



WHEDA Economic Development Tools for Lenders

(BCE Officer Name)

Wisconsin Housing and Economic Development Authority
(WHEDA)

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Overview

1. Who is WHEDA?

2. Economic Development Tools

3. Process and Timeline

4. Case Studies

5. Other WHEDA Resources

6. Engage with WHEDA



WHO IS WHEDA?

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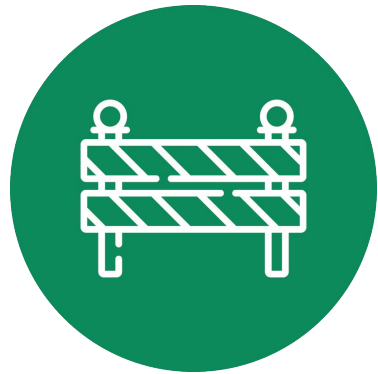
- Founded in 1972
- Independent Authority Established by the State of Wisconsin
- Housing and Economic Development
- Mission-based Organization

WHEDA's mission is to stimulate the state's economy and improve the quality of life for Wisconsin residents by providing affordable housing and business financing products.



ECONOMIC DEVELOPMENT TOOLS FOR LENDERS

BARRIERS TO BUSINESS LENDING



There are many challenges that come along with business lending. Think of a barrier or barriers you face when getting a loan approved.

- Credit
- Cash Flow
- Collateral
- Lending Limits/Loan Policy



ECONOMIC DEVELOPMENT TOOLS

Guarantees

Participations



Guarantees

A WHEDA guarantee reduces the risk to a lender in making a loan to a business owner, by ensuring that, if it is not repaid, a portion of that loan will be met by WHEDA.



ECONOMIC DEVELOPMENT TOOLS

GUARANTEES

What does a WHEDA guarantee include?

- Limited guarantee at varying percentages
 - Typically, the lesser of 50% or \$750,000
- Eight different products for a range of businesses, sectors and sizes
- Available for the purchase or improvement of land, buildings, inventory, and livestock



ECONOMIC DEVELOPMENT TOOLS

GUARANTEES



Statewide

- Small Business Guarantee
- Contractors Loan Guarantee



ECONOMIC DEVELOPMENT TOOLS

GUARANTEES



Statewide

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Rural

- Agribusiness Guarantee
- Credit Relief Outreach Program
- Farm Asset Reinvestment Program
- Agricultural Production Disaster Assistance Loan Guarantee Program



ECONOMIC DEVELOPMENT TOOLS

GUARANTEES



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Urban

- Neighborhood Business Revitalization Guarantee
- Transform Milwaukee Guarantee



ECONOMIC DEVELOPMENT TOOLS

GUARANTEES

How can guarantees help businesses grow?

- Increase the likelihood of securing financing
- Increase the likelihood of more favorable terms for the borrower
- Alternative to products with inflexible terms



Participations

When WHEDA participates on a loan with a lender, we buy a portion of that loan. This helps banks, especially small local institutions, lend more to business owners in Wisconsin.



ECONOMIC DEVELOPMENT TOOLS

PARTICIPATION LENDING PROGRAM

How does a WHEDA participation work?

- Up to \$2 million, or 50% participation
- Able to participate with a wide range of lenders
- Able to mitigate risk
- Able to accommodate legal lending limits

