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WISCONSIN HOUSING AND
ECONOMIC DEVELOPMENT AUTHORITY

MEDIA RELEASE

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WHEDA Returns to Lending in Partnership with Fannie Mae

***State housing authority returns to the market with 100% financing for
borrowers with good credit***

Madison – After more than a year of not funding single family loans, the Wisconsin Housing and Economic Development Authority (WHEDA), Wisconsin's leader in affordable home homeownership, re-entered the affordable home loan market today with the help of Fannie Mae.

"The world was very different in October 2008 when we were forced to shut down our program," said WHEDA Executive Director Antonio Riley. "Times have changed in the 18 months since we last wrote loans. But we're confident that the new product we're offering, the WHEDA Fannie Mae Advantage, is going to meet this new reality as well as the expectations of the marketplace."

Those expectations include an affordable home loan that will help more low and moderate income Wisconsin families become homeowners with very little cash out-of-pocket.

The WHEDA Fannie Mae Advantage, available beginning March 1st, is based on Affordable Advantage™, a product developed by Fannie Mae exclusively for Housing Finance Agencies (HFAs) as part of an agreement between Fannie Mae and the National Council of State Housing Agencies (NCSHA), the trade association that represents state HFAs such as WHEDA.

"WHEDA is the first HFA nationwide to become a participating member of the agreement and offer the new Fannie Mae Affordable Advantage product," said Carl Riedy, VP of the Public Entities Channel at Fannie Mae. "Fannie Mae looks forward to continuing our long-standing partnership with WHEDA through this new product."

Highlights of the WHEDA Fannie Mae Advantage include:

- 100% financing for borrowers with excellent credit
- A low-cost, 30-year fixed interest rate
- As little as \$1,000 cash out-of-pocket, reducing the amount of money borrowers need to close



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- Reduced mortgage fees, including no private mortgage insurance requirement
- Job loss payment protection, which covers up to six months of mortgage payments in the event of an involuntary job loss
- The WHEDA Fannie Mae Advantage can be paired with the home buyers tax credit
- WHEDA's income and purchase price limits are substantially higher than previous years – as much as 10-13% - allowing more families and more homes to qualify for this loan.

"We're realistic that credit is tighter to get these days. We know that we won't be able to serve necessarily the same folks as in the past. But we think Fannie Mae's Affordable Advantage product is going to be the right tool the state needs to get people into safe, affordable homeownership," said Riley.

HFAs issue tax-exempt mortgage revenue bonds (MRBs) to fund investments in single family mortgages. Like many HFAs nationwide, WHEDA was forced to suspend its home loan program due to significant disruptions in the capital markets, where its bonds are bought and sold. The turmoil in the capital markets produced higher mortgage rates making it impossible for WHEDA to offer Wisconsinites a low-cost home loan.

While investor interest in tax-exempt MRBs has rebounded, it wasn't enough to enable WHEDA to resume normal lending activity. WHEDA's re-entry to the market is due in large part to the US Treasury's November announcement that, through Fannie Mae and Freddie Mac, it will invest in the long-term portion of MRBs issued by HFAs, a move that is enabling WHEDA to once again make affordable home loans. Treasury's decision to buy \$325 million of WHEDA's long term bonds in 2010 is providing WHEDA the lower-cost cash it needs to fund its investment in single-family mortgages.

For local lenders, WHEDA's entrance back in the market is welcome news.

"This is an accessible, affordable program for homebuyers, and we are proud to partner with WHEDA to offer it," said Paul Kundert, President and CEO of UW Credit Union. "We have a continued commitment to providing affordable credit to people at all income levels. Previous WHEDA programs have been very popular with our members, as we were the top-producing lender for WHEDA in 2006 and 2007 in Dane County. This new WHEDA program is an excellent option for first-time homebuyers in Wisconsin."

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“We are very pleased to be able to partner with WHEDA to offer Wisconsin residents an affordable housing product that will help them achieve the dream of home ownership,” said Donald Bertucci, senior vice president of residential lending for AnchorBank, fsb. “This program will be beneficial to first-time homebuyers and low and moderate income borrowers because of the low down payment and fixed rate mortgage. It’s great news that WHEDA has returned to lending once again.”

“From our perspective as a community bank, it’s great to have WHEDA back in the financing family. We’re excited about the low down payment option, and potentially helping even more customers secure their own homes,” said Stacy Bouche, Mortgage Manager for Baylake Bank, which has 28 locations throughout northeastern and central Wisconsin.

Existing participating WHEDA lenders have access to the WHEDA Fannie Mae Advantage. Because the loans will be funded with the proceeds of tax-exempt MRBs, all borrowers must be first-time home buyers and meet income and purchase price limits, which vary from county to county.

“WHEDA is back, and we’re ready to do business. We want to regain our position as the state’s affordable housing leader, and we are ready to do our part to reinvigorate the housing market in Wisconsin,” said Riley.

About WHEDA:

WHEDA is an independent state authority that works with lenders to provide low-cost financing for housing and small business development in Wisconsin. For more information on the new WHEDA Fannie Mae Advantage loan product, go to WHEDA’s web site www.wheda.com or call 1-800-334-6873.

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