



## **WHEDA Preservation Revolving Loan Fund (RD-PRLF) Program Summary and Loan Term Sheet**

### **Eligible Applicants**

Eligible applicants to the Program shall be defined as follows:

Applicants will have a USDA Rural Development section 515 loan for the property to be assisted by the PRLF Demonstration Program, or be a transferee of such a loan before receiving any benefits from the PRLF Demonstration Program.

Qualified for-profit entities, nonprofit entities, housing authorities, or other entities meeting criteria established by WHEDA.

### **Eligible Loan Purposes**

WHEDA will follow Rural Development's Attachment 4-B, Eligible Loan Purposes, from the HB-1-3560 when underwriting loans. Typical uses will be funds for capital improvements and rehab, and gap financing for LIHTC acquisition/rehab projects.

### **Prohibited Loan Uses**

WHEDA will follow Rural Development's Attachment 4-C, Prohibited Loan Uses, from the HB-1-3560 when underwriting loans.

### **Program Goals**

Increase quantity and/or quality of affordable housing in targeted rural areas of Wisconsin.

Preservation of physical asset and/or affordability

Leverage WHEDA resources with rural partners to stimulate economic development.

### **APPLICATION PROCEDURES**

Prior to submitting an application, the applicant may discuss the project with a Multifamily Senior Underwriter. An application shall be submitted. The form can be located at: [www.wheda.com](http://www.wheda.com). The Multifamily Senior Underwriter may assist the applicant, as is reasonably necessary, in completing the application.

Applications may be submitted at any time during the calendar year.

### **Working with Rural Development**

WHEDA intends to work closely with Rural Development in order to insure the PRLF funds are deployed in accordance with the NOFA and to maximize preservation of Section 515 units. WHEDA will provide Rural Development with a photocopy of the loan application upon receipt.

### **PRLF Term Sheet Guidelines**

<b>Eligible Borrowers</b>	For qualified for-profit entities, nonprofit entities, housing authorities, or other entities meeting criteria established by WHEDA
<b>Eligible Developments</b>	Section 515 multi-family housing
<b>Loan Amount</b>	Maximum \$30,000 per unit
<b>Rate</b>	Maximum 5.00%
<b>Rate Term/Amortization</b>	Typical for 9% tax credits, 15-18 terms, 30 year amortization Typical for all others, 25-30 year term and amortization *Note: if existing RD debt is to be subordinated, the term/amortization must match that of the subordinated RD loan.
<b>Appraisals</b>	A third party appraisal is always required and will be ordered after loan approval. WHEDA will follow Rural Development's SOW (attachment 7-C & 7-D, HB-1-3560) when contracting a third party appraisal.
<b>Loan-to-value</b>	85% for for-profit entities, 90% for nonprofits
<b>Credit Enhancement</b>	100% performance bond plus 5% LOC for construction and permanent financing; 5% LOC for permanent only
<b>Capital Needs Assessments</b>	A third party Capital Needs Assessment is required for all developments and will be completed following Rural Development's statement of work.
<b>Debt Coverage Ratio</b>	Minimum debt service coverage of 1.10
<b>Application Fee</b>	\$250 for 24 units or less, \$500 over 24 units
<b>Origination Fee</b>	1.5% of mortgage commitment amount for permanent only 2.5% of mortgage commitment amount for construction and permanent financing