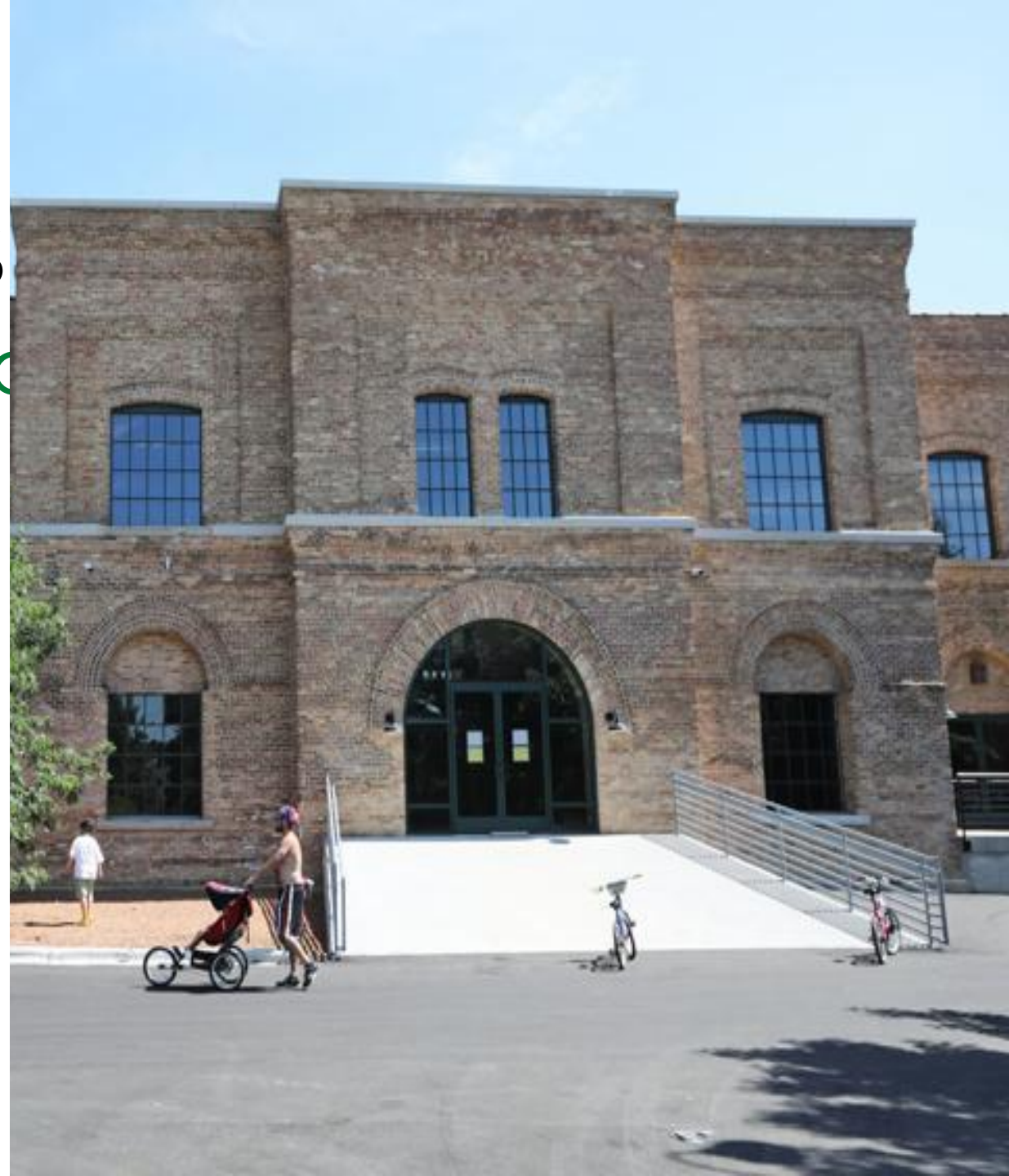


ECONOMIC DEVELOPMENT TOOLS

PARTICIPATION LENDING PROGRAM

Examples:

- Manufacturing facilities and operations
- Research and Development
- Recreation and tourism
- Retail sale of goods or services



GETTING STARTED

Process:

Connect with BCE Officer to discuss project specifics/preliminary data collection



Determine best fit product, review product specifics and timeline



Application Issuance – lender to complete and send to UW



Underwriting – WHEDA UW works closely with lender during this process



Approval Process- Final decision made by appropriate committee



Upon Approval – Loan must be closed and closing packaged received within 45 days



CASE STUDIES

POLCO – Middleton, WI

Terms

- WHEDA 46.67% Guarantee (\$700,000) on \$1,500,000 Commercial Term Loan
- WHEDA 50% Guarantee (\$50,000) on \$100,000 Working Capital Line of Credit

About:

- Acquisition of Boulder-based stabilized, tenured public opinion surveying company (NRC) by tech start-up (Polco)
- Polco is a Software as a Service (SaaS) company which uses social media platforms to collect citizen opinion on public sector services

Challenges:

- SaaS and other tech companies difficult to collateralize
- Tech start-up three year financials show losses; typical for start-ups in the technology industry



Neuske's Applewood Smoked Meats – Wittenberg, WI

Terms

- WHEDA Participation \$2,000,000 on \$10,408,000 Commercial Real Estate loan
- Construction to permanent financing
- \$11.5 Million in New Market Tax Credits, allocated through WHEDA
- Total project cost: \$38.6 Million

About:

- 3rd Generation family company specializing in meat smoking
- Large processing facility and retail operation
- 110,000+ sq. foot expansion.
- Expansion added 66 new jobs, for a total of roughly 220 jobs



OTHER WHEDA RESOURCES

OTHER WHEDA RESOURCES

Housing Tax
Credits

Multifamily
Financing

Single Family



HOUSING TAX CREDITS

- WHEDA allocates the states Federal Housing Tax Credit and State Housing Tax Credit program
- Nearly \$342 million in tax credits awarded to date
- Creating and preserving more than 53,000 units of affordable rental housing



MULTIFAMILY FINANCING

WHEDA offers a variety of financing options for multifamily developers who set aside units for LMI individuals:

- Used for construction, acquisition, and rehabilitation of affordable housing



SINGLE FAMILY

WHEDA's single family products help can help people in your communities, especially first-time homebuyers to purchase and rehab a home.

