Wisconsin Housing and Economic Development Authority

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TABLE OF CONTENTS

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Introduction

The Wisconsin Housing and Economic Development Authority (WHEDA) was originally created as the Wisconsin Housing Finance Authority by Chapter 287, Laws of 1971, to create safe and affordable housing for low- to moderate-income households in Wisconsin. The Authority is a public body corporate and politic authorized to sell taxable and tax-exempt mortgage revenue bonds and use the proceeds to fund loans to eligible homebuyers, housing developers and businesses at below-market interest rates. The Authority was created for this purpose because the state is prohibited by Article VIII, Section 7 of the Wisconsin Constitution from incurring this type of debt, and the state is also disallowed under Article VIII, Section 10 from being party to "internal improvements," which the Wisconsin Supreme Court has generally interpreted to include private housing. At the time of its creation, it was also considered infeasible to use state appropriations to finance a substantial increase in housing stocks given the associated costs. WHEDA's mission was later expanded to include providing financing for economic and agricultural development and it was given its present name. The Authority mostly works through participating banks, savings and loans, mortgage bankers, and other lenders and sponsors.

The Authority is not a state agency. Its operating budget and authorized positions are not included in the state budget and are not subject to direct legislative control. Revenues to finance its operating budget primarily come from interest earnings on loans it makes, investments of its assets and administrative fees it assesses. As of July 1, 2016, WHEDA staff included 138.15 authorized full-time equivalent (FTE) employees. The Authority is divided into an executive office and the following nine teams: (a) administration/human resources; (b) legal; (c) finance; (d) single-family; (e) commercial lending, which includes multifamily housing and economic development programs; (f) information technology; (g) business development; (h) risk and compliance; and (i) marketing. The Authority's teams are similar to divisions in state agencies.

CHAPTER 1

BACKGROUND

History

The Authority began operations in July, 1973, following the Wisconsin Supreme Court's decision in *State Ex. Rel. Warren v. Nusbaum*. The Court held that the Authority was not a state agency and that the State of Wisconsin did not have an enforceable legal obligation to back the Authority's bonds. Consequently, the constitutional prohibition on incurring debt for such purposes did not apply to the Authority, and it could issue bonds for housing programs. The Legislature made a start-up appropriation of $250,000 in general purpose revenue (GPR), which the Authority repaid from operating funds after establishment.

The Authority's governing board consists of 12 members. Six are public members appointed by the Governor with the advice and consent of the Senate and serve staggered, four-year terms. The remaining six members are: (a) the Chief Executive Officer of the Wisconsin Economic Development Corporation or a designee; (b) the Secretary of the Department of Administration (DOA) or a designee; and (c) one senator and representative of each political party, all four of whom are appointed from the Senate and Assembly standing committees on housing. In addition, section 234.02 (3) of the statutes requires that the Governor appoint: (a) one of the public members for a one-year term as chairperson; and (b) the Executive Director of the Authority, with Senate consent, to a two-year term. The Board meets bimonthly to carry out its responsibilities, which include authorization of bond issues, approval of the annual operating budget and determination of overall policy for the Authority and its staff.

In 1983, the mission of the Authority was expanded to allow the Authority to issue bonds to finance economic development projects and exports of Wisconsin products. 1983 Act 81 authorized the Authority to make export loans and 1983 Act 83 authorized the Authority to make economic development loans to small and medium-sized businesses. In recognition of the Authority's expanded responsibilities, it was renamed the Wisconsin Housing and Economic Development Authority (WHEDA).

1985 Act 9 created the credit relief outreach program (CROP) to be administered by WHEDA. The Act provided WHEDA with a GPR appropriation of $11.0 million for 1984-85 to guarantee agricultural production loans to eligible Wisconsin farmers and to provide interest rate subsidies on the loans. Then, in 1987 Act 421, the Authority was provided $7.5 million GPR for 1988-89 to guarantee and subsidize drought assistance loans.

After the creation of the CROP and drought assistance loan programs, the following additional loan guarantee programs were authorized:

- Small business (contract) (1989 Act 31);
- Agricultural development (1989 Act 31);
- Tourism (1989 Act 336);
- Target area (1991 Act 39);
- Nonpoint source pollution (1991 Act 309);
- Agricultural chemical cleanup (1993 Act 16);
- Clean air (1993 Act 16);
- Stratospheric ozone protection (1993 Act 16);
- Farm assets reinvestment management (1995 Act 150);
- Safe drinking water (1997 Act 27); and

- Small business (1997 Act 27).

The small business loan guarantee program combined each of the seven programs marked with an arrow above, repealing their individual program status. Loan guarantee programs now are supported by the consolidated Wisconsin Development Reserve Fund (WDRF), discussed in Chapter 3.

Other housing programs initiated in Wisconsin have either transferred to WHEDA or continued operating outside of WHEDA. The now-dissolved Department of Development was involved in administering certain housing programs, preparing the state housing plan and providing technical assistance until 1985 Act 29 transferred the Department's housing responsibilities to the Authority. 1989 Act 31 created a Division of Housing in the Department of Administration to: (a) provide state funds for housing grants and loans through local organizations; (b) obtain and distribute federal housing funds; (c) coordinate housing programs and activities of state and local agencies; and (d) aid in the development of state housing policy. Under 1991 Act 39, DOA took over from WHEDA the administration of the federally funded rental rehabilitation program and McKinney program for permanent housing for disabled homeless. DOA also became the designated agency for administering most of the other federally funded housing programs. In 2003, however, most of DOA's housing programs were transferred to the Department of Commerce. Under 2011 Act 32, Commerce was dissolved, with its housing programs transferred back to DOA.

Chapter 208, Laws of 1973, authorized WHEDA to issue up to $140 million of revenue bonds for veterans' housing loans. The Authority sold two bond issues totaling $61,945,000 for such loans. The proceeds of the bonds were used to fund 2,072 home loans to eligible state veterans. Those bonds were redeemed in August, 1991, and no bonds from those issues are outstanding. Although the Wisconsin Constitution prohibits public debt for construction of private housing, Chapter 26, Laws of 1975, authorized the state to issue general obligation bonds for veterans' mortgage loans. The shift from Authority-issued revenue bonds to state-issued general obligation bonds was made possible by an amendment to the Wisconsin Constitution, which allowed the state to contract public debt to make funds available for veterans housing loans. Housing programs for veterans are discussed further in the Legislative Fiscal Bureau informational paper entitled, "State Programs for Veterans."

1993 Act 16 shifted the property tax deferral loan program from DOA to WHEDA. This program is described in the Legislative Fiscal Bureau informational paper entitled, "Property Tax Deferral Loan Program."

Other programs created in WHEDA have been either discontinued by the Authority or repealed from the statutes. These include: (a) a loan guarantee program under 1989 Act 335 for businesses emphasizing alternative uses of products recovered through recycling processes, which guaranteed seven loans for approximately $2 million prior to its repeal in 1993 Act 75; (b) a loan guarantee program for brownfields remediation, which was active in 1998 and 1999 but guaranteed no loans; and (c) an airport development zone loan program authorized under 2005 Act 487 to make loans for construction or expansion of airports in designated airport development zones, which was repealed in 2009 Act 2 after guaranteeing no loans, and replaced with a state economic development tax credit. Other programs that have been repealed or made inactive, but that have remaining obligations outstanding or that continue to be authorized by statute, are discussed later throughout the paper.

Authority Financing

Summary

The Authority's assets and liabilities derive primarily from income receivable on outstanding loans, and from debts incurred on the sale of bonds and notes used to finance housing programs. As shown in Table 1, the Authority completed the 2014-15 and 2015-16 fiscal years with assets and reserves exceeding liabilities by about $658 million and $701 million, respectively. Of these balances, approximately $460 million in 2014-15 and $492 million in 2015-16 were restricted for bond redemption funds and for programs for which the source of funding is outside the Authority, such as legislative appropriations. These funds may be used only for permitted investments such as government-backed securities and bank deposits, and permitted disbursements such as payment or repayment of principal, bond interest and program expenses.

The Authority's general reserve fund totaled about $198 million as of June 30, 2015, and about $208 million as of June 30, 2016. The statutes require WHEDA to establish a general reserve fund but provide discretion as to how certain assets of the fund are used. WHEDA encumbered $162 million as of June 30, 2015, and $164 million as of June 30, 2016, for targeted single-family and multifamily housing programs, and economic development programs. An additional $32 million as of June 30, 2015, and $39 million as of June 30, 2016, had been encumbered for WHEDA operations. Unencumbered amounts remaining in the general reserve fund are required by statute to be set aside for a "Dividends for Wisconsin" plan. The plan, reviewed by the Governor and Legislature, specifies the amount of unencumbered reserves to be allocated to housing and economic development programs. A detailed description of the annual approval of the Dividends for Wisconsin plan is provided under the section "WHEDA Surplus Fund."

WHEDA Bond Issuance

Because it exists as an independent authority, WHEDA receives funding from state appropriations only in rare circumstances, such as the Authority’s startup and various other housing and economic development programs. Instead, the Authority's primary sources of program funding have been proceeds from the issuance of taxable and tax-exempt bonds and notes, as well as funds in excess of required reserves. WHEDA historically has issued revenue bonds to finance most of

Table 1: WHEDA Combined Balance Sheet, 2015 and 2016 (June 30)

	2015	2016
Total restricted and unrestricted reserves	$658,044,000	$700,664,000
Less restricted reserves for bond resolutions, administered funds	- 460,434,000	- 492,452,000
General reserve fund balance	$197,610,000	$208,212,000
Less encumbered for housing and economic development activities	- 161,856,500	- 163,944,600
Less encumbered for WHEDA operations	- 32,059,500	- 38,975,900
Unencumbered general reserves ("Surplus" to Dividends for Wisconsin plan)	$3,694,000	$5,291,500

Source: WHEDA, Dividends for Wisconsin Plans, 2015-16 and 2016-17 its housing programs. Revenue bonds allow WHEDA to borrow money through bonding and lend the proceeds of bond issues to third parties for uses such as the development of multifamily housing or the purchase of single-family homes.

Through June 30, 2016, WHEDA has issued $9.95 billion in bonds and notes carrying WHEDA's general obligation across all programs. An estimated $1.2 billion was outstanding. General obligation bonds require WHEDA to repay bondholders using monies from repaid loans, or from other assets of the Authority. The annual volume of debt issued with WHEDA's general obligation is shown in Table 2. WHEDA also may issue bonds without its general obligation, which do not require the Authority to pledge general assets for repaying bondholders. WHEDA has issued at least $450 million in additional debt without its general obligation since 1984. WHEDA typically does not track outstanding amounts of these bonds. In both instances, the state has no legal obligation to back WHEDA-issued bonds.

With respect to the sale of certain bonds and notes, the statutes require WHEDA to establish a capital reserve fund, which is to consist of at least the maximum amount of debt service that may be due on the applicable bonds in any future calendar year. The statutes limit WHEDA to $600 million in outstanding amounts for any bonds issued with a capital reserve requirement.

Further, the statutes require that if WHEDA realizes a deficit in a capital reserve fund for any subject bonds, the Chairperson of the Authority must certify to the DOA Secretary, the Governor and the Joint Committee on Finance the amount required to restore the fund to the level necessary to meet minimum reserve requirements. If the certification is received in an even-numbered year prior to compilation of the budget, DOA must include an appropriation for that amount in the budget bill. In any case, the Joint Committee on Finance must introduce, in either house of the

Table 2: Annual WHEDA General Obligation Borrowing

Calendar Year	Revenue Bonds Issued
1974	$37,615,000
1975	35,510,000
1976	53,635,000
1977	52,225,000
1978	132,035,000
1979	25,000,000
1980	159,000,000
1981	9,990,000
1982	226,725,000
1983	198,130,000
1984	191,111,800
1985	209,494,300
1986	101,635,000
1987	186,625,000
1988	446,564,200
1989	156,554,700
1990	265,130,000
1991	198,630,000
1992	356,170,000
1993	223,435,000
1994	93,615,000
1995	365,920,000
1996	293,440,000
1997	255,000,000
1998	281,680,000
1999	354,615,000
2000	235,785,000
2001	94,060,000
2002	559,725,000
2003	372,190,000
2004	386,295,000
2005	659,235,000
2006	663,665,000
2007	595,405,000
2008	259,965,000
2009	359,045,000
2010	142,775,000
2011	68,070,000
2012	86,210,000
2013	21,270,000
2014	10,035,000
2015	276,025,000
2016*	246,300,000
Total	$9,945,540,000

*Through June 30.

Legislature, a bill appropriating the certified amount to the Authority so that it can meet debt service payments. While the Legislature is not obligated to approve the appropriation, the statutes state that "the legislature hereby expresses its expectation and aspiration that if ever called upon to do so, it shall make such appropriation" (s. 234.15(4) of the statutes). To date WHEDA has never realized a deficit in its capital reserves, and the Legislature has not been called upon to make an appropriation for such backing. WHEDA reports the amount of outstanding bonds supported by a capital reserve is $337,805,000 as of June 30, 2016, which is associated only with bonds issued to finance multifamily structures.

The following sections briefly discuss WHEDA programs for which revenue bonds may be issued. These programs are discussed in detail in Chapters 2 and 3. In some instances, bonds are no longer issued, or never have been issued, for certain programs. The sections therefore also note alternative program funding sources. (For further discussion of state bonding practices and a description of the different types of municipal bonds, see the Legislative Fiscal Bureau informational paper entitled, "State Level Debt Issuance.")

1. Home Ownership Mortgage Loans. Chapter 349, Laws of 1981 established this program to enable eligible purchasers of single-family homes to secure low-cost mortgage financing. WHEDA carries out most of its lending for single-family home purchases under the WHEDA Advantage programs. Previously, single-family home loans were made under the HOME program (unrelated to the federal HOME programs administered by DOA). WHEDA renamed HOME in April, 2009, after temporarily ceasing single-family home lending in October, 2008, due to unfavorable credit conditions in the United States. Upon resumption of lending in 2010, WHEDA began a new financing model through the Federal National Mortgage Association (Fannie Mae). WHEDA also offers loans insured by the Federal Housing Administration (FHA).

At various times in WHEDA's history, the HOME/Advantage program has operated under statutory constraints on the amount of revenue bonds permitted to be outstanding, although these constraints have since expired. As of June 30, 2016, approximately $7.7 billion of general obligation, corporate-purpose revenue bonds had been issued for single-family housing programs, of which an estimated $703 million was outstanding.

In 2015, for the first time since 2010, the Authority resumed funding single-family housing programs with mortgage revenue bonds, as described in Chapter 2. Bonds issued by WHEDA for single-family housing may be issued under the state's amount of federal volume cap. (The federal volume cap, as referenced throughout this paper, is based on state population and forms the basis for the amount of bonds a state may issue, the interest on which is not subject to federal income taxes.)

2. Multifamily Housing Loans. WHEDA uses its authority to issue general corporate-purpose bonds to provide permanent financing for apartment developments intended primarily for low- and moderate-income households. Bonds support construction loans for multifamily residences or the purchase and rehabilitation of existing multifamily residences to upgrade the stock of affordable housing. As of June 30, 2016, $1.9 billion of general obligation, corporate-purpose revenue bonds were issued for these purposes, of which $465 million was outstanding. WHEDA bonds issued for the development of multifamily housing may be eligible for interest earnings to be exempt from both federal and state income taxes. WHEDA also dedicates a portion of its surplus reserves to a multifamily housing revolving loan program.

3. Home Improvement Advantage Loan Program. This program was established to support activities leading to the upgrading of the state's housing stock. The program provides loans for alterations or repairs to existing housing. The Authority is allowed up to $100 million in outstanding revenue bonds under the program. No bonds are outstanding, although WHEDA has issued $97.6 million in such bonds in its history, with the last issuance occurring in 1992. Bonds issued for housing rehabilitation loans may be eligible for a federal tax exemption on interest earnings. The program currently is supported by a separate fund administered by WHEDA.

4. Property Tax Deferral Loan Program. Under this program, which was transferred to WHEDA in 1993, low- and moderate-income elderly homeowners are able to convert home equity into income to pay property taxes. WHEDA is authorized to issue up to $10 million in bonds to finance loans under this program but is also required to allocate a portion of its unencumbered general ("surplus") reserves to the program. No bonds have been issued for the program. A detailed discussion of this program may be found in the Legislative Fiscal Bureau informational paper entitled, "Property Tax Deferral Loan Program."

5. Economic Development Loans. This program was established in 1983 to fund business development activities in the state. WHEDA was given authority to issue bonds to finance the program's loans, with the limit being increased under 1989 Act 281 from $95 million to $200 million in aggregate principal. WHEDA issued $166.9 million of the $200 million limit, consisting of $93 million with the Authority's general obligation and $73.9 million without a general obligation. The last general obligation issues were in 1995. As of June 30, 2016, the Authority had no outstanding economic development loans supported by general obligation bonds. WHEDA does not track outstanding bonds if they are not general obligation issues.

In 2011, WHEDA passed resolutions to begin issuing new economic development bonds. 2011 Act 214 changed the program's bonding authority from $200 million in aggregate bonding to $150 million annually for three fiscal years beginning in 2012-13. A three-year extension thereafter is possible with the approval of the Joint Committee on Finance, and the Committee approved an extension of bonding authority in July, 2015. WHEDA has issued $42.5 million in bonds under this authority, although the bonds did not carry WHEDA's general obligation. Bonds issued for economic development loans may be eligible for a federal tax exemption on interest earned. In addition to bond-supported funding, WHEDA uses a portion of its general reserves for an economic development lending program, which is discussed in Chapter 3.

WHEDA Operating Funds

The Authority does not receive state general purpose funds for its operations. Instead, the Authority earns revenue: (a) by charging loan interest rates higher than the interest it pays its bondholders, within certain limits established by federal law; (b) by collecting fees, such as loan origination and servicing fees; and (c) by investing its reserves.

Table 3 provides an overview of the last six years of WHEDA's general and administrative expenses, along with amounts budgeted for 2016-17.

Table 3: WHEDA General and Administrative Expenses

2010-11	$18,700,000
2011-12	18,460,000
2012-13	18,395,000
2013-14	18,839,000
2014-15	18,290,000
2015-16 (Estimated)	19,798,000
2016-17 (Budgeted)	20,516,000

WHEDA Surplus Fund

The Authority is required by statute to maintain an unencumbered general reserve fund, also referred to as a "surplus" fund, within its general fund, consisting of any Authority assets in excess of operating costs and required reserves. A calculation of unencumbered general reserve funds is done after each fiscal year and reported by WHEDA to the Governor and the Legislature. To derive the figure, amounts are deducted from unrestricted reserves for purposes such as operating expenses, capital expenses and contingencies. In addition, it is necessary to deduct a portion of reserves encumbered or committed to various WHEDA programs beyond a certain date, which is usually the end of the next fiscal year. The remainder of the reserves is the Authority's available unencumbered general reserves. As shown in Table 1, a total of $5.3 million was available for this fund at the close of the 2015-16 fiscal year, with $3.7 million having been available in the preceding year.

Section 234.165 of the statutes outlines the procedure for gubernatorial and legislative review of WHEDA's annual plan for unencumbered funds. By August 31 of each year, the Chairperson of the Authority certifies to the DOA Secretary two items: (a) actual unencumbered funds available on the preceding June 30, the close of the previous state fiscal year; and (b) projected funds available on the following June 30, at the close of the current state fiscal year. For funds available on the preceding June 30, the Chairperson submits to the Governor a plan for expending or encumbering the funds during the current year. The Governor may modify the plan and is required to submit, within 30 days, his or her plan to the presiding officer of each house of the Legislature, who then refers the plan to the appropriate housing committees within seven days.

The standing committee review period extends for 30 days after referral. Within the review period, either of the standing committees may request WHEDA to appear before it to discuss the plan. If such a request is made, the review period is extended until 30 days after the request has been made. If a standing committee and the Governor agree to modifications in the plan, the review period for all standing committees would continue for an additional 10 days after receipt of the modified plan.

The plan or modified plan is approved if no standing committee objects to it within the review period. If a standing committee objects to the plan or modified plan, the parts under objection are referred to the Joint Committee on Finance, which is required to meet in executive session within 30 days to consider the objections.

The Joint Committee on Finance may: (a) concur in the standing committee objections; (b) approve the plan or modified plan notwithstanding standing committee objections; or (c) modify the portions of the plan objected to by the standing committee. Until approved or modified under these provisions, the plan is not effective. With the exception of certain statutorily permitted transfers of funds from one plan category to another, the unencumbered general reserve funds may be expended or encumbered only in accordance with the approved plan. The final result is the "Dividends for Wisconsin" plan.

WHEDA is required to allocate a portion of its unencumbered general reserve funds to: (a) match federal funds available under the McKinney Homeless Assistance Act; (b) match federal funds available under the home investment partnership program; and (c) fund the property tax deferral loan program.

A portion of WHEDA's unencumbered general reserves supplement bond proceeds to achieve more favorable interest rates or other lending terms. The Authority has developed and administered several programs using these funds, and these programs are discussed in the following chapters. Appendix I lists the allocations of WHEDA's unencumbered general reserves in the Dividends for Wisconsin plans for the 2015-16 and 2016-17 fiscal years.

In addition to funding specific programs from its unencumbered reserves, WHEDA has regularly been required to transfer a portion of those reserves to the state. Transfers of $22.6 million since 2001-02 have gone both to the state general fund and to other state agencies that administer housing grants and loans. Past transfers to state agencies have generally been intended to offset equivalent amounts of general purpose revenue (GPR) funding for certain housing-related purposes, while transfers to the general fund have been similar to lapses required of state agencies under recent budget acts. Table 4 lists transfers from WHEDA's unencumbered reserves as required by recent budget acts or budget adjustment acts. WHEDA has made no transfers from unencumbered reserves to the general fund or other state agencies since 2012-2013.

