Wisconsin Housing and Economic Development Authority

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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 help 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 from incurring this type of debt by Article VIII, Section 7 of the Wisconsin Constitution, 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. Subsequently, WHEDA's mission was 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 is not included in the state budget and is 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. The Authority has budgeted 159.2 full-time equivalent (FTE) employees for the 2012-13 fiscal year. The Authority is divided into an executive office and the following nine teams: administration/human resources, legal, communications, economic development, finance, information technology, community development, multifamily housing, and single-family housing. The Authority's teams are similar to divisions in state agencies.

CHAPTER 1

BACKGROUND

History

The Authority began operations in July, 1973, following a Wisconsin Supreme Court decision regarding the new authority. 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, it was declared that the constitutional prohibition on incurring debt for such purposes did not apply to the Authority. Thus, it could issue bonds for housing programs. The Legislature made a start-up appropriation of $250,000 in general purpose revenue (GPR), and the Authority repaid that amount from operating funds after establishment.

The Authority's governing board consists of 12 members, six of whom are public members appointed by the Governor with the advice and consent of the Senate for 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 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 authorizing bond issues, approving the Authority's annual operating budget and setting 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. Specifically, 1983 Act 81 authorized the Authority to make export loans and 1983 Act 83 authorized the Authority to make economic development loans to eligible 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 a credit relief outreach program (CROP) to be administered by WHEDA. The Act provided WHEDA with a state general purpose revenue (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.

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

- Small business (contract) (1989 Wisconsin 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 loan guarantee program (1993 Act 16);

- ➢ Stratospheric ozone protection (1993 Act 16);
- Farm asset reinvestment (1995 Act 150);
- Safe drinking water (1997 Act 27); and
- Small business development (1997 Act 27).

The small business development loan guarantee program combined each of the seven programs marked with an arrow, thus repealing their individual program status.

Other housing programs begun 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. In 1989, Act 31 created a Division of Housing in the Department of Administration (DOA) 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 eliminated, 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 papers entitled "State Programs for Veterans" and "State Housing Programs."

1993 Act 16 shifted the property tax deferral loan program from DOA to WHEDA. This program is described in Legislative Fiscal Bureau informational paper #23, "Property Tax Deferral Loan Program."

Other programs created in WHEDA have been either discontinued by the Authority or repealed from the statutes. 1989 Act 335 created a loan guarantee program for businesses emphasizing alternative uses of products recovered through recycling processes. This program was subsequently repealed in 1993 Act 75. 1997 Act 27 created a loan guarantee program for brownfields remediation, which was subsequently repealed in 1999 Act 9 after no loans had been guaranteed. An airport development zone loan program was authorized under 2005 Act 487 to make loans for construction or expansion of airports in designated airport development zones, including activities to increase the number of flights or carriers serving an airport. This program made no loans before being repealed in 2009 Act 2 and replaced with the state economic development tax credit. Other programs that have been repealed or inactivated, but that have remaining obligations outstanding or that continue to be authorized by statute, are discussed later throughout the paper.

Authority Financing

The majority of the Authority's programs are funded from proceeds from the sale of tax-exempt and taxable bonds. However, WHEDA has also created several housing and economic development programs through Authority general fund monies that are available after setting aside required reserves and funding for general operations.

The Authority's assets and liabilities, as shown in Table 1, derive primarily from income receivable and debts incurred from the sale of bonds and notes to finance its housing programs. 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 also limit WHEDA to $600 million in outstanding amounts for any bonds issued with the requirement of a capital reserve fund. 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 Secretary of the Department of Administration (DOA), 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 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 $448,610,000 as of June 30, 2012, which is associated only with bonds issued to finance multifamily structures.

As shown in Table 1, the Authority completed the 2010-11 and 2011-12 fiscal years with assets and reserves exceeding liabilities by about $572 million and $597 million respectively. Of these balances, approximately $385 million in 2010-11 and $405 million in 2011-12 were restricted for

Table 1: WHEDA Combined Balance Sheet, 2011 and 2012 (June 30)

	2011	2012
Assets and reserves (cash; investments; loans and interest receivable; other)	$3,365,579,000	$3,220,512,000
Liabilities (bonds, notes and interest; payable; escrow deposits; other)	- 2,793,720,000	- 2,623,558,000
Total restricted and unrestricted reserves	$571,859,000	$596,954,000
Less restricted reserves for bond resolutions, administered funds	- 385,101,000	- 404,652,000
General reserve fund balance	$186,758,000	$192,302,000
Less encumbered for housing and economic development activities	- 147,053,500	- 156,069,900
Less encumbered for WHEDA operations	- 25,397,500	- 27,345,100
Unencumbered general reserves ("Surplus" to Dividends for Wisconsin plan)	$14,307,000	$8,887,000

bond redemption funds and for funds which account for revenue and expenses of 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 $187 million as of June 30, 2011, and about $192 million as of June 30, 2012. The statutes require WHEDA to establish a general reserve fund but provide discretion as to how the assets of the fund are used. Table 1 shows that WHEDA had encumbered $147 million as of June 30, 2011, and $156 million as of June 30, 2012, of the general reserve balance for targeted single- and multifamily housing programs and economic development programs. An additional $25 million as of June 30, 2011, and $27 million as of June 30, 2012, 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 is reviewed by the Governor and Legislature, and it specifies the total unencumbered general reserves that are to be allocated to single- and multifamily housing programs and economic development programs. A detailed description of the 2012-13 plan is provided under the section "WHEDA Surplus Fund."

Summary

The Authority's primary sources of program funding are proceeds from the issuance of taxable and tax-exempt bonds and notes and funds that are in excess of required reserves. Through June 30, 2012, WHEDA had issued approximately $9.4 billion in bonds and notes carrying WHEDA's general obligation for all of its programs. Approximately $2.3 billion was outstanding. The annual volume of debt issued with WHEDA's general obligation debt is shown in Table 2. WHEDA has issued approximately $391 million in additional debt without its general obligation. The outstanding amounts of these bonds typically are not tracked by WHEDA.

Table 2: Annual WHEDA 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
Total	$9,391,910,000

*Through June 30.

Because it exists as a public body corporate and politic, WHEDA generally does not receive funding from state appropriations, and only in rare circumstances does the Authority do so, such as for the Authority’s startup and for various programs supported by the Wisconsin Development Reserve Fund (WDRF), which are discussed later in greater detail. The following sections describe WHEDA's funding sources.

WHEDA-Issued Revenue Bonds

WHEDA historically has issued revenue bonds to finance most of its housing programs. Revenue bonds allow WHEDA to borrow money through bonding and lend the proceeds of the bond issues to third parties for such uses as the development of multifamily housing or the purchase of single-family homes. Most of WHEDA's historical bond issues have been made under the Authority's general obligation, which obligates WHEDA to repay the bondholders using monies from repaid loans or other assets of the Authority. Also, WHEDA may issue revenue bonds without its general obligation, which does not require the Authority to pledge general assets for repaying bondholders. In both instances, the state has no legal obligation to back WHEDA-issued revenue bonds. The following sections briefly discuss WHEDA programs for which revenue bonds may be issued, or for which amounts are outstanding. These programs also are discussed in greater detail in Chapters 2 and 3. For further discussion of state bonding practices and a description of the different types of municipal bonds, see the Legislative Fiscal Bureau informational paper, "State Level Debt Issuance."

1. Home Ownership Mortgage Loans. This program was established by Chapter 349, Laws of 1981, 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. Single-family home loans were previously made under the HOME program, although this program bore no relation to the federal HOME programs currently administered by DOA. WHEDA renamed the programs 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), and also currently 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. These time-limited statutory constraints on the amount of outstanding HOME bonds have expired. As of June 30, 2012, approximately $7.4 billion of general-obligation, corporate-purpose revenue bonds had been issued for single-family housing programs, of which $1.7 billion was outstanding.

The last issuance of bonds for single-family housing programs was in 2010. As of late 2012, WHEDA had no plans to issue bonds for single-family housing programs in the near future, primarily due to continuing unfavorable conditions for such securities in bond and capital markets. However, the Authority expects it would resume funding single-family housing programs with mortgage revenue bonds in the future if market conditions allowed for lending programs to be financed in such a manner. Bonds issued by WHEDA for single-family housing may be issued under the state's volume cap for tax-exempt bonding, which would allow interest earnings of the bonds to be exempt for purposes of federal income taxes.

2. Multifamily Housing Loans. WHEDA has used its authority to issue general corporate-purpose bonds to provide permanent financing for apartment developments intended primarily for low- and moderate-income households. Bonds may support the purchase of multifamily residential mortgages to create and upgrade the stock of affordable housing or the issuance of construction loans for multifamily residences. As of June 30, 2012, approximately $1.8 billion of general-obligation, corporate-purpose revenue bonds were issued for these purposes, of which $600 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 has dedicated a portion of its surplus reserves to a multifamily housing revolving loan program.

3. Housing Rehabilitation Loans. This program was established to support activities leading to the upgrading of the state's housing stock. The program, now known as the Home Improvement Advantage loan 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 more complete discussion of this program may be found in the Legislative Fiscal Bureau informational paper, "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 an original amount of $95 million to $200 million in aggregate principal. As of June 30, 2012, WHEDA had 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, 2012, the Authority had $565,000 in outstanding economic development loans under WHEDA's general obligation; the Authority does not track outstanding bonds if they are not general-obligation issues.

Although no bonds had been issued since 1999, WHEDA in 2011 passed resolutions to begin issuing new economic development bonds. Additionally, 2011 Act 214 changed the program's bonding authority from $200,000,000 in aggregate bonding to $150 million annually for three fiscal years beginning in 2012-13, with extensions thereafter possible with the approval of the Joint Committee on Finance. Bonds issued for economic development loans may be eligible for a federal tax exemption on interest earned.

6. Beginning Farmer Loan Program. This program was active between July 1, 1994, and April 3, 2008, when it was repealed under 2007 Act 125. The program authorized WHEDA to issue up to $17,500,000 in bonds to finance loans to first-time farmers, as defined under federal law, for the purchase of agricultural land, agricultural improvements and depreciable agricultural property. WHEDA issued $8.6 million in bonds under this program before it ended. None of the bonds were issued with WHEDA's general obligation, and these amounts therefore are not included in Table 2. Bonds were eligible for a federal tax exemption on interest earnings. As of June 30, 2012, $1,011,000 of the loans backed by these bonds remained outstanding.

One-Time Federal Bonding Support. In 2009, the U.S. Treasury Department used authority under the Housing and Economic Recovery Act of 2008 to create bonding support programs in response to poor credit conditions that had inhibited the ability of state housing finance agencies such as WHEDA to continue typical lending. WHEDA received one-time federal support for its bond issues under these programs, known as the New Issue Bond Program (NIBP) and the Temporary Credit and Liquidity Program (TCLP). Treasury charged housing finance agencies to access this funding, which was assessed as an increase on the interest rate of the bonds.

WHEDA's allocation under the NIBP was $325 million, which was split by Treasury into a $256 million portion for single-family lending and a $69 million portion for multifamily lending. Under the program, Treasury purchased securities with short-term interest rates from government-sponsored enterprises such as Fannie Mae and Freddie Mac. Treasury in turn allowed housing finance agencies to use these housing bonds to support single- and multifamily lending activity. Participants were required to convert these bonds to long-term, fixed-rate, tax-exempt bonds once loans were committed to them.

The TCLP allows WHEDA to access a facility to provide liquidity through 2015 for both single-family and multifamily bond issues. This program allowed WHEDA to replace financing for its bond issues previously provided by lending institutions that the Authority had come to view as unstable due to their holding of troubled assets. WHEDA's TCLP allocation was $298 million for single-family bond issues and $39 million for multifamily bond issues.

WHEDA Operating Funds

The Authority does not receive any general purpose funds from the state for its operations, but instead, finances these operations with various revenue sources. In particular, the Authority earns revenue in the following ways: (a) by charging loan interest rates higher than the interest it pays its bondholders, although the Authority's yield on bond-financed loans typically is limited by federal law to the interest paid on the bonds plus a premium that varies with the type of bond issued; (b) by collecting fees, such as loan origination and servicing fees, for the services it performs; and (c) by investing its reserves to produce income.

Table 3 provides an overview of the last six years of WHEDA's general and administrative expenses, along with amounts budgeted for 2012-13.

Table 3: WHEDA General and Administrative Expenses

2006-07	$18,496,000
2007-08	19,620,000
2008-09	19,581,000
2009-10	18,863,000
2010-11	18,700,000
2011-12	17,640,000
2012-13 (Budgeted)	17,996,000

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 annually at the fiscal year end 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 $8.9 million was available for this fund at the close of the 2011-12 fiscal year, with $14.3 million having been available in the preceding year.

Section 234.165 of the statutes outlines the procedure for gubernatorial and legislative review of the Authority's annual plan for the unencumbered funds. By August 31 of each year, the Chairperson of the Authority certifies to the Secretary of the Department of Administration two items: (a) the actual unencumbered funds available on the preceding June 30, the close of the previous state fiscal year; and (b) the projected funds available on the following June 30, at the close of the current state fiscal year. For those 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 will 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 designated 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.

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 reserve funds supplement bond proceeds to achieve more favorable interest rates or other lending terms. However, the Authority also has developed and administered several programs using these funds. These programs are included in the program summaries in the following chapter. In addition, Appendix I lists the allocation of the $8.9 million from the 2011-12 unencumbered general reserve funds for WHEDA's 2012-13 "Dividends for Wisconsin" plan.

Transfers to the State General Fund and Other Agencies. 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 to both the state general fund and 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.

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 multi-family structures. Beginning in 2012, single-family first mortgages are being funded via the secondary mortgage market, while several second-mortgage programs are financed through WHEDA's general reserves or other Authority funds. Multifamily programs remain primarily financed by mortgage revenue bonds. In addition, the Authority administers federal funding and tax credits for housing for low-income households. These and other programs are described in this chapter.

