
Randolph
Madison
Fountain
Montgomery
Boone
Hamilton
Henry
Wayne
Vermillion
Parke
Putnam
Hendricks
Marion
7
Hancock
Rush
Fayette
Union
8
Shelby
9
Vigo
Clay
Morgan
Johnson
Franklin
Decatur
Owen
Bartholomew
Brown
Monroe
Ripley
Dearborn
Sullivan
Greene
10
Jennings
Ohio
Jackson
Lawrence
Jefferson
Switzerland
Knox
Daviess
Martin
11
Scott
12
Orange
Washington
Clark
IHCDA:
For Internal
Use Only
Pike
Dubois
Gibson
Crawford
Floyd
Harrison
Warrick
Perry
Posey
Vanderburgh
Spencer

EXHIBIT E

IHCDA 9% TAX CREDIT PERMANENT MORTGAGE FORWARD WITH RATE LOCK TERM SHEET

Key Features:

1. Permanent interest rate is locked prior to construction start; eliminating interest rate risk.
2. Minimize negative arbitrage during construction period since permanent loan funds do not have to be advanced until the property qualifies for permanent financing ("Conversion").
3. Flexible terms including rates, amortization periods, etc.
4. Apply for financing after receiving an allocation of 9% tax credits.
5. Standard template documents agreed to by major syndicators in the state.

Loan Amount: Up to $1,000,000.00.

Forward Interest Rate: Fixed at equity close. Based on the following formulas[1]:

- Fully Amortizing Loan: 10 year US Treasury Rate + 225 basis points.
- Up to 30 Year Amortization: 10 year US Treasury Rate + 275 basis points.
- Greater than 30 Year Amortization: 10 year US Treasury Rate + 375 basis points.

Minimum DSC Ratio: 1.15.

Maximum Loan-to-Value: 75% (LTV calculated at tax credit rents).

Rate Lock Term: Up to 24 months.

Permanent Loan Term: Up to 17 years.

Amortization: Up to 35 years.

Loan Type: IHCDA is acting as the permanent lender and does not take on construction period risk. Thus, during the construction and lease-up phase, another acceptable construction lender acts as the interim lender.

Permanent Loan Conversion Requirements: Property must be 90% physically occupied for 90 consecutive days prior to Conversion. The property must also have been satisfactorily completed.

Recourse: Non-recourse with standard IHCDA carve outs (for such items as fraud, misrepresentation, etc.).

Closing Fee: Third party actual costs (title, legal, etc.). Estimate will be available prior to submission of an application.

Application Fee: $5,000.00.

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[1] Rounded to the next .125%; for example, 5.32% formula rate becomes 5.375%. Assumes 18 month lock. Add 25 basis points for 24 month lock.

Forward Commitment Deposit Fee: 2% of the loan amount in cash or loan capital (refundable at Conversion)

Loan Security: First lien mortgage (upon Conversion).

Prepayment: Requires IHCDA approval, which will not reasonably be withheld.

Assumption: Requires IHCDA approval and payment of 1% assumption fee and $3,000.00 processing fee.

Subordinate Financing: Allowed but must be subordinate to this mortgage.

Reserves: Taxes, insurance, and replacement reserves.

Normal Processing Time: 60 to 90 days from the receipt of the signed application and check.

Closing Conditions: Standard industry due diligence.

Deferred Developer Fee: A minimum of 25% of the developer fee will be required to be deferred and paid out equally over a minimum of the first five years of this mortgage. This can be paid out either via cash flow or via a control account. Developments proposing deferred developer fees greater than 25% and being repaid over a period longer than five years meet this requirement. The Developer Fee Payout Cap below summarizes the maximum % of the developer fee that a developer can receive over the first five years of this mortgage.

DEVELOPER FEE PAYOUT CAP

End of Year of Mortgage	Maximum % Developer Fee Received
1	80%
2	85%
3	90%
4	95%
5	100%