Table 4: Transfers from WHEDA Unencumbered Reserves

Year	Recipient Department/Fund	Amount
2001-02	Administration	$1,500,000
2002-03	Administration	3,300,000
2003-04	General Fund	2,375,000
2004-05	General Fund	2,125,000
2005-06	Commerce	3,000,000
2006-07	Commerce	2,000,000
2007-08	Commerce	3,025,000
2008-09	Commerce	3,000,000
2009-10	General Fund	225,000
2010-11	General Fund	225,000
2011-12	General Fund	900,000
2012-13	General Fund	900,000
Total		$22,575,000

CHAPTER 2

WHEDA Housing Programs

WHEDA's housing programs include multiple financing products for single-family and multifamily structures. From 2012 to 2015, single-family first mortgages were funded mostly via the secondary mortgage market. In 2015, WHEDA resumed offering single-family residential loans using mortgage revenue bonds. Several second-mortgage programs are financed through WHEDA's general reserves or other Authority funds. Multifamily programs are financed by mortgage revenue bonds and WHEDA general reserves. The Authority also administers federal funding and tax credits for housing for low-income households. These and other programs are described in this chapter. A summary table of WHEDA housing programs is available in Appendix II.

Single-Family Housing Programs

WHEDA Advantage

Background. The WHEDA Advantage loan program provides mortgage loans, financed by the Fannie Mae, to low- and moderate-income households in Wisconsin. WHEDA began lending under Fannie Mae Advantage in 2010, replacing the home ownership mortgage loan (HOME) program that it suspended in October, 2008. (HOME, which was created in Chapter 349, Laws of 1981, should not be confused with the federally funded home investment partnership program administered by DOA, which also uses the acronym HOME.)

WHEDA ceased HOME lending on October 1, 2008, because the Authority's cost of borrowing increased significantly as investor demand for housing-related securities fell sharply. Lower bond demand typically results in higher rates offered to prospective bond purchasers. The Authority reports the higher interest rates on bonds at that time would have required offering rates undesirably high to first-time home buyers served by the program. Additionally, the increase in troubled loans nationally around the 2007-2009 recession increased the cost of mortgage insurance, which is what WHEDA used as a primary means of insuring itself against default by HOME borrowers. Mortgage insurance was required on most HOME loans to ensure continuing payments to bondholders in case of defaults by borrowers.

WHEDA's initial Fannie Mae Advantage loan products were based on a 2006 agreement between Fannie Mae and the National Council of State Housing Agencies (NCSHA), the trade association of state housing finance agencies (HFAs) such as WHEDA. WHEDA joined the agreement in 2008 following the suspension of the HOME program. The agreement established a national lending initiative known as Affordable Advantage, by which HFA loans would be sold to or guaranteed by Fannie Mae.

WHEDA announced the beginning of Fannie Mae Advantage in February, 2010, and was the first HFA to implement the Affordable Advantage program framework. By late 2010, WHEDA had implemented a standard Fannie Mae Advantage loan, as well as several alternative Fannie Mae Advantage loan products to accommodate multiple profiles of loans, such as those with low loan-to-value (LTV) ratios or loans with a smaller down payment, but for which borrowers acquired mortgage insurance. Collectively, this variety of loans had the effect of offering a range of rates to borrowers with different profiles. These products were made available beginning September 1, 2010.

Shortly thereafter, Affordable Advantage was discontinued by the Federal Housing Finance Agency, the regulator and conservator of government-sponsored enterprises Fannie Mae and Freddie Mac. Beginning in January, 2011, the standard WHEDA Advantage mortgage loan was required to conform more closely to Fannie Mae's customary eligibility requirements. This included having an LTV no higher than 97%, which suggests a down payment of about 3% of the property purchase price, as well as mortgage insurance for loans with an LTV higher than 80%.

In January, 2012, WHEDA began offering two loan types with Fannie Mae financing. These loans were developed by Fannie Mae for participating state HFAs. One loan type requires borrowers to purchase mortgage insurance for loans exceeding 80% LTV, or equal to a 20% down payment. With mortgage insurance, borrowers pay a lower interest rate. The other type allows borrowers to forego mortgage insurance, but pay a higher interest rate for the relatively higher loss potential on a loan in the event of default. The loan with mortgage insurance has typically offered interest rates .25 to .75 percentage points lower than those without mortgage insurance.

Program Terms and Eligibility. Advantage loans are issued exclusively with 30-year terms at a fixed interest rate and with no prepayment penalties. Per statute, WHEDA also may not make a loan to a person without a Social Security number, and the property must be used as the principal residence of the borrower.

Household income is a primary determinant of eligibility under the Advantage programs; this requirement is outlined in state statutes. Appendix III provides estimated 2016 median family income by county, and Appendix IV shows WHEDA Advantage income and loan limits by county.

Under WHEDA Advantage, borrowers need not be first-time homeowners. Loan limits for Fannie Mae conforming loans are $417,000 in Wisconsin. However, due to income limits and lending standards limiting a borrower's monthly payments for housing and other debt, WHEDA Advantage loans have averaged $115,600 since 2010. For yearly WHEDA Advantage loan activity, see Appendix V.

As of 2016, WHEDA Advantage is available to existing single-family dwellings, and two- to four-unit dwellings that are at least five years old. Federal law, state statutes and Fannie Mae guidelines allow WHEDA to finance major rehabilitation of a property. The Authority reports it has elected to forego offering loans for major rehabilitation, because they are not typically in substantial demand, and Fannie Mae regulatory requirements are more stringent.

Other WHEDA Advantage restrictions include: (a) a maximum loan-to-value ratio of 97% for a one-unit property and 95% for a two- to four-unit property; (b) required mortgage insurance for certain loans; and (c) a minimum credit score. While there is no minimum amount of a borrower's own funds that must be part of a down payment for one-unit properties, two- to four-unit properties require a minimum 3% amount of a borrower's own funds for down payment. WHEDA's approved mortgage insurers usually require some amount be paid directly by a borrower, as opposed to gifts or from other sources. A possible alternative source for a borrower's down payment is Easy Close Advantage, which is discussed later.

Program Financing and Administration. Since March, 2015, under the Advantage program, WHEDA pools and delivers loans to Fannie Mae. Fannie Mae then packages the loans into mortgage-backed securities, which WHEDA repurchases with proceeds generated from mortgage revenue bonds. By virtue of the Authority holding the securities backed by the mortgages sold to Fannie Mae, WHEDA is guaranteed payment on mortgage loans by Fannie Mae. Fannie Mae's payment guarantee, however, is supported by guarantee fees collected by WHEDA as part of borrowers' monthly payments and remitted to Fannie Mae. Under this system, WHEDA or its participating lenders service loans, while Fannie Mae assumes risks related to interest rates and loans not proceeding to closing.

WHEDA has made a total of 4,705 loans for $544,054,200 under the Advantage program, as financed by Fannie Mae, from its inception in 2010 through June 30, 2016. As of June 30, 2016, 4,014 loans were outstanding with total balances of $438,961,000. Also, WHEDA issued approximately 110,000 loans totaling $6.9 billion during the HOME program's operation. As of June 30, 2016, WHEDA reports 8,426 HOME loans remain outstanding with total balances of $553,564,600. Loan activity for these programs is shown in Appendix V.

Refi Advantage. Chapter 349, Laws of 1981, which established the home ownership mortgage loans program, prohibited mortgage loans for refinance purposes. Exceptions to this prohibition are granted for: (a) construction loans; (b) temporary initial financing; and (c) loans for the financing of a substantial rehabilitation. 2013 Act 40 expanded these exceptions to include loans to pay off a loan already funded or serviced by WHEDA. As a result of this change, WHEDA began issuing refinance loans in October, 2013, under the name of WHEDA Refi Advantage.

The Refi Advantage program offers borrowers financing under WHEDA Advantage loans. Borrowers must have at least 3% equity in the residence, and may opt for loans either with mortgage insurance and a lower interest rate, or no mortgage insurance and a higher interest rate for the relatively higher risk of loss on a loan in the event of default. Refi Advantage is not available for: (a) condominiums; (b) manufactured homes; (c) persons with poor credit or with a bankruptcy or foreclosure incurred during the current loan term; (d) properties listed for sale; (e) properties on which payment of real estate taxes is at least 60 days past due; and (f) loans modified within the last two years.

WHEDA has issued 41 Refi Advantage loans with a total value of $4,394,400, beginning with the first loans issued in October, 2013, through June 30, 2016. These loans are counted separately from the purchase loans noted above for the standard WHEDA Advantage loan program.

FHA Advantage

WHEDA began offering the Federal Housing Administration (FHA) Advantage mortgage loan in September, 2011. For WHEDA borrowers, the program bears many similarities to the Fannie Mae-financed WHEDA Advantage program. FHA Advantage mortgage loans are exclusively 30-year terms at a fixed interest rate. FHA Advantage loans may be for existing one- to two-unit properties and certain condominiums, but not for properties of three to four units, which are allowed under WHEDA Advantage. Program income limits are identical, although loan limits are generally lower, at about $270,000 in most counties in 2016.

FHA Advantage borrowers must meet an FHA requirement of at least 3.5% down, although the program has no minimum contribution from the buyer; the down payment may be from a gift or other source. WHEDA reports FHA Advantage loans have more permissive underwriting and credit guidelines, which tend to accommodate more prospective borrowers than the relatively stricter standards required by Fannie Mae. WHEDA notes that less stringent credit guidelines are likely to yield higher-cost loans for borrowers in the FHA Advantage program, due to higher up-front and annual mortgage insurance premiums to compensate for the riskier profile of borrowers.

WHEDA's loan financing under the FHA Advantage program is similar to its administration under the Fannie Mae-financed Advantage program, in that the Government National Mortgage Association, or Ginnie Mae, guarantees payment to the investors of mortgage-backed securities composed of FHA loans. However, unlike mortgage loans with Fannie Mae's guarantee, Ginnie Mae does not directly participate in the secondary marketing of loans as Fannie Mae does. Therefore, WHEDA issues its own Ginnie Mae mortgage-backed securities for the FHA Advantage loans it originates. WHEDA can either hold the securities or resell them to another purchaser.

Beginning in 2012, WHEDA entered an agreement with a private investment bank for selling its securities consisting of FHA Advantage loans. The bank purchases WHEDA's Ginnie Mae securities, and WHEDA agrees to make loans at rates specified by the bank, based on the price at which the bank can later sell the securities on the secondary market. WHEDA reports this arrangement reduces various pricing and other risks which it may otherwise be exposed to in the marketing of the securities.

WHEDA has issued 392 loans under FHA Advantage since its inception through June 30, 2016, with total originations of $44,602,700. As of June 30, 2016, 367 loans remained outstanding, with outstanding principal of $41,122,000. FHA Advantage loan activity is shown in Appendix V.

WHEDA Tax Advantage Program

In 2013, WHEDA began offering the WHEDA Tax Advantage program as an alternate means of using its portion of the state's tax-exempt bonding volume cap. Federal law allows bond-issuing housing agencies to convert available tax-exempt volume cap to mortgage credit certificates (MCCs), which entitle borrowers holding such certificates to claim a federal income tax credit for mortgage interest, as opposed to the mortgage interest deduction more commonly used by homeowners for federal income tax purposes. The credit is nonrefundable, meaning the credit may not exceed the filer's tax liability for that year. WHEDA reports it initiated the program to avoid the lapse of unused volume cap that was scheduled to expire; volume cap typically expires three years after the year in which it was available.

Under federal law, an MCC program may issue credit certificates of up to 25% of the amount of unissued bonds under the state volume cap; that is, every $4 in unused volume cap may be converted to $1 in mortgage credit certificates. For loans originated under an MCC program, the issuing agency may further determine the rate of credit to be applied to every dollar of interest paid by a borrower, but the rate must be between 10% and 50%. Beginning in 2013, WHEDA has allowed borrowers a general 25% credit rate, although a 40% credit is available for qualifying veterans and for properties in federal target areas of economic distress. The rate is applied to a borrower's annual mortgage interest paid, with the resulting amount being claimable as a credit against federal income taxes due. The annual credit is capped at $2,000, for filers with credit rates higher than 20%, but filers may carry over unused credits for up to three years, subject to the $2,000 cap. The credit may be claimed annually over the life of the loan for interest paid each taxable year. A MCC issuing agency may not issue MCCs in excess of 25% of the amount of unused volume cap for that year. Because the MCC program relies on federal volume cap, it is bound by federal limits on mortgage revenue bonds, including those pertaining to purchase prices, a borrower's income and the borrower being a first-

Table 5: Mortgage Credit Certificates

Volume Cap Year (Year Converted*)	Amount of Convertible Volume Cap	Amount Converted to MCCs (25%)	Year of MCC Issue	MCCs Issued	MCC Amount (Life of Loan)
2009 (2012)	$445,600,000	$111,400,000	2013	202	$6,577,178
2010 (2013)	462,464,100	115,616,000	2014	452	14,059,852
2011 (2014)	241,489,700	60,372,400	2015	331	10,451,807
2012 (2015)	429,059,400	107,264,900	2016	82**	2,784,823
Total	$1,578,613,200	$394,653,300		1,067	$33,873,660

*MCC issuing authority expires on Dec 31st two years after volume cap conversion.
**As of June 30, 2016.

time homebuyer. (Income and purchase price limits are shown in Appendix IV.)

The following is an example of computing the credit allowed a borrower under the WHEDA Tax Advantage program: A borrower with a $100,000 loan at 5% interest would be expected to pay $4,966 in interest in the first full year of a loan, and, subject to the borrower's other tax liabilities, he or she could claim a credit of $1,242 with a 25% MCC rate or $1,987 with a 40% rate. Over the life of the loan, the borrower would expect to claim credits of approximately $23,300 with a 25% MCC rate or approximately $37,300 with a 40% MCC rate. For each year the borrower claims the mortgage interest credit, he or she would have to reduce any claims of the mortgage interest deduction by the amount of credit claimed.

At least 20% of credits available must be reserved for residences in federally identified target areas. Persons issued an MCC program loan also are subject to federal recapture of tax credits upon sale of a residence. However, borrowers using WHEDA Advantage loans to finance the property purchase are eligible for WHEDA repayment of the recapture tax. Loans under the MCC program must be issued by a WHEDA-approved lender, but loans need not be WHEDA-issued products such as WHEDA Advantage or FHA Advantage. However, loans receiving an MCC may not simultaneously be financed through tax-advantaged instruments such as a tax-exempt mortgage revenue bond. Persons participating in an MCC program may refinance a mortgage loan, but an authorized MCC issuing agency would have to reissue a new certificate on the subsequent loan for the borrower to continue claiming the certificate credit.

Beginning in late 2012, WHEDA has converted volume cap to mortgage credit certificates as shown in Table 5. Unused volume cap may be issued credit certificates through the end of the second year following the initial conversion of unused cap; for example, WHEDA's converted volume cap in 2014 could be issued as MCCs until December 31, 2016, and volume cap amounts converted in 2015 could be issued as MCCs until December 31, 2017. In addition to the conversions shown, in late 2016 WHEDA anticipated converting unused volume cap of $218,709,000 from 2013 to $54,677,250 in available MCCs to be issued by 2018.

First-Time Home Buyer Advantage

In January, 2015, WHEDA resumed offering a loan program for single-family residences funded by proceeds of federal tax-exempt mortgage revenue bonds. The program, known as First-Time Home Buyer (FTHB) Advantage, is subject to requirements for bonds issued with a federal tax exemption for interest earnings. These include the requirement that borrowers be first-time home buyers under federal law, defined as not having owned a home in the preceding three years. However, the first-time home buyer requirement is waived if the purchased home is within a federally designated target area, or if the buyer is a qualified veteran. A borrower's annual income, combined with all sources of income of all adults who intend to purchase an eligible property or occupy the same dwelling unit as the applicant, is limited to 115% of the median income of the state or area in which the home is located. However, certain adjustments to area median income specified in federal law may allow for this general income level to be increased for purposes of determining eligibility for loans. These adjustments include those for areas of high housing costs. Also, in designated target areas of economic distress, a participant's income may be up to 140% of adjusted income limits for households of four persons. Income and purchase price limits are shown in Appendix IV. Aside from generally more stringent income and purchase price limits, WHEDA applies other eligibility criteria consistent with the WHEDA Advantage loan program. Interest rates on FTHB Advantage loans typically are lower than rates under WHEDA Advantage. From January, 2015, to June 30, 2016, WHEDA issued 1,712 FTHB loans for a total of $195,274,300.

Veterans Affordable Loan Opportunity Rate (VALOR)

In November, 2015, WHEDA began offering reduced mortgage interest rates to qualified veterans through VALOR. The program provides fixed-rate mortgages with interest rates below WHEDA's conventional market rate. The program is authorized $10 million in funds. In order to qualify, the borrower must not own any other residential property and must occupy the residence for the life of the loan. Alongside these requirements are the same income and price limits as the FTHB Advantage program, as discussed previously. Income and purchase price limits are shown in Appendix IV. Through June 30, 2016, VALOR has made 15 loans for a total of $1,698,500.

Second-Mortgage Programs for Single-Family Housing

Home Improvement Advantage Loan Program

The Home Improvement Advantage program provides loans for needed repairs to borrowers' homes or to improve their homes' energy efficiency. WHEDA began the Home Improvement Advantage loan program in 2009 in conjunction with the Fannie Mae Advantage program. The Home Improvement Advantage loan program replaced the former home improvement loan program (HILP). WHEDA suspended HILP in April, 2008 due to low lending activity and declines in property values that began in 2007, the latter of which the Authority was concerned would potentially expose the program to losses if the borrowers' homes entered foreclosure.

Prospective borrowers must be above a minimum credit score, and have no late mortgage payments in the last six months. In accordance with statutory provisions, annual household income limit under the program is 120% of the median family income in the area in which the home is located, or the median income in the state, whichever is greater, except in designated reinvestment neighborhoods where the income limit is 140%. Additionally, the Authority can increase or decrease the income limit by 10% for each person greater or less than four. Eligible properties generally include residential structures containing four dwelling units or fewer. Further, the borrower must be both the owner and occupant of the property. The program does not require borrowers to have any equity in their homes.

As of September, 2016, Home Improvement Advantage loans can be for up to $15,000, and may have a maximum term of 15 years. The statutes cap interest rates for home improvement loans at the greater of 8% or three percentage points over the rate required to repay holders of any bonds issued for program loans. Beginning in October, 2013, WHEDA administers the program to have a fixed rate as determined by market pricing. Additionally, a lower rate generally will be provided if the loan is in the first lien position, or, in other words, is not a second mortgage on the property; being in the first lien position generally means the loan is at a lower risk of loss in case of default, and the lower rate is intended to reflect that lower risk. Loan proceeds may be used only for housing additions, alterations or repairs to: (a) maintain decent, safe and sanitary conditions; (b) reduce the cost of owning or occupying the housing; (c) conserve energy; and (d) extend the economic or physical life of the property. Luxury improvements do not qualify under the program.

The statutes provide WHEDA the authority to issue bonds to fund the program, but no bonds have been issued since 1992, and none of the bonds are outstanding. Currently, the program is funded by the housing rehabilitation loan program administration fund, created by statute to provide for the administration of the housing rehabilitation loan program, including payment of origination, servicing and other fees, and to receive funds no longer needed for bonds issued to fund the program. In addition to the administration fund, the statutes create several other housing rehabilitation loan program funds to facilitate WHEDA's implementation of the program. However, most other funds relate to bonds issued for the program, and as no bonds are outstanding, none of these funds is currently active.

As of June 30, 2016, WHEDA reported the home improvement loan program fund had a total balance of $9.65 million and total assets of $10.44 million, but total liabilities or program encumbrances of $10.47 million. 2013 Act 20 requires WHEDA annually to transfer to the Wisconsin Development Reserve Fund (WDRF) all funds in the home improvement loan program fund that are no longer required for the program. (The WDRF is discussed in detail in Chapter 3.) On the basis of the fund condition as of June 30, 2016, WHEDA determined no transfer to the WDRF was required. 2013 Act 175 transferred $2 million in 2013-14 to the WDRF for loan guarantees for an emergency heating assistance program (also described in Chapter 3). Prior to 2013 Act 20, excess program funds were to be transferred to the state general fund. The only transfer under this requirement occurred in 2000, when $1,500,000 was transferred to the general fund.

The Authority made 15,212 home improvement loans totaling $102.8 million between the program's inception in 1979 and its suspension in April, 2008. Additionally, since Home Improvement Advantage began lending in August, 2009, it has made 62 loans for $647,000 through June 30, 2016. As of June 30, 2016, 109 home improvement loans were outstanding, with balances of $824,300. Appendix VI provides information on home improvement loans since the program's inception.

Easy Close Advantage / HOME Plus

Easy Close Advantage offers loans to assist with down payments, closing costs or mortgage insurance premiums. The program began in April, 2008, and was suspended in October, 2008, when HOME lending ceased. It resumed in September, 2010, to work in conjunction with the other Advantage loan offerings. Maximum loans are: (a) the greater of $3,000 or 3% of the principal on the primary mortgage, on WHEDA Advantage loans under Fannie Mae financing; or (b) the greater of $3,500 or 3.5% of primary loan principal, for FHA Advantage loans. Easy Close Advantage loans must be a minimum of $1,000, and have a term of 10 years. Beginning in January, 2015, interest rates are determined by WHEDA daily based on market rates, and then fixed for the term of the loan. The Easy Close Advantage program is supported by an encumbrance of approximately $12.4 million from the

Authority's general fund. Through June 30, 2016, WHEDA made 2,895 loans for a total of $10,619,900 under the Easy Close Advantage program since it restarted in 2010. 2,706 loans worth $8,544,700 were outstanding as of June 30, 2016.

The predecessor to Easy Close Advantage, known first as HOME Easy Close and then HOME Plus, began lending in February, 1993. At that time, HOME Easy Close provided a deferred loan to assist individuals with mortgage closing costs. During its lifetime, 2,965 loans were made under HOME Easy Close for a total of $3,632,300.