Single-Family Housing Programs

WHEDA Advantage

Background. The WHEDA Advantage loan program provides mortgage loans, financed by the government-sponsored enterprise 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 WHEDA had 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. An increased cost of borrowing would have forced the Authority to raise interest rates to levels undesirable for first-time home buyers served by the program. Additionally, the increase in troubled loans nationally since 2007 decreased the value of mortgage insurance (MI), 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 compensate WHEDA 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 terms by which HFA loans would be sold to or guaranteed by Fannie Mae, and a national lending initiative known as Affordable Advantage was developed.

WHEDA announced the beginning of Fannie Mae Advantage in February, 2010, and was the first state HFA to implement the Affordable Advantage program framework. By late 2010, WHEDA had implemented a standard Fannie Mae Advantage loan, as well as several versions of the Fannie Mae Advantage mortgage: (a) Advantage – Low LTV, which required no MI but was available only to loans with no more than an 80% loan-to-value (LTV) ratio, or loans more likely to have larger down payments; (b) Advantage – Price Point, requiring no MI and allowing for a higher loan-to-value ratio, or low down payment; and (c) Advantage – MI Choice, which allowed borrowers to pay MI through a WHEDA-approved insurer. Of these loans, Advantage – Price Point offered the lowest interest rate to borrowers but also the highest closing costs, as borrowers were subject to an up-front fee, known as a loan level price adjustment, at closing to compensate for the absence of 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. As such, beginning January, 2011, the Advantage – MI Choice product became the standard WHEDA Advantage mortgage loan, with borrowers being required to purchase MI for loans with an LTV higher than 80%. Loans made under the program were required to conform to Fannie Mae eligibility requirements, including a limit of an LTV no higher than 97%, which suggests a down payment of about 3% of the property purchase price.

In January, 2012, WHEDA began offering two loan types with Fannie Mae financing that offer borrowers different interest rates based on the borrower either purchasing or forgoing MI. These loans were developed by Fannie Mae for participating state HFAs. These loan products are: (a) WHEDA Advantage – HFA Preferred, under which borrowers purchase mortgage insurance and pay a lower interest rate; and (b) WHEDA Advantage – HFA Preferred Risk Sharing, under which borrowers need not purchase mortgage insurance, but pay a higher interest rate. HFA Preferred has typically offered interest rates .25 to .50 percentage points lower than those under HFA Preferred Risk Sharing.

Program Terms and Eligibility. Advantage loans are issued exclusively with 30-year terms at a fixed interest rate and with no prepayment penalties. Loans are precluded by statute from being issued to refinance another loan. 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.

WHEDA in the past had limited HOME loans to certain properties selling at or below certain specified prices. Borrowers also had to meet certain income limits, and generally had to be first-time homebuyers. Each of these provisions was required under federal law to allow bonds issued to fund the loan program to qualify for the federal tax exemption on interest earnings. As WHEDA is no longer expecting to use tax-exempt bonding regularly, if at all, to finance single-family lending programs, these provisions were eliminated by WHEDA beginning July, 2012. However, it should be noted a borrower may not receive a loan if holding an ownership interest in another residential property.

Household income remains a primary determinant of eligibility under the Advantage programs; this requirement remains in effect in state statutes. 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, in general is limited to 115% of the median income for the 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 WHEDA Advantage loans. These adjustments include those for areas of high housing costs, as well as substituting the statewide median gross income for counties in which the median income is lower than the statewide average. Appendix II provides estimated 2012 median household income by county, and Appendix III shows WHEDA Advantage income and loan limits by county.

It should be noted the continuation of income limits effectively serves as a purchase price limit. Borrowers must have sufficient income to justify mortgage payments, and the program imposes maximum qualifying ratios of the borrower's monthly payments for housing and other debt as a percentage of income. It should also be noted the statutes authorize WHEDA to exempt a portion of its borrowers from the income limits if WHEDA uses at least 20% of a bond issue to make loans for purchases in designated "targeted areas" of economic distress. In these areas, a participant's income may be up to 140% of county median income for households of four persons. However, with WHEDA no longer expecting to use tax-exempt bonding as a funding source for single-family lending, these provisions are currently moot.

Federal law, state statutes and Fannie Mae guidelines allow WHEDA to finance structures with up to four dwelling units, as well as to finance major rehabilitation of a property. However, WHEDA reports these activities are not typically in substantial demand, and the Authority has elected to forego the offering of loans for such properties or activities, given more stringent regulatory requirements Fannie Mae imposes for such properties or activities. WHEDA, however, did make acquisition/rehabilitation loans for single-family properties in 2010 under the Neighborhood Advantage program, which is discussed later. Prior to that program, WHEDA had not made acquisition/rehabilitation loans for single-family properties since 2007 under the HOME program.

Many former HOME and current WHEDA Advantage provisions are similar or identical. For example, analogous provisions include: (a) a maximum loan-to-value ratio of 97%, suggesting a down payment of about 3% of the property's purchase price; (b) required mortgage insurance for certain loans; and (c) a minimum credit score. However, certain provisions under the WHEDA Advantage program are less restrictive. For instance, there is currently no minimum down payment under Advantage for single-family properties, although WHEDA's approved mortgage insurers in most cases require some amount down. Of the approved mortgage insurers not requiring a minimum borrower contribution, a sufficiently high credit score is required instead. For those that require a contribution, the minimum is generally a percentage of the purchase price, from 1% to 3%, and in some cases the minimum contribution is the lesser of either that specified percentage or $1,000. A possible source for a borrower's down payment is Easy Close Advantage, which is discussed later in greater detail. By comparison, the minimum borrower contribution under HOME for single-family homes was 1% of the purchase price up to $500, or 3% of the purchase price in certain circumstances for borrowers with lower credit scores and high-LTV loans. The minimum borrower contribution under the original Fannie Mae Advantage program was $1,000.

Program Financing and Administration. One primary difference between the HOME and Advantage programs relates to the type of loss protection on mortgage loans. Under HOME, WHEDA primarily used MI to protect against loss in the event of borrower default. This ensured WHEDA's ability to repay its bondholders, even if borrowers missed monthly payments.

Under the Advantage program, WHEDA no longer holds all issued loans in its portfolio as it did under HOME. Rather, WHEDA now sells loans directly to Fannie Mae, which subsequently securitizes loans for sale on the secondary market. 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's current financing system for Advantage loans differs from the procedures

WHEDA initially instituted when introducing the Fannie Mae-financed loan products in 2010. At that time, it was expected loans sold would be packaged into mortgage-backed securities, which WHEDA then would repurchase with proceeds generated from mortgage revenue bonds. By virtue of the Authority holding the securities backed by the mortgages sold to Fannie Mae, WHEDA would be guaranteed payment on mortgage loans by Fannie Mae. Fannie Mae's payment guarantee, however, would be supported by guarantee fees collected by WHEDA as part of borrowers' monthly payments and remitted to Fannie Mae.

Under the current financing system, WHEDA continues to collect guarantee fees as the loan servicer for Fannie Mae. For loans with both MI and a Fannie Mae guarantee, WHEDA and its bondholders are made whole first by MI and then Fannie Mae's guarantee in the event of a borrower default.

WHEDA administration of the program also includes WHEDA-paid premiums on job-loss protection. The coverage is valid only during the first two years of a WHEDA Advantage loan, and it makes a borrower's total monthly payment, up to $1,000 a month, for up to six months in the event of involuntary job loss.

WHEDA also offers repayment of federal recapture taxes, which are payable under federal law on the sale of homes whose mortgage loans are funded by tax-exempt revenue bonds. This applies to loans funded after April 1, 2011, when WHEDA announced this initiative. To be subject to recapture, three conditions must all be met: (a) a sale must occur within nine years of purchase; (b) there must be a gain on sale; and (c) borrower income must exceed certain specified limits. WHEDA reports as of June 30, 2012, had received no claims for repayment on loans that were eligible for the benefit. However, because the Authority also is not expecting to use tax-exempt revenue bonds to fund single-family loans, the recapture tax would not be expected to apply to most loans, if any, in the future.

WHEDA has made a total of 1,219 loans for $132,566,000 under the Advantage program, as financed by Fannie Mae, from its inception in 2010 through June 30, 2012, including 188 loans for $19,252,500 in 2012. As of June 30, 2012, 1,173 loans were outstanding with total balances of $124,698,500. Also, WHEDA issued approximately 110,000 loans totaling $6.9 billion during the HOME program's operation. As of June 30, 2012, WHEDA reports 14,722 HOME loans remain outstanding with total balances of $1,134,758,400. Loan activity for these programs is shown in Appendix IV.

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 single-family properties and certain condominiums, but not for properties of two or more units, which are allowed under WHEDA Advantage. Program income limits are identical.

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 a gift or other source. As under WHEDA Advantage, FHA Advantage borrowers also receive job-loss protection included with the loan, and borrowers are also eligible for WHEDA reimbursement of any federal recapture tax due on early sale of the property as described above.

From the perspective of borrowers, loan interest rates for FHA Advantage loans have typically tracked rates offered on the WHEDA Advantage - HFA Preferred, which in turn typically offers lower rates than the WHEDA Advantage-HFA Risk Sharing loan. WHEDA reports FHA Advantage loans have more permissive underwriting and credit guidelines, which would tend to accommodate more prospective borrowers than the relatively stricter standards required by Fannie Mae. However, WHEDA also reports less stringent credit guidelines are likely to yield higher-cost loans for most borrowers in the FHA Advantage program, due to higher up-front and annual mortgage insurance premiums to compensate for relatively riskier borrowers.

WHEDA's administration under the FHA Advantage program is similar to its administration under the Fannie Mae-financed Advantage program. However, unlike mortgage loans with Fannie Mae's guarantee, the Government National Mortgage Association, or Ginnie Mae, guarantees payment to the investors of mortgage-backed securities composed of FHA loans without directly participating 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.

In 2012, WHEDA had begun planning for an agreement with a private investment bank for selling its securities consisting of FHA Advantage loans. The bank would purchase WHEDA's Ginnie Mae securities, and WHEDA would agree to make FHA Advantage 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 is expected to reduce various pricing and other risks to which the Authority may otherwise be exposed in the marketing of the securities.

WHEDA has issued four loans under FHA Advantage since its inception through June 30, 2012, with total originations of $349,900. As of June 30, 2012, four loans remained outstanding, with outstanding principal of $343,500. FHA Advantage loan activity is shown in Appendix IV.

Second-Mortgage Programs for Single-Family Housing

Home Improvement Advantage Loan Program

The Home Improvement Advantage program provides loans to low- and moderate-income households to make needed repairs to their 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), which was suspended in April 2008. WHEDA suspended HILP due to low lending activity and declines in property values that began in 2007, which the Authority was concerned would increase the likelihood of losses in HILP lending if borrowers' homes entered foreclosure. Home improvement loans are second mortgages. The program does not require borrowers to have any equity in their homes.

Prospective borrowers must have a WHEDA first mortgage on which payments have been current for 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 include residential structures containing four dwelling units or fewer. Mobile homes and properties to be used in a trade or business are ineligible. Further, the borrower must be both the owner and occupant of the property.

Home Improvement Advantage loans can be for up to $10,000, and may have a maximum term of 10 years. (HILP loans formerly had no maximum loan amount, with a $17,500 maximum having been repealed in 2006. The maximum loan term formerly was 15 years.) The statutes cap interest rates for home improvement loans at the greater of: (a) 3% plus the rate required to repay holders of any bonds issued for program loans; or (b) 8%. 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. Fireplaces and 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 in WHEDA 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 the redemption of outstanding 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. These include: (a) a loan fund, funded by bonds issued for the program; (b) a loan-loss reserve; (c) a capital reserve; and (d) a bond redemption fund. The bond redemption and capital reserve funds are each generally designated for the purpose of ensuring debt service payments on any bonds issued. None of these funds are currently active.

1999 Act 9 requires WHEDA annually to transfer, by October 1, all funds in the housing rehabilitation loan program administration fund that are no longer required for the housing rehabilitation loan program to the general fund. In 2000, the first year of the requirement, WHEDA transferred $1,500,000 to the state's general fund. WHEDA has not made another transfer under this provision to the state's general fund since this time. As of June 30, 2012, WHEDA reported the fund had total net assets of $11.3 million and total assets of $12.1 million, but total liabilities or program encumbrances of $12.2 million. WHEDA therefore estimated no available funds for transfer based on June 30, 2012, balances.

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 17 loans for $131,800 through June 30, 2012. As of June 30, 2012, 168 total home improvement loans were outstanding, with balances of $1,185,100. Appendix V provides information on home improvement loans since the program's inception.

Easy Close Program / HOME Plus

WHEDA began lending under HOME Easy Close in February, 1993. HOME Easy Close provided a deferred loan of up to $1,000 to assist individuals with their mortgage closing costs. An individual was eligible for an Easy Close loan if his or her income was not in excess of $35,000 and if the individual was otherwise eligible for a HOME loan. A loan under this program was separate from a HOME mortgage loan, though the interest rate was the same. Easy Close loans generally had three-year terms. HOME Easy Close loans were made using an allotment from WHEDA's unencumbered general reserves.

WHEDA replaced the HOME Easy Close program with the HOME Plus program in April, 2002. HOME Plus encumbered resources: (a) from Easy Close to provide assistance for down payments and closing costs; and (b) from HILP funds for home repairs. HOME Plus offered loans up to $10,000 at a fixed interest rate for a 15-year term. Eligible properties were at least 10 years old, and initial draw requests on the credit line for meeting down payment and closing costs were not to exceed 5% of the home's purchase price. 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, 1,364 loans and $6,595,520 remain outstanding as of June 30, 2012.

