FHLBank
INDIANAPOLIS

2026

Implementation Plan

Affordable Housing Program (AHP) Implementation Plan

2026

FHLBank INDIANAPOLIS

Table of Contents

1: Purpose and Plan Adoption (§ 1291.10 & 13)

The Federal Home Loan Bank of Indianapolis (also referred to as "FHLBank Indianapolis" or the "Bank"), a member-owned, wholesale bank, is required by federal law to provide the greater of 10% of its annual net earnings or the Bank's pro-rata share of an aggregate of $100 million in total by all the Federal Home Loan Banks ("FHLBanks") to very low-, low- and moderate-income households. This is done through the Affordable Housing Program ("AHP"). The program is governed by regulations of the Federal Housing Finance Agency ("Finance Agency") at 12 CFR §1291 ("Regulation").

In accordance with the Regulation, the FHLBank Indianapolis Board of Directors ("Board"), after considering the advice and recommendations of its Affordable Housing Advisory Council ("Council"), shall adopt an AHP Implementation Plan ("I-Plan" or "Plan") governing the administration of the AHP. The Plan sets forth the following AHP criteria:

- Applicable median income standards;
- Requirements for the competitive application program under the General Fund and any approved Targeted Funds;
- Requirements for its homeownership set-aside programs herein to be referred to as the Homeownership Initiatives;
- Requirements for monitoring under its competitive application and Homeownership Initiatives;
- Time limits for use of AHP subsidies; *and*
- The Retention Agreement requirements for projects and households under the competitive and Homeownership Initiatives.

This Plan is not intended to be a comprehensive statement of all the Bank's policies and procedures applicable to the AHP. The Plan may be amended by the Bank in accordance with the requirements of the Regulation. Any amendment to the Plan will be provided to the Council for review, and the Council shall provide its recommendations to the Board for its consideration.

Plan Notifications and Public Access

The Bank shall notify the Finance Agency of any amendments to its Plan within 30 days after the date of their adoption by the Board. The Bank shall publish any amendments to the Plan on its public website within 30 days after the date of their adoption by the Board.

2: Definitions and Applicable Median Income Standard (§ 1291.1)

The standard for determining income eligibility for recipient households in both competitive and Homeownership Initiatives shall be based on the median income for the area ("area median income" or "AMI"), as published annually by the U.S. Department of Housing and Urban Development (HUD), adjusted by family size (§ 1291.1 "median income for the area"). Other definitions are set forth in *Attachment A*.

3: Required Annual AHP Contributions Allocation of Contributions (§ 1291.12)

Homeownership Initiatives

FHLBank Indianapolis shall determine annually whether to offer the Homeownership Initiatives for the following year pursuant to the Regulation. The Bank will contribute 35% of the 2026 AHP contribution to the Homeownership Initiatives. At least one-third of the Bank's aggregate annual allocation to the Homeownership Initiatives will be allocated to assist first-time homebuyers or households for owner-occupied rehabilitation or a combination of both.

Competitive AHP

All other funds accrued annually will be provided to projects funded through the AHP competitive program under the General Fund or any approved Targeted Funds.

4: Affordable Housing Advisory Council (Council) (§ 1291.14)

Appointments

The Board shall appoint Council members from a diverse range of organizations so that representatives of no one group constitute an undue proportion of the membership of the Council, giving consideration to the size of the Bank's district and the diversity of low- and moderate-income housing and community lending needs and activities within the district.

Election of Officers

Each Council shall elect from among its members a chairperson, a vice chairperson and such other officers that the Council deems appropriate.

Duties

The purpose of the Council as described in § 1291.14 of the Regulation is to meet with representatives of the Board at least quarterly to provide advice to the Bank on ways in which the Bank can better carry out its housing finance and community investment mission, including, but not limited to, advice on low- and moderate-income housing and community investment programs and needs in the district (Michigan and Indiana) and on the use of AHP subsidies, Bank advances and other Bank credit products for these purposes. The Council's advice shall include recommendations on:

- The Bank's Targeted Community Lending Plan and any amendments thereto;
- The amount of AHP subsidies to be allocated to the Bank's competitive and Homeownership Initiatives;
- The Plan and any subsequent amendments;

- The scoring methodologies, related definitions and any additional, optional District eligibility requirements for the competitive application program; *and*
- The eligibility requirements and any priority criteria for any Homeownership Initiatives.

The Board shall consult with the Council before nominating any individual for any independent directorship.

Scheduling and Notice of Meetings (§ 1291.14(d)(1))

The Council shall, at a minimum, meet quarterly with the Affordable Housing Committee ("Committee") of the Board.

***Note**: Additional information regarding the Bank's Affordable Housing Advisory Council can be obtained by reviewing the Council Operating Charter on the FHLBank Indianapolis website.*

5: Competitive AHP Applications (§ 1291 Subpart C)

Application Funding Round (§ 1291.22) – General Fund

The Bank will conduct one competitive application funding round in 2026. For this funding round, the Bank will allocate 100% of the annual funds available for the competitive application based on applicable net income from the prior year, plus the addition of funds from the cancellation, recapture, return or reduction of subsidy from previously approved projects or deduction of funds due to the authorized increase of subsidy to previously approved projects.

The tentative schedule of this competition will be as follows:

- Application Deadline: June 25, 2026
- Approved by Board: Nov. 20, 2026

The Bank will require interested parties to complete a Notification of Intent to Apply for the 2026 AHP funding round and submit by June 4, 2026.

The Bank is not designating any Targeted Funds in the 2026 AHP Plan.

Member Eligibility (§ 1291.21)

The Bank accepts applications only from institutions that are current members of the Bank. The Bank does not accept applications from institutions with pending applications for membership in the Bank or from members belonging to other FHLB districts. Further, awards will only be made to current members, and an institution that leaves membership between the time of application and the Board's award approval date is not eligible to receive an award. The Bank will still score the application and allow the sponsor time to locate a current member at least three weeks before the Board's award approval date. Given that the member is responsible for monitoring and oversight of the project, the applying member and sponsor must be separate entities. A list of eligible members may be obtained *on the Bank's website*.[1]

[1] Member directory may be found at https://www.fhlbi.com/who-we-serve/member-directory.

AHP Project Sponsor Qualifications

A project sponsor must be qualified and able to perform its responsibilities as committed to in the application for AHP subsidy funding the project. The Bank reserves the right to restrict participation in the program for any entity as set forth in the remedial action for non-compliance and recaptures (see *Section 11* of this document).

6: Minimum Eligibility Requirements (§ 1291.23 and 1291.24) – For the General Fund and Any Approved Targeted Funds

Federal and State Law Compliance

The project, as proposed, must comply with applicable local, state and federal laws on fair housing accessibility and disability-related laws, including, but not limited to, the Fair Housing Act, the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990 and the Architectural Barriers Act of 1969, and must demonstrate how the project will be affirmatively marketed. In addition, the development design should reflect the requirements of applicable local building code standards.

FHLBank Indianapolis Fair Lending Statement

The Bank is committed to compliance with Finance Agency Regulation § 1293, in addition to all fair lending requirements prescribed by the Fair Housing Act, Equal Credit Opportunity Act and Regulation B and all other applicable laws and regulations. The Bank is committed to ensuring that it operates consistently with the public interest and with sufficient overall risk management by providing fair, equitable and nondiscriminatory access to credit and housing. Fair lending is central to the principles under which the U.S. housing finance system operates and is a requirement of law. As such, the Bank strives to comply with both the spirit and the letter of fair lending laws, as applicable. This commitment extends to ensuring that where required, there is appropriate oversight of third parties with which we do business, to ensure that those third parties engage in proper fair lending compliance management.

It is the policy of the Bank to make all products and programs available without unlawful discrimination against any recipient, including on the basis of:

- Race
- Color
- Religion
- National origin
- Sex
- Age (provided the individual is of legal age to have the capacity to contract)
- Marital status
- Familial status
- Disability/handicap
- Receipt of public assistance
- The fact that an individual has exercised their rights under the Consumer Credit Protection Act.

Compliance with this policy statement applies to:

- The Bank;
- All Bank Employees and directors;
- Members of the Bank's Affordable Housing Advisory Council;
- The Bank's vendors and contractors; *and*
- The Bank's service providers.

Eligible Projects

AHP subsidy may be used exclusively for owner-occupied and rental housing.

Owner-Occupied Housing

- The AHP subsidy may be used toward the purchase, construction or rehabilitation of an owner-occupied project for very low-, low- or moderate-income households, where the housing is to be used as the household's primary residence.
- An AHP eligible household must have an income that meets the income targeting commitments in the approved AHP application at the time it is qualified by the project sponsor for participation in the project.

Rental Housing

- The AHP subsidy may be used toward the purchase, construction or rehabilitation of a rental project, where at least 20% of the units in the project are occupied by and affordable for very low-income households (at or below 50% AMI).
- For rental projects that are not occupied at the time the AHP application is submitted to the Bank for approval, a household must have an income meeting the income targeting commitments in the approved AHP application upon initial occupancy of the rental unit.
- For rental projects that are occupied at the time the AHP application is submitted to the Bank for approval, a household must have an income meeting the income targeting commitments in the approved AHP application at the time of such submission.
- If the project has a relocation plan for current occupants that is approved by one of its federal, state or local government funders or a reasonable relocation plan for current occupants that is otherwise approved by the Bank according to standards included in the Bank's AHP Implementation Plan, a household may have an income meeting the income targeting commitments upon initial occupancy of the rental unit after completion of the purchase or rehabilitation.

Need for Subsidy — Competitive AHP

A project's estimated sources of funds shall equal its estimated uses of funds, as reflected in the project's development budget. The Bank excludes, in both sources and uses of funds, the estimated market value of in-kind donations, voluntary professional labor or services and sweat equity from project development costs, pursuant to § 1291.24(a)(3)(i) of the Regulation.

Need for subsidy analysis shall be conducted at the time of:

- Application review;
- Every disbursement; *and*
- Completion of the project.

Should any one of the analyses indicate subsidy need is less than the amount requested at application, awarded and/or disbursed, repayment of some or all funds disbursed may be indicated and/or the balance remaining to disburse may be de-obligated. (Refer also to *the section of this Plan* dealing with disbursement policies.)

In determining the rental project's need for AHP subsidy, the Bank will review the project's development budget, as required under § 1291.24(a)(3) of the Regulation, and not the project's operating pro forma. The development budget will be used to confirm the difference between the project's sources of funds (excluding AHP subsidy) and uses of funds, which, as provided in § 1291.24(a)(3)(i) of the Regulation, is the maximum amount of AHP subsidy the project may receive. However, the Bank will continue to review the operating pro forma to determine, under § 1291.23(b)(2), whether it is consistent with the FHLBank's project feasibility guidelines.

In the case of homeownership projects where the sponsor extends permanent financing to the homebuyer, the sponsor's cash contribution shall include the required cash down payment from the buyer, plus the present value of any purchase note the sponsor holds on the unit. If the note carries a market interest rate commensurate with the credit quality of the buyer, the present value of the note equals the face value of the note. If the note carries an interest rate below the market rate, the present value of the note shall be determined by using the market rate to discount the cash flows.

Prohibited/Restricted Uses of AHP Subsidy

The following are prohibited/restricted uses of AHP subsidy:

- Repaid AHP subsidy may not be reused in the same project;
- Processing fees charged by members for providing AHP direct subsidies to a project;
- Certain prepayment and cancellation fees and penalties related to subsidized advances as mentioned in § 1291.24(b)(1) and (b)(2) of the AHP Regulation;
- Reserves and certain expenses. Capitalized reserves, periodic deposits to reserve accounts, operating expenses or supportive service expenses (Note: The Bank will review a rental project's development budget to ensure other sources are available to fund the capitalized reserves or supportive service expenses); *and*
- Counseling costs, unless such costs are incurred in connection with counseling of homebuyers who actually purchase an AHP-assisted unit, and the counseling costs have not been covered by another funding source, including the member.

AHP Project Costs and Feasibility Guidelines (§§ 1291.24(a) and 1291.23(b))

Taking into consideration the geographic location of the project, development conditions and other non-financial household or project characteristics, the Bank shall determine whether a project's costs, as reflected in the project's development budget, are reasonable and in accordance with the Bank's project cost guidelines.

In addition, the Bank evaluates the developmental and operational (rental projects) feasibility of a project as required by § 1291.23(b) and need for subsidy as required by § 1291.24(a)(3). The feasibility guidelines include a set of development costs, financing criteria and related benchmark ranges designed to guide the Bank in assessing project feasibility and need for subsidy. The Bank evaluates project feasibility and need for subsidy while reviewing a project at the following stages:

- At the time of application (§ 1291.24(a)(3));
- Prior to the disbursement of any approved AHP subsidies (§ 1291.30(c));
- Within the first year of project completion (§ 1291.50(a)); *and*
- During modification processing, including the transfer to another member or sponsor/owner §1291.29(a)(2))

Based on the evaluation of feasibility and need for AHP subsidy described in this section, the Bank will determine whether a project meets the minimum standards for the application to be scored. This determination is made solely at the Bank's discretion and is not a representation as to the actual feasibility of the project.

The AHP project feasibility guidelines include, among other things:

- Project "readiness" or timing of the proposed subsidy use;
- Project sponsor qualifications; *and*
- Member and sponsor compliance history with FHLBank Indianapolis and AHP awards received from other FHLBanks, etc.

The guidelines are more fully described in *Attachment B* of this document.

Design Standards

All AHP projects must be constructed or renovated in compliance with applicable health, fire prevention, building and housing codes and standards.

For projects funded with programs administered by a State or Local Housing Finance Authority ("HFA") including the Low-Income Housing Tax Credit, HOME, CDBG, Development/Trust Fund, etc., that project will be subject to the design standards required by the respective HFA.

For projects funded with programs administered by the Federal Housing Administration, USDA RD and other Federal programs not administered by a State or Local HFA, that project will be subject to the design standards required by the respective Federal financing source.

The submission of the completion certification and certificate of occupancy or equivalent at the completion of the project will be the prevailing evidence that all required building codes and design standards and features were met.

Market Demand

Market Study Required:

- Homeownership new construction or rehabilitation of for-sale housing of 12 units or greater.
- Rental projects of 12 units or greater except for those listed under "Market Study *Not* Required" found below.

An independent, *project-specific* third-party market study (or an update to an existing study) of the housing needs of the low- to moderate-income individuals targeted in the area to be served by the development is required. The market study must be performed within 18 months of the AHP application deadline. Sufficient demand in the market for the project must exist and based on reasonable predictions, must continue to exist during the term of the retention period for the number of units to be developed or renovated. Such study should be relevant in breadth and scope for the housing population to be served. Elements should include but are not limited to the total number of proposed units, income targeting mix, rents charged (rental projects), absorption and capture rates of new units, sales prices (homeownership projects), primary/secondary market area, neighborhood, demographic, economic conditions and strengths/weaknesses.

For Low-Income Housing Tax Credit projects receiving a tax credit reservation within 18 months of the original market study (or an update to the original study), a new market study or update is not required.

Market Study *Not* Required:

Permanent supportive housing, transitional housing or overnight/emergency shelter-type projects where at least 80% of the units are reserved for homeless or special needs populations (except for elderly housing) – Allowable documentation may include, but is not limited to, a combination of occupancy history of an existing facility, waitlists, evidence of a referral pipeline, the most recent Point-in-Time count coupled with the Continuum of Care plan identifying a shortage of housing beds, and/or a local housing needs/market assessment.

Refer to *Attachment A* for definitions of special needs and homeless populations.

Existing and occupied rental housing – Must include occupancy history for the one year preceding the AHP application due date and demonstrate at least 80% occupancy at the time of application submission. Must provide a waiting list of qualified households. Must complete the project unit's section of the AHP application in FHLBI.GIVES.

Owner-occupied rehab projects – Allowable documentation may include, but is not limited to, a combination of waitlists, homeowner pipelines and/or referral lists.

Homeownership new construction or rehabilitation of for-sale housing that is less than 12 units – Allowable documentation may include, but is not limited to, a combination of evidence of a homebuyer pipeline, waitlists and/or a local housing needs/market assessment.

> ***Note:*** *For projects where a market study is not required, documentation must be dated within 18 months of the application deadline.*

FHLBank Indianapolis Member Compliance Experience with Sponsor

The sponsor must have a demonstrated ability to provide timely monitoring information and to complete projects on a timely basis. The Bank provides training and detailed instruction on reporting and documentation requirements to award recipients in addition to the monitoring specifics detailed in *Attachment C, Monitoring Procedures*. The Bank will review past projects as an indication of performance on new applications. If a sponsor has multiple, ongoing AHP awards in stage one or two monitoring phases, consideration of the proposed application will examine compliance as well as development status of the active AHP awards. Scoring of a pending application may be suspended until the active project(s) are cleared by the Bank to the next monitoring state.

If the sponsor history is unsatisfactory, which includes failure to utilize previous AHP awards, inability to complete previous projects in required time frames, repeated failure to submit required documentation or serious repeated violations of the program, the application may be excluded from the scoring process.

See the *Suspension/Disbarment section* of this plan for additional detail of sanctions and curative measures post-project award. The Bank will rely on the member's willingness to submit the application as an indication of its own satisfactory history with the project sponsor and support of the application.

Sponsor Capacity/Development Team Experience

The AHP application must demonstrate that the developer/sponsor and any co-sponsor have the ability, experience and financial capacity to complete and manage the property for the retention period and that they have developed projects of comparable size and financing complexity. For new organizations, board members and/or staff members must be experienced in providing or developing the type of housing outlined in the application or the sponsor may elect to contract with an experienced developer and/or development consultant to lead the project.

In all cases, the development team partners (such as accountant, attorney, architect, construction contractor, development consultant, green specialist, property manager and owner representative) should be thoroughly vetted and assessed by the sponsor/owner for a commensurate level of skill and experience to provide a specific service required to successfully complete the proposed development. A strong and experienced development team may offset inexperience of the sponsor owner and will be considered in the evaluation of overall sponsor capacity. The sponsor/developer may consider an evaluation of multiple trade providers, including development consultants, to ensure the best level of service is engaged to complete the housing development initiative.

Applications that fail to indicate adequate sponsor/development team capacity and support, or are substantially incomplete, will be excluded from the scoring process. The Bank will rely on the member's willingness to submit the application as an indication of its comfort with sponsor's capacity/development experience and general support of the application. The member supporting the application should consider implementing a customary underwriting/review process that weighs the sponsor's development experience, management team and organizational management structure and any loan and/or donation request is commensurate with member's lending policies and practices with respect to similar loan types and risks.

Project Readiness-to-Proceed Threshold

The Bank requires that funding of AHP subsidies commence within 12 months of approval. The Plan further stipulates that the AHP subsidy be completely used within 36 months of date of award. Projects that have not been able to procure site locations, or that have not clearly identified stable development funding at the time of application, may not be able to meet the time limit requirements.

Only projects that are considered to meet the "readiness test" will be included in the scoring process. In general, to determine project "readiness," the Bank will examine the following documentation for overall readiness to proceed, including but not limited to, the following:

- **Site control** — Current, verifiable evidence from a third-party source (e.g., a copy of an executed deed, purchase option, sales agreement, long-term lease or relevant ordinance) that shows control of the proposed project site has been obtained or is projected to be obtained within six months after the approval of the application.

- **Project financing** — All funding sources should be identified at the time of application submission and should be equal to the total development costs indicated in the budget. Funding source documentation available at the time of application should be submitted with the application. This might include award agreements, commitment letters, letters of interest/intent, fundraising summaries, etc. Funding commitments are not required at application submission but will impact the project's readiness-to-proceed score.
- **Required approvals** — Verifiable evidence (e.g., copies of building permits, planning board ordinance or judicial decree) that the project has acquired zoning, environmental and other municipal, state or federal approvals, or that such approvals are pending or likely to be granted in the very near future.

The Bank, in its sole discretion, reserves the right to disqualify a project when it determines that the project does not meet the readiness test.

Time Limits on Use of AHP Subsidies

Approved competitive AHP projects must adhere to the following time limits:

- **12 months —** AHP subsidies for approved projects should be drawn for at least a portion of the project's AHP eligible costs within 12 months of the date of approval of the AHP application, or Dec. 1, 2027. One extension of up to 12 months may be granted on a case-by-case basis and for good cause, at the Bank's discretion. Approval of an extension will result in the project being added to the Bank's watch list. Removal from the watch list will occur following approval of a disbursement request.
- **36 months —** AHP subsidies for approved projects must be completely disbursed within 36 months of the date of approval of the AHP application, or Dec. 1, 2029. Funds not drawn down and used within 36 months from the date of the award may be cancelled and made available for other AHP-eligible projects, unless an extension request addressing the failure to fully disburse the AHP award has been approved by the Bank. Approval of an extension will result in the project being added to the Bank's watch list (see definition of Watch List in *Attachment A* of this plan). Removal from the watch list will occur following full disbursement of the AHP award.
    - Projects that have not completed all units committed in the application within 36 months from the date of approval of the AHP application, or Dec. 1, 2029, may be required to return all subsidies received, unless an extension addressing the failure to complete all units has been approved by the Bank. Approval of an extension will result in the project being added to the Bank's watch list. Removal from the watch list will occur following completion of the units committed in the AHP award.