WHEDA replaced HOME Easy Close with HOME Plus in April, 2002. HOME Plus encumbered resources from Easy Close and HILP to offer loans or lines of credit for down payment, closing cost assistance, and for home repairs. HOME Plus offered loans up to $10,000 at a fixed interest rate for a 15-year term. WHEDA made 6,333 HOME Plus loans totaling $59,575,600 over the life of the program, with an average loan value of $9,407. Of these amounts, 415 loans and $1,508,200 remain outstanding as of June 30, 2016. WHEDA suspended HOME Plus in April, 2008.

Property Tax Deferral Loan Program

Under this program, low-income elderly homeowners are able to convert home equity into income to pay property taxes. This program is primarily intended to assist elderly homeowners who have little disposable income and a significant amount of home equity. WHEDA is authorized to issue up to $10,000,000 in bonds to finance property tax deferral loans. However, the unpredictable revenue stream of loan repayments is thought to make bond repayments difficult, and it is not clear bonds, if issued, would be eligible for a tax exemption on interest earnings, which would tend to increase interest rates offered to borrowers. Instead, the Authority allocates a portion of its unencumbered general reserves to serve as the program's exclusive funding source. Since WHEDA began administering the program in 1994, WHEDA has utilized these revenues to provide 3,758 loans totaling $7,391,200. WHEDA funded 16 loans for a total of $41,000 in its program year ending June 30, 2016, which generally paid participants' property taxes due for 2015. The average loan was $2,563. A more complete discussion of this program may be found in the Legislative Fiscal Bureau informational paper entitled, "Property Tax Deferral Loan Program."

Bond Claim Program

Created in 2013, the Bond Claim Program is designed to assist WHEDA borrowers who have previously defaulted on a loan. Eligible recipients must demonstrate the reason for the default has been overcome and must provide financial statements, proof of income, and documentation explaining the reason for default. The borrower's monthly surplus income must be 10% of gross monthly income, or $150. The loans are available for first mortgages more than three months in default, with loan amounts not to exceed $25,000. Loans provide a 0% interest rate, and are due on payoff or if the owner ends occupancy of the subject property as a primary residence.

The program has an allocation of $500,000 from the Home Ownership Development Fund, which is a part of WHEDA's general fund set aside primarily for single-family housing initiatives. The first Bond Claim loans were made on July 1, 2014. As of June 30, 2016, the program has made 16 loans for $99,933.

Multifamily Housing Programs

Multifamily Loan Fund

The Authority provides construction and permanent financing to develop multifamily housing for low- and moderate-income persons. For developments using WHEDA-issued bonds, WHEDA typically provides immediate project financing through its revolving loan fund, and then converts the loan to long-term financing by issuing bonds and reimbursing the revolving fund with bond proceeds. WHEDA financing for multifamily developments occurs through both federally taxable and tax-exempt revenue bonds. State statutes provide that interest on most bond issues for multifamily affordable housing developments or elderly housing developments may be exempt from state personal income, corporate and franchise taxes.

For bonds to have interest earnings that are tax-exempt for federal income tax purposes, projects must comply with multiple provisions. For example, bonds must be issued as part of the state's volume cap. The projects must also meet rent and occupancy restrictions. The most common thresholds for occupancy that properties must meet are either 20% of units for persons at or below 50% of county median income, or 40% of units for persons below 60% of county median income. Bonds earning taxable interest also may be used in a variety of circumstances, such as with certain low-income housing tax credit (LIHTC) projects; as these projects already receive tax subsidies, federal law limits the additional tax preferences available to these projects through tax-exempt bonding.

Since 1974 through June 30, 2016, WHEDA has issued $1,882,875,000 in general obligation, corporate-purpose revenue bonds for multifamily housing. Table 6 provides multifamily loan activity information for the past 10 years.

WHEDA also uses encumbrances from its general reserves to administer its programs for the development and preservation of multifamily housing. Table 7 shows the funding allocated from the general reserve fund for multifamily housing programs. The largest component is the revolving fund, which totals approximately $48.3 million as of June 30, 2016.

Table 6: Multifamily Loan Fund

Calendar Year	Number of Loans	Amount of Loans Disbursed	Units Assisted	Average Loan Per Unit
2007	41	$92,128,500	1,562	$58,981
2008	23	52,177,500	1,139	45,810
2009	12	43,999,600	1,160	37,931
2010	13	47,517,000	646	73,556
2011	43	120,977,800	1,951	62,008
2012	24	153,360,900	1,942	78,971
2013	24	49,595,000	707	70,149
2014	16	49,533,600	799	61,995
2015	21	68,279,600	875	78,034
2016*	16	78,564,600	436	180,194
Total	233	$756,134,100	11,217	$67,410

* Through September 6.

Table 7: General Reserve Encumbrances for Multifamily Housing Programs

Program	June 30, 2016 Amount
General Revolving Fund	$48,277,832
Preservation and Lending Fund	42,397,828
Very Low-Income Housing -- Bond Savings	8,060,127
Interest Subsidy Funds	5,507,560
U.S.D.A. Rural Preservation Fund	2,532,803
Federal Home Loan Bank Matching Funds	2,400,000
Multifamily Bond Support	2,048,621
FNMA Secondary Market Initiative	700,000
Homeless Fund	620,479
HUD Rent Assistance Administration	232,137
Total	$112,777,387

As of June 30, 2016, $620,479 in surplus reserves had been allocated to the homeless/special needs fund of the multifamily housing revolving loan program. These funds may be for such uses as: (a) the provision of permanent housing, group homes, and community-based residential facilities; (b) set-asides for the Affordable Housing Tax Credit for Homeless Program; and (c) matching federal grants under the McKinney Homeless Assistance Program.

The remaining $63.65 million in surplus reserves set aside for multifamily housing programs were dedicated as follows: (a) $42.4 million for refinancing of current debt and financing for rehabilitation and preservation of low-income multi-family rental housing; (b) $8.1 million for revolving loans for very low-income multifamily housing, initially generated from savings on refinanced bond issues; (c) $5.5 million to subsidize interest rates on multifamily project loans; (e) $2.5 million for the U.S. Department of Agriculture Preservation Revolving Loan Fund, which supports preservation or revitalization of rural multifamily housing for low-income persons; (f) $2.4 million to match funds available from the Federal Home Loan Bank of Chicago's Community First revolving loan program for affordable housing development and economic development; (g) $2.0 million for support of multifamily housing revenue bonds; and (h) $700,000 for the Fannie Mae Secondary Market Initiative, which collateralizes WHEDA's guarantee requirement for the sale of certain tax credit projects in WHEDA's loan portfolio. WHEDA also maintains an encumbrance for receipts from the U.S. Department of Housing and Urban Development (HUD) for administration of the federal Housing Choice Voucher and Moderate Rehabilitation rental assistance programs, which are federal Section 8 subprograms administered by WHEDA. As of June 30, 2016, WHEDA has accumulated $232,137 in earnings from administration of the program.

WHEDA offers various financing structures for multifamily housing developments throughout Wisconsin. These finance programs are more varied than those for single-family housing, due to several factors. For example, because loans under certain programs may be combined with allocations of the LIHTC, which is described further in the following sections, several loan programs are intended to accommodate financing gaps between tax credit awards and the project's total costs. Most multifamily lending programs are available to for-profit entities or nonprofit entities, including housing authorities. Most also allow financing for new construction or for existing buildings as acquisitions or rehabilitations.

Housing Programs Financed by Federal Funds and Other Sources

The Authority acts on behalf of the state in administering certain federally funded housing programs. The largest programs are the low-income housing tax credit (LIHTC), which encourages the development of multifamily properties with below-market rents for low-income households, and Section 8 housing assistance. WHEDA administers a portion, but not all, of the federal Section 8 assistance available in Wisconsin. The program does not use WHEDA or other state funds. This section also discusses federal funding made available in response to increases nationally in foreclosures and other adverse conditions observed in recent years in the single-family housing market.

Low-Income Housing Tax Credit Program

The federal Tax Reform Act of 1986 created a low-income housing tax credit program as an incentive to encourage private investment in the development and/or rehabilitation of low-income rental housing. By executive order of the Governor, WHEDA has been responsible for awarding the state's annual allowed credits. Table 8 shows the amount of federal tax credits awarded since the program's inception, as well as the associated number of low-income housing developments and units funded.

The LIHTC program functions by granting a proposed development an amount of future tax credits. The claims to these tax credits are typically sold at a discount to investors, who provide capital to finance the construction. The investing entity may then claim the credits against its future tax liabilities by virtue of assisting the creation or improvement of low-income housing. A typical LIHTC development may combine several financing components, including: (a) contributions from the developer; (b) private financing from commercial lenders; (c) WHEDA-provided financing; (d) tax increment financing; and (e) capital from a tax-credit investor.

The three categories of eligible developments are: (a) new construction or rehabilitation of existing housing when rehabilitation expenditures are at least $6,000 per unit or 20% of the value of the project's depreciable assets, whichever is greater; (b) new construction or rehabilitation financed by a subsidized federal loan or a tax-exempt bond; and (c) acquisition costs of existing housing, including rehabilitation work of at least $6,000 per unit or 20% of the adjusted depreciable assets in the building(s), whichever is greater.

The maximum tax credit for qualifying units in eligible developments is adjusted monthly by the federal Department of the Treasury based on federal interest rates to reflect their present value. The maximum tax credit has been 9% per year for projects in the first category (a) and 4% per year for projects in the other two categories (b and c). Once allocated to a project, the tax credit is received each of the 10 subsequent tax years. Since the beginning of the LIHTC program, rates have declined such that the effective annual credit rate has typically fallen below the 9% and 4% levels in recent years. For example, annual percentages have been around 7.45% and 3.25%, respectively, throughout 2016. This means recipients generally are to earn 70% of the present value of costs for non-subsidized new construction and 30% of the present value of costs for acquisitions and subsidized new construction over the life of the credit. The federal Housing and Economic Recovery Act (HERA) of 2008 provided that projects awarded 9% credits that were placed in service after July 30, 2008, were guaranteed a 9% minimum credit, but the provision expired January 1, 2015, after being extended an additional year. Program credit rates for projects entering service beginning in 2015 have reverted to floating rates.

Credit awards shown in Table 8 reflect only 9% credits, as these are the portion of tax credits awarded competitively. Further, the amounts shown each year represent the annual tax credit claim, which can be made for 10 years. Therefore, the $14.27 million in awards in 2016 could yield total tax credit claims of $142.7 million over 10 years, or an average of approximately $5.1 million for each of the 28 developments receiving awards. To generate capital for a development, each dollar of credits typically would be sold at a discount. Credit values tend to increase toward $1 in times of economic strength and decrease to lesser amounts in times of economic weakness; LIHTC prices have been about $0.96 on the dollar throughout much of 2015, according to national accounting firm Novogradac and Co. If assuming a 10% discount, or a sale at 90¢ on the dollar, $5 million would yield approximately $4.5 million in immediate capital for the financing of a development. Purchasers of credits for the LIHTC-financed property therefore take an equity stake in the property, typically for the life of the credit. On average, equity from credit sale may generate about 50% of the equity in a development financed by the 9% LIHTC, according to the Center for Housing Policy, although WHEDA reports in some instances, LIHTCs may account for most or all the equity generated for a development. Credits for 4% typically are awarded in conjunction with other tax-exempt financing, and there is no limit to their issuance.

Table 8: Low-Income Housing Tax Credit

Calendar Year	Amount of Credits Applied	Number of Projects Funded	Number of Low-Income Units Created/ Rehabilitated	Annual Average Tax Credit Per Unit
1987	$1,191,300	24	558	$2,135
1988	5,407,900	76	2,423	2,232
1989	6,072,500	120	2,800	2,169
1990	5,475,400	63	1,917	2,856
1991	6,768,370	40	1,781	3,800
1992	9,618,301	74	2,755	3,491
1993	547,672	11	273	2,006
1994	17,968,744	96	3,893	4,616
1995	25,482,563	46	1,892	13,469
1996	6,606,380	53	1,740	3,797
1997	7,400,045	39	1,645	4,499
1998	8,227,118	47	2,192	3,753
1999	7,397,832	38	2,009	3,682
2000	6,679,173	27	986	6,774
2001	8,511,465	41	1,531	5,559
2002	9,255,867	35	1,662	5,569
2003	11,641,161	40	2,353	4,947
2004	9,132,045	30	1,541	5,926
2005	9,143,988	23	1,118	8,179
2006	9,642,172	32	1,500	6,428
2007	10,591,025	38	1,401	7,560
2008	11,389,965	30	1,356	8,400
2009*	43,509,281	53	3,225	13,491
2010*	39,407,937	41	2,206	17,864
2011	18,990,939	33	1,686	11,264
2012	12,844,430	23	1,246	10,309
2013	12,961,619	27	1,078	12,024
2014	13,023,789	26	1,205	10,808
2015	14,240,662	27	1,278	11,143
2016	14,271,590	28	1,166	12,240
Total	$363,401,233	1,281	52,416	$6,933

*Note: WHEDA's allocations in 2009 and 2010 reflect increases of $30 million annually under the federal Heartland Disaster Tax Relief Act of 2008. Wisconsin's pool of credits also increased about 20¢ per person due to the federal Housing and Economic Recovery Act.

A reduction in the market value of the credits generally requires additional funding (tax credit allocation) to support the same level of project costs. WHEDA reports higher discounts on each dollar of tax credits primarily accounted for the increasing per-unit cost shown in Table 8 around the time of the 2007-09 recession and immediately after. WHEDA also reports per-unit averages vary from year to year based on the mix of selected projects, as rehabilitation projects are less expensive than new construction.

Restrictions regarding unit affordability last for 30 years on LIHTC properties. Either 20% or more of the units in a project must be available to or occupied by individuals with incomes at or below 50% of the county median income, or 40% of the units must be available to or occupied by persons with incomes at or below 60% of the county median income. Monthly rent, including utilities, is restricted to no more than 30% of qualifying income. Further, the program includes provisions authorizing the Internal Revenue Service to recapture some or all of the tax credit if the income targets are not met. Provisions of the program limit individual investors in qualifying projects in both the amount of credit that can be applied to federal tax liability and the amount of losses that can be deducted.

In 2003, total state base allocations were $1.75 per resident, although the figure is now about $2.35 after being adjusted annually for inflation. Wisconsin's 2017 and 2018 allocations are expected to be approximately $13.6 million, according to WHEDA. The Authority must set aside 10% of each year's allocation of credits for projects sponsored by qualified non-profit organizations. WHEDA has also established, for its 2017 and 2018 awards allocation plan, a maximum single-year credit of $1,400,000 per project, or $14 million for the 10-year span of a project's credit.

WHEDA assesses fees for applications for the

LIHTC. Application fees totaled $1.64 million and $1.77 million in the 2015 and 2016 fiscal years, respectively. The Authority also charges fees for monitoring income-eligibility compliance of completed and operating LIHTC projects. Annual base monitoring fees generally are $25 to $45 per unit, depending on the project's time completed under monitoring. LIHTC developments also are subject to one-time initial monitoring fees of up to $5,000 upon commencing occupancy. WHEDA reports monitoring fees collected totaled $1.84 million and $1.83 million in the 2015 and 2016 fiscal years, respectively.

Rent Assistance (Section 8) Programs

WHEDA administers several forms of housing assistance under the federal Section 8 housing program. Although federal policy in recent years has expanded the use of tenant-based housing assistance, WHEDA continues administering subsidies paid under project-based provisions of the Section 8 program.

Project-Based Rental Assistance. Eligibility for project-based Section 8 assistance is generally limited to households at or below 50% of median family income levels shown in Appendix III. In some cases, households may be eligible at up to 80% of median family income, but such instances would be limited, and federal provisions target available Section 8 assistance to households of no more than 30% of median family income. Tenants are generally responsible for paying 30% of their monthly income toward rent, the remainder of which is covered by federal assistance under contracts negotiated with property owners at the time of the property's construction or acquisition. Contracts are adjusted annually to reflect changes in the rental market and other costs of living. Federal project-based contracts generally run for the duration of the mortgage on the property, which is usually 20 to 40 years, with various provisions for renewal thereafter.

WHEDA provides project-based assistance under one of two HUD contract regimes: (a) traditional contract administration (TCA); or (b) project-based contract administration (PBCA). TCA properties, which generally have WHEDA mortgages, receive monthly payments according to payment vouchers the property owner submits to WHEDA. WHEDA forwards claims to HUD and funds returned by HUD pay both WHEDA, as the mortgagee, and the property owner for the rental subsidy. Under PBCA, WHEDA similarly receives and verifies payment claims submitted by property owners, then forwards claims to HUD. HUD in turn disburses funds to WHEDA, which forwards payments to property owners. All federal TCA and PBCA funds handled by WHEDA, as well as the Authority's administrative responsibilities under each category, are set forth in what is known as an annual contributions contract (ACC).

In fiscal year 2016, WHEDA administered housing assistance payments of approximately $12.6 million under traditional Section 8 contracts and $152.5 million under PBCA contracts. The total number of units covered under both contract regimes is 31,205. In 2015-2016, WHEDA received $6,356,700 in payments from HUD for administering these contracts. The funding consisted of $5,557,400 for PBCA contracts and $799,300 for TCA contracts.

Housing Choice Voucher Program. This federal program is a tenant-based subsidy, meaning those eligible for subsidies have flexibility in selecting their residence. Total federal assistance disbursed to WHEDA in calendar year 2016 was $7.8 million. During this time, WHEDA administered 2,300 vouchers across 41 counties for a cost of $8.3 million. WHEDA is eligible for an additional $2 million held in an account at HUD if costs exceed the $7.8 million in assistance. WHEDA indicates it has requested a disbursement from the HUD account to cover the approximately $500,000 in additional costs incurred in calendar year 2016.

Eligibility for a rental voucher generally is limited to families with income at or below 50% of the county median income level. The household pays 30% of its income for rent, with the federal government covering the remainder, up to the local housing authority's payment standard. WHEDA limits recipients to one move per year in Wisconsin, but vouchers are otherwise portable. This means a voucher household can move to another area where a voucher program is operational and still retain the voucher benefit. Additionally, once a family has been certified to receive a voucher, it can be recertified annually as long as it remains income-eligible and the program is operational in the area where the family lives. WHEDA received administrative reimbursements of $205,200 in 2014-15 and $404,500 in 2015-16 for administering housing choice vouchers.

National Foreclosure Mitigation Counseling Program

WHEDA participates in the National Foreclosure Mitigation Counseling Program (NFMCP). It was created by Congress in December, 2007, to address the increasing frequency of foreclosures nationally. Federal funds are administered by NeighborWorks America, with which WHEDA has entered agreements to administer grant funding. WHEDA has been awarded funds in six of 10 funding rounds held from the NFMCP's creation through June, 2016, as shown in Table 9. Most funds have been designated for foreclosure intervention counseling services, such as evaluation of the financial circumstances of at-risk homeowners and assessment of options such as loan restructuring or refinancing, mortgage assumption by a third party, or sale of the property.

Table 9: National Foreclosure Mitigation Counseling Program Allocations to WHEDA

Year (Round)	WHEDA Award
2008 (1st)	$437,800
2008 (2nd)	348,600
2010 (4th)	50,100
2011 (5th)	123,600
2012 (6th)	50,100
2013 (7th)	47,000
Total	$1,057,200

Housing Trust Fund

This federal program provides grants to states to improve the supply of affordable housing for extremely and very low-income households. The Housing Trust Fund was created in 2008 as part of the Housing and Economic Recovery Act. It is funded through contributions from Fannie Mae and Freddie Mac, but funding was suspended when the institutions were placed into conservatorship in 2008. In 2014, the Federal Housing Finance Agency directed Fannie Mae and Freddie Mac to resume allocating funding to the program. In May, 2016, HUD, which administers the fund, announced $3,004,600 in allocations for Wisconsin for fiscal year 2016. In order to receive funding, grantees must submit an allocation plan to HUD. WHEDA submitted this allocation plan in August, 2016, with a revised plan expected to be submitted in late 2016.

Under the program, all funds must be used for the benefit of extremely low-income (income below 30% of county median) or very low-income (income between 30% and 50% of county median) families. If the total federal allocation is less than $1 billion, all funds must be used on extremely low-income families. For 2016, this requirement is in effect, because total federal allocations were $174 million. Of the $3,004,600 available, 80% is to be directed for rental housing such as improvements or new construction; 10% for home ownership assistance such as down payment assistance and closing costs; and 10% for administrative and planning costs.

WHEDA Foundation Grant Program

In 1983, the Authority created the Wisconsin Housing Finance Authority (WHFA) Foundation, later renamed the WHEDA Foundation, a nonprofit corporation organized to make grants to nonprofit organizations and local governments to create and rehabilitate housing for low- and moderate-income persons, the elderly, handicapped and disabled persons, and persons in crisis. The Authority's surplus reserves provide funding for Foundation grants. The WHEDA Board approves Foundation grants, as selected by WHEDA staff, and transfers funds to the Foundation so it can meet its grant commitments. Housing grants are awarded through an annual, statewide competition and each proposal is evaluated based on project need, implementation, impact and budget. Since the inception of the grant program in 1985 through September, 2016, $23.0 million has been awarded, including 28 grants totaling $500,000 in 2015 and 28 grants totaling $500,000 in 2016.

Inactive Housing Programs

The Authority has suspended several single-family housing programs in recent years, due to economic conditions, low demand or the exhaustion of available funding. These programs and their outstanding obligations, if any, are discussed below. Also discussed are two programs created to address the stability of the state housing market during and after the 2007-09 recession; the programs remain authorized in statute but were never implemented.

Zero-Down Program

The Zero-Down Program operated between June, 2006, and April, 2008. It offered buyers an affordable mortgage without a down payment for purchase of: (a) an existing 1- or 2-unit owner-occupied residence; (b) a double-wide manufactured home; or (c) a newly constructed 1- or 2-unit owner-occupied home. WHEDA suspended the program due to the loans' perceived risk, which made mortgage insurance for such loans more difficult to purchase, and which resulted in poor ratings given to bonds issued for the program. WHEDA issued a total of 1,839 Zero-Down loans during the program's operation, with total principal of $220.8 million. As of June 30, 2016, WHEDA had 496 loans and $48,976,800 outstanding from the program.