WHEDA suspended HOME Plus in April, 2008, and began a new Easy Close Program offering loans up to $4,000 for down payments and closing costs. This Easy Close was suspended in October, 2008, as HOME lending ceased, but WHEDA restarted Easy Close Advantage in September, 2010, to work in conjunction with the other Advantage loan offerings. Easy Close now offers loans to assist with down payments, closing costs or mortgage insurance premiums. 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. The term may be up to 15 years, and interest rates are set at one percentage point higher than the rate on the first mortgage. Borrowers with more than $10,000 in liquid assets at the time of application are not eligible for Easy Close. Easy Close Advantage program is supported by an encumbrance of approximately $8.4 million from the Authority's general fund.

WHEDA made 2,965 loans for a total value of $3,632,300 under HOME Easy Close during its operation, not counting time it operated as HOME Plus. Additionally, through June 30, 2012, WHEDA made 112 loans for a total of $336,000 under the Easy Close Advantage program since it restarted in 2010. As of June 30, 2012, 307 loans worth $919,400 were outstanding.

Workforce Advantage

WHEDA Workforce Advantage is another second-mortgage loan that the Authority offers 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 offers Workforce Advantage loans of up to $5,000 with a minimum employer match of $1,000 in conjunction with Fannie Mae-financed WHEDA Advantage loans. Rates are one percentage point higher than the rate on the underlying Advantage loan, and the maximum loan term is 15 years. Borrowers may not have more than $10,000 in liquid assets at the time of application, and Workforce Advantage loans may not be combined with an Easy Close Advantage loan. WHEDA has made two Workforce Advantage loans since the program was first offered November 1, 2008, and neither remains outstanding. The program is funded from WHEDA's general reserves.

FHLBC Advantage

The WHEDA FHLBC Advantage loan provides a 15-year loan at 3% interest for assistance with down payments, closing costs or mortgage insurance premiums. Loans must be at least $1,000 and may be a maximum of 3% of the principal on a first mortgage loan, or $3,000, whichever is greater. However, borrowers must hold a WHEDA Advantage (Fannie Mae) loan, and must also be receiving other assistance under Federal Home Loan Bank of Chicago (FHLBC) programs, such as the Affordable Housing Program, which is discussed later. WHEDA began offering the loan in March, 2012. Loans are funded by WHEDA's surplus. WHEDA has issued two FHLBC Advantage loans in 2012 through June 30, with $6,000 remaining outstanding.

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 considered particularly beneficial for elderly homeowners who have little disposable income and a significant amount of home equity. WHEDA may issue up to $10,000,000 in bonds to finance property tax deferral loans, but the Authority must also allocate a portion of its unencumbered general reserves to the program. The program has an unpredictable revenue stream of loan repayments, however, which makes bond repayments difficult. WHEDA has thus far opted to fund this program exclusively with its unencumbered general reserves. Since WHEDA began administering the program in 1994, WHEDA has utilized these revenues to provide 3,672 loans totaling $7,163,300. WHEDA funded 38 loans for a total of $104,000 in 2012, which paid participants' property taxes due for 2011. The average loan was $2,738. A more complete discussion of this program may be found in the Legislative Fiscal Bureau informational paper, "Property Tax Deferral Loan Program."

Multifamily Housing Programs

Multifamily Loan Fund

The Authority provides construction and permanent financing to develop multifamily housing that meets the needs of low- and moderate-income persons. Typically, WHEDA provides immediate project financing through its revolving loan fund, and then effectively 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 projects or elderly housing projects 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, a project must comply with multiple provisions limiting the use of tax-exempt bonding. For example, bonds must be issued under the state's volume cap, which is determined by a per-capita amount adjusted for inflation. Federal law also mandates rent and occupancy restrictions that limit projects financed with tax-exempt bonds to a minimum percentage of units being occupied by households with income not exceeding a specific percentage of the area median. Bonds earning taxable interest, on the other hand, are most often used in conjunction 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, 2012,

Table 5: Multifamily Loan Fund

Calendar Year	Number of Loans	Amount of Loans	Units Assisted	Average Loan Per Unit
2003	33	$58,618,687	1,645	$35,634
2004	30	51,361,345	1,385	37,084
2005	43	72,648,717	2,445	29,713
2006	31	73,092,523	1,815	40,271
2007	41	92,128,450	1,606	57,365
2008	23	52,177,470	1,058	49,317
2009	12	43,999,590	1,077	40,854
2010	16	52,668,446	741	71,078
2011	43	120,977,764	1,733	69,808
2012*	12	99,219,246	1,161	85,640
Total	284	$716,892,238	14,666	$48,881

* Through June 30.

WHEDA has issued $1,767,900,000 in general-obligation, corporate-purpose revenue bonds for multifamily housing. Table 5 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 6 shows the funding allocated from the general reserve fund surplus revenues that is set aside for the multifamily housing program. The largest component is the revolving fund, which totals approximately $69.4 million as of June 30, 2012.

Table 6: General Reserve Encumbrances for Multifamily Housing Programs

Program	June 30, 2012 Amount
General Revolving Fund	$69,382,798
Preservation Reserve Account	17,168,601
Bond Refinancing Savings	10,298,723
Interest Subsidy Funds	5,507,348
Multifamily Bond Support	3,058,831
Housing Preservation Initiative	2,750,000
U.S.D.A. Rural Preservation Fund	1,468,186
Homeless Fund	829,093
FNMA Secondary Market Initiative	700,000
HUD Rent Assistance Administration	58,817
Total	$111,222,397

As of June 30, 2012, $829,100 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 $41.8 million in surplus reserves set aside for multifamily housing programs were dedicated as follows: (a) $17.2 million for preserving low-income rental housing; (b) $10.3 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; (d) $3.1 million for support of multifamily housing revenue bonds; (e) $2.75 million for the Housing Preservation Initiative, which funds rehabilitation, refinancing of current debt, and other activities to preserve multifamily housing within Wisconsin; (f) $1.5 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; (g) $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; and (h) approximately $58,800 total received from HUD and reserved for administration of the federal Housing Choice Voucher and Moderate Rehabilitation rental assistance programs, which are federal Section 8 subprograms administered by WHEDA.

WHEDA offers various programs for the financing of multifamily housing developments throughout Wisconsin. WHEDA's multifamily housing finance programs are generally more varied than those for single-family housing, which is 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.

Of the lending amounts listed in Table 5, the 2011 and 2012 figures both reflect loans issued with two one-time federal funding sources, both of which offered financing supported by federally tax-exempt bonding. These sources were: (a) the New Issue Bond Program, which WHEDA stopped using to finance multifamily housing in 2011, and which expired December 31, 2012; and

(b) Midwest Disaster Area (MDA) bonds, which were authorized under the federal Heartland Disaster Tax Relief Act of 2008, pursuant to severe flooding that affected Wisconsin and other states. Federal authorization to issue MDA bonds is scheduled to expire December 31, 2012. For 2011, WHEDA reports that $59.0 million of the loans issued for multifamily housing development were financed by tax-exempt bonds under the NIBP, and $9.1 million were issued with tax-exempt MDA bonds. For 2012, $63.2 million of the loans issued through September were financed by MDA bonds.

Due to limitations in the Internal Revenue Code, tax-exempt bonds issued for multifamily housing must be for properties maintaining a certain number of units for persons at or below a certain percentage of area median income. The most common thresholds that properties must meet are to reserve either 20% of units for persons at or below 50% of county median income, or 40% of units for persons at or below 60% of county median income. Additionally, most programs require total monthly rent, including utilities, to equal no more than 30% of the county median income. Most multifamily lending programs are available to for-profit entities or non-profit entities, including housing authorities. Most also allow for new construction or 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 short-term programs or one-time funding made available by the federal government or other entities 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 into the development and/or rehabilitation of low-income rental housing. By executive order of the Governor, WHEDA has been responsible for dispersing the state's annual allocation. Table 7 shows the amount of federal tax credits distributed since the program's inception, as well as the associated number of low-income housing projects and units funded.

The LIHTC program functions by granting a proposed project an amount of future tax credits, the claims to which are subsequently sold at a discount to investors. As such, a proposed project receives capital to finance construction, and the investing entity can reduce its future tax liabilities by participating in the development of low-income housing. A typical LIHTC project 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. Because the tax credits represent a portion of a total financing package that may be several times the value of the credits, credits often are considered to leverage other investment.

The three categories of eligible projects 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

Table 7: Low-Income Housing Tax Credit

Calendar Year	Amount of Credits Applied	Number of Projects Funded	Number of Low-Income Units Created/ Rehabilitated	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	12,607,934	21	1,214	10,385
Total	$308,667,077	1,171	47,657	$6,477

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 projects is adjusted monthly by the federal Department of Treasury to reflect their present value. The maximum tax credit has been 9% for projects in the first category and 4% for projects in the other two categories, although those percentages have generally been around 7.4% and 3.2% throughout 2012. Once allocated to a project, the tax credit is received each of the 10 subsequent tax years. This means recipients generally 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.

Credit awards shown in Table 7 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 $12.6 million in awards in 2012 could yield total tax credit claims of $126 million over 10 years, or an average of approximately $6 million for the 21 projects 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. If assuming a 20% discount, or a sale at 80¢ on the dollar, $6 million would yield approximately $4.8 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 generates about 50% of the equity in a development financed by the 9% LIHTC, according to the Center for Housing Policy. Credits for 4% typically are awarded in conjunction with other tax-exempt financing, and there is no limit to their issuance.

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 accounts for the higher per-unit cost shown in Table 7. WHEDA also reports per-unit averages will vary from year to year based on the mix of selected projects; specifically, rehabilitation projects are less expensive than new construction, and variation in the proportion of each project type will result in fluctuation in per-unit averages.

Several restrictions regarding unit affordability remain in place 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. In addition, gross rent paid by families in qualifying units, including a utility allowance, may not exceed 30% of the maximum qualifying income. Further, the program includes provisions authorizing the Internal Revenue Service to recapture a portion of the tax credit for either a qualifying unit or an entire project 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.

As of 2003, total state base allocations are \$1.75 per resident, although the figure is now about \$2.20 after being adjusted annually for inflation. Wisconsin's 2013 allocation is expected to be approximately \$12.5 million. WHEDA's allocations in 2009 and 2010 reflect federal increases of approximately \$30 million annually under the federal Heartland Disaster Tax Relief Act of 2008. That act allocated an additional \$30 million for disaster relief efforts after severe flooding in parts of Wisconsin in mid-2008. Wisconsin's pool of credits also increased about 20¢ per person for 2009 pursuant to the federal Housing and Economic Recovery Act of 2008. 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 2013 and 2014 awards, a maximum single-year credit of \$850,000 per project, or \$8.5 million for the 10-year span of a project's credit.

ARRA Initiatives. In response to a significant decline in investor interest in LIHTC projects in 2008, the American Recovery and Reinvestment Act (ARRA) of 2009 contained two initiatives intended to encourage continued investments. First, the Tax Credit Assistance Program (TCAP) provided approximately \$2.25 billion in additional funding to state housing finance agencies to provide any additional investments needed by projects already awarded tax credits in federal fiscal years 2007, 2008 or 2009. WHEDA received a TCAP allocation of \$35,594,900. All funds were committed by May, 2010.

The ARRA also established the Tax Credit Exchange Program, under which state housing finance agencies award grants directly to developers of qualifying low-income housing projects. The grants are in lieu of future tax credits, which have the effect of exchanging future tax credits for immediate cash funding to further stalled projects. Although both TCAP and Exchange awards provide up-front financing to allow for continued progress in low-income housing developments, the programs differ in that Exchange recipients will not receive future tax credits. However, WHEDA's Exchange awards have generally been larger than TCAP awards. Of the \$3.1 billion available nationally for Exchange awards, WHEDA received an allocation of \$139,572,400 in Exchange funds. WHEDA allocated and closed awards for all Exchange funds by December, 2010. A total of 76 projects received funding through the TCAP and Exchange programs.

Rent Assistance (Section 8) Programs

WHEDA administers several forms of housing assistance under the federal Section 8 housing program. These programs are described below. 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. Provisions of the Section 8 program allocate federal rental subsidies directly to property owners on behalf of tenants. Tenants are generally responsible for paying 30% of their monthly income toward rent, and the remainder is covered by federal assistance under contracts negotiated with property owners at the time of the property's construction or acquisition and 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 typically 20 to 40 years.

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).

As of October 1, 2012, WHEDA administers approximately $3,460,900 in monthly housing assistance payments, or about $41.5 million annually, under its traditional Section 8 contract. These payments go to 121 different properties. WHEDA's PBCA portfolio covers 437 properties. Monthly housing assistance payments for this portfolio total about $9,819,500 per month, or about $117.8 million annually. For administering these contracts, WHEDA in 2011-12 received payments from HUD of approximately $6.1 million, including $4.1 million for the PBCA portfolio and $2.0 million for the traditional contract. Revenues of $6.5 million are estimated for 2012-13, including $4.2 million for the PBCA portfolio and $2.3 million for the traditional contract.

Housing Choice Voucher Program. This federal program is a tenant-based subsidy, under which persons eligible for subsidies have flexibility in selecting their residence. WHEDA is budgeted 1,439 vouchers per month for the 2012 calendar year, with total federal assistance authorized at $5,588,900 per year. This amount goes to low-income households in 37 counties in the state. Eligibility for a rental voucher 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 in or out of the state 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. For administering the housing choice vouchers, WHEDA received administrative reimbursements of $690,600 in 2011-12.

National Foreclosure Mitigation Counseling Program

WHEDA participates in the National Foreclosure Mitigation Counseling Program (NFMCP), 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 the Authority has received since the program was created.

As shown in Table 8, WHEDA has been awarded funds in five of the six funding rounds held from the NFMCP's creation through June, 2012. Most funds have been designated for foreclosure intervention counseling services. According to NeighborWorks America, these include evaluating the financial circumstances of at-risk homeowners and assessing options such as loan restructuring or refinancing, mortgage assumption by a third party, or sale of the property. In addition to funding for counseling services, $175,000 of the 2008 award is designated for legal services.