Owner-occupied (Homeownership) projects are considered complete when the last home in the project has closed with the homebuyer or the rehabilitation of the last home in the project has been completed and all AHP subsidy for the project is fully disbursed.

Rental projects are considered complete when the last unit of the project is certified for occupancy or the rehabilitation planned is fully completed and all the AHP subsidy for the project is fully disbursed.

Financing Costs

The rate of interest, points, fees and any other charges for all loans that are made for the project in conjunction with the AHP subsidy shall not exceed a reasonable market rate of interest, points, fees and other charges for loans of similar maturity, terms and risk.

For projects with a financial structure that will use Low-Income Housing Tax Credits (LIHTC), the applicant must submit a letter with its application from the proposed equity investor that includes all of the following:

- The amount, price and terms of the investment;
- The planned equity pay-in schedule;
- Investment underwriting and financial forecast pages compiled by the investor including: sources and uses of funds, draw schedules, rental income and operating expenses, cash flow analysis, lease-up schedule and reserve requirements; *and*
- Such other materials as the Bank may reasonably request.

Cost of Property and Services Provided by a Member Institution

If a member provides an AHP subsidy to a project under the competitive AHP, and that member or one of its subsidiaries also either sold property or services to the project or holds a mortgage or lien on the property, then the purchase price of the property or services, as reflected in the project's development budget, may not exceed the market value of such property or services as of the date upon which the purchase price for the property or services was agreed upon. Further, if the property in question was real estate owned, then the market value of such property is deemed to be the "as-is" or "as-rehabilitated" value of the property, whichever is appropriate, as reflected by an independent appraisal of the property that is acceptable to the Bank and that is performed within six months prior to the date the Bank disburses the subsidy to the project.

Refinancing of Existing Projects

If a project uses competitive AHP subsidies to refinance an existing single-family or multi-family mortgage loan, the equity proceeds of the refinancing must be used only for the purchase, construction or rehabilitation of housing units meeting the eligibility requirements of the Regulation. Refinancing where no equity is taken out of the project and the refinancing only results in a lower debt service for an existing project is not permitted because there would not be a resulting purchase, construction or rehabilitation of housing units.

Construction Cost Validation Requirements

Rental New Construction or Rehabilitation

Developments that involve *new construction* costs require the submission of a construction cost trade payment breakdown or equivalent document dated within 12 months of application submission. Such evaluation must, at a minimum, reflect the construction budget line items associated with the development and the estimated dollar amount of those construction line items and in total.

Developments that involve *rehabilitation* costs require a capital needs assessment or detailed scope of work dated within 12 months of application submission. Such evaluation should be relevant in breadth and scope of the proposed project, but at a minimum, must detail the renovations required; estimated dollar amount of those renovations to sustain the property without additional major capital expenditure through the end of the retention period; disclosure of existing reserve accounts; and the availability of those funds to contribute, as a source of funds, to the overall budget.

For *occupied properties*, the evaluation must also certify that resident displacement of low- and moderate-income households is minimized by a comprehensive relocation plan.

Homeownership New Construction or Rehabilitation/Resale

Requires the submission of a detailed construction cost estimate dated within 12 months of application submission. Such evaluation must, at a minimum, reflect the construction budget line items associated with the development and the estimated dollar amount of those construction line items and in total. Cost data from past builds may be used to assist in creating these estimates.

Owner-Occupied Rehabilitation

Projects where participating households have been identified require the submission of a detailed construction cost estimate dated within 12 months of application submission. Such evaluation must, at a minimum, reflect the items in need of repair and the estimated dollar amount of those repair items and in total.

Projects where participating households have not been identified at application submission require a detailed summary of estimated repairs using costs of common repair items or past renovation cost data.

For project sponsors with their own development/construction arm or construction manager on staff, a capital needs assessment, detailed scope of work or construction cost trade payment breakdown from said development/construction arm or construction manager is acceptable.

Project sponsors who do *not* have their own development/construction arm or construction manager on staff will require an independent, third-party capital needs assessment, detailed scope of work or construction cost trade payment breakdown.

Relocation of Occupants

For projects with a rehabilitation strategy that requires displacement (either temporary or permanent) of the existing occupants, a relocation plan is required. Such relocation plan may be any plan that is approved by any federal, state or local government funder(s) involved in the financing of the project. If such a government funder-approved plan is not a requirement, then a relocation plan that takes reasonable steps to minimize displacement is required with the application. At a minimum, the relocation plan should articulate a resident notification plan of the displacement with appropriate lead time commensurate with the extent of the relocation and should also describe the following:

- Accommodation (monetary, labor assistance or both) measures to be implemented. Monetary accommodation should consider reimbursement to residents who incur extraordinary expenses, outside of expenses paid by the relocation plan, such as movers, food, utilities, advisory or support services, storage of personal belongings, transportation and security.
- Temporary displacement planning such as moving within the property to a fully renovated unit (permanently or temporarily), storage of personal property on-site, moving to a hotel for a designated period of time or some other alternative.
- If an occupant elects permanent relocation, the plan should detail what accommodations, if any, are planned for such occurrences.
- A relocation budget categorizing the line-item relocation costs in total and an anticipated average cost per household. General assumptions articulating how the relocation cost estimates were determined should be narrated within the relocation plan.

Retention

Only applications with provisions for maintaining the housing for low- and moderate-income persons for specific periods of time (five years from closing for an AHP-assisted, owner-occupied unit where the AHP subsidy is used for purchase of the unit or for purchase in conjunction with rehabilitation and 15 years from the date of completion for a rental housing project) will be considered in the application process. The methodology for ensuring retention must be a recorded, legally enforceable deed restriction or recorded Bank-approved Real Estate Retention Agreement requiring that the member and the Bank be given notice of any sale or refinancing of the AHP-assisted unit(s) and providing for repayment of the subsidy under certain circumstances. Required legal retention mechanisms will be provided to awarded projects, and representative samples of these retention agreements can be found in *Attachment E* of this document. The documents included in Attachment E are current as of the most recent approval of this Implementation Plan by the Bank's Board of Directors and may have changed after that date as a result of subsequent regulatory or other requirements.

> ***Note:*** *Please contact the Bank at housing@fhlbi.com for the most recent versions of the Retention Agreement in force at the time of execution and for prior approval of any changes to the Retention Agreements.*

7: District Eligibility Requirements (§1291.24(c)) – General Fund

Project Caps

The maximum amount of subsidy that may be requested per project in a single round is $1,000,000. Projects in which the funding gap results in AHP subsidy per unit in excess of $100,000 are ineligible projects.

AHP Funds Availability

The Bank expressly reserves the right to change AHP competitive program funding availability requirements at any time subject to Finance Agency requirements.

8: AHP Scoring Criteria for Competitive Applications (§§ 1291.25 and 1291.26) – General Fund

AHP applications will be reviewed for eligibility according to the requirements in this Plan and the minimum eligibility standards set forth in §§ 1291.23 and 1291.24 of the Regulation. Only applications submitted through FHLBI.GIVES on or before 11:59 p.m. Eastern time on the deadline date will be eligible to be scored.

FHLBank Indianapolis reviews applications beginning with those that receive the highest self-score and continues to review applications with competitive scores until all available funds are exhausted. The Bank will not review applications that are not sufficiently competitive relative to the other applications submitted in the round based on self-score. Applications that do not receive a review will not receive a final score or an assessment of project feasibility.

Application Completeness

The application submission through FHLBI.GIVES must be complete with all required supporting documentation as detailed in the exhibit and scoring checklists. The Bank reserves the right to remove an application from consideration in its sole discretion if the application contains multiple material errors in documentation, is incomplete or contains material inconsistencies.

Scoring Criteria

Use of Donated/Discounted, Government-Owned or Other Properties: (5 points)

Points shall be awarded as follows:

- Projects that have a minimum of 50% of the total units or land area wherein ownership is obtained through a charitable donation within the preceding 10 years; *or*
- Projects that have a minimum of 50% of the properties conveyed to the project by the federal government or agency or instrumentality thereof; *or*
- Properties conveyed at a discounted price from fair market value (FMV) of at least 50%. To be considered for points the property's FMV must be established by an independent third-party appraisal from a state-licensed or certified appraiser dated within 12 months of the purchase date.

The property must be donated or conveyed by an entity not related to or affiliated with the member, sponsor or owner through membership or control.

- "Federal government or agency or instrumentality thereof" refers to the United States government and does not include state, tribal, county or other local governments or their related agencies or instrumentalities.

Long-term leases of fifteen (15) years or longer with a rent payment of no more than $100 annually may qualify as donated.

Refer to Appendix A – Scoring Checklist on our website for required supporting documentation to be submitted with the application.

Sponsorship by a Qualified Not-for-Profit Organization or Government Entity: (up to 7 points)

Project sponsorship by a not-for-profit organization, a state or political subdivision of a state, a state housing agency, a local housing authority, a Native American Tribe, an Alaskan Native Village or the government entity for Native Hawaiian Homelands.

For rental projects:

The not-for-profit organization or government entity must be the managing general partner or owner and materially participate in the acquisition, development, ownership and ongoing operation of the property for the entire compliance period. A not-for-profit is materially participating where it is regularly, continuously and substantially involved in providing services integral to the development and operation of a project.

Point eligibility for this criterion is determined as follows:

- **1 point –** Projects for which the not-for-profit or government sponsor has at least 25% and less than 49% general partnership or ownership interest and has at least a 25% interest in the developer fee.
- **4 points –** Projects for which the not-for-profit or government sponsor has at least 49% and less than 100% general partnership or ownership interest in the proposed project and has at least a 49% interest in the developer fee.
- **7 points –** Projects for which the not-for-profit or government sponsor has 100% general partnership or ownership interest with the proposed project and has 100% interest in the developer fee.

Projects for which the not-for-profit or government sponsor has a general partnership or ownership interest that is greater than the percentage of interest in developer fee, the percentage of developer fee determines the points.

Example*: ABC not-for-profit has a 100% general partnership interest; however, pursuant to an agreement with the for-profit developer partner, ABC will receive 35% of the developer fee. In this scenario, the project would receive one point.*

For homeownership projects:

- **7 points –** The not-for-profit or government sponsor must be *integrally* involved in the project by either one or more of the following: exercising control over the planning, development or management of the project or by qualifying borrowers and providing or arranging financing/renovations for the owners of the units.

Refer to Appendix A – Scoring Checklist on our website for required supporting documentation to be submitted with the application.

Targeting: (up to 20 points)

For homeownership projects, targeting is as follows:

- The maximum number of points available under this scoring criterion will be awarded if 60% or more of the total AHP units in the development are reserved for occupancy by households with incomes at or below 60% of the area median income (AMI).
- Homeownership applications with less than 60% of the total AHP units reserved for occupancy by households with income at or below 60% of AMI will be awarded points on a declining scale based on the percentage of total units reserved for households with income at or below 60% AMI and on the percentage of the remaining units reserved for households with incomes at or below 80% AMI.

The remaining applications will be scored with the following scale:

Percent of total units targeted to households earning less than or equal to 60% of AMI multiplied by 20.

Percent of total units targeted to households earning between 61 – 80% AMI multiplied by 18.

- Total score is either 1 or the sum of 2a and 2b, as applicable.

> ***Example:*** *10 total homeownership units. 3 units <= 60% AMI. 7 units 61 – 80% AMI.*
>
> *<= 60% AMI units - 3/10 = 0.3 X 20 = 6.*
> *61 – 80% AMI units – 7/10 = 0.7 X 18 = 12.6.*
> *6 + 12.6 = 18.6 points*

For rental projects, targeting is as follows:

- Points will be awarded to projects that finance the purchase, construction and/or rehabilitation of rental housing, of which at least 20% of the units in the project will be occupied by and affordable to very low-income households with incomes at or below 50% of AMI.
- Rental projects for which 60% or more of the total units will be occupied by and affordable for very low-income households (at or below 50% of AMI) will receive the full 20 points. Rental projects that do not meet the 60% very low-income criteria will be scored using the following formula:

  40 [(B – (.20 (A)))/ .80 (A)] + 5 [C/ (.80 (A))] + 0 (D) = VALUE

  VALUE multiplied by .889 = SCORE

  Where:

  - A = total number of units
  - B = number of units ≤ 50% AMI
  - C = number of units 51% to 80% AMI
  - D = number of units ≥ 80% AMI

Targeting commitments made in the AHP application should be supported by the required market demand materials (see "Market Demand" under Section 6 of this Plan) and consistent with commitments made to other stakeholders in the project. FHLBank Indianapolis reserves the right to adjust the AHP targeting commitments if they differ from the market demand materials and/or common commitments made to the other stakeholders in the project.

Underserved Communities and Populations: (up to 16 points)
Supportive Housing for the Homeless: (up to 4 points)

The financing of rental housing, excluding overnight shelters, reserving at least 20% of the eligible units for homeless households, the creation of transitional housing for homeless households permitting a minimum of six months occupancy (for purposes of these threshold, "eligible units" shall mean total units) or the creation of permanent owner-occupied housing reserving at least 20% of the total units for homeless households (for the purposes of this threshold, "eligible units" shall mean AHP-assisted units only) will be eligible for up to four (4) points.

Projects reserving at least 80% or more of the eligible units will receive 4 points. Projects reserving less than 80% of the eligible units, but 20% or more of the eligible units receive points as a calculated interpolation. Projects reserving less than 20% of the eligible units will receive no points.

Point calculation for projects committing ≥ 20% of the eligible units and ≤ 80% of the eligible units:
Homeless units / Eligible units = HU%

- HU% * 4 points = Homeless Points

Example:

20 homeless units / 40 eligible units = 50%
*50% * 4 points = 2 homeless points*

To be eligible for points, the FHLBank Indianapolis supportive service plan template must be completed and submitted with the application. Appendix B – FHLBank Indianapolis Supportive Service Plan can be found on our website.

Projects receiving points in this criterion will not receive points for the same units in the Supportive Housing for Persons with Special Needs category.

Homeless commitments made in the AHP application should be supported by the required market demand materials (see "Market Demand" under Section 6 of this Plan) and consistent with commitments made to other stakeholders in the project. FHLBank Indianapolis reserves the right to adjust the homeless commitments if they differ from the market demand materials and/or common commitments made to the other stakeholders in the project.

Emergency and/or overnight shelters/beds are AHP-eligible projects; however, they cannot receive points under this criterion.

Supportive Housing for Persons with Special Needs: (up to 4 points)

The financing of housing in which at least 20% of the eligible units ("eligible units" shall mean total units for rental projects and AHP-assisted units only for owner-occupied projects) are reserved for households with specific special needs will be eligible for up to four (4) points. Such populations may include the elderly; people with disabilities; formerly incarcerated persons; people recovering from physical abuse or alcohol or drug abuse; victims of domestic violence, dating violence, sexual assault or stalking; people with HIV/AIDS or unaccompanied youth.

Note: *Projects that meet the definition of elderly housing as outlined in Attachment A, Definitions are not required to submit a social services plan.*

Projects reserving at least 80% or more of the eligible units for special needs households shall receive four (4) points. Projects reserving less than 80% of the eligible units but 20% or more of the eligible units shall receive points as a calculated interpolation. Projects reserving less than 20% of the eligible units will receive no points.

Point calculation for projects committing ≥ 20% of eligible units and ≤ 80% of eligible units:

Special Needs units / Eligible units = SU%

SU% * 4 points = Special Needs points

Example:

30 Special Needs units / 50 Eligible units = 60%
*60% * 4 points = 2.4 points*

To be eligible for points the FHLBank Indianapolis supportive service plan template must be completed and submitted with the application. Appendix B – FHLBank Indianapolis Supportive Service Plan can be found on our website.

Projects receiving points in this criterion will not receive points for the same units in the Supportive Housing for the Homeless category.

Special needs commitments made in the AHP application should be supported by the required market demand materials (see "Market Demand" under Section 6 of this Plan) and consistent with commitments made to other stakeholders in the project. FHLBank Indianapolis reserves the right to adjust the AHP targeting commitments if they differ from the market demand materials and/or common commitments made to the other stakeholders in the project.

Tribal Housing: (2 points)

A project must meet the following requirements to be awarded points:

- The proposed project is developed by a federally recognized tribe, a tribally designated housing entity or other tribally owned entity. The tribe or tribally owned entity must be a general partner or managing member in the project.
- The development must be within the service area of the tribe or its Tribally Designated Housing Entity (TDHE).
- The development must set aside at least 20% of the total units in the development for households with at least one tribal member or descendant of a tribal member.

Refer to Appendix A – Scoring Checklist on our website for required supporting documentation to be submitted with the application.

Rural Housing: (4 points)

Projects located in a designated rural area, as identified by the 2020 Rural-Urban Commuting Area Codes (RUCA) last updated September 26, 2025 (or an update thereto), or a rural community located within the boundary of a metropolitan statistical area (MSA) shall receive 4 points. Points in this criterion will be awarded based upon the following definitions of a rural area:

- A zip code outside of a metropolitan statistical area (MSA) as designated by the Census Bureau which has a RUCA code of 4-10. To determine the RUCA code visit the data sets page at: *USDA ERS - Rural-Urban Commuting Area Codes;*[2] *or*
- A city or town located within a MSA that has a population of 15,000 or less based on 2024 Census Bureau population estimates (or an update thereto) found at: *2020-2024 US Census Bureau Population Estimates*.[3]

For scattered site developments where properties are located in more than one census tract or county, to be eligible for points each parcel must meet the definition of a rural community, or the RUCA code for each parcel must fall within the 4-10 rating but does not have to be the same rating for each parcel.

Refer to Appendix A – Scoring Checklist on our website for required supporting documentation to be submitted with the application.

---

[2] URL: https://www.ers.usda.gov/data-products/rural-urban-commuting-area-codes

[3] URL: https://www.census.gov/data/tables/time-series/demo/popest/2020s-total-cities-and-towns.html

Large Units: (2 points)

Projects constructing or rehabilitating units of three bedrooms or more. At least 20% or more of the units must include three bedrooms or more to qualify for points.

Refer to Appendix A – Scoring Checklist on our website for required supporting documentation to be submitted with the application.

Creating Economic Opportunity: (5 points)

Projects located in a census tract(s) where the median annual income meets or exceeds 100% of the area median income (AMI). To qualify under this scenario 100% of the project units must be located in such census tracts. Points will be awarded based on the most recent FFIEC estimated tract median family income data available as found at: *FFIEC Geocode Map*[4]*; or*

Projects in which 20% or more of the units are targeted to households earning more than 80% of the AMI.

The need for the greater than 80% AMI units must be supported in the required "Market Demand" section of this Plan and be consistent with targeting obligations as presented to other stakeholders in the project. The development sources must include an eligible funding source for the >80% AMI units.

Example: *A $4 million development containing 40 units with per unit cost of $100,000; the developer designates 20% or 8 units as >80% AMI units; $800,000 in private funding source(s) is required.*

8 units x $100,000/unit cost = $800,000

The units reserved for households with combined total income that is greater than 80% AMI shall be non-AHP assisted units and are excluded from the subsidy per unit calculation.

Refer to Appendix A – Scoring Checklist on our website for required supporting documentation to be submitted with the application.

Community Stability: (up to 10 points)

Applications that promote community stability through one of the following initiatives will be eligible for points:

- **Preservation Initiative (7 points):** Projects that involve the acquisition and/or rehabilitation of existing affordable housing or existing market rate housing that will become affordable, income restricted units. Eligibility for points under the preservation initiative requires the hard construction costs (exclusive of builder's overhead, profit, general requirements and construction contingency) to be in excess of $20,000 per unit.
- **Infill Housing (7 points):** Building new homes or developments on vacant, underused or previously developed sites within already established neighborhoods that utilize existing public infrastructure.
- **Stabilization (7 points):** Projects rehabilitating vacant and abandoned buildings into affordable housing.
- **Adaptive Reuse (7 points):** The conversion of a building from a non-housing to housing use.

[4] URL: https://geomap.ffiec.gov/ffiecgeomap/

- **Investment Area (7 points):** An area that has had recent (within the past 5 years) and/or ongoing investments evidenced by a signed letter from the local unit of government dated within 60 days of the application due date that identifies, supports and outlines significant investments including the expected dollar amounts of those investments; and includes a detailed map of the proposed project in proximity to the proposed investments; *or* projects that are located within the boundary of a designated Opportunity Zone.
- **Promotion or Preservation of Homeownership (10 points):** 100% of the AHP-assisted beneficiaries are homebuyers or existing homeowners.

Refer to Appendix A – Scoring Checklist on our website for required supporting documentation to be submitted with the application.

Note: *All property locations in the project must be defined in one of the six classifications in the criteria to be eligible.*

District Priority: (up to 37 points)

Points shall be awarded for each of the following criteria, according to § 1291.26(h) of the Regulation. The number of points available for each criterion is listed with the explanation of the criterion.