- Many eligible types, including condominiums, manufactured homes, and owner-occupied rental properties of 2-4 units
- Down payment assistance available with up to 100% financing



ENGAGE WITH WHEDA



BUSINESS & COMMUNITY ENGAGEMENT GROUP 2020

WHEDA GROUP 2020

Together we can...

- revitalize neighborhoods
- grow small business
- improve housing opportunities
- impact communities
- invest in homeownership

TOGETHER WE BUILD WISCONSIN[®]

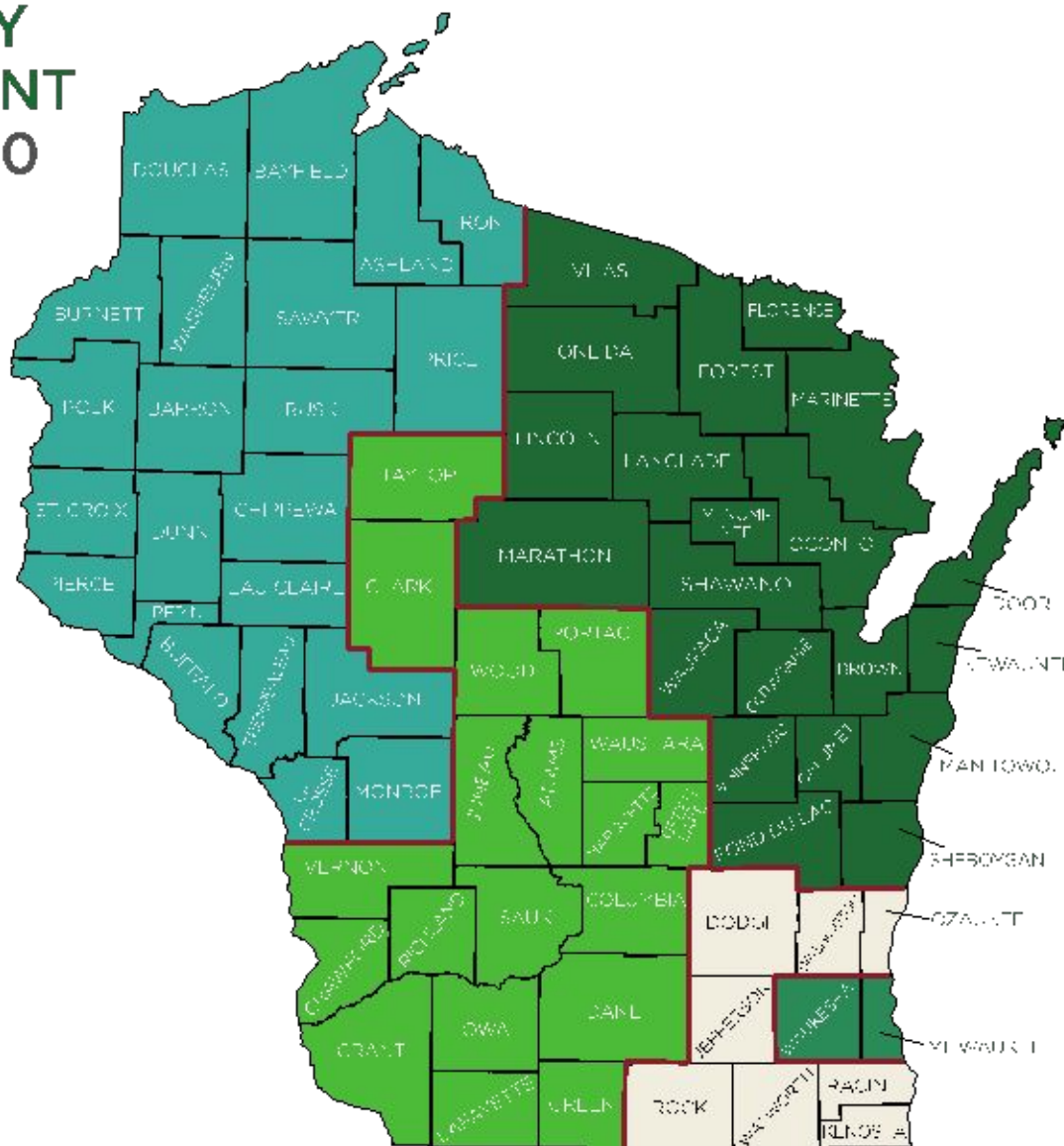
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