Table 8: National Foreclosure Mitigation Counseling Program Allocations to WHEDA

Year (Round)	WHEDA Award	Total Awarded
2008 (1st)	$437,800	$130,438,400
2008 (2nd)	348,600	202,626,500
2009 (3rd)	0	48,198,800
2010 (4th)	50,100	59,505,300
2011 (5th)	123,600	67,719,400
2012 (6th)	50,100	73,870,100
Total	$1,010,200	$582,358,500

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 9, 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 neighborhood; or (c) in areas with plans for later redevelopment for other housing, commercial or public uses. Applicants are required to have free and clear title to the properties at the time of demolition. Grants are to be disbursed on a reimbursement basis for actual demolition expenses, and claims must be made to WHEDA by June 28, 2013.

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

Table 9: 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

the Department of Financial Institutions and $500,000 administered on behalf of the Department of Justice (DOJ). (An additional $1.5 million received from DOJ has been allocated to economic development initiatives in Milwaukee, and is discussed in Appendix VII.) Further information on the National Mortgage Settlement is available in Legislative Fiscal Bureau informational paper, "Consumer Protection Programs."

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 for improving housing opportunities 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 Foundation, consisting of Authority employees, has made grants to organizations to create and rehabilitate housing for eligible persons. The WHEDA Board approves Foundation grants 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 October, 2012, $21.1 million has been awarded. In 2012, the WHEDA Foundation awarded $500,000 to 25 recipients.

Inactive Housing Programs

The Authority has suspended several housing loan programs in recent years, due to economic conditions or low demand. These programs and their outstanding obligations, if any, are discussed below.

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 Zero-Down Program after mortgage insurance companies stopped insuring loans with little or no down payment, as these loans have a higher risk of incurring losses. Further, Authority officials report that bond rating agencies gave poor ratings to bonds issued for the Zero-Down Program due to the perceived risk of the loans. 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, 2012, WHEDA had 1,067 loans and a total principal balance of $117,911,900 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, is intended to provide emergency assistance for redevelopment of abandoned and foreclosed homes.

In September, 2008, HUD announced that approximately $38.8 million in NSP funding would be available to Wisconsin agencies. The Department of Commerce, as the lead state agency for administration of the state share, allocated approximately $5.8 million to WHEDA. WHEDA initially planned to use $4 million to establish a loan-loss reserve program, under which NSP funds would support a loan pool of approximately $33 million in loans for purchase of foreclosed or abandoned homes that would be rehabilitated and occupied as primary residences. WHEDA reached an agreement with Neighborhood Housing Services of America (NHSA) to purchase Neighborhood Advantage loans, and NHSA would have relied on the loan-loss reserve to compensate its investors for losses incurred on any defaulted loans. However, due to NHSA difficulties in securing investors, the loan-loss partnership with NHSA was terminated. Instead, $4 million that was to fund the loan-loss reserve was reallocated by Commerce, and WHEDA 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 has sold all Neighborhood Advantage loans to Fannie Mae, and estimates it has made $140,400 from these sales.

Neighborhood Advantage loans: (a) were 30-year, fixed-rate loans; (b) were limited to Brown, Kenosha, Milwaukee, Racine and Rock counties; and (c) were to be for an existing, vacant single-family property on which the initial lender foreclosed. 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, 2012, 52 loans were outstanding with outstanding principal of $3,198,400.

Partnership Neighborhood Initiative

WHEDA began the Partnership Neighborhood Initiative (PNI) in 2006 as a subset of the HOME program to increase lending in urban neighborhoods that were primarily minority and low-income areas. WHEDA offered interest rates on PNI loans that were 0.25 percentage points lower than typical HOME loans. WHEDA bought down interest rates for PNI loans using "zero-cost money," which is a term given to excess yields from issues of tax-exempt mortgage revenue bonds. Urban Affordable Housing Program (AHP) grants, which are discussed later in greater detail, were made by WHEDA in conjunction with PNI loans in amounts up to $4,000 for assistance with down payments and closing costs. WHEDA suspended PNI in September, 2008, as credit conditions deteriorated and interest rates increased.

Lease-Purchase Program

The Lease-Purchase Program has not been offered since 2006. Under this program, WHEDA made loans to nonprofit organizations, public housing authorities and government agencies using a revolving loan fund created for the program. The agencies used the loan funds to purchase or construct single-family homes to be leased to low-income households with an option for the lessee to purchase the home within three years. Project sponsors made monthly payments, which included principal, interest, and escrows for taxes and insurance, to WHEDA. The prospective owner's monthly payments were structured over three years to cover the sponsor's loan and escrow payments and to accumulate the funds needed for the balance of the down payment and estimated closing costs.

WHEDA required project sponsors to conduct necessary rehabilitation activities and act as property managers during the lease period. Prospective owners were eligible for the program if their gross annual income did not exceed 80% of the county median income for the county in which the property was located. Other requirements applied, including pre-qualification for financing under the HOME program.

WHEDA provided financing through a 30-year, fixed-rate loan in an amount not exceeding 95% of the lesser of the total acquisition cost or appraised value of the property. WHEDA held these loans in the revolving loan fund. WHEDA used the HOME program as the source of financing for the prospective owner if funds were available when the option to purchase is exercised.

WHEDA initially allocated $487,000 from its 1991-92 surplus reserves to start the program. It was discontinued in 1998 but restarted in November 2003. Thirteen applicants entered the program before the program was again discontinued in June 2006. During that time, five persons exercised a purchase option. The program made 27 loans totaling $991,475 in its two operating periods. There are no further purchase options pending. The Authority eliminated the revolving loan fund for the program in June, 2010, and reallocated associated funds to Easy Close loans.

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 does not allow WHEDA single-family home loans to be made for the acquiring or replacement of an existing mortgage. Federal law also prohibited most mortgage revenue bonds to be issued for refinancing loans. However, the federal Housing and Economic Recovery Act of 2008 created an allowance for housing finance agencies to make limited refinancing of qualifying subprime mortgage loans using tax-exempt mortgage revenue bonds. The changes to state law under Act 2 were intended to allow WHEDA to refinance troubled loans with bond proceeds.

Eligible loans were to: (a) be for a term of no more than 30 years; (b) be made for an eligible property that was and will continue to be the primary residence of the loan applicant; (c) replace a qualified subprime mortgage loan that had not been previously refinanced, and would be reasonably likely to cause financial hardship to the mortgagee if not refinanced; (d) include principal, interest and any applicable insurance payments; and (e) not be issued to anyone appearing on the state lien docket for delinquency in child-support payments. However, federal law only allows tax-exempt bond proceeds to be used for refinancing if the bonds were issued by December 31, 2010. By that date, WHEDA did not begin a refinancing program for qualifying subprime loans and issued no such bonds.

Homeowner Eviction and Lien Protection Program

2009 Act 2 created a continuing GPR appropriation with $4 million in one-time funding for the creation of the homeowner eviction and lien protection program (HELP). HELP was intended to provide funding with which WHEDA could establish a loan-loss reserve to encourage lenders to modify terms of troubled mortgage loans. Under the program, WHEDA is authorized to enter 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. Losses would be determined following the sale of the property and settlement of any other claims against it. Borrowers are eligible under the following conditions: (a) the person has made a reasonable effort to refinance with the lender, the loan servicer or with the assistance of a WHEDA-approved third-party mediation organization, but has been unsuccessful; and (b) the lender will not refinance outside an agreement with WHEDA. The statutes require WHEDA to report quarterly to the Joint Committee on Finance on the progress and performance of the program, once established, and the co-chairs of the Committee may convene a meeting at any time to review or dissolve the program. The statutes also specify that any unencumbered portion of the $4 million GPR was to lapse to the state's general fund on June 30, 2010.

WHEDA began seeking state lenders' participation in the loan-loss reserve after the passage of Act 2. The Authority secured commitments from five banks for approximately $5 million in loans. However, it was unclear whether the GPR appropriation violated the Wisconsin Constitution's general prohibition on state involvement with internal improvements. Therefore, WHEDA did not establish any agreements with lenders and no GPR was disbursed for the program.

Federal Home Loan Bank Affordable Housing Program

WHEDA in the past has offered assistance to homeowners for down payments and closing costs under grants received under the federal Affordable Housing Program (AHP). The AHP is administered by the system of Federal Home Loan Banks (FHLB), which are chartered by Congress to ensure stable funding sources for mortgage loans made by various financial institutions. FHLB grants made $4,000 available to each urban homeowner and $5,000 available to each rural homeowner. With grant funds awarded to the Authority in 2007 and 2008, WHEDA made 45 rural grants for $225,000 and 22 urban grants for $88,000.

CHAPTER 3

WHEDA ECONOMIC DEVELOPMENT PROGRAMS

WHEDA carries out several activities that are intended to foster 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 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.

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 Wisconsin Development Reserve Fund (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 the CROP loan guarantee program.

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 $18.4 million. Legislative appropriations or other transfers to the fund have totaled $26.7 million, including: (a) $20.7 million GPR; (b) $5.5 million SEG from the former recycling fund; (c) $375,000 SEG from the petroleum inspection fund; and (d) $162,500 SEG from the agrichemical management fund. Appropriations generally have been in conjunction with the creation of new loan guarantee programs, most of which have been repealed or otherwise discontinued. Transfers from the WDRF to the state general 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. No appropriations or transfers into the WDRF have occurred since 1997-98. The last transfer from the WDRF was in 2003-04.

2001 Act 16 replaced maximum guarantee authorities that had been established separately

Table 10: WHEDA Loan Guarantee Program Authority as of June 30, 2012

Loan Guarantee Program	Guarantees Outstanding	Loans Made	Loans Defaulted	Default Rate
Agribusiness	$967,177	34	4	11.8%
CROP*	5,385,831	15,475	215	1.4
FARM	6,049,749	344	9	2.6
Small Business	11,042,932	440	32	7.3
Discontinued Programs	18,052	---	---	---
Total	$23,463,741	16,293	260	1.6%

* CROP amounts include only activity beginning in 1993.

for the agribusiness, credit relief outreach (CROP), farm asset reinvestment (FARM) and small business development loan guarantee programs supported by the WDRF. Instead, Act 16 established 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 10, on June 30, 2012, $23.5 million in loan guarantees were outstanding, leaving approximately $26 million in potential guarantee authority.

The consolidated reserves available in the WDRF were approximately $6.2 million on June 30, 2012, as reported to the Joint Committee on Finance in the WDRF annual report. These reserves are primarily maintained to repay 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 biennial budget act increased the leverage factor from 4:1 to 4.5:1 for all currently active guarantee programs backed by the fund. This means the WDRF needs to have at least one dollar in reserve for every $4.50 in available guarantee authority. On July 1, 2012, the leverage factor was 7.9:1 for the statutory guarantee authority of $49.5 million, meaning the WDRF had $1 in reserve for every $7.90 in authorized guarantees. However, based on actual loan guarantee activity through June 30, 2012, WHEDA has a 3.76:1 ratio. That is, for every $3.76 in outstanding loans guaranteed, the WDRF had one dollar in reserve.

The Legislative Audit Bureau reported in a December, 1997, evaluation that the balance in WDRF steadily declined from $21.1 million on June 30, 1992 to $12.9 million on June 30, 1997, with annual deficits ranging from $700,000 to $1.9 million. The balance continued to drop, albeit less rapidly, to a $12.1 million balance on June 30, 2000. After rising to $12.9 million again on June 30, 2002, the balance has decreased by more than half to $6.2 million as of June 30, 2012, which is below the statutory requirement of $11 million. Although the WDRF effective guarantee maximum is therefore $28 million as of June 30, 2012, rather than the authorized level of $49.5 million, WHEDA had $4.6 million in available guarantee authority based on the outstanding guarantees shown in Table 10.

Table 11 shows the condition of the WDRF since 2009-10. The recent declines in the fund balance have been attributable to a combination of historically high guarantee payments, administrative reimbursements to WHEDA that have remained higher since 2005-06 than in the several years prior, and declining revenues from investment income. In the 10 fiscal years preceding 2009-10, guarantee payments averaged $205,900 annually, with a high of $334,200 in 2001-02. Although claims are estimated to continue declining in 2012-13 from a recent high of nearly $1 million, claims still are estimated to contribute to a yearly deficit and further declines in the fund balance. Reimbursements from the fund balance to WHEDA for program administration also have contributed to declines in the fund balance. These

Table 11: Wisconsin Development Reserve Fund Condition

	2009-10	2010-11	2011-12	2012-13 (Est.)
Opening Balance	$10,108,800	$9,298,300	$7,883,500	$6,241,000
Revenues				
Fee Income	249,200	181,200	187,400	290,000
Investment Income	362,300	114,400	124,300	70,000
Recovered Payments	11,500	6,800	5,200	0
Revenue Subtotal	623,000	302,400	316,900	360,000
Expenditures				
Guarantee Payments	556,000	999,700	787,200	658,000
Admin. Reimbursement	877,500	717,500	1,172,200	1,192,000
Interest Subsidies (Drought)	0	0	0	50,000
Expenditures Subtotal	1,433,500	1,717,200	1,959,400	1,900,000
Closing Balance	$9,298,300	$7,883,500	$6,241,000	$4,701,000

reimbursements typically have been at or near $1 million since 2005-06; from 2000-01 through 2004-05, reimbursements averaged $564,000 annually, although administrative payments also had been comparable with current levels in the years before 2000-01. Additionally, in 2012-13, WHEDA estimates it could make interest subsidy payments totaling $50,000 for the CROP drought assistance loan guarantee, which the Authority reactivated in July, 2012, in response to widespread drought conditions in Wisconsin.

The most significant reductions in WDRF revenues have been for investment income. This category has declined from a recent high of $613,600 in 2006-07 to $124,300 in 2011-12. This owes primarily to declining returns on WDRF balances, which are invested in money market mutual funds and U.S. government-backed securities. Fee income, while somewhat more stable over the last 10 years, has also been below five- and 10-year averages in 2010-11 and 2011-12. However, declines in the overall fund balance have had the effect in recent years 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. Because many WDRF fees for loan closing, origination or servicing are based on a percentage of the guarantee or the amount outstanding, lower guarantee activity limits the fee revenues generated as outstanding balances are paid off and new originations decrease. Guarantee recoveries have also become a negligible income source in recent years.