Member Financial Involvement: (up to 8 points)

Projects demonstrating member financial involvement (by sponsoring member) through the provision of a tax credit equity investment, permanent financing, construction financing and/or a financial donation to the project may qualify for points as follows:

- **Tax Credit Equity Investment.** This may include an investment in Low Income Housing Tax Credits, Historic Tax Credits or other similar tax credit programs. The member must be the lead investor. Participation in an equity investment pool does not qualify for points. **Four (4) points**
- **Permanent Financing.** The member must originate the permanent financing. The permanent loan principal and interest payments must be reflected in the AHP operating proforma. **Four (4) points**
- **Construction Financing.** This may include a construction loan, bridge loan, line of credit or letter of credit. The member must originate the construction financing. The construction loan interest and loan fees must appear on the AHP development budget. An existing line of credit or one used for general operating support of the sponsor does not qualify for points. **Four (4) points**
- **Financial Donation** to the project development costs equal to the greater of $10,000 or 1% of the total development costs. Waiver of fees, reduced fees or other in-kind donations do not qualify for points. **Two (2) points**

Consideration for points will be demonstrated through completion of Appendix C – Member Financial Participation Certification.

Financing structures where the member submitting the AHP application is a loan participant but not the lead lender will be eligible for 2 points for permanent or construction financing. The Bank defines the lead lender as the lender with the greatest amount of financing in the project.

> ***Note:*** *Interest rates, fees and points shall not exceed a reasonable market rate of interest, fees or points for loans of similar maturity, terms and risk. The Bank reserves the right to disqualify commitments or other contributions structured or valued for the purpose of "gaining points." The execution of such loans will be validated in the disbursement and monitoring processes. Failure to execute the loans as proposed in the application will result in a modification of the proposed project and jeopardizes the AHP subsidy.*

Desirable Sites Initiative: (up to 8 points)

Up to eight (8) points are available for projects that can demonstrate proximity/access to public transportation, access to a full-service grocery store or supermarket, educational institutions and/or medical facilities.

Proximity to Transportation (up to 2 points)

Applicants who can demonstrate at the time of application that the project is located within ½ mile from a public transportation stop (i.e., bus stop, train stop) or has access to no-cost or low-cost, door-to-door transportation services (exclusive of taxi, Uber, Lyft or similar services) available to all residents may be considered for points.

To receive points for proximity to a public transportation stop, the transit must be in place at the time of application. Documentation must include a site map (such as from Google, MapQuest or other similar mapping software) indicating the specific location of the public transportation stop in proximity to the specific project site. The map must be legible and have a clear scale, and distances must be measured using a standardized distance path (in miles) from the development site to the transportation stop.

The project/development site is defined as the project address listed in the application. For projects without a firm street address assigned click on the location of the project in the mapping software to create a pin and coordinates for the project and use that as the starting location for directions.

Points will not be awarded for distances calculated "as the crow flies."

Comprehensive market study maps and radius maps are not acceptable documentation and will not qualify for points in this category.

For scattered-site projects a map must be submitted for each address. Points will be based on the number of addresses meeting the requirements indicated above and will be calculated as follows:

- Number of units meeting requirements / total number of units = % of units meeting requirements
- % of units meeting requirements * 2 points = Proximity to Transportation points

> ***Example:***
>
> *7 units meeting requirements / 15 total units = 46.7% 46.7% * 2 points = 0.934 points*

To receive points for access to no-cost or low-cost transportation services, evidence such as pages from the service provider's website or a letter from the transportation service provider, must be submitted with the application.

Refer to Appendix A – Scoring Checklist on our website for required supporting documentation to be submitted with the application.

Access to a Full-Service Grocery Store or Supermarket: (up to 2 points)

Projects located within one mile (for urban projects) and two miles (for rural projects) of a full-service grocery store or supermarket offering a wide variety of food, beverages and household products including fresh fruits and vegetables, fresh meats, dairy products, canned foods, frozen foods, dry goods, non-alcoholic beverages, household paper products and personal care items. The grocery store or supermarket must be established at the time of application submission, have a physical and permanent location and operate 12 months per year with regular business hours. Evidence, such as a weekly sales ad/flyer or similar documentation, must be provided with the application.

Gas stations, convenience stores and pharmacies do not qualify for points under this criterion.

In addition, documentation must also include a site map (such as from Google, MapQuest or other similar mapping software) indicating the type and specific location of the grocery store or supermarket in proximity to the specific project site. The map must be legible and have a clear scale, and distances must be measured using a standardized distance path (in miles) from the development site to the facility.

The project/development site is defined as the project address listed in the application. For projects without a firm street address assigned click on the project location in the mapping software to create a pin and coordinates for the project and use that as the starting location for directions.

Points will not be awarded for distances calculated "as the crow flies."

Comprehensive market study maps and radius maps are not acceptable documentation and will not qualify for points in this category.

For scattered-site projects a map must be submitted for each address. Points will be based on the number of addresses meeting the requirements indicated above and will be calculated as follows:

- Number of units meeting requirements / total number of units = % meeting requirements
- % of units meeting requirements * 2 points = Healthy/Nutritional Food Facility points

Example:

7 units meeting requirements / 15 total units = 46.7%
*46.7% * 2 points = 0.934 points*

The definition of urban vs. rural will follow the *Rural Housing scoring criterion* outlined in this Plan. To qualify for the 2-mile rural distance measurement, the project must qualify for the Rural Housing points.

Refer to Appendix A – Scoring Checklist on our website for required supporting documentation to be submitted with the application.

Educational Institutions: (up to 2 points)

Projects located within one mile (for urban projects) and two miles (for rural projects) of a public, accredited educational institution, including K-12 schools, trade schools, colleges or universities, vocational schools or community colleges. Evidence, such as pages from the institution's website, must be submitted with the application.

In addition, documentation must include a site map (such as from Google, MapQuest or other similar mapping software) indicating the type and specific location of the educational institution in proximity to the specific project site. The map must be legible and have a clear scale, and distances must be measured using a standardized distance path (in miles) from the development site to the facility.

The project/development site is defined as the project address listed in the application. For projects without a firm street address assigned click on the project location in the mapping software to create a pin and coordinates for the project and use that as the starting location for directions.

Points will not be awarded for distances calculated “as the crow flies.”

Comprehensive market study maps and radius maps are not acceptable documentation and will not qualify for points in this category.

For scattered-site projects a map must be submitted for each address. Points will be based on the number of addresses meeting the requirements indicated above and will be calculated as follows:

- Number of units meeting requirements / total number of units = % meeting requirements
- % of units meeting requirements * 2 points = Educational Institution points

Example:

7 units meeting requirements / 15 total units = 46.7%
*46.7% * 2 points = 0.934 points*

The definition of urban vs. rural will follow the *Rural Housing scoring criterion* outlined in this Plan. To qualify for the 2-mile rural distance measurement the project must qualify for the Rural Housing points.

Refer to Appendix A – Scoring Checklist on our website for required supporting documentation to be submitted with the application.

Medical Facilities: (up to 2 points)

Projects located within one mile (for urban projects) and two miles (for rural projects) of a pharmacy or medical facility including hospitals, doctor office, dentist office or health clinic. Evidence, such as pages from the facility’s website, must be submitted with the application.

In addition, documentation must include a site map (such as from Google, MapQuest or other similar mapping software) indicating the type and specific location of the medical facility in proximity to the specific project site. The map must be legible and have a clear scale, and distances must be measured using a standardized distance path (in miles) from the development site to the facility.

The project/development site is defined as the project address listed in the application. For projects without a firm street address assigned click on the project location in the mapping software to create a pin and coordinates for the project and use that as the starting location for directions.

Points will not be awarded for distances calculated “as the crow flies.”

Comprehensive market study maps and radius maps are not acceptable documentation and will not qualify for points in this category.

For scattered-site projects a map must be submitted for each address. Points will be based on the number of addresses meeting the requirements indicated above and will be calculated as follows:

- Number of units meeting requirements / total number of units = % of units meeting requirements
- % of units meeting requirements * 2 points = Medical Facility points

Example:

7 units meeting requirements / 15 total units = 46.7%

*46.7% * 2 points = 0.934 points*

The definition of urban vs. rural will follow the *Rural Housing scoring criterion* outlined in this Plan. To qualify for the 2-mile rural distance measurement the project must qualify for the Rural Housing points.

Refer to Appendix A – Scoring Checklist on our website for required supporting documentation to be submitted with the application.

Readiness to Proceed: (3 points)

Projects demonstrating readiness to proceed may be eligible for three points based upon meeting the following benchmarks:

- **Funding Commitments:** 85% or more of total funding sources committed exclusive of AHP at the time of application as demonstrated through award/commitment letters, award/grant agreements, Appendix C – Member Financial Participation Certification, notes/mortgages, fundraising statements, etc. from the funding provider(s).

In addition to the requirements above, projects utilizing Low Income Housing Tax Credits (LIHTCs) are also subject to the following:

- Developments funded with 9% LIHTCs must have a reservation letter from the respective State Housing Finance Agency (HFA).
- Developments funded with 4% LIHTCs must have a reservation letter, determination letter or other equivalent tax-exempt bond commitment letter from the State HFA.

For projects utilizing community fundraising as a source of funds, points will be awarded based upon dollars *banked* at time of application supported by a statement of account and a signed resolution by the executive Board of Directors appropriating the use of funds raised toward the capital improvements outlined in the AHP application.

Homeownership projects must include the present value of buyer mortgage financing and buyer down payment assistance in the permanent funding stack. However, these amounts will be excluded from the funding commitments calculation under this scoring criterion.

Projects in which the AHP subsidy request is greater than 50% of the total housing development costs at the time of application are not eligible for points under this category.

Refer to Appendix A – Scoring Checklist on our website for required supporting documentation to be submitted with the application.

Note: *The Bank reserves the right to disqualify commitments or other contributions structured or valued for the purpose of "gaining points." The execution of such sources will be validated in the disbursement and monitoring processes. Failure to execute the sources as proposed in the application may result in a modification of the proposed project and jeopardize the AHP subsidy.*

- **Site Control:** Demonstrate site control of 100% of the location(s). (Property substitutions are not permitted if points are awarded in this initiative.)
- **Zoning & Site Plan:** Evidence from the municipality that the proposed site is already properly zoned for the intended use; and evidence by the municipality affirming the proposed site has received final site plan approval.

Large-Scale Developments (2 points)

- **Urban:** The new construction or rehabilitation of projects containing 50 or more units.
- **Rural:** The new construction or rehabilitation of projects containing 35 or more units.

***Note:** To be considered a rural development the application must qualify for the rural housing points as outlined in the Rural Housing scoring criterion.*

Projects Serving Low-Income Households in Local Planning Districts (3 points)

Projects serving low-income households in local planning districts that: 1) meet the low-income area definition, and 2) meet the community plan/housing need criteria below:

- **Low-Income Area:** Tract Median Family Income % from the most recent *FFIEC Geocode Map*[5] available must be ≤ 80% AMI.
- **Community Plan/Housing Need:** Using Appendix D – FHLBank Indianapolis Certificate of Consistency, a project must certify to consistency with neighborhood, community or local planning efforts, excluding Consolidated and/or Annual Action Plans.

To qualify for points, 100% of the AHP properties must be in low-income census tracts as defined above.

Refer to Appendix A – Scoring Checklist on our website for required supporting documentation to be submitted with the application.

Homeownership Projects Serving Low-Income Households in Local Planning Districts (3 points)

Projects that create or preserve homeownership opportunities and meet the qualifications of the Projects Serving Low-Income Households in Local Planning Districts above are eligible for three additional points.

AHP Subsidy Per Unit: (up to 10 points)

Up to 10 points shall be awarded to projects that propose to use the least amount of subsidy per AHP-targeted unit. Projects shall be awarded points on a declining scale and pro-rated between $12,500 and $37,500 per unit.

***Note:** To determine the point value, use the following formula:*

Points = (37,500 - Subsidy per unit) / 2,500

[5] URL: https://geomap.ffiec.gov/ffiecgeomap

Based on the formula, the maximum amount will be awarded to projects at or below $12,500 in AHP subsidy per unit with 0 points awarded at $37,500 or more in AHP subsidy per unit.

Projects in which the funding gap results in AHP subsidy per unit more than $100,000 are ineligible projects.

Approval of AHP Applications

The Board shall approve applications in descending order starting with the highest scoring eligible application until the total funding amount, except for any amount insufficient to fund the next highest scoring eligible application, has been allocated. The Board may also approve the reallocation of unused Homeownership Initiatives funds to ensure utilization of all AHP funds. The Board may not delegate to Bank officers or other Bank employees the responsibility to approve or disapprove the AHP subsidy applications or alternates.

Tie-Breaking Methodology

If two or more applications have identical scores in the same funding round and there is insufficient AHP subsidy to approve all the tied applications, the following tie-breaking methodology will be used:

- **Step 1:** Compare the tied applications' scores under the *Readiness-to-Proceed criterion*. The application with the highest score is approved for funding. If the applications' scores are still tied, proceed to Step 2.
- **Step 2:** Compare the tied applications' scores under the *Subsidy-per-Unit criterion*. The application with the highest score is approved for funding. If the applications' scores are still tied, proceed to Step 3.
- **Step 3:** Compare the tied applications' scores under the *Member Involvement criterion*. The application with the highest score is approved for funding. If the applications' scores are still tied, proceed to step 4.
- **Step 4:** Compare the tied applications' scores under the *Targeting criterion*. The application with the highest score is approved for funding.

If an AHP application receives a numerical score identical to the score of another application in that funding round, and if that application requests more subsidy than the amount of AHP funds that remain to be awarded, then the FHLBank shall approve that application as an alternate and exclude from participation in the tie-breaking event.

Awarding and Funding of Alternates

Concurrently with the approval of applications, the Board shall also approve at least the next four highest scoring applications in the funding round as alternates and may identify additional alternates as indicated in its discretion. Within one year of approval, the Bank shall fund such alternates if any previously committed AHP subsidies become available.

The Bank will contact the member and sponsor, beginning with the first alternate identified, within 30 days of funds availability. The Bank will assess the project status and funding condition prior to a formal award notification. Such alternate vetting assessment shall determine:

- The member's and sponsor's independent desire to move forward with the AHP award as presented in the application based upon the amount of funds available;
- The project's readiness and ability to conform to the applicable deadlines concurrent with the funding year including securing all other funding sources;
- The impact of any adjustments to the project design, targeting and underwriting by other stakeholders such that the project is determined to be the same project approved or whether the project is substantively changed such that modification and rescoring may be indicated; *and*
- The impact of any changes in the financial or organizational capacity of the sponsor or development team that could impact financial feasibility and project sustainability.

The score tie-breaking methodology for awarding projects, noted above, also shall apply to alternates. If the tiebreaker methodology does not produce a winner, the alternates tied in rank shall be determined first by the outcome of the alternate vetting assessment and finally by the amount of subsidy requested.

Modifications

Through the application, disbursement and monitoring process, the Bank attempts to request adequate information necessary to make informed decisions regarding AHP applications and projects. It is, however, incumbent upon each program participant to disclose completely and accurately all information regarding the project. The Bank requires that project sponsors/owners and members report to the Bank material changes in an approved project upon discovery. A material change means any change that could affect the facts under which the competitive program application was originally scored and approved by the Bank. Representations made in the application relative to non-AHP funding sources, the owner, applicant, developer, related party/entity or any member of the development team, their experience and previous participation is material to the evaluation of the application by the Bank and its member; therefore, transfer requests or conveyance of an ownership interest to another party by the sponsor is generally discouraged. The Bank may in its sole discretion decline the proposed transfer or team change and require resubmission of the application in the next competitive funding round.

The Bank processes project modifications in accordance with the requirements of the Regulation and the Bank's project modification policy and procedure. The project sponsor or owner must make a reasonable effort to cure any noncompliance within a reasonable period of time. Any changes to a project that require a re-scoring or re-evaluation that causes the project's score to fall below the lowest scoring alternate will result in the project being ineligible for the AHP subsidy, and the project must be withdrawn if a reasonable remedy cannot be determined within a practical timeframe. In such instances, the Bank, in its sole discretion, may develop a formal cure plan with specific actions to be taken within a specified timeframe as a possible resolution to avoid de-obligation and/or recapture of the AHP subsidy.

The Bank, in its sole discretion, may increase the subsidy of an awarded project through the modification procedure. Justification for this process must be clearly documented and will be done in very rare circumstances. Modifications involving requests for additional subsidy will be approved or disapproved by the Bank's Board. The authority to approve or disapprove such requests will not be delegated to Bank officers or other Bank employees. Modification requests are subject to the maximum subsidy limits established in the Bank's AHP Implementation Plan in effect at the time of the original award.

Section § 1291.29 of the Regulation addresses modifications, prior to project completion and/or after project completion.

Changes to Approved Subsidy Amount and Modifications

Adjustments Due to Interest Rate Changes

A member may be approved to receive AHP direct subsidy to write down the principal amount of the interest rate on a loan prior to closing. If the amount of subsidy required to maintain the debt service cost for the loan decreases from the amount of subsidy initially approved by the Bank due to a decrease in applicable market interest rates between the time of approval and the time the lender commits to the interest rate to finance the project, the Bank will reduce the subsidy amount accordingly, as required by Regulation.

Other Adjustments

In cases where AHP subsidy has been approved to fill a funding gap and such approval was based on estimates of other funding sources or applicable costs at the time of the application, the amount of subsidy finally awarded, funded and allowed to remain outstanding for a project may change if actual project data varies from the estimates or representations made in the application. The Bank may, in its sole determination, reduce the subsidy amount accordingly.

For projects using Low-Income Housing Tax Credits (LIHTC), the Bank defers to the applicable state housing finance agency's approach in effect during the credit allocation year for the purpose of determining equity and the AHP funding gap. The Bank recognizes rate fluctuations and equity pricing can significantly increase or decrease the amount of development gap. The Bank will rely on signed letters of intent, firm equity commitments, the LIHTC application and other third-party resources available in the gap evaluation for AHP subsidy. Further, the Bank may conduct a rate survey to determine that the LIHTC sales price reflected appears reasonable. In the course of such analysis that is required by Regulation at application, each disbursement and completion of the project, the Bank, in its sole discretion, may determine the AHP subsidy awarded must be reduced or the funding gap is eliminated in its entirety.

Subsidy Increases

Projects that have received an AHP award in a prior funding round, have not received a disbursement of AHP funds for the applicable award, and need additional subsidies may submit a new application in the current funding round. The total amount of subsidy requested cannot exceed the maximum allowed per project in the current round. In addition, if a project is awarded a subsidy in the current round, the prior award must be withdrawn.

Disbursement Process and Procedures

Membership Requirements for Disbursements

Disbursements of AHP subsidies may only be provided to institutions that are members at the time of the draw, per § 1291.30(a)(1).

If a member no longer qualifies for membership in the Bank, § 1291.30(a)(2) provides that the Bank may disburse subsidies to another Bank member to which the member has transferred its obligations under the approved application, or that the Bank may disburse subsidies through another Federal Home Loan Bank ("FHLBank") as long as a member of that FHLBank has assumed the project by executing an AHP Correspondent Disbursement Agreement.

At the Bank's discretion, disbursements may be withheld or suspended when there is evidence of an unresolved compliance or reporting concern to the Bank, other FHLBanks or other funding sources involved in the project until such time evidence is provided curing the non-compliance or resolving the reporting concern. The sponsor and/or member are obligated to report such occurrences to the Bank as soon as the sponsor and/or member become aware of the occurrence.

Disbursement Submission Process

A project approved under the competitive application program that is ready to receive funds may request disbursement of all or part of the approved subsidy. Funding requests must be made by a member of the Bank and will be processed by the Bank in accordance with the Bank's procedures and guidelines for funding of subsidies and applicable monitoring procedures. These procedures and guidelines require that the applicant member and project sponsor/owner provide the Bank with the most current information about the project sufficient to enable the Bank to verify, prior to funding, that the project maintains compliance with the requirements of the AHP and the need for subsidy is consistent with the approved application. The project sponsor/owner and member must complete and submit to the Bank an AHP disbursement request through FHLBI.GIVES. The FHLBI.GIVES system will allow the project sponsor/owner and member to upload the required documents for analysis and review which include but are not limited to the following:

- Relevant closing, loan and partnership documents;
- Retention documents;
- Relevant contracts, invoices, cost certifications, AIA G702/G703 Pay Application/Sworn Statement documents;
- Documentation from all other funding sources including applications, award letters, award agreements, fundraising statements, partnership agreements, board resolutions, interim financing loan statements, etc.; *and*
- Any additional documentation necessary to evaluate the project as deemed applicable by the Bank.

If the Bank determines that a disbursement request is substantially incomplete or missing information, the request will be returned to the member for completion.

If the Bank cancels any AHP application approvals due to non-compliance with eligibility requirements as described, the Bank shall make the AHP subsidies available for approved alternate projects, other AHP-eligible projects or AHP-eligible households at the next available funding round.

Disbursement Guidelines

Only 20% of the AHP subsidy may be drawn for soft costs such as developer fees, consultant fees, architecture, engineering, building permits, surveys, construction loan interest, etc.

