



Indiana Finance Authority (IFA)

Residential Housing Infrastructure Assistance Program (RIF)

Source of Security and Repayment

1. The RIF Loan will be limited to a twenty (20) year amortization. The interest rate will be a fixed rate for the life of the RIF Loan.
 - i. 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. Applicants should assume interest will be due on the first February 1st, or August 1st after closing. Capitalized interest may be required. Applicants should structure the principal and interest to align with expected revenue.
3. Loans will be fully funded into the participants' account on the 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.
4. A minimum of 1.25x coverage Annual debt service coverage is required for the RIF loans secured by revenues. Contemplating the RIF Loan and all other outstanding obligations payable or secured by the pledged revenue.
5. A Debt Service Reserve (DSR) sized at maximum annual debt service (MADS) will be required for applicants pledging a "New" TIF. See funding options below.
6. **Below are the requirements for different sources of security and repayment:**

New TIF (as sole security for the RIF loan)

1. IFA considers any TIF and associated allocation area "new" unless it has at least five (5) consecutive prior years of TIF revenues generating 1.25x coverage against debt service on the proposed RIF loan and/or any other obligations payable by the TIF Revenues.
2. If a New TIF is the sole source and security of repayment on the RIF Loan, IFA will require:
 - a. The loan to be sized with 1.25x coverage of expected pro forma TIF revenues against the debt service RIF loan
 - b. A Taxpayer Agreement with the Developer of the Project that requires the Developer to make up any short falls of TIF revenues to pay debt service on the RIF loan.
 - i. To the extent the Developer executing the taxpayer agreement (and relevant loan documents with the Applicant) is a special purpose entity (SPE), IFA will require either the principals and/or parent company of the Developer to execute both a Completion Guaranty (guarantying completion of the Developer's project) and a Payment and Performance Guaranty (guarantying the Developer's obligations under the Taxpayer Agreement).
 - ii. Draft "forms" of the above-mentioned Taxpayer Agreement, Completion Guaranty and Payment and Performance Guaranty will be provided.

- a. A debt service reserve fund sized at maximum annual debt service (MADS) on deposit at closing.
 - i. To the extent IFA does not provide as part of RIF Loan the amount of the funds necessary to fully fund the debt service reserve and does not require the Applicant to fund it via a cash contribution (all in IFA's sole discretion), for a debt service reserve fund not fully funded at closing, the Applicant will be required to provide an estimated semi-annual schedule demonstrating that the "excess" TIF will be built up over time to fund the debt service reserve to MADS.
- b. Capitalized Interest will be required, beginning with the semi-annual interest payment date following loan closing, through the period of time in which expected TIF revenues will be generated.
 - i. To the extent the IFA does not provide as part of the RIF Loan the amount of funds for capitalized interest, such capitalized interest shall be funded via a cash contribution by the Applicant at closing or, if the Applicant is proposing the Developer is responsible for such capitalized interest payments, an LoC (as defined as described below) from the Developer will be required for the amount and duration of such capitalized interest period.

Utility Net Revenues

1. Same Requirements as any traditional SRF wastewater or drinking water loan, such as:
 - a. 1.25x rate covenant
 - b. Debt Service Reserve sized at maximum annual debt service on the RIF loan over a 60-month period
 - c. Standard SRF covenants in the applicant's bond ordinance
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. What is the Current User Rate? (\$_____)
4. Will a Rate Increase be necessary to fund the RIF Loan?
 - a. 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.

Existing TIF

1. IFA considers any TIF and associated allocation area "existing" if it has at least five (5) years of TIF revenues generating 1.25x coverage against debt service on the proposed RIF loan. And/or any other obligations payable by the TIF Revenues.
2. If an Existing TIF is the source of security and repayment on the RIF Loan, no requirement for a Taxpayer Agreement (or associated parent guaranties) or funding capitalized interest and a debt service reserve.
3. If there are existing obligations payable by the TIF, IFA will only accept a senior / parity position with those outstanding obligations.
4. Please provide the five (5) year history of TIF revenues
5. Please provide the ten largest taxpayers, by incremental assessed value, for the TIF allocation areas.

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:
 - a. Developer to receive an irrevocable Letter of Credit (“LoC”), in a form and with a bank acceptable to IFA. (A draft LoC will be provided.)
 - b. 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:
 - i. Failure of the Developer to make payment on the RIF loan
 - ii. Any non-renewal of the LoC
2. No requirement for funding capitalized interest and a debt service reserve.

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.