In response to declining fund balances, WHEDA's chairperson formed a five-person committee that in early 2012 studied possible changes to the administration of the WDRF loan guarantee programs. Recommendations were approved by a vote of the members of the Authority in April, 2012. These changes include fee increases, reductions in guarantee percentages and terms, and prioritizing guarantees based on factors such as employment potential, other financing available, and potential impacts to the surrounding community. These changes are detailed later in the sections describing each program.

While the statutes specify a maximum guarantee authority amount of $49.5 million for WDRF loan guarantee programs, the statutes provide that WHEDA may request the Joint Committee on Finance to authorize an increase or decrease in the guarantee authority for the programs authorized under the WDRF. WHEDA is required to include in its request a projection, for the end of the fiscal year, of the balance in the fund if the request is approved and the balance if the request is 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 becomes effective.

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

A description of each of the programs backed by the WDRF follows. Some programs that have been either repealed or consolidated do not appear below, although the Authority continues to service and maintain WDRF-backed loans under some such programs.

Credit Relief Outreach Program (CROP)

The Authority was provided $11 million GPR in 1984-85 to guarantee agricultural production loans to Wisconsin farmers and to provide interest subsidies on the loans. This program is known as the credit relief outreach program, or CROP. Loans under 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.

The Authority is to annually set the maximum guarantee amount for loans made under the program, subject to a range specified in the statutes. These limits previously were a minimum of $30,000 and a maximum of $100,000, but 2011 Act 80 broadened the range of eligible loans to between $2,000 and $150,000. WHEDA has adopted the $150,000 maximum for 2012, which applies to both individual loans, if a borrower has no outstanding CROP-guaranteed loans, as well as an individual borrower's total outstanding amounts, if loans from earlier years are not paid in full. The limit also applies: (a) to individuals with a stake in multiple entities, such as a person receiving otherwise separate loans for both a sole proprietorship and a corporation in which the person has ownership; and (b) a single entity, even if held by multiple owners. In addition, WHEDA by statute is to guarantee 90% of each qualifying agricultural production loan of less than $50,000 made by a participating lender, or 80% of each loan greater than $50,000.

Of the 68 CROP loans WHEDA had guaranteed in 2012 through June 30, 13 loans were for $150,000. An additional four were higher than the previous maximum of $100,000 but less than $150,000, and 11 were at the previous maximum of $100,000. All were guaranteed at 80%.

Although the interest rate on each loan is determined by the participating lending institution, rates may not exceed a maximum determined annually by WHEDA. For loans guaranteed in 2012, this rate was the prime lending rate on the date of closing, plus two percentage points, which equaled 5.25% for all of 2012. WHEDA also imposed a maximum rate of 7%, had the prime rate risen above 5%. If the prime rate and the interest rate on a guaranteed loan exceed 10%, the statutes require 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 and a maximum of $3,000 on a $150,000 loan. Application fees for the 2012 lending year were 1%. The increase to 2% was approved in May, 2012, as part of WHEDA's package of fee changes to loan guarantee programs, and will take effect for loans made beginning in 2013. Fees also apply for increases to guaranteed loan amounts if the combined loan amounts exceed $50,000. These fees are 1% of: (a) the difference between the new loan total and $50,000, if the borrower's obligations did not previously exceed $50,000; or (b) the additional amount borrowed, for accounts already borrowing more than $50,000. For the 2010 and 2011 calendar years, revenues for application fees were $137,600 and $85,400, respectively. Revenues in 2012 through June 30 were $73,000.

WHEDA also assesses a fee for loans that enter forbearance, which either postpones or restructures a loan's outstanding principal. The fee was $300 in the 2012 lending year, but will increase to $600 beginning in the 2013 lending year. WHEDA received $15,300 in forbearance fees in 2010, $5,100 in 2011 and $1,500 in 2012 through June 30.

To be eligible for CROP, Wisconsin 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 debts 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 April 1 of the next calendar year; and (d) the farmer does not appear on a statewide support lien docket for delinquency in making child support or maintenance payments, unless the farmer submits an approved payment agreement. Farmers also must have sufficient insured collateral to cover the value of a loan, and those in default on previous WHEDA loans are ineligible.

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 emergency criteria to be used in making such a loan 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.

In January, 1999, in response to the low price producers were receiving for their hogs, the Governor determined that an emergency situation existed and WHEDA submitted eligibility criteria for a hog production emergency loan guarantee program to the Joint Committee on Finance. The Committee approved the emergency criteria, which included: (a) a maximum loan limit of $50,000, including outstanding CROP loans, for hog producers; (b) loan repayment within three years; (c) an application deadline of July 31, 1999; and (d) emergency loans totaling no more than $5,000,000. WHEDA was allowed to guarantee up to 90% of the principal of any hog production emergency loan, and these loans were not to be applied to the outstanding balance of any other loan or to refinance an existing CROP loan. Further, assets in addition to the hogs produced were at times required to secure an emergency loan. Farmer eligibility requirements were substantially similar to those in the regular CROP program, and 24 loans totaling $1,058,400 ($952,560 of which was guaranteed) were made under the hog production emergency loan guar-

Table 12: 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	2.24
2010	164	10,361,521	63,180	8,465,755	51,620	82	1.83
2011	108	7,786,235	72,095	6,303,191	58,363	81	0.00
2012*	68	5,686,352	83,623	4,584,774	67,423	81	N.A.
Total	28,241	$484,855,604	$17,169	$428,812,221	$15,184	88%	2.34%

*Through June 30.

antee program. All 24 loans were repaid.

Originally, CROP was intended to be a one-year program to assist eligible farmers in obtaining capital to continue their operations at a time when the farm economy of the state and nation was in economic difficulty. The program was subsequently extended several times. 1995 Act 5 eliminated the one-year provision on the program, making it a permanent guaranteed loan program. Through June 30, 2012, WHEDA had 96 outstanding guarantees totaling $5,385,800. Table 12 provides information on the CROP program for each year of the program's existence.

The statutes set the term of a CROP loan at one year from the date of issuance. Prior to 2011 Act 80, the term was not to extend beyond March 31 of the next calendar year, except the lender could extend the term up to three months, or no later than June 30. In addition, the proceeds of a CROP loan may not be applied to the outstanding balance of any other loan, except that the proceeds may be used twice to refinance a previously received CROP loan provided that 60% of the previous year's CROP loan is repaid. Further, the lender must obtain a security interest for repayment of the loan in the agricultural commodity resulting from one of the loan proceeds. Finally, unless waived by WHEDA, the borrower must obtain a minimum level of catastrophic insurance to protect the agricultural commodity against risk of loss and the proceeds must be payable to the lender.

Drought Assistance Loan Guarantees. In response to widespread drought conditions in Wisconsin, in July, 2012, WHEDA announced the resumption of the agricultural production drought assistance loan guarantee program. The program was created under 1987 Act 421 in response to drought conditions in 1988, and was provided $7.5 million GPR as seed funding that has since been absorbed by the WDRF.

Eligible farmers by statute must meet the same requirements as under a basic CROP loan noted above, as well as be projected to lose 40% or more of their crops as a result of drought. Loans are limited to no more than $15,000, and guarantees are set at 90% of principal. Costs eligible for drought assistance loans include much of the same inputs that are allowed under standard CROP loans such as feed, fertilizer, seed, pesticides, crop insurance and tillage services. Drought assistance loans may also fund irrigation for drought-stressed commodities.

Interest rates are established by WHEDA in accordance with market conditions and are fixed for the loan term. The statutes also require an interest-subsidy payment of 3.5% of loan principal from the WDRF to participating lenders. These subsidies, in the form of up-front payments to lenders, secure lower interest payments for borrowers over the term of a loan, which is a maximum of three years by statute. The interest-subsidy payment, it should be noted, is mandatory under the drought assistance loan program and not contingent on a loan having a high interest rate, as under a basic CROP loan. WHEDA has established maximum rates for drought assistance loans at the prime rate (3.25% throughout 2012) plus two percentage points, as under CROP, but less 1.167 percentage points to account for the interest subsidy spread over a three-year term.

Due to limited guarantee authority, WHEDA has determined it will accept applications through December 28, 2012, and will limit total loans to $15 million in principal, or 1,000 loans total at $15,000 each. This total lending amount would require WDRF reserves of approximately $2.9 million, assuming 90% guarantees and a 4.5:1 leverage factor standard for WDRF programs. Interest-subsidy payments of 3.5% of principal could total a maximum of $525,000 if the lending maximum is met. Through October 1, 2012, WHEDA approved seven drought relief loans. All loans were for $15,000 and guaranteed at $13,500, for a total of $94,500 in guarantees.

WHEDA has established application fees for the drought assistance loan guarantee program at 1% of the loan amount, which is identical to the fee required on a basic CROP loan for the 2012 season.

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 the 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 currently operating a farm or must intend to operate a farm and have at least three years of farming experience including day-to-day operations of a farm. 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 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 (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.

Table 13: Farm Assets Reinvestment 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*	5	4,858,657	587,498	117,500
Total	344	$93,927,284	$20,640,557	$60,002

*Through June 30.

The origination fee was previously 1% of the guarantee amount, but was increased to 2% beginning May 1, 2012. For calendar year 2010, application fees totaled $2,000 and origination fees totaled $10,200. For 2011, application fees totaled $2,100 and origination fees totaled $10,800. For 2012 through June 30, application fees have totaled $600 and origination fees have totaled $5,500. Amounts collected are deposited in the WDRF.

As of June 30, 2012, 344 loans with guarantees worth $20.6 million had been made. Outstanding guarantees totaled $6,049,700. Table 13 provides information on historical activity under the FARM program.

Small Business Development 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 development loan guarantee program. The program is intended to provide credit enhancement on loans made by participating financial institutions to small businesses located in Wisconsin that would create or retain jobs. Program changes made under 2011 Act 79 specify small businesses as those with no more than 250 full-time employees. Elected governing bodies of federally recognized American Indian tribes or bands in this state are also eligible for small business development loan guarantees. Eligible borrowers need not be actively engaged in the recipient small business, which was a statutory requirement prior to Act 79, but eligible borrowers must not be delinquent in the payment of child support.

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 city, village or town in the state; 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, entertainment expenses, expenses related to the production of an agricultural commodity or expenses related to a community-based residential facility.

The small business development loan guarantee operates through participating lenders, which must meet several requirements for each loan issued. Lenders must determine that the borrower is unable to secure adequate conventional financing on terms similar to those offered by WHEDA, and lenders must determine it is reasonably likely that a borrower will be able to repay the loan in full with interest. Lenders must also have a security interest in the assets being acquired with loan proceeds, and must agree to the guarantee percentage established for the loan by WHEDA. Lenders also 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%, as of October 1, 2012.

Effective May 1, 2012, WHEDA made several changes to the small business development loan guarantee program, as part of the overall changes to loan guarantee programs. One change shortened the maximum guarantee to five years. WHEDA expected the shorter guarantee term to both allow WDRF funds to cycle faster and support more lending and increased fee revenues, but also provide credit enhancement immediately following start-up or expansion, in which time WHEDA estimates the default risk is highest. Therefore, the maximum loan term in the small business development program continues to be 15 years by statute, but WHEDA's guarantee will be, at most, five years. The five-year maximum guarantee reduces the previous maximum guarantees on: (a) fixed assets, which were previously eligible for a 15-year guarantee; and (b) inventory or permanent working capital, which were previously eligible for a guarantee of seven years. Revolving working capital, which typically is financed through loans of shorter terms, remains eligible for a guarantee of up to two years.

WHEDA also determined prospective small business borrowers, beginning May 1, 2012, would be required to report the following during a loan application: (a) full-time equivalent positions created or retained as a direct result of the financing to be received, as well as expected pay and benefits to be offered; (b) other financing involved, such as other governmental loan guarantees or tax-increment financing; and (c) the nature of the expected economic impact, such as providing a new service in a community or creating employment opportunities in an area of high unemployment. WHEDA reports it will use this information to direct available guarantee authority toward proposals with the highest expected employment and economic impacts as well as having additional financial support.

Another WHEDA program change reduced the maximum guarantee percentage on small business development loan guarantees to 50% of the loan amount for loans closed after May 1, 2012. Most loans since the program's inception have been guaranteed at 80%.

The reduction in guarantee percentages followed the enactment of 2011 Act 79, which increased eligible loan and guarantee amounts to the lesser of 80% or $750,000. This would represent a maximum loan principal of $937,500, assuming an 80% guarantee, and these limits applied to fixed assets, inventory and permanent working capital. Following Act 79, WHEDA also administratively increased the maximum guarantee on revolving working capital to the lesser of 80% or $200,000. Previously, guarantees were limited by statute to the lesser of 80% or $200,000, which WHEDA applied to loans for fixed assets, permanent working capital and inventory. WHEDA had also specified lower limits of 80% up to $80,000 for revolving working capital.

Between Act 79's effective date in December, 2011, and June 30, 2012, WHEDA had guaranteed 10 small business development loans. One loan in that period, guaranteed in December, 2011, received a $750,000 maximum on a loan of $937,500. Two other loans, one each in March and April of 2012, were guaranteed for greater than the previous maximum of $200,000.

Since the inception of the small business development loan guarantee program through June 30, 2012, WHEDA has guaranteed 436 loans for $41.5 million. Historical program activity is shown in Table 14. Also, existing loans made prior to the consolidation of small business loan programs continue to be backed by the WDRF, and any loan guarantee agreements with lenders associated with those existing loans continue to be in effect. As of June 30, 2012, WHEDA is guaranteeing $18,100 for the repealed Target Area fund.

