

## CHAPTER 234

## WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

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**234.01 Definitions.** In this chapter:

(1) "Authority" means the Wisconsin housing and economic development authority.

(2) "Authority cost" means any costs incurred by the authority in carrying out and administering any of its powers, duties and functions including, but not limited to, costs of financing by the authority, service charges, insurance premiums and administrative and operating costs of the authority.

(3) "Business incubator" means a facility designed to encourage the growth of new businesses, if at least 2 of the following apply:

(a) Space in the facility is rented at a rate lower than the market rate in the community.

(b) Shared business services are provided in the facility.

(c) Management and technical assistance are available at the facility.

(d) Businesses using the facility may obtain financial capital through a direct relationship with at least one financial institution.

(3m) "Collateral" means a 3rd-party note, mortgage, guaranty, insurance policy, bond, letter of credit, security agreement or other instrument securing the repayment of an economic development loan or a mortgage loan.

(4) "Development costs" mean the costs which have been approved by the authority as appropriate expenditures including but not limited to:

(a) Payments for options to purchase properties on the proposed housing project site, deposits on contracts of purchase, or with the prior approval of the authority, payments for the purchase of such properties;

(b) Legal, organizational and marketing expenses, including payment of attorneys' fees, project manager and clerical staff salaries, office rent and other incidental expenses;

(c) Payment of fees and preliminary feasibility studies and advances for planning, engineering and architectural work;

(d) Expenses for surveys as to need and market analyses;

(e) Necessary application and other fees to federal and other government agencies; and

(f) Such other expenses incurred by the eligible sponsor as the authority deems appropriate to effectuate the purposes of this chapter.

(4m) "Economic development loan" means an advance of moneys, supported by a written promise of repayment, to finance an economic development project.

(4n) "Economic development project" means any of the following:

(a) Land, plant or equipment for any of the following:

1. Facilities for manufacturing activities specified under division D, standard industrial classification manual, federal office of management and budget, 1972 edition, as published by the federal government printing office.

2. National or regional headquarters facilities.

3. Facilities for the storage or distribution of products of manufacturing activities under subd. 1, materials, components or equipment.

3m. Facilities for the retail sale of goods or services to consumers if any of the following applies:

a. The facility is in a tax incremental district or is the subject of an urban development action grant and will result in a net economic benefit to the state.

b. The facility is located in and constitutes not more than 10% of a business incubator.

c. The facility constitutes not more than 10% of any facility described in subsd. 1 to 3 or 4 to 6.

d. The facility is more than 50% owned or controlled by women or minorities.

4. Facilities for research and development activities relating to production of tangible products.

5. Recreational and tourism facilities serving to attract visitors to this state.

6. Facilities for the production, packaging, processing or distribution of raw agricultural commodities.

7. Facilities for engaging in the business of operating a railroad.

8. Facilities for recycling as defined in s. 144.794 (1) (h).

(b) Activities of a long-term nature, such as research and development, performed by any of the following:

1. Firms engaged in manufacturing activities under par. (a) 1.

2. Firms engaged in research and development of manufactured products.

(c) Equipment, materials or labor used to make an energy-conserving improvement to a commercial or industrial facility.

(5) "Eligible sponsor" means any housing corporation, limited-profit entity or nonprofit corporation or any other entity meeting criteria established by the authority and which is organized to provide housing for persons and families of low and moderate income.

(5k) "Financial institution" means a bank, savings and loan association, credit union, insurance company, finance company, mortgage banker registered under s. 440.72, community development corporation, small business investment corporation, pension fund or other lender which provides commercial loans in this state.

(5m) "Homeownership mortgage loan" has the meaning given under s. 234.59 (1) (f).

(6) "Housing corporation" means a corporation organized under s. 182.004 and whose articles of incorporation, in addition to other requirements of law, provide that:

(a) If the corporation receives any loan or advance from the authority under this chapter, it may enter into an agreement with the authority providing for regulation with respect to rents, profits, dividends and disposition of property or franchises; and

(b) If the corporation receives a loan or advance under this chapter, the chairperson of the authority, acting with the prior approval of the majority of the members of the authority, may, if he or she determines that any such loan or advance is in jeopardy of not being repaid, that the proposed development for which such loan or advance was made is in jeopardy of not being constructed or that the corporation is not carrying out the intent and purposes of this chapter, appoint to the board of directors of such corporation a number of new directors, which number shall be sufficient to constitute a majority of such board, notwithstanding any other provision of such articles of incorporation or of any other provision of law.

(7) "Housing project" means a specific work or improvement within this state undertaken primarily to provide dwelling accommodations, including land development and the acquisition, construction or rehabilitation of buildings and improvements thereto, for residential housing, and such other nonhousing facilities as may be determined by the authority to be either necessary for the economic viability thereof, required by law or by a master plan, or incidental or appurtenant thereto.

(7m) "Housing rehabilitation loan" means a low interest housing rehabilitation loan as defined in s. 234.49 (1) (f).

(8) "Limited-profit entity" means any person or trust which, in its articles of incorporation or comparable documents of organization, or by written agreement with the authority, provides that:

(a) As a condition of acceptance of a loan or advance under this chapter, the limited-profit entity shall enter into an agreement with the authority providing for limitations of rents, profits, dividends and disposition of property or franchises; and

(b) If the limited-profit entity receives a loan or advance under this chapter, the chairperson of the authority, acting with the prior approval of the majority of members of the authority, may, if he or she determines that any such loan or advance is in jeopardy of not being repaid, that the proposed development for which such loan or advance was made is in jeopardy of not being constructed or that the limited-profit entity is otherwise not carrying out the intent and purposes of this chapter, appoint to the board of directors or other comparable controlling body of such limited-profit entity a number of new directors or persons, which number shall be sufficient to constitute a voting majority of such board or controlling body, notwithstanding any other provisions of the limited-profit entity's articles of incorporation or other documents of organization, or of any other provisions of law.

(9) "Nonprofit corporation" means:

(a) A nonprofit corporation incorporated under ch. 181 whose articles of incorporation, in addition to other requirements of law, provide that:

1. The corporation has as its major purpose the providing of housing facilities for persons and families of low and moderate income;

2. All income and earnings of the corporation shall be used exclusively for corporation purposes and no part of the net income or net earnings of the corporation shall inure to the benefit or profit of any private person;

3. The corporation is in no manner controlled or under the direction or acting in the substantial interest of private persons seeking to derive profit or gain therefrom or seeking to eliminate or minimize losses in any dealing or transactions therewith;

4. If the corporation receives any loan or advance from the authority, it shall enter into an agreement with the authority, providing for limitations on rents, profits, dividends and disposition of property or franchises; and

5. That if the corporation receives a loan or advance under this chapter, the chairperson of the authority, acting with the prior approval of the majority of the members of the authority, may, on determination that any such loan or advance is in jeopardy of not being repaid, that the proposed development for which such loan or advance was made is in jeopardy of not being constructed, that some part of the net income or net earnings of the corporation is inuring to the benefit of any private person, that the corporation is in some manner controlled or under the direction of or acting in the substantial interest of any private person seeking to derive benefit or gain therefrom or seeking to eliminate or minimize losses in any dealings or transactions therewith or that the corporation is not carrying out the intent and purposes of this chapter, appoint to the board of directors of such corporation a number of new directors, which number shall be sufficient to constitute a majority of such board, notwithstanding any other provisions of such articles of incorporation or of any other provisions of law.

(b) Any authority established pursuant to s. 66.395 or 66.40.

