REVISION
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Indiana Affordable Housing and Community Development Fund

Application Process, Underwriting Guidelines, Compliance Requirements

Indiana Housing & Community Development Authority

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The Indiana Affordable Housing and Community Development Fund ("Development Fund") was established in 1989 to provide financing for affordable housing and community economic development projects in Indiana. Development Fund regulations may be found in Indiana Code 5-20-4. Developments also involving federal funding such as HOME Investment Partnerships Program ("HOME"), tax-exempt bonds, or Low-Income Housing Tax Credits ("LIHTC") must comply with the requirements of those programs.

The Development Fund provides loans or grants of up to $500,000 per development for eligible activities as defined within this policy. Development Fund grants will be made only in conjunction with special IHCDA initiatives. All special initiatives will be announced by IHCDA via public notice announcing the purpose of initiative, the application process, and any special criteria not included in this general Development Fund policy. Except for these special initiatives, IHCDA will accept Development Fund applications for loans only.

Section 1: Application Process, Eligible Activities, and Eligible Costs

1.1 How to Apply

Development Fund awards are approved through Indiana Housing and Community Development Authority's ("IHCDA") Development Fund Application, in conjunction with LIHTC applications through the Qualified Allocation Plan ("QAP"), or with HOME applications through the HOME funding round. This manual applies only to Development Fund requests that are made independently from other IHCDA funding applications. If the Development Fund request is part of a LIHTC application, please refer to Schedule J of the QAP for instructions. If the request is part of a HOME application, please refer to Part 10 of the HOME Rental Policy.

Development Fund requests that are not in conjunction with another funding application may be accepted year-round depending on availability of funds. The Applicant may request a meeting with IHCDA's Director of Real Estate Lending ("Director") prior to application submission. Applications must be submitted electronically to the Director. IHCDA staff reserves the right to require changes to the proposal as a condition of recommendation for funding.

All applications are subject to a non-refundable application fee of $750.

1.2 Eligible Applicants

Eligible applicants include not-for-profit organizations, for-profit developers, and local units of government. IHCDA must allocate at least 50% of the fund to recognized not-for-profit corporations under Section 501(c)(3) of the U.S. Internal Revenue Code.

Organizations with current Development Fund awards are eligible to apply for funding for new projects. An Applicant's outstanding awards must be current (if loans), in compliance with all program requirements, and otherwise in good standing to be considered for additional awards. No individual organization or its affiliates may hold more than 20% of the Development Fund's total portfolio at any one time.

Individuals or organizations currently on IHCDA's suspension or debarment list are not eligible to apply for Development Fund awards. Additionally, any organizations who receive a notice of default from any lender/partner will be ineligible to apply for Development Funds until the default is cured to the satisfaction of the applicable lender. Organizations that have had previous write-offs of Development Fund loans must demonstrate, through financial statements, that they now have the financial capacity to be considered for another loan.

1.3 Eligible Beneficiaries

Residential Developments: At least 50% of the DF-assisted units in a development must be designated for households at or below 50% AMI and the remaining DF-assisted units must be designated for households at or below 80% AMI utilizing the HOME program income limits published annually by HUD.

The percentage of total development costs attributable to the Development Fund represents the percentage of units that will be considered DF-assisted. The minimum number of DF-assisted units is determined using the following calculation:

- Divide the Development Fund request by total development costs.
- Multiply this percentage by the total number of units in the project, rounding up to the next whole number of units.
- For example, if total development costs are $2,000,000 and the applicant is requesting $500,000 in Development Fund financing, then 25% of the construction financing is through the Development Fund. As such, 25% of the units will be DF-assisted and must meet the requirements of the Development Fund program.

The required number of DF-assisted units at 50% AMI income and rent limits is determined by the following calculation:

- 50% of the of DF-assisted units (as defined above): or
- If there are 50 or more units in the Development, the minimum number of units set at 50% AMI is the greater of 50% of the assisted units (as calculated above) or 10 units.

With IHCDA approval, Development Fund projects may target special needs populations such as the elderly, persons with disabilities, and individuals experiencing homelessness, as long as the targeted households are income eligible.

If there is more than a single unit type within the Development, the DF-assisted units must be split proportionally among the different unit types.

1.4 Activity Location

The proposed activity must be located within the State of Indiana.

1.5 Eligible Residential Activities

Eligible residential activities include acquisition, new construction, and/or rehabilitation of homes for sale, permanent rental units, and permanent supportive housing, **except for** the specifically ineligible activities listed in §1.6 below.

1.6 Ineligible Residential Activities

The following activities are ineligible for assistance through the Development Fund:

- Rehabilitation of mobile homes
- Acquisition-only activities (except for existing affordable housing)
- Owner-occupied rehabilitation

- Simple refinancing
  - EXCEPTION: Development Fund can be used to refinance an existing affordable housing development. IHCDA will require an inspection to confirm there are no major health and safety issues. If issues are identified, Development Fund can only be awarded if used for a combination of refinancing and rehab.
- Partial repayment of any construction loan other than a Development Fund loan used during construction

1.7 Eligible Non-Residential Activities – Currently closed

In limited circumstances, Development Fund may be used for non-residential community economic development activities. Applications for non-residential activities will be evaluated to determine their impact on the community and alignment with IHCDA's strategic priorities.

IHCDA has established a Development Fund Advisory Committee ("Advisory Committee") comprised of members of the IHCDA Board of Directors to review non-residential projects and other projects outside the scope of this policy. An application for such a project will first be reviewed by IHCDA staff for underwriting and threshold requirements, then taken to the Advisory Committee for consideration, and finally presented to the Board of Directors for approval if recommended by the Advisory Committee. The Advisory Committee does not have the authority to approve awards. Review by the Advisory Committee is required only for projects that do not fall within the eligible residential activities listed in §1.5 of this policy.

1.8 Eligible Activity Costs

1.8.1 Soft Costs

Soft costs and professional fees are eligible except for those items specifically listed as ineligible under §1.9 below.

Examples of eligible soft costs include:

- Operating reserves
- Contingency funds
- Relocation costs
- Architectural fees
- Engineering fees
- Consulting fees
- Environmental assessments

1.8.2 Acquisition

Acquisition and related costs are eligible except for those items specifically listed as ineligible under §1.9 below. Acquisition costs are limited to the actual purchase price and not to exceed the appraised value. **Acquisition-only is an allowable activity only for existing affordable housing**.

1.8.3 New Construction

New Construction costs are eligible except for those items specifically listed as ineligible under §1.9 below.

Examples of eligible new construction costs include:

- Hard costs associated with construction activities

- Utility connections including off-site connections from the property line to the adjacent street
- Related infrastructure costs - improvements to the development site that are in keeping with improvements of surrounding, standard housing or community development activities; Site improvements may include on-site roads and water and sewer lines necessary to the development.
- For multi-family rental housing, costs to construct a permanent on-site management office, the apartment of a resident manager, laundry facilities, community facilities, or other common space which is located within the Development and which is for the use of tenants and their guests
- Stoves, refrigerators, built-in dishwashers, garbage disposals, and permanently installed individual unit air conditioners

1.8.4 Rehabilitation

Rehabilitation costs are eligible except for those items specifically listed as ineligible under §1.9 below.

Examples of eligible rehabilitation costs include:

- Hard costs associated with rehabilitation activities
- Lead-based paint interim controls and abatement costs
- Mold remediation
- Utility connections, including off-site connections from the property line to the adjacent street
- Related infrastructure costs such as streets and alleys, water and sewer lines, and other public access needs
- For multi-family rental housing, costs to rehabilitate a permanent onsite management office, the apartment of a resident manager, laundry facilities, community facilities, or other common space located within the Development and which is for the use of tenants and their guests
- Stoves, refrigerators, built-in dishwashers, garbage disposals, and permanently installed individual unit air conditioners

1.8.5 Demolition

Costs associated with the demolition and clearance of existing structures are eligible.

1.8.6 Non-Residential

Costs not included above will be considered on a case-by-case basis and must relate directly to the Development as approved.

1.9 Ineligible Activity Costs

The following costs are ineligible for reimbursement from Development Fund awards:

- Administration
- Replacement Reserves
- Developer Fee
- Costs associated with preparation of an IHCDA application
- Purchase or installation of luxury items, such as swimming pools or hot tubs
- Purchase or installation of equipment, furnishings, tools, or other personal property that is not an integral structural feature, such as window air conditioner units or washers

and dryers. NOTE: IHCDA may approve the use of Development Fund for furniture in Permanent Supportive Housing developments.

- Tenant-based or Project-based rental assistance
- Rental subsidy or operating subsidy
- Mortgage default/delinquency correction or avoidance
- Loan guarantees
- Annual contributions for operation of public housing

1.10 Match Requirements

Applicants for Development Fund must document match in an amount of at least 10% of the request. Acceptable match sources include in-kind donations, donated land, owner equity, building materials, loans, cash grants, or any combination of in-kind and cash donations. Other sources of match may also qualify except for funds awarded by IHCDA.

1.11 Flood Plain Requirements

Every Applicant must submit a FEMA flood plain map for the site showing any flood plain and wetlands in relation to all existing and proposed buildings, improvements, and common areas.

100-year Flood Plains: Applications that propose buildings or improvements within a 100-year flood plain must meet the following additional requirements:

a) A qualified Civil Engineer must document mitigation for impacts to existing floodplains planned for the Development. A resume for the Civil Engineer must be submitted with this documentation.
b) A FEMA Conditional Letter of reclassification must be obtained for the property that shows that the property is eligible for reclassification out of the flood plain area.
c) A budget and financing plan for the site work involved in the reclassification must be provided.

If wetlands or hazardous substances exist on the site, the Applicant must submit:

a) Evidence that the wetlands or hazardous substances can be mitigated
b) A plan that includes financing for mitigating the wetlands or hazardous substances

For all developments located in a 100-year flood plain at the time of application, a final letter of reclassification from FEMA along with an elevation certification must be provided at the completion of the Development.

Section 2: Loan Terms and Underwriting Provisions

2.1 Loan Types

The Development Fund offers the following types of loans:

- Pre-development: to pay project pre-development expenses including deposits on land purchase contracts, market studies, environmental reviews, surveys, etc.
- Acquisition: to pay for purchase and closing costs for property acquisition. If the activity is acquisition-only, the property being purchased must be an existing affordable housing project.
- Construction: to pay for hard and soft costs of new construction and rehab projects
- Permanent: to provide permanent financing for rental developments. Homebuyer projects are not eligible for permanent financing.

2.2 Pre-Development Loans

Not-for-profit applicants may request pre-development loans of up to $50,000. Pre-development loans are non-forgivable and will be due and payable upon the earlier of closing of the construction loan or 24 months.

See Exhibit A for additional terms and fees.

2.3 Acquisition, Construction, and Permanent Loans

Applicants may request loans of up to $500,000. The interest rate offered by IHCDA will be determined during underwriting. IHCDA will start with a rate based on prime rate minus 200 basis points, but not less than 1.00% or greater than 3.00%. IHCDA will make a final interest rate determination based on financial capacity and underwriting considerations, including ensuring that the project is not over-subsidized. Interest rates are fixed.

See Exhibit A for additional terms and fees.

2.4 Insurance Requirements

Loans must be closed under the supervision of a title agent or attorney. Title insurance is required.

Award recipients will be required to provide proof of adequate builder's risk insurance, property insurance, and/or contractor liability insurance during construction. Following construction, proof of adequate property insurance is required for all assisted properties throughout the affordability period.

2.5 Underwriting Guidelines and Required Documentation

2.5.1 Rental Requirements

The following underwriting guidelines apply to rental developments. IHCDA will consider underwriting outside of these guidelines if a justification and supporting documentation are provided.

1. Total Operating Expenses – All Developments must budget minimum operating expenses of $4,500 per unit per year.

a. IHCDA will consider the reasonableness of operating expenses for each Development based on information submitted by the Applicant.
b. Applicant must provide documentation of estimated property taxes and insurance for the proposed development.

2. Management Fee– 5-7% of "effective gross income" (gross income for all units less vacancy rate), according to number of units in the Development:

1 to 50 Units	7%
51 to 100 Units	6%
101 or more Units	5%

3. Vacancy Rate – 6-8%
4. Rental Income Growth – 0-2% per year
5. Expense Growth – 3% per year
6. Operating Reserves – The greater of four months of projected operating expenses plus debt service payments and annual replacement reserve payments, or $1,500 per unit
7. Replacement Reserves – Must be included in the operating budget of all proposed developments. Contributions must be made to the reserve account, starting at or before the conversion date of the construction loan to permanent loan and must be funded annually for the term of the loan. The following minimum contributions must be used:
   a. Rehabilitation: $350 per unit per year
   b. New Construction age restricted: $250 per unit per year
   c. New Construction non-age-restricted: $300 per unit per year
   d. Single Family Units: $420 per unit per year
   e. Historic Rehab: $420 per unit per year

   Replacement reserves may be used only for capital improvements (i.e. substantial improvements to the real estate such as re-roofing, structural repairs, or major projects to replace or upgrade existing furnishings, but not including replacement of individual appliances or minor repairs) and may not be used for general maintenance expenses. Less restrictive provisions requested by primary lenders will be considered by IHCDA.
8. Stabilized DCR: 1.10 – 1.50, with the following adjustments:

a) Large and Small City Developments: (population at or above 15,000)	1.15 – 1.40
b) Rural Developments: (population below 15,000)	1.15 – 1.50
c) Developments with Project-based Vouchers:	1.10 - 1.45

   Stabilization generally occurs in Year 2. The debt coverage ratio projection for a Development should not go below 1.10 during the entire 15-year affordability period to be considered financially viable.

   If the DCR is outside these guidelines, the Applicant must provide a written, detailed explanation with third-party documentation supporting the explanation. However, approval of underwriting from other financing institutions/funding sources will not constitute acceptable supporting documentation.

   Tax abatement, for example, may cause the debt coverage ratio to be higher than these guidelines. Evidence of approved tax abatement must be provided in the application.

9. Repayment: It is expected that repayment will be made as follows:
   a. If Development Funds are used only during construction, repayment is expected at the earlier of permanent loan closing or maturity
   b. If Development Funds are used for both construction and permanent financing, repayment is expected to be made from cash flow as a regular debt service payment, keeping within the prescribed debt coverage ratio.

Required Documentation:

- Site and construction plans
- Evidence of site control including verification of current ownership
- A current appraisal if Development Fund will be used for acquisition. Costs of acquisition above appraised value cannot be paid using Development Fund.
- Detailed Sources and Uses of Funds
- Stabilized proforma showing rental income, expense reimbursements, detailed operating expenses, and vacancy allowance
- A narrative describing the experience of development team and operations management
- Two most recent year-end financial statements of the borrower(s) and guarantor(s)
- For not-for-profit applicants, a Borrowing Resolution passed by the Board of Directors authorizing submission of the Development Fund application
- For local unit of government applicants, a Borrowing Resolution passed by the City Council or Town Council authorizing submission of the Development Fund application

2.5.2 Homebuyer Requirements

These guidelines cover construction and rehabilitation of for-sale single-family homes, condominiums, and townhomes.

- Maximum 80% loan-to-value of improved appraised value per home
- Pre-sales required

Required Documentation:

- Site and construction plans
- Evidence of site control including verification of current ownership
- Evidence of pre-sale for each home
- A current appraisal if Development Fund will be used for acquisition. Costs of acquisition above appraised value cannot be paid using Development Fund.
- Detailed Sources and Uses of Funds
- A narrative describing the experience of development team
- Two most recent year-end financial statements of the borrower(s) and guarantor(s)
- For not-for-profit applicants, a Borrowing Resolution passed by the Board of Directors authorizing submission of the Development Fund application
- For local unit of government applicants, a Borrowing Resolution passed by the City Council or Town Council authorizing submission of the Development Fund application

2.5.3 Non-Residential Requirements

These guidelines cover construction and rehabilitation of non-residential projects.

- Maximum 80% loan-to-value
- Operating expenses and reserves vary based on project type
- Minimum of 1.10 debt coverage ratio

Required Documentation:

- Site and construction plans
- Evidence of site control including verification of current ownership
- A current appraisal if Development Fund will be used for acquisition. Costs of acquisition above appraised value cannot be paid using Development Fund.
- Detailed Sources and Uses of Funds
- Stabilized operating proforma
- A narrative describing the experience of development team and operations management
- Two most recent year-end financial statements of the borrower(s) and guarantor(s)
- For not-for-profit applicants, a Borrowing Resolution passed by the Board of Directors authorizing submission of the Development Fund application
- For local unit of government applicants, a Borrowing Resolution passed by the City Council or Town Council authorizing submission of the Development Fund application

Section 3: Closing and Funding

3.1 Closing

At the time a Development Fund loan is approved, IHCDA will provide the Applicant with a pre-closing checklist for completion. Any sections of the checklist that are not applicable should be left blank.

Within 60 days of anticipated closing, the borrower must submit the following items to IHCDA's Closing Agent for closing documents to be prepared:

- A copy of the completed checklist
- A copy of the most current title commitment
- Copies of LOIs from all lenders to whom the Development Fund loan will be subordinate

The closing documents will be finalized for execution once all parties involved have gone through their individual review processes.

3.2 Funding

Funds for acquisition will be transferred at closing. Otherwise, all Development Fund loan draws are disbursed on a reimbursement basis.

When requesting a draw, the borrower must submit the following information to IHCDA's Closing Agent:

- Development Fund Draw Request form
- ACH Authorization form for direct deposit
- Copies of all documentation to support the claim
- Copy of the Purchase Agreement (if funds are being used for acquisition)
- Wiring instructions from the title company (if funds are being used for acquisition)

Interest will accrue from the date of **each** disbursement to the date of maturity or conversion to permanent financing. At the time of maturity or conversion, all accrued interest will be due and payable.

3.3 Inspections

IHCDA's inspector will conduct inspections throughout the construction period. The borrower must correct any deficiencies and IHCDA will review documentation of the corrected action before paying claims for any work. IHCDA may require a re-inspection.

Section 4: Compliance Requirements

4.1 Regulatory Requirements and Building Code

The borrower must comply with all requirements of I.C. §5-20-4 and this manual, as well as any additional regulatory requirements imposed by other sources of funding committed to the project.

Development Fund-assisted units must meet the stricter of local building codes or Indiana State Building Code.

4.2 Historic Review

Any project applying for Development Fund will be subject to historic review. Project address, location maps, and photographs from all elevations must be submitted with each application.

The recipient is responsible for completing the Section 106 Historic Review Process BEFORE:

1. Executing contracts or entering into any other commitments of Development Fund, and

2. Initiating demolition, rehabilitation, or construction activities. This includes all site preparations and ground disturbing activities, i.e. infrastructure, grading, etc.

If a project is deemed to be historic and is proposing funding in whole or in part by the Development Fund, then I.C. §14-21-1-18 is triggered, which requires that any historic site or historic structure owned by the State or any historic site or historic structure listed on the State or national register may not be altered, demolished, or removed by a project funded, in whole or in part, by the State unless the review board has granted a certificate of approval.

Process for Projects Funded Only by State Funds

Consultation occurs between the State Historic Preservation Office (SHPO), the funding agency, and the applicant to determine if listed properties will be altered, demolished, or removed by the proposed development. The applicant will need to apply for a Certificate of Approval from the State Historic Review Board.

Process for Projects Funded by State and Federal Funds

Consultation occurs between the State Historic Preservation Office, the funding agency, and the applicant to understand the impact of developments on historic resources. If it is determined that any sites or structures listed on the State or national registers will be adversely impacted and the Development will require a Certificate of Approval from the State Historic Review Board, the application for a Certificate of Approval may not be submitted until the Federal review process is completed.

*The State Historic Review Board meets quarterly (January, April, July and October) to hear and approve Certificates of Approval. All applications for a Certificate of Approval must be received by the SHPO no later than 40 days prior to the review board meeting.

4.3 Affordability Period / Lien and Restrictive Covenants for Rental Developments

Rental developments will be subject to a Lien and Restrictive Covenant Agreement ("LRCA") that must be executed against every residential property constructed, rehabilitated, or acquired, in whole or in part, with Development Fund funds. The term of the Development Fund affordability period, as secured by the lien, will be the greater of 15 years or the term of the Development Fund loan.

Upon occurrence of any of the following events during the affordability period, the entire sum secured by the lien, including all accrued interest, shall be due and payable by developer and/or owner upon demand. Repayment may be demanded upon: (1) transfer or conveyance of the real estate by deed, land contract, lease, or otherwise, during the affordability period; (2) commencement of foreclosure proceedings by any mortgagee (or deed in lieu of foreclosure) within the affordability period; or (3) determination that units are not being used as a residence by a qualifying tenant or not leased according to the program affordability requirements. The award recipient will be responsible for repaying IHCDA.

The lien will be released at the end of the affordability period if the borrower/recipient has met all conditions, including paying off the final loan balance. Prepayment of a loan will not result in an early release of the affordability period.

Homebuyer developments are not subject to an affordability period. However, beneficiaries of homebuyer developments must meet the income eligibility requirements prior to purchase.

4.4 Income and Rent Restrictions for Residential Developments

All Development Fund-assisted units in residential developments must be income and rent restricted. If the award is made in conjunction with LIHTC, then the tax credit program income and rent limits will apply. If the award is made in conjunction with HOME funding or is Development Fund only, then the HOME program income and rent limits will apply.

For purposes of income eligibility, household income must be calculated and verified at the time of initial move-in using the methodology as described in [24 CFR Part 5] and in [Chapter 5 of HUD Handbook 4350.3]. Eligibility is based on gross income, not net or adjusted income. This same income verification procedure is used for both the LIHTC and HOME programs. For more information on income verification procedures, please refer to the appropriate chapters of either the tax credit or federal programs compliance manual.

Rental developments funded with Development Fund only are not required to complete full annual recertification of household income but must annually certify household size and rent. Developments where Development Fund is combined with another program must follow the recertification requirements of that program.

For purposes of rent limits, gross rent must be below the applicable rent limit. Gross rent for Development Fund is defined as the sum of tenant-paid rent portion + utility allowance + non-optional fees. Rental assistance (subsidy) is not included in the gross rent calculation for purposes of Development Fund compliance. For more information on utility allowances and fees, please refer to the appropriate chapters of either the tax credit or federal programs compliance manual.

4.5 Ongoing Compliance for Rental Developments

All DF-assisted rental properties must submit an Annual Owner Certification of Compliance to IHCDA for each year of the affordability period. The owner must begin reporting tenant events in IHCDA's online management system with the first tenant move-in. The report covers the period of January 1 – December 31 and is due to IHCDA by the close of business January 31 of the next calendar year.

All DF-assisted rental properties will be subject to IHCDA tenant file audits and physical inspections at least once every three years. When Development Fund is combined with other funding sources, the audit/inspection schedule will be based on the cycle and frequency prescribed by that program.