Example: *The AHP award is $600,000. The maximum amount of the award to reimburse for fund soft costs is 20%, or $120,000.*

If requesting reimbursement for developer fees, AHP will only pay a percentage of developer fee in proportion to the percentage of construction completed (as evidenced by the contractor sworn statement - AIA document or related documentation).

Example: *Project is 20% complete per the most recent contractor sworn statement – AIA document. The budget includes a $100,000 developer fee line item. The maximum developer fee that may be disbursed with this request is $20,000.*

The FHLBank Indianapolis may, in its discretion, consider exceptions to the 20% soft costs limitation on a case-by-case basis.

9: Procedures for Carrying Out Monitoring Obligations – AHP Only (§ 1291.50)

As required by § 1291.50(a), the Bank has developed procedures for carrying out monitoring obligations under § 1291.50, including monitoring scheduling plans and sampling methodologies. Detailed completion and long-term monitoring procedures are included in this plan as *Attachment C*.

10: Homeownership Initiatives (§ 1291 Subpart D)

The Bank shall determine annually whether to offer a Homeownership Initiatives program for the following year pursuant to § 1291.40 of the Regulation. In 2026, the Bank will offer the following programs for down payment, closing cost, homeowner counseling and rehabilitation and accessibility assistance:

- Launch – Down Payment Assistance for first-time homebuyers
- Revive – Home Repair Grant for owner-occupied rehabilitation

These programs will provide opportunities to request funds on an express (as-needed, first-come, first-served) basis. As required by § 1291.12(b), the Bank must allocate at least one-third of the aggregate annual Homeownership Initiatives allocation to such programs to assist first-time homebuyers or owner-occupied rehabilitation or a combination of both. The Bank will contribute up to 35% of the 2026 AHP contribution to Homeownership Initiatives. The Bank reserves the right to allocate funds among Homeownership Initiatives uses and adjust the release dates to meet demand and ensure utilization of all funds. Funding is open until all Homeownership Initiatives funding is exhausted.

Detailed information including disbursement and monitoring procedures regarding the Launch and Revive programs can be found in Sections 12 and 13, respectively, of this document.

11: Remedial Actions for Non-compliance and Recaptures (§ 1291.60)

Bank procedures for remedial actions are to be followed if AHP subsidies are not used in compliance with the terms of an approved application of the AHP and the requirements of the Regulation. The Bank will follow the requirements of §§ 1291.60 and 1291.61 of the Regulation including the following:

Repayment of Subsidies by Members

Non-Compliance by Member

A member must repay to the Bank the amount of subsidy (plus interest, if appropriate) that, as a result of the member's actions or omissions, is not used in compliance with the terms of the application for the subsidy, as approved by the Bank and the requirements of this part, unless:

- The member cures the non-compliance within a reasonable period of time, *or*
- The circumstances of non-compliance are eliminated through a modification of the term of the application for the subsidy pursuant to § 1291.29.

Non-Compliance by Project Sponsors or Owners

Duty to recover subsidies: A member shall recover from the sponsor of a homeownership or rental project and repay to the Bank the amount of any subsidy (plus interest, if appropriate) that is not used in compliance with the terms of the application for the subsidy, as approved by the Bank and the requirements of this part, unless:

- The sponsor/owner cures the non-compliance within a reasonable period of time; *or*
- The circumstances of non-compliance are eliminated through a modification of the terms of the application for the subsidy pursuant to § 1291.29.

The member shall not be liable to the Bank for the return of amounts that cannot be recovered from the project sponsor/owner through reasonable collection efforts by the member.

Repayment of Subsidies by Project Sponsors or Owners

A sponsor of a homeownership project and the owner of a rental project shall repay to the member the amount of any subsidies (plus interest, if appropriate) that are not used in compliance with the terms of the application for the subsidy, as approved by the Bank and the requirements of this part, unless:

- The sponsor/owner cures the non-compliance within a reasonable period of time, *or*
- The circumstances of non-compliance are eliminated through a modification of the terms of the application for the subsidy pursuant to § 1291.29.

Amounts repaid to the Bank pursuant to this section, including any interest, shall be made available for other AHP-eligible projects.

Repayment of AHP Subsidy upon Sale or Refinance of Owner-Occupied Housing

When the AHP subsidy was used for the purchase, construction or purchase with rehabilitation of the home, a household must repay a pro-rated amount of the funds received if it sells or refinances the unit during the five-year retention period unless one of the following exceptions applies:

- In the case of a sale, transfer or assignment, the purchaser, transferee or assignee is a very low-, low- or moderate-income household (this may be determined using the actual income documentation of the purchaser, transferee or assignee if available, or, if such documentation is not available, a proxy may be used – see *[Attachment A, Definitions]* for the definition of what constitutes an acceptable income proxy);

- In the case of a refinancing, the household agrees to continue to be subject to a Retention Agreement, deed restriction or other legally enforceable retention mechanism as described in § 1291.15(a)(7) after the refinancing for the balance of the original retention period;
- The household had obtained a permanent mortgage funded by an AHP-subsidized advance and not a direct subsidy;
- Upon the death of the AHP-assisted sole owner, or owners in the case of multiple title holders, the AHP Retention Agreement terminates and there is no obligation to repay the AHP subsidy; *or*
- The calculated repayment amount is less than $2,500.

The household only repays the subsidy from the net proceeds from either a sale or a refinancing. If there are no net proceeds, the household does not repay any subsidy. If the net proceeds are greater than the pro-rated amount of the subsidy, the household must repay the pro-rated amount of the subsidy. If the net proceeds are less than the pro-rated amount of the subsidy, then the household must repay only the amount of the net proceeds.

These terms also apply to any future, subsequent refinancing(s) during the retention period unless the Retention Agreement has otherwise terminated.

- Net proceeds are defined as: 1) In the case of a sale, transfer or assignment of title or deed, the sales price minus reasonable and customary costs paid by the household in connection with the transaction (including real estate broker's commission, attorney's fees and title search fees) and outstanding debt superior to the subsidy lien or other legally enforceable AHP subsidy repayment obligation; and the household's investment (see *Attachment A, Definitions*), 2) In the case of refinance, the principal amount of the new mortgage minus reasonable and customary costs paid by the household in connection with the transaction (including attorney's fees and title search fees) and the principal amount of the refinanced mortgage.

Suspension and Debarment

The Bank may suspend or debar a member, project sponsor or owner from participation in the AHP program if such party shows a pattern of non-compliance or engages in a single instance of flagrant non-compliance with the terms of an application for AHP subsidy or the requirements as stated above. Further, the Finance Agency can order the Bank to suspend or debar any member, project sponsor or owner.

The Finance Agency prohibits the Bank from engaging, directly or indirectly, in certain transactions with individuals or entities on the Finance Agency's *list of suspended counterparties*.[6]

Accordingly, neither the member nor the project sponsor shall employ, contract for or otherwise use the services of any person or entity on the Finance Agency's list of suspended counterparties (a suspended party) such that the suspended party would directly or indirectly participate in any contractual relationship in the mortgage, securities or other lending product business with the Bank.

If the sponsor history is unsatisfactory, the project may be excluded from the scoring process. Unsatisfactory sponsor history includes any one or all the following:

- Failure to utilize previous AHP awards,

[6] URL: https://www.fhfa.gov/regulation/suspended-counterparty-program

- Outstanding documentation pertaining to an ongoing AHP supported project,
- Inability to complete previous projects in required time frames,
- Repeated failure to submit required documentation or serious and repeated violations of the program, *or*
- Elects to submit an AHP application in the current year's application cycle.

Projects with severe compliance issues that demonstrate a consistent pattern of failing to make reasonable progress toward completion of existing projects; a consistent pattern of failing to provide requested documents including but not limited to semi-annual progress reports, annual certifications, household income sampling information, disbursement/monitoring information; a consistent pattern of non-compliance with approved requests or cure periods; or failure to comply with applicable Program requirements may be subject to the following sanctions until compliance issues have cleared:

- All disbursements involving member and/or sponsor may be suspended. The project may be withdrawn by the Bank or member in cases where such sanctions may not resolve the reporting and compliance deficiency.
- If during an AHP application funding round, applications for member and/or sponsor may be eliminated from consideration.
- Access to Homeownership Initiatives may also be suspended in severe circumstances.
- Addition to the Bank's internal watch list and reported to the Board quarterly until the non-compliance matter is resolved or escalated to further action including recapture. Further, the Bank may notify other FHLBs of the non-compliance matter where it is known the sponsor has ongoing AHP projects.

Debarments will be approved by the Board. In cases of suspensions or sanctions due to non-compliance, resolving the issue of non-compliance may lift the sanction without Board approval.

As part of the normal course of business, the Bank may provide, separately or as part of other communication, a written warning to the appropriate person or entity advising of the potential for suspension or debarment or withdrawal of the AHP award. However, failure to do so will not affect the Bank's ability to so suspend or debar a participant. If the Bank suspends or debars a person or entity, it will provide written notice containing:

- Notification of the suspension or debarment;
- The reason(s) for suspension or debarment;
- The repercussions of the suspension or debarment; *and*
- The effective and end date of the suspension or debarment.

Agreements (§1291.15(a))

The Bank shall have in place with each member receiving a competitive AHP direct or subsidized advance an agreement containing at minimum the provisions found in the Affordable Housing Program Agreement (AHP Agreement). Please contact the Bank for the most recent version of the AHP Agreement in force at the time of execution.

Collection Expense Reimbursement

For each AHP project, each of the project sponsors and, with respect to rental projects only, the project owner (Obligor) shall pay all charges and expenses incurred by the Bank or the member (including reasonable attorneys' fees and expenses) in connection with (a) any investigation by the Bank or the member with respect to the AHP Agreement, any related document or any other AHP requirement as it relates to the project; (b) the enforcement, protection or preservation of any right or claim of the Bank or the member against the project sponsor or project owner under the AHP Agreement, any related document or any other AHP requirement as it relates to the project; or (c) the collection of any amounts due under the AHP Agreement, any related document or any other AHP requirement as it relates to the project. As used herein, "related document" includes, but is not limited to, the retention/recapture documents required by the AHP Agreement and the Regulation.

12. Launch – Down Payment Assistance Program (Launch) Guidelines

Program Description

The Launch – Down Payment Assistance Program is part of the Homeownership Initiatives allocation. Launch helps first-time homebuyers, whereby the household is at or below 80% of area median income (AMI), with down payment, counseling and closing cost assistance when purchasing their primary residence.

The maximum subsidy cannot exceed $20,000, or 20% of the purchase price, whichever is less. The minimum subsidy that can be requested per household is **$1,000**.

Launch may be amended at any time with input from the Affordable Housing Advisory Council of the Bank and approval by the Board. Funding announcements may be revoked by the Board without notice. The Bank reserves the right to allocate funds among programs to meet program demand and to ensure utilization of all funds.

Member Participation

Institutions that are current members of and eligible to borrow from the Bank may participate in Launch. The Bank does not accept applications from institutions with pending applications for membership.

Registration

All members must have on file a fully executed Homeownership Initiatives Master Agreement and annually submit a Registration and Certification Form. Members will be responsible for all terms and conditions contained in the Homeownership Initiatives Master Agreement and Registration and Certification Form, including, but not limited to, the requirements outlined in this document.

Submitting Disbursement Requests

Upon approval of the Homeownership Initiatives Master Agreement and Registration and Certification Forms, members will be provided user access procedures for use of the Bank's online system.

Funding: Use, Limits and Availability

- Launch funding may go towards down payment, closing costs and/or counseling costs as required by § 1291.42(d);
- **Closing Costs:** Includes expenses over and above the price of the property incurred by the buyer when transferring ownership of the property. Representative closing costs include, but are not limited to: borrower-paid broker fees, loan origination fee, loan discount fee, appraisal fee, credit report, mortgage insurance application fee, closing fee, document preparation, attorney fees, title insurance (for mortgagor or owner), judgment search fees, abstracting fees, recording fees, local tax fees, survey fees, plat drawing fees, pre-paid interest for up to 30 days, initial flood insurance premium, ten months' escrow of homeowner's insurance, two months' escrow of mortgage insurance, ten months' escrow of property tax, two months' escrow of flood insurance, first year's premium on homeowner's insurance, first year's premium for mortgage insurance, and property inspection fees. *Bank grant funds used to pay points to reduce the interest rate are limited to a maximum of two (2) points.*
- Each participating member will be limited to $600,000 in annual Launch funds unless such limitation is waived by the Board. Funds will be made available on a rolling allocation in increments of $200,000 until member cap has been reached.
- Funds will be made available on a first-come, first-served basis until all funds are exhausted.
- **Financing Costs:** As required by § 1291.42(g), the rate of interest, points, fees and any other charges for all loans that are made for the project in conjunction with the subsidy shall not exceed a reasonable market rate of interest, points, fees and other charges for loans of similar maturity, terms and risk.

Member Requirements

- The member is responsible for structuring the purchase transaction in a manner that complies with all applicable laws, regulations and this Plan.
- Members must ensure that Launch-assisted units are subject to a Retention Agreement provided by the Bank that meet requirements of § 1291.15(a)(7) of the Regulation. See *Attachment E* of the Plan for sample retention language.[7]
- Members may not charge fees to provide subsidy to any homebuyer.
- The member must pass the entire amount of the subsidy to the household. Any unused funds must be returned to FHLBank Indianapolis.

Recipient Requirements

- Launch funds may only be made available to a first-time homebuyer. The member must maintain a first-time homebuyer affidavit in the project file. A first-time homebuyer is an individual who meets the following criteria:

---

[7] **Note:** Please visit the program website at *https://www.fhlbi.com/launch* for the most recent versions of the Retention Agreements.

    - An individual who has had no ownership in a principal residence during a three-year period ending on the date of the purchase of the property.
- The homebuyer(s) has household income, based on the location of the property being purchased, that is equal to or less than 80% of the area median income (AMI) adjusted for family size, as published annually by HUD (see the Bank's public website for current limits).
- The homebuyer(s) must complete a counseling/education program prior to the loan closing. Please refer to *Section 11: Housing Counseling Program* in this document. Further information may be found in the Counseling Resource Guide.
- The homebuyer(s) must contribute a minimum of **$500** in personal cash funds toward the home's purchase transaction. These funds can be from earnest money deposits, closing costs paid outside of closing or cash brought to closing.
- The mortgage amount(s) shall not exceed the sales price of the home.
- An appraisal must be completed not more than 90 days in advance of closing.
- All individuals in title to the property must occupy the property for which the subsidy is being provided and must sign retention documents as described below in *Section 8: Real Estate Retention Period*.
- The household's final monthly housing expense ratio (front-end ratio or PITI) including principal, interest, taxes, insurance and applicable Homeowner Association (HOA) dues may not exceed 40% of the household's gross income, as calculated by FHLBank Indianapolis.
- The homebuyer's mortgage loan term and amortization period may not be less than **5 years** and **15 years**, respectively.
- The homebuyer may not utilize a construction-to-permanent loan product to finance the purchase of the property. The property must be an existing dwelling.
- The homebuyer may not acquire the property under the terms of a cash purchase. An amortizing mortgage must be transacted to purchase the property.
- If the purchase is a non-arm's length transaction, a transaction where the buyer and seller have a personal relationship, an appraisal supporting the agreed upon purchase price must be provided with the submission request.
- Purchase transactions requiring funds to be escrowed for property rehabilitation or repairs are not eligible unless the rehabilitation/repair escrow is paid outside of closing or by a third party at closing as evidenced by either the Closing Disclosure or other documentation.
- The homebuyer(s) may not be students with part-time or no income while in school who ordinarily would have a reasonable prospect for a substantial increase in income exceeding the AHP income eligibility limit upon entering the workforce full-time. In determining an applicant's eligibility, the Bank will consider factors including but not limited to the applicant's current student status, number of hours currently enrolled, anticipated date of graduation and field of study. Supporting documentation will be required.
- The homebuyer cannot receive for the same property more than one FHLBank Indianapolis grant of any kind, or more than one grant from any Federal Home Loan Bank, unless prior grants have been repaid or retention period has expired.

Eligible Property Types

The following property types are eligible to receive Launch funding:

- Owner-occupied 1-4 family properties,
- Townhouses,
- Condominiums,
- Cooperatives, *and*
- Manufactured housing deeded as Real Estate

Lease/purchase arrangements and land contracts are not eligible ownership structures. All properties must be titled as real estate and be permanently affixed to a permanent foundation.

Settlement/Closing Statement

The Launch subsidy must be used for down payment, closing costs or counseling costs associated with the purchase transaction and must be reflected as a line item on the current HUD approved Closing Disclosure. Please see the definition of Closing Costs in *Section 3* above. The appropriate grant amount received from the Bank must be clearly identified. Other guidelines are as follows:

- The contribution to the purchase of the home, from the homebuyer, in the amount of at least **$500** should be clearly reflected on Closing Disclosure. The $500 can be met through deposit or earnest money, cash brought to closing and/or expenses paid outside of closing (such as insurance, appraisals, etc.). The Bank, in its sole discretion, will determine the eligibility of items paid outside of closing.
- **Homebuyers may not receive more than $250 in cash back at closing**. Any funds more than the approved mortgage amount, closing costs and cash back to the homebuyer shall be used as a credit to reduce the principal of the mortgage or as a credit toward the household's monthly payments on the mortgage loan. Any cash back at closing will net against the required household contribution of $500.

Real Estate Retention Period

All Launch-assisted units are subject to a Retention Agreement provided by the Bank that meets the requirements of § 1291.15(a)(7) of the Regulation. See *Attachment E* of the Plan for sample retention language.

Note: *Please contact the Bank for the most recent versions of the Retention Agreements. The member is responsible for filing the Retention Agreement with the proper municipal office.*

A household must repay a pro-rated amount of the Launch funds received if it sells or refinances the unit during the five-year retention period *unless* one of the following exceptions applies:

- In the case of a sale, transfer or assignment, the purchaser, transferee or assignee is a very low-, low- or moderate-income household (this may be determined using the actual income documentation of the purchaser, transferee or assignee if available, or, if such documentation is not available, a proxy may be used — see *Attachment A, Definitions* for the definition of what constitutes an acceptable income proxy);

- In the case of a refinancing, the household agrees to continue to be subject to a Retention Agreement, deed restriction or other legally enforceable retention mechanism as described in § 1291.15(a)(7) after the refinancing for the balance of the original retention period;
- The household had obtained a permanent mortgage funded by an AHP-subsidized advance and not a direct subsidy;
- Upon the death of the AHP-assisted sole owner, or owners in the case of multiple title holders, the AHP Retention Agreement terminates and there is no obligation to the repay the AHP subsidy; *or*
- The calculated repayment amount is less than $2,500.

The household only repays the subsidy from the net proceeds from either a sale or a refinancing. If there are no net proceeds, the household does not repay any subsidy. If the net proceeds are greater than the pro-rated amount of the subsidy, the household must repay the pro-rated amount of the subsidy. If the net proceeds are less than the pro-rated amount of the subsidy, then the household must repay only the amount of the net proceeds.

These terms also apply to any future, subsequent refinancing(s) during the retention period unless the Retention Agreement has otherwise terminated.

Net proceeds are defined as: 1) In the case of a sale, transfer or assignment of title or deed, the sales price minus reasonable and customary costs paid by the household in connection with the transaction (including real estate broker's commission, attorney's fees and title search fees) and outstanding debt superior to the subsidy lien or other legally enforceable AHP subsidy repayment obligation; and the household's investment (see *Attachment A, Definitions*), 2) In the case of refinance, the principal amount of the new mortgage minus reasonable and customary costs paid by the household in connection with the transaction (including attorney's fees and title search fees) and the principal amount of the refinanced mortgage.

In the event the subsidy provided to the member is unused and is not provided to the household, the Bank does not consider the subsidy disbursed to the household and the subsidy must be returned to the Bank.

Post-Disbursement

All purchase transactions must be closed within 60 days of the subsidy disbursement to the member. Closing documentation must be submitted to the Bank immediately following the closing.

Extensions of the required closing will be considered by the Bank on a case-by-case basis. No substitutions of households will be allowed.

Monitoring, Reporting and Documentation

Annually, the Bank will monitor a random sampling of disbursements to each member to ensure compliance with the Launch program requirements.

On-Site Monitoring

At the discretion of the Bank, participating members may be selected for an on-site monitoring review. During reviews, which are held at the member's place of business, the Bank reviews the member's policies and procedures for administering Launch and a sampling of the grant recipient files. The Bank reserves the right to review all files if sampling indicates compliance issues.

Housing Counseling Requirements

Members may only provide Launch funds to households that complete a homebuyer or homeowner counseling program provided by, or based on one provided by, an organization experienced in homebuyer or homeowner counseling, A completion certificate must be provided showing the date of completion, provider of the training and any certifications the program may have obtained.

- Counseling must take place before closing and generally not more than one year earlier than the enrollment date.
- Launch funds may be used to pay housing counseling where counseling fees have not been covered by another funding sources, including the member. The fee must be clearly documented on the Closing Disclosure.