Neighborhood Advantage Program

The WHEDA Neighborhood Advantage Program was created in 2009 using funds awarded to Wisconsin under the federal Neighborhood Stabilization Program (NSP). NSP, which was created within HUD as part of the Housing and Economic Recovery Act of 2008, was intended to provide emergency assistance for redevelopment of abandoned and foreclosed homes. The Department of Commerce allocated approximately $5.8 million of the state's $38.8 million share of NSP funds to WHEDA, which planned to use $4 million to establish a loan-loss reserve program. The reserve was to support approximately $33 million in loans for the purchase of foreclosed or abandoned homes that would be rehabilitated and occupied as primary residences. The reserve was to compensate lenders for losses on loans that defaulted. However, the loan-loss reserve never became operational, and Commerce reallocated $4 million intended for the program. WHEDA instead used $1,878,500 in NSP funds to provide down-payment and closing-cost grants on a first-come, first-served basis. The grants supplemented funds provided by borrowers on a WHEDA-originated loan. WHEDA sold all Neighborhood Advantage loans to Fannie Mae.

Neighborhood Advantage loans were 30-year, fixed-rate loans for existing, vacant single-family properties on which initial lenders foreclosed. Loans were limited to Brown, Kenosha, Milwaukee, Racine and Rock Counties. Borrowers were required to provide a down payment of 20%, at least $1,000 of which was to come from the borrower's own funds. Borrowers with household income between 50% and 120% of their county's median were eligible for assistance up to 25% of the loan amount with a $35,000 maximum, and households with income of less than 50% of the county median were eligible for assistance up to 50% with a $50,000 maximum.

WHEDA made 57 Neighborhood Advantage loans totaling $3,742,800 during the program's operation, for an average loan of about $65,700. Additionally, the average NSP-funded grant for down payments and closing costs was $33,000. Neighborhood Advantage assistance on closed loans included the following: (a) $1,111,600 assisting 33 loans in Rock County; (b) $473,300 assisting 14 loans in Milwaukee County; (c) $235,000 assisting eight loans in Brown County; and (d) $58,600 assisting two loans in Racine County. As of June 30, 2016, 43 loans were outstanding with remaining principal of $2,427,400.

Workforce Advantage

WHEDA Workforce Advantage was a second-mortgage loan offered to borrowers whose employers participate in an employer-assisted housing program. Employer-assisted housing programs are intended to encourage an entity's employees to search for and purchase housing near their place of employment. Programs may offer homeownership counseling and advocacy services, with others offering forgivable loans contingent on the employee completing a minimum period of service with the organization.

WHEDA offered Workforce Advantage from 2005 until January, 2014, at which point it was discontinued mostly due to low lending volume. The program was funded from WHEDA's general reserves. Loans were up to $5,000 with a minimum employer match of $1,000 in conjunction with WHEDA Advantage loans. Loans could have a maximum term of 15 years. Borrowers were limited to having no more than $10,000 in liquid assets at the time of application, and Workforce Advantage loans were not be combined with an Easy Close Advantage loan. WHEDA made 15 Workforce Advantage loans during the program's operation for a total of $74,100. WHEDA reports most of the loans were made by the Authority to its employees. As of June 30, 2016, one loan remained outstanding with a balance of $1,800.

FHLBC Advantage

WHEDA began offering FHLBC Advantage loan in March, 2012, for assistance with down payments, closing costs or mortgage insurance premiums. The program was discontinued effective January 2, 2014, due mostly to low volume. Loans were to be at least $1,000 and a maximum of 3% of the principal on a first mortgage loan, or $3,000, whichever is greater. Borrowers were required to hold a WHEDA Advantage (Fannie Mae) loan, and also were to be receiving other assistance under Federal Home Loan Bank of Chicago (FHLBC) programs. Loans were funded by WHEDA's general reserves. WHEDA issued eight FHLBC Advantage loans for $21,800 during the program's operation. As of June 30, 2016, eight loans and $15,000 remained outstanding.

Strategic Blight Elimination Grants

In August and October of 2012, WHEDA awarded a total of $1,118,700 to governmental bodies and nonprofit organizations in 19 cities for the demolition of abandoned homes in blighted areas. As shown in Table 10, approximately 45% of the funding available was awarded in Milwaukee. Targeted homes were to be: (a) directly inhibiting development or investment in the area; (b) substantial safety concerns in the

Table 10: WHEDA Strategic Blight Elimination

City	Award	Structures Targeted
Milwaukee	$500,000	39
Racine	120,000	9
Wausau	98,000	6
Oshkosh	60,000	4
Stoughton	45,000	2
La Crosse	40,000	4
Mauston	39,000	6
Granton	38,778	1
Portage	25,000	1
Oconomowoc	24,000	3
Merrill	20,000	1
Baraboo	19,440	1
Eau Claire	18,950	1
River Falls	14,803	1
Mountain	13,500	1
Oconto Falls	13,500	1
Oconto	10,195	1
Monroe	9,500	1
Abrams	9,000	1
Total	$1,118,666	84

neighborhood; or (c) in areas with plans for later redevelopment for other housing, commercial or public uses. Applicants were required to have free and clear title to the properties at the time of demolition. All grants were disbursed, on a reimbursement basis, in 2012-13 and 2013-14.

Funding for Milwaukee was proposed as part of the Transform Milwaukee initiative, a program announced in April, 2012, to increase deployment of WHEDA's housing and economic development programs in targeted areas of Milwaukee. Transform Milwaukee is discussed in detail in Appendix VII.

All blight elimination grants were funded by amounts received by Wisconsin under the 2012 National Mortgage Settlement between the five largest mortgage servicing banks, the federal government and 49 states, including Wisconsin. The settlement resolved investigations into allegedly illegal activities by the banks in foreclosure proceedings. The strategic blight elimination funds include $618,700 administered on behalf of the Department of Financial Institutions and $500,000 administered on behalf of the Department of Justice.

Qualified Subprime Loan Refinancing

WHEDA was authorized by 2009 Act 2 to issue mortgage revenue bonds to refinance qualified subprime mortgage loans, which the act defines as adjustable-rate mortgage loans made from 2002 through 2007 for a single-family home. Other than this limited allowance, state law at the time mostly did not allow WHEDA single-family home loans to be made for acquiring or replacing an existing mortgage. Federal law also prohibits most mortgage revenue bonds to be issued for refinancing loans. However, changes under Act 2 would have allowed WHEDA to use an exception made by the federal Housing and Economic Recovery Act of 2008 authorizing housing finance agencies to make limited refinancing of qualifying subprime mortgage loans using tax-exempt mortgage revenue bonds. By December 31, 2010, when the federal exception expired, WHEDA had not begun a refinancing program for qualifying subprime loans and issued no such bonds. WHEDA's only significant refinancing program has been the Refi Advantage program discussed in a separate section.

Homeowner Eviction and Lien Protection Program

2009 Act 2 created the homeowner eviction and lien protection program (HELP) to provide funding with which a loan-loss reserve would encourage lenders to modify terms of troubled mortgage loans. Under the program, WHEDA would have entered into agreements requiring participating lenders to make loan terms more favorable for distressed borrowers. In exchange for modifying these loans, lenders would be able to make claims against the loan-loss reserve to recover any losses resulting from subsequent defaults. Act 2 provided WHEDA $4 million general purpose revenue (GPR) in one-time funding to establish the reserve and specified any unencumbered GPR was to lapse to the state's general fund on June 30, 2010.

WHEDA secured approximately $5 million in commitments from five state lenders for loans to be supported by the reserve. However, it was unclear whether the GPR appropriation violated the Wisconsin Constitution's general prohibition on state involvement with internal improvements. Therefore, no GPR was disbursed and the reserve was never created.

CHAPTER 3

WHEDA Economic Development Programs

WHEDA carries out several activities that are intended to encourage economic development in the state. The Authority issues guarantees on economic development loans made by private lenders, primarily using funds in the Wisconsin Development Reserve Fund (WDRF) to support guarantees. WHEDA also is responsible for distributing tax credits and other funds available under various federal programs. The Authority also has made available portions of its unencumbered general reserves, as well as economic development bonding authority, to make loans directly to small- and medium-sized businesses. Each of these areas is described below. A summary of WHEDA economic development programs is available in Appendix II.

Guarantee Programs

The Authority operates several programs established by the Legislature that guarantee loans made by private lenders to qualified businesses. The Legislature appropriated funds to back the loan guarantees, and that funding is held in the WDRF. The fund is described below, followed by descriptions of each of the loan guarantee programs. In addition to the loan guarantee programs funded from the WDRF, the neighborhood business revitalization loan guarantee program is funded from WHEDA's general reserves.

Wisconsin Development Reserve Fund

The WDRF was created by 1991 Wisconsin Act 39 through the consolidation of several existing guarantee funds: (a) the agricultural production loan fund (CROP fund); (b) the drought assistance and development loan fund; and (c) the recycling loan fund. Each of these separate funds had been created to back guarantees made under loan guarantee programs authorized by the Legislature. The consolidated WDRF now backs guaranteed loans made by private lenders by reserving funds to repay lenders for any losses from defaulted loans made under any of these guaranteed programs. The WDRF also funds the administrative costs of the loan guarantee programs and pays interest subsidies for certain loan guarantee programs.

The WDRF has received several legislative appropriations or other statutorily required transfers since the creation of the first loan guarantees in the 1980s. The net amount received by the WDRF is approximately $22.9 million. Legislative appropriations or other transfers to the fund have totaled $31.2 million, including: (a) $23.2 million GPR; (b) $5.5 million from the former recycling fund; (c) $2 million from the housing rehabilitation loan program administration fund; (d) $375,000 from the petroleum inspection fund; and (e) $162,500 from the agrichemical management fund. (These amounts do not include a $5.8 million transfer in 1999 from the housing rehabilitation loan program fund solely to cover a guarantee payment for a defaulted loan to Taliesin in Spring Green, which is discussed in a separate section.) The most recent transfers were $2.5 million GPR and $2 million from the housing rehabilitation loan program fund, both of which occurred in 2013-14. Appropriations and transfers generally have been in conjunction with the creation of new loan guarantee programs, most of which have been repealed or discontinued. Transfers from the WDRF to the state gen-

Table 11: WHEDA Loan Guarantee Program Activity as of June 30, 2016

Loan Guarantee Program	Guarantees Outstanding	Guaranteed Amounts Outstanding	Historical Loans Made	Historical Loans Defaulted	Default Rate
Small Business	62	$5,592,017	454	46	10.1%
FARM	25	2,686,014	356	11	3.1
CROP*	15	1,174,584	15,587	234	1.5
Agribusiness	2	128,020	35	5	14.3
Drought Relief**	1	13,500	23	2	8.7
Total	105	$9,594,135	16,455	298	1.8%

* CROP amounts include only activity beginning in 1993.
** Drought relief program figures represent only activity during the program's reactivation in 2012 and 2013.

eral fund or other segregated funds have totaled $8.3 million, including: (a) $4 million to the environmental fund; (b) $3.5 million to the state general fund; and (c) $817,000 to the former recycling fund. The last transfer from the WDRF was in 2003-04.

2001 Act 16 replaced maximum guarantee authorities that had been established separately for the agribusiness, credit relief outreach (CROP), farm assets reinvestment management (FARM) and small business loan guarantee programs supported by the WDRF. Act 16 aggregated them, so that "the total principal amount or total outstanding guaranteed principal amount of all loans that the authority may guarantee" may not exceed $49.5 million. WHEDA interprets this to mean the total amounts on which it has guaranteed payment must not exceed $49.5 million. As shown in Table 11, on June 30, 2016, $9.6 million in loan guarantees were outstanding, leaving approximately $39.9 million in potential guarantee authority.

The balance available in the WDRF was approximately $8.3 million on June 30, 2016. These reserves secure guarantees made under WDRF programs and support repayments to lenders in case of program loan defaults. The ratio of authorized guarantee amount to reserves amount is referred to as WDRF's leverage factor. The 1997-99 biennial budget act increased the leverage factor from 4:1 to 4.5:1 for all active guarantee programs backed by the fund. This means the WDRF must have at least one dollar in reserve for every $4.50 in outstanding guarantee authority. On July 1, 2016, the WDRF had a 1.15:1 ratio, based on actual loan guarantee activity through June 30, 2016. For every $1.15 in outstanding loans guaranteed, the WDRF had one dollar in reserve. The leverage factor relative to the maximum statutory guarantee authority of $49.5 million was $5.90:1, meaning the WDRF had $1 in reserve for every $5.90 in allowable guarantee authority. Based on a 4.5:1 leverage factor and the June 30, 2016, balance, the WDRF had an effective guarantee maximum of $37.5 million, rather than the authorized level of $49.5 million. Remaining available guarantee authority, therefore, was $28.0 million, based on the fund balance and the outstanding guarantees as of June 30, 2016.

The WDRF has had a balance as high as $21.1 million at the close of 1991-92, the fiscal year in which the consolidated fund was created from its constituent predecessors. The balance has been below $11 million, the level at which it could guarantee the full $49.5 million statutory guarantee maximum, since 2005-06, and it declined to as little as $5.4 million as of June 30, 2013.

Table 12: Wisconsin Development Reserve Fund Condition

	2013-14	2014-15	2015-16	2016-17 (Est.)
Opening Balance	$5,391,900	$9,159,400	$8,836,500	$8,339,400
Revenues				
State Appropriations and Transfers	$4,500,000	$0	$0	$0
Fee Income	80,800	41,700	40,200	144,300
Investment Income	89,800	92,400	74,800	59,100
Recovered Payments	800	27,100	1,400	0
Revenue Subtotal	$4,671,400	$161,200	$116,400	$203,400
Expenditures				
Guarantee Payments	$408,800	$263,000	$329,900	$825,000
Admin. Reimbursement	495,100	221,100	283,600	343,700
Interest Subsidies (Drought)	0	0	0	0
Expenditures Subtotal	$903,900	$484,100	$613,500	$1,168,700
Closing Balance	$9,159,400	$8,836,500	$8,339,400	$7,374,100

Table 12 shows the condition of the WDRF since 2013-14. Recent declines in the fund balance have been attributable to a combination of guarantee payments and administrative reimbursements to WHEDA that exceed income. These factors are discussed briefly in the following paragraphs.

Guarantee Payments. In the 10 fiscal years preceding 2009-10, guarantee payments averaged $205,900 annually, with a high of $334,200 in 2001-02. In the 2009-10 through 2015-16 fiscal years, guarantee claims have averaged $520,700, and reached as high as $1 million in 2010-11. Although claims have decreased since recent highs, claim payments contribute to a yearly deficit and further declines in the fund balance.

Administrative Reimbursements. Reimbursements from the WDRF balance to WHEDA for program administration averaged $737,800 annually in the 10 fiscal years from 2006-07 through 2015-16. However, reimbursements have decreased significantly since 2012-2013, averaging $252,400 in 2014-15 and 2015-16. While lower administrative cost reimbursements preserve more of the fund's balances, lower administrative costs may also coincide with lower guarantee activity, which could indicate lower potential revenues.

Fee and Investment Income. Recent reductions in WDRF investment income have been significant, from a recent high of $613,600 in 2006-07 to typically less than $100,000 each year since. Declining WDRF reserves have reduced the base on which investment income is earned. Declines in reserves are exacerbated by historically low rates of return on most low-risk products in which WDRF balances are invested, such as certificates of deposit, money market funds, and U.S. or municipal government-backed securities

Declines in the fund balance may also have the effect of reinforcing declines in fee income. This is because lower balances reduce available guarantee authority, which in turn has the effect of reducing new guarantee activity. Many WDRF fees for loan closing, origination or servicing are based on a percentage of the guarantee or the amount outstanding, meaning lower guarantee activity limits fee income as outstanding balances are paid off and new originations decrease. However, while declining WDRF balances have reduced effective guarantee limits, the Authority since 2013-14 also has maintained outstanding guarantee balances representing less than $1.50 for each $1 in the WDRF balance, suggesting substantial effective guarantee authority remains available.

In April, 2012, in response to declining fund balances, the Authority's governing board approved fee increases, reductions in guarantee percentages and terms, and a shift to prioritizing guarantees based on factors such as employment potential, other financing available, and potential impacts to the surrounding community. Individual program changes are detailed in later sections.

The statutes provide that WHEDA may request the Joint Committee on Finance to authorize an increase or decrease in the guarantee authority for the WDRF programs. WHEDA is required to include in its request a projection, for the end of the fiscal year, of the balance in the fund were the request to be approved and the balance if the request were not approved. The Authority must then receive the approval of the Joint Committee on Finance under s. 13.10 of the statutes before any change in total guarantee authority takes effect.

Annually, on June 30, WHEDA is required to transfer to the state's general fund any balance in the WDRF that remains after deducting: (a) amounts sufficient to pay outstanding claims; and (b) a reserve amount sufficient to maintain the required leverage factor (4.5:1) of total principal guarantee authority to total reserve fund balance. The WHEDA Executive Director is required to submit a signed statement to the Joint Committee on Finance and the Secretary of the Department of Administration that lists the amounts deducted to pay outstanding claims and to fund remaining guarantees. WHEDA's last transfer from WDRF reserves to the state's general fund was $463,400 in 2003-04. The Authority also must provide a report to the Chief Clerk of each house of the Legislature and to the Joint Committee on Finance by November 1 of each year outlining the number and amount of all loans guaranteed by the fund, as well as the loan default rate.

A description of each of the programs backed by the WDRF follows.

Credit Relief Outreach Program (CROP)

The Authority was provided $11 million GPR in 1984-85 to guarantee agricultural production loans. The program may be used to purchase fertilizer, seed, fuel, pesticides, tillage services, crop insurance, animal feed or any other service or consumable good necessary to produce an agricultural commodity. Through June 30, 2016, WHEDA had 15 outstanding guarantees totaling $1,174,584. Table 13 provides information on the CROP program for each year of the program.

WHEDA is authorized to provide guarantees of up to 90% of each qualifying loan, with total CROP guarantees to any individual borrower limited to no more than $250,000 per 2015 Act 316. Prior to Act 316, guarantees over $50,000 and up to the previous maximum of $150,000 were limited to an 80% guarantee.

Interest rates on loans are determined by the participating lending institution, but may not exceed a maximum determined by WHEDA. The maximum rate is the prime lending rate (3.5% in most of 2016), plus two percentage points, but no more than 7%. If the prime rate and the interest rate on a guaranteed loan each exceed 10%, the statutes authorize WHEDA to use WDRF funds to subsidize each loan by paying 2% of the loan principal to the lender.

WHEDA charges an application fee of 2% of the overall CROP loan amount, with a minimum of $500. Application fees increased to 2% in 2013 as part of WHEDA's package of fee changes to the guarantee programs. If WHEDA agrees to guarantee an additional loan to a borrower, an application fee of 2% of the

Table 13: Credit Relief Outreach Program (CROP)

Calendar Year	Loans Guaranteed	Total Loan Amounts	Average Loan	Total Guarantee Amounts	Average Guarantee	Guarantee Percentage	Default Rate
1985	833	$11,158,424	$13,395	$10,042,582	$12,056	90%	9.84%
1986	1,369	17,745,967	12,963	15,971,370	11,666	90	5.62
1987	1,535	19,488,213	12,696	17,539,392	11,426	90	3.71
1988	1,786	23,246,443	13,016	20,921,799	11,714	90	2.97
1989	1,675	22,660,831	13,529	20,394,748	12,176	90	1.91
1990	1,587	21,386,814	13,476	19,248,133	12,129	90	3.78
1991	1,977	24,941,018	12,616	22,446,916	11,354	90	2.12
1992	2,002	26,485,593	13,230	23,837,034	11,907	90	2.15
1993	2,014	27,223,979	13,517	24,419,895	12,125	90	1.24
1994	2,040	28,378,933	13,911	25,527,839	12,514	90	1.27
1995	1,453	20,094,233	13,829	18,084,810	12,477	90	1.79
1996	1,585	23,182,457	14,626	20,864,211	13,164	90	2.21
1997	1,425	20,885,895	14,657	18,797,305	13,191	90	1.47
1998	1,173	17,583,448	14,990	15,285,103	13,491	90	0.51
1999	764	12,572,153	16,456	11,314,938	14,810	90	0.79
2000	695	13,426,749	19,319	12,084,074	17,387	90	2.01
2001	572	12,000,505	20,980	10,800,455	18,882	90	0.87
2002	450	9,870,445	21,934	8,883,400	19,741	90	1.78
2003	482	10,761,231	22,326	9,685,108	20,094	90	0.62
2004	451	10,503,917	23,290	9,453,526	20,961	90	0.22
2005	446	14,663,725	32,878	12,628,291	28,315	86	1.12
2006	408	14,450,578	35,418	12,310,370	30,172	85	1.47
2007	371	14,762,218	39,790	12,426,552	33,495	84	0.54
2008	362	15,260,825	42,157	12,784,472	35,316	84	3.31
2009	446	28,286,902	63,424	23,166,178	51,942	82	2.68
2010	164	10,361,521	63,180	8,465,755	51,620	82	2.42
2011	108	7,786,235	72,095	6,303,191	58,363	81	0.94
2012	87	7,354,925	84,539	5,933,132	68,197	81	1.15
2013	35	2,935,685	83,877	2,379,767	67,993	81	0.00
2014	27	2,330,585	86,318	1,875,287	69,445	80	0.00
2015	10	767,700	76,770	627,930	62,793	82	0.00
2016*	11	1,165,000	105,909	938,000	85,273	81	0.00
Total	28,343	$493,723,147	$17,420	$435,981,563	$15,382	88%	2.35%

*Through June 30.

additional loan is due for any amount which, when including the original loan, exceeds a total of $25,000. For the 2014 and 2015 calendar years, revenues for application fees were $48,900 and $13,900, respectively. Revenues in 2016 through June 30 were $23,200.

