



ARIZONA INDUSTRIAL DEVELOPMENT AUTHORITY

MULTIFAMILY HOUSING BOND RECYCLING PROGRAM PRIORITY LIST AND PROCEDURES

Priority List

When available, Recycled Volume Cap will be allocated to Projects in the following order of priority:

Priority A

Projects sponsored by the same Developer:

(i) whose prior issued tax-exempt bonds (issued with non-Recycled Volume Cap) are being redeemed (and thus will cause Recycled Volume Cap to become available) within ninety (90) days before or after the Project's Verified Closing Date;

(ii) that have received an allocation of new Private Activity Bond Volume Cap from the Arizona Finance Authority;

(iii) that have certified to the Arizona IDA, at the time Recycled Volume Cap is requested, that the total par amount of New Tax-Exempt Bonds to be issued will not exceed the greater of 30 percent (30%) of the Project's anticipated Aggregate Basis; and

(iv) for which the combined total of new Private Activity Bond Volume Cap and requested Recycled Volume Cap does not exceed the Project's anticipated permanent debt amount.

Priority B

Projects sponsored by Developers:

(i) that have received an allocation of new Private Activity Bond Volume Cap from the Arizona Finance Authority;

(ii) that have certified to the Arizona IDA, at the time Recycled Volume Cap is requested, that the total par amount of New Tax-Exempt Bonds to be issued will not exceed 30 percent (30%) of the Project's anticipated Aggregate Basis; and

(iii) for which the combined amount of new Private Activity Bond Volume Cap and requested Recycled Volume Cap does not exceed the Project's anticipated permanent debt amount.

Priority C

Projects sponsored by Developers:

- (i) that have received an allocation of new Private Activity Bond Volume Cap from the Arizona Finance Authority;
- (ii) for which the combined amount of new Private Activity Bond Volume Cap and requested Recycled Volume Cap does not exceed the Project's anticipated permanent debt amount.

Tie-Breakers

If two or more Projects fall within the same priority level, the Recycled Volume Cap will be allocated based on the following criteria, in order:

1. To the Project with the earliest Verified Closing Date. A Project must close within thirty (30) days of its Verified Closing Date in order to retain its tiebreaker position. If the Project does not close within this timeframe, the Arizona IDA may adjust the Project's position in the Priority Queue and reallocate Recycled Volume Cap as needed; and
2. Greatest total number of affordable housing units to be created or preserved by the Project.

Certification, Consistency, Queue, and Allocation Procedures

1. Submission of Requests

Following a Project's award of new Private Activity Bond Volume Cap from the Arizona Finance Authority (AFA), the Project's developer, controlling entity, or sponsor may submit a written request to the Arizona IDA, using the Request Form attached as Exhibit A, to pair the Project with Recycled Volume Cap under the Arizona IDA's Recycling Program.

2. Recycled Volume Cap Priority Queue

All requests received will be entered into the Priority Queue, organized by the following factors:

- highest Project priority level (according to the Priority List set above);
- earliest Verified Closing Date; and

The Priority Queue will remain active on a rolling basis and will be updated as additional redemptions occur and Recycled Volume Cap becomes available.

3. Allocation of Recycled Volume Cap

Recycled Volume Cap will be allocated to Projects in the order of the Priority Queue regardless of which redeemed bonds generated the available Recycled Volume Cap.

Priority A Projects will receive first consideration for the next available Recycled Volume Cap, subject to satisfaction of the documentation requirements shown in 4. below.

4. Documentation Requirements

Each Project participating in the Recycling Program must provide the following documentation to the Arizona IDA as set forth below:

At the time Recycled Volume Cap is requested:

- a. Evidence of confirmation of an allocation of new Private Activity Bond Volume Cap from the Arizona Finance Authority;
- b. Certification from the Developer that the total par amount of New Tax-Exempt Bonds to be issued will not exceed 30 percent (30%) of the Project's anticipated Aggregate Basis;
- c. The permanent lender's Letter of Interest (LOI) or term sheet verifying the Project's anticipated permanent debt amount for purposes of sizing the Recycled Volume Cap allocation;
- d. Certification from the Developer stating the Project's Verified Closing Date; and
- e. If requesting Priority A consideration, written confirmation from the trustee or bond counsel, for the tax-exempt bonds being redeemed, verifying the expected redemption date.

At or prior to issuance of the bonds utilizing Recycled Volume Cap:

- a. Evidence of compliance with the Arizona Department of Housing (ADOH) Qualified Allocation Plan (QAP) applicable to the Project receiving the benefit of the Recycled Volume Cap, which may be in the form of the 42(m) letter;
- b. Written certification from a Certified Public Accountant verifying that the total par amount of New Tax-Exempt Bonds to be utilized to finance the Project does not exceed 30 percent (30%) of the Project's anticipated Aggregate Basis.