(10) "Persons and families of low and moderate income" means persons and families who cannot afford to pay the amounts at which private enterprise, without federally-aided mortgages or loans from the authority, can provide a substantial supply of decent, safe and sanitary housing and who fall within income limitations set by the authority in its rules.

In determining such income limitations the authority shall consider the amounts of the total income of such persons available for housing needs, the size of the family, the cost and condition of available housing facilities, standards established for various federal programs and any other factors determined by the authority to be appropriate in arriving at such limitations. Among low- or moderate-income persons and families, preference shall be given to those displaced by governmental action.

**History:** 1971 c. 287; 1975 c. 221, 421; 1977 c. 418, 447; 1979 c. 361 ss. 112, 113; 1981 c. 349; 1983 a. 81 ss. 2, 11; 1983 a. 83 ss. 5, 20; 1985 a. 29 ss. 2116, 3202 (14); 1985 a. 334; 1987 a. 27, 359; 1987 a. 403 s. 256.

**234.02 Wisconsin housing and economic development authority: creation; membership; appointment and tenure; meetings; officers.** (1) There is created a public body corporate and politic to be known as the "Wisconsin housing and economic development authority". The members of the authority shall be the secretary of development or his or her designee, and 6 public members nominated by the governor, and with the advice and consent of the senate appointed, for staggered 4-year terms commencing on the dates their predecessors' terms expire. In addition, one senator of each party and one representative to the assembly of each party appointed as are the members of standing committees in their respective houses shall serve as members of the authority. A member of the authority shall receive no compensation for services but shall be reimbursed for necessary expenses, including travel expenses, incurred in the discharge of duties. Subject to the bylaws of the authority respecting resignations, each member shall hold office until a successor has been appointed and has qualified. A certificate of appointment or reappointment of any member shall be filed with the authority and the certificate shall be conclusive evidence of the due and proper appointment.

(2) The powers of the authority shall be vested in the members thereof in office. A majority of the members of the authority constitutes a quorum for the purpose of conducting its business and exercising its powers and for all other purposes, notwithstanding the existence of any vacancies. Action may be taken by the authority upon a vote of a majority of the members present, unless the bylaws of the authority require a larger number. Meetings of the members of the authority may be held anywhere within or without the state.

(3) The governor shall appoint a public member as the chairperson of the authority for a one-year term beginning on the expiration of the term of the chairperson's predecessor. The authority shall elect a vice chairperson. The governor shall nominate, and with the advice and consent of the senate appoint, the executive director of the authority, to serve a 2-year term. The authority shall employ the executive director so appointed, legal and technical experts and such other officers, agents and employes, permanent and temporary, as it may require, and shall determine their qualifications, duties and compensation, all notwithstanding subch. II of ch. 230, except that s. 230.40 shall apply, and except that the compensation of any employe of the authority shall not exceed the maximum of the executive salary group range established under s. 20.923 (1) for positions assigned to executive salary group 6. The authority may delegate any of its powers or duties to its employes with the consent of the executive director or to its agents.

(3m) (a) The authority shall adhere to specifications prepared under s. 16.72 (2), if applicable to the product or service to be purchased.

(b) Members and employes of the authority are subject to uniform travel schedule amounts approved under s. 20.916 (8).

(c) The authority shall, with the advice of the ethics board, adopt and enforce ethics guidelines applicable to its paid consultants which are similar to subch. III of ch. 19, except that the authority may not require its paid consultants to file financial disclosure statements.

(4) The authority shall continue in existence until terminated by law, but no such law shall take effect while the authority has obligations outstanding.

(5) No cause of action of any nature may arise against and no civil liability may be imposed upon a member of the authority, or other officer or employe of the authority appointed by the governor, for any act or omission in the performance of his or her powers and duties under this chapter, unless the person asserting liability proves that the act or omission constitutes wilful misconduct.

**History:** 1971 c. 287; 1973 c. 12; 1975 c. 221, 224; 1977 c. 196 s. 131; 1977 c. 325, 418; 1979 c. 361 s. 112; 1981 c. 349, 355; 1983 a. 81 s. 11; 1983 a. 83 ss. 6, 20; 1987 a. 399.

The Housing Authority Act, except for 234.15 (4), Stats. 1971, is constitutional. State ex rel. Warren v. Nusbaum, 59 W (2d) 391, 208 NW (2d) 780.

**234.03 Powers of authority.** The authority shall have all the powers necessary or convenient to implement this chapter, including the following powers in connection with its projects or programs, in addition to all other powers granted by this chapter:

(1) To sue and be sued; to have a seal and to alter the same at pleasure; to have perpetual existence; to make and execute contracts and other instruments necessary or convenient to the exercise of the powers of the authority; and to make, amend and repeal bylaws and rules.

(2) To accept gifts, loans or other aid.

(2m) To issue notes and bonds in accordance with ss. 234.08, 234.40, 234.50, 234.60, 234.65 and 234.70.

(3) To agree and comply with any conditions attached to federal financial assistance.

(4) To employ such agents, employes and special advisers as it finds necessary and to fix their compensation.

(5) To study and analyze housing needs within the state and ways of meeting such needs, including data with respect to population and family groups and the distribution thereof according to income groups, the amount and quality of available housing and its distribution according to rentals and sales prices, employment, wages and other factors affecting housing needs and the meeting thereof; to make the results of such studies and analyses available to the public and the housing and supply industries; and to engage in research and disseminate information on housing.

(6) To survey and investigate the housing conditions and needs, both rural and urban, throughout the state and make recommendations to the governor and the legislature as to legislation and other measures necessary or advisable to alleviate any existing housing shortage in the state.

(7) To encourage research in, and demonstration projects to develop, new and better techniques and methods for increasing the supply of housing for families and persons of low and moderate income.

(8) To cooperate with and encourage cooperation among all federal, state and municipal agencies, sponsors and local authorities in the planning for and financing and construction of housing for persons and families of low and moderate income.

(9) To encourage community organizations to assist in initiating housing projects for persons and families of low and moderate income as provided in this chapter.

(10) To provide technical assistance in the development of housing projects for persons and families of low and moderate income, and for programs to improve the quality of rural and urban life for all the people of the state.

(11) To collect fees and charges on mortgage loans and economic development loans for the purpose of paying all or a portion of authority costs as the authority determines are reasonable and as approved by the authority.

(12) To set standards for housing projects which receive loans under this chapter and to provide for inspections to determine compliance with such standards.

(13) To purchase and enter into commitments for the purchase of mortgages and securities if the authority shall first determine that the proceeds of the sale of such mortgages and securities to the authority will be utilized for the purpose of residential housing for occupancy by persons or families of low and moderate income and to enter into agreements with sponsors of residential facilities, as defined in s. 46.28 (1) (d) and (e), and with eligible sponsors, mortgagors or issuers of securities for the purpose of regulating the planning, development and management of housing projects financed in whole or in part by the proceeds of the mortgages or securities purchased by the authority.

(13m) To purchase and enter into commitments for the purchase of veterans housing loans made pursuant to s. 45.79.

(13s) To purchase and enter into commitments for the purchase of housing rehabilitation loans.

(14) To sell collateral, mortgages and security interests at public or private sale, to modify or alter collateral, mortgages and security interests, to foreclose on any such collateral, mortgage or security interest or commence any action to protect or enforce any right conferred upon it by any law, mortgage, security agreement, contract or other agreement, and to bid for and purchase property which was the subject of such collateral, mortgage or security interest, at any foreclosure or at any other sale, to acquire and to take possession of any such property; and in such event the authority may complete, administer, pay the principal and interest on any obligations incurred in connection with such property, and dispose of and otherwise deal with such property in such manner as may be necessary or desirable to protect the interests of the authority therein.