WHEDA also assesses a fee for loans that enter forbearance, which either postpones or restructures a loan's outstanding principal. The fee is $600 beginning with the 2013 lending year. WHEDA received $600 in forbearance fees in each of 2014 and 2015, and $0 in 2016 through

June 30. All fees are deposited in the WDRF.

To be eligible for CROP, active farmers must meet several conditions: (a) the farmer does not meet the participating lender's minimum standards of creditworthiness to receive an agricultural production loan in the normal course of the lender's business; (b) the amount of the farmer's debt totals at least 40% of the amount of the farmer's assets; (c) in the judgment of the lender, it is reasonably likely that if the farmer receives a guaranteed loan, the farmer's assets, cash flow and managerial ability are sufficient to preclude voluntary or involuntary liquidation before the end of the loan term; (d) the farmer does not appear on a statewide support lien docket for delinquency in child support or maintenance payments, unless the farmer submits an approved payment agreement; (e) the farmer has sufficient collateral to cover the principal amount of the CROP loan; and (f) the farmer is not in bankruptcy or in default on previous WHEDA loans.

WHEDA has authority to make CROP loans subject to emergency eligibility criteria. WHEDA may guarantee a loan to an otherwise ineligible farmer if the Governor determines that an emergency situation exists and existing eligibility criteria prohibit WHEDA from adequately responding to the emergency situation. However, WHEDA must submit the proposed emergency provisions to the Joint Committee on Finance for review and approval under s. 13.10 of the statutes. It should be noted that unlike other CROP loans, the level of loan principal for which WHEDA may guarantee repayment for emergency guaranteed loans is not specified.

Disaster Assistance Loan Guarantees. This program was created under 1987 Act 421 in response to drought conditions in 1988. It was provided $7.5 million in GPR as seed funding, and later merged into the WDRF. While previously limited to drought assistance, this program was expanded under 2015 Act 316 to provide agricultural loan guarantees in the event of other natural disasters as well. The program provides financing to farmers to cover extraordinary costs related to natural disasters, such as fertilizer, seed, fuel, pesticides, tillage services, crop insurance, irrigation and animal feed.

By statute, eligible farmers must meet mostly the same requirements as under a basic CROP loan discussed above. Disaster assistance guarantees are available for any act of nature for which the Governor declares a state of emergency. The loan period is three years, with no opportunity for refinancing. Guarantees are capped at 90% of loan value, up to $25,000. Interest rates have a maximum of the prime rate (3.5% in most of 2016) plus two percentage points, as under CROP. WHEDA is authorized under statute to provide an interest subsidy of 3.5% of loan principal from the WDRF in the form of upfront payments to lenders. The interest subsidy was mandatory under the program until changes made in 2015 Act 316. Application fees for the disaster assistance loan program are 1%, with a minimum of $150.

The program was last active in 2012, following drought conditions in Wisconsin that year. WHEDA made 23 guarantees for a total of $288,500 while the program was active through 2013. For the 2012-13 drought assistance loan period, WHEDA made total interest subsidy payments of approximately $11,200. As of June 30, 2016, one guarantee for $13,500 was outstanding.

Farm Assets Reinvestment Management Loan Guarantee Program (FARM)

1995 Act 150 provided WHEDA the authority to administer a farm assets loan guarantee program. Loans eligible for guarantee financing include: (a) the acquisition of agricultural assets such as machinery, equipment, facilities, land and livestock kept more than one year; (b) the costs of improvements to farm facilities; or (c) refinancing of existing debt only if a farmer is expanding existing farm operations. To be eligible for a FARM loan guarantee, an individual must be: (a) currently operating a farm; (b) intending to operate a farm and have at least three years of farming experience; or (c) assuming operation for a farm and family farmstead, having specific experience with the property. In addition, eligible farmers must: (a) reside in Wisconsin or, if the farm is a partnership or corporation, be registered in Wisconsin; (b) have a debt amount that does not exceed 85% of the farmer's agriculture related assets, but is at least 40% of assets, including both the debt load of the FARM loan and the value of the assets to be acquired or improvement to be made with the loan proceeds; (c) have a participating lender that considers the farmer's assets, cash flow and managerial ability sufficient to preclude voluntary or involuntary liquidation during the term of the loan; (d) no history of defaults on a WHEDA loan and no delinquency in child support payments; and (e) have sufficient insured collateral to cover the value of the loan. Program loans may be used in conjunction with other government loan programs, such as the federal Farm Service Agency or Small Business Administration loan programs.

Under the program, WHEDA may guarantee the lesser of 25% of the amount of the loan made by a participating lender or an amount equal to the potential borrower's net worth. Also, the total outstanding principal amount of all guaranteed FARM loans made to a borrower may not exceed: (a) $100,000 if any of the FARM loans use any other state or federal credit assistance program; and (b) $200,000 if loans were not associated with other state or federal assistance.

The interest rate and loan terms, including any fees or charges, are approved by WHEDA, while the lender is required to obtain a security interest in the assets of the borrower sufficient to secure repayment of the loan. Loan guarantees under FARM may not exceed 10 years for improvements or acquisitions of buildings or land. Loan guarantees may not exceed five years for purchases of equipment or livestock.

WHEDA charges a $150 application fee and a guarantee origination fee on each FARM loan. The WHEDA Board approved an increase of the origination fee from 1% to 2% in April, 2012, but it has not yet been placed into practice. 2015 Act 316 limits the origination fee to 1.5% of the principal guarantees. For calendar year 2015, application fees were $300 and origination fees were $3,650. For 2016, through June 30, application fees were $450 and origination fees were $2,075. Amounts collected are deposited in the WDRF.

As of June 30, 2016, 356 loans with guarantees worth $21.9 million had been made. Guarantees outstanding totaled 25 for $2,686,014. Table 14 provides information on historical activity under the FARM program.

Table 14: Farm Assets Reinvestment Management Loan Guarantee Program (FARM)

Calendar Year	Number of Loans Guaranteed	Total Loan Amounts	Guaranteed Loan Amounts	Average Guarantee Amount
1996	5	$360,000	$90,000	$18,000
1997	21	4,776,405	847,850	40,374
1998	10	1,578,000	394,500	39,450
1999	33	5,780,519	1,312,379	39,769
2000	35	7,519,435	1,758,859	50,253
2001	25	6,229,867	1,313,716	52,549
2002	26	7,388,251	1,631,062	62,733
2003	24	4,662,878	1,100,220	45,843
2004	23	5,104,562	1,258,081	54,699
2005	24	6,766,891	1,566,683	65,278
2006	23	6,162,945	1,431,736	62,249
2007	15	6,299,167	1,415,628	94,375
2008	27	9,469,653	2,172,321	80,456
2009	23	8,639,237	1,945,205	84,574
2010	9	3,986,790	732,624	81,403
2011	16	4,343,847	1,082,196	67,637
2012	8	5,797,477	822,203	102,775
2013	2	480,000	118,850	59,425
2014	2	1,222,660	250,000	125,000
2015	2	1,660,000	365,000	182,500
2016*	3	1,096,107	273,293	91,098
Total	356	$99,324,871	$21,882,406	$61,467

*Through June 30.

Small Business Loan Guarantee Program

The 1997-99 biennial budget repealed several loan guarantee programs backed by the WDRF, and consolidated much of the loan guarantee authority for those repealed programs under a single program called the small business loan guarantee program. The program is intended to provide credit enhancement on loans made by participating financial institutions to small businesses in Wisconsin that would create or retain jobs. Small businesses are defined as those with no more than 250 full-time employees. Eligible borrowers must not be delinquent in the payment of child support. Elected governing bodies of federally recognized American Indian tribes or bands in this state are also eligible for small business loan guarantees.

Small business loans eligible for guarantees under the program are those used for direct or related expenses for the purchase or improvement of land, buildings, machinery, equipment or inventory associated with: (a) the expansion or acquisition of a business; (b) the start-up of a small business in a vacant storefront in the downtown area of a community; or (c) the start-up of a child care business. Loan proceeds may refinance existing debt if the borrower expands an existing business. WHEDA has further specified that any eligible refinancing: (a) must result in better terms to the borrower; (b) must be for debt that is both current and has never been more than 30 days past due; and (c) is accompanied by a business expansion with a value at least one-third the balance of the debt being refinanced. Loans otherwise cannot be used for refinancing, the production of an agricultural commodity, or certain prohibited business types.

The small business loan guarantee program operates through participating lenders, who must: (a) determine that the borrower is unable to secure adequate conventional financing on terms similar to those offered by WHEDA; (b) determine it is reasonably likely that a borrower will be able to repay the loan in full with interest; (c) have a security interest in the assets being acquired with loan proceeds; and (d) agree to the guarantee percentage established for the loan by WHEDA. Lenders establish interest rates on loans, although the statutes specify loan rates are subject to WHEDA approval. Fixed-rate loans are to be standard rates used by the lender for commercial lending, and variable-rate loans may not exceed the prime rate plus 2.75 percentage points. The maximum variable rate would therefore be 6.25%, as of October 1, 2016.

The maximum loan term by statute is 15 years, but WHEDA administers the program with a maximum guarantee term of five years for fixed assets, inventory and permanent working capital, and two years for revolving working capital. WHEDA reports that the shorter guarantee terms, which were reduced in 2012, will allow WDRF funds to cycle faster, supporting more lending and increased fee revenues, and provide credit enhancement immediately following start-up or expansion, in which time it estimates the default risk is highest. WHEDA also states it will provide favorable consideration to projects that result in a high ratio of jobs created to dollars borrowed.

The statutes allow loans to be guaranteed at up to 80% but WHEDA currently offers guarantees of the lesser of 50% of the loan or $750,000 for fixed assets and permanent working capital, and the lesser of 50% of the loan or $200,000 for revolving working capital. Fees include a closing fee of 3% of the guaranteed amount of the loan, and annual servicing fees of 0.5% of outstanding guaranteed balance. WHEDA intends the servicing fee, paid by the lender, to encourage lenders to release guarantees from performing loans to free up funds for new guarantees. Revenues from closing fees were $2,000 in 2014, $6,000 in 2015 and $0 in 2016 through June 30. Servicing fee revenues were $19,700 in 2014, $17,400 in 2015 and $11,500 in 2016 through June 30. All fee revenues are deposited into the WDRF.

Table 15: Small Business Loan Guarantee Program*

Calendar Year	Number of Loans Guaranteed	Guarantee Amount	Average Guarantee Amount
1997	1	$65,250	$65,250
1998	30	2,542,359	84,745
1999	30	2,573,610	85,787
2000	50	5,052,574	101,051
2001	34	3,048,692	89,667
2002	38	3,026,059	79,633
2003	22	2,069,574	94,072
2004	23	2,503,744	108,858
2005	26	2,412,532	92,790
2006	41	4,544,915	110,852
2007	39	4,025,246	103,211
2008	36	2,989,787	83,050
2009	19	2,366,417	124,548
2010	19	1,596,485	84,026
2011	23	2,019,487	87,804
2012	6	768,810	128,135
2013	4	1,043,135	260,784
2014	6	1,366,480	227,747
2015	3	480,000	160,000
2016**	4	740,800	185,200
Total	454	$45,235,956	$99,639

* Not including Contractors Loan Guarantee Program.
**Through June 30.

From 2014 to June 30, 2016, WHEDA guaranteed 13 small business loans. The loans totaled $4,653,700 and received $2,587,300 in guarantees. As of June 30, 2016, WHEDA has made 454 small business guarantees for $45.2 million, with 62 outstanding for $5,592,000. Historical program activity is shown in Table 15. Not included in the table are loans made prior to the consolidation of small business loan programs, all of which have been retired. Also excluded are loans made under the Contractors Loan Guarantee Program, discussed below.

Transform Milwaukee Loan Guarantee. WHEDA has set aside a portion of the WDRF and other WHEDA-administered funds for loan guarantees for small businesses in the Transform Milwaukee area. No loan guarantees under this initiative were completed during Transform Milwaukee's initial two-year period from May, 2012, through April, 2014. Since then, 11 loans valued at $3,351,900 and guaranteed for $2,321,500 have been made in the Transform Milwaukee area as part of the small business loan guarantee program. The program is described in detail in Appendix VII.

Contractors Loan Guarantee Program. Under this program, which is part of the small business loan guarantee program, WHEDA guarantees loans to contractors to provide financing that allows the business to cover costs necessary to complete an eligible contract. Loans are intended to be repaid following the contractor's payment for completing work. In order to be eligible for a guarantee under the program, a business must have been: (a) awarded a contract, purchase order or other WHEDA-approved instrument by a government agency or business with gross annual sales of at least $5 million; (b) have been in business for at least 12 months; and (c) have no more than 250 full-time employees. Eligible expenses include employee salaries and benefits, inventory, supplies, and equipment needed to complete the contract.

Under the program, WHEDA will guarantee up to 50% or $750,000 of a loan. This program is also subject to the guarantee percentage decrease from 80% to 50%, effective with loans closed after May 1, 2012. Closing fees (3% of the guaranteed amount on loans) and annual servicing fees (0.5% of the outstanding guaranteed balance of the loan) are identical to the main small business program. WHEDA has guaranteed four loans under this program, but none since 2011: (a) a $100,000 loan in 2005; (b) a $242,000 loan in 2006; (c) a loan for $150,000 in 2010; and (d) a $100,000 loan in 2011. All were guaranteed at 80%.

Agribusiness Loan Guarantee Program

Under this program, WHEDA guarantees loans for the development of new or more viable methods for processing or marketing raw agricultural commodities grown in Wisconsin. Agribusinesses located in towns, villages or cities of 50,000 or less in population are eligible to apply for guaranteed loans. Agribusiness loan guarantees also are available to commercial fishing operators who harvest whitefish from Lake Superior, although no such loans have ever been guaranteed using this authority.

The maximum guarantee offered by WHEDA is the lesser of 50%, or $375,000, limited to $200,000 for revolving working capital. However, 2015 Act 316 authorizes WHEDA to guarantee up to 90% of agribusiness loans. Loans may be used for working capital, the purchase of a building or equipment, or initial marketing expenses. Refinancing of existing debt is not permitted except in cases of business expansion. Typically, the maximum loan guarantee term is five years for fixed assets, although statutory provisions authorize terms up to 15 years. Interest rates are subject to WHEDA approval.

As of June 30, 2016, WHEDA had made 35 loans in this program for $9,008,500 in guarantees. Two guarantees totaling $128,000 were outstanding. Historical loan guarantees are shown in Table 16.

Agribusiness loan guarantees are subject to closing fees of 3% of the guaranteed amount and servicing fees of 0.5% of the outstanding guaranteed balance, payable annually. No revenues were collected for closing fees in 2014, 2015, or 2016 through June 30. Servicing fee revenues were $800, $500, and $300 in 2014, 2015, and 2016 through June 30, respectively.

Guarantee Programs Funded by WHEDA Unencumbered Reserves

In addition to loan guarantee programs funded from the WDRF, WHEDA funds the neighborhood business revitalization loan guarantee program from its unencumbered general reserves.

Table 16: Agribusiness Loan Guarantee Program

Calendar Year	Number of Loans Guaranteed	Guarantee Amount	Average Guarantee Amount
1991	7	$1,360,750	$194,393
1992	5	1,757,500	351,500
1993	4	447,011	111,753
1994	1	178,500	178,500
1995	1	450,000	450,000
1996	0	0	0
1997	0	0	0
1998	2	1,200,000	600,000
1999	0	0	0
2000	3	739,814	246,605
2001	1	44,640	44,640
2002	2	478,579	239,290
2003	0	0	0
2004	2	300,000	150,000
2005	1	599,846	599,846
2006	0	0	0
2007	2	482,400	241,200
2008	0	0	0
2009	0	0	0
2010	2	273,440	136,720
2011	1	600,000	600,000
2012	1	96,000	96,000
2013	0	0	0
2014	0	0	0
2015	0	0	0
2016*	0	0	0
Total	35	$9,008,480	$257,385

*Through June 30.

Neighborhood Business Revitalization Loan Guarantee Program. This program, started by WHEDA in 2003, guarantees loans to businesses or developers for the expansion or acquisition of commercial real estate or a small business having annual revenue of less than $5 million. Under the program, WHEDA will guarantee the lesser of 50% of loan principal or $750,000, on loans for fixed assets and inventory, and the lesser of 50% or $200,000 on loans made to finance working capital. The maximum guarantee term is five years for fixed assets, inventory or permanent working capital, and two years for a loan for revolving working capital. Interest rates for these loans are set by the lender with WHEDA's approval, and a variable rate loan may not exceed the prime rate plus 2.75%.

WHEDA charges a closing fee of 3% of the guaranteed principal amount, and an annual servicing fee, equal to 0.5% of the outstanding amount guaranteed. Closing fee revenue of $27,600 was collected in 2015, associated with renewal of an existing guarantee. No closing fees were collected in 2014 or 2016, through June 30. Servicing fees collected were $5,800 in 2014, $4,400 in 2015, and $2,100 in 2016, through June 30.

No neighborhood business revitalization guarantees have been made since 2011. Table 17 provides an overview of all historical loans made under the program. As of June 30, 2016, one loan was outstanding for a total of $656,500.

General Fund Reserve for Loan Guarantees. In August, 2009, the Authority created a $3 million reserve to guarantee additional loans in a manner similar to that used by the WDRF. At the time, WDRF guarantee authority had decreased to approximately $900,000, due primarily to increased origination, forbearance and default activity under CROP in 2009. As of November, 2016, $3 million remained encumbered for this purpose.

Table 17: Neighborhood Business Revitalization Guarantee Program

Calendar Year	Number of Loans Guaranteed	Guaranteed Amount
2003	4	$1,924,998
2004	3	1,204,780
2005	5	2,182,282
2006	4	1,358,271
2007	2	998,199
2008	6	1,387,098
2009	3	1,936,159
2010	3	800,780
2011	2	1,599,999
2012	0	0
2013	0	0
2014	0	0
2015	0	0
2016*	0	0
Total	32	$13,392,566

*Through June 30.

Economic Development Lending

Statutes authorize WHEDA to make economic development loans and issue bonds to finance lending. This economic development loan program was created in 1983 Act 83, but WHEDA effectively ceased the program in 1999 with its last issuance of an economic development bond. However, in April, 2012, WHEDA announced the creation of the WHEDA Participation Lending Program (WPLP), which would resume economic development lending under the existing statutory authority. Economic development loans may be financed through a revolving fund supported by WHEDA's general reserves or by economic development bonding authority granted to WHEDA. These mechanisms are discussed below in detail.

Background

The economic development loan program is the only economic development program in WHEDA's authorizing statutes that is granted bonding authority. The Authority issued bonds under the program until 1999, when it was discontinued, partially due to the small business loan guarantee program's creation under the 1997 biennial budget act. Further, economic development bonding activity came to be centralized in the federal industrial revenue bond (IRB) program, formerly administered by the Department of Commerce and now administered by the Wisconsin Economic Development Corporation (WEDC).

The economic development loan program, also known previously as the business development bond (BDB) program, provided low-interest, fixed-rate loans to eligible small and medium-sized manufacturing firms to construct, purchase, expand and improve land, buildings and equipment in order to retain or expand employment. Bonds totaling $166,898,000 were issued through the BDB program up to 1999. Because a $200 million bonding limit applied to aggregate (total) principal of the issuances, as opposed to only outstanding amounts, WHEDA had about $33.1 million in available economic development bonding authority, had the Authority elected to use it. Of the $166.9 million issued, $93 million carried WHEDA's general obligation. The last general obligation issues were in 1995, and all have seen been retired. WHEDA does not track amounts outstanding on bonds that do not carry its general obligation.

Program Funding

WHEDA's economic development lending has two funding mechanisms. One is an expanded bonding authority, which increased under 2011 Act 214 from $200 million in total principal to $150 million in total principal annually in the 2013, 2014 and 2015 fiscal years. As of July 1, 2015, Act 214 allows WHEDA to seek a three-year extension of the annual bonding authority from the Joint Committee on Finance under a 14-day passive review procedure. The act specifies that if WHEDA determines a continuation of the program would promote "significant economic development" in the state, it may submit a written request to the Joint Finance Committee stating the reasons for that determination. If the Joint Finance Co-Chairs do not notify WHEDA within 14 working days that the Committee will meet to review the request, WHEDA may issue bonds and notes up to $150 million in principal in each of the three fiscal years beginning with the year in which Finance approval is given. If the Committee Co-Chairs notify WHEDA the Committee will meet to review the request, WHEDA may only issue new bonds and notes upon a vote of the Committee. The act does not specify the number of times WHEDA may seek an extension of bonding authority from the Joint Committee on Finance. In July, 2015 WHEDA submitted a request to the Committee for bonding authority in order to issue Community Development Financial Institution (CDFI) bonds as part of a U.S. Treasury Department program. The Joint Committee on Finance approved the request for $150 million in annual bonding authority under the 14-day passive review procedure. WHEDA's application under the CDFI program was later denied, but the bonding authority remains.

The statutory authority for the economic development bonding program states the capital reserve requirement, which was discussed earlier with regard to WHEDA's issuance of housing-related bonds, and which contains the implicit backing of the Legislature under the moral obligation clause, does not apply to economic development bonds. However, should WHEDA issue a bond with its general obligation, the Authority remains prohibited from assuming unsecured or uncollateralized risk for any economic development loan. WHEDA reports in the past it complied with this provision by requiring borrowers to secure a letter of credit, upon which draws could be made in the event of default.

Although WHEDA has issued economic development bonds with the Authority's general obligation, this is not required, as the statutes specify that WHEDA "has no moral or legal obligation or liability to any borrower" under the economic development loan program, except as expressly provided by written contract. At this time, WHEDA expects most, and perhaps all, future economic development bonds would be issued without the Authority's general obligation. Instead, WHEDA most often would be a conduit that would arrange for sale or private placement of the bonds and the disbursement of funds to the borrower, but with no liabilities incurred by WHEDA or its reserves. Other forms of credit enhancement, such as a letter of credit, would be determined on a case-by-case basis.

