

Extremely Low Income (ELI) Housing Subordinate Loan Term Sheet

Special Funding Round

Purpose	<p>Subordinate financing is available for multifamily rental housing projects that will include units restricted to 30% and/or 50% CMI in the State of Wisconsin.</p> <p>Subject to availability, may or may not need to be paired with other HTCs and non-HTC WHEDA financed projects or non-WHEDA financed projects that align with WHEDA's strategic priorities. Repayment of the loans will be made from available cash flow from operations.</p> <p>Funds may be used for acquisition, rehabilitation, or construction of new or existing rental housing developments.</p>
Funding Source	<p>Capital Magnet Funds (CMF) awarded in 2019; and/or Housing Trust Funds (HTF) awarded in 2022 and 2023.</p> <p>WHEDA may use discretion to combine multiple sources to conform to programmatic target goals.</p>
Eligible Borrowers	For-profit, qualified non-profits, housing authorities, or other entities meeting criteria established by WHEDA.
Eligible Developments	Multifamily rental housing projects that incorporate 30%, 40% and/or 50% CMI restrictions in the State of Wisconsin.
Rate	1.00% - 3.00% subject to underwriting
Term	Maximum term of 35 years. For subordinate loan positions term should be coterminous with primary mortgage. Interest only structure may be available for construction period.
Amortization	Maximum of 35 year amortization.
Credit Enhancements	A guaranty on repayment of Housing Trust Funds upon Borrower's noncompliance with Housing Trust Fund requirements, or upon HUD's demand for repayment of Housing Trust Fund moneys lent to the Project, due to the Project or Borrower's noncompliance will be required.
Loan-to-Value Ratio (LTV)	<p>100% LTV taking into account subject loan and all financing in a superior lien position.</p> <p>Based on market and/or investment value determined by an appraisal acceptable to and with reliance to WHEDA.</p>
Debt Coverage Ratio (DCR)	1.00 taking into account subject loan and all financing in superior position of payment in the cash flow waterfall.
Origination Fee	None
Prepayment Provision	WHEDA soft funds can be prepaid at any time post conversion. WHEDA soft funds must be prepaid at or before repayment of 1st mortgage.
Payment	Commencing on the Closing Date, Borrower will make monthly interest-only payments on the Cash Flow Note until the Conversion Date. Commencing on the Conversion Date, the payments of principal and interest will be due annually. Such annual payments shall be made on January 1st unless Borrower notifies WHEDA 30 days prior there is no available surplus cash. In the event a 30 day notification is received prior to the annual payment due date, WHEDA will review Borrower's annual audited financial statements to determine no surplus cash was available at time of payment. If any

	annual payment is not paid in full, then the unpaid amount will be carried forward but not added to the next annual payment. Additionally, the unpaid principal will continue to accrue interest.
Cash Flow Waterfall	The loan may be subordinated to repayment of deferred developer or other subordinate debt, subject to underwriting.
Additional CMF Requirements:	<ul style="list-style-type: none"> • If CMF will be used as a source, project must include units at or below 50% CMI and additional eligibility vetting completed • If CMF or HTF will be used as a source, per unit maximum loan amount will be applicable. Borrower will be required to enter into a Land Use Restriction Agreement setting aside the 30%, 40% and 50% CMI units for a term ending upon the latter of 10 years from the Conversion Date or the date the CMF-funded portion of loan is paid in full. •
Additional HTF Guidelines:	<ul style="list-style-type: none"> • If HTF will be used as a source, project must include units at or below 30% CMI and additional eligibility vetting completed, subject to maximum per-unit subsidy limits established annually by HUD • HTF LTV can go up to 98% • Origination Fee is waived. Housing Trust Funds shall be committed by 8/31/2024 and disbursed by 9/8/2027. • As required by the federal regulations governing the National Housing Trust Funds, 20% of the HTF note shall be retained by WHEDA until the project achieves construction completion (i.e. a certificate of substantial completion has been provided to WHEDA). • Borrower shall provide any and all information requested by WHEDA as it deems necessary under the Housing Trust Fund Program. Borrower must also provide a final cost certification, evidencing the use of all proceeds of Housing Trust Fund Note has or will be used to support household at or below 30% AMI. • Borrower must complete an Environmental Review • Borrower will be required to enter into a Land Use Restriction Agreement setting aside the 30% units for a term ending upon the latter of 30 years from project completion as defined in 24 CFR §93.2or upon the expiration of the tax credit LURA, if applicable.