Income Guidelines

All members must use the Income Guidelines as outlined in *Attachment D* of the current Plan. Households must have incomes, based on the location of the subject property, at or below 80% of the HUD area median income limit, based on the household size for the area at the time the household is accepted for enrollment by the member.

13. Revive – Home Repair Grant Program (Revive) Guidelines

Program Description

The Revive – Home Repair Grant Program (Revive) is part of the Homeownership Initiatives. Revive provides rehabilitation assistance to homeowners with household incomes at or below 80% AMI.

The maximum subsidy that can be requested per household is **$15,000**. The minimum subsidy that can be requested per household is **$1,000**.

Revive may be amended at any time with input from the Affordable Housing Advisory Council of the Bank and approval by the Board. Funding announcements may be revoked by the Board without notice. The Bank also reserves the right to reallocate funds among programs to meet program demand and to ensure utilization of all funds.

Member Participation

Institutions that are current members of and eligible to borrow from the Bank may participate in Revive. The Bank does not accept applications from institutions with pending applications for membership in the Bank.

Registration:

All members must have on file a fully executed Homeownership Initiatives Master Agreement and annually submit a Registration and Certification Form. Members will be responsible for all terms and conditions contained in the Homeownership Initiatives Master Agreement and Registration and Certification Form, including, but not limited to, the requirements outlined in this document.

Submitting Disbursement Requests:

Upon approval of the Homeownership Initiatives Master Agreement and Registration and Certification Forms, members will be provided user access procedures for use of the Bank's online system.

Funding: Use, Limits and Availability

Revive funds may only be used to pay for eligible rehabilitation/repair costs as noted in section 6 of this guide. Revive funds cannot be used to pay for fees charged by members or sponsors for providing the subsidy to a homeowner.

- **Financing Costs:** As required by § 1291.42(g), the rate of interest, points, fees and any other charges for all loans that are made for the project in conjunction with the subsidy shall not exceed a reasonable market rate of interest, points, fees and other charges for loans of similar maturity, terms and risk.
- Each participating member will be limited to **$600,000** in annual Revive funds unless such limit is waived by the Board. Funds will be made available on a rolling allocation in increments of $200,000 until member cap has been reached.
- Funds will be made available on a first-come, first-served basis.

Member Requirements

- Members must provide funds only to homeowners who meet the income guidelines, as described in *Attachment D* of the current I-Plan.
- The member is responsible for compliance with all applicable laws, regulations and this Plan.
- Members must ensure that proposed costs are reasonable based on the local market.
- Members must comply with the Bank's requirements to provide copies of rehabilitation closing statements and other documentation as described in this document.
- Members must maintain project files with all applicable information for all grant recipients.
- The member must pass the entire amount of the subsidy to the household. Any unused funds must be returned to FHLBank Indianapolis.

Recipient Requirements

Recipients of Revive funds must meet the following requirements:

- Recipients must have household income that is equal to or less than 80% of the area median income (AMI) adjusted for family size as published annually by HUD.[8]
- Recipients' existing mortgage obligation and property taxes for the subject property must be current and paid as agreed.
- Recipients must sign an acknowledgement identifying the contractor(s) which is being used for the repairs.
- Recipients cannot receive more than one Bank grant of any kind, or more than one grant from

[8] URL: https://www.huduser.gov/portal/datasets/il.html

any Federal Home Loan Bank, for the same property in a five-year period unless prior grants have been repaid or retention period has expired.

- Applicants may not be students with part-time or no income while in school who ordinarily would have a reasonable prospect for a substantial increase in income exceeding the AHP income eligibility limit upon entering the full-time workforce. In determining an applicant's eligibility, the Bank will consider factors including, but not limited to, the applicant's current student status, number of hours currently enrolled, anticipated date of graduation and field of study. Supporting documentation will be required.

Rehabilitation/Repair Information

Funds may only be used to address repairs/rehabilitation needs from the list below. Rehabilitation and repair of systems and materials must be of similar quality, like and style. The Bank may exercise discretion in determining if repairs are eligible for funding.

Rehabilitation/repair work completed prior to enrollment may not be paid for with Revive funds.

The following repair/replacement of existing elements are eligible for funding under Revive:

ELIGIBLE DEFERRED MAINTENANCE REPAIRS	
HVAC systems and ductwork	Siding
Well or septic systems	Roof and/or chimney
Water heater	Gutters and downspouts
Windows	Exterior doors (including overhead garage)
Soffit and fascia	Insulation or weatherization
Sump-pump systems	Ceiling and drywall repair (due to roof failure)

The following accessibility and safety repairs are also available under Revive:

ELIGIBLE ACCESSIBILITY & SAFETY REPAIRS	
Entry ramps	Entry steps/stairs
Mold and/or mildew remediation	Levered door handles
Interior/exterior handrails	Widened doorways
Internal chair or wheelchair lifts	Toilet (ADA only)
Relocation of washer/dryer from basement to main level of the home	Shower modifications/grab bars

If work is being performed by a related party to the homeowner, the member must ensure that all repairs included in the original bid are being completed and funds are being used for said repairs.

Eligible Property Types

The following property types are eligible to receive Revive funding:

- Owner-occupied 1-4 family properties,
- Townhouses,
- Condominiums,
- Cooperatives, *and*
- Manufactured housing deeded as Real Estate

Lease/purchase arrangements and land contracts are not eligible ownership structures.

All properties must be titled as real estate and be permanently affixed to a permanent foundation. Modular/manufactured homeowners should supply tax records or an Affidavit of Affixture, or similar document, to validate the home meets this requirement.

Post-Disbursement

It is expected that all home repairs will be completed within **six months** of the Bank's disbursement of funds. The member is responsible for managing the progress and completion of the repair project.

Monitoring, Reporting and Documentation

Annually, the Bank will monitor a random sampling of disbursements to each member to ensure compliance with the Revive program requirements.

On-Site Monitoring

At the discretion of the Bank, participating members may be selected for monitoring review. During reviews, which are held at the member's place of business, the Bank reviews the member's policies and procedures for administering Revive and a sampling of the grant recipient files. The Bank reserves the right to review all files if sampling indicates compliance issues.

Income Guidelines

All members must use the income guidelines as outlined in *Attachment D* of the current Plan. Households must have incomes at or below 80% of the HUD median income limits, based on the household size, for the area at the time the household is accepted for enrollment by the member.

14: Conflicts of Interest

The Bank has established a conflict-of-interest policy governing the Board, the Council and employees within its *Code of Conduct*.[9] To obtain a copy of that policy, please contact the Bank at 800-688-6697 or *housing@fhlbi.com*.

15: Notifying FHLBank Indianapolis of Questionable, Criminal or Fraudulent Conduct

The Bank is committed to protecting its revenue, property, reputation and other assets. The Bank has an *Anti-Fraud Policy*[10] in place to support this commitment and to enhance its compliance efforts. This Policy addresses not only instances of questionable, criminal or fraudulent conduct within the Bank, but also such misconduct detected in our dealings with our members, AHP sponsors and vendors.

If a member or project sponsor suspects that questionable, criminal or fraudulent conduct may have occurred involving the Bank, whether it occurs inside or outside of the Bank, please contact the Bank's AML Officer at AML_Officer@fhlbi.com.

---

[9] URL: https://www.fhlbi.com/who-we-are/corporate-governance
[10] URL: https://www.fhlbi.com/who-we-are/corporate-governance

Attachment A: Definitions

Adaptive Reuse: The conversion of a building from a non-housing use to a housing use. For example, a warehouse converted to apartments or condominiums, a hotel converted to apartment units other than overnight shelter units, schoolhouses converted to apartments or convents and monasteries converted to a housing use for the general public.

Advance: A loan to a member from the Bank that is provided pursuant to a written agreement, supported by a note or other written evidence of the member's obligation, and fully secured by collateral in accordance with the Act and 12 CFR Part 1266 of the Regulation.

Affordable: Defined at 12 CFR § 1291.1.

> Affordable rent charged for a unit that is reserved for occupancy by a household with an income at or below a specific percent of the area median income, as committed to in the AHP application, must not exceed 30% of the income of a household of the maximum income and size expected to occupy the unit (assuming occupancy of 1.5 persons per bedroom or 1.0 persons per unit without a separate bedroom). This means that, to be considered affordable, the rent may not exceed 30% of the applicable 30, 50 or 80% targeted median income level committed to in the AHP application.
>
> The rent charged to a household, for rental units subsidized with Section 8 assistance under 42 U.S.C. 1437f or subsidized under another assistance program, if the rent complied with this definition at the time of the household's initial occupancy and the household continues to be assisted through the Section 8 or another assistance program, respectively.

AHP Project: A single-family or multifamily housing project for owner-occupied or rental housing that has been awarded or has received AHP subsidy under the competitive application program.

Arm's Length Transaction: An arm's length transaction is one in which the buyers and sellers of a product act independently and do not have any relationship to each other. The concept of an arm's length transaction assures that both parties in the deal are acting in their own self-interest and are not subject to any pressure or duress from the other party. It also assures third parties that there is no collusion between the buyer and seller.

Applicable AFR (Annual Federal Rate): Every month, the Internal Revenue Service publishes a schedule of the minimum annual interest rate that must be charged for a loan to be considered a market-rate loan and therefore free of tax complications. These are the applicable federal rates, or AFR. These rates are based on market yields on various securities and are typically lower than what a commercial lender would charge. The rates fall into three tiers based on the length of the loan.

AMI: The area median income for the county in which the project is located as established annually by HUD and *published online*.[11]

As-is Market Value: The estimate of the market value of real property in its current physical condition, use and zoning as of the appraisal's effective date.

Board: Unless otherwise indicated, means the Board of Directors of the FHLBank Indianapolis.

Capitalized Reserves: A project may include capitalized operating reserves on the development budget. A reserve is considered capitalized or "prefunded" when a sponsor deposits a significantly large amount of money in the replacement reserve account early in a project's life, for example, when it settles on the acquisition or permanent loan for the property. Not an eligible use of AHP.

---

[11] URL: https://www.huduser.gov/portal/datasets/il.html#year2025

Carryover Reserves: Previously established reserves acquired with the purchase of property.

CICA: The Bank's Community Investment Cash Advance Program defined at 12 CFR Part 1292.

Closing Costs: Includes expenses over and above the price of the property incurred by the buyer when transferring ownership of the property. Representative closing costs include, but are not limited to: borrower paid broker fees, loan origination fee, loan discount fee, appraisal fee, credit report, mortgage insurance application fee, closing fee, document preparation, attorney fees, title insurance (for mortgagor or owner), judgment search fees, abstracting fees, recording fees, local tax fees, survey fees, plat drawing fees, pre-paid interest for up to 30 days, initial flood insurance premium, ten months' escrow of homeowner's insurance, two months' escrow of mortgage insurance, ten months' escrow of property tax, two months' escrow of flood insurance, first year's premium on homeowner's insurance, first year's premium for mortgage insurance, and/or property inspection fees. Bank grant funds used to pay points to reduce the interest rate are limited to a maximum of two (2) points. Project administrative costs attributable to the sponsor are not an eligible use of AHP subsidy and may not be considered a closing cost.

- When determining household investment for purposes of calculating net proceeds, prepaid costs and escrow funds shall not be included as closing costs.

Competitive Application Program or the Affordable Housing Program (AHP): Established pursuant to 12 USC § 1430(j) and the Regulation.

Contingency: The contingency budget for a project is generally expected to be between 5% and 10% of the construction budget, unless the applicant can demonstrate that costs are unlikely to change from those proposed. Since unforeseen costs are encountered in virtually all construction/rehabilitation projects, an adequate contingency budget is key to ensuring funds will be available to complete the project. Projects that might justify a smaller or no contingency budget include those where only acquisition or minor rehabilitation will be undertaken. On the other hand, adaptive reuse of historical properties may require a higher contingency budget due to the potential for greater unforeseen costs in old buildings. The Bank excludes soft contingency expenses relating to non-construction activities.

Contingencies must net zero at completion of the project or the subsidy awarded and/or disbursed may be reduced by the amount of the contingency remainder.

Contractor Cost Limits: Contractor cost limits, also referred to as construction contract items or general requirements, are the construction related costs such as temporary facilities, services, overhead and the contractor's profit needed to perform the construction work. If a construction management or consulting fee (paid to a related or unrelated third party) is included in the construction contract, it must be included in and subject to the fee limits relating to general requirements, builder overhead and profit. Excess fees will be deducted from the total development costs when performing the gap calculation.

Cost of Funds: Defined at 12 CFR § 1291.1. For purposes of a subsidized advance, the estimated cost of issuing FHLB System consolidated obligations with maturities comparable to that of the subsidized advance.

Debt Coverage Ratio (DCR): Also known as debt service coverage ratio. The ratio of a project's annual net operating income divided by the total annual debt service (principal plus interest).

Deed Restriction: A provision written into the deed that limits the use of land. Deed restrictions usually remain in effect when title passes to subsequent owners.

Developer's Fee: Includes developer overhead, profit and fees for services normally performed by the developer, such as development consultant fees. For Low-Income Housing Tax Credit developments deferring this fee as a source of funds, the amount of AHP subsidy available to draw is limited to the applicable percentage that is net of the deferred fee. If a construction manager or a consultant serving a similar capacity (as determined by FHLBank Indianapolis) is not included in the construction contract, then any construction management or consulting fee must be included in and paid from the developer's fee.

Direct Subsidy: Defined at 12 CFR § 1291.1 as an AHP subsidy in the form of a direct cash payment.

Donated Property: Property donated or conveyed for a "nominal price" (see definition of minimal conveyance) by the federal government or any agency or instrumentally thereof, or by any other unrelated party or entity.

Effective Gross Income: Gross rents for all units and miscellaneous income less vacancy allowance.

Elderly Housing: 100% of the units must be occupied by households in which all household members are age 62 and older; *or* at least 80% of the units must be occupied by households in which at least one household member is age 55 or older.

Eligible Household: A household that meets the income limits and other requirements specified by the Bank for the competitive application program and Homeownership Initiatives, provided that: 1) in the case of owner-occupied housing, the household's income may not exceed 80% of the median income for the area; and 2) in the case of rental housing, the household's income in at least 20% of the units may not exceed 50% of the median income for the area.

Eligible Project: A project eligible to receive AHP subsidy pursuant to the requirements of the Regulation.

Eligible Uses: Permitted uses of AHP funds are acquisition, construction, rehabilitation or some necessary soft costs relating to the development or preservation of housing for low-moderate income residents.

Enrollment Date: Defined by the Bank as the date on which the member issues a qualification or other such loan commitment or enrolls the household in an FHLBank Indianapolis Homeownership Initiatives Program. Members must submit a disbursement request to the Bank within 30 days after enrollment of the household into the Homeownership Initiatives.

Effective Date of Tenant Certification: The date the tenant income certification becomes applicable. For initial certification for occupancy, this date must be the move-in date of the tenant.

Extremely Low-Income (ELI): Extremely low-income household means a household that has an income at or below 30% of the median income for the area, with the income limit adjusted for household size in accordance with the methodology of the applicable median income standard selected from those enumerated in the definition of "median income for the area," unless such median income standard has no household size adjustment methodology. Families whose income does not exceed the greater of 30% of the area median income or the Federal Poverty Level (FPL) found here: *Federal Register: Annual Update of the HHS Poverty Guidelines*.[12]

Fair Market Value: An amount that represents the true value at which property could be sold on the open market.

Family Member: Any individual related to a person by blood, marriage or adoption.

Federal Poverty Guidelines: Health and Human Services issues a poverty guideline by household size annually for the 48 contiguous stated which can be found here: Federal Register: *Annual Update of the HHS Poverty Guidelines*.[13]

---

[12] URL: https://www.federalregister.gov/documents/2025/01/17/2025-01377/annual-update-of-the-hhs-poverty-guidelines

[13] URL: https://www.federalregister.gov/documents/2025/01/17/2025-01377/annual-update-of-the-hhs-poverty-guidelines

FHLBank Indianapolis: Also referred to as "Bank." The Bank's legal name is the Federal Home Loan Bank of Indianapolis. Information about the Bank is available at *https://www.fhlbi.com*.

Finance Agency: Also referred to as "FHFA." The agency established as the Federal Housing Finance Agency, successor regulatory agency to the Federal Housing Finance Board.

First-Time Homebuyer: An individual and his or her spouse who has had no ownership in a principal residence during a three-year period ending on the date of the purchase of the property.

Foreclosure: A legal proceeding by which mortgaged (or otherwise encumbered) property is sold, upon default, in order to satisfy the unpaid debt secured by the property. Foreclosures generally are governed by state law, and rules may vary between states.

General Fund: General Fund means a program that each Bank is required to establish and under which the Bank approves (i.e., awards) applications for AHP subsidy through a competitive application scoring process and disburses the subsidy.

General Requirements: See contractor cost limits.

Gross Earned Income: The full amount (before payroll deductions) of all wages and salaries, overtime pay, commissions, fees, tips, bonuses and other compensation for personal services, received up to the date of enrollment.

Gross Rent: The maximum amount a tenant can pay for rent before deducting a utility allowance.

Ground Lease: A lease that grants the right to use and occupy land. Improvements made by the ground lessor typically revert to the ground lessee at the end of the lease term.

Habitable: Suitable for occupancy considering local health, safety and building codes.

Hard Costs: The costs of purchasing the property and making improvements to the property (acquisition and construction costs), including new construction or rehabilitation.

Homeless Household: Criteria for defining homeless as defined or amended by HUD:

- **Literally Homeless:** Individual or family who lacks a fixed, regular and adequate nighttime residence, meaning:
  - Has a primary night-time residence that is a public or private place not meant for human habitation; *or*
  - Is living in a publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing and hotels and motels paid for by charitable organizations or by federal, state and local government programs); *or*
  - Is exiting an institution where (s)he has resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution.
- **Imminent Risk of Homelessness:** Individual or family who will imminently lose their primary nighttime residence, provided that:
  - Residence will be lost within 14 days of the date of application for homeless assistance; *and*
  - No subsequent residence has been identified; *and*
  - The individual or family lacks the resources or support networks needed to obtain other permanent housing.

- **Homeless under other Federal Statutes:** Unaccompanied youth under 25 years of age, or families with Category 3 children and youth, who do not otherwise qualify as homeless under this definition, but who:
    - Are defined as homeless under other relevant federal statutes, including, but not limited to, Subtitle VIII-B of the McKinney-Vento Act and the Housing and Urban Development definition in Section 103 of Subtitle 1 of said Act;
    - Have not had a lease, ownership interest or occupancy agreement in permanent housing during the 60 days prior to the homeless assistance application;
    - Have experienced persistent instability as measured by two moves or more during in the preceding 60 days; *and*
    - Can be expected to continue in such status for an extended period of time due to special needs or barriers.
- **Fleeing/Attempting to Flee Domestic Violence:** Any individual or family who:
    - Is fleeing, or is attempting to flee, domestic violence;
    - Has no other residence; *and*
    - Lacks the resources or support networks to obtain other permanent housing.

Household's Investment: Defined at 12 CFR § 1291.1.

Household's investment means the following, to the extent paid by the household and documented (in the Closing Disclosure or other settlement statement, if applicable, or elsewhere) to the Bank or its designee:

- Reasonable and customary costs paid by the household in connection with the purchase of the unit (including real estate broker's commission, attorney's fees and title search fees, but excluding escrow and prepaid items);
- Any down payment paid in connection with the household's purchase of the unit;
- The cost of any capital improvements made after the household's purchase of the unit until the time of the subsequent sale, transfer, assignment of title or deed or refinancing; *and*
- The amount of principal on any mortgage senior to the AHP subsidy lien or other legally enforceable AHP subsidy repayment obligation repaid by the household.

Housing Facility: Housing facility or community means any dwelling or group of dwelling units governed by a common set of rules, regulations or restrictions. A portion or portions of a single building shall not constitute a housing facility or community. Examples of a housing facility or community include, but are not limited to:

- A condominium association;
- A cooperative;
- A property governed by a homeowners' or resident association;
- A municipally zoned area;
- A leased property under common private ownership;
- A mobile home park; *and*
- A manufactured housing community.

Homeownership Set-Aside Program: Defined at 12 CFR § 1291.1. Funds provided to a member by the Bank pursuant to the Homeownership Initiatives Revive – Home Repair Grant and Launch – Down Payment Assistance.

HUD: The Department of Housing and Urban Development.

Infrastructure: Costs associated with installation of roads, sewers, water and electric utilities to the project.

Infill Housing: Residential development on small parcels in previously established areas for replacement by brand new or refurbished housing that utilizes existing utilities and infrastructure.

Joint Venture: A combination of one or more independent entities that combine to form a new legal entity for the purpose of this development.

Launch – Down Payment Assistance: A Bank program that provides funds to first-time homebuyers for down payment, housing counseling and closing cost assistance.

Lease/Purchase: A rental project that will convert to homeownership at a future date. If AHP subsidy is used at or prior to the beginning of the lease term, the project is treated, monitored and scored as a rental project until the last unit in the project converts to homeownership.

