

Preliminary Term Sheet

Purchase of City of Milwaukee STRONG Homes Loans

by Associated Bank

Background – STRONG Homes Loans

The City of Milwaukee's Strong Homes Loan Program provides low interest loans and technical assistance to City of Milwaukee homeowners to help them make essential repairs to their homes. Loans are available to families earning up to 120% of Area Median Income. Payment terms are up to 15 years, and interest rates are 0% or 3%, based on family income.

Description:

Associated Bank will purchase certain loans in the City of Milwaukee's ("City") STRONG LOANS portfolio for the purpose of supporting homeownership in City neighborhoods and providing additional capital to the City to support its ongoing lending activity in the STRONG Homes Loan Program.

The loans being purchased total approximately \$1.4 million and represent repayable loans with a current status that were originated from 2015-2017 in census tracts designated by Associated Bank (majority/minority and low and moderate income census tracts). This currently includes 164 loans, with remaining terms ranging from one to fifteen years. This represents approximately 85 % of the City total STRONG LOANS repayable portfolio. The final number of loans being purchased may be adjusted based on the number and dollar amount of the loans meeting the purchase criteria as of the date of closing.

Transaction Pricing:

Associated will pay the purchase the loans utilizing the following pricing:

- 0% loans will be purchase at par value (current outstanding loan value)
- 3% loans will be purchased for a 1% premium over value (current outstanding loan balance)

Servicing:

The City of Milwaukee will continue to service the loans on behalf of Associated Bank. Associated Bank will pay the City an annual servicing fee equal to \$12/month for each loan purchased (e.g., If Associated purchases 164 loans, the City will receive a servicing payment of \$23,616 (164 loans X \$12 X 12 months). As loans are paid off and the number of payments being collected is reduced, the servicing payment will be adjusted accordingly.

Repurchase

For any loan that becomes more than 120 days delinquent, the City will substitute the loan with another loan. Adjustments will be made between the City and Associated Bank for any differences in the loan amounts of the original and substituted loan.

Forward Commitment

Going forward, for each of the years 2019 and 2020, subject to the City's request and approval, Associated Bank agrees to purchase additional loans from the City's STRONG LOANS portfolio subject to the same terms and conditions in this term sheet.

General

This term sheet does not constitute an agreement between Associated Bank and the City. The terms set forth and any other requirements necessary for a transaction of this sort shall be incorporated into a Purchase Agreement to be entered into between Associated Bank and the City. In recognition that there may be adjustments of the dates and descriptions herein as well as administrative approvals which will require the exercise of reasonable discretion on behalf of the City, the Commissioner of the Department of City Development will be authorized under these agreements to exercise such discretion and grant such approvals.