The second funding source was established in

WHEDA's 2011-12 Dividends for Wisconsin plan, which set aside $12 million from WHEDA's surplus general reserves for economic development purposes. In April, 2012, WHEDA encumbered the entire amount as a revolving loan fund that would make economic development loans to those unable to secure sufficient conventional financing, but with WHEDA assistance may secure a package of financing from multiple sources. These would typically include other such sources as private loans, loans from the U.S. Small Business Administration, New Markets Tax Credits (discussed later), other community development financial institutions or local economic development corporations. Additional WHEDA general reserves of $3,717,000 in 2012-13, $1,047,000 in 2013-14, $3,676,000 in 2014-15, and $844,000 in 2015-16 have been added to the fund, bringing the total encumbrance for the fund to $21,283,900 as of June 30, 2016. This does not represent a fund balance, but rather the initial basis from which the revolving funds would be issued as loans and returned as principal and interest payments.

As of June 30, 2016, WHEDA had provided 16 loans under the WPLP using its revolving fund. Annual WPLP activity from 2012 through June 30, 2016, is shown in Table 18. It should be noted Table 18 shows only those loans for which WHEDA has expended its own funds. The Authority has made one economic development bond issuance in August, 2012, for $42.5 million. WHEDA issued as a conduit, meaning the bonds do not carry WHEDA's general obligation, nor any direct WHEDA liability.

Table 18: WHEDA Participation Lending Program

Calendar Year	Number of Loans Closed	WHEDA Loan Amount
2012	4	$2,834,575
2013	2	2,771,018
2014	5	2,753,698
2015	5	5,500,375
2016*	0	0
Total	16	$13,859,666

*Through June 30.

Eligibility and Loan Terms

Eligible economic development projects specified in the statutes include: (a) land, a plant or equipment for various types of facilities, including those for manufacturing, commercial real estate, national or regional headquarters, product storage or distribution, retail, research and development, recreational activities or tourism, processing or production of agricultural commodities, railroad operation, and solid waste recycling; (b) long-term activities, such as research and development or long-term working capital; and (c) equipment, materials or labor used to make energy-conserving improvements to commercial or industrial facilities.

WHEDA is required to give preference to firms: (a) more than 50% owned or controlled by women or minorities; (b) that, together with affiliates, parent companies and subsidiaries have gross annual sales of $5 million or less and employ 250 persons or fewer; or (c) that are new, and have less than 50% of ownership controlled or held by another business and have principal operations in Wisconsin. WHEDA is also to consider: (a) the extent to which employment will be maintained or increased; (b) whether the project is to be located in an area of high unemployment or low income; (c) the extent to which the project would not occur without WHEDA involvement; and (d) the number of other participants in the financing of a project, which must have one or more financial institutions participating in the project. WHEDA has established a requirement that at least 50% of financing must be provided by another source. Additionally, as a general administrative policy, loans may not exceed $2 million.

Federal Programs

New Markets Tax Credits

The New Markets Tax Credits (NMTC) Program provides federal tax credits for individuals who make qualifying investments in community development entities (CDEs). A CDE must in turn invest in development activities in qualifying low-income communities, most of which are in major U.S. urban areas. Credits are good for up to 39% of a qualifying investment and are made over seven years.

NMTCs function similarly to the low-income housing tax credit, in that projects that are awarded credits typically sell the credits to investors, who take an equity stake in the project and receive tax credits over a specified period. In the case of the NMTC program, credits are received over seven years. WHEDA reports NMTCs typically have sold at a greater discount per dollar of credits as compared to LIHTCs. This is due to several reasons, including: (a) NMTC participants often expend higher amounts on monitoring and compliance costs than LIHTC participants, which reduces the effective return on credits; and (b) NMTCs tend to represent a riskier investment than LIHTCs, due in part to more stringent provisions for the recapture of NMTCs, should the financed project be noncompliant with program provisions, compared to LIHTC-financed properties. However, credit sale prices in each program can vary significantly based on project and market conditions. As with the LIHTC program, NMTCs are often part of a larger financing package that may include private financing, contributions from the developer or credit purchaser, or other publicly supported funding, such as tax-increment financing.

Between 2003 and 2011, WHEDA partnered with Legacy Bancorp as co-founders and members of the Wisconsin Community Development Legacy Fund (WCDLF), a nonstock corporation organized to apply for NMTCs from the U.S. Department of the Treasury and distribute credits throughout Wisconsin. In March, 2011, Legacy Bank, a component of Legacy Bancorp, failed and was closed. WHEDA subsequently created the Greater Wisconsin Opportunities Fund (GWOF) in June, 2011, to continue as a WHEDA-controlled CDE that would apply for and distribute NMTCs in Wisconsin.

WHEDA-affiliated CDEs received eight NMTC allocations between 2004 and 2016, as shown in Table 19. The award amounts listed represent the amount of qualifying equity investments on which an allocating agency (WCDLF or GWOF) may award credits. In other words, since 2004, investors in projects approved by WHEDA-affiliated entities for NMTCs have been authorized to claim total tax credits of 39% of $575 million, or approximately $224 million. Table 20 shows the NMTC projects approved by year, along with the total qualifying investments of projects each year and the corresponding amount of estimated tax credits. In late fall 2016, WHEDA was in the process of allocating an award of $75 million.

State Small Business Credit Initiative

The State Small Business Credit Initiative (SSBCI) was enacted under the federal Small

Table 19: New Markets Tax Credit Awards (Millions $)

Year	Award Amount	Award Entity	Amount Committed
2004	$100.0	WCDLF	$100.0
2007	120.0	WCDLF	120.0
2008	100.0	WCDLF	100.0
2009	85.0	WCDLF	85.0
2011	10.0	WCDLF	10.0
2013	35.0	GWOF	35.0
2014	50.0	GWOF	50.0
2016	75.0	GWOF	0
Total	$575.0		$500.0

Table 20: New Markets Tax Credit Allocations to Projects (Millions $)

Year	Number of Projects	Investment Basis	Approx. Credits
2005	12	$88.5	$34.5
2006	3	11.5	4.5
2007	1	30.0	11.7
2008	2	31.0	12.1
2009	4	41.5	16.2
2010	3	40.2	15.7
2011	3	63.0	24.6
2012	5	101.5	39.5
2013	2	13.3	5.2
2014	4	37.5	14.6
2015	3	20.5	8.0
2016	2	21.5	8.4
Total	44	$500.0	$195.0

Business Jobs Act of 2010, which provided $1.5 billion for states to allocate to programs that would increase credit access for small businesses. The federal act requires that state programs be either: (a) capital access programs, or CAPs, under which borrower businesses receive loans backed by a loan-loss reserve funded by the borrower, the lending financial institution, and a participating state; or (b) other credit support programs (OCSPs) that can demonstrate $1 of new private credit for every $1 in public investment, and, in combination with CAPs and other state programs, would be reasonably expected to have the ability to generate new small business lending of 10 times the amount of the federal contribution. Each type of program is to benefit businesses with 500 employees or fewer and be limited to loans of $5 million, although OCSPs may extend credit support to borrowers with up to 750 employees and to loans with principal not exceeding $20 million. The federal authorizing legislation provides state program commitments expire in March, 2017, at which point funds can continue to be deployed at the state's discretion. WHEDA has indicated it does not intend to change current plans for SSBCI funding at that time.

Wisconsin's award of SSBCI funds was $22,363,600. Wisconsin's funds were awarded to DOA, as the Authority does not have the requisite authorizations under state law to commit the state to binding agreements with the federal government, as is required of participating state agencies under SSBCI. As a result, WHEDA participates in the program through an agreement with DOA. Treasury disburses funds to states in three allocations, with approximately one-third of total funding available in each allocation. WHEDA's allocations will be approximately $7.4 million in each of the first two and $7.6 million in the third and final allocation. WHEDA received its first $7.4 million installment in September, 2011, and the second was approved by Treasury in March, 2013. In order to request the third allocation, WHEDA must disburse 100% of the first and 80% of the second. As of September, 2016, WHEDA needed to disburse over $1.6 million before reaching the requirements for a third allocation.

WHEDA has allocated $21.0 million for the Wisconsin Equity Fund (WEF). Amounts originally allocated for the Wisconsin Capital Access Program (CAP) and a loan guarantee program have been reallocated to the WEF due to insufficient interest in the programs. As of December, 2016, WHEDA reports approximately $500,000 remains unallocated.

The following paragraphs describe each SSBCI component in greater detail:

Wisconsin Equity Fund. The WEF consists of the Wisconsin Venture Debt Fund (WVDF) and the Wisconsin Equity Investment Fund (WEIF). WVDF is provided $14.5 million in SSBCI funding, and WEIF is provided $6.5 million. Under both the WVDF and WEIF, WHEDA expects to make capital available to small businesses mostly, although not exclusively, in low-income areas.

The WVDF is intended to provide first- or second-stage venture capital financing, which would go to firms that have established substantial operations such that the entity's revenues are sufficient to support regular payments on debt. These borrowers also are anticipated to be those with the greatest potential for growth in the relatively near term. As of December, 2016, WHEDA had allocated WVDF funds as follows: (a) $8 million to the Wisconsin Economic Development Corporation for the WEDC Technology Venture Fund, focused on manufacturing, life science and technology firms; (b) $5 million to the Madison Development Corporation for complementing its existing venture capital programs focused on technology, life science, and materials science companies; and (c) $1.5 million for the Milwaukee Economic Development Corporation to complement the M7 Venture Debt Loan Program for technology, life science and material science firms in Milwaukee, Waukesha, Washington, Ozaukee, Racine, Kenosha and Walworth Counties. WHEDA reports each entity's programs generally provide loans of three to five years with an initial interest-only period of perhaps six months.

The WEIF provides equity investment in small businesses in low-income communities. WHEDA reports this equity financing is to be diversified, in that investments will be made in firms at varying stages of development as well as throughout multiple industries. Further, securing an equity stake, as WEIF investments do, differs from the approach of the WVDF, which provides capital to borrowers as a loan but without taking ownership in the recipient firm. As of September, 2016, the WEIF allocations consist of: (a) $3.5 million to NEW Capital Fund of Appleton for early-stage firms in information technology, life sciences, and material sciences; and (b) $3.0 million to Kegonsa Growth Fund for early stage firms in technology.

Table 21 shows the annual disbursements of SSBCI funds, as well as the number of entities that received funding anew in the year. Thirty four firms have received a total of $11.78 million in SSBCI funding since 2011 through June 30, 2016, including five firms that have received funding under both the WVDF and WEIF. Firms may be able to receive allocations in multiple draws that may occur in multiple years; therefore, the annual figures in Table 21 should not be construed as representing the total number of firms that received the amount of funding listed.

Program Administration. WHEDA may use 5% of the first allocation and 3% each from the second and third allocations, or a total of $818,500 from the $22.4 million total, to be re-imbursed for incurred administrative costs. As of June 30, 2016, WHEDA had used $564,400 for administrative costs, or about 69% of its allow-ance.

Table 21: State Small Business Credit Initiative Funding

Calendar Year	Amount	New Recipients	Total Awards
Wisconsin Venture Debt Fund			
2011	$190,000	1	1
2012	3,528,000	7	8
2013	2,592,500	11	15
2014	912,500	5	6
2015	1,730,000	4	5
2016*	260,000	1	3
Subtotal	$9,213,000	29	38
Wisconsin Equity Investment Fund			
2012	$547,000	2	2
2013	720,000	4	6
2014	652,100	1	10
2015	232,300	0	7
2016*	411,900	3	5
Subtotal	$2,563,300	10	30
Total	$11,776,300	34**	68

*Through June 30.
**34 firms have received SSBCI funding, including five that have received funding under both the WVDF and WEIF.

Inactive Programs

Linked Deposit Loan Subsidy Program

The linked deposit loan (LiDL) program assisted private financial institutions in providing low-cost, short-term loans to certain small businesses more than 50% controlled or owned by minority group members or women. Eligible persons could borrow from $10,000 to $99,000 for a two-year term. Upon agreement with a participating lender, the Authority would purchase certificates of deposit (CDs) from the lender, although the rate payable to WHEDA on the CDs for the duration of the linked deposit loan was to be lower than the lender's customary rate. In return for the Authority accepting a below-market rate on its investment, the lender would charge the LiDL borrower a below-prime interest rate on the loan. From 1998 to its closure in 2010, the LiDL program generated 235 loans totaling $12.7 million. WHEDA reports the final loan under the program was made in June, 2010, and matured in August, 2012.

Guaranteed Loans for the Restoration of Taliesin (Home of Frank Lloyd Wright)

1991 Wisconsin Act 39 authorized WHEDA to guarantee loans made to a non-profit organization that owns or leases cultural and architectural landmark property and improvements. This program targeted Taliesin, Frank Lloyd Wright's home in Spring Green. Guarantees were to be made under the WDRF and were to back loans of up to $8,000,000 made from the proceeds of WHEDA-issued economic development bonds or loans made by a private lender. The proceeds of the guaranteed loans were required to be used for: (a) acquiring, constructing, improving, rehabilitating, or equipping Taliesin; or (b) purchasing or improving land, buildings, or machinery or equipment or related expenses.

In 1993, Taliesin was loaned $7.6 million through WHEDA-issued debt instruments. A large portion of the loan ($6,494,700) defaulted in January, 1999. The WDRF was responsible for repayment of 90% of the defaulted amount, or $5,845,200, with the remaining amount paid from a WHEDA reserve account for the loan. 1999 Act 9 transferred $5,845,200 from the housing rehabilitation loan program administration fund to the WDRF. 1999 Act 9 also eliminated the guarantee program used for the Taliesin loan. The Taliesin Preservation Commission paid off $422,200 on the remaining $1,122,200 in disbursements. $700,000 in principal, of which $630,000 was guaranteed, remained outstanding on December 31, 2008.

In January, 2009, WHEDA restructured the remaining outstanding amounts to encourage a Taliesin fundraising initiative to repair deteriorating buildings at the site. Under the agreement, WHEDA deferred principal payments of $60,000 in 2008 and 2009 and $70,000 in 2010 and 2011. In addition, for every dollar Taliesin raised and subsequently spent on identified capital improvements, WHEDA was to forgive Taliesin's debt by the same amount, up to the remaining $700,000, by September 1, 2012. As a condition of the agreement, Taliesin was to deposit fundraising proceeds to an account from which expenditures were restricted to building repairs. Taliesin also was to provide WHEDA with a four-year capital improvement plan, and was to report every six months on the progress of the building and fundraising campaigns. As of September, 2012, WHEDA had forgiven all remaining amounts based on Taliesin's fundraising.

Propane Guarantee Program and Consumer Heating Assistance Guarantee Program

In 2014, WHEDA began two WDRF-supported loan guarantees to address abnormally high costs of propane for residential heating and other commercial purposes. Market prices for propane during the season had risen sharply due to several factors in the preceding months that had reduced supply in the Midwest. The loan guarantee programs are discussed separately in the following paragraphs.

Propane Guarantee Program. The program offers loan guarantees to existing propane dealers to purchase propane, and to small businesses to purchase propane or propane equipment. Loans to propane dealers can be guaranteed for the lesser of 50% or $50,000, while loans to other small businesses for purchasing propane can be guaranteed at up to 50% or $25,000, whichever is less. WHEDA limited total guarantees available to $3 million. Guarantees are limited to no more than one year. Closing fees for the program were 1% of the guaranteed amount. The program is currently inactive. In September, 2016, WHEDA reported it made no guarantees under the program.

Consumer Heating Assistance Guarantee. The consumer heating assistance guarantee (CHAG) was created in March, 2014, under 2013 Act 175. The program authorizes WHEDA to guarantee loans primarily to individuals for extraordinary costs they may incur for heating during a state of emergency. The CHAG program was intended to complement the business-oriented propane guarantee program.

Eligible borrowers are individuals with annual household income of no more than 200% of median family income, as shown in Appendix III, for the county of the borrower's residence. Borrowers cannot appear on the statewide child support lien docket. A lender has to determine: (a) the loan is necessary for the borrower to pay heating costs related to the declared emergency; (b) the borrower would have sufficient income and assets to purchase propane under normal market conditions; (c) the borrower is unable to secure conventional financing for propane purchases on reasonably equivalent terms; and (d) the borrower is reasonably likely to make repayment of the loan.

2013 Act 175 was created to be a periodic program, activated only in the event the Governor were to declare a state of emergency relating to heating and the availability of heating fuels. Subsequent to an emergency declaration, Act 175 requires WHEDA within 14 days to submit a plan for administering the loan program to the Joint Committee on Finance. The program can be implemented only by approval of the Committee under s. 13.10 of the statutes. Act 175 authorizes WHEDA to issue loan guarantees for up to 120 days beginning with an approval by Joint Finance, and a second 120-day period may be approved by the Committee upon WHEDA's request. However, for the 2014 heating emergency, Act 175 waived the Joint Finance approval process, in light of the Governor having declared a state of emergency related to propane availability on January 25, 2014. Instead, Act 175 allowed loan guarantees to be made for 120 days beginning with the bill's effective date. Act 175 took effect March 29, 2014, and WHEDA opened the 2014 application period through July 25, 2014.

CHAG loans would be originated by lending institutions that have agreed to participate in the program, with proceeds being payable either to propane end users directly or to a supplier of propane with whom a prospective borrower has arranged a purchase. WHEDA is required to guarantee not less than 50% and not more than 80% of the principal of the loans up to $2,500, equivalent to between $1,250 and $2,000. Loan terms are limited to two years, with extensions to a third year possible at the discretion of the lender. Loan interest rates are subject to a maximum level established by WHEDA in consideration of market conditions.

In addition to providing for a guarantee, the program requires WHEDA to pay a subsidy of 3.5% of principal on guaranteed loans annually for up to two years. This subsidy would lower borrowers' interest payments similar to the interest-subsidy provision under the disaster relief loan guarantee program.

Under Act 175, initial funding for the CHAG program was to come from a transfer of $2 million from the housing rehabilitation loan program fund to the WDRF. Act 175 required WHEDA to allocate the entire $2 million to heating assistance guarantees for the 120-day sign-up period following the act's effective date. Thereafter, funds are to remain in the WDRF.

WHEDA reports although it received inquiries about CHAG following its creation, no loan guarantee applications were received by the CHAG sunset on July 25, 2014. In September, 2016, WHEDA reported it never made a guarantee under either the Propane Guarantee Program or CHAG. WHEDA reports state lenders typically found prospective borrowers to have insufficient creditworthiness.

Beginning Farmer Loan Program

2007 Act 125 repealed the Beginning Farmer Loan Program. Between July, 1994, and the program's discontinuation, WHEDA was authorized to issue up to $17.5 million in bonds and notes to provide financial institutions with capital to finance loans to beginning farmers. Eligible farmers were engaged in farming or wished to engage in farming and met the federal Internal Revenue Code definition of first-time farmers for the purpose of determining whether a private activity bond is a tax-exempt bond. Loan proceeds could purchase agricultural land, agricultural improvements and depreciable agricultural property. The bonds and notes issued under this program were sold to financial institutions upon approval of a loan to a beginning farmer. They are special limited revenue obligation bonds and carry no general moral or legal obligation of WHEDA.

WHEDA issued $8,641,800 in bonds to 59 private lenders while the program was active. The last issuance was in 2005. As all bonds were issued without WHEDA's general obligation, WHEDA does not track current information on amounts outstanding.

Safe Drinking Water Loan Guarantee Program

The 1997 biennial budget act created a safe drinking water loan guarantee program for projects that improve the quality of drinking water in water systems not owned by local units of government. Unlike WDRF-guaranteed programs, eligible loans were to be guaranteed by funds deposited to the Wisconsin drinking water reserve fund, supported in part by transfers that could be made by the Department of Natural Resources (DNR) from the safe drinking water loan fund of the environmental improvement fund.

Under the program, WHEDA was to guarantee up to 80% of the principal of an eligible loan for individual loans. The total outstanding principal amount for all guaranteed safe drinking water loans was limited to $3.0 million. WHEDA was required to maintain a balance of at least one dollar for every $4.50 in total outstanding guaranteed principal authorized under the program. All loans guaranteed under this program were backed by the moral obligation of the Legislature to appropriate any funds necessary to meet the obligations created.

Prior to 1995, DNR and EPA negotiated policy and procedural issues related to the implementation of the program. In the fall of 2006, DNR indicated that EPA would require each small, privately owned water supply system that wanted to participate in the program to be scored according to the state's priority system and placed on a priority list with all other safe drinking water loan projects, requiring the borrower to incur costs for engineering and consulting activities. Funds would have to be allocated by project priority, meaning that loan guarantees would be issued once per year, based on the funding list. DNR determined that EPA requirements would be so onerous that a safe drinking water loan guarantee program could not be implemented.

Public Affairs Network Loan Guarantee

2011 Act 32 created a program guaranteeing up to $5 million in loan principal to nonprofit public affairs networks that primarily broadcast Wisconsin legislative proceedings and coverage of state politics. It is likely the lone entity that would qualify on this basis is the WisconsinEye Public Affairs Network, which began broadcasting in 2007 and is currently supported by contributions from viewers and philanthropic efforts of various individuals and organizations.

The program authorizes WHEDA or a participating lender to make the loan, although an eligible loan may not exceed $5 million in principal. Eligible uses for loan proceeds include operating or capital expenses, provided that the loan will not refinance existing debt or be used for entertainment expenses. The lender must also take a security interest in the real or personal property of the borrower to ensure repayment of the loan.

The loan would be primarily guaranteed by the WDRF. However, the statutes allow WHEDA to transfer up to $5 million from the housing rehabilitation loan program administration fund to the WDRF if WDRF balances were insufficient to support the amount necessary for the loan. The program's authorizing statute also contains a moral obligation clause, under which the Legislature expresses its expectation and aspiration to make the Authority whole for any defaults on loans issued under the program.

