



Wisconsin Housing and Economic Development Authority
 Reservation Agreement for Housing Tax Credits

Issued May 05, 2023

Application number 3089
 Project name Highland Gardens
 Project address 1818 W Juneau Ave
 Milwaukee, WI 53233
 Owner / taxpayer name TBD
 Owner Federal Taxpayer Identification Number TBD
 Owner / Taxpayer Contact Person Fernando Aniban
 Owner / taxpayer address 809 N Broadway Street
 Milwaukee, WI 53202
Owner / taxpayer response required May 15, 2023
 Statement of election due date June 5, 2023
 Project type Acquisition/Rehab
 Land Use Restriction Agreement (LURA) term 30 years
 Minimum set-aside election 40/60
 Review Two and Credit Award Documents
 submission Postmark must be on or before November 01, 2023
 Last date to place in service December 31, 2025
 Credit Percentage month/year for purposes of
 Reservation Agreement (not binding) May 2023

Total Reservation Fee \$73,723

Eligible Basis Calculation		Federal	State
Acquisition credit	Eligible basis	\$ 7,300,000	\$ 7,300,000
	Anticipated applicable fraction	100.00%	100.00%
	Anticipated qualified basis*	\$ 7,300,000	\$ 7,300,000
	Credit percentage	4.00%	4.00%
	Annual credit calculation	\$ 292,000	\$ 292,000
Rehab / new construction credit	Eligible basis	\$ 18,767,034	\$ 18,767,034
	Anticipated applicable fraction	100.00%	100.00%
	Anticipated qualified basis*	\$ 18,767,034	\$ 18,767,034
	Credit percentage	4.00%	3.00%
	Annual credit calculation	\$ 750,681	\$ 563,011
Equity Gap Calculation			
	Credit calculated	\$ 750,681	\$ 571,561
Reservation of Credit			
	Total reserved annual credit	\$ 1,042,681*	\$ 863,561*
	Calculated reservation fee	\$ 52,134	\$ 21,589

* A portion of the final credit may contain bonus credits and other adjustments.



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RECEIPT OF RESERVATION

Your Housing Tax Credit ("HTC") application has been reviewed, scored and ranked. As a result, the Wisconsin Housing and Economic Development Authority ("WHEDA") hereby issues this reservation of HTC for the Project. The HTC application (Review 1) is incorporated into this document by reference and made a part of it.

ACCEPTANCE OF RESERVATION

To secure the Reservation of Credit, Owner/Taxpayer must complete the signature page of this **original** Reservation Agreement ("the Agreement"), postmark or deliver the original to WHEDA by the "Owner/Taxpayer response required" date on page one of this Agreement, and remit the specified nonrefundable reservation fee. This Reservation Agreement expires if it is not accepted and returned to WHEDA in strict accordance with this paragraph.

CALCULATION OF CREDIT AMOUNT

The reserved credit amount was established based on information supplied in your first application (Review 1) and WHEDA's evaluation of that application.

The reserved dollar amount may change based on two subsequent reviews by WHEDA. The second review (Review 2) will occur after you execute and returned this Agreement, the reservation fee, and an updated project application to WHEDA. The third review (Review 3) will occur after the Project has been placed in service.

ELECTION OF CREDIT PERCENTAGE

Owner/Taxpayer may lock in the Tax Credit percentage by signing the enclosed "Statement of Election of Appropriate Percentage Month" (the "Election"). **The signed and notarized election form must be executed in the month this Agreement is signed, and must be RECEIVED by WHEDA no later than the due date specified in this Agreement.** If the Election is not made, or if the Project is placed in service prior to application for the HTC, the Tax Credit percentage for the final allocation will be based on the prevailing Tax Credit percentage for the month in which the Project building(s) is/are placed in service.

This Agreement, if executed by Owner/Taxpayer and received or postmarked by WHEDA no later than the "Owner/Taxpayer" response required" date specified on page one of this agreement, is intended to serve as a binding agreement for purposes of section 42(b)(2) of the Code. The accompanying "Statement of Election of Appropriate Percentage Month," if executed by Owner/Taxpayer as provided above, is intended to serve as an election document for the purposes of Department of Treasury Regulation §1.42-8. However, the IRS is not bound by this Agreement or the Election and could determine that this Agreement and/or the Election do not meet the requirements of Section 42 of the Code and the Treasury regulations relating to Section 42.

TERMS OF THE RESERVATION AGREEMENT

This Agreement is intended to be binding under the laws of the State of Wisconsin on WHEDA, Owner/Taxpayer and all successors in interest. Owner/Taxpayer assumes the risk that this Agreement may not be considered binding by the IRS.

Subject to the foregoing, Owner/Taxpayer agrees as follows:

Changes to the Project -

Owner/Taxpayer must notify WHEDA in writing of any changes to the Project differing from the Project application(s) at the time these changes occur. Failure to do so could jeopardize wholly or in part the HTC reservation under this Agreement. Requests for changes will be reviewed by WHEDA and a determination made as to whether the proposed changes are acceptable. A fee, determined in WHEDA's sole discretion may be charged for this review.