Table 14: 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*	5	662,010	132,402
Total	436	$41,498,741	$95,181

*Through June 30.

Effective May 1, 2012, WHEDA charges a closing fee of 3% of the guaranteed amount on loans. Previously, closing fees were 1.5% of the guarantee amount on loans of $150,000 and less or 2.5% of the guaranteed amount on loans greater than $150,000. WHEDA also charges an annual servicing fee of 0.5% of the outstanding guaranteed balance of small business loans, payable by the lender annually each February 1. WHEDA intends the servicing fee to encourage lenders to release WHEDA guarantees from loans that are performing and allow WHEDA to use available funds for new guarantees. Fee revenues are deposited to the WDRF. Revenues from closing fees were $24,700 in 2010, $32,100 in 2011 and $40,400 in 2012 through June 30. Servicing fee revenues were $28,600 in 2010, $24,300 in 2011 and $22,500 in 2012 through June 30.

Contractors Loan Guarantee Program. Under this program, which is part of the small business development loan guarantee, 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 development program. WHEDA has guaranteed four loans under this program: (1) a $100,000 loan in 2005; (2) a $242,000 loan in 2006; (3) a loan for $150,000 in 2010; and (4) a $100,000 loan in 2011. All were guaranteed at 80%. Closing fee revenues were $1,800 in 2010 and $1,200 in 2011.

Agribusiness Loan Guarantee Program

Under this program, WHEDA guarantees loans made by financial institutions for projects that result in the development of new or more viable methods for processing or marketing raw agricultural commodities grown in Wisconsin. Agribusinesses located in communities of 50,000 or less in total population are eligible to apply for guaranteed loans. WHEDA has statutory authority to guarantee up to $750,000 in loan principal at 90%, or $675,000 in guarantees. Effective May 1, 2012, WHEDA has reduced the maximum guarantee to 50%, or $375,000 in guarantees under the statutory limit on principal. Loans may be used for working capital, the purchase of a building or equipment, or marketing expenses. Refinancing of existing debt is not permitted except in cases of business expansion. Unless extended by WHEDA, the maximum loan guarantee term is five years, effective for loans guaranteed beginning May 1, 2012. The previous maximum guarantees were 15 years for fixed assets and seven years for inventory and permanent working capital. Interest rates are determined by lenders, but subject to WHEDA approval.

As of June 30, 2012, WHEDA has made 34 loans in this program for $8,912,500 in guarantees. Guarantees of $967,200 were outstanding. Historical loan guarantees are shown in Table 15.

As under the small business development loan guarantee program, 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 by February 1. These fees are identical to those under the small business development loan guarantee program, and were increased effective May 1, 2012, by the same amounts. Revenues for closing fees were $6,800 in 2010 and $15,000 in 2011. Servicing fee revenues were $1,000 in 2010, $900 in 2011 and $1,900 in 2012 through June 30.

Table 15: 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*	0	0	0
Total	34	$8,912,480	$262,132

*Through June 30.

In addition, 1991 Wisconsin Act 39 authorized WHEDA to guarantee, as a subprogram of the agribusiness loan guarantee program, loans of up to $100,000 in total principal amount to commercial fishing operators who harvest whitefish from Lake Superior. Loans must be for working capital or to purchase new equipment, including fish processing and refrigeration equipment, required under the administrative rules of DNR for whitefish harvests on Lake Superior. No such loans have ever been guaranteed using this authority.

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.

Neighborhood Business Revitalization Loan Guarantee Program. This program, started by WHEDA in 2003, guarantees the principal amount of loans made by financial institutions to businesses or developers for the expansion or acquisition of commercial real estate or a small business, which has annual revenue of less than $5 million. Under the program, WHEDA will guarantee up to 50% or $750,000 in guarantees, on loans made for fixed assets and inventory, and up to 50% or $200,000 on loans made to finance working capital. Guarantee percentages were each reduced from 75% effective May 1, 2012. 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, payable each February 1, equal to 0.5% of the outstanding amount guaranteed. Closing fee revenues of $70,500, $18,800 and $29,800 were collected in 2010, 2011, and 2012 through June 30, respectively. Servicing fees collected were $12,800 in 2010, $12,400 in 2011 and $9,900 in 2012 through June 30.

Table 16 provides an overview of all loans made under the neighborhood business revitalization loan guarantee program.

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. WHEDA staff reported that the WDRF guarantee authority had decreased to approximately $900,000 in July, 2009; staff reported this occurred due to both increased guarantees under

Table 16: 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
Total	32	$13,392,566

*Through June 30.

CROP in 2009 and increases in forbearance and default activity under outstanding CROP loans.

As of July, 2012, $3 million remains encumbered. WHEDA does not plan to guarantee loans using this reserve, but rather to maintain the funds as a reserve in case guarantee claims exceed available balances in the WDRF. Maintaining this reserve of funds for guarantee claims is intended to insulate WHEDA's other assets from exposure to guarantee payments, which is necessary to maintain the Authority's ratings by credit-rating agencies.

Economic Development Lending

WHEDA is authorized in the statutes to make economic development loans as well as to issue bonds to finance such 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 greater detail.

As of October 1, 2012, WHEDA had not closed any loans under the WPLP using its revolving fund. It has made one bond issuance in August, 2012, for $42.5 million. WHEDA made this issuance as a conduit, meaning it does not carry WHEDA's general obligation and WHEDA carries no liability for the loan.

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 the program was discontinued, in part as a result of the small business loan guarantee program being created 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. Loans were typically made by private lenders, who would in turn be made whole by the sale of the bond. However, because economic development bonds were generally issued as federally tax-exempt under the state's volume cap for private activity bonds, WHEDA reports in some instances lenders would also purchase the bonds, which would allow the lender to earn tax-free interest from the principal and interest payments on the bond.

The program initially was authorized $95 million in bonding, which was increased to $200 million under 1989 Act 281. Bonds totaling $166,898,000 were issued through the BDB program up to 1999. Because the 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, and approximately $565,000 of this amount was outstanding as of June 30, 2012. The last general-obligation issues were in 1995. WHEDA does not track bonds without 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. Beginning 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.

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. (This prohibition was termed "primary risk" prior to Act 214.) 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 who, 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. The 2012-13 Dividends for Wisconsin plan further allotted up to $4.1 million for additional revolving funds, although as of October 1, 2012, no additional amounts had been encumbered for economic development revolving loans.

Eligibility and Loan Terms. Prior to Act 214, eligible economic development projects included: (a) land, a plant or equipment for various types of facilities, including those for manufacturing, national or regional headquarters, product storage or distribution, retail [subject to certain conditions], 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, performed by either manufacturing firms or firms engaged in research and development [R&D] of manufactured products; and (c) equipment, materials or labor used to make energy-conserving improvements to commercial or industrial facilities. Act 214 retained most of these criteria, with the following modifications: (a) eligible land, plants or equipment may include those used for commercial real estate activities; (b) conditions limiting the eligibility of retail facilities were removed; and (c) long-term activities are specified as R&D or long-term working capital, and conditions on the types of firms engaging in such activities are repealed.

The statutes did not previously have a general limit on principal amounts of loans, but certain conditions restricted WHEDA from making certain loans in certain circumstances. Specifically, a loan could not be more than 4% of the program's total bonding authorization ($8 million under the previous bonding limit) if a firm, together with its parent company, subsidiaries and affiliates, had gross annual sales exceeding $5 million. Further, loans could not be made to: (a) firms whose gross annual sales, when combined with affiliates, parent companies and subsidiaries, exceeded $35 million; or (b) firms that had participated in a tax increment financing district. Act 214 repealed these provisions. WHEDA, however, remains 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 [25 persons prior to Act 214]; 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 has also announced it generally will retain, as an administrative policy, a maximum loan limit of $2 million, and the $35 million limit on gross annual sales.

Further, WHEDA is to consider the following in assessing a prospective loan: (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; and (c) the extent to which the project would not occur without WHEDA involvement. WHEDA is also to consider the number of other participants in the financing of a project, but Act 214 increased the stringency of this consideration by requiring that any economic development loan have one or more financial institutions participating in the project. WHEDA has subsequently established a requirement of at least 50% of financing being provided by another source.

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 an individual's 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 during the life of a project's credit, 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, relative to recapture provisions for noncompliant 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 by the Wisconsin Department of Financial Institutions. 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 have received five NMTC allocations since 2004, as shown in Table 17. Of these amounts, WHEDA has expended all but approximately $7.8 million, as of October 1, 2012, although this remaining balance was assigned in September, 2012, to a small lending fund from which WHEDA expects to fund future qualifying projects.

Table 17: New Markets Tax Credit Awards (in Millions)

Year	Award Amount	Award Entity	Amount Committed
2004	$100	WCDLF	$100.0
2007	120	WCDLF	120.0
2008	100	WCDLF	100.0
2009	85	WCDLF	77.2
2011	10	WCDLF	10.0
Total	$415		$407.2

State Small Business Credit Initiative

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

WHEDA participates in the program as a subcontractor of 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.

Wisconsin's SSBCI allocation is $22,363,554, which WHEDA has allocated as follows: (a) $3,000,000 for the Wisconsin Capital Access Program; (b) $3,363,554 for the WHEDA guarantee program; and (c) $16,000,000 for the Wisconsin Equity Fund. 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. As of October 1, 2012, WHEDA had expended $1,557,000. Recipients may request additional funds once 80% of the previous allocation has been expended, transferred or obligated. WHEDA received its first $7.4 million installment in September, 2011, and expected to request its second installment in late 2012.

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 reimbursed for incurred administrative costs. As of June 30, 2012, WHEDA had used $151,200 of its initial $7.4 million installment, or about 1.5% of the 5% allowable, for administrative costs.

The following paragraphs describe each component in greater detail:

Wisconsin Capital Access Program. The Wisconsin Capital Access Program was created under 2009 Act 268, and is administered by the Wisconsin Business Development (WBD) Finance Corporation. (The statutory authority was repealed under 2011 Act 32, the 2011-13 biennial budget, but the program continues under WBD administration under the terms of its creation.) The act provided up to $350,000 GPR for a CAP, provided WBD enters contracts with participating lending institutions that require payment by both borrowers and lenders of at least 1.5% of loan principal and not more than 3.5% of loan principal to a loan-loss reserve. The reserve is to provide backing on loans to borrowers who are underserved on the basis of their credit history, collateral or net worth.

WHEDA Guarantee Program. The WHEDA Guarantee Program would use SSBCI funding to make loan guarantees to small businesses. WHEDA reports SSBCI funds will begin in 2012-13 to support a significant portion of new small-business loan guarantees that otherwise would be WDRF-supported. This is intended to allow current commitments of the WDRF to expire, while also preserving WDRF guarantee authority for agricultural programs, particularly CROP.

Although terms of SSBCI-supported guarantees could be similar to guarantees available under the existing small business loan guarantee programs, WHEDA reports it could alter conditions in certain circumstances, if appropriate for the project and the borrower. These may include providing a longer guarantee term or a larger guarantee percentage than are currently offered under the state programs.

Wisconsin Equity Fund. The largest portion of the state's SSBCI award is allocated for two investment funds, the Wisconsin Venture Debt Fund (WVDF) and the Wisconsin Equity Investment Fund (WEIF); together, these funds constitute the Wisconsin Equity Fund (WEF). WVDF is provided $9 million in SSBCI funding, while WEIF is provided $7 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. Loans will be administered through the Wisconsin Economic Development Corporation, the Madison Development Corporation and the Milwaukee Economic Development Corporation. WHEDA reports WEDC and MDC are incorporating SSBCI funds into existing programs, consistent with federal requirements, while MEDC is establishing a new program to deploy SSBCI funds.

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. WHEDA issued a request for proposals in November, 2011, for firms interested in managing the $7 million allocation for the WEIF. WHEDA ultimately selected three firms to administer the WEIF. Generation Growth Capital of Milwaukee (the Generation Growth Capital Fund II) is expected to receive $4 million, the NEW Capital Fund of Appleton (NEW Capital Fund II) is expected to receive $2 million, and Capital Midwest Fund (Capital Midwest Fund II) of Milwaukee is expected to receive $1 million. WHEDA reports Generation Growth Capital is expected to dedicate the $4 million allocation to relatively mature growth- and revenue-stage manufacturing and non-technology firms, while the remaining $3 million is to be focused on investments on early- and growth-stage firms in various fields such as information technology, life and material sciences, manufacturing and water technology.

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 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. In addition to ownership requirements, the following requirements applied: (a) the business was to have gross annual sales of less than $500,000; (b) the business was to have 25 persons or fewer employed at the time of application; (c) the use of proceeds were used to purchase or improve land, buildings, and/or equipment located in the state; and (d) the project being funded was to help expand employment or maintain jobs that otherwise would be lost.

Prior to its retirement, WHEDA financed the program with $3,000,000 of its unencumbered general reserves. Private financial institutions would use the capital to make below-prime rate loans to eligible borrowers. 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. The Authority's deposit was not a guarantee or collateral and the borrower was solely responsible for loan repayment. Lenders determined loan terms and conditions. Table 18 provides information on loan activity under the program from 1998 to its closure in 2010. WHEDA reports the final loan under the program was made in June, 2010, and matured in August, 2012.

Table 18: Linked Deposit Loan Program

Calendar Year	Number of Loans	Amount of Loans
1998	40	$1,862,443
1999	29	1,399,670
2000	24	1,366,670
2001	29	1,655,567
2002	18	1,022,989
2003	16	801,364
2004	13	656,305
2005	12	725,250
2006	28	1,663,953
2007	9	595,900
2008	12	749,316
2009	3	120,000
2010	2	85,000
Total	235	$12,704,427

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 -- 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. Interest income received by individuals from the proceeds of any bonds that WHEDA issues to finance loans for Taliesin is exempt from state taxation. Further, real or personal property of Taliesin is exempted from general property taxation.