5. Non-Compliance

Developers of Projects that fail to submit required documentation, maintain certification accuracy, or close within the prescribed timeframe may forfeit eligibility to participate in the Recycling Program.

Defined Terms

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

“Aggregate Basis” means the total anticipated basis of the land and building that comprise the Project, consistent with Section 42(h)(4)(B) of the Code, as reflected in the Project’s most current development budget.

“AFA” or “Arizona Finance Authority,” means the Arizona Finance Authority, established by title 41, chapter 53, article 2 of the Arizona Revised Statutes, which serves as the allocating agency of new Private Activity Bond Volume Cap in the State of Arizona.

“Arizona IDA,” means the Arizona Industrial Development Authority, a nonprofit corporation and political subdivision of the State of Arizona under Arizona Revised Statutes 35-701 *et seq.*

“Code,” means the Internal Revenue Code of 1986, as amended.

“Developer,” means the controlling entity or entities responsible for the development and financing of a Project, including any affiliated partnerships or ownership entities established for that purpose.

“New Tax-Exempt Bonds” means the portion of tax-exempt multifamily housing revenue bonds issued by the Arizona IDA that receive an allocation of Private Activity Bond Volume Cap from the Arizona Finance Authority.

“Private Activity Bond Volume Cap” or “Volume Cap,” means private activity bond volume cap allocated by the Arizona Finance Authority pursuant to Arizona Revised Statutes 35-901 *et seq.*

“Project,” means a qualified residential rental facility as described under Section 142(d) of the Code financed or proposed to be financed with private activity bonds, and that is participating in or seeking to participate in the Recycling Program.

“Priority Queue” means the list of Projects arranged pursuant to Section 2(2) above delineating the order in which available Recycled Volume Cap will be allocated.

“Recycling Program,” means the Arizona IDA’s Multifamily Housing Bond Recycling Program authorized December 11, 2025.

“Recycled Volume Cap,” means volume cap that becomes available for “recycling”/reissuance following the redemption of prior Arizona IDA-issued tax-exempt bonds or other qualified multifamily housing tax-exempt bonds, consistent with Section 146(i)(6) of the Code, and available for utilization under the Recycling Program.

“Verified Closing Date,” means the Project’s anticipated bond closing date, as certified in writing by the Developer at the time the Project requests Recycled Volume Cap.

EXHIBIT A

Multifamily Housing Bond Recycling Program - Request Form

Multifamily Housing Bond Recycling Program - Request Form

Project Information -

Project Name: *

Project Address: *

Street Address

Address Line 2

City

State/Region/Province

Postal / Zip Code

Developer/Borrower Entity: *

Primary Developer Contact: *

First Name

Last Name

Multifamily Housing Bond Recycling Program - Request Form

Contact Phone: *

Contact Email: *

Developer Website:

Request Details -

Requested Amount of Recycled Volume Cap: *

USD

Priority Category Requested: *

- ☐ Priority A
- ☐ Priority B
- ☐ Priority C

Required Certifications -

The undersigned Developer hereby certifies each of the following, as required under the Arizona IDA Multifamily Recycling Program Priority List and Allocation Steps:

☐ Allocation of New Volume Cap

We certify that this Project has received an allocation of new Private Activity Bond Volume Cap from the Arizona Finance Authority. - Attach evidence of the AFA allocation in the next section. *

Attach Evidence of AFA Volume Cap Allocation *



PDF File Format Excepted.

☐ Permanent Debt Amount Verification

We certify that the combined total of new Private Activity Bond Volume Cap and requested Recycled Volume Cap will not exceed the Project's anticipated permanent debt amount. - Attach the permanent lender's LOI or term sheet. *

Attach Permanent Lender's LOI and/or Term Sheet. *



PDF File Format Excepted.

Multifamily Housing Bond Recycling Program - Request Form

☐ Verified Closing Date

We certify that the Verified Closing Date stated above is accurate as of the date this Request Form is submitted.

*

Verified Closing Date: *

MMMM-dd-yyyy

☐ "Priority A" Only — Redemption Verification

Requesting Priority A: We have attached written confirmation from the trustee or bond counsel for the tax-exempt bonds being redeemed, verifying the expected redemption date.

*

Attach Priority A" Redemption Verification *



PDF File Format Excepted.

☐ Priority A and Priority B Only - 30% Aggregate Basis Limit

We certify that the total par amount of New Tax-Exempt Bonds to be issued for the Project will not exceed 30 percent (30%) of the Project's anticipated Aggregate Basis. *

Terms and Conditions *

☐ **Developer Certification & Signature** - I certify that all statements, dates, figures, and attached materials submitted in connection with this Request Form are true, correct, and complete.

Authorized Signatory *

Signatory Name *

First Name

Last Name

Multifamily Housing Bond Recycling Program - Request Form

Signatory Title *

Signature Date *

MMMM-dd-yyyy