LIHTC: Low Income Housing Tax Credits under section 42 of the Internal Revenue Code (26 U.S.C 42).

Low- or Moderate-Income Household: Defined at 12 CFR § 1291.1 and 1291.23.

- *Owner-Occupied Projects:*
    - For purposes of a homeownership project, "low- or moderate-income household" means a household which, at the time it is qualified by the sponsor for participation in the project, has an income of 80% or less of the area median income for the area.
- *Rental Projects:*
    - For purposes of a rental project, "low- or moderate-income household" means a household that, upon initial occupancy of a rental unit, has an income at or below 80% of the median income for the area.
    - Housing with current occupants: In the case of projects involving the purchase or rehabilitation of rental housing with current occupants, "low- or moderate-income household" means an occupying household with an income at or below 80% of the median income for the area at the time an application for AHP subsidy is submitted to the Bank.
- *Family Size Adjustment:*
    - The income limit for "low- or moderate-income households" will be adjusted for family size in accordance with the methodology of the applicable median income standard.

Management Company: A firm authorized by the owner to oversee the operation and management of the development and who accepts compliance responsibility.

Management Fees: Fees charged to the project usually as a per-unit cost or based on a percentage of actual rents or fees collected. This fee usually covers the company's collection of monthly housing costs, the payment of bills when due, monthly meetings with the ownership entity and preparation of the monthly income and expense reports. Asset management fees are considered a partnership expense and may not be included in management fee expenses reflected in the 15-year pro-forma.

Manufactured Housing: Manufactured housing (formerly known as a mobile home) is built to the Manufactured Home Construction and Safety Standards (HUD Code) and displays a red certification label on the exterior of each transportable section. Manufactured homes are built in the controlled environment of a manufacturing plant and are transported in one or more sections on a permanent chassis.

Member: An institution that has been approved for membership in the Bank and has purchased capital stock in accordance with 12 CFR §1263.20 and Part 1277. Typically, these members will be commercial banks, savings and loan institutions, credit unions, insurance companies or community development financial institutions ("CDFIs").

Minimal Conveyance: Conveyed at a minimal price means a small, negligible amount, most often one dollar, and may be accompanied by the modest expenses related to the conveyance of the property for use by the project (See definition of donated property).

Multi-Family Building: A structure with five or more dwelling units. May be referred to as "multifamily" or "multi-family."

Net Earnings of a Bank: The net earnings of a Bank for a calendar year before declaring or paying any dividend under section 16 of the Federal Home Loan Bank Act (12 U.S.C. 1436). For purposes of this definition, "dividend" includes any dividends on capital stock subject to a redemption request even if under GAAP those dividends are treated as an "interest expense."

Net Present Value: Is an indicator of how much an investment is worth at the time of final application. In the context of seller financing, the net present value represents the interest foregone from making the loan below the lender's market interest rate.

Net Proceeds: Net proceeds are defined as: 1) In the case of a sale, transfer or assignment of title or deed, the sales price minus reasonable and customary costs paid by the household in connection with the transaction (including recording fees, seller credits, adjustments for items unpaid by seller, real estate broker's commission, attorney's fees and title search fees) and outstanding debt superior to the subsidy lien or other legally enforceable AHP subsidy repayment obligation; and the household's investment (see definition in this Attachment A), 2) In the case of refinance, the principal amount of the new mortgage minus reasonable and customary costs paid by the household in connection with the transaction (including attorney's fees and title search fees, but not including escrow payments, prepaid expenses or closing costs financed through the mortgage, including FHA 203K loans) and the principal amount of the refinanced mortgage.

Operating Reserves: Funds set aside by the sponsor to cover unexpected fluctuations in actual operating expenses during the year. Not an eligible use of AHP funds.

Ownership: The independent right of a person to the exclusive control and enjoyment of a property including its disposition and recovery subject only to the restrictions established by law and rights of others. Interest in real property that affords the owner the greatest possible aggregation of rights, privileges and power.

Owner-Occupied Project: One or more owner-occupied units in a single-family or multifamily building including condominiums, cooperative housing and manufactured housing.

Owner-Occupied Unit: A dwelling unit occupied by the owner of the unit. Housing with two to four dwelling units consisting of one owner-occupied unit and one or more rental units is considered a single owner-occupied unit.

Project Description: A description of the need for development within the community and the development itself written by the applicant. This narrative should give an accurate depiction of the physical real estate (to be secured by the real estate retention agreement) and how this development will benefit the particular community. Generally, the summary should include the following points:

- Development and unit description
- Amenities in and around the proposed development
- Needs of the area identified and how the development will fill the need
- Development location

- Populations to be served by the development
- Unique features
- Services to be offered

Proxy: A method, authorized under 12 CFR § 1291.15(a)(7)(ii)(B) and Advisory Bulletin 2020-03 (July 20, 2020), of determining whether a subsequent purchaser, transferee or assignee of an owner-occupied unit receiving an AHP subsidy and subject to a retention agreement qualifies as a low- or moderate-income household, and therefore the recipient of the subsidy is excepted from repaying the portion of AHP subsidy calculated in accordance with 12 CFR § 1291.15(a)(7)(v) to the Bank. A proxy may only be utilized by the Bank to determine the income status of a subsequent purchaser, transferee or assignee if the Bank is not in possession of documentation establishing such purchaser, transferee or assignee's actual income, and the Bank must use such documentation in lieu of a proxy if it is available.

The proxy which has been approved by the Bank pursuant to this Implementation Plan is that which has been established by the Finance Agency under AB 2020-03, which is that, if the sale price of the unit to the subsequent purchaser is at or below the applicable HUD HOME and HTF homeownership value limit for existing housing then in effect as of the date of sale, this shall be deemed to be a reliable indicator that the subsequent purchaser of the unit qualifies as a low- or moderate-income household (in the absence of supporting documentation to the contrary, as noted in the preceding paragraph).

Permanent Supportive Housing (PSH): Permanent Supportive Housing (PSH) is a model that combines low-barrier affordable housing, health care and supportive services to help individuals and families lead more stable lives. PSH typically targets people who are homeless, have severe mental illness, substance abuse disorders or HIV/AIDS or are otherwise unstably housed, experience multiple barriers to housing and are unable to maintain housing stability without supportive services. The services can be offered within the development site or off-site.

Project Completion Date: For purposes of the AHP, project completion is defined as follows:

- *Rental Projects:* For retention purposes, the completion date is the date the certificate of occupancy is issued by the local jurisdiction, or in areas that do not issue such certificates, the date the last unit in the project is suitable for occupancy. For monitoring purposes, the completion date is the later of the above or the date of the last AHP disbursement.

- *Homeownership Projects:* For record retention purposes, the date the mortgage for the last unit in the project has closed, or for rehab projects, the date the rehab for the last unit is complete. For monitoring purposes, the completion date is the later of the above or the date of the last AHP disbursement.

RAD (Rental Assistance Demonstration): The Rental Assistance Demonstration (RAD) allows proven financing tools to be applied to at-risk public and assisted housing and has two components:

- *1st Component:* Allows Public Housing and Moderate Rehabilitation (Mod Rehab) properties to convert, under a competition limited to 60,000 units, to long-term Section 8 rental assistance contracts; *and*

- *2nd Component:* Allows Rent Supplement (Rent Supp), Rental Assistance Payment (RAP) and Mod Rehab properties to convert tenant-based vouchers issued upon contract expiration or termination of project-based assistance.

RAD is a central part of HUD's rental housing preservation strategy, which works to preserve the nation's stock of deeply affordable rental housing, promote efficiency within and among HUD programs and build strong, stable communities.

A *RAD conversion guide*[14] is published by HUD and made available online.

Related Parties:

- The brothers, sisters, spouse, ancestors and direct descendants of a person;
- A person and corporation where that person owns more than 50% in value of the outstanding stock of that corporation;
- Two or more corporations, general partnership(s), limited partnership(s) or limited liability corporations connected through debt or equity ownership, in which
    - Stock is held by the same persons or entities for at least 50% of the total combined voting power of all classes that can vote, or at least 50% of the total value of the shares of all classes of stock of at least one of the other corporations, excluding, in computing that voting power or value, stock owned directly by that other corporation;
    - Concurrent ownership by a parent or related entity, regardless of the percentage of ownership, or separate entity from which income is derived;
    - Concurrent ownership by a parent or related entity, regardless of the percentage of ownership, or a separate entity where a sale-leaseback transaction provides the parent or related entity with income from the property leased or that creates an undue influence on the separate entity as a result of a sale-leaseback transaction;
    - Concurrent ownership by a parent or related entity, regardless of the percentage of ownership, of a separate entity where an interlocking directorate exists between the parent or related entity and the separate entity.
- A grantor and fiduciary of any trust;
- A fiduciary of one trust and a fiduciary of another trust, if the same person is a grantor of both trusts;
- A fiduciary of a trust and a beneficiary of that trust; a fiduciary of a trust and a corporation where more than 50% in value of the outstanding stock is owned by or for the trust or by or for a person who is a grantor of the trust;
- A person or organization and an organization that is tax-exempt under Subsection 501(c)(3) or (4) of the IRC and that is affiliated with or controlled by that person or the person's family members or by that organization;
- A corporation and a partnership or joint venture if the same person(s) owns more than:
    - 50% in value of the outstanding stock of the corporation; and
    - 50% of the capital interest, or the profit's interest, in the partnership or joint venture;
- One S corporation or limited liability corporation and another S corporation or limited liability corporation if the same persons own more than 50% in value of the outstanding stock of each corporation;
- An S corporation or limited liability corporation and a C corporation, if the same persons own more than 50% in value of the outstanding stock in each corporation;

---

[14] URL: https://www.hud.gov/sites/dfiles/documents/radconverguidepha.pdf

- A partnership and a person or organization owning more than 50% of the capital interest, or the profits' interest, in that partnership; *or*
- Two partnerships where the same person or organization owns more than 50% of the capital interests or profits' interests.

Rental Project: Defined at 12 CFR § 1291.1. For purposes of a Bank's General Fund and any Targeted Funds, one or more dwelling units for occupancy by households that are not owner-occupants, including overnight and emergency shelters, transitional housing for homeless households, mutual housing, single-room occupancy housing and manufactured housing communities.

Replacement Reserves: This is basically a "savings account" set up by the owner to cover some or all of the cost to replace assets as they are used up (e.g., roof, plumbing, appliances) usually calculated on a per-unit basis. Not an AHP eligible use of funds.

Retention Period: Defined at 12 CFR § 1291.1.

- *5 years* from closing for an AHP-assisted owner-occupied unit where the AHP subsidy is used for purchase of the unit, for purchase in conjunction with rehabilitation of the unit or for construction of the unit.
- *15 years* from the date of project completion for a rental project.

Revive – Home Repair Grant: A Bank program that provides funds to homeowners for rehabilitation assistance with the goal of improving neighborhoods.

Rural-Urban Commuting Area Codes (RUCA): The rural-urban commuting area (RUCA) codes classify U.S. census tracts using measures of population density, urbanization and daily commuting. The classification contains two levels. Whole numbers (1-10) delineate metropolitan, micropolitan, small town and rural commuting areas based on the size and direction of the primary (larges) commuting flows. These 10 codes are further subdivided based on secondary commuting flows, providing flexibility in combining levels to meet varying definitional needs and preferences.

Shelter Project: Projects in which beds are provided as units. Typically, a single unit is counted as the number of beds occupied by unrelated individuals. For example, a shelter project with 20 beds occupied by 20 unrelated individuals would have 20 units. However, when possible, the Bank will be consistent with other funding sources in the methodology used to count the number of units for shelter-type projects. In the absence of other funding sources, the Bank, in its sole discretion, will determine unit counts after consideration of the project's operational policies.

Single-Family Building: A structure with one to four dwelling units.

Single-Site Project: A site or sites together with any building or buildings located on the site(s) that are under common ownership, management and financing and are to be assisted with AHP funds as a single undertaking.

Scattered-Site Project: Units in non-contiguous buildings with four or fewer total units.

Site Control: Outright purchase of real property, an option to purchase real property subject to certain conditions or a long-term lease of real property.

Soft Costs: These costs are related to those items in a project that are necessary to prepare and complete the non-construction needs of the project. Soft costs include items such as developer fees, consultant fees, architecture, engineering, building permits, surveys, construction loan interest, etc.

Special Needs Populations: The elderly; persons with disabilities; formerly incarcerated persons; persons recovering from physical abuse or alcohol or drug abuse; victims of domestic violence, dating violence, sexual assault or stalking; persons with HIV/AIDS; or unaccompanied youth.

Sponsor: Defined at 12 CFR § 1291.1. A not-for-profit or for-profit organization or public entity that:

- Has an ownership interest (including any partnership interest) in a rental project, *or*
- Is integrally involved in an owner-occupied project, such as by exercising control over the planning, development or management of the project or by qualifying borrowers and providing or arranging financing for the owners of the units; *or*
- Operates a loan pool; *or*
- Is a revolving loan fund.

Sponsorship by a Not-for-Profit Organization or Government Entity: Project sponsorship by a not-for-profit organization, a state or political subdivision of a state, a state housing agency, a local housing authority, a Native American Tribe, an Alaskan Native Village or the government entity for Native Hawaiian Home Lands are considered in awarding points. Other entities, including for-profits, may sponsor an application and receive AHP funding but cannot receive points for such sponsorship.

Student: Any individual who is, or will be, a full-time student (as identified by the institution) at an educational institution with regular facilities and students, other than correspondence school.

Subsidized Advance: Defined at 12 CFR § 1291.1. An advance to a member at an interest rate reduced below the Bank's cost of funds by use of an AHP subsidy. It is *not* an FHLBank Indianapolis Community Impact Advance.

Targeted Fund: Targeted Fund means a program established by a Bank, in its discretion, to address specific affordable housing needs within its district that are unmet, have proven difficult to address through its General Fund or align with objectives identified in its strategic plan, under which the Bank approves (i.e., awards) applications for AHP subsidy through a competitive application scoring process developed by the Bank and disburses the subsidy.

Tribal Service Area: Defined as the area within which a Native American tribe operates affordable housing programs or the area in which a tribally designated housing entity (as designated for purposes of the Native American Housing Assistance and Self-Determination Act) is authorized by one or more Indian tribes to operate affordable housing programs.

Subsidy: Subsidy means: (1) A direct subsidy, provided that if a direct subsidy is used to write down the interest rate on a loan extended by a member, sponsor or other party to a project, the subsidy must equal the net present value of the interest foregone from making the loan below the lender's market interest rate; or (2) The net present value of the interest revenue foregone from making a subsidized advance at a rate below the Bank's cost of funds.

Tenant: Any person occupying the unit.

Universal Design (often Inclusive Design): Refers to broad-spectrum ideas meant to produce buildings, products and environments that are inherently accessible to older people, people without disabilities and people with disabilities. Universal design features include curb cuts or sidewalk ramps, zero or no-step entries essential for people in wheelchairs but also used by all, cabinets with pull-out shelves, Other examples of universal design characteristics include, but are not limited to, kitchen counters at several heights to accommodate different tasks and postures, low- or no-step showers, electrical outlet placement mid-wall and use of door handles in lieu of knobs.

Utility Allowance: The amount of utilities, or a particular unit, set by a Utility Allowance schedule, which is published by HUD, Rural Development or Public Housing Authority, or a letter from the utility company that states utility rates.

Vacant or Abandoned: A chronically vacant and uninhabitable property, including, but not limited to, a vacant property that because of its poor physical condition is a public nuisance or constitutes a blight on the surrounding area or is in violation of the applicable housing code such that it constitutes a substantial threat to life, health or safety of the public.

Verification: Information from a third party that is collected in order to corroborate the accuracy of information.

Very Low-Income Household (VLI): Defined at *12 CFR § 1291.1* and *1291.23*

Owner-Occupied Projects:

- For purposes of a homeownership project, "very low-income household" means a household that at the time it is qualified by the sponsor for participation in the project has an income at or below 50% of the median income for the area.

Rental Projects:

- For purposes of a rental project, "very low-income household" means a household that upon initial occupancy of a rental unit has an income at or below 50% of the median income for the area.

Housing with Current Occupants:

- In the case of projects involving the purchase or rehabilitation of rental housing with current occupants, "very low-income household" means an occupying household with an income at or below 50% of the median income for the area at the time an application for AHP subsidy is submitted to the Bank.

Family-Size Adjustment:

- The income limit for low- to moderate-income households will be adjusted for family size in accordance with the methodology of the applicable median income standard.

Visitable: At least one entrance is at-grade (no steps) and approached by an accessible route such as a sidewalk, and the entrance door and all interior passage doors are at least 34 inches wide, offering 32 inches of clear passage space.

Watch List: A mechanism for AHP projects experiencing compliance issues to be more closely monitored and subsequently resolved. Reasons for addition to the watch list may include, but are not limited to, extensions, modifications, reporting delinquencies, sponsor/member changes, financial distress of sponsor/owner, vacancy issues, natural disasters, etc. In addition to a potential de-commitment or recapture of AHP subsidies, sponsors and co-sponsors with projects on the watch list may be prevented from being allowed to submit an AHP application for any new projects until the compliance issues associated with existing watch list projects are resolved.

Attachment B: Feasibility Guidelines

Homeownership Project Development Budget and Homeownership Initiatives Households

TABLE 1. FEASIBILITY GUIDELINES FOR HOMEOWNERSHIP PROJECT CRITERIA

CRITERION	FEASIBILITY GUIDELINES
Construction/Rehabilitation Costs	Construction/rehab costs per square foot should not exceed average cost per square foot by locality and unit type using industry construction cost data through RS Means Company. Based on calculation: New construction/rehabilitation + infrastructure & site work + general requirements, profit and overhead + construction contingency / gross building square footage.
Architect Fees	Architect Fees, including design and supervision fees, must be limited to 4% of the total hard costs plus site work, general requirements/profit/overhead and hard construction contingency.
Household’s monthly housing expense, including principal, interest, taxes, insurance and homeowner’s dues as % of gross income at application	May not exceed 40%
Mortgage Loan Rate (Homeownership Initiatives only)	Market rates for loans of similar maturity, terms and risk
Mortgage Loan Term/Amortization (Homeownership Initiatives only)	Minimum 5-year mortgage term/15-year amortization
Developer Fee (competitive AHP only) Payment to the sponsor of developer fee is an eligible use of AHP; however, developer fee may be disbursed only at the conclusion of the development when all homes have been sold and total development costs have been validated. Developer fee may not exceed 15%.	New Construction and Rehab – 15% based on calculation: Developer fee + consultant fee ÷ (Total development costs – developer fee – consultant fee – land and/or building acquisition

Construction Contingency (Competitive AHP only)	New construction: 10% of hard costs Rehabilitation: 20% of hard costs
Construction – Hard Costs (% of total development costs) (Competitive AHP only)	70% minimum

Use of AHP Subsidy for Rehabilitation of Existing Owner-Occupied Housing:

Conditions and Requirements:

To determine cost reasonableness, a project must complete one of the following:

- Obtain at least two independent, third-party bids.
- Where the sponsor, co-sponsor, developer or an affiliate thereof acts as the general contractor, the rehabilitation costs must be validated by an independent third party, which may include but is not limited to, the project's architect or engineer.
- The maximum allowable AHP subsidy per house is **$25,000**.
- The demand for the proposed owner-occupied rehabilitation units will be demonstrated through a waiting list of qualified homeowners and a detailed narrative of the process to identify qualified homeowners.
- Permitted rehabilitation/replacement items are restricted to those specified in the Revive – Home Repair Grant as detailed in *Section 13* of this 2026 Implementation Plan, as well as flooring, foundation, plumbing and electrical repairs.
- Ineligible rehabilitation/replacement items include luxury items, room additions, general cosmetic or remodeling type improvements and improvements that do not become a permanent part of the property.
- If homeowners are going to be temporarily displaced from housing, provisions must be made for housing accommodation during the work.

Use of AHP Subsidy for Down Payment Assistance and Closing Costs:

Conditions and Requirements:

- AHP subsidy per household may not exceed 20% of the purchase price of the proposed property.
- Purchase price must be supported by an appraisal completed not more than 90 days in advance of closing.

In cases where a loan is extended by a member, sponsor or other party to the project, and the AHP subsidy provided to that project is to write down the interest rate on the loan extended, the net present value of the interest foregone from making the loan below the lender's market interest rate shall be calculated as of the date the application for AHP is submitted to the Bank.