The term of an eligible loan is established at a minimum of 13 years, with no principal or interest payments due during the first three years following issuance. The statutes limit total guarantees to $5 million, although no guarantee percentage is specified, meaning WHEDA would be required to establish the applicable guarantee percentage in the course of the loan being issued.

Following the enactment of 2011 Act 32, WisconsinEye announced it did not wish to pursue such financing in light of its mission for independent coverage of state government. As of 2016, WHEDA had no plans to make any loans or guarantees under this program.

APPENDICES

The following appendices are included to provide additional information on the Authority and its programs.

- Appendix I details the allocations of WHEDA's unencumbered general reserves for the 2015-16 and 2016-17 fiscal years.
- Appendix II provides summary information regarding current WHEDA programs.
- Appendix III lists Wisconsin county median incomes that are used for eligibility purposes in certain housing programs.
- Appendix IV lists income and loan limits as of December, 2016, for various WHEDA single-family lending programs.
- Appendix V displays WHEDA HOME and Advantage single-family lending activity.
- Appendix VI displays historical lending activity for home improvement programs.
- Appendix VII summarizes the Transform Milwaukee initiative begun by WHEDA in May, 2012.

APPENDIX I

Allocations of WHEDA Unencumbered General Reserves

2016-17

Activity	Amount
Home Ownership	$2,500,000
Multifamily Housing	1,800,000
Small Business and Economic Development	0
Housing Grants and Services	991,531
Total	$5,291,531

2015-16

Activity	Amount
Home Ownership	$1,000,000
Multifamily Housing	1,000,000
Small Business and Economic Development	843,977
Housing Grants and Services	850,000
Total	$3,693,977

Sources: WHEDA 2016-17 "Dividends for Wisconsin" plan submitted August, 2016; WHEDA 2015-16 "Dividends for Wisconsin" plan submitted August, 2015.

APPENDIX II

Summary of Primary WHEDA Programs
Housing Programs

Program	Purpose	Primary Funding	Program Activity
WHEDA Advantage (Fannie Mae, FHA or First-Time Home Buyer)	Mortgage loans for the purchase of homes by low- and moderate-income households.	Secondary market sales of loans; mortgage revenue bonds utilized in past	In 2015, 1,666 loans totaling $199,452,188 were made.
Home Improvement Advantage Program	Housing rehabilitation loans to low- and moderate-income households.	State-seeded revolving loan fund; revenue bond proceeds eligible	In 2015, nine loans were issued for $145,871.
WHEDA Refi Advantage	Refinance WHEDA-issued first-mortgage loans.	Secondary market sales	In 2015, 12 loans for $1,465,130 were issued.
WHEDA Tax Advantage	Award mortgage credit certificates (MCCs) for eligible owners of single-family homes to claim federal income tax credits for mortgage interest paid.	Federal tax-exempt volume cap	In 2015, 331 MCCs were issued with a value of $10,451,800.
Multifamily Loan Program	Financing to developers of multifamily projects for low- and moderate-income households.	Revenue bond proceeds and WHEDA general reserves	In 2015, 21 loans for $68,279,649 were made, representing 875 units.
Easy Close Advantage Program	Loans for down payment or home mortgage closing costs.	WHEDA general reserves	In 2015, 944 loans totaling $3,575,552 were made.
WHEDA Foundation Grant Program	Grants to nonprofit organizations for housing-related purposes.	WHEDA general reserves	In 2016, grants of $500,000 were distributed among 28 organizations.
Property Tax Deferral Loan Program	Loans to low-income elderly homeowners for payment of property taxes.	WHEDA general reserves	In the 2016 fiscal year, 16 loans totaling $41,000 were made.
Low-Income Housing Tax Credit Program	Federal tax credits to developers of low-income rental housing.	Federal tax credits	In 2016, $14,271,590 worth of (one-year) tax credits was approved for 28 projects for 1,166 low-income units.
Section 8/Project-Based Rental Assistance	Housing payments directly to property owners to subsidize rental housing for persons of low income.	Federal funds	As of June 30, 2016, WHEDA administers monthly subsidies equivalent to $165.1 million annually, which covers 31,200 units.
Section 8/Housing Choice Voucher Program (Tenant-Based Rental Assistance)	Federal housing vouchers to low-income households.	Federal funds	In 2015-16 WHEDA administered 2,300 vouchers equivalent to assistance of approximately $8.3 million per year.

APPENDIX II (continued)

Summary of Primary WHEDA Programs
Economic Development Programs

Program	Purpose	Funding Source	Program Activity
Credit Relief Outreach Program (CROP)	Guarantee loans to farmers for agricultural production.	Wisconsin Development Reserve Fund (WDRF)	In 2016 through June 30, 11 CROP loans were closed with total guarantees of $938,000.
Farm Assets Reinvestment Management (FARM) Loan Guarantee Program	Guarantee for the acquisition of farm assets and/or improvements of agricultural facilities or land.	WDRF	In 2015, two loans were made with total guarantees of $365,000.
Small Business Loan Guarantee Program	Guarantee loans for the acquisition or expansion of a business with less than 50 employees.	WDRF	In 2015, three loans with total guarantees of $480,000 were made.
Agribusiness Loan Guarantees	Guarantee loans for projects resulting in the development of new or more viable methods for processing or marketing a Wisconsin-grown commodity.	WDRF	As of June 30, 2016, the last lending under this program was one loan in 2012 at a guarantee of $96,000.
Contractors Loan Guarantee Program	Guarantee loans to contractors for the completion of a contract as part of the small business loan guarantee.	WDRF	As of June 30, 2016, the last lending under this program was one loan in 2011 at a guarantee of $80,000.
Neighborhood Business Revitalization Guarantee Program	Guarantee loans for the expansion or acquisition of small businesses or commercial real estate.	WHEDA general reserves	As of June 30, 2016, no loans have been guaranteed since 2011.
Economic Development Lending	Lending for economic development projects to create or maintain employment in the state.	WHEDA general reserves; also, bonding authority of up to $150 million annually through 2014-15, with possible extensions under a passive review by the Joint Committee on Finance.	From 2012 through June 30, 2016, 16 loans had been issued for $13,859,700 using WHEDA's general reserve revolving fund. Since the resumption of economic development bonding in 2011-12, one loan for $42.5 million was made using economic development bonds in August, 2012; it does not carry WHEDA's general obligation.
New Markets Tax Credits	Allocate federal income tax credits to encourage economic development projects in low-income areas.	Federal tax credits	WHEDA-affiliated entities have been awarded $575 million total since 2004. In 2016, qualifying equity investments of $21,500,000 were approved for tax credits.
State Small Business Credit Initiative	Increase credit access to small businesses through lending, equity investments and loan guarantees.	Federal funds	WHEDA is administering $22.4 million for Wisconsin. Approximately $1.96 million was disbursed to recipient firms in 2015.

APPENDIX III

Estimated 2016 Median Family Income by County*

County	Median Income	County	Median Income
Adams	$53,300	Marathon	$65,400
Ashland	48,800	Marinette	54,900
Barron	56,300	Marquette	56,500
Bayfield	57,100	Menominee	38,300
Brown	66,600	Milwaukee	70,200
Buffalo	60,300	Monroe	63,500
Burnett	48,700	Oconto	64,200
Calumet	73,800	Oneida	59,700
Chippewa	68,800	Outagamie	73,800
Clark	54,400	Ozaukee	70,200
Columbia	72,100	Pepin	60,300
Crawford	59,000	Pierce	85,800
Dane	83,900	Polk	60,400
Dodge	65,100	Portage	66,400
Door	65,000	Price	55,300
Douglas	62,700	Racine	70,300
Dunn	63,700	Richland	56,700
Eau Claire	68,800	Rock	59,300
Florence	54,200	Rusk	49,100
Fond du Lac	66,100	Sauk	67,300
Forest	52,600	Sawyer	48,100
Grant	60,400	Shawano	55,900
Green	70,300	Sheboygan	63,100
Green Lake	61,900	St. Croix	85,800
Iowa	71,900	Taylor	57,700
Iron	50,400	Trempealeau	62,800
Jackson	53,100	Vernon	58,600
Jefferson	64,800	Vilas	51,400
Juneau	55,700	Walworth	70,500
Kenosha	68,000	Washburn	54,000
Kewaunee	66,600	Washington	70,300
La Crosse	67,700	Waukesha	70,200
Lafayette	61,200	Waupaca	63,200
Langlade	52,000	Waushara	54,200
Lincoln	63,000	Winnebago	66,800
Manitowoc	63,200	Wood	64,200

Source: U.S. Department of Housing and Urban Development.

*In some instances data was provided for a metropolitan area rather than a county, the corresponding county was assigned this value. For example: Brown County was assigned Green Bay data.

Note: Income eligibility for certain WHEDA loans is based on provisions in the Internal Revenue Code, which generally specifies a limit of 115% of state or area median family income. Other adjustments under federal law may allow for higher income limits, as shown in Appendix IV, than suggested by data above.

Under the Section 8 programs, eligibility at 30%, 50% or 80% of median family income would apply to the levels above for a four-person household. Income thresholds are adjusted for households smaller or larger than four.

APPENDIX IV

Income and Loan Limits

WHEDA Advantage and FHA Advantage

This appendix lists, by county, the maximum income for households to be eligible for WHEDA Advantage and FHA Advantage first-mortgage loans. Also shown are the maximum amounts for single-family loans by county under FHA rules. All Fannie Mae loans are limited to $417,000.

	Advantage Income Limit		FHA Loan Limit		Advantage Income Limit		FHA Loan Limit
	1-2 Persons	3+Persons			1-2 Persons	3+Persons	
Adams	$78,890	$92,610	$271,050	Marathon	$78,890	$92,610	$271,050
Ashland	78,890	92,610	271,050	Marinette	78,890	92,610	271,050
Barron	78,890	92,610	271,050	Marquette	78,890	92,610	271,050
Bayfield	78,890	92,610	271,050	Menominee	78,890	92,610	271,050
Brown	78,890	92,610	271,050	Milwaukee	84,295	98,955	288,650
Buffalo	78,890	92,610	271,050	Monroe	78,890	92,610	271,050
Burnett	78,890	92,610	271,050	Oconto	78,890	92,610	271,050
Calumet	86,710	101,790	271,050	Oneida	78,890	92,610	271,050
Chippewa	79,120	92,880	271,050	Outagamie	86,710	101,790	271,050
Clark	78,890	92,610	271,050	Ozaukee	84,295	98,955	288,650
Columbia	84,755	99,495	271,050	Pepin	78,890	92,610	271,050
Crawford	78,890	92,610	271,050	Pierce	99,590	116,910	318,550
Dane	96,485	113,265	271,050	Polk	78,890	92,610	271,050
Dodge	78,890	92,610	271,050	Portage	78,890	92,610	271,050
Door	78,890	92,610	271,050	Price	78,890	92,610	271,050
Douglas	78,890	92,610	271,050	Racine	79,005	92,745	271,050
Dunn	78,890	92,610	271,050	Richland	78,890	92,610	271,050
Eau Claire	79,120	92,880	271,050	Rock	78,890	92,610	271,050
Florence	78,890	92,610	271,050	Rusk	78,890	92,610	271,050
Fond du Lac	78,890	92,610	271,050	Sauk	79,120	92,880	271,050
Forest	78,890	92,610	271,050	Sawyer	78,890	92,610	271,050
Grant	78,890	92,610	271,050	Shawano	78,890	92,610	271,050
Green	80,845	94,905	271,050	Sheboygan	79,235	93,015	271,050
Green Lake	78,890	92,610	271,050	St. Croix	99,590	116,910	318,550
Iowa	84,755	99,495	271,050	Taylor	78,890	92,610	271,050
Iron	78,890	92,610	271,050	Trempealeau	78,890	92,610	271,050
Jackson	78,890	92,610	271,050	Vernon	78,890	92,610	271,050
Jefferson	83,605	98,145	271,050	Vilas	78,890	92,610	271,050
Juneau	78,890	92,610	271,050	Walworth	81,075	95,175	271,050
Kenosha	80,615	94,635	365,700	Washburn	78,890	92,610	271,050
Kewaunee	78,890	92,610	271,050	Washington	84,295	98,955	288,650
La Crosse	80,730	94,770	271,050	Waukesha	84,295	98,955	288,650
Lafayette	78,890	92,610	271,050	Waupaca	78,890	92,610	271,050
Langlade	78,890	92,610	271,050	Waushara	78,890	92,610	271,050
Lincoln	78,890	92,610	271,050	Winnebago	80,615	94,635	271,050
Manitowoc	78,890	92,610	271,050	Wood	78,890	92,610	271,050

APPENDIX IV (continued)

Income and Loan Limits

Tax Advantage, VALOR and FTHB Advantage

This appendix lists, by county, the maximum income for households and home purchase prices under the WHEDA Tax Advantage, VALOR and FTHB Advantage programs. These programs are supported by federal tax preferences, and requirements differ from those for the WHEDA Advantage and FHA Advantage programs. Cities and counties partially containing target areas are listed on the following page.

	Income Limit		Loan Limit		Income Limit		Loan Limit
	1-2 Persons	3+Persons			1-2 Persons	3+Persons	
Adams	$68,600	$78,890	$255,573	Marathon	$68,600	$78,890	$255,573
Ashland *	82,320	96,040	312,368	Marinette *	82,320	96,040	312,368
Barron *	82,320	96,040	312,368	Marquette *	82,320	96,040	312,368
Bayfield *	82,320	96,040	312,368	Menominee	68,600	78,890	255,573
Brown	68,600	78,890	255,573	Milwaukee	73,300	84,295	255,573
Buffalo	68,600	78,890	255,573	Monroe	68,600	78,890	255,573
Burnett *	82,320	96,040	312,368	Oconto *	82,320	96,040	312,368
Calumet	75,400	86,710	255,573	Oneida	68,600	78,890	255,573
Chippewa	68,800	79,120	255,573	Outagamie	75,400	86,710	255,573
Clark *	82,320	96,040	312,368	Ozaukee	73,300	84,295	255,573
Columbia	73,700	84,755	255,573	Pepin	68,600	78,890	255,573
Crawford *	82,320	96,040	312,368	Pierce	86,600	99,590	255,573
Dane	83,900	96,485	255,573	Polk	68,600	78,890	255,573
Dodge	68,600	78,890	255,573	Portage	68,600	78,890	255,573
Door	68,600	78,890	255,573	Price	68,600	78,890	255,573
Douglas	68,600	78,890	255,573	Racine	68,700	79,005	255,573
Dunn	68,600	78,890	255,573	Richland	68,600	78,890	255,573
Eau Claire	68,800	79,120	255,573	Rock	68,600	78,890	255,573
Florence	68,600	78,890	255,573	Rusk *	82,320	96,040	312,368
Fond du Lac	68,600	78,890	255,573	Sauk	68,800	79,120	255,573
Forest	68,600	78,890	255,573	Sawyer *	82,320	96,040	312,368
Grant	68,600	78,890	255,573	Shawano	68,600	78,890	255,573
Green	70,300	80,845	255,573	Sheboygan	68,900	79,235	255,573
Green Lake	68,600	78,890	255,573	St. Croix	86,600	99,590	255,573
Iowa	73,700	84,755	255,573	Taylor	68,600	78,890	255,573
Iron *	82,320	96,040	312,368	Trempealeau *	82,320	96,040	312,368
Jackson *	82,320	96,040	312,368	Vernon	68,600	78,890	255,573
Jefferson	72,200	83,605	255,573	Vilas	68,600	78,890	255,573
Juneau *	82,320	96,040	312,368	Walworth	70,500	81,075	255,573
Kenosha	80,888	93,022	255,573	Washburn	68,600	78,890	255,573
Kewaunee	68,600	78,890	255,573	Washington	73,300	84,295	255,573
La Crosse	70,200	80,730	255,573	Waukesha	73,300	84,295	255,573
Lafayette	68,600	78,890	255,573	Waupaca	68,600	78,890	255,573
Langlade	68,600	78,890	255,573	Waushara	68,600	78,890	255,573
Lincoln	68,600	78,890	255,573	Winnebago	70,100	80,615	255,573
Manitowoc	68,600	78,890	255,573	Wood	68,600	78,890	255,573

* Counties are federal target areas of economic distress and subject to higher income and purchase price limits.

APPENDIX IV (continued)

Income and Loan Limits

Tax Advantage, VALOR and FTHB Advantage

Urban Targeted Areas

	Income Limit		
	1-2 Persons	3+Persons	Loan Limit
Augusta	$82,560	$96,320	$312,368
Beloit	82,320	96,040	312,368
Clear Lake	82,320	96,040	312,368
Eau Claire	82,560	$96,320	312,368
Green Bay	82,320	96,040	312,368
Janesville	82,320	96,040	312,368
Kenosha	81,600	96,040	312,368
La Crosse	84,240	98,280	312,368
La Farge	82,320	96,040	312,368
Madison	100,680	117,460	312,368
Milwaukee	87,960	102,620	312,368
Racine	82,440	96,180	312,368
Sheboygan	82,680	96,460	312,368
Superior	82,320	96,040	312,368
Waukesha	87,960	102,620	312,368
Wausau	82,320	96,040	312,368

Partial County Targeted Areas

Menominee	$82,320	$96,040	$312,368

APPENDIX V

Homeownership Mortgage Loan Program (HOME) and WHEDA Advantage

Historical Bonding Activity

Bond Issue	Amount of Bonds Issued	Amount Available for Loans	Mortgage Rate
1980 Series A	$45,000,000	$38,575,000	9.67%
1982 Series A	100,000,000	89,641,656	13.75
1982 Issue II	50,000,000	49,097,612	10.75, 11.0
1983 Issue I	60,000,000	52,213,244	10.25
1983 Issue I	90,000,000	80,436,614	10.70
1983 Issue II	35,000,000	31,971,568	11.00
1984 Issue I	140,000,955	116,242,940	11.25
1984 Issue II	41,110,948	32,836,675	10.90
1985 Issue I	169,995,438	155,959,688	9.65
1985 Issue II	10,003,263	9,172,580	9.90
1985 Issue III	19,495,597	18,060,409	9.75
1986 Series A	30,740,000	28,850,000	8.65
1986 Series B	67,105,000	62,500,000	7.99
1987 Series A	44,625,000	42,000,000	8.85
1987 Series B&C	100,000,000	94,750,000	8.75
1987 Series D&E	42,000,000	39,250,000	8.99
1988 Series A&B	75,000,000	71,160,000	8.875
1988 Series C	135,000,000	130,843,434	8.80
1988 Series D	204,999,158	198,585,859	8.60
1989 Series A	36,150,000	35,251,514	8.97
1989 Series B&C	73,769,715	71,542,450	8.55
1990 Series A,B&C	168,130,000	163,637,469	8.95
1990 Series D&E	79,300,000	76,805,714	8.88
1991 Series A,B&C	89,500,000	86,641,615	8.85
1991 Series 1,2&3	97,565,000	94,823,229	8.21, 7.9
1992 Series A&B	96,285,000	79,760,000	7.99
1992 Series 1&2	100,000,000	98,097,000	7.71
1993 Series A&B	116,165,000	114,150,000	7.00, 8.25
1994 Series A&B	82,645,000	70,468,982	6.50, 8.25
1994 Series C&D	50,000,000	48,957,000	7.68
1994 Series E&F	30,000,000	29,800,000	8.49
1995 Series A&B	125,000,000	121,355,383	8.17
1995 Series C,D&E	100,000,000	96,910,590	7.79
1995 Series F,G&H	70,000,000	68,600,000	7.60
1996 Series A&B	75,000,000	74,180,000	7.13
1996 Series C&D	75,000,000	74,167,000	7.47
1996 Series E&F	60,000,000	59,223,000	7.04
1997 Series A,B&C	85,000,000	84,189,000	7.49
1997 Series D,E&F	95,000,000	94,029,000	7.01
1997 Series G,H&I	75,000,000	73,869,000	6.74

APPENDIX V (continued)

Homeownership Mortgage Loan Program (HOME) and WHEDA Advantage

Historical Bonding Activity

Bond Issue	Amount of Bonds Issued	Amount Available for Loans	Mortgage Rate
1998 Series A,B&C	$126,785,000	$101,785,400	6.42%
1998 Series D&E	115,000,000	113,887,742	6.60
1998 Series F&G	95,000,000	94,021,706	6.54
1999 Series C,D&E	90,000,000	89,098,970	6.65
1999 Series F,G,H&I	80,000,000	80,000,000	6.87
2000 Series A,B&C	70,000,000	69,279,000	7.79
2000 Series E&F	63,000,000	63,000,000	7.75
2000 Series H	35,000,000	33,786,440	8.90
2001 Series A,B,C&D	94,060,000	85,126,000	6.50
2002 Series A,B,C&D	135,565,000	78,230,000	5.87
2002 Series E,F,G&H	160,000,000	113,114,000	5.87
2002 Series I&J	95,000,000	95,000,000	5.87
2003 Series A	110,000,000	109,164,000	5.40
2003 Series B	110,000,000	108,878,000	5.38
2003 Series C&D	110,215,000	87,304,000	5.54
2004 Series A&B	136,295,000	126,763,000	5.45
2004 Series C&D	150,000,000	146,672,299	5.44
2004 Series E	100,000,000	98,165,440	5.25
2005 Series A&B	131,200,000	117,517,063	5.35
2005 Series C	200,000,000	195,348,457	5.26
2005 Series D&E	148,500,000	146,985,300	5.26
2006 Series A&B	200,000,000	196,000,000	5.15
2006 Series C&D	247,585,000	244,432,872	6.16
2006 Series E&F	180,000,000	175,900,692	6.28
2007 Series A&B	180,000,000	174,025,427	6.12
2007 Series C&D	225,000,000	219,513,224	5.91
2007 Series E&F	130,000,000	126,075,047	5.88
2008 Series A&B	190,000,000	185,901,840	5.77
2010 Series A/2009 Series A-1	100,000,000	100,571,840	5.23
2015 Series A,B&C	202,855,000	65,000,000	4.07
2016 Series A,B&C	235,800,000	75,179,793	4.19
Total	$7,486,445,074	$6,774,332,777	

APPENDIX V (continued)

Homeownership Mortgage Loan Program (HOME) and WHEDA Advantage

HOME Loan Activity

Year	Number of Loans	Amount
1980	805	$29,379,485
1981	203	9,630,508
1982	1,284	43,660,764
1983	5,073	187,441,013
1984	4,033	155,837,376
1985	4,797	178,371,061
1986	2,263	84,187,848
1987	3,782	156,612,841
1988	4,338	181,742,936
1989	6,334	283,246,121
1990	6,951	317,373,822
1991	4,112	180,466,199
1992	4,532	206,409,766
1993	2,103	91,891,081
1994	4,079	207,870,035
1995	4,670	254,059,161
1996	3,838	203,155,696
1997	3,957	227,046,845
1998	4,498	287,348,073
1999	3,332	218,719,693
2000	3,532	243,875,966
2001	2,645	194,477,594
2002	3,507	287,143,978
2003	4,004	360,337,356
2004	4,132	408,066,669
2005	5,226	566,143,209
2006	4,553	499,528,927
2007	4,705	522,056,353
2008	2,746	295,336,844
2009	0	0
Subtotal	110,034	$6,881,417,220

APPENDIX V (continued)

Homeownership Mortgage Loan Program (HOME) and WHEDA Advantage

WHEDA Advantage (Fannie Mae) Loan Activity

2010	657	$74,007,746
2011	374	39,305,692
2012	640	71,238,720
2013	1,077	119,772,833
2014	1,169	133,701,463
2015	502	66,199,965
2016*	286	39,827,786
Subtotal	4,705	$544,054,205

FHA Advantage Loan Activity

2010	2	$163,300
2011	0	0
2012	11	1,167,569
2013	49	5,056,540
2014	79	8,424,304
2015	124	14,111,641
2016*	127	15,679,296
Subtotal	392	$44,602,650

First Time Home Buyer (FTHB) Advantage/Veterans Affordable Loan Opportunity Rate (VALOR) Loan Activity

2015	1,040	$119,140,582
2016*	687	77,832,182
Subtotal	1,727	$196,972,764
Total	**116,858**	**$7,667,046,839**

* Through June 30.