(15) To acquire or contract to acquire from any person by grant, purchase or otherwise, leaseholds, real or personal property or any interest therein, only when the authority finds that low- or moderate-income housing cannot be developed privately without an acquisition by the authority, or when the authority acquires property by reason of default by a sponsor of a residential facility, as defined in s. 46.28 (1) (d) and (e), or by an eligible sponsor; to own, hold, clear, improve and rehabilitate and to sell, assign, exchange, transfer, convey, lease, mortgage or otherwise dispose of or encumber the same. Nothing in this chapter shall be deemed to impede the operation and effect of local zoning, building and housing ordinances or ordinances relating to subdivision control, land development, fire prevention or other ordinances having to do with housing or housing development.

(15m) To establish and administer programs of grants to counties, municipalities and eligible sponsors of housing projects for persons of low and moderate income, to pay organizational expenses, administrative costs, social services, technical services, training expenses or costs incurred or expected to be incurred by counties, municipalities or sponsors for land and building acquisition, construction, improvements, renewal, rehabilitation, relocation or conservation under a plan to provide housing or related facilities, if the

costs are not reimbursable from other private or public loan, grant or mortgage sources.

(16) To lease real or personal property and to accept federal funds for and participate in such federal housing programs as are enacted on May 4, 1976 or at any future time, except that the authority may not accept without the consent of the governor federal funds under federal housing programs enacted after May 8, 1982 if issuance of the authority's bonds or notes is not required to participate in the programs.

(17) To procure insurance against any loss in connection with its property and other assets and to procure insurance on its debt obligations.

(18) Except as provided in sub. (18m), to invest any funds held in reserve or sinking funds or any moneys not required for immediate use or disbursement at the discretion of the authority in such investments as may be lawful for fiduciaries in the state, if at least 50% of any funds held in any reserve or sinking fund be invested in obligations of the state or of the United States or agencies or instrumentalities of the United States or obligations, the principal and interest of which are guaranteed by the United States or agencies or instrumentalities of the United States.

(18m) (a) From the funds described under sub. (18), to invest directly or through a financial intermediary a total of not more than \$1,000,000 of its general funds in business entities having their principal places of business in this state, including their affiliates, which are independently owned and operated and which employ fewer than 25 full-time employees or have gross annual sales of less than \$2,500,000, to enable those business entities to do any of the following:

1. Market research.
2. Develop, construct a prototype of or test a product.
3. Develop a business plan.
4. Any other activity, relating to research or development or both, to help the business entity develop new products.

(b) To enter into an agreement with a business in which funds are invested under par. (a). Under that agreement, if the business earns a profit as a result of the investment it shall repay the authority, in the form of a royalty or otherwise, all or part of the amount invested plus interest.

(c) To give a preference, when investing in a business entity under par. (a), to a business entity engaging in the sale of a product with a demonstrated potential to be marketed outside this state.

(19) To consent, whenever it deems it necessary or desirable in the fulfillment of its corporate purpose, to the modification of any loan, contract or agreement of any kind to which the authority is a party.

(20) To adopt such rules and set such standards as are necessary to effectuate its corporate purpose with respect to financing economic development lending, mortgage lending, construction lending and temporary lending.

(21) To purchase and enter into commitments to purchase all or part of economic development loans and to lend funds to financial institutions agreeing to use the funds immediately to make economic development loans, if the authority determines that a conventional loan is unavailable on reasonably equivalent terms and conditions.

(22) To require and hold collateral to secure economic development loans and to require participating financial institutions to attest to the best of their ability to the value of the collateral.

(23) To establish other terms and conditions of economic development loans, including providing for prepayment penalties and providing for full repayment of principal and interest upon movement out of state of that part of the

business operation financed by the economic development programs of the authority.

(25) To require certification from the local unit of government having jurisdiction over the location of an economic development project that the economic development project serves a public purpose and conventional financing is unavailable on reasonably equivalent terms and conditions.

(26) To establish and maintain a program within the authority, or to establish and maintain a corporation organized under ch. 180 or 181, to insure or guarantee economic development loans, collateral or bonds or notes issued under s. 234.65.

(28) To cooperate and enter into agreements with state agencies or partnerships and corporations organized under chs. 178 to 181 to promote economic development activity within this state.

(28m) To apply for and receive grants from the department of transportation for the purpose of guaranteeing loans to disadvantaged businesses as specified in the disadvantaged business mobilization assistance program under s. 85.25.

(30) To provide administrative services for and use and pay for the use of the facilities and services of any corporation established and maintained by the authority.

(31) To purchase, sell or contribute voting stock or partnership interests from the community development finance company under s. 234.95.

(32) To accept gifts, contributions and grants made to the authority in connection with the community development finance company, as defined in s. 234.94 (3).

**History:** 1971 c. 287; 1973 c. 208, 333; 1975 c. 221; 1977 c. 418; 1981 c. 349 ss. 12, 32; 1983 a. 27 ss. 1622e to 1622m, 2202 (20); 1983 a. 81; 1983 a. 83 ss. 7, 8, 22; 1983 a. 192; 1985 a. 29 ss. 2242, 3200 (28); 1985 a. 334; 1987 a. 27, 399.

**234.034 Consistency with state housing plan.** Subject to agreements with bondholders or noteholders, the authority shall exercise its powers and perform its duties related to housing consistent with the state housing plan under s. 560.115, 1983 stats.

**History:** 1981 c. 349; 1983 a. 81, 83; 1985 a. 29 s. 3202 (14).

**234.04 Loans to eligible sponsors of housing projects and to or for persons and families of low and moderate income.**

(1) The authority may make or participate in the making of construction loans to eligible sponsors of housing projects for the construction or rehabilitation of housing for persons and families of low and moderate income. Such loans shall be made only upon the determination by the authority that construction loans are not otherwise available from private lenders upon reasonably equivalent terms and conditions.

(2) The authority may make or participate in the making and enter into commitments for the making of long-term mortgage loans to eligible sponsors of housing projects for occupancy by persons and families of low and moderate income, or for the making of homeownership mortgage loans or housing rehabilitation loans to persons and families of low and moderate income, an applicant under s. 234.59 or other eligible beneficiaries as defined in s. 234.49. The loans may be made only upon the determination by the authority that they are not otherwise available from private lenders upon reasonably equivalent terms and conditions. The authority may not make a loan to a person if it receives a certification under s. 46.255 (7) that the person is delinquent in child support or maintenance payments. The authority may employ, for such compensation as it determines, the services of any financial institution in connection with any loan.

(3) The authority may make or participate in the making and enter into commitments for the making of loans to any banking institution, savings and loan association or credit

union organized under the laws of this or any other state or of the United States having an office in this state, if the authority first determines that the proceeds of such loans will be utilized for the purpose of making long-term mortgage loans to persons or families of low and moderate income, or for the purpose of providing residential housing for occupancy by persons or families of low and moderate income, or for the purpose of making housing rehabilitation loans.

(4) A loan shall be secured in such manner and be repaid in such a period, not exceeding 50 years, as may be determined by the authority; and shall bear interest at a rate determined by the authority.

**History:** 1971 c. 287; 1975 c. 221; 1977 c. 418; 1979 c. 361 s. 113; 1981 c. 349; 1985 a. 29; 1987 a. 27, 359.

**234.05 Housing development fund; establishment; payments into fund.** (1) There is established under the jurisdiction and control of the authority a revolving fund to be known as the "housing development fund".