Rental Project Development Budget

TABLE 2. FEASIBILITY GUIDELINES FOR RENTAL PROJECT CRITERIA

CRITERION	FEASIBILITY GUIDELINES
Construction/Rehabilitation Costs	Construction/rehab costs per square foot should not exceed average cost per square foot by locality and unit type using industry construction cost data through RS Means Company. Based on calculation: New construction/rehabilitation + infrastructure & site work + general requirements, profit and overhead + construction contingency / gross building square footage.
Architect Fees	Architect Fees, including design and supervision fees, must be limited to 4% of the total hard costs plus site work, general requirements/profit/overhead and hard construction contingency.
Developer Fee Only LIHTC and HUD 202/811* financed developments may use deferred fee as a source of funds. Any deferred fee loan must be repaid from cash flow by year 15. (See additional notation below) *Requires written approval from HUD to defer any portion of the developer fee.	New construction and rehab – 15% based on calculation: (Developer fee + consultant fee) / (total development costs – developer fee – consultant fee- land acquisition costs- operating/supportive service reserves) Total developer, guaranty and consultant fees may not exceed $1,800,000 *or* maximum established by state HFA in which the development is located if the development qualifies for state-administered program.
Contractor Cost Limits (See notation below regarding Construction Management)	The combined total of contractor profit, overhead and general requirements shall be limited to 14% of hard construction costs. Calculation: Total Contractor Profit / (Total construction cost - contractor profit, overhead and general requirements)
Hard Cost Construction Contingencies **Note:** The Bank has no soft cost contingency allowance.	New construction: 10% of hard construction costs Rehabilitation: 15% of hard construction costs Historic rehabilitation and/or adaptive reuse: 20%

	Or consistent with the state HFA, USDA or HUD guidelines in which the development is located.
Tax Credit Proceeds	$0.70 minimum
Operating Reserves (Capitalized) (Requires non-AHP funding sources) Supportive Services Reserves (Capitalized)	The greater of (1) four months of project expenses including operating expenses, debt service payments and replacement reserve payments or (2) $1,500 per unit. The Bank will consider exceptions to these guidelines on a case-by-case basis to include: 1) Another funding source has affordability restrictions that extend beyond the AHP 15-year retention period; 2) Higher level of reserves required by another funder who is providing financial sources to the deal; or 3) Based on certain elements of a deal such as a project reserving 51% or more of the units to households at or below 30% of AMI. Recommended (but not required) for projects that provide 80% or more of the units with extensive supportive services to special needs consumers. (**Note:** AHP subsidy may not be used to fund project debt service, operating, replacement or supportive services reserves.)
Construction – Hard Costs (% of total development costs) Note: If project involves acquisition with little or no rehabilitation, acquisition costs may be considered hard costs.	70% minimum

Developer Fee/Deferred Developer Fee
Applicant/sponsor must include a statement disclosing each entity/individual receiving a portion of the Development Fee along with the percentage or amount of the total fee each entity/individual will receive.

Projects funded with Low-Income Housing Tax Credit (LIHTC) may defer developer fee as a source of funds. On a case-by-case basis with the written approval by HUD, a HUD-financed project (HUD 202/811) may defer a portion of the developer fee as a source of funds.

Applicant/sponsor must describe the terms of the deferred repayment obligation to the development, including the interest rate proposed and the source of repayment.

Non-profit organizations shall include a resolution from the Board allowing such a deferred payment and interest obligation to the Development. A deferred Developer Fee Agreement evidencing the principal amount and terms of interest and repayment of any deferred repayment obligation must be submitted at project completion.

Sponsor Loans to Development (LIHTC-Funded)
The Bank allows the AHP subsidy to be loaned by the sponsor to ownership entity. Terms of such loans are generally subject to available cash flow and in an equivalent amount of the AHP subsidy. The terms of such loans may not exceed the applicable AFR in effect at the time the note is executed (generally not more than 3%). Further, interest on the note shall accrue throughout the term, but neither principal or interest may be paid, in whole or part, prior to the fulfillment of the 15-year AHP retention period. Such loan does not supersede repayment requirements detailed in the AHP Agreement.

Rental Project Operating Pro-Forma

TABLE 3. CRITERIA AND RANGES FOR RENTAL PROJECTS OPERATING PRO-FORMA

CRITERION	RANGE (TARGETS ARE MAXIMUMS FOR YEARS 1-15 OF PRO-FORMA)
First-year rents must equal total rents from the Rental Project Worksheet (at application). Rents may not exceed 30% of the targeted area median income.	Must be equal
Property Management Fees	Up to 10% of effective gross income or consistent with the state HFA, USDA or HUD guidelines in which the development is located for projects receiving that funding.
Replacement Reserves	Minimum contribution requirements are as follows: Rehabilitation: $300 per unit per year New Construction: $250 per unit per year Historic Rehabilitation: $420 per unit per year Single Family Units: $420 per unit per year, *or* *Consistent with State HFA, USDA or HUD guidelines where applicable.*
Inflation Factors	Income up to 2% annually Expenses 1-3% annually or 1-2% faster than income
Vacancy Rate	Up to 8% of total gross rents Up to 10% of effective gross income if supportive housing
Total Annual Operating Expense Per Unit	At least $4,500 per unit/year, *or*

Includes replacement reserve contributions but excludes debt service *See additional comments below	Consistent with the state HFA, USDA or HUD guidelines in which the development is located where applicable.
Debt Coverage Ratio (DCR) Debt obligations that are subject to repayment based upon available cash flow are considered soft loans and may not be included in the Debt Service line item of the 15-year Pro-forma	Projects with hard debt: Minimum 1.15 up to 1.45 maximum Projects without hard debt will not have a DCR. This will be calculated by a ratio of Effective Gross Income to Total Annual Expenses (excluding reserve for replacement) All projects require a minimum of 1.15 ratio every year (1-15) to be considered feasible by the Bank. **Note:** Tax abatement may cause the debt coverage ratio to be higher than these guidelines.

**Exceptions will be considered on a well-documented, case-by-case basis.*

Attachment C. Monitoring Procedures

These procedures set forth the process that the FHLBank Indianapolis follows in monitoring its Affordable Housing Program (AHP) competitive application projects in accordance with § 1291.50(a) of the Affordable Housing Program Regulations (12 C.F.R. §1291) (the "Regulation").

- The Bank provides the project sponsor or project owner and member with a copy of the Bank's monitoring guidelines, which sets forth their respective monitoring obligations.
- The Bank notifies the project sponsor, project owner or member prior to the due date of any certifications required to be submitted to the Bank as part of the project sponsor's, project owner's or member's monitoring obligations.

The AHP Monitoring Program will have as its primary focus three stages of review. The three stages are presented and discussed below:

- **STAGE 1** – Semi-Annual Monitoring Review
- **STAGE 2** – Initial Monitoring Review
- **STAGE 3** – Long-Term Monitoring Review

On-Site Reviews

During the application or post award construction phase, a site visit may be performed by the Bank in its discretion and typically will be performed if significant changes in scope of the project, modification or other materially significant factors deviate from the approved application. Projects that involve rehabilitation of existing housing may be identified for an on-site observation of the scope of the proposed renovations and condition of the structure. The Bank may, at its discretion, remove a project from award consideration if the building, its condition or its location present sustainability or market concerns.

The initial monitoring and long-term monitoring reviews are generally parallel in scope and approach. Factors considered during these reviews focus on evidence of fulfillment of scoring initiatives, targeting, income documentation reviews, capital needs including general property conditions, marketing and occupancy history, review of profit/loss statements, audited financial statements, insurance losses, code violations or other citations that would indicate habitability/occupancy standards are at risk.

Site visits may be conducted at any time during project monitoring. The Bank at its discretion, may elect to conduct an independent household file review, inclusive of household income and supporting documentation maintained by the sponsor/owner and rents charged onsite. Review of project specific documentation relevant to validate fulfillment of scoring initiatives and the overall property condition may be considered in the scope any onsite visit conducted by the Bank. Further, consultants or professionals with knowledge of affordable housing restrictions and requirements may be engaged on behalf of the Bank to conduct such reviews. The Bank may rely on monitoring reports conducted by other delegates or professionals engaged by other stakeholders pursuant to the Long-Term Monitoring policy.

STAGE 1 – Semi-Annual Monitoring Review

Overview

A Stage 1 review is conducted during the project's incomplete or development stage. This review is conducted every six months and includes analysis of the Semi-Annual Progress Report and supporting documentation. The Semi-Annual Progress Report includes certifications made by the sponsor/owner and member institution.

Procedures

A Semi-Annual Progress Report (SA Report) must be completed in FHLBI.GIVES by a member institution whose AHP project has received approval. The SA Report will be submitted every six months during the period of construction or rehabilitation until the project is identified as complete. The project sponsor/owner and member will certify to the project's overall status, progress being made and that the sponsor/owner has satisfied the reporting requirements of 12 C.F.R.§ 1291.50(a)(1)(i).

SA Reports will be reviewed to determine the project's progress, estimated completion date, change in funding status and compliance with the approved application. Updated financial information such as the sources and uses statement and pro-forma may be required with the SA Report. A project that indicates progress has stalled or is not moving forward may be subject to de-commitment or an action plan that results in project progress using an extension and/or modification options.

STAGE 2 – Initial Monitoring

Overview

A Stage 2 review is defined as Initial Monitoring of the project and is conducted within one year after project completion. This encompasses a review of the project to determine the level of the project's compliance with the approved application, approved modifications(s), if any, law, regulation, policy and procedures as required by 12 C.F.R. § 1291.50. This review may start earlier if there is sufficient indication of non-compliance.

Owner-Occupied Project Procedures

Owner-occupied projects will be scheduled for Initial Monitoring review within a reasonable time period of receiving from the member financial institution the certification required by 12 C.F.R. § 1291.50(a)(2).

A member financial institution must, within six months after disbursement of all AHP funds to a project, certify to the Bank the AHP funds were used in accordance with the approved application and the AHP units are subject to deed restrictions or other legally enforceable Retention Agreements or mechanisms meeting the requirements of 12 C.F.R.§ 1291.15(a)(7).

When an owner-occupied project is subject to Initial Monitoring, the following will be determined by the Bank:

- Level of compliance with the approved application;
- Level of compliance with 12 C.F.R. § 1291;
- Level of compliance with the Bank's AHP policies and procedures; *and*
- Whether the AHP subsidy was used for eligible purposes, the project's actual costs were reasonable and customary in accordance with the Bank's project feasibility guidelines and the subsidy was necessary for the financial feasibility of the project.

Documentation to be analyzed for owner-occupied projects in Initial Monitoring, includes, but is not limited to, the following:

- Original/final comparative statement of sources and uses;
- A list of unit resident names and addresses, annual household income at the date of qualification, household size, AMI percent and closing dates;
- Completion report, which certifies that:
    - As committed in the application or as adjusted by a Bank-approved modification, all units of the project are complete as of the date of the last homeownership unit in the project closed or the last unit is rehabilitated.
    - All reports and documentation required by Regulation, the Bank or the Federal Housing Finance Agency are current and complete.
- The project complies with the applicable federal and state laws on fair housing, housing accessibility and other local building codes, and the project has been affirmatively marketed under law. If certification cannot be made, a corrective action plan must be attached.
- All approved AHP subsidies have been provided to income-eligible households, using the income ranges committed to in the AHP application (or as modified). Total subsidy for the project may be reduced by the remaining unused subsidy in the project at its completion.

The certification is supported by household income verification documentation;

- Cost validation, as required;
- Validation of funding sources, as required;
- Other information, as required; *and*
- The AHP-assisted units are subject to deed restrictions or other recorded, legally enforceable Retention Agreements or mechanisms meeting the requirements of § 1291.15(a)(7) and 1291.15(a)(8). Sample Real Estate Retention Agreements can be found in *Attachment E* of this document.[15]

Rental Project Procedures

Rental projects will be scheduled for Initial Monitoring review within a reasonable time period of receiving the certification required by 12 C.F.R. § 1291.50(a)(2) from the member financial institution.

The Initial Monitoring Review will begin when the Bank receives the project completion report through FHLBI.GIVES documenting the project is complete. Projects have one year from the date the project is certified complete to submit certain documentation.

Failure to provide such documentation may result in sanctions or suspension relating to future applications and recapture of some or the entire AHP subsidy disbursed pursuant to remedial actions for non-compliance as required by 12 C.F.R. §§ 1291.60 and 1291.61.

When a rental project is subject to Initial Monitoring, the following will be determined by the Bank.

- Level of compliance with the approved application;
- Level of compliance with 12 C.F.R. § 1291;
- Level of compliance with the Bank's AHP policies and procedures; *and*

[15] **NOTE:** please contact the Bank for the most recent versions of the Retention Agreements.

- Whether the AHP subsidy was used for eligible purposes, the project's actual costs were reasonable and customary in accordance with the Bank's project feasibility guidelines, and the subsidy was necessary for the financial feasibility of the project.
- Documentation of rental projects to be analyzed in Initial Monitoring includes, but is not limited to, the following:
  - Final updated project financials including the sources, uses and 15-year operating proforma projections (construction contingencies indicated in the budget must be zero at completion or funds may be de-committed or recaptured);
  - A list of tenant names and addresses, annual household income at the date of move- in, household size, AMI percent, move-in date, current monthly rent, the amount of any utility allowances or rent subsidies and number of bedrooms in the unit;
  - Income/asset and rent documentation for a sampling of units generated through FHLBI.GIVES and in accordance with the FHLBank Indianapolis Sampling Plan in effect at the time of project completion;
- Completion report which certifies that:
  - As committed in the application or as adjusted by a Bank-approved modification, all units of this project are complete as of the date the last rental unit had certificate of occupancy or equivalent issued, or where such certificates are not issued, the date the last unit in the project is suitable for occupancy.
- All reports and documentation required by Regulation, the Bank or the Finance Agency are current and complete.
- The project complies with the applicable federal and state laws on fair housing, housing accessibility and other local building codes, and the project has been affirmatively marketed under law. If this certification cannot be made, please attach a corrective action plan.
- Validation of scoring commitments not verified previously at application, through the disbursement process or semi-annual progress report reviews;
- Services and activities committed to in the AHP application have been provided in connection with the project [§ 1291.50(a)(2)(v)];
- The tenant rents and incomes provided in the list of actual tenant rents and incomes are accurate and in compliance with the rent and income targeting commitments made in the AHP application (or as modified) as supported by household income verification documentation maintained for review by the member or FHLBank Indianapolis;
- Cost validation may be requested on all projects. Projects with low-income housing tax credits must submit an accountant's cost certification, final low-income housing tax credit application, IRS 8609 or other such documentation verifying costs;
- Validation of funding sources, as required;
- Other information, as required; *and*
- The AHP-assisted units are subject to deed restrictions or other recorded, legally enforceable Retention Agreements or mechanisms meeting the requirements of § 1291.15(a)(7) and §

1291.15(a)(8). Sample Real Estate Retention Agreements can be found in *Attachment E* of this document.[16]

Homeless and Special Needs Monitoring Requirements

The Bank will monitor, for compliance during the Initial Monitoring Review per the sampling plan outlined, all projects that committed in the approved AHP application to reserve at least 20% of the project's units for homeless or special needs households. When the request for AHP monitoring is made, documentation must be available demonstrating that at least 20% of the units are occupied by households qualified as homeless or special needs or are vacant awaiting occupancy by homeless or special needs households.

Documentation standards for units reserved for homeless households shall follow the HUD Recordkeeping requirements.[17]

STAGE 3 – Long-Term Monitoring Review Overview

A Stage 3 Long-Term Monitoring Review is conducted solely for rental projects and in accordance with 12 C.F.R. §1291.50(c).

- **Homeownership Projects:** The Bank does not require submission of any information or documentation after initial monitoring except in connection with the sale or refinancing of a unit. The Bank requires that a project sponsor or member provide notice to the Bank in the event of a resale or refinance of a unit during the five (5) year retention period of that unit.
- **Rental Projects:** Rent and income compliance monitoring including reliance on other governmental monitoring for certain rental projects.

Immediate Notification Requirements:

Owners must immediately notify the Bank and the member in writing if any unit(s) or building(s) in the project are anticipated to be unavailable for occupancy either permanently or temporarily for a period of time anticipated to exceed 30 calendar days due to casualty loss, damage or any other reason.

Insurance losses and other acts of nature which render any part of the property uninhabitable for a period of time will require the owners to report at least quarterly on efforts to restore the property to a state of habitability within a reasonable amount of time commensurate with the size of loss and time of the year of said loss.

Owners must immediately notify the Bank and member in writing if the project also received LIHTC and the project is in material and unresolved noncompliance with the LIHTC income targeting or rent requirements at any time during the AHP 15-year retention period.

Owners must immediately notify the Bank and member in writing of any legal action(s) that is pending or anticipated for which the property associated with the AHP project, or its owner, is a subject or party, or has overtly had legal action threatened.

---

[16] **Note:** Please contact the Bank for the most recent versions of the Retention Agreements.

[17] URL: https://files.hudexchange.info/resources/documents/HomelessDefinition_RecordkeepingRequirementsandCriteria.pdf

Monitoring by a Federal, State or Local Government Entity

For rental projects that are allocated federal low-income housing tax credits or funding from USDA's 515 program or HUD's 202/811 programs, the Bank will rely on monitoring (including on-site reviews) by the respective monitoring authority of compliance of the income targeting and rent requirements applicable under these programs. Under the Regulation, the Bank does not have to obtain rent rolls or income documentation in Stage 3 – Long Term Monitoring from such agency or otherwise monitor the project's long-term AHP compliance.

LTM Monitoring Process & Requirements:

- The income targeting requirements, rent requirements and retention period monitored by the entity for purposes of its own program are substantively equivalent to the AHP commitments.
- The entity must have demonstrated ability to carry out the AHP monitoring requirements and must agree to inform the Bank of all instances of non-compliance.
- Compliance reports issued by other interested parties/stakeholders for purposes of assessing the general property condition/habitability and household income compliance including notifications of non-compliance, curative actions to be addressed may be requested annually or at any other time as may be indicated by the circumstance/condition presented.

In cases where there is *not* reliance on such monitoring by a federal, state or local government entity, the Bank shall monitor completed rental projects, commencing in the second year after project completion through the AHP 15-year retention period, to verify adherence of the income targeting and rent requirements as set forth in the application or as approved by modification. Such compliance monitoring shall consist of review of the back-up project documentation regarding household incomes and rents, including the rent rolls maintained by the project sponsor or owner and review of other project documentation in the Bank's discretion.

Project Annual Certification

All rental projects regardless of AHP subsidy amount are required to submit a Project Annual Owner Certification form that is completed and certified by the sponsor/owner:

- As committed in the application or as adjusted by a Bank-approved modification, the tenant rents and incomes are compliant with the rent and income targeting commitments, adjusted annually according to the current applicable median income data. A rental unit may continue to count toward meeting the targeting commitment if the rent charged to a household remains affordable for the household occupying the unit (30% of AMI).
- Documentation regarding tenant rents and incomes and project habitability are being maintained and available for review by the Bank upon request.
- The project complies with the applicable federal and state laws on fair housing, housing accessibility and other local building codes. If this certification cannot be made, a corrective action plan is required.
- Disclosure of sale or conveyance of any of the units comprising the project. The Closing Disclosure statement or similar documents must be provided in any whole or partial transfer of ownership.
- The project is financially viable and is not delinquent on property taxes, loan payments, vacancy rates are not in excess of 20% of the total units in the project; and retains compliance with commitments extended to other funding sources. If debt restructuring or refinance of permanent

debt obligations has occurred during the reporting period, the Closing Disclosure statement and any other documentation from the transaction including a narrative detailing the objective of the transactions and use of any proceeds received from the refinance/restructure is required.

Long Term Monitoring – Risk-Based Approach

Generally, projects that have attained construction completion on or before Jan. 1, 2026, will be monitored in accordance with this schedule unless elevated at the Bank's discretion based upon material indicators that prompt a higher level of monitoring and oversight. Such material factors may include but are not limited to: a) amount of AHP subsidy in the project including the percentage of AHP to the total development costs of the project; b) type of project and population housed; c) size and location of the project including vacancy and contributing market factors; d) sponsor experience and performance; and e) any monitoring of the project provided by the member financial institution, lenders, independent asset managers, federal, state or local government entities.

The risk-based monitoring and sampling schedule is based on any level of compliance by the sponsor, member or by project performance. On-site monitoring reviews may be reinitiated should risk indicators be present to justify a higher level of oversight at FHLBank Indianapolis' discretion at any time during the 15-year retention period.

For projects receiving $50,000 to $600,000 in AHP subsidy that were financed with Low-Income Housing Tax Credits, USDA 515 loans or HUD 202/811 programs and are monitored by the respective federal, state or local government entities, the Bank shall rely on the monitoring by such entities of the income targeting and rent requirements applicable under their programs provided:

- No outstanding compliance issues relating to the project and reported by state Housing Finance Authority, HUD or USDA.
- Bank reviews Project Annual Certification from project sponsor/owner for 15 years.
- Sponsor/owner provides evidence of the monitoring entities monitoring and oversight by providing reports with the Annual Certification.
- Projects receiving $50,000 to $600,000 in AHP subsidy that are financed with sources OTHER than Low Income Housing Tax Credits, USDA 515 loans or HUD 202/811 programs, the Bank shall conduct a complete monitoring review every four (4) years commencing in the second year following the construction completion of the project. Such review shall monitor compliance with rent and income commitments set forth in the application, including a sample of tenant income documentation as follows:
- No outstanding compliance issues relating to the project and reported by sponsor/owner, member or other qualified entity.
- Bank reviews Project Annual Certification from project sponsor/owner for 15 years.
- Bank requests a list showing tenant rents and income documentation sample from project sponsor and conducts a review of a sample of income documentation, in accordance with the Bank Sampling Plan below.