In October, 1993, $7,583,600 was loaned to the Taliesin Preservation Commission through the proceeds of debt instruments issued by WHEDA. The WDRF was used to guarantee 90% of the principal amount of the loan. WHEDA and the Commission restructured the loan agreement in April, 1997, to eliminate interest on the loan and split the loan into two parts. Payment on $6.5 million in principal would be deferred until January, 1999, while principal payments would be required on another $1.1 million. The smaller loan would be due in full in September, 2016.

A large portion of the loan ($6,494,700) defaulted in January, 1999. The WDRF, as guarantor, 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 in December, 1999, from the housing rehabilitation loan program administration fund to the WDRF to pay off the guarantee on the defaulted portion of the Taliesin loan. 1999 Act 9 further eliminated the guarantee program used for the Taliesin loan. The Commission paid off $422,200 on the remaining $1,122,200 in disbursements, with $700,000 in principal, of which $630,000 was guaranteed, remaining outstanding on December 31, 2008.

In January, 2009, WHEDA further restructured the remaining outstanding amounts to encourage a Taliesin fundraising initiative for a broad program to repair deteriorating buildings at the site. Under the agreement, WHEDA deferred principal payments of $60,000 in each of 2008 and 2009 and $70,000 in each of 2010 and 2011. Further, 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. The agreement provided Taliesin was to resume annual principal payments beginning September 1, 2012, on amounts remaining outstanding if the full $700,000 had not been raised and expended. The overall loan remained due in full by September, 2016. However, as of September, 2012, WHEDA had forgiven all remaining amounts based on Taliesin's fundraising.

Beginning Farmer Loan Program

2007 Act 125 repealed the Beginning Farmer Loan Program. Prior to 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 who 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 of June 30, 2012, 11 bonds and $1,011,000 in loans were still outstanding.

Safe Drinking Water Loan Guarantee Program

The 1997 biennial budget act created a safe drinking water loan guarantee program to guarantee up to 80% of the principal of loans for projects that improve the quality of drinking water in water systems not owned by local units of government. Unlike most other guarantee programs listed in this section, eligible loans are guaranteed by funds deposited to the Wisconsin drinking water reserve fund, which consists of deposits from the safe drinking water loan fund, funds received for the program from any other source and the interest income from the fund. The Department of Natural Resources (DNR), with the approval of DOA, is authorized to transfer funds from the safe drinking water fund appropriations. WHEDA is required to regularly monitor the fund to ensure a balance of at least one dollar for every $4.50 in total outstanding guaranteed principal authorized under the program.

Under the program, WHEDA may 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 is not allowed to exceed $3.0 million, unless the Joint Committee on Finance, under s. 13.10, permits the Authority to increase or decrease the amount. A request for additional authority must include a projection that compares the next June 30 balance, less the amount necessary to fund guarantees under the program and to pay outstanding claims, with the same balance if the request is approved.

WHEDA is required to enter into a guarantee agreement with lenders wishing to participate in the program. WHEDA may only use the Wisconsin drinking water reserve fund to guarantee safe drinking water loans. WHEDA may guarantee a loan under the program if all of the following apply:

1. The borrower is not a local unit of government;

2. The borrower is either: (a) an owner of a "community water system" [a public water system that serves at least 15 service connections used by year-round residents or regularly serves at least 25 year-round residents]; or (b) is the owner of a public nonprofit water system that is not a community water system, such as a private school.

3. The loan, as determined by DNR, either facilitates compliance with national primary drinking water regulations or otherwise significantly furthers the health protection objectives of the federal Safe Drinking Water Act.

4. The lender of the loan enters into a guarantee agreement with WHEDA.

All loans guaranteed under this program are 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 in the order of 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. As of October, 2012, the program has not been implemented and WHEDA has not guaranteed any safe drinking water loans.

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 other individuals, corporations and charitable foundations.

The program authorizes WHEDA or a participating lender to make the loan, although an eligible loan may not exceed $5 million in principal, and WHEDA, if it were the lender, may not issue more than $5 million in total 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 contain two other possible supports for a loan guarantee, should either be necessary. First, WHEDA may transfer funds from the housing rehabilitation loan program administration fund to the WDRF if WDRF balances are insufficient to support the amount necessary for the loan. A transfer may be up to $5 million, and WHEDA would be required to issue a report to the Joint Committee on Finance within 14 days of the transfer. The report would have to note the amount of the transfer and describe the circumstances of the transfer. Given this allowance, WHEDA is required, prior to making a guarantee, to demonstrate to the Secretary of Administration that there is sufficient funding in either the WDRF or the housing rehabilitation loan program administration fund to provide for guarantee payments that may be necessary. Second, 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 Act 32, WisconsinEye had announced it did not wish to pursue such financing in light of its mission for independent coverage of state government. WHEDA, therefore, as of 2012, 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 2012-13 proposed allocation of WHEDA's unencumbered general reserves.

- Appendix II lists Wisconsin county median incomes that are used for eligibility purposes in certain housing programs.

- Appendix III indicates WHEDA Advantage and FHA Advantage income and loan limits as of December, 2012.

- Appendix IV displays WHEDA HOME, Advantage, and FHA Advantage single-family lending activity.

- Appendix V displays historical lending activity for home improvement programs.

- Appendix VI provides summary information regarding each current WHEDA program.

- Appendix VII summarizes the Transform Milwaukee initiative begun by WHEDA in May, 2012.

APPENDIX I

Proposed Allocation of WHEDA Unencumbered General Reserves

2012-13

Activity	Amount
Home Ownership	$387,000
Multifamily Housing	2,400,000
Small Business and Economic Development	4,100,000
Housing Grants and Services	1,100,000
Transfer to State General Fund*	900,000
Total	$8,887,000

*2011 Act 32 requires WHEDA's 2012-13 "Dividends" plan to transfer $900,000 to the state general fund.

Source: WHEDA 2012-13 "Dividends for Wisconsin" plan submitted August, 2012.

APPENDIX II

Estimated 2012 Median Household Income by County

County	Median Income	County	Median Income
Adams	$48,100	Marathon	$69,200
Ashland	47,200	Marinette	53,100
Barron	54,700	Marquette	55,300
Bayfield	57,400	Menominee	44,500
Brown	68,500	Milwaukee	73,200
Buffalo	60,700	Monroe	61,600
Burnett	52,000	Oconto	59,500
Calumet	73,600	Oneida	62,100
Chippewa	64,500	Outagamie	73,600
Clark	55,000	Ozaukee	73,200
Columbia	70,000	Pepin	60,600
Crawford	52,800	Pierce	83,900
Dane	82,900	Polk	63,800
Dodge	66,600	Portage	69,800
Door	62,900	Price	56,700
Douglas	62,300	Racine	69,700
Dunn	65,600	Richland	57,500
Eau Claire	64,500	Rock	65,400
Florence	49,600	Rusk	51,800
Fond du Lac	67,800	Sauk	65,000
Forest	45,700	Sawyer	51,000
Grant	58,700	Shawano	56,700
Green	67,300	Sheboygan	70,600
Green Lake	64,300	St. Croix	83,900
Iowa	70,700	Taylor	57,900
Iron	47,200	Trempealeau	61,200
Jackson	56,300	Vernon	55,800
Jefferson	70,900	Vilas	57,300
Juneau	56,200	Walworth	73,100
Kenosha	72,100	Washburn	54,000
Kewaunee	68,500	Washington	73,200
La Crosse	68,400	Waukesha	73,200
Lafayette	61,000	Waupaca	62,400
Langlade	52,800	Waushara	53,300
Lincoln	62,400	Winnebago	62,000
Manitowoc	65,700	Wood	62,600

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

Note: Income eligibility for WHEDA Advantage loans is based on provisions in the Internal Revenue Code, which are generally 115% of area median income. However, other adjustments under federal law may allow for higher income limits, as shown in Appendix III, than suggested by the data above.

APPENDIX III

WHEDA Advantage Income and Loan Limits

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 loans by county under FHA rules. All Fannie Mae loans are limited to no more than $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	$71,880	$83,328	$243,945	Marathon	$70,599	$81,189	$243,945
Ashland	80,040	93,380	243,945	Marinette	80,040	93,380	243,945
Barron	80,040	93,380	243,945	Marquette	80,040	93,380	243,945
Bayfield	80,040	93,380	243,945	Menominee	71,880	83,328	243,945
Brown	70,739	81,350	243,945	Milwaukee	83,490	96,014	283,500
Buffalo	72,299	83,144	243,945	Monroe	72,119	82,937	243,945
Burnett	80,040	93,380	243,945	Oconto	80,040	93,380	243,945
Calumet	73,600	84,640	243,945	Oneida	72,019	82,822	243,945
Chippewa	71,539	82,270	243,945	Outagamie	73,600	84,640	243,945
Clark	80,040	93,380	243,945	Ozaukee	83,490	96,014	283,500
Columbia	77,510	89,137	264,375	Pepin	72,319	83,167	243,945
Crawford	80,040	93,380	243,945	Pierce	96,927	111,466	328,500
Dane	82,900	95,335	264,375	Polk	71,679	82,431	243,945
Dodge	71,119	81,787	243,945	Portage	70,479	81,051	243,945
Door	71,859	82,638	243,945	Price	71,880	83,328	243,945
Douglas	71,979	82,776	243,945	Racine	70,499	81,074	243,945
Dunn	71,319	82,017	243,945	Richland	71,880	83,328	243,945
Eau Claire	71,539	82,270	243,945	Rock	71,359	82,063	243,945
Florence	71,880	83,328	243,945	Rusk	80,040	93,380	243,945
Fond du Lac	70,879	81,511	243,945	Sauk	71,439	82,155	243,945
Forest	71,880	83,328	243,945	Sawyer	80,040	93,380	243,945
Grant	71,880	83,328	243,945	Shawano	71,880	83,328	243,945
Green	70,979	81,626	243,945	Sheboygan	70,600	81,190	243,945
Green Lake	71,579	82,316	243,945	St. Croix	96,927	111,466	328,500
Iowa	77,370	88,976	264,375	Taylor	71,880	83,328	243,945
Iron	80,040	93,380	243,945	Trempealeau	80,040	93,380	243,945
Jackson	80,040	93,380	243,945	Vernon	71,880	83,328	243,945
Jefferson	70,900	81,535	243,945	Vilas	71,880	83,328	243,945
Juneau	80,040	93,380	243,945	Walworth	73,100	84,065	243,945
Kenosha	86,520	100,940	369,000	Washburn	71,880	83,328	243,945
Kewaunee	70,739	81,350	243,945	Washington	83,490	96,014	283,500
La Crosse	70,759	81,373	243,945	Waukesha	83,490	96,014	283,500
Lafayette	72,239	83,075	243,945	Waupaca	71,959	82,753	243,945
Langlade	71,880	83,328	243,945	Waushara	71,880	83,328	243,945
Lincoln	71,959	82,753	243,945	Winnebago	72,039	82,845	243,945
Manitowoc	71,299	81,994	243,945	Wood	71,919	82,707	243,945

APPENDIX IV

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 IV (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
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
Total	$6,947,790,074	$6,535,987,544	

APPENDIX IV (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 IV (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*	188	19,252,539
Subtotal	1,219	$132,565,977

FHA Advantage Loan Activity

2010	2	$163,300
2011	0	0
2012*	2	186,577
Subtotal	4	$349,877
Total	**111,257**	**$7,014,333,074**

* Through June 30.

APPENDIX V

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 V (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*	4	27,790
Subtotal	17	$131,848
Total (Both Programs)	15,229	$102,977,204

*Through June 30.

APPENDIX VI

Summary of Primary WHEDA Programs
Housing Programs

Program	Purpose	Primary Funding	Program Expenditures
WHEDA Advantage (Fannie Mae or FHA)	Mortgage loans for the purchase of homes by low- and moderate-income households. Previously known as the Home Ownership Mortgage Loan Program (HOME).	Secondary market sales of loans; mortgage revenue bonds utilized in past	In 2011, 374 loans totaling $39,305,692 were made.
Home Improvement Advantage Program	Housing rehabilitation loans to low- and moderate-income households. Previously administered as the Home Improvement Loan Program (HILP).	Revolving loan fund; revenue bond proceeds eligible, but not issued since 1992	In 2011, five loans were issued for $41,368.
Multifamily Loan Program	Financing to developers of multifamily projects for low- and moderate-income households.	Revenue bond proceeds	In 2011, 43 loans for $120,977,764 were made, representing 1,733 units.
Easy Close Advantage Program	Loans of up to $3,000 for down payment or home mortgage closing costs. Previously administered as HOME Easy Close and HOME Plus.	WHEDA unencumbered reserves	In 2011, 63 loans totaling $189,000 were made.
WHEDA Foundation Grant Program	Grants to nonprofit organizations for housing-related purposes.	WHEDA unencumbered reserves	In 2012, grants of $500,000 were distributed among 25 organizations.
Property Tax Deferral Loan Program	Loans to low-income elderly homeowners for payment of property taxes.	WHEDA unencumbered reserves	In the 2012 program year (December, 2011, through June, 2012), 38 loans totaling $104,000 were made.
Low-Income Housing Tax Credit Program	Federal tax credits to developers of low-income rental housing.	Federal tax credits	In 2012, $12,607,934 worth of (one-year) tax credits was approved for 21 projects and 1,214 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 October, 2012, WHEDA administers monthly subsidies equivalent to $159 million annually, which covers 558 properties.
Section 8/Housing Choice Voucher Program (Tenant-Based Rental Assistance)	Federal housing vouchers to low-income households.	Federal funds	As of October, 2012, WHEDA distributed 1,439 vouchers equivalent to assistance of $5.6 million per year.