(2) There shall be paid into the housing development fund: (a) Any moneys which the authority receives as interest on or in repayment of temporary loans made from the housing development fund;

(b) Any moneys transferred by the authority to the housing development fund from other funds or sources; and

(c) Any other moneys which may be made available to the authority for the purpose of the housing development fund from any other source.

**History:** 1971 c. 287.

**234.06 Use of moneys held in housing development fund; temporary loans; grants.** (1) The authority may, as authorized in the state housing plan under s. 560.115, 1983 stats., use the moneys held in the housing development fund to make temporary loans to eligible sponsors, with or without interest, and with such security for repayment, if any, as the authority determines reasonably necessary and practicable, solely from the housing development fund, to defray development costs for the construction of proposed housing projects for occupancy by persons and families of low and moderate income. No temporary loan may be made unless the authority may reasonably anticipate that satisfactory financing may be obtained by the eligible sponsor for the permanent financing of the housing project.

(2) The proceeds of the temporary loan may be used only to defray the development costs of the housing project. Each temporary loan shall be repaid in full by the eligible sponsor to the authority concurrent with the receipt by the eligible sponsor of the proceeds of the permanent financing.

(3) The authority may, as authorized in the state housing plan under s. 560.115, 1983 stats., use the moneys held in the housing development fund to establish and administer programs of grants to counties, municipalities and eligible sponsors of housing projects for persons of low and moderate income, to pay organizational expenses, administrative costs, social services, technical services, training expenses or costs incurred or expected to be incurred by counties, municipalities or sponsors for land and building acquisition, construction, improvements, renewal, rehabilitation, relocation or conservation under a plan to provide housing or related facilities, if the costs are not reimbursable from other private or public loan, grant or mortgage sources.

**History:** 1971 c. 287; 1981 c. 349; 1985 a. 29 ss. 2118, 3202 (14).

**234.07 Limited-profit entity; distributions.** A limited-profit entity which receives loans from the authority may not make distributions, other than from funds contributed to the limited-profit entity by stockholders, partners, members or holders of beneficial interest in the limited-profit entity, in

any one year with respect to a project financed by the authority in excess of 6% of its equity in such project on a cumulative basis. The equity in a project shall consist of the difference between the amount of the mortgage loan and the total project cost. Total project cost shall include construction or rehabilitation costs including job overhead and a builder's and sponsor's profit and risk fee, architectural, engineering, legal and accounting costs, organizational expenses, land value, interest and financing charges paid during construction, the cost of landscaping and off-site improvements, whether or not such costs have been paid in cash or in a form other than cash. With respect to every project the authority shall, pursuant to rules adopted by it, establish the entity's equity at the time of making of the final mortgage advance and, for purposes of this section, that figure shall remain constant during the life of the authority's loan with respect to such project. Upon the dissolution of the limited-profit entity any surplus in excess of the distributions allowed by this section shall be paid to the authority. For this purpose surplus shall not be deemed to include any increase in net worth of any limited-profit entity by reason of a reduction of mortgage indebtedness, by amortization or similar payments or by reason of the sale or disposition of any assets of a limited-profit entity to the extent such surplus can be attributed to any increase in market value of any real or tangible personal property accruing during the period the assets were owned and held by the limited-profit entity.

**History:** 1971 c. 287.

**234.08 Notes and bonds; issuance; status.** (1) The authority may issue its negotiable notes and bonds in such principal amount, as, in the opinion of the authority, is necessary to provide sufficient funds for achieving its corporate purposes, including the purchase of certain mortgages and securities and the making of secured loans for low- and moderate-income housing, for the rehabilitation of existing structures and for the construction of facilities appurtenant thereto as provided in this chapter; for the payment of interest on notes and bonds of the authority during construction; for the establishment of reserves to secure such notes and bonds; for the provision of moneys for the housing development fund in order to make temporary loans to sponsors of housing projects as provided in this chapter; and for all other expenditures of the authority incident to and necessary or convenient to carry out its corporate purposes and powers.

(2) The authority may issue renewal notes, issue bonds to pay notes and whenever it deems refunding expedient, refund any bonds by the issuance of new bonds, whether the bonds to be refunded have or have not matured, and issue bonds partly to refund bonds then outstanding and partly for any other purpose. The refunding bonds shall be sold and the proceeds applied to the purchase, redemption or payment of the bonds to be refunded.

(3) Except as may otherwise be expressly provided by the authority, every issue of its notes or bonds shall be general obligations of the authority payable out of any revenues or moneys of the authority, subject only to any agreements with the holders of particular notes or bonds pledging any particular receipts or revenues.

(4) All notes or bonds shall be negotiable investment securities under ch. 408.

(5) This section does not supersede or impair the power of the department of development to carry out its program responsibilities relating to economic development which are funded by bonds or notes issued under this section.

(6) The authority may reimburse the department of development its operating costs to carry out its program responsi-

bilities relating to economic development which are funded by bonds or notes issued under this section.

(7) The authority may, by resolution before issuance, declare any issue of its bonds or notes to be subject to federal income taxation.

**History:** 1971 c. 287; 1981 c. 349; 1983 a. 81, 83; 1985 a. 29.

**234.09 Same; authorization; terms.** The notes and bonds shall be authorized by resolution of the members of the authority; shall bear such date or dates, and shall mature at such time or times, in the case of any note, or any renewal thereof, not exceeding 5 years, from the date of issue of such original note, and in the case of any bond not exceeding 50 years from the date of issue, as the resolution provides. The notes and bonds shall bear interest at such rate or rates, be in such denominations of \$1,000 or more, be in such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in such medium of payment, at such place and be subject to such terms of redemption as the resolution provides. The bonds may be issued as serial bonds payable in annual instalments or as term bonds or as a combination thereof. The notes and bonds of the authority may be sold by the authority, at public or private sale, at the price determined by the authority.

**History:** 1971 c. 287.

**234.10 Same; resolution authorizing issuance, contents.** Any resolution authorizing any notes or bonds or any issue thereof may contain provisions, which shall be a part of the contract with the holders thereof, as to:

(1) Pledging all or any part of the fees and charges made or received by the authority, and all or any part of the moneys received in payment of mortgage loans and interest thereon, and other moneys received or to be received, to secure the payment of the notes or bonds or of any issue thereof, and subject to such agreements with bondholders or noteholders as may then exist.

(2) Pledging all or any part of the assets of the authority, including mortgages and obligations securing the same, to secure the payment of the notes or bonds or of any issue of notes or bonds, subject to such agreements with noteholders or bondholders as may then exist.

(3) Pledging of any loan, grant or contribution from the federal or state government, any political subdivision of the state or source in aid of such development as provided for in this chapter.

(4) The use and disposition of the gross income from mortgages owned by the authority and payment of principal of mortgages owned by the authority.

(5) The setting aside of reserves or sinking funds and the regulation and disposition thereof.

(6) Limitations on the purpose to which the proceeds of sale of notes or bonds may be applied and pledging such proceeds to secure the payment of the notes or bonds or of any issue thereof.

(7) Limitations on the issuance of additional notes or bonds; the terms upon which additional notes or bonds may be issued and secured; the refunding of outstanding or other notes or bonds.

(8) The procedure, if any, by which the terms of any contract with noteholders or bondholders may be amended or abrogated, the amount of notes or bonds the holders of which must consent thereto, and the manner in which such consent may be given.

(9) Vesting in a trustee such property, rights, powers and duties in trust as the authority determines, which may include any or all of the rights, powers and duties of the trustee appointed by the noteholders or bondholders pursuant to s.

234.20 and limiting or abrogating the right of the noteholders or bondholders to appoint a trustee under s. 234.20 or limiting the rights, powers and duties of such trustee, in which event s. 234.20 shall not apply.