Shelter-type projects with transient tenants such as homeless persons or survivors of domestic violence whose stay is less than one year are not required to provide income verification documentation during the Stage 3 Long-Term Monitoring period.

All projects with outstanding significant compliance issues, or where AHP is the only income restricted original source of development financing, or there are operating performance concerns (as determined by the Bank) regardless of amount of AHP subsidy received, in addition to the applicable monitoring procedures set forth in 1-4 above; may be monitored on- site by the Bank staff as deemed appropriate. On-site reviews will continue until such time the non-compliance issue is resolved through a curative action plan or the sustainability of the housing concern is resolved. Upon resolution, the applicable monitoring cycle may be resumed. See "Remedial Actions for Non-Compliance."

> ***Note:*** *See "Monitoring by a Federal, State or Local Government Entity" for a possible monitoring exception for rental projects that are allocated federal low-income housing tax credits.*

FHLBank Indianapolis Sampling Plan

For projects completed Jan. 1, 2026, through Dec. 31, 2026, sampling of income documentation and retention mechanisms will be performed as follows:

Homeownership Projects:

Income documentation and retention mechanisms will be obtained for every AHP-assisted household and property.

Rental Projects:

The retention mechanism will be obtained for each AHP rental project including the attachment of the corresponding legal description(s) of all real estate parcels making up the project.

During the Stage 2 – Initial Monitoring Review and Stage 3 – Long-Term Monitoring Review, income documentation will be sampled based on the schedule in the table below. Sampling of income documentation is not required in the Stage 3 – Long-Term Monitoring phase if the AHP subsidy disbursed is less than $50,000, regardless of the number of AHP units involved.

For projects with more than $50,000 in AHP subsidy in the Stage 3 – Long-Term Monitoring phase, income documentation will be reviewed using the sampling plan in the chart based upon the monitoring requirements set forth in #1-4 Annual Certifications. For small projects (<25 units) wherein the tenant population is stable with little or no turnover, income verification sampling will be limited to only those tenants that are in residency on the date the rent roll is created since the last sampling report. Sponsors/owners must still retain tenant income data on site but are not required to submit current year documentation as a part of long-term monitoring.

TABLE 4. INCOME DOCUMENTATION AND RETENTION MECHANISMS — RENTALS

NUMBER OF AHP UNITS IN THE PROJECT	PERCENT OF INCOME DOCUMENTATION AND RETENTION MECHANISM TO SAMPLE
1 to 10	100%
11 to 80	20%
81 to 100	15%
101 and higher	10%

Note: *If sampling appears to indicate that a project is out of compliance, the Bank reserves the right to review documentation for additional units or to perform an onsite project review.*

Note: *For annual adjustment of targeting commitments, the HUD area median income listings are updated annually and made available by the Bank. For purposes of determining compliance with the targeting commitments in an AHP application, such commitments shall be considered to adjust annually, according to the current applicable median income data. A rental unit occupied by a tenant who qualified under the income targeting restrictions of the project at the time the tenant moved into the unit may continue to count toward meeting the targeting commitment of an approved AHP application, despite increases in income, as long as the rent remains affordable for the targeted income level of the unit (i.e., the rent does not exceed 30% of the applicable 30, 50 or 80% targeted median income level committed to in the AHP application, adjusted for bedroom size). In those cases where 100% of the units require sampling, and there has been little tenant turnover, and the household income has undergone a previous Bank sampling review, the sample size will be limited to those households that qualified and moved in since the last sampling occurred.*

Remedial Actions for Non-Compliance

If an issue of non-compliance is noted due to a) material and outstanding compliance items, b) project type, size or location issues; or c) sponsor experience or capacity issues, the Bank in conjunction with the member and sponsor institutions will develop an action plan to achieve a remedy for the non-compliance. This plan may include additional monitoring requirements as determined appropriate based on the nature of the non-compliance issue.

Settlements

In cases for which a settlement is indicated as a cure option, approval by the Board is required, with the exception of projects for which the AHP subsidy is $50,000 or less and the remainder of the retention period is three years or less. In such cases, FHLBank Indianapolis management may approve a settlement amount less than the AHP subsidy without Board approval. Such settlements shall be reported to the Board at the next meeting. Projects with more than $50,000 in AHP subsidy or more than three years remaining on the retention period, any proposed settlement of an amount less than the total AHP subsidy funded requires Board approval.

Attachment D. Income Guidelines

Income Eligibility

Eligible households must have projected annualized incomes of less than or equal to 80% of area median income (AMI) for the household size, county in which the property is or will be located and the year of qualification. To determine eligibility, the member must compare the household's annual income to the HUD median income guidelines for the specified year. (See the Bank's public website for current charts.) The member or sponsor must calculate the annual household income for each household member based on acceptable income documentation and the household disclosures. FHLBank Indianapolis will review current and verifiable income source documents submitted by the member for the applicant household. In its discretion, FHLBank Indianapolis may conclude that a household's income is indeterminable due to inconsistent income or unstable work history.

Property owners, member financial institutions and other such entities responsible for obtaining and retaining sensitive income verification documentation are responsible to ensure private personal information, which may be required from time to time by FHLBank Indianapolis for purposes of validating compliance/eligibility with the respective program through which funds are applied for, is submitted using a secured method of delivery. The delivery methodology should protect such data from misuse and/or theft. It is recommended that personal data be provided to the FHLBank Indianapolis using a secured encryption method.

The Income Calculation Guidelines (Guidelines) sets forth the documentation requirements and calculation methods for determining the household income for FHLBank Indianapolis' Affordable Housing Program (AHP) including the competitive AHP and Homeownership Initiatives. The Guidelines are published on the Bank's public website: *Income Calculation Guidelines*.[18]

FHLBank Indianapolis reserves the right to amend these Guidelines from time to time in its discretion.

[18] URL: https://www.fhlbi.com/affordable-housing-program

Attachment E. Sample Retention Agreements

The following documents represent samples of the required Real Estate Retention Agreement. The documents included in this Attachment E are current as of the most recent approval of this Implementation Plan by the Bank's Board of Directors and may have changed after that date as a result of subsequent regulatory or other requirements. Please contact the Bank for the most recent versions of the Retention Agreement in force at the time of execution. The current approved agreements must be utilized for approved projects and recipients of AHP subsidies.

- Real Estate Retention Agreement – AHP Direct Subsidy – Homeownership/Owner-Occupied Projects
- Real Estate Retention Agreement – AHP Direct Subsidy – Rental Projects
- Real Estate Retention Agreement – AHP Direct Subsidy – Lease Purchase Projects
- Real Estate Retention Agreement – Homeownership Initiatives
- Real Estate Retention Agreement – Homeownership Initiatives – Projects on Tribal Lands (Available upon request)
- Real Estate Retention Agreement – AHP Direct Subsidy – Projects on Tribal Lands (Available upon request)
- Real Estate Retention Agreement – AHP Subsidized Advance – Rental Projects (Available upon request)

Real Estate Retention Agreement

Affordable Housing Program Grant Award **(Homeownership)**

AHP Project No.: _______

For purposes of this Agreement, the following terms shall have the meanings set forth below:

"FHLBI" or "the Bank" shall refer to the Federal Home Loan Bank of Indianapolis. "Member" shall refer to , (The Bank's Member institution), located at .

"Borrower(s)" shall refer to .

For and in consideration of receiving direct subsidy funds (the "Subsidy") in an amount not to exceed

$ under the Affordable Housing Program ("AHP") of the Bank through the Member, with respect to that certain real property located at , in the city/town of , County of , State of , which is more fully described as follows, or as attached hereto as Exhibit A and made a part hereof.

Borrower(s) hereby agree that they shall maintain ownership and reside in this property as their primary residence for a period of five (5) years ("Retention Period") from the date of closing and further agrees with the Member that:

(i.) FHLBank Indianapolis, whose mailing address is 8250 Woodfield Crossing, Indianapolis, Indiana 46240, Attention: Community Investment Division, is to be given immediate written notice of any sale or refinancing of this property occurring prior to the end of the Retention Period;

(ii.) In the case of a sale, transfer, or assignment of the title/deed prior to the end of the Retention Period, an amount calculated by the Bank, equal to the lesser of: (a) the Subsidy, reduced on a pro rata basis per month until the unit is sold, transferred, or its title or deed transferred, during the Retention Period; or (b) any net proceeds from the sale, transfer, or assignment of title or deed of the unit, minus the AHP-assisted household's investment, shall be repaid to the Member for reimbursement to the Bank, unless the purchaser is a very low-, low- or moderate-income household which is defined as having not more than 80% of the area median income, the unit was assisted with a permanent mortgage loan funded by a AHP subsidized advance and not a direct subsidy, or the amount of Subsidy required to be repaid pursuant to this paragraph is $2,500 or less. For purposes of determining whether a subsequent sale, transfer, or assignment of the unit is to a purchaser that qualifies as a very low-, low-, or moderate-income household, the Bank shall determine the purchaser's income using one or more proxies that are reliable indicators of the subsequent purchaser's income, and which shall be selected by the Bank prior to such determination and stated in the Bank's AHP Implementation Plan, unless documentation demonstrating that household's actual income is made available to the Bank;

(iii.) In the case of a refinancing prior to the end of the Retention Period, an amount equal to the lesser of: (a) the Subsidy, reduced on a pro rata basis per month until the unit is refinanced, during the Retention Period; or (b) any net proceeds from the refinancing of the unit, minus the AHP-assisted household's investment, shall be repaid to the Member for reimbursement to the Bank, unless the property continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism, incorporating the requirements of clauses (i), (ii), (iii), (iv), and (v) contained herein, or the unit was assisted with a permanent mortgage loan funded by a AHP subsidized advance, or the amount of Subsidy required to be repaid pursuant to this paragraph is $2,500 or less;

(iv.) In the case of a foreclosure, the obligation to repay the Subsidy to the Member (and the Member to the Bank) shall terminate upon final settlement once foreclosure action is completed. Otherwise, the covenants contained herein shall continue until release by the Member in writing or the expiration of the Retention Period, whichever should first occur; *and*

(v) Upon the death of the AHP-assisted sole owner, or owners in the case of multiple title holders, the Retention Agreement terminates and there is no obligation to repay the AHP Subsidy.

Rev. 1/2025 Page 2 of 2

Real Estate Retention Agreement

Affordable Housing Program Grant Award **(Rental Project)**

AHP Project No.:________

For purposes of this Agreement, the following terms shall have the meanings set forth below:

"FHLBI" or "the Bank" shall refer to the Federal Home Loan Bank of Indianapolis. "Member" shall refer to , (The Bank's Member institution) located at .

"Sponsor" shall refer to , (The not-for-profit sponsor) located at .

"Project Owner" shall refer to , (The entity which owns the property subject to this mortgage) located at .

As a condition and in consideration of receipt of direct subsidy funds (the "Subsidy") under the Affordable Housing Program ("AHP") of the Bank through the Member, with respect to that certain real property located at , in the city/town of , County of , State of , which is more fully described as follows:

See "EXHIBIT A" attached hereto and made a part hereof.

The Project Owner/Sponsor, for itself and all successors to the property, agrees with the Member that:

(i) The rental units contained in ("Project"), or applicable portion thereof, must remain occupied by and affordable for households with incomes as committed to in the AHP Application, or as modified and approved by the Bank, for a period of fifteen (15) years ("Retention Period") from the date of the completion of the project (unless otherwise extended in a modification agreement due to unforeseen circumstances);

(ii) The Bank, whose mailing address is 8250 Woodfield Crossing, Indianapolis, Indiana 46240, Attention: Community Investment Division, is to be given immediate written notice of any sale or refinancing of this property occurring prior to the end of the Retention Period;

(iii) In the case of a sale or refinancing of the Project prior to the end of the Retention Period, an amount equal to the full amount of the direct Subsidy shall be repaid to the Member, for reimbursement to the Bank, unless the Project continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism incorporating the requirements of clauses (i), (ii), (iii), and (iv) contained herein or if authorized by the Bank, in its discretion, the households are relocated, due to the exercise of eminent domain, or for expansion of housing or services, to another property that is made subject to a deed restriction or other legally enforceable retention agreement or mechanism incorporating the income- eligibility and affordability restrictions committed to in the approved AHP application for the remainder of the retention period; *and*

(iv) The income-eligibility and affordability restrictions applicable to the project terminate after foreclosure. Otherwise, the covenants contained herein shall continue until released by the Member in writing or the expiration of the Retention Period, whichever should first occur.

Rev. 1/2025

Real Estate Retention Agreement

Affordable Housing Program Grant Award **(Lease/Purchase Project)**

AHP Project No.: _______

For purposes of this Agreement, the following terms shall have the meanings set forth below:

"FHLBI" or "the Bank" shall refer to the Federal Home Loan Bank of Indianapolis.

"Member" shall refer to (The Bank's Member institution), located at .

"Sponsor" shall refer to (The not-for-profit sponsor), located at .

"Project Owner" shall refer to (The entity which owns the property subject to this mortgage), located at .

As a condition and in consideration of receipt of direct subsidy funds (the "Subsidy") under the Affordable Housing Program ("AHP") of the Bank through the Member, with respect to that certain real property located at , in the city/town of , County of , State of , which is more fully described as follows:

See "EXHIBIT A" attached hereto and made a part hereof.

The Project Owner/Sponsor, for itself and all successors to the property, agrees with the Member that:

(i) The lease/purchase units contained in ("Project"), or applicable portion thereof, must remain occupied by and affordable for households with incomes as committed to in the AHP Application, or as modified and approved by the Bank, for a period of fifteen (15) years ("Lease Retention Period") from the date of completion of the project;

(ii) Once the lease obligation is terminated with respect to any one or more units, and the unit is purchased by an AHP-eligible homebuyer, the Retention Period under paragraph (i) reverts to five (5) years from the date of completion of the project ("Purchase Retention Period") with respect to such purchased units only, and the Lease Retention Period remains in effect for unsold units;

(iii) The Bank, whose mailing address is 8250 Woodfield Crossing, Indianapolis, Indiana 46240, Attention: Community Investment Division, is to be given immediate written notice of any sale or refinancing of any unit occurring prior to the end of the applicable Retention Period under Paragraphs (i) and (ii);

(iv) In the case of a sale or refinancing of any unit prior to the end of the Lease Retention Period under paragraph (i), an amount equal to the full amount of the direct Subsidy shall be repaid to the Member, for reimbursement to the Bank, unless the Project continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism incorporating the requirements of clauses (i), (ii), (iii), (iv), (v), (vi), (vii), and (viii) contained herein, or if authorized by the Bank, in its discretion, the households are relocated, due to the exercise of eminent domain, or for expansion of housing or services, to another property that is made subject to a deed restriction or other legally enforceable retention agreement or mechanism incorporating the income-eligibility and affordability restrictions committed to in the approved AHP application for the remainder of the retention period;

(v) In the case of a sale, transfer, or assignment of a unit prior to the end of the Purchase Retention

Period under Paragraph (ii), an amount equal to the lesser of: (a) the Subsidy, reduced on a pro rata basis per month until the unit is sold, transferred, or its title or deed transferred, during the Purchase Retention Period; or (b) any net proceeds from the sale of the unit, minus the AHP-assisted household's investment, shall be repaid to the Member for reimbursement to the Bank, unless the purchaser is a very low-, low-, or moderate-income household which is defined as having not more than 80% of the area median income. For purposes of determining whether a subsequent sale, transfer or assignment of the unit is to a purchaser that qualifies as a very low, low-, or moderate-income household, the Bank shall determine the purchaser's income using one or more proxies that are reliable indicators of the subsequent purchaser's income, and which shall be selected by the Bank prior to such determination and stated in the Bank's AHP Implementation Plan, unless documentation demonstrating that household's actual income is made available to the Bank;

(vi) In the case of a refinancing of a unit prior to the end of the Purchase Retention Period under Paragraph (ii), an amount equal to the lesser of: (a) the Subsidy, reduced on a pro rata basis per month until the unit is refinanced, during the Purchase Retention Period; or (b) any net proceeds from the refinancing of the unit, minus the AHP-assisted household's investment, as calculated by the Bank, shall be repaid to the Member for reimbursement to the Bank, unless the property continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism, incorporating the requirements of clauses (i), (ii), (iii), (iv), (v), (vi), (vii), and (viii) contained herein;

(vii) The income-eligibility and affordability restrictions applicable to the project terminate after foreclosure settlement, deed-in-lieu, or assignment of the first mortgage to the Secretary of HUD (assuming AHP funding is used in conjunction with FHA financing). Otherwise, the covenants contained herein shall continue until released by the Member in writing or the expiration of the Retention Period, whichever should first occur; *and*

(viii) Upon the death of the AHP-assisted sole owner, or owners in the case of multiple title holders, the Retention Agreement terminates, and there is no obligation to repay the AHP Subsidy.

Rev. 1/2025 Page 2 of 2

Real Estate Retention Agreement

Homeownership Initiatives

Grant Award:

Grant Type: LAUNCH Project/ID#:

For purposes of this Agreement,[19] the following terms shall have the meanings set forth below:

"FHLBI" or "the Bank" shall refer to the Federal Home Loan Bank of Indianapolis. "Member" shall refer to (The Bank's Member institution), located at .

"Borrower(s)" shall refer to .

For and in consideration of receiving direct subsidy funds (the "Subsidy") in an amount not to exceed

$ under the Affordable Housing Program ("AHP") of the Bank through the Member, with respect to that certain real property located at , in the city/town of , County of , State of , which is more fully described as follows, or as attached hereto as Exhibit A and made a part hereof:

Borrower(s) hereby agree that they shall maintain ownership and reside in this property as their primary residence for a period of five (5) years ("Retention Period") from the date of the closing and further agrees with the Member that:

i. The Bank, whose mailing address is 8250 Woodfield Crossing, Indianapolis, Indiana 46240, Attention: Community Investment Division, and the Member are to be given immediate written notice of any sale or refinancing of this property occurring prior to the end of the Retention Period;

ii. In the case of a sale prior to the end of the Retention Period (including transfer or assignment of the title or deed to another owner, subject to certain exceptions outlined herein), an amount calculated by the Member via a Bank prescribed calculation and verified by the Bank, equal to the lesser of: (a) the Subsidy, reduced on a pro rata basis per month until the unit is sold, transferred, or its title or deed transferred, during the Retention Period; or (b) any net proceeds from the sale, transfer, or assignment of title or deed of the unit, minus the AHP-assisted household's investment, shall be repaid to the Member for reimbursement to the Bank, unless the purchaser is a very low-, low-, or moderate-income household which is defined as having not more than 80% of the area median income, or the household had obtained a permanent mortgage funded by an AHP subsidized advance and not a direct subsidy, or the amount of Subsidy required to be repaid pursuant to this paragraph is $2,500 or less. For purposes of determining whether a subsequent sale, transfer or assignment of the unit is to a purchaser that qualifies as a very low-, low-, or moderate-income household, the Bank shall determine the purchaser's income using one or more proxies that are reliable indicators of the subsequent purchaser's income, and which shall be selected by the Bank prior to such determination and stated in the Bank's AHP Implementation

[19] This Real Estate Retention Agreement complies with FHA requirements at 24 CFR §203.41, HUD 4155.1, Mortgage Credit Analysis for Mortgage Insurance 5.B.7.d. and AHP regulations codified at 12 CFR §1291, et seq. and the directives of the Federal Housing Finance Agency.

Plan, unless documentation demonstrating that household's actual income is made available to the Bank. Upon the sale of the home, the purchaser has no retention or AHP Subsidy repayment obligations, regardless of whether or not the purchaser is very low-, low- or moderate-income.

iii. In the case of any refinancing prior to the end of the Retention Period, an amount calculated by the Member via a Bank prescribed calculation and verified by the Bank, equal to the lesser of: (a) the Subsidy, reduced on a pro rata basis per month until the unit is refinanced, during the Retention Period; or (b) any net proceeds from the refinancing of the unit, minus the AHP-assisted household's investment, shall be repaid to the Member for reimbursement to the Bank, unless the property continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism incorporating the requirements of clauses (i), (ii), (iii), and (iv) contained herein, or the household had obtained a permanent mortgage funded by an AHP subsidized advance and not a direct subsidy, or the amount of Subsidy required to be repaid pursuant to this paragraph is $2,500 or less; *and*

iv. In the case of a foreclosure, deed-in-lieu, or assignment of the first mortgage to the Secretary of HUD (assuming AHP funding is used in conjunction with FHA financing), the obligation to repay the direct Subsidy to the Member shall terminate upon final settlement or disposition once such action is completed. Otherwise, the covenants contained herein shall continue until release by the Member in writing or the expiration of the Retention Period, whichever should first occur.

v. Upon the death of the AHP-assisted sole owner, or owners in the case of multiple title holders, the AHP Retention Agreement terminates, and there is no obligation to repay the AHP Subsidy.