Schedule D1

Tax-exempt bonds and 4% Rental Housing Tax Credits ("RHTC") will be awarded through a competitive application round in conjunction with the Indiana Affordable and Workforce Housing Tax Credit ("AWHTC").

AWHTC is a state tax credit enacted via legislation in 2022 (see Indiana Code 6-3.1-35). IHCDA may only allocate AWHTC in conjunction with an award of multifamily tax-exempt bond volume and federal 4% RHTC.

The State tax credit period for a qualified project means the period of five taxable years beginning with the taxable year a building in the project is placed in service.

A. Application Process

1. IHCDA will not accept requests for tax-exempt bonds without an accompanying request for 4% RHTC and AWHTC. Applicants must submit one application to request all sources (tax-exempt bonds, 4% RHTC, and AWHTC). Applications not requesting all three sources will not be considered in the round.

2. An Applicant who already has a 4% RHTC and tax-exempt bond award may not apply in this round to receive AWHTC for that same project, unless they return the RHTC and bonds and reapply for all three sources.

3. Applicants must follow the application instructions of the Qualified Allocation Plan ("QAP"), including the instructions in Schedule G "Application Package Submission Guidelines." IHCDA will issue an application form specific to the bond/4% RHTC/AWHTC round.

4. For purposes of calculating the application fee per Section 7.2 A of the QAP, AWHTC will be treated as "supplemental funding." The applicant must pay a fee equal to $4500 ($3500 for the 4% and tax-exempt bond application + $1000 for the AWHTC request), plus an additional $1000 for each additional source requested.

5. Applicants must agree to use IHCDA as bond issuer and must submit Form J along with the application.

6. Applications are due to IHCDA by 5:00 PM Eastern Time on July 3, 2023.

7. Award recommendations will be presented at the November 2023 IHCDA Board of Directors Meeting.

B. Funding Limitations

1. Applications will be limited to a maximum request of $25,000,000 in tax-exempt bonds. Applicants will be limited to a maximum of $80,000,000 in bonds in a calendar year. If

IHCDA determines it is in the interest of the State to allocate additional bond volume to one entity, then IHCDA, with approval from the Indiana Finance Authority, may waive such limitation.

2. The project must be financed at least 50%, but no more than 55%, with tax-exempt bonds. If federal legislation amends the 50% test, IHCDA will issue a RED Notice revising this requirement as appropriate.

3. The aggregate AWHTC request for the five-year state tax credit period must be less than or equal to ~~at least 40% of the anticipated aggregate federal RHTC amount, but no more than~~ 100% of the anticipated aggregate federal RHTC amount (per Indiana Code 6-3.1-35 Section 7(d)). The amount allocated will be determined on a case-by-case basis contingent upon underwriting and subsidy layering review.

4. Applicants must maximize their 4% RHTC request. An applicant cannot use AWHTC or other IHCDA gap sources to supplant available RHTC.

5. Applicants may request additional IHCDA gap sources in the form of a Development Fund and/or HOME loan, if eligible, per Schedules E and J of the 2023-2024 QAP.

C. Geographic Set-Asides

IHCDA will divide the state into five funding regions- Northwest, Northeast, Central, Southwest, and Southeast- as shown on the map below. IHCDA will set aside 20% of available bond volume and 20% of available AWHTC for each of the five regions. IHCDA intends to allocate resources in a manner consistent with this distribution. If the distribution cannot be met due to the quality or quantity of applications received, IHCDA may allocate any resources remaining to the next highest scoring application, without regard to these geographic set-asides, as long as such allocation is made in accordance with the Code and the QAP.