(10) Any other matters, of like or different character, which in any way affect the security or protection of the notes or bonds.

History: 1971 c. 287.

**234.11 Same; validity and effect of pledge.** Any pledge made by the authority shall be valid and binding from the time when the pledge is made; the moneys or property so pledged and thereafter received by the authority shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act; and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the authority, irrespective of whether such parties have notice thereof. Neither the resolution nor any other instrument by which a pledge is created need be recorded.

History: 1971 c. 287.

**234.12 Same; personal liability of members of authority.** Neither the members of the authority nor any person executing the notes or bonds shall be liable personally on the notes or bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

History: 1971 c. 287.

**234.13 Same; purchase for cancellation.** The authority, subject to such agreements with noteholders or bondholders as may then exist, shall have power out of any funds available therefor to purchase notes or bonds of the authority, which shall thereupon be canceled, at a price not exceeding:

(1) If the notes or bonds are then redeemable, the redemption price then applicable plus accrued interest to the next interest payment date thereon; or

(2) If the notes or bonds are not then redeemable, the redemption price applicable on the first date after such purchase upon which the notes or bonds become subject to redemption plus accrued interest to such date.

History: 1971 c. 287.

**234.14 Same; liability of state.** The state shall not be liable on notes or bonds of the authority and such notes and bonds shall not be a debt of the state. All notes and bonds of the authority shall contain on the face thereof a statement to such effect.

History: 1971 c. 287.

**234.15 Capital reserve funds. (1)** The authority shall establish one or more special funds to secure its bonds, referred to in this chapter as capital reserve funds, and shall pay into each such capital reserve fund any moneys appropriated and made available by the state for the purposes of such fund, any proceeds of sale of notes or bonds, to the extent provided in the resolution of the authority authorizing the issuance thereof and any other moneys which are made available to the authority for the purpose of such fund from any other source.

(2) All moneys held in any capital reserve fund, except as otherwise specifically provided, shall be used, as required, solely for the payment of the principal of bonds of the authority secured in whole or in part by such fund or of the sinking fund payments mentioned in this section with respect to such bonds, the purchase or redemption of such bonds, the payment of interest on such bonds or the payment of any redemption premium required to be paid when such bonds are redeemed prior to maturity; but, if moneys in such fund at

any time are less than the capital reserve fund requirement established for such fund as provided in this section, the authority shall not use such moneys for any optional purchase or optional redemption of such bonds. Any income or interest earned by, or increment to, any capital reserve fund due to the investment thereof may be transferred by the authority to other funds or accounts of the authority to the extent such transfer does not reduce the amount of such capital reserve fund below the capital reserve fund requirement for such fund.

(3) The authority shall not at any time issue bonds, secured in whole or in part by a capital reserve fund if upon the issuance of such bonds, the amount in such capital reserve fund will be less than the capital reserve fund requirement of such fund, unless the authority, at the time of issuance of such bonds, deposits in such fund from the proceeds of the bonds to be issued, or from other sources, an amount which, together with the amount then in such fund, will not be less than the capital reserve fund requirement for such fund. For purposes of this section, "capital reserve fund requirement" means, as of any particular date of computation, an amount of money, as provided in the resolutions of the authority authorizing the bonds with respect to which such fund is established, which amount shall not exceed the maximum annual debt service on the bonds of the authority for that fiscal year or any future fiscal year of the authority secured in whole or in part by such fund. The annual debt service for any fiscal year is the amount of money equal to the aggregate of a) all interest payable during such fiscal year on all bonds secured in whole or in part by such fund outstanding on the date of computation, plus b) the principal amount of all such bonds outstanding on said date of computation which mature during such fiscal year, plus c) all amounts specified in any resolution of the authority authorizing any of such bonds as payable during such fiscal year as a sinking fund payment with respect to any of such bonds which mature after such fiscal year, all calculated on the assumption that such bonds will after such date of computation cease to be outstanding by reason, but only by reason, of the payment of bonds when due, and the payment when due and application in accordance with the resolution authorizing those bonds, of all of such sinking fund payments payable at or after such date of computation. However, in computing the annual debt service for any fiscal year, bonds deemed to have been paid in accordance with the defeasance provisions of the resolution of the authority authorizing the issuance thereof shall not be included in bonds outstanding on such date of computation.

(4) To assure the continued operation and solvency of the authority for the carrying out of the public purposes of this chapter, the authority shall accumulate in each capital reserve fund an amount equal to the capital reserve fund requirement for such fund. If at any time the capital reserve fund requirement for any capital reserve fund exceeds the amount of such capital reserve fund, the chairperson of the authority shall certify to the secretary of administration, the governor and the joint committee on finance the amount necessary to restore such capital reserve fund to an amount equal to the capital reserve fund requirement in respect thereto. If such certification is received by the secretary of administration in an even-numbered year prior to the completion of the budget compilation under s. 16.43, the secretary shall include the certified amount in the budget compilation. In any case, the joint committee on finance shall introduce in either house, in bill form, an appropriation of the amount so certified to the appropriate capital reserve fund of the authority. Recognizing its moral obligation to do so, the legislature hereby

expresses its expectation and aspiration that, if ever called upon to do so, it shall make such appropriation.

(5) In computing the amount of any capital reserve fund for the purposes of this section, securities in which all or a portion of such capital reserve fund is invested shall be valued at par, or if purchased at less than par, at their cost to the authority.

(6) Notwithstanding subs. (1) to (5), the authority, subject to such agreements with noteholders or bondholders as may then exist, may elect not to secure any particular issue of its bonds with a capital reserve fund. Such election shall be made in the resolution authorizing such issue. In this event, subs. (2) and (3) shall not apply to the bonds of such issue in that they shall not be entitled to payment out of or be eligible for purchase by any such fund nor shall they be taken into account in computing or applying any capital reserve fund requirement.

History: 1971 c. 287; 1973 c. 208; 1975 c. 221.

**234.16 General reserve fund.** The authority shall establish a special fund, referred to in this chapter as general reserve fund, and shall pay into such fund all fees and charges collected by the authority and any moneys which the authority transfers from the capital reserve fund. Such moneys and any other moneys paid into the general reserve fund, in the discretion of the authority but subject to agreements with bondholders and noteholders, may be used by the authority:

(1) For the repayment of advances from the state in accordance with the repayment agreements between the authority and the secretary of administration;

(2) To pay all costs, expenses and charges of financing, including fees and expenses of trustees and paying agents;

(3) For transfers to the capital reserve fund;

(4) For the payment of the principal of and interest on notes or bonds issued by the authority when the same become due whether at maturity or on call for redemption and for the payment of any redemption premium required to be paid where such bonds or notes are redeemed prior to their stated maturities, and to purchase notes or bonds; or

(5) For such other corporate purposes of the authority as the authority in its discretion determines.

History: 1971 c. 287.

**234.165 Authority surplus fund.** (1) The authority shall continue the authority surplus fund established under its resolutions authorizing the issuance of its bonds or notes before May 8, 1982.

(2) (a) In this subsection, "surplus" means assets of the authority surplus fund not required to pay the cost of issuance of bonds or notes of the authority, to make financially feasible economic development loans and housing projects receiving proceeds from authority bond or note issues or to honor agreements with bondholders and noteholders, if the assets are funds withdrawn from reserve accounts established for bonds or notes issued under s. 234.18 (1) or earnings of the withdrawn funds.

(b) 1. On or before April 30 the chairperson of the authority shall certify to the secretary of administration actual and projected surplus available for the following fiscal year.