Note: Activity does not reflect refinance loans made under WHEDA Advantage (Fannie Mae).

APPENDIX VI

Home Improvement Loan and Home Improvement Advantage Programs

Bond Issue	Amount of Bonds Issued	Amount Available for Loans	Mortgage Rate
R-1 Subordinated	$4,880,000	---	---
1979 Series A	20,120,000	$22,398,868	4, 6, 8%
1981 Series A	9,990,000	12,761,268	9.9, 12.9, 14
1983 Series A	10,000,000	10,275,307	10.95
1984 Series A	9,999,850	9,773,539	10.95
1985 Series A	10,000,000	10,275,000	10.5
Prepayments and Excess Revenues	---	2,700,000	8
1988 Series A	12,635,000	11,679,975	8.75
1990 Series A&B	10,000,000	9,272,200	8.75
1992 A&B	10,000,000	9,140,250	8
Total	$97,624,850	$98,276,407	

Home Improvement Loan Activity by Calendar Year

Year	Number of Loans	Amount
1979	448	$2,504,434
1980	2,800	16,636,013
1981	255	1,480,773
1982	981	5,931,679
1983	1,084	6,339,121
1984	1,722	11,607,301
1985	1,279	8,803,193
1986	365	2,688,067
1987	160	1,152,813
1988	654	3,911,100
1989	1,326	7,650,629
1990	977	6,624,234
1991	580	4,135,288
1992	457	3,469,618
1993	308	2,333,329
1994	341	2,868,054
1995	257	2,369,850
1996	194	1,668,622
1997	176	1,645,406
1998	147	1,376,213
1999	111	1,097,043
2000	93	902,591
2001	55	497,948
2002	53	578,320
2003	49	558,077
2004	57	720,667
2005	94	1,084,911
2006	101	1,080,965
2007	79	1,002,996
2008*	8	126,101
Subtotal	15,212	$102,845,356

*Program was suspended effective April, 2008.

APPENDIX VI (continued)

Home Improvement Loan and Home Improvement Advantage Programs

Home Improvement Advantage Loan Activity By Calendar Year

Year	Number of Loans	Amount
2009	6	$42,690
2010	2	20,000
2011	5	41,368
2012	6	39,884
2013	12	95,113
2014	18	221,436
2015	9	145,871
2016*	4	40,677
Subtotal	62	$647,039
Total (Both Programs)	**15,274**	**$103,492,395**

*Through June 30.

APPENDIX VII

Transform Milwaukee

On April 30, 2012, WHEDA and the Governor announced the creation of Transform Milwaukee, which utilizes resources primarily from, or allocated by, WHEDA to encourage construction and redevelopment of housing and commercial properties throughout Milwaukee's 30th Street corridor, the Menomonee Valley, the Port of Milwaukee and the Milwaukee Aerotropolis multi-modal transportation area near General Mitchell International Airport. WHEDA expected Transform Milwaukee to include at least $100 million in total WHEDA-directed expenditures and allocations of tax credits over a two-year period beginning May 1, 2012. Further, WHEDA expected its activities would prompt an additional $100 million in funding from various private and public sources, for a total of $200 million over the two-year period. WHEDA anticipated the funding

Table 22: Transform Milwaukee Initiative Funding – May, 2012 through July, 2016

Program	WHEDA-Directed Amount	Fund Source	Estimated Additional Funding
Economic Development			
New Markets Tax Credits (NMTCs)	$76,000,000	Federal tax credits	*
WHEDA Participation Lending Program (PLP)	3,602,400	WHEDA reserves	*
Small Business Loan Guarantees	2,321,500	WDRF/Nat'l Mortgage Settlement	$1,030,400
Wis. Venture Debt Fund/State Small Business Credit Initiative	470,000	Federal funds	680,000
Greater Wisconsin Opportunity Fund Grants	350,000	NMTC fees	0
Micro-Equity Fund	211,700	Nat'l Mortgage Settlement	105,800
Mid-West Energy Research Consortium Grant	50,000	WHEDA reserves	850,000
Multifamily Housing Development			
Multifamily Housing Financing	64,198,900	WHEDA bonding, reserves	**
Low-Income Housing Tax Credits	7,290,800	Federal funds	**
Single-Family Housing Development			
Single-Family Mortgage Lending	14,718,800	Secondary market sales/ mortgage revenue bonds	947,500
NW Impact -- Housing Rehabilitation	634,300	WHEDA reserves	185,500
Other Programs and Funding			
WHEDA Foundation Grants	365,100	WHEDA reserves	1,380,400
TM Strategic Plan	267,700	WHEDA reserves	110,500
Stormwater Study	250,000	WHEDA reserves	646,000
Subtotals	$170,731,200		$255,400,500
Total WHEDA and Other Sources		$426,131,700	

*Estimated additional funding is $94,366,000 on economic development projects utilizing NMTC and WHEDA PLP.
**Estimated additional funding reported on multifamily housing developments is $155,098,400.

would come from: (a) other equity financing secured by projects receiving federal tax credits under the low-income housing tax credit (LIHTC) and New Markets Tax Credits (NMTC) programs described elsewhere in the paper; (b) down payments and other additional financing for multifamily housing developments; (c) down payments on single-family residence purchases; and (d) other supplementary financing for recipients of various loans or grants.

As of August 1, 2016, WHEDA reported grants, loans and other project financing totaling $426.1 million in the Transform Milwaukee area since the initiative's inception. This includes: (a) $170.7 million in WHEDA-provided financing or tax-credit allocations; and (b) $255.4 million in additional public and private commitments. Most additional financing is attributed to multifamily housing developments and large economic development projects. For reference, as of the two-year anniversary (April 30, 2014), WHEDA had reported approximately $214.5 million in total financing, including: (a) $80.8 million in WHEDA-directed expenditures or allocations; and (b) $133.7 million in additional public and private commitments, including approximately $112 million from private sources participating and additional public financing of approximately $21.7 million.

The following sections describe components of the WHEDA-directed and outside funding. Table 22 summarizes the funding that occurred as of July, 2016.

Economic Development

New Markets Tax Credits. In Transform Milwaukee's initial two-year financing period, NMTCs were awarded for: (a) $30,000,000 on qualifying investment for the Milwaukee Marriott Downtown hotel redevelopment; and (b) $20,000,000 in qualifying investments for the Global Water Center. The Global Water Center is a redevelopment of former warehouse space and now includes office and research space for several water-related businesses and educational institutions. WHEDA has since allocated additional NMTCs on: (a) $10,500,000 for a Fresh Thyme Grocery north of downtown Milwaukee; (b) $10,000,000 for Cermak Fresh Market in the Walker's Point/Fifth Ward area; and (c) $5,500,000 for the Gerald L. Ignace Indian Health Center on West Mitchell Street.

It should be noted that NMTCs are awarded on the basis of total qualifying equity investments in a project. Tax credits claimable are 39% of the project's qualifying investment, meaning $76 million in qualifying investments designated by WHEDA for the listed projects would equate to maximum possible credits of $29.64 million. Credits are typically sold at a discount for up-front investment, which may further reduce the nominal maximum value of the credits.

Direct Participation Economic Development Loans. In 2012, WHEDA made a loan of $252,000 under its Participation Lending Program in the Transform Milwaukee area to a metals manufacturing and fabrication company. Since issuance of that loan, WHEDA has made additional economic development loans of $3,350,400, including: (a) $1,700,400 for the Ignace Indian Health Center; and (b) $1,650,000 for development of the downtown Marriott SpringHill Suites. PLP loans are customarily supported by a revolving fund in WHEDA's general reserves.

Estimated additional funding was $94,366,000 for economic development projects utilizing NMTCs and WHEDA's PLP. This number excludes overlapping NMTC and PLP funding which exceeds the total cost of development and economic development bonding provided by WHEDA who acted as a conduit issuer for the Downtown Marriott project, and thus incurred no general obligation.

Small Business Loan Guarantees. WHEDA has guaranteed 11 loans in the Transform Milwaukee area for total guarantees of $2,321,500 under the small business loan guarantee program. WHEDA reports non-guaranteed amounts of $1,030,400 for the loans. All guarantees have occurred since the initial two-year target period. Small business guarantees under Transform Milwaukee are generally similar to the small business loan guarantee program WHEDA offers throughout the state (as described in Chapter 3), although WHEDA has offered generally larger guarantee percentages for Transform Milwaukee-area guarantees. Small business guarantees are supported primarily by the Wisconsin Development Reserve Fund (WDRF). WHEDA reports it is allocating $2.5 million GPR appropriated to the WDRF in 2013-14 to the Transform Milwaukee area. Additionally, WHEDA reports it has allocated $750,000 from the state's portion of the 2012 National Mortgage Settlement to support small business loan guarantees throughout Milwaukee, including the Transform Milwaukee area. The $3.25 million for Milwaukee-area loan guarantees, if leveraged at a 4.5:1 ratio in accordance with WDRF provisions, could support guarantees of approximately $14.6 million.

Small Business Venture Capital Programs. WHEDA allocated $470,000 to two projects through a venture capital program administered with the Milwaukee Economic Development Corporation. Funding is provided as loans under the Wisconsin Venture Debt Fund (WVDF); the WVDF is a component of Wisconsin's State Small Business Credit Initiative program, under which WHEDA is administering $22.4 million of federal funds on the state's behalf. WHEDA reports additional funding participating in the awarded projects is $680,000.

Greater Wisconsin Opportunities Fund (GWOF) Grants. WHEDA has awarded four grants totaling $350,000 from the Greater Wisconsin Opportunities Fund, which is a community-development entity established by WHEDA primarily to apply for and allocate New Markets Tax Credits. Grants are made from fees GWOF collects on NMTC-awarded developments. GWOF grants are targeted at primarily youth entrepreneurship and related training programs, particularly those reaching persons in low-income communities.

Micro-Equity Fund. WHEDA has allocated $750,000 from the 2012 National Mortgage Settlement to create a Micro-Equity Fund to encourage entrepreneurs' developments of concepts. Of the total Micro-Equity Fund allocation, WHEDA reports $350,000 has been awarded to the Wisconsin Women's Business Initiative Corporation (WWBIC). Funding deployed is $211,700 as of August 1, 2016, with an additional $105,800 contributed by WWBIC or other participants.

An additional $100,000 from the Micro-Equity Fund was awarded to the Milwaukee-based Manufacturing Diversity Institute and the University of Wisconsin-Milwaukee. However, WHEDA reports this funding has not been placed as of August 1, 2016, and it is not included in Transform Milwaukee totals. WHEDA reports it intends to award the remaining $300,000 in 2017 through a competitive process.

Midwest Energy Research Consortium Grant. WHEDA granted $50,000 to the Midwest Energy Research Consortium for startup support of the Energy Innovation Center (EIC). The EIC, located at the Century City Tower in the Transform Milwaukee area, is intended to facilitate development of energy and power control technology. Funding was allocated from WHEDA's general reserve surplus. WHEDA reports its funding accompanied $850,000 provided by the Wisconsin Economic Development Corporation (WEDC) for EIC funding.

Multifamily Housing Development

Multifamily Housing Financing. WHEDA reports seven loans totaling $18,435,900 were issued in the Transform Milwaukee area for multifamily housing developments in the two-year initial period. Since then, an additional six loans have been issued for $45,763,000, for a total of $64,198,900. Loans may be supported by WHEDA's general reserves and by mortgage revenue bonds. WHEDA-financed multifamily housing developments must set aside a percentage of units in each financed property for households at or below certain percentages of area median income. Bonds financing multifamily housing developments may carry both federal and state tax exemptions on interest earnings.

Low-Income Housing Tax Credits. WHEDA has awarded approximately $7,290,800 in federal low-income housing tax credits since Transform Milwaukee's inception, which includes $4,494,100 during the two competitive award cycles in the initial two-year target period and $2,796,700 in the following two years' LIHTC cycles. Awards of $7.29 million represent the one-year amount of tax credits that may be claimed by persons claiming the credit, although that amount is claimable for each year of a 10-year period. Therefore, maximum total credits claimed for the selected projects would be approximately $72.9 million. Future credits commonly are sold by developers to other investors in exchange for up-front financing, and developments may also involve developers' capital or other financing.

Estimated additional funding for multifamily projects is difficult to separate out into multifamily housing financing and LIHTC, which often concurrently fund a single project. Combined, these two provide an estimated $155,098,400 of additional funding beyond WHEDA-directed funds.

Single-Family Housing Development

Single-Family Mortgage Lending. WHEDA reports it has made loans totaling $14,718,800 for 134 single-family residences in the Transform Milwaukee area over four years of the initiative. This includes 46 loans for $4,616,900 during the first two years and 88 loans for $10,101,900 in the approximately two years following. Additional financing is reported as $947,500, which includes borrower down payments, various private sources, and several local, federal and state programs, including WHEDA Easy Close, the Authority's down-payment assistance program.

Transform Advantage. In December, 2015, WHEDA authorized usage of up to $3.9 million for the purchase and rehabilitation of property or for new construction within the Transform Milwaukee area. Borrowers would be eligible for a 0% interest rate for 12 months during the construction or rehabilitation period. Borrowers are eligible for the same rate as WHEDA Advantage loans, as well as financing of up to the full value of the structure. As of August 1, 2016, there has not yet been any activity under Transform Advantage.

Northwest Side Community Development Corporation. In 2012 and 2013, WHEDA and the Milwaukee-based nonprofit organization Northwest Side Community Development Corporation (NWSCDC) approved a number of lending initiatives to be carried out in partnership under the Transform Milwaukee initiative. Currently, NWSCDC is operating a single-family residential development program through a wholly owned subsidiary known as NW Impact. Under the program, NW Impact acquires distressed properties in need of improvements or repairs. Properties are then rehabilitated and sold. Other planned single-family residential and economic development programs have not been implemented.

WHEDA's participation in the program includes a 15-year, no-interest loan of up to $1.8 million from the Authority's Homeownership Development Fund, which is maintained as an encumbrance in WHEDA's general fund. Of this amount, $1,300,000 is for funding direct housing-related costs, and $500,000 is for working capital to administer the programs. Additional private financing of $1.8 million has been made to NW Impact, all of which is for direct housing purchases.

NW Impact has until December 31, 2016, to draw upon the funds. On that date, funds committed to projects become outstanding loans and become payable over the 15-year term. If total direct housing costs are less than the $3.1 million available for those purposes, amounts committed to the loans would be in proportion to each of the amounts offered by WHEDA and the private lender, or at about a 58%:42% split. As properties are sold, these funds received by NW Impact would pay down the outstanding loans, with the private loan to be repaid first.

As of August 1, 2016, WHEDA reports seven single-family residences had been acquired for subsequent rehabilitation. WHEDA has disbursed the full $500,000 allocated for working capital. Additional draws of $319,800 had been made for housing-related costs, including $134,300 from WHEDA and $185,500 from private sources.

Other Programs and Funding

WHEDA Foundation Grants. The WHEDA Foundation has granted $365,100 to 20 Transform Milwaukee-area projects since the initiative's inception. Of those amounts, $210,000 was awarded to 10 recipients during the initiative's first two years. WHEDA Foundation grants are funded from WHEDA's annual unencumbered general fund reserves, or surplus. WHEDA estimates additional funding secured by the Foundation-funded projects was $1,380,400, although additional financing for individual projects ranges from $0 to $512,000, and several awardees have reported no additional funding secured.

Transform Milwaukee Strategic Plan. WHEDA commissioned an assessment of several core areas in the Transform Milwaukee project boundaries to determine resources available and how future activities of WHEDA and other entities can best be deployed. WHEDA allocated $267,700 for the strategic plan, which was completed in early 2015. Additional amounts of $110,500 were contributed by other private and public sources.

Stormwater Study. At the request of the Milwaukee Metropolitan Sewerage District (MMSD), WHEDA approved $250,000 from its 2011-12 Dividends plan for an MMSD-commissioned study of storm water management in the 30th Street corridor north of the Menomonee River to Lincoln Creek. The studies are intended to minimize or eliminate flood potential in residential and industrial areas targeted for development. An additional $646,000 was contributed to the study by MMSD.

Blight Elimination Grants. As discussed in Chapter 2, WHEDA administered $500,000 from the state's share of the 2012 National Mortgage Settlement for competitive grants to demolish abandoned, blighted properties in Milwaukee. Grants were awarded for the demolition of one- to four-unit residences, and were intended to clear low-value housing stock that could be replaced by green space or new housing or commercial development. WHEDA grants funded the demolition of 39 properties in Milwaukee.

Blight elimination grants are not shown in Table 22, as blight elimination was not directly associated with other housing or economic development. However, WHEDA reports awarded funds were deployed in the designated Transform Milwaukee area.

Past Funding in Milwaukee

Table 23 shows lending and tax credit allocations in the City of Milwaukee for 2007 through 2011, the five full years preceding Transform Milwaukee's implementation. Three circumstances should be noted to explain unusually high or low amounts in the table. First, WHEDA temporarily ceased most single-family lending from October, 2008, to March, 2010, accounting for significantly lower lending activity in 2009. Additionally, LIHTC amounts allocated to Wisconsin were increased for 2009 and 2010 under the federal Heartland Disaster Tax Relief Act of 2008. Finally, the LIHTC program also was augmented by additional funding under the American Recovery and Reinvestment Act of 2009 through the Tax Credit Assistance Program (TCAP) and Tax Credit Exchange Program (Exchange). The programs provided additional financial support in 2009 and 2010 for LIHTC projects to alleviate financing difficulties such projects experienced following the 2007-2009 recession.

Table 23 shows total funding of $330.4 million during the five-year period from 2007 through 2011, with funding of $103.8 million for single-family housing, $115.2 million in multifamily housing, and $111.4 million in economic development funding. Annual funding averaged over $66.1 million, including $20.8 million for single-family housing, $23 million for multifamily housing and $22.3 million for economic development projects.

Not shown in Table 23 are lending activities under several second-mortgage or low-volume programs including: (a) the Home Improvement Advantage loan program; (b) Easy Close Advantage; and (c) the neighborhood business revitalization loan guarantee program. These programs did not significantly contribute toward achieving the two-year initial funding goals of Transform Milwaukee.

Table 23: Previous WHEDA Funding in the City of Milwaukee under Transform Milwaukee Component Programs

Program	2007		2008		2009		2010		2011	
Single-Family Housing										
First Mortgages	$59,095,844	(502)	$35,594,300	(308)	$345,997	(4)	$6,939,342	(68)	$1,810,847	(19)
Multifamily Housing										
Loans	$4,464,999	(3)	$7,650,000	(2)	$5,991,892	(2)	$9,007,441	(4)	$20,601,074	(4)
Low-Income Housing Tax Credits (LIHTC)	4,424,500	(12)	4,270,173	(8)	16,851,353	(21)	15,392,643	(10)	6,128,064	(9)
LIHTC/Loans Combined Deals	8,304,584	(2)	7,669,018	(1)	4,418,147	(1)	0	(0)	0	(0)
Subtotal	$17,194,083	(17)	$19,589,191	(11)	$27,261,392	(24)	$24,400,084	(14)	$26,729,138	(13)
Economic Development										
Small Business Dev. Loan Guarantees	0	(0)	442,539	(6)	1,128,799	(9)	472,000	(4)	185,600	(2)
New Markets Tax Credits	0	(0)	31,000,000	(2)	10,000,000	(1)	5,250,000	(1)	62,976,896	(3)
Subtotal	$0	(0)	$31,442,539	(8)	$11,128,799	(10)	$5,722,000	(5)	$63,162,496	(5)
WHEDA Total	**$76,289,927**	**(519)**	**$86,626,030**	**(327)**	**$38,736,188**	**(38)**	**$37,061,426**	**(87)**	**$91,702,481**	**(37)**

Note: Parentheses indicate the number of loans or projects awarded funding for the corresponding dollar amount.