No changes are allowed to the selection criteria on which the Project was ranked and awarded HTC by WHEDA without prior written authorization by WHEDA. By accepting this Reservation, you agree to build and operate the project as it was scored by WHEDA. If the project is not built and operated in strict accordance with the selection criteria submitted by you to WHEDA, WHEDA will have the right, in its sole discretion, to terminate this Agreement and the allocation of credit to the Project.



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TO MAINTAIN THE HTC RESERVATION THE OWNER/TAXPAYER MUST

Provide an updated application (Review 2), including credit award documents, via WHEDA's Procorem application system for review by WHEDA no later than the "review two submission due date" on page one of this Agreement. Failure to comply with the requirements of the following paragraph may result in loss of HTC for the Project. Following review and acceptance of the second application, WHEDA will either:

Issue a Carryover Allocation Agreement for a Federal 9% award or a Tier One Letter for a State + Federal 4% Award.

- or -

Request clarification and/or documentation from the Owner/Taxpayer if the information in Review 2 is not adequate. WHEDA must receive additional requested information by December 1 of the current calendar year in order to issue a Carryover Allocation for the Project.

- or -

Review 3 application materials must be received by WHEDA on or before the 1st Friday of November in order for WHEDA to issue form(s) 8609 for the Project in a given year. WHEDA will not be responsible for delays in the processing of form(s) 8609 prior to the close of the year if Review 3 documentation is incomplete at submission.

An updated Review 3 application must be furnished to WHEDA **both via WHEDA's online application system and in paper format** immediately after the Project has been placed in service. WHEDA will then conduct Review 3. If all information submitted is satisfactory to WHEDA, IRS form(s) 8609 will be issued. The required documentation for Review 3 is specified in the Qualified Allocation Plan for the current calendar year and is subject to change for items not affecting the scoring or rank of the Project.

Reviews 2 and 3 must reflect any change in facts. The Credit amount is subject to a reduction if subsequent evaluation by WHEDA indicates a need for less Credit than originally reserved (required by the Code). Additionally, any increase to the HTC amount of the Reservation Agreement is in WHEDA's sole discretion.

FEES - POST RESERVATION OR REVIEW 2

At the time Owner/Taxpayer accepts a Carryover Agreement, a nonrefundable fee of five percent (5%) of the Federal and a two and one half percent (2.5%) of the State annual credit amounts allocated must be paid to WHEDA. If the payment required is not made by the deadline, the credit reservation for the Project will be cancelled by WHEDA. If Owner/Taxpayer requests a reissuance of the Carryover Agreement, WHEDA, in its sole discretion, may charge a reissuance fee or fees.

REQUIRED CONSTRUCTION START DATE

Owner/Taxpayer must provide evidence that the HTC transaction has closed with the investor and lender(s), and that construction or rehab has begun, no later than July 31, 2024. An executed Operating Agreement is acceptable evidence of closing, and copies of AIA documents for recent construction draws, or photos clearly identifying that construction is underway, are acceptable proof that construction/rehab has begun. WHEDA, at its discretion, may provide an extension of the required construction start date and may assess a fee for each 30 day extension.

RESTRICTIVE COVENANTS - LAND USE RESTRICTION AGREEMENT (LURA) FOR HOUSING TAX CREDIT

Owner/Taxpayer must maintain the Project units set aside as low-income housing for 30 years, unless otherwise permitted under the Code and Regulations or by WHEDA. The LURA will require Owner/Taxpayer to properly specify the applicable fraction (as defined in the Code) for the Project, the legal description, and various other Project-specific data. Once fully-compiled, it must be signed by the Owner/Taxpayer (including the proper chain of ownership in the signature block). Once executed by the Owner/Taxpayer, it must be sent to WHEDA for execution as well. WHEDA will strive to return the fully-executed, fully-compiled LURA to Owner/Taxpayer within 3 weeks of receiving it. In order to claim HTC, the LURA must be recorded in the proper recording office(s) in which the Project is or will be located by the end of the year in which credits are first claimed. See Section 42(h)(6) of the Internal Revenue Code, as amended (the "Code"). Consequently, Owner/Taxpayer must provide WHEDA with a recorded LURA (or LURAs, if recorded in more than one office) as part of Review 3. In the event Owner/Taxpayer is unable to produce a recorded version of the LURA that meets with WHEDA's approval, WHEDA will not issue a Form 8609 to Owner/Taxpayer. Additionally, if WHEDA discovers errors or inaccuracies in the recorded version of the LURA, WHEDA may require Owner/Taxpayer to sign an amendment to the LURA in a form acceptable to WHEDA prior to WHEDA issuing a Form 8609 to Owner/Taxpayer. Any amendment due to a change in the Project or an error by the Owner/Taxpayer shall be effected at Owner's/Taxpayer's sole cost and expense. Should you have questions about the LURA as you are completing it, of course, do not hesitate to contact WHEDA.