2. On or before May 31 the authority shall submit to the governor a plan for expending or encumbering the surplus. The part of the plan related to housing shall be consistent with the state housing plan under s. 560.115, 1983 stats.

3. The governor may modify the plan and shall submit the plan as modified to the presiding officer of each house of the legislature, who shall refer the plan to appropriate standing

committees within 7 days, exclusive of Saturdays, Sundays and legal holidays.

4. The standing committee review period extends for 30 days after the plan is referred to it. If within the 30-day period a standing committee requests the authority to meet with it to review the plan, the standing committee review period is continued until 30 days after the request. If a standing committee and the governor agree to modifications in the plan, the review period for all standing committees is continued until 10 days after receipt by the committees of the modified plan.

5. The plan or modified plan is approved if no standing committee objects to the plan or modified plan within its review period. If a standing committee objects to the plan or modified plan, it shall refer the parts to which objection was made to the joint committee on finance.

6. The joint committee on finance shall meet in executive session within 30 days after referral by a standing committee, but may take action any time after referral. Joint committee on finance action shall consist of concurrence in standing committee objections, modifications to the parts referred to it which are approved by the governor or approval of the plan or modified plan notwithstanding standing committee objections.

7. The plan is not effective until approved or modified under this paragraph.

(c) Surplus may be expended or encumbered only in accordance with the plan approved under par. (b), except that the authority may transfer from one plan category to another:

1. Not more than 5% of the funds allocated to the plan category from which the transfer is made.

2. More than 5% of the funds allocated to the plan category from which the transfer is made, if the authority obtains the approval of the secretary of administration and notifies the joint committee on finance of the proposed transfer.

History: 1981 c. 349; 1983 a. 83; 1985 a. 29 s. 3202 (14).

NOTE: Chapter 349, laws of 1981, which created this section, has a lengthy "Legislative declaration" in section 1.

**234.17 Repayment to general fund.** The authority shall repay the amounts appropriated under s. 20.143 (1) (a), 1971 stats., to the general fund from that portion of the authority's surplus, if any, as is determined by agreement between the authority and the secretary of administration.

History: 1971 c. 287; 1975 c. 39; 1977 c. 418.

**234.18 Limit on amount of outstanding bonds and notes.**

(1) Except as provided in sub. (2), the authority shall not have outstanding at any one time notes and bonds for any of its corporate purposes in an aggregate principal amount exceeding \$500,000,000, excluding bonds and notes issued to refund outstanding notes and bonds authorized under this subsection. Not more than \$45,000,000 in bonds and notes authorized under this subsection may be issued on or after July 1, 1982, except bonds or notes issued to refund outstanding bonds or notes authorized under this subsection.

(2) In addition to bonds or notes issued under sub. (1), the authority may not have outstanding at any one time notes and bonds for any of its corporate purposes in an aggregate principal amount exceeding \$125,000,000, excluding bonds and notes issued to refund outstanding bonds and notes authorized under this subsection. Bonds and notes authorized under this subsection and issued for the purpose of economic development may be issued only with the consent of the department of development. The department may not

impose conditions inconsistent with the state housing plan under s. 560.115, 1983 stats.

(3) The authority shall employ the building commission as its financial consultant to assist and coordinate the issuance of bonds and notes of the authority.

History: 1971 c. 287; 1975 c. 200; 1977 c. 108, 317; 1979 c. 18; 1981 c. 349; 1983 a. 36 s. 96 (4); 1985 a. 29; 1987 a. 69.

**234.19 Notes and bonds; pledge and agreement of state.**

The state pledges and agrees with the holders of any notes or bonds issued under this chapter, that the state will not limit or alter the rights vested in the authority to fulfill the terms of any agreements made with the holders thereof, or in any way impair the rights and remedies of the holders until the notes or bonds, together with the interest thereon, with interest on any unpaid instalments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged. The authority is authorized to include this pledge and agreement of the state in any agreement with the holders of such notes or bonds.

History: 1971 c. 287.

**234.20 Default; trustee. (1)** If the authority defaults in the payment of principal of or interest on any issue of notes or bonds after the same become due, whether at maturity or upon call for redemption, and such default continues for a period of 30 days or if the authority fails or refuses to comply with this chapter or defaults in any agreement made with the holders of any issue of notes or bonds, the holders of 25% in aggregate principal amount of the notes or bonds of such issue then outstanding, by instrument or instruments filed in the office of the register of deeds of Dane county and approved or acknowledged in the same manner as a deed to be recorded, may appoint a trustee to represent the holders of such notes or bonds for the purposes otherwise specifically provided.

(2) The trustee may, and upon written request of the holders of 25% in principal amount of such notes or bonds then outstanding shall, in his own name:

(a) By action or proceeding, enforce all rights of the noteholders or bondholders, including the right to require the authority to collect fees and charges and interest and amortization payments on mortgage loans made by it adequate to carry out any agreement as to, or pledge of, such fees and charges and interest and amortization payments on such mortgages, and other properties and to require the authority to carry out any other agreements with the holders of such notes or bonds and to perform its duties under this chapter;

(b) Bring suit upon such notes or bonds;

(c) By action, require the authority to account as if it were the trustee of an express trust for the holders of such notes or bonds;

(d) By action, enjoin any acts or things which may be unlawful or in violation of the rights of the holders of such notes or bonds; and

(e) Declare all such notes or bonds due and payable, and if all defaults shall be made good, then, with the consent of the holders of 25% of the principal amount of such notes or bonds then outstanding, to annul such declaration and its consequences.

History: 1971 c. 287.

**234.21 Trustee; additional powers.** The trustee, in addition to the powers granted in s. 234.20 shall have all of the powers necessary or appropriate for the exercise of any functions specifically set forth in this chapter or incident to the general representation of noteholders or bondholders in the enforcement and protection of their rights.

History: 1971 c. 287.

**234.22 Venue.** The venue of any action or proceeding by the trustee under ss. 234.19, 234.20 and 234.21 shall be in Dane county.

History: 1971 c. 287.

**234.23 Notice before declaration that notes or bonds are due and payable.** Before declaring the principal of notes or bonds due and payable, the trustee shall first give 30 days' notice in writing to the governor, the authority and the attorney general.

History: 1971 c. 287.

**234.24 System of funds and accounts.** Subject to agreements with noteholders and bondholders, the authority shall prescribe a system of funds and accounts.

History: 1971 c. 287; 1975 c. 221; 1983 a. 81.

**234.25 Annual report. (1)** The authority shall submit to the governor, the chairman of the joint committee on finance, the senate committee on housing and urban development, the assembly committee on municipalities, such other committees as the legislature by joint resolution may determine, and the secretary of administration within 6 months after the end of its fiscal year a complete and detailed report setting forth:

(a) Its operations, accomplishments, goals and objectives;

(b) A statement of income and expenses for such fiscal year in accordance with the categories or classifications established by the authority for its operating and capital outlay purposes;

(c) Its assets and liabilities at the end of its fiscal year, including a schedule of its leases and mortgages and the status of reserve, special or other funds;

(d) A schedule of its bonds and notes outstanding at the end of its fiscal year, together with a statement of the amounts redeemed and incurred during such fiscal year; and

(e) An evaluation of its progress in implementing within its own housing programs the goals, policies and objectives of the state housing plan under s. 560.115, 1983 stats., and recommendations for legislation to improve its ability to carry out its programs consistent with the state housing plan.

(2) The authority, annually on January 15, shall file with the department of administration and the legislative council a complete and current listing of all forms, reports and papers required by the authority to be completed by any person, other than a governmental body, as a condition of obtaining the approval of the authority or for any other reason. The authority shall attach a blank copy of each such form, report or paper to the listing.

