

# **2016 MULTIFAMILY LOAN APPLICATION ADDENDUM**

*To be used in conjunction with  
the 2016 LIHTC Application*



**WHEDA**

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August 27, 2015**

# SUBMISSION CHECKLIST

## MULTIFAMILY LOAN APPLICATION ADDENDUM (To be used in conjunction with LIHTC Application)

Please follow and use this checklist in completing your application package. Your application will be considered incomplete if any required item is missing. Further review will not resume until missing items are received.

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- Nonrefundable Loan Application Fee: \$250 for projects of 24 units or less and \$500 for projects of 25 units or more
- The Multifamily Loan Application, signed by appropriate signatory
- Provide an organization chart for the proposed ownership entity showing the number and type of entities, along with the names of the individuals in each type of entity, including their ownership percentages and their role in the transaction. Provide TIN of any already formed entities.
- Capital Needs Assessment Report (existing properties only). See WHEDA's CNA requirements.
- At least 4 Color photographs of the site itself and adjacent land uses from all directions. Also include all applicable street views
- Provide Financial Statements
  - a. Personal Financial Statements for Developer and any individual with a 20% or greater ownership in the ownership entity or its managing member, and any proposed guarantor. Statements must be submitted on a WBA or bank generated form, and must be signed and dated with 90 days of the application date.
  - b. Also, last three years' audited or reviewed Financial Statements for the development company entity, or its managing member.
- Conceptual drawings: sketches of site plan and building layout, if available.
- Provide three years of audited financial statements for the property (existing properties only)
- Appendix A: RCAC's (Residential Care Apartment Complexes) and CBRF's (Community Based Residential Facilities) have additional submittal requirements and underwriting criteria. Applicants should submit adequate documentation as described in Appendix A.

# MULTIFAMILY LOAN APPLICATION ADDENDUM

(To be used in conjunction with LIHTC Application)

**Date of Application:** \_\_\_\_\_

**WHEDA Project #**  
(WHEDA use only) \_\_\_\_\_

## 1. APPLICANT

### DEVELOPMENT NAME AND ADDRESS

Name:			
Address:			
City:	Wisconsin	Zip:	
County:	Census tract:		

## 2. LOAN REQUESTED

### PROPOSED FINANCING INFORMATION

Loan Requested	\$	Annual P & I	\$
Interest Rate	%	Debt Cover Ratio <i>(Net Operating Income divided by Annual P &amp; I)</i>	
Term	Years	Amortization	Years

FINANCING TYPE <i>(Check all that apply)</i>	FINANCING FOR <i>(Check all that apply)</i>
Construction & Permanent Mortgage	New Construction
Permanent only	Acquisition & Rehabilitation
Construction only	Refinance

## 3. ENVIRONMENTAL ISSUES

Do you know of or suspect the evidence or the presence of a potential hazard or condition? Yes/No
If yes, explain:

# APPLICANT CERTIFICATION

The Undersigned hereby acknowledges and certifies to Wisconsin Housing and Economic Development Authority (WHEDA), individually and on behalf of the Applicant/Developer (the "Applicant") as part of this application for Authority mortgage loan financing in the amount of \$ \_\_\_\_\_ for \_\_\_\_\_ (the "Development") located at \_\_\_\_\_ as follows:

1. The information contained in the Application, including all statements and certifications attached hereto, is true and correct and has been prepared with due diligence. The Applicant has an affirmative duty to notify WHEDA with regard to any changes to the information contained in the Application or to the Development. The Applicant knows of no facts or circumstances that would threaten or adversely affect the Development and cause the information in the Application to be incorrect or misleading. WHEDA or its agents may make verification of information contained in the Application at any time.
2. The Applicant agrees to indemnify and hold harmless WHEDA, its members, officers, employees and agents, from and against, any and all claims, suits, damages, costs and expenses arising out of WHEDA's review of and decisions with regard to the Application. Authority analysis and review of the Application and related documentation is for its own purposes. The Applicant is not entitled to rely on such analysis and review. WHEDA is not responsible for any actions taken by Applicant in reliance on a prospective financing commitment from WHEDA. WHEDA is not liable for damages resulting directly or indirectly from such actions. A financing commitment does not exist until WHEDA has issued a Mortgage Loan Commitment and the Applicant has accepted such Commitment.
3. Misleading information or misrepresentation contained in the Application may result in the termination of the underwriting/approval process, a revocation of loan approval and/or prohibition from participation in Authority programs.
4. The Contract Documents when entered into by WHEDA and the Applicant shall supersede all discussions, negotiations and agreements with regard to the Application.
5. The execution and delivery of the Application and this document is duly authorized and binding on the Applicant.
6. Your signature on the authorization below will permit WHEDA to make requests of any individual, firm or other normal sources of debt or credit information. Without your express written consent, however, WHEDA will not unnecessarily release credit information to any individual or firm not affiliated with WHEDA, or not related to the transaction under consideration. Your authorization will also permit WHEDA and its commonly-controlled entities to exchange account and credit information from time to time with any of the banking or non-banking affiliates of WHEDA.

