

VACANCY TO VITALITY TERM SHEET

For Multifamily Rental Housing

The below terms are effective for new applications starting in the Fall 2026 Cycle

Purpose	Subordinate financing for converting vacant and underutilized commercial properties to housing per competitive process
Funding Source	Act 18 Commercial-to-Housing Conversion Revolving Loan Fund
Eligible Borrowers	Any developer other than a city, village, town, or county that converts a vacant or underutilized commercial building to residential use. In order to be awarded cash flow dependent debt, the Borrower must be a Single Purpose Entity (SPE). An SPE will own and operate the Project, but not any other real property, assets and/or operate any other business interest in this entity.
Eligible Projects	• Construction project for the conversion of a vacant commercial building to a new residential housing development that consists of workforce or senior housing, or for construction costs associated with construction of residential housing for an eligible project for a new mixed-use development. • Minimum size of 16 units or 4 units in small communities with less than 10,000 people • Vacant for one year or underutilized. • The land is currently zoned to permit residential use. • Owner has secured necessary finances for total cost of construction and demolition not covered by WHEDA loan. • All permits and approvals secured. • Eligible Governmental Unit has taken action to reduce the cost of housing by voluntarily revising zoning ordinances, subdivision regulations, or other land development regulations to increase development density, expedite approvals, reduce applicable fees, or reduce parking, building, or other development costs with respect to the eligible project and revisions that generally apply to residential housing projects within the Governmental Unit on or after January 1, 2020. • Eligible Governmental Unit has updated the housing element of its comprehensive plan within the 5 years immediately preceding the date of application and is in compliance with relevant comprehensive housing plan rules. This condition may be satisfied if, within the 5 years immediately preceding the date of the loan application, the governmental unit adopts an ordinance or resolution certifying that the housing element of its current comprehensive plan provides an adequate housing supply that meets existing and forecasted housing demand in the Governmental Unit • Eligible Governmental Unit is in compliance with Wisconsin Statutes ss. 66.1001, 66.001(3), 66.001(4) regarding the creation, content and amending of its comprehensive plan.
Eligible Uses	To cover construction cost of housing, including demolition.
Multifamily Affordability Requirements	The estimated annual housing costs, as defined under s. 16.301 (3), do not exceed, or are not expected to exceed, 30 percent of 100 percent of the area median income, with family size determined using the federal imputed income limitation, as defined in 26 USC 42 (g) (2) (C), and the utility-related costs if not included in the rent equal the utility allowance determined by the U.S. Department of Housing and Urban Development. The housing is for occupancy by individuals whose annual household income does not exceed 100 percent of the area median income. Affordability must be maintained from the date of loan closing or initial occupancy, whichever comes last, and continue thereafter for the longer of 10 years or full repayment of the loan.

Minimum Set-Aside Units/Lots	All units constructed must meet affordability requirements.
Loan Amount	Maximum of 33% of the project costs, including land. *Availability may be limited based on loans previously awarded in each Regional Planning Commission district as outlined in the Award Plan.
Rate	0%
Term	Matching senior lender(s), with no more than a 2-year interest only period followed by a term that is the greater of 10 years from the conversion date or the term of the senior lender's term, not to exceed 30 years. The I/O period is to be set at closing with a fixed conversion date in the loan documents. If there is no senior lender, the term will be 10 years.
Amortization	30-year amortization
Loan-to-Value Ratio (LTV)	Total LTV calculated including any debt senior and WHEDA debt - 100%
Debt Coverage Ratio (DCR)	Utilizing senior debt DCR plus WHEDA subordinate financing added = 1.0
Credit Enhancements	Unlimited personal or corporate guarantee required if the project's debt exceeds 75% of the project's valuation. A personal guarantee will be required if the senior lender requires a personal guarantee, and a corporate guarantee will be required if the senior lender requires a corporate guarantee.
Payment	Commencing on the Conversion Date, the payments of principal and interest will be due. If more than 5% of the project costs are financed by Restore Main Street, Vacancy to Vitality, and Infrastructure Access, (collectively, "Competitive Loans"), that portion of the Competitive Loans over 5% will be must-pay debt with payments due monthly. For the portion of Competitive Loans less than or equal to 5% of project costs, payments of principal and interest will be due annually. Borrower must provide notice to Lender on or before the date set forth in the loan documents for the Annual Payment if the amount of Surplus Cash available in that year may be insufficient to pay the full amount of the Annual Payment. Borrower's notice shall specify the amount, if any, of available Surplus Cash, and on the date set forth in the loan documents, Lender shall collect the full amount of such Surplus Cash as payment in part on the Annual Payment. Interest shall continue to accrue on the unpaid portion of the Annual Payment at the Interest Rate. Notwithstanding any shortfalls previously added to Annual Payments, any shortfall in an Annual Payment in a given year will not modify the amount of any following Annual Payments. In the event notification of Surplus Cash is insufficient to pay the full amount for the Annual Payment, WHEDA will review Borrower's financial statements to determine no or only partial surplus cash was available at time of payment. Current financial statement submission requirements are on WHEDA's website. If WHEDA determines Surplus Cash was available, such payment shall be made within 10 days of receiving WHEDA's notice. If Borrower is not an SPE, the Competitive Loan(s) will be must-pay debt, with payments of principal and interest due monthly.
Prepayment Provision	Prepayment allowed, without penalty of any time.

<i>Re-subordination</i>	Re-subordination of existing must pay Vacancy to Vitality loans to senior debt is permitted during the initial 10 years, provided there is no change in the control of ownership of the property, nor control of the entity is greater than 50%, and provided there is no change to the collateral in place at the original loan closing. The loan will be required to meet WHEDA's DCR, LTV, and guarantee requirements at the time of refinance. Guarantees required at original loan closing will remain in place in the event of a re-subordination, and if the new senior lender requires guarantees, WHEDA will mirror these requirements for the Vacancy to Vitality loan. The loan must be repaid if the property is refinanced 10 years or more after the conversion date.
<i>Escrows</i>	N/A
<i>Environmental Reviews</i>	See Award Plan for requirements.
<i>Capital Needs Assessment (CNA)</i>	N/A
<i>Origination Fee</i>	0%
<i>Loan Structuring Fee (Non-refundable)</i>	0%
<i>Application Fee</i>	0%