History: 1971 c. 287; 1979 c. 221; 1981 c. 349; 1983 a. 36; 1985 a. 29 s. 3202 (14).

**234.26 Notes and bonds as legal investments.** The state, the investment board, all public officers, municipal corporations, political subdivisions and public bodies, all banks and bankers, savings and loan associations, credit unions, trust companies, savings banks and institutions, investment companies, insurance companies, insurance associations and other persons carrying on a banking or insurance business, and all executors, administrators, guardians, trustees and other fiduciaries, may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any notes or bonds issued by the authority. Such notes and bonds shall be authorized security for all public deposits and shall be fully negotiable in this state.

History: 1971 c. 287.

**234.265 Records of the authority.** All records of the authority or any corporation established by the authority shall be open to the public, except:

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(1) Those records relating to pending grants, economic development loans or housing projects which, in the opinion of the authority, must remain confidential to protect the competitive nature of the grant, loan or project.

(2) Records or portions of records consisting of personal or financial information provided by a person seeking a grant or loan under s. 234.08, 234.49, 234.59, 234.65, 234.70, 234.90 or 234.905, seeking investment of funds under s. 234.03 (18m) or in which the authority has invested funds under s. 234.03 (18m), unless the person consents to disclosure of the information.

**History:** 1971 c. 287; 1983 a. 81, 83, 192; 1985 a. 29, 334; 1987 a. 421.

**234.28 Notes and bonds; exemption from taxation.** The state covenants with the purchasers and all subsequent holders and transferees of notes and bonds issued by the authority, in consideration of the acceptance of any payment for the notes and bonds, that its fees, charges, gifts, grants, revenues, receipts and other moneys received or to be received, pledged to pay or secure the payment of such notes or bonds shall at all times be free and exempt from all state, city, county or other taxation provided by the laws of the state.

**History:** 1971 c. 287.

**234.29 Equality of occupancy and employment.** The authority shall require that occupancy of housing projects assisted under this chapter be open to all regardless of sex, race, religion, sexual orientation or creed, and that contractors and subcontractors engaged in the construction of economic development or housing projects, shall provide an equal opportunity for employment, without discrimination as to sex, race, religion, sexual orientation or creed.

**History:** 1971 c. 287; 1975 c. 94; 1981 c. 112; 1983 a. 83.

**234.30 Cooperation.** The heads of all departments, boards, councils, committees and commissions in the administrative branch, and the heads of the various divisions, sections and departments thereunder, shall extend their full and unlimited cooperation, including but not limited to the providing of personnel and facilities, to the authority.

**History:** 1971 c. 287.

**234.31 Construction of chapter.** This chapter is necessary for the welfare of this state and its inhabitants; therefore, it shall be liberally construed to effect its purpose.

**History:** 1971 c. 287.

**234.32 Laws not applicable to authority.** (1) Chapter 138 shall not apply to the authority.

(2) The authority may adopt by resolution ch. 34, or any section, subsection, paragraph or subdivision of ch. 34. If adopted by resolution of the authority, ch. 34, or any section, subsection, paragraph or subdivision of ch. 34 shall apply to the authority.

**History:** 1975 c. 221; 1977 c. 320.

**234.40 Bonds for veterans housing loans and other veterans assistance programs.** (1) The authority shall issue its negotiable bonds in such principal amount and length of maturity as to provide sufficient funds for veterans housing loans to be made pursuant to s. 45.79.

(2) Bonds issued under the authority of this section are payable out of revenues or moneys received from the repayment of veterans housing loans and related funds made available in ss. 234.42 and 234.43. All assets and liabilities created through the issuance of bonds to purchase mortgage loans representing veterans housing loans are to be separate from all other assets and liabilities of the authority. No funds of the veterans housing loan program may be commingled with any other funds of the authority.

(3) It is the intent of the legislature that the authority be used to finance the veterans housing program. Nothing in this chapter shall be construed to supersede the powers vested by subch. II of ch. 45 in the department of veterans affairs for carrying out program responsibilities for which debt has been incurred by the authority.

(4) The limitations established in s. 234.18 (1) and (2), 234.50, 234.60, 234.65 or 234.70 are not applicable to bonds issued under the authority of this section. The authority may not have outstanding at any one time bonds for veterans housing loans in an aggregate principal amount exceeding \$61,945,000, excluding bonds being issued to refund outstanding bonds.

**History:** 1973 c. 208, 333; 1975 c. 26; 1977 c. 418; 1979 c. 102; 1981 c. 349 s. 32; 1983 a. 27 s. 2202 (20); 1983 a. 81 s. 13; 1983 a. 83 s. 22; 1983 a. 192; 1985 a. 29 s. 3202 (28); 1985 a. 334.

**234.41 Veterans housing loan fund; establishment and use.** (1) There is established under the jurisdiction of the authority a veterans housing loan fund. All moneys resulting from the sale of bonds for the purpose of veterans housing pursuant to s. 45.79, unless credited to the veterans capital reserve fund, shall be credited to the fund.

(2) The authority shall use moneys in the fund for the purpose of purchasing loans representing veterans housing loans pursuant to s. 45.79. All disbursements of funds under this section for purchasing mortgage loans shall be made payable to authorized lenders as defined in s. 45.71 (2) and eligible persons as defined in s. 45.71 (6).

(3) Moneys of the veterans housing loan fund may be invested as provided in s. 234.03 (18). All such investments shall be the exclusive property of the fund. All earnings on or income from such investments shall be credited to the fund and, subject to agreement with bondholders, be paid over upon request to the board of the department of veterans affairs for deposit in the veterans trust fund after payment or repayment of any deficits arising in the veterans capital reserve fund and after payment of expenses contained in sub. (4).

(4) The authority may use moneys in the fund to cover actual and necessary expenses incurred in the sale and investment of bonds and bond revenues.

(5) Any moneys remaining in the veterans housing loan fund and not needed for purposes of the veterans capital reserve fund shall be transferred to the veterans housing bond redemption fund.

**History:** 1973 c. 208, 333, 336.

**234.42 Veterans capital reserve fund.** (1) The authority shall establish the veterans capital reserve fund to secure the veterans housing bonds sold pursuant to s. 234.40, and shall pay into the veterans capital reserve fund any moneys appropriated and made available by the state for the purposes of such fund, any proceeds of sale of bonds, to the extent provided in the resolution of the authority authorizing the issuance thereof and any other moneys which are made available to the authority for the purpose of such fund from any other source.

(2) All moneys held in the veterans capital reserve fund, except as otherwise specifically provided, shall be used solely for the payment of the principal of veterans housing bonds of the authority as the same mature, the making of sinking fund payments with respect to veterans housing bonds of the authority, the purchase of veterans housing bonds of the authority, the payment of interest on veterans housing bonds of the authority or the payment of any redemption premium required to be paid when veterans housing bonds are redeemed prior to maturity. Except for the purpose of paying

principal of and interest on veterans housing bonds of the authority maturing and becoming due and for the payment of which other moneys of the authority are not available, and except for making sinking fund payments with respect to veterans housing bonds of the authority and for the payment of which other moneys of the authority are not available, moneys in the veterans capital reserve fund shall not be withdrawn at any time in such amount as would reduce the fund to less than an amount, called in this section "veterans capital reserve fund requirement", equal to the maximum amount, in any succeeding year, of principal and interest, other than principal and interest for which sinking fund payments are specified in any resolution of the authority authorizing veterans housing bonds of the authority then outstanding, maturing and becoming due in such year on all veterans housing bonds of the authority then outstanding (other than veterans housing bonds due in such year issued to provide funds for mortgage loans through the purchase of mortgages or mortgage-backed securities guaranteed by the United States or an agency or instrumentality of the United States) plus all amounts specified, in any resolution of the authority authorizing veterans housing bonds of the authority then outstanding, as payable as a sinking fund payment in such year. Any income or interest earned by, or increment to, the veterans capital reserve fund due to the investment thereof may be transferred by the authority to the veterans housing bond redemption fund to the extent it does not reduce the amount of the veterans capital reserve fund below the veterans capital reserve fund requirement.