Date: \_\_\_\_\_

\_\_\_\_\_  
Name of Applicant

By: \_\_\_\_\_

\_\_\_\_\_  
Name and Title

# WHEDA MULTIFAMILY LOAN APPLICATION Appendix A

## Assisted Living (RCAC & CBRF) Underwriting Guidelines

In order to address risk associated with assisted living developments, WHEDA has developed the following loan underwriting guidelines. These may be more stringent than standard loan terms associated with specific funding sources/term sheets.

### Additional submittal requirements:

<i>Owner Experience</i>	Must demonstrate five years of significant development and/or management experience in providing services to the elderly in similar or related business
<i>Management</i>	Management may be provided by borrower or through third party contract. Must demonstrate five years of significant administrative and management experience in providing services to the elderly in similar or related business; must be experienced in providing personal care (ADL) and other services (IADL) to elderly
<i>Medicaid/Family Care</i>	<ul style="list-style-type: none"> <li>• Describe the waiting list for Medicaid waiver services and/or the existence of Family Care in the county</li> <li>• Describe expected number of Medicaid/Family Care eligible residents</li> <li>• Describe monthly average service charge for Medicaid eligible resident (if different than private pay residents).</li> <li>• Document Medicaid reimbursement rates from the county if Medicaid/Family Care is an expected service funding source</li> <li>• All Applicants must submit a letter of support from the county if Medicaid/Family Care is an expected service funding source.</li> </ul>
<i>Services</i>	<ul style="list-style-type: none"> <li>• Describe the target population and the services being proposed.</li> <li>• Describe the monthly service fee structure (i.e. bundled, ala carte, etc.)</li> <li>• Provide separate proformas for rental income/expenses and service related income and expenses. Provide assumptions</li> </ul>

### Special underwriting criteria:
















<i>Design</i>	RCACs must have full kitchens with full size refrigerator, stove/oven.
<i>Regulation</i>	RCACs must be certified by the state of Wisconsin
<i>Loan-to-Value Ratio</i>	Up to 80% of appraised value, market or investment value determined by an appraisal contracted by and acceptable to WHEDA
<i>Debt Service Coverage/Vacancy</i>	Minimum 1.30 DCR; a minimum 10% vacancy factor will be applied to rental and service income
<i>Market Absorption</i>	Typically assume maximum of 2 units per month
<i>Operating Deficit Escrow</i>	Typically sized 6 months of expected total operating expenses (not including replacement reserve), funded at closing.
<i>Lease-up Deficit Escrow</i>	Typically minimum 6 to maximum 12 months of expected total operating expenses (not including replacement reserve), funded at closing. Subject to underwriter review of absorption/operating assumptions.

# **TAX CREDIT MULTIFAMILY LOAN ADDENDUM CHECKLIST**










## **Loans Greater than \$500,000**

**Documentation required for our loan process:**

### **LOAN CLOSING DOCUMENTS**

-  WHEDA-contracted independent appraisal and/or independent third-party market study
-  Management plan/profile and marketing plan
-  Management Agreement
-  Certificate of Authorized Signatories executed by Owner/Management Agent (WHEDA form)
-  Proof of management entity fidelity bond
-  Evidence of permissive zoning: A letter or other evidence from the appropriate local governmental body indicating that the project meets local zoning requirements for number and type of units
-  Phase I environmental report
-  Evidence of insurance (binder or policy)
-  WHEDA Automated Clearing House (ACH) form
-  Independent third-party cost certification
-  Certified rent roll
-  Floodplain letter
-  Department of Commerce plan approval letter
-  Building permit(s)
-  **Nonprofit only:** Any supporting documentation of PILOT exemption