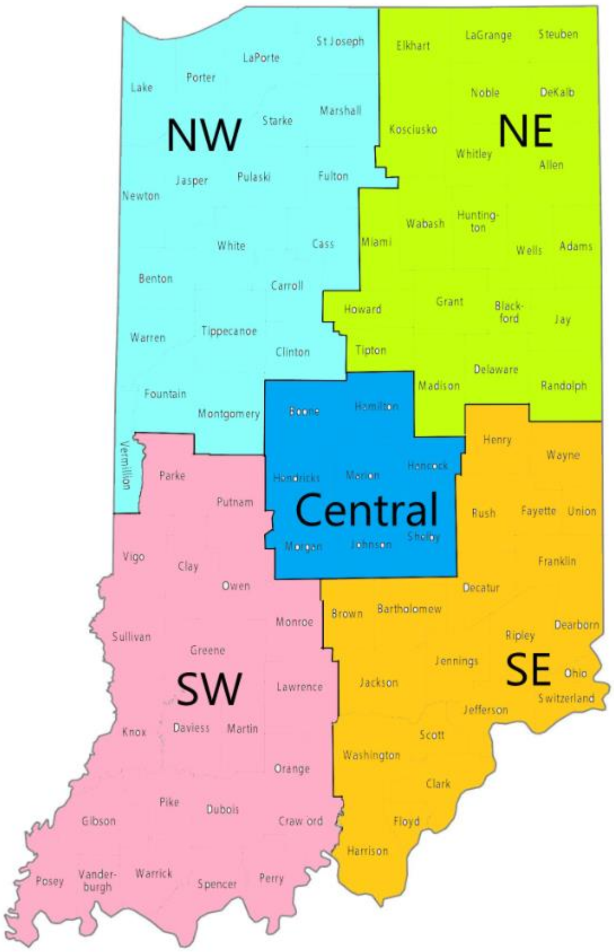
If a proposed Development consists of multiple sites that are spread across more than one geographic region, the application will be considered under the region that contains the most units (or the most residential square footage if the unit counts are equal).

If there is remaining bond volume after all AWHTC has been allocated, IHCDA will allocate bond volume and 4% RHTC to the next highest scoring application, without regard to geographic set-asides, if that application can demonstrate it is feasible without an AWHTC allocation. The applicant must provide a revised Form A, in the timeframe established by IHCDA, with changes made only to the pro forma and sources and uses. Applicants will not be allowed to make any changes to development site, design features, unit count, unit AMI mix, any scoring commitments, or any other material changes to the proposed development concept or the commitments made in the initial application. If that application is not feasible without AWHTC, the application will be denied and IHCDA will move to the next application.

Example 1: IHCDA awards 4% RHTC, tax-exempt bonds, and AWHTC using the geographic distribution defined above. All AWHTC is allocated, but $20,000,000 remains in available tax-exempt bond volume.

- Scenario 1: The next highest scoring application (regardless of geographic set-asides) requested $15,000,000 in tax-exempt bond volume, as well as RHTC and AWHTC. IHCDA contacts the Applicant and asks them to submit a revised Form A to demonstrate the project is feasible without AWHTC. The Applicant submits the relevant materials and demonstrates the development can proceed without an allocation of AWHTC. IHCDA awards the Applicant their bond and RHTC request, but no AWHTC. $5,000,000 in bond volume remains, which is an insufficient amount to fund another development. IHCDA carries $5,000,000 in bond volume forward to the 2024 round. This completes the 2023 round.
- Scenario 2: The next highest scoring application (regardless of geographic set-asides) requested $15,000,000 in tax-exempt bond volume, as well as RHTC and AWHTC. IHCDA contacts the Applicant and asks them to submit a revised Form A to demonstrate the project is feasible without AWHTC. The Applicant either informs IHCDA that the development is not feasible without AWHTC, or IHCDA's re-underwriting determines the development is no longer feasible. IHCDA denies that application and proceeds to the next highest scoring application.
- Scenario 3: The next highest scoring application (regardless of geographic set-asides) requested $25,000,000 in tax-exempt bond volume, as well as RHTC and AWHTC. There is insufficient bond volume to fund this request. IHCDA denies that application and proceeds to the next highest scoring application.