(3) The authority shall not issue bonds at any time, other than bonds issued to provide funds for mortgage loans through the purchase of mortgages or mortgage-backed securities guaranteed by the United States or an agency or instrumentality of the United States, if the veterans capital reserve fund requirement, after such issuance, will exceed the amount of the veterans capital reserve fund at the time of issuance unless the authority, at the time of issuance of such bonds, shall deposit in the capital reserve fund from the proceeds of the bonds so to be issued, or from another available source, an amount which, together with the amount then in the veterans capital reserve fund, will be not less than the veterans capital reserve fund requirement after such issuance.

(4) To assure the continued operation and solvency of the authority for the carrying out of the veterans housing loan program of this chapter, the authority shall accumulate in the veterans capital reserve fund an amount equal to the veterans capital reserve fund requirement. If at any time the veterans capital reserve fund requirement exceeds the amount of the veterans capital reserve fund, the chairperson of the authority shall certify to the secretary of administration, the governor and the joint committee on finance, the amount necessary to restore the veterans capital reserve fund to an amount equal to the veterans capital reserve fund requirement. If such certification is received by the secretary of administration in an even-numbered year prior to the completion of the budget compilation under s. 16.43, the secretary shall include the certified amount in the budget compilation. In any case, the joint committee on finance shall introduce in either house, in bill form, an appropriation of the amount so certified to the veterans capital reserve fund of the authority. Recognizing its moral obligation to do so, the legislature hereby expresses its expectation and aspiration that, if ever called upon to do so, it shall make such appropriation.

(5) In computing the amount of the veterans capital reserve fund for the purposes of this section, securities in which all or a portion of the veterans capital reserve fund is invested shall

be valued at par, or if purchased at less than par, at their cost to the authority.

**History:** 1973 c. 208; 1977 c. 418 s. 924 (22).

**234.43 Veterans housing bond redemption fund. (1)** The authority shall establish the veterans housing bond redemption fund. All mortgages purchased with moneys from the veterans housing loan fund shall be the exclusive property of the bond redemption fund. All moneys received by the authority from the repayment of veterans housing loans shall be deposited into such fund to be used for the repayment of veterans housing bonds issued pursuant to s. 234.40.

(2) Subject to agreements with bondholders, disbursements shall be made:

(a) For the payment of the principal of and interest on bonds issued by the authority when the same become due whether at maturity or on call for redemption and for the payment of any redemption premium required to be paid where such bonds are redeemed prior to their stated maturities, and to purchase bonds;

(b) To pay administrative costs, expenses and charges to service outstanding bonds including fees and expenses of trustees and paying agents;

(c) For repayment of advances from the state made through s. 20.485 (3) (b);

(d) For transfer to the veterans capital reserve fund; and

(e) Any surplus remaining after satisfaction of all obligations of pars. (a) to (d) shall be paid over upon request of the board of the department of veterans affairs for deposit in the veterans trust fund.

**History:** 1973 c. 208; 1975 c. 200; 1979 c. 34.

**234.44 Validation of certain obligations and proceedings.**

Notwithstanding any provision of this chapter or any other law, in the absence of fraud, all obligations issued prior to May 4, 1976 purportedly pursuant to this chapter, and all proceedings prior to such time taken purportedly pursuant to this chapter for the authorization and issuance of such obligations or of obligations not yet issued, and the sale, execution and delivery of such obligations issued prior to May 4, 1976, are hereby validated, ratified, approved and confirmed, notwithstanding any lack of power, however patent, other than constitutional, of the issuing authority or the governing body or officer thereof, to authorize such obligations, or to sell, execute, deliver the same, and notwithstanding any defects or irregularities, however patent, other than constitutional, in such proceeding or in such sale, execution or delivery of such obligations. All such obligations issued prior to May 4, 1976 are binding, legal obligations in accordance with their terms.

**History:** 1975 c. 221.

**234.49 Housing rehabilitation. (1) DEFINITIONS.** In this section:

(b) "Authorized lender" means any lender authorized under sub. (2) (a) 4 to make or service housing rehabilitation loans but does not include a person licensed under s. 138.09.

(c) "Eligible beneficiary" means a person for whom the authority has not received a certification from the department of health and social services under s. 46.255 (7) or a family who or which falls within the income limits specified in par. (f).

(d) "Eligible rehabilitation" means additions, alterations or repairs of housing to maintain it in a decent, safe and sanitary condition or to restore it to that condition, to reduce the cost of owning or occupying dwelling units, to conserve energy and to extend the economic or physical life of structures, but does not include any of the following:

1. New garage construction.

2. Construction of fireplaces, except for necessary repairs or the addition of permanently attached energy efficient equipment to an existing fireplace.

3. Construction of porches, except:

a. Existing porches may be repaired or, for the purpose of energy conservation, replaced.

b. Entryways may be constructed for the purpose of energy conservation.

4. Decks, patios, fencing or landscaping.

5. Sidewalks and the paving of driveways, except existing sidewalks may be repaired or replaced and existing driveways may be repaired.

6. Home appliances.

(e) "Housing" means a residential structure having not more than 4 dwelling units in which at least one unit is occupied by the owner as a principal residence and:

1. The structure was first occupied as a residence at least 10 years before a housing rehabilitation loan for the property is granted; or

2. The structure is not subject to rules adopted under s. 101.63 or 101.73, if a housing rehabilitation loan is granted for the property to implement energy conservation improvements.

(f) "Housing rehabilitation loan" means a loan to finance eligible rehabilitation. The maximum amount of a housing rehabilitation loan is \$15,000. The term of any housing rehabilitation loan, the repayment of which is made in monthly or other periodic instalments, may not exceed 15 years. Housing rehabilitation loans include:

2. "Low interest loans" which are loans that meet or exceed the rate of interest required to pay the costs incurred by the authority for making and servicing such loans, but do not exceed the rate of interest specified in sub. (2) (a) 6. No low interest or other loan may be made to a person or family whose income exceeds 120% of the median income for a family of 4 in the person's or family's county of residence, except that in a designated reinvestment neighborhood or area as defined in s. 66.465 no low interest loan at the highest rate of interest authorized by this subdivision may be made to a person or family whose income exceeds 140% of the median income for a family of 4 in the person's or family's county of residence, and except that the authority may increase or decrease the income limit for low interest loans by no more than 10% of the limit for each person more or less than 4.

(g) "Median income" means median family income as determined annually by the U.S. department of housing and urban development for each county in the state.

(h) "Owner" means the holder of the title or the vendee of a land contract of housing which is otherwise eligible for a housing rehabilitation loan.

(i) "Sponsor" means any town, city, village or county in this state, or any community action agency or housing authority under s. 59.075, 61.73, 66.395 or 66.40. A community action agency or housing authority may be a sponsor for the unincorporated area of a county if the board of supervisors of that county adopts a resolution authorizing it to be a sponsor. A community action agency or housing authority may be a sponsor for an incorporated municipality if the governing body of the municipality adopts a resolution authorizing it to be a sponsor.

(