



7/10 FLEX FINANCING MULTIFAMILY RENTAL HOUSING TERM SHEET

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| Purpose | <p>WHEDA's 7/10 Flex Financing Loan product is designed to offer Borrowers excellent flexibility and pricing.</p> <p>Under this product, WHEDA will provide flexible fixed-rate loans to Borrowers with either 7-year or 10-year rate structures. This product is not expected to be financed through the sale of mortgage revenue bonds. The loans will be subject to financial strength of the borrower, development eligibility, and rent and occupancy restrictions.</p> <p>Construction financing is also available for approved developments. Such financing is generally limited to 24 months and can be offered through WHEDA's Construction Plus Product.</p> |
| Eligible Borrowers | For-profit, qualified non-profits, housing authorities or other entities meeting criteria established by WHEDA. |
| Eligible Developments | <p>Developments must be residential rental housing for families, elderly, or people with disabilities.</p> <p>Eligible developments include:</p> <ul style="list-style-type: none"> • Apartments, including townhouses • Developments may contain up to 25% commercial space, measured by a percentage of lease income • Developments with new allocations of LIHTC are not eligible <p>Developments may be for:</p> <ul style="list-style-type: none"> • New Construction • Acquisition with rehabilitation of an existing building • Refinance of an existing development |
| Minimum Set-Aside Units | <p>20% of all units set-aside for households with incomes not exceeding 80% of County Median Income (CMI).</p> <p>Total rent plus utilities cannot exceed 30% of the respective CMI levels.</p> |
| Loan Amount | Minimum loan of \$2 million, maximum loan of \$10 million. |
| Rate | <p>7-Year Reset Option: Priced at the 7-year Treasury plus 250 to 275 bp spread. Rate is fixed for the initial 7 years of the loan. Rate will reset beginning year 8, year 15, year 22 and year 29 using the then-current benchmark plus the committed spread. Minimum floor rate of 4.00%.</p> <p>10-Year Reset Option: Priced at the 10-year Treasury plus 275 to 325 bp. Rate is fixed for the initial 10 years of the loan. Rate will reset beginning year 11, and year 21 using the then-current benchmark plus the committed spread. Minimum floor rate of 4.50%.</p> <p>Rate is locked at loan commitment for 120 days. Forward commitments available up to 24 months with rate hedge.</p> |

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| Term | 30 years maximum. | | | | | | | | |
| Amortization | 30 years maximum. | | | | | | | | |
| Loan-to-Value Ratio (LTV) | 80% LTV. Based on market or investment value determined by an appraisal contracted by and acceptable to WHEDA. | | | | | | | | |
| Debt Coverage Ratio (DCR) | 1.20 Minimum. | | | | | | | | |
| Credit Enhancements | Typically non-recourse. Construction lending requires either a 15% letter of credit (LOC) or 100% construction performance bond with a 5% LOC, a personal or corporate guaranty may be requested or substituted subject to underwriting. Permanent lending may require a letter of credit, personal or corporate guaranty, additional collateral, etc., based on underwriting. | | | | | | | | |
| Prepayment Provision | Prepayment allowed, without penalty at rate reset years. At other times, a penalty will be charged equal to 1% of outstanding loan balance. | | | | | | | | |
| 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 | | | | | | | | |
| Environmental Reviews | Phase I Environmental study, performed and completed by an environmental engineer prior to loan closing. | | | | | | | | |
| Capital Needs Assessment (CNA) | Required at time of loan application for existing building(s) (adaptive reuse exempt). Please see www.wheda.com for requirements and list of approved providers. | | | | | | | | |
| Origination Fee | 1.5% of mortgage loan commitment amount. | | | | | | | | |
| Loan Structuring Fee (Non-refundable) | One-half of the origination fee is payable upon acceptance of the Mortgage Loan Commitment; this fee is credited toward the loan origination fee at closing. | | | | | | | | |
| Application Fee | \$250 Developments of 24 units or fewer. \$500 Developments of 25 units or more. <i>Fees are subject to periodic review and change.</i> | | | | | | | | |
| For More Information | <table style="width: 100%; border: none;"> <tr> <td style="width: 60%;">WHEDA Madison Office 201 West Washington Ave., Suite 700 Madison, WI 53703</td> <td style="width: 40%; text-align: right; vertical-align: top;">1-800-334-6873</td> </tr> <tr> <td>WHEDA Milwaukee Office 140 South 1st St., Suite 200 Milwaukee, WI 53204</td> <td style="text-align: right; vertical-align: top;">1-800-628-4833</td> </tr> <tr> <td>TTY/TTD (Teletypewriter/Telecommunication Device for the Deaf)</td> <td style="text-align: right; vertical-align: top;">1-800-943-9430</td> </tr> <tr> <td colspan="2" style="text-align: center;">www.wheda.com</td> </tr> </table> | WHEDA Madison Office 201 West Washington Ave., Suite 700 Madison, WI 53703 | 1-800-334-6873 | WHEDA Milwaukee Office 140 South 1 st St., Suite 200 Milwaukee, WI 53204 | 1-800-628-4833 | TTY/TTD (Teletypewriter/Telecommunication Device for the Deaf) | 1-800-943-9430 | www.wheda.com | |
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