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ADDITIONAL TERMS

It is the sole responsibility of Owner/Taxpayer to determine that the Project can meet and will continue to meet all federal requirements to qualify for the actual use of the HTC allocated to the Project by WHEDA, and to meet all necessary federal income tax requirements in order to use the HTC.

Owner/Taxpayer hereby releases WHEDA from all responsibility to notify Owner/Taxpayer regarding laws affecting the HTC as it applies to the Project.

Owner/Taxpayer must comply with the following:

- Participation in the Emerging Business and Workforce Development programs are required with an award of Housing Tax Credits (HTC) in the following counties: Brown, Dane, Dodge, Fond du Lac, Jefferson, Kenosha, Milwaukee, Outagamie, Ozaukee, Racine, Rock, Sheboygan, Walworth, Waukesha and Washington. If located in any of the other counties and you would be interested in participating, please contact the Emerging Business Program Manager. The Emerging Business manual detailing the program requirements can be found at http://www.wheda.com/uploadedFiles/Website/Business_Partners/Emerging_Business/EB_Manual.pdf
- Opportunities for training and employment arising in connection with the planning and implementation of the Project should be made available to minority individuals and/or women;
- Contracts for work to be performed in connection with the Project should be made available to businesses which are owned in whole or in part by minority individuals and/or women, including, but not limited to, those in the field of finance, planning, consulting, design, architecture, marketing, building construction, property management and or/maintenance;

The Project should be affirmatively marketed and available for occupancy by all persons, regardless of race, national origin, religion, creed, sex, age or handicap;

Owner/Taxpayer will continue to cooperate with and furnish to WHEDA or WHEDA's counsel such documents, reports, exhibits or showings required by Section 42 or the Code and applicable Treasury regulations.

The reservation of HTC under this Agreement and any subsequent allocation of HTC provided by WHEDA are based on information provided by Owner/Taxpayer. The issuance of a reservation of HTC and/or any subsequent allocation of HTC does not ensure the project buildings do qualify for or will continue to qualify for the use of the HTC being reserved and/or allocated.

Owner/Taxpayer is required to comply with the terms and conditions set forth herein as well as all applicable laws and regulations, and if issued, the terms and conditions set forth in the Carryover Agreement. Failure to comply with any of the above requirements may result in the loss of HTC for the Project, at the sole discretion of WHEDA.

Acknowledged, agreed and accepted this 15th day of May, 2023.

OWNER/TAXPAYER: TBD

By: Willie L. Hines, Jr. Signature

Willie L. Hines, Jr.

Typed / Printed Name

Secretary and Executive Director

Typed / Printed Title

Wisconsin Housing and Economic Development Authority

By: Shreedhar Ranabhat

Shreedhar Ranabhat Director, WHEDA Commercial Lending

Agency ID: 39-1209764

Dated: May 05, 2023



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HOUSING TAX CREDIT (HTC) PROGRAM

STATEMENT OF ELECTION OF APPROPRIATE PERCENTAGE MONTH

The Wisconsin Housing and Economic Development Authority ("WHEDA"), as the housing credit agency for the State of Wisconsin, as that term is defined in Section 42 of the Internal Revenue Code (the "Code"), has reserved a total of \$1,042,681 of 2023 Wisconsin housing tax credit for Highland Gardens (the "Project"), HTC #3089, as referenced in the HTC Reservation Agreement (the "Agreement") dated May 05, 2023. TBD is the owner of the Project covered by the Agreement (the "Owner/Taxpayer").

The Owner/Taxpayer hereby irrevocably elects, pursuant to section 42(b)(1)(A)(ii)(I) of the Code, to fix the applicable tax credit percentage(s) for the Project as the percentage(s) prescribed by the Secretary of the Treasury for the month of May 2023, which is the month of the Agreement. The Owner/Taxpayer acknowledges that the Agreement is binding upon the Owner/Taxpayer, and all successors in interest to the Owner/Taxpayer, as to the allocation of housing credit dollar amount to the buildings in the Project in accordance with the terms of the Agreement.

Acknowledged, agreed and accepted this 9th day of May, 2023.

OWNER/TAXPAYER

By: Willie L. Hines, Jr. Signature

Willie L. Hines, Jr., Secretary and Executive Director

Typed / Printed Name and Title

STATE OF WISCONSIN SS

COUNTY OF

On this 9th day of May / June, 2023, being first duly sworn and to me personally known, acknowledged that (s)he executed the above document for the purposes recite therein.



Maria D. Planas Rivera

Maria D. Planas Rivera

Notary Public, State of Wisconsin

My Commission expires: 7/10/2026

This Statement of Election must be completed by Owner/Taxpayer, signed before a notary, and received by WHEDA no later than June 5, 2023 or it is not valid.