



MIDWESTERN DISASTER AREA BONDS MULTIFAMILY RENTAL HOUSING TAX-EXEMPT BOND LOAN TERM SHEET

Background	Midwest Disaster Bonds are issued under the authority of the Heartland Disaster Tax Relief Act of 2008 to aid in recovery after severe storms and flooding. Bonds must be issued by Jan. 1, 2013
Purpose	Midwest Disaster Bond tax-exempt loans are long-term, fixed rate, typically nonrecourse, and at below-market interest rates. They are financed through the sale of federally tax-exempt mortgage revenue bonds. They are subject to corresponding federal requirements and rent and occupancy restrictions.
Eligible Borrowers	For-profit, qualified nonprofits, housing authorities, or other entities meeting criteria established by WHEDA.
Eligible Developments	<p>Midwest Disaster Bonds are available for affordable multifamily rental developments only in the following counties: Adams, Calumet, Crawford, Columbia, Dane, Dodge, Fond du Lac, Grant, Green, Green Lake, Iowa, Jefferson, Juneau, Kenosha, La Crosse, Marquette, Manitowoc, Milwaukee, Monroe, Ozaukee, Racine, Richland, Rock, Sauk, Sheboygan, Vernon, Walworth, Washington, Waukesha and Winnebago.</p> <p><u>Applicants must first receive a Designation Concerning Midwest Disaster Bonds from the Wisconsin Department of Commerce certifying the development is eligible for Midwest Disaster Bonds.</u></p> <p>Developments must be residential rental housing for families, elderly, or people with disabilities. Each rental unit must be complete and include separate tenant spaces for living, sleeping, cooking, eating, and sanitation. Shared tenant spaces are allowed only if the Borrower is a qualified 501(c)(3) corporation.</p> <p>Eligible developments include:</p> <ul style="list-style-type: none"> • Apartments, including townhouses, Retirement centers, <p>Developments may be for:</p> <ul style="list-style-type: none"> • New Construction; • Acquisition with rehabilitation of an existing building; (The value of rehabilitation and essential equipment must equal or exceed 15% of that portion of the cost of buildings and fixtures financed with bonds); or • Refinance of an existing development for qualified 501(c)(3) nonprofits.
Set-Aside Units	<p>Special Low Income Set Asides for Midwest Disaster Bonds: 20% of all units set aside for households with incomes not exceeding 60% of County Median Income (CMI) OR 40% of all units set aside for households with incomes not exceeding 70% of CMI. Total rent plus utilities cannot exceed 30% of the respective CMI levels.</p>



Rate	Use Tax-Exempt Financing rate posted on.wheda.com
Term	30 years maximum
Amortization	30 years maximum
Loan-to-Value Ratio	90% LTV for nonprofit Borrowers; 85% LTV for for-profit entities; market or investment value determined by an appraisal contracted by and acceptable to WHEDA
Debt Coverage Ratio	1.10 minimum 1.15 typical
Loan Guarantee	Typically nonrecourse
Prepayment Provision	Allowed after the first bond call date (usually in year 10) with penalties through year 15
Escrows	Monthly deposits for real estate taxes, special assessments, and replacement reserves; insurance escrows may be required. Minimum annual replacement reserve requirements are: <ul style="list-style-type: none"> • \$250 per elderly unit • \$300 per RCAC/CBRF unit • \$300 per family unit
Credit Enhancements	WHEDA generally requires a 15% letter of credit (LOC) (calculated as a percentage of the construction contract) or, in lieu of this, the posting of a 100% construction performance bond and a 5% LOC. A personal or corporate guaranty may be accepted under certain conditions.
Environmental Reviews	WHEDA requires a Phase I Environmental study, performed and completed by an environmental engineer.
Loan Structuring Fee (Nonrefundable)	One-half of the origination fee is payable upon acceptance of the Mortgage Loan Commitment Letter; this fee is credited toward the loan origination fee at closing.
Origination Fee	1.5% of mortgage loan commitment amount for permanent financing only 2.5% of the mortgage loan commitment amount for WHEDA construction financing with permanent financing
Application Fee	\$250 Developments of 24 units or fewer \$500 Developments of 25 units or more Fees are subject to periodic review and change.
For More Information	<p>WHEDA Madison Office 1/800-334-6873 201 West Washington, Ste. 700 Madison, WI 53703</p> <p>WHEDA Milwaukee Office 1/800-628-4833 101 West Pleasant St., Ste. 100 Milwaukee, WI 53212</p> <p>TTY/TTD 1/800-943-9430 (Teletypewriter/Telecommunication Device for the Deaf)</p> <p>www.wheda.com</p>

