

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: Means the Area Median Income for the county in which the project is located as established annually by HUD and available at <https://www.huduser.gov/portal/datasets/il.html#year2023>

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.

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.

Community Investment Program (CIP): Defined at 12 CFR § 1201.1. The Bank's Community Investment Program was established under 12 USC § 1430(i); under it, loans are made to Bank Members at the Bank's cost, plus a reasonable administrative charge.

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, 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, property inspection fees. 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: Include developer overhead, profit, and fees for services normally performed by the developer such as development consultant fees. Low-Income Housing Tax Credit developments deferring the developer 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.

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 for 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: <https://www.federalregister.gov/documents/2019/02/01/2019-00621/annual-update-of-the-hhs-poverty-guidelines>

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 states which can be found here:

<https://www.federalregister.gov/documents/2019/02/01/2019-00621/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 nighttime residence that is a public or private place not meant for human habitation;
- 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;

- 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 Opportunities Program (HOP): A Bank program that provides funds to first-time homebuyers for down payment, housing counseling, and closing cost assistance.

Homeownership Set-Aside Program: Defined at 12 CFR § 1291.1. Funds provided to a Member by the Bank pursuant to the Homeownership Initiatives: the Neighborhood Impact Program and the Homeownership Opportunities Program..

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.

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.”

Native American 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.

Neighborhood Impact Program (NIP): A Bank program that provides funds to homeowners for rehabilitation assistance with the goal of improving neighborhoods.

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 the 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:

- 1) Development and unit description
- 2) Amenities in and around the proposed development
- 3) Needs of the area identified and how the development will fill the need
- 4) Development location
- 5) Populations to be served by the development
- 6) Unique features
- 7) 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 to project-based assistance.

RAD is a central part of the 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. RAD Conversion:

<http://portal.hud.gov/hudportal/documents/huddoc?id=RADConverGuidePHA.pdf>

Related Parties:

- 1) The brothers, sisters, spouse, ancestors and direct descendants of a person;
- 2) A person and corporation where that person owns more than 50% in value of the outstanding stock of that corporation;
- 3) Two or more corporations, general partnership(s), limited partnership(s) or limited liability corporations connected through debt or equity ownership, in which
 - a) 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;
 - b) Concurrent ownership by a parent or related entity, regardless of the percentage of ownership, or separate entity from which income is derived;
 - c) 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;
 - d) 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.
- 4) A grantor and fiduciary of any trust;
- 5) A fiduciary of one trust and a fiduciary of another trust, if the same person is a grantor of both trusts;
- 6) 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;
- 7) 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;
- 8) A corporation and a partnership or joint venture if the same person(s) owns more than:
 - a) 50% in value of the outstanding stock of the corporation; and
 - b) 50% of the capital interest, or the profit's interest, in the partnership or joint venture;

- 9) 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;
- 10) 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;
- 11) A partnership and a person or organization owning more than 50% of the capital interest, or the profits' interest, in that partnership; or
- 12) 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.

- Five 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.

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.

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 CIP 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.

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 not step entries essential for people in wheelchairs but also used by all, are a common example. Cabinets with pull-out shelves, kitchen counters at several heights to accommodate different tasks and postures, low or no step showers, electrical outlet placement mid-wall, and door handles versus knobs are other examples of universal design characteristics.

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.