APPENDIX VI (continued)

Summary of Primary WHEDA Programs

Economic Development Programs

Program	Purpose	Funding Source	Program Expenditures
Credit Relief Outreach Program (CROP) and Drought Assistance Loan Guarantees	Guarantee loans to farmers for agricultural production, including, in 2012, loans for drought relief assistance.	Wisconsin Development Reserve Fund (WDRF)	In 2012 through June 30, 68 CROP loans totaling $5,686,352 were guaranteed. In 2012 through October 1, seven drought relief loans were made with total guarantees of $94,500.
Farm Asset Reinvestment Management (FARM) Loan Guarantee Program	Guarantee for the acquisition of farm assets and/or improvements of agricultural facilities or land.	WDRF	In 2011, 16 loans were made with guarantees of $1,082,196.
Small Business Development Loan Guarantee Program	Guarantee loans for the acquisition or expansion of a business with less than 50 employees.	WDRF	In 2011, 23 loans were made with guarantees of $2,019,487.
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	In 2011, one loan was guaranteed for a total of $600,000.
Contractors Loan Guarantee Program	Guarantee loans to contractors for the completion of a contract as part of the small business development loan guarantee.	WDRF	One loan was made under this subprogram 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	In 2011, two loans were guaranteed for a total of $1,599,999.
Economic Development Lending	Lending for economic development projects to create or maintain employment in the state.	WHEDA general reserves; also, bonding authority of to $150 million annually for three years beginning in 2012-13, with possible additional authority through a passive review by the Joint Committee on Finance	No loans had been issued before June 30, 2012.
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 $415 million total since 2004, including most recently $10 million in 2011.
State Small Business Credit Initiative	Increase credit access to small businesses through variety of lending and investment vehicles.	Federal funds	WHEDA will administer $22.4 million for Wisconsin, and has expended $1,557,000 in 2012 through June 30.

APPENDIX VII

Transform Milwaukee

On April 30, 2012, WHEDA and the Governor announced the creation of Transform Milwaukee, which would utilize 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, a multimodal transportation hub proposed for an area south of General Mitchell Airport.

WHEDA expects Transform Milwaukee will include about $100 million in combined expenditures and allocations of tax credits over a two-year period that began May 1, 2012. The following sections describe each portion of the $100 million in WHEDA-directed funding, as well as an additional $100 million in financing WHEDA estimates could be generated from other sources as a result of Authority activities. Table 19 lists the sources of the combined $200 million in funding.

The Department of Workforce Development (DWD) is expected to participate in Transform Milwaukee, but as of July 1, 2012, DWD had no plans to appropriate or encumber any funds directly in connection with the initiative. DWD reports it expects to survey Milwaukee-area residents to conduct an assessment of workforce skills, but the scope and deployment of the survey have not been determined. There are no plans to create or construct facilities such as a job center as part of the initiative.

Economic Development

Economic Development Bonding and New Markets Tax Credits. The largest planned portion of funding under Transform Milwaukee will be through a combination of state economic development bonding and NMTC allocations. WHEDA expects to allocate $20 million from these sources in the first year of funding and $30 million in the second year, or half of the $100 million in planned WHEDA-directed funding for the two-year initiative. WHEDA reports it expects to support one to four large business expansions each year with the funding. It has not been determined what amounts would be available individually under each program. Additional NMTC allocations may become available in future award cycles in which WHEDA expects to compete.

Direct Participation Economic Development Loans. Transform Milwaukee would include $2 million in the first year and $2.5 million in the second year, or $4.5 million overall, from the WHEDA Participation Lending Program, supported by a revolving loan fund of up to $16.1 million from WHEDA's general reserves. WHEDA anticipates using the funding to support one or two business expansions each year.

Small Business Equity Programs. WHEDA plans to allocate $1.5 million of its $2 million allotment from the National Mortgage Settlement to make investments in private equity funds that, in combination with additional capital provided by the funds, would be expected to finance business expansions. This funding is known as the Milwaukee Equity Investment Fund (MEIF). Although WHEDA has allocated $1.5 million to the MEIF, it expects $1 million would be expended during the two-year period in which Transform Milwaukee activities will occur. Private equity firms would be selected through an open bidding process.

Small Business Loan Guarantees. WHEDA expects to make loan guarantees of $375,000 each

Table 19: WHEDA Funding for Transform Milwaukee

Program	Year 1 Amount	Year 2 Amount	Fund Source	Estimated Additional Funding
Economic Development				
Economic Development Bonding and New Markets Tax Credits	$20,000,000	$30,000,000	WHEDA Bonding/FED	$0*
Economic Development Direct Loans	2,000,000	2,500,000	WHEDA Reserves	4,500,000
Milwaukee Equity Investment Fund	500,000	500,000	Nat'l. Mort. Settlement	9,000,000
Small Business Guarantees	375,000	375,000	WDRF	750,000
Multifamily Housing Development				
Multifamily Housing Financing	10,500,000	10,500,000	WHEDA Bonding	5,250,000
Low-Income Housing Tax Credits	1,900,000	1,900,000	FED	57,000,000
Single-Family Housing Development				
Single-Family Mortgage Lending	5,500,000	5,500,000	Secondary Market Sales	580,000
Other Programs				
Blight Elimination Grants	500,000	0	Nat'l. Mort. Settlement	0
WHEDA Foundation Grants	50,000	50,000	WHEDA Reserves	100,000
Stormwater Study	250,000	0	WHEDA Reserves	250,000
Customized Programs	2,500,000	5,000,000	Undetermined	0*
Third-Party Investments	0	0	Undetermined	22,700,000*
Subtotals	$44,075,000	$56,325,000		$100,130,000
WHEDA-Distributed Total		$100,400,000		
Total WHEDA and Other Sources		$200,530,000		

* For certain programs, WHEDA has not determined funding that would be generated by other sources. For third-party investments, the $22.7 million would be expected over the two-year initiative, but annual amounts will vary as investments are pledged and made by outside entities.

year, or $750,000 total, under the small business development loan guarantee program for the Transform Milwaukee initiative. The Authority expects to guarantee five loans each year in the project area and at 50% of loan principal, or an average guarantee of $75,000 per project on a $150,000 loan.

Multifamily Housing Development

Multifamily Housing Financing. WHEDA expects to make approximately three loans each year of the initiative for multifamily affordable housing developments, at an average loan of $3.5 million. Total funding is anticipated at $10.5 million each year, or $21 million during the two-year program. Loans would be supported by mortgage revenue bonds on multifamily housing, which require a percentage of units in each financed property to be set aside for households at or below certain percentages of area median income. These multifamily housing developments are likely to be financed through bonds issued with both federal and state tax exemptions on interest earnings.

Low-Income Housing Tax Credits. WHEDA would use $1.9 million each year of its allocation under the competitive portion of the LIHTC program, or $3.8 million over the total project period, to finance an expected two affordable housing developments each year for an average of $950,000 per development. This figure represents the one-year amount of tax credits that may be claimed by investors, which is claimable for each year of a 10-year period. Therefore, total credits claimed may be up to $9.5 million per project.

Single-Family Housing Development

Single-Family Mortgage Lending. WHEDA proposes to make 50 mortgage loans each year for the purchase of single-family housing by persons of low and moderate income. WHEDA currently makes these loans under its WHEDA Advantage programs. Assuming an average loan principal of $110,000, which is based on the average loan over the last several years, lending would total $5.5 million each year, and $11 million over the course of the initiative.

Miscellaneous Funding

Blight Elimination Grants. The Department of Financial Institutions, which received $1 million of the state's total in the National Mortgage Settlement, has provided a portion of these funds ($500,000) for WHEDA to administer as blight elimination grants in the Transform Milwaukee area. Grants were awarded competitively to pay for the demolition of abandoned and deteriorating one- to four-unit residences, such as those that have been the subject of foreclosures in recent years. The grant program is intended to clear low-value housing stock that may be reducing property values of the surrounding neighborhood, and instead prepare the properties for future use: (a) as green space; (b) in new housing development; or (c) in business or commercial development.

WHEDA has made grants to demolish 39 properties. WHEDA is requiring all demolition to be completed and documentation to be submitted for reimbursement by June 28, 2013.

WHEDA Foundation Grants. The Authority expects to grant $50,000 each year from the WHEDA Foundation to recipients serving the Transform Milwaukee project area, for total grants of $100,000.

Stormwater Study. At the request of the Milwaukee Metropolitan Sewerage District (MMSD), WHEDA approved $250,000 from its 2011-12 Dividends plan for a study of stormwater management in the Menomonee River area. The study would complement an MMSD study, also estimated at $250,000, to cover the 30th Street corridor. The studies each include areas under Transform Milwaukee, and both would allow development plans to be created such that flood potential would be minimized or eliminated in residential and industrial areas targeted for redevelopment.

Customized Programs. In addition to lending, expenditure and tax credit allocation activity, WHEDA plans to make $7.5 million in yet undetermined expenditures, including $2.5 million in the first year of the initiative and $5 million in the second year. Funding sources have not yet been identified, nor have the nature or structure of the programs, but WHEDA expects they may occur within both the housing and economic development areas and could include other Authority reserves, federal funds such as those from the State Small Business Credit Initiative (SSBCI), or contributions from foundations or other nonprofit entities.

Additional Funding Sources

WHEDA estimates $100 million in expenditures and tax credit allocations could generate approximately the same amount of additional private funding in various matches either required by the programs, or as a result of the way programs typically are administered or offered. The following paragraphs describe the methods by which the Transform Milwaukee components would be expected to encourage additional funding matches. Additional funding amounts are also shown in Table 19. It should be noted that for several parts of the Transform Milwaukee initiative, funding matches were not known as of October, 2012.

Leveraged Funding. The LIHTC and NMTC programs function by granting a proposed project an amount of future tax credits, the claims to which are subsequently sold at a discount to investors. As such, a proposed project receives an immediate capital investment to finance construction, and the investing entity can reduce its future tax liabilities by virtue of its participation in the development of either low-income housing or commercial and industrial developments in low-income areas. For example, a typical LIHTC or NMTC project 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. Because the tax credits represent a portion of a total financing package that may be several times the value of the credits, credits often are considered to leverage other investment.

Within the Transform Milwaukee funding proposal, WHEDA expects LIHTCs to leverage an additional $15 for each dollar in awarded tax credits, or $14.25 million, relative to the $950,000 single-year face value of the tax credits for each project. Based on the assumption that the credits would sell for about 80¢ on the dollar, each awarded project could exchange tax credits totaling $9.5 million over ten years for approximately $7.6 million in up-front financing per project. Actual amounts could vary significantly depending on the project and market conditions. Further, WHEDA estimates the tax-credit investment on LIHTC projects would represent about half of the total project costs, meaning an additional $7.6 million per project would be financed through other means. An average project would, therefore, cost $15.2 million, or a combined $60.8 million for four LIHTC-financed projects under Transform Milwaukee. Relative to the single-year face value of $3.8 million in awarded LIHTCs during the Transform Milwaukee funding period, WHEDA would consider the total additional investment to be $57 million. However, relative to $38 million in total credits claimable, additional funding would be $30.4 million, or 80¢ for every dollar in LIHTCs. (An estimated $7.6 million would be attributable to the discount expected in the sale of tax credits.) Because WHEDA has not determined what amount of NMTCs would be used in Transform Milwaukee, there is currently no estimate of what additional funding could be leveraged by the credits.

Additionally, WHEDA anticipates administering the Milwaukee Equity Investment Fund in a fashion similar to that of the SSBCI. Federal law requires certain credit and lending support programs receiving SSBCI awards to be reasonably expected to leverage $9 in private financing for each dollar in federal funding provided. WHEDA expects to achieve this leverage by combining the MEIF funding from the National Mortgage Settlement with larger amounts of other private equity funds.

Equal Matches. Several components of Transform Milwaukee are expected to require equal matches, including direct participation economic development loans and grants from the WHEDA Foundation. Guarantees on small business loans also would be considered to match an equal amount of private financing, as loans would be guaranteed at 50%, or $75,000 on an estimated average loan of $150,000.

Mortgage Loan Down Payments. WHEDA's programs for single-family and multifamily lending have maximum loan-to-value requirements. For single-family lending programs, the Authority reports the average down payment over the last year has been about 9%. WHEDA expects most borrowers in the Transform Milwaukee initiative will pay at least 5% down. For an average loan of $110,000, this would equate to about $5,800 down on a purchase of $115,800, and additional funding through down payments would be about $580,000 for 100 planned single-family mortgage loans. For loans for multifamily developments, WHEDA expects down payments would average 20%, or at least $875,000 down on a loan of $3,500,000, and result in an additional $5.25 million expended on multifamily property development.

Third-Party Investments. WHEDA plans to engage in a campaign to further attract third-party investments from nonprofit foundations and other investors from across the state and country. These contributions would not necessarily be directly associated with other programs described above. WHEDA has set a goal of raising $22.7 million in additional funds through this avenue.

Past Funding in Milwaukee

Table 20 shows lending and tax credit allocations in the City of Milwaukee over the last five full calendar years. 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 were increased for 2009 and 2010 under the federal Heartland Disaster Tax Relief Act of 2008. This temporary increase resulted in the state having three to four times its typical LIHTC allocation for these years. 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 were intended to provide additional financial support to projects previously awarded LIHTCs. This funding was intended to allow developments to continue construction despite weakening interest and declining prices in the tax credits as the housing market deteriorated, which reduced capital developers could generate from selling claims to future credits. Funds under these programs were awarded in 2009 and 2010, and these are included in the activity shown in Table 20.

Table 20 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 20 are lending activities under several programs that have not specifically been considered components of Transform Milwaukee at this time, although these programs remain in effect, and the Authority could deploy them in the Transform Milwaukee areas over the two-year period of the initiative. These programs include: (a) the Home Improvement Advantage-loan program; (b) Easy Close Advantage; and (c) the neighborhood business revitalization loan guarantee program. From 2007 through 2011, WHEDA reports it issued the following loans or guarantees under these programs in the City of Milwaukee: (a) 14 home improvement loans totaling $167,300, or an average of $11,950; (b) 37 Easy Close loans were made for $148,000, or an average loan of $4,000; and (c) two neighborhood business revitalization guarantees for $1.0 million.

Table 20: 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.