### **ARCHITECTURAL DOCUMENTS**

-  Certified property survey
-  Topographical site survey
-  Subsurface geotechnical (soils) reports
-  Mortgage "as built" survey
-  Certificate(s) of Substantial Completion
-  Occupancy permit(s)
-  Preliminary drawings and outline specifications:
  - Building floor plan
  - Principal exterior elevation
  - Wall section, minimum 1/2" scale noting materials
  - Cost estimates of major divisions of work
  - Typical floor plan 1/8" scale
  - Outline of building materials and systems
-  Final building construction (bid) design drawings:
  - Site development and utility plans
  - Foundation plans and details
  - Door, window and furnishings schedules
  - Mechanical systems plans, details and schedules
  - Material and performance specifications
  - Floor plan 1/8" scale
  - Enlarged plans of typical units
  - Building section and details
  - Finished material schedules
  - Exterior building elevations
-  **Rehab only:** Detailed scope of rehabilitation work

- ✎ Local and/or State of Wisconsin Department of Commerce Buildings and Safety building plan review letters
- ✎ Prime construction contract
- ✎ Final construction trade breakdowns (schedule of values)
- ✎ Design architect's opinion letter including development interests and compliance with Fair Housing and Americans with Disabilities Act accessibility standards
- ✎ Supervisory architect's opinion letter
- ✎ Architect's service contract
- ✎ Buildings, HVAC Compliance Statement

### **LEGAL DOCUMENTS**

- ✎ Title insurance commitment in the full amount of the WHEDA loan
- ✎ Letter of Credit
- ✎ Attorney's opinion letter
- ✎ Resolution of loan approval from borrower's organization
- ✎ Organizational documents (i.e. partnership agreements, articles and bylaws, articles of organization, operating agreement) and if a 501(c)(3), IRS documentation of tax-exempt status (for existing entities)
- ✎ State licenses (where applicable, e.g., CBRF operators)

### **CONVERSION FROM CONSTRUCTION TO PERMANENT/AMORTIZATION**













- ✎ Owner certified current rent roll
- ✎ YTD financial statements (to verify expenses and income)
- ✎ Occupancy permit(s)
- ✎ Certificate of Substantial Completion
- ✎ Evidence tax credit equity has been fully funded
- ✎ Copy of current real estate tax bill

# ***Tax Credit MULTIFAMILY LOAN CHECKLIST***













## **Loans less than \$500,000**

**Documentation required for our loan process:**

### **LOAN CLOSING DOCUMENTS**






-  WHEDA-contracted independent appraisal and/or independent third-party market study
-  Management plan/profile and marketing plan
-  Management Agreement
-  Certificate of Authorized Signatories executed by Owner/Management Agent (WHEDA form)
-  Proof of management entity fidelity bond
-  Evidence of permissive zoning: A letter or other evidence from the appropriate local governmental body indicating that the project meets local zoning requirements for number and type of units
-  Evidence of insurance
-  WHEDA Automated Clearing House (ACH) form
-  Independent third-party cost certification
-  Borrower's environmental checklist
-  A certified rent roll
-  **Nonprofit only:** Any supporting documentation of PILOT exemption

### **ARCHITECTURAL DOCUMENTS**







-  Certified property survey for new construction, copy of plat map for existing projects
-  Certificate(s) of Substantial Completion
-  Occupancy permit(s)
-  Final building construction (bid) design drawings:
  - Site development and utility plans
  - Foundation plans and details
  - Door, window and furnishings schedules
  - Mechanical systems plans, details and schedules
  - Material and performance specifications
  - Floor plan 1/8" scale
  - Enlarged plans of typical units
  - Building section and details
  - Finished material schedules
  - Exterior building elevations
-  Local and/or State of Wisconsin Department of Commerce Buildings and Safety building plan review letters
-  Prime construction contracts
-  Final construction trade breakdowns (schedule of values)
-  Design architect's opinion letter including development interests and compliance with Fair Housing and Americans with Disabilities Act accessibility standards
-  **Rehab only:** Detailed scope of rehabilitation work
-  Supervisory architect's opinion letter
-  Architect's service contract
-  Buildings, HVAC Compliance Statement



## **LEGAL DOCUMENTS**

-  Title insurance commitment (issued in the full amount of WHEDA loan)
-  Letter of Credit
-  Resolution of loan approval from borrower's organization
-  Organizational documents (i.e. partnership agreements, articles and bylaws, articles of organization, operating agreement) and if a 501(c)(3), IRS documentation of tax-exempt status (for existing entities)
-  State licenses (where applicable, e.g., CBRF operators)

## **CONVERSION FROM CONSTRUCTION TO PERMANENT/AMORTIZATION**

-  Owner certified current rent roll
-  YTD financial statements (to verify income and expenses)
-  Occupancy permit(s)
-  Certification of Substantial Completion
-  Evidence tax credit equity has been fully funded
-  Copy of current real estate tax bill