Example 2: IHCDA awards 4% RHTC, tax-exempt bonds, and AWHTC using the geographic distribution defined above. Once all AWHTC is allocated, all bond volume has been allocated in its entirety or to a de minimus level (i.e., a level that is insufficient to fund any additional developments). IHCDA carries forward any remaining de minimus bond volume to the 2024 round. This completes the 2023 round.



D. Threshold Requirements

Applicants are required to meet all existing threshold requirements of the QAP, with the addition of the following requirements:

1. Minimum score to pass threshold is 42.
2. Bond counsel on the transaction must be an Indiana firm.
3. To be eligible for 4% RHTC, the tax-exempt bond request must represent 50% or more of the aggregate basis of the building and land of the development. The Applicant must provide IHCDA with an opinion of counsel stating that the applicant is not required to obtain an allocation of tax credits from IHCDA and that the proposed Development meets the requirements of the Qualified Allocation Plan and the Code, including the 50% bond test.

4. The applicant must submit a letter of interest from the anticipated equity provider(s) indicating the equity pricing for federal and state tax credits. This is in addition to the existing requirements of Part 5.1.H.4 of the QAP.

E. Scoring Criteria

IHCDA will utilize the existing scoring requirements of the QAP applicable to 4%/bond applications, with the following exceptions:

1. Applications will not be scored under scoring category 6.1A Rent Restrictions or category 6.1B Income Restrictions.

2. Applications will not be scored under scoring category 6.4C Previous 9% Tax Credit Funding within a Local Unit of Government.

3. Applications will be scored under a new scoring category based on the development entity’s experience using 4% RHTC/tax-exempt bonds in Indiana.

    i. An application will receive 7 points if the development entity identified as the Developer on the tax credit application has been issued IRS Form 8609 for at least one development in Indiana that utilized tax-exempt bonds and 4% RHTC and for which the placed-in-service date is no more than 5 years prior to the application due date (July 3, 2023); or
    ii. An application will receive 5 points if the development entity identified as the Developer on the tax credit application has been issued IRS Form 8609 for at least one development in Indiana that utilized tax-exempt bonds and 4% RHTC and for which the placed-in-service date is more than 5 years, but no more than 10 years, prior to the application due date (July 3, 2023).

If a development consists of multiple buildings with multiple placed-in-service dates, scoring will be based on the last placed-in-service date.

F. Limitations on Occupancy Type

1. IHCDA will not accept applications for affordable assisted living.

2. The applicant may elect an age restriction (55+ or 62+) but will not receive any preference for such an election.

3. IHCDA will not accept applications for 100% supportive housing. Applications in which no more than 25% of the total units will be supportive housing for persons experiencing homelessness or persons with intellectual or development disabilities will be considered but will not receive preference.

G. Tax-Exempt Bond Requirements- Closing Requirements, Deadlines, and Fees

1. Escrow closings will not be permitted under any circumstance.

2. Applicants who are awarded bonds must file a Notice of Issuance by the date established in the Determination Letter. Applicants must close on bonds within six months of the date of the Determination Letter. Applicants who fail to meet this closing deadline may request a three-month extension. IHCDA will allow no more than two extensions, for a maximum extension of six months beyond the original deadline. Each extension request is subject to a $1000 extension fee as outlined in Section 7.2(C) of the QAP. If the Applicant has not closed by the end of the second extension deadline, they must return the bond volume and credits and reapply.

3. An issuance fee equal to 0.5% of the total bond issuance will be charged to cover IHCDA costs. Such fee is payable at the closing of the bonds. The Applicant is also responsible for paying for issuer's counsel. IHCDA reserves the right to charge a lower fee depending on the structure of the bonds.

H. Refunding of Bonds

An owner may request a refunding of bonds by submitting the following information to IHCDA:

- Request letter
- Three years of fiscal year-end financial statements for the project.
- Payment of a $1,500 modification fee via the online payment portal.

IHCDA will inspect the project prior to approval. Bond refunding must be approved by IHCDA's Board of Directors.