4.6 Fair Housing and Nondiscrimination

The owner or agents of the owner shall not discriminate in the provision of housing on the basis of race, color, sex, national origin, religion, familial status, or disability (the seven protected classes under the Fair Housing Act). Nondiscrimination means that owners cannot refuse to rent a unit, provide different selection criteria, fail to allow reasonable accommodations or modifications, evict, or otherwise treat a tenant or applicant in a discriminatory way based solely on that person's inclusion in a protected class. Owners may not engage in steering, segregation, false denial of availability, denial of access to services or amenities, discriminatory advertising, or retaliation against individuals that make fair housing complaints.

Section 5: Waivers and Modifications

5.1 Requesting Waivers

IHCDA, in its sole discretion, may consider a waiver request from any Applicant for any program requirement that is not manded through Indiana Code. The Applicant must submit the waiver request along with the application.

The waiver request must include:

- The details of the specific requirement for which the waiver is being requested
- A detailed description as to why the Development cannot meet the requirement
- Any additional information the Applicant would like IHCDA to consider with the request
- Payment of a 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.

5.2 Requesting Modifications

IHCDA will impose a $500 fee for a request for changes to the characteristics of the Development, such as unit types, income level distribution, or target population. 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.

Additional fees may apply as follows:

- Any changes necessitating revisions to underwriting will require a re-underwriting fee of $500
- IHCDA will impose a $1,500 fee to modify any legal documents such as the recorded Lien and Restrictive Covenant

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 modification request fee and then, if approved, an additional $1,500 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. If the modification does not require amending the legal documents, then the $1,500 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 affect original funding and underwriting of the Development and to ensure that the proposed change will not cause noncompliance.

Exhibit A: Summary of Loan Products and Terms

	Pre-Development	Acquisition	Construction	Permanent
Purpose	To pay project pre-development expenses for not-for-profit applicants	To pay for purchase and closing costs for property acquisition	To pay for hard and soft costs of new construction and rehab projects.	To provide permanent financing to projects
Eligible Project Types	Rental housing, for-sale housing, community facilities, community economic development	Rental housing, for-sale housing, community facilities, community economic development	Rental housing, for-sale housing, community facilities, community economic development	Rental housing, community facilities, community economic development
Amount of Loan	up to $50,000	up to $500,000	up to $500,000	up to $500,000
Interest Rate/Payment	3% Fixed	Fixed – starting at prime rate minus 200 basis points, determined by underwriting	Fixed – starting at prime rate minus 200 basis points, determined by underwriting	Fixed – starting at prime rate minus 200 basis points, determined by underwriting
Application and Financing Fees	$750 Application Fee $1500 Legal/Closing Fee	$750 Application Fee $1500 Legal/Closing Fee, plus recording fees if applicable*	$750 Application Fee $1500 Legal/Closing Fee, plus recording fees if applicable*	$750 Application Fee $1500 Legal/Closing Fee, plus recording fees if applicable*
Maximum Term	2 years	2 years	2 years	15 years for rental, 10 years for non-residential
Re-payment	In full at the earlier of closing of construction financing or at 24 months	In full at closing of construction financing or at 24 months *For sale housing: scheduled or allocated amount of loan due at construction closing for each unit	In full at closing of permanent financing or at 24 months *For sale housing: scheduled or allocated amount of loan due at construction closing for each unit	Principal and interest payable annually; amortized up to 30 years for rental or 20 years for non-residential; remaining balance due at maturity
Collateral	Guarantee from the borrower	First lien mortgage, collateral assignment of rents and leases, UCC filing on furniture, fixtures, and equipment, and guarantee from the borrower. IHCDA will take a subordinate lien position.	First lien mortgage, collateral assignment of rents and leases, UCC filing on furniture, fixtures, and equipment, and guarantee from the borrower. IHCDA will take a subordinate lien position.	First lien mortgage, collateral assignment of rents and leases, UCC filing on furniture, fixtures, and equipment, and guarantee from the borrower. IHCDA will take a subordinate lien position.

*If an approved project includes a combination of acquisition, construction, and/or permanent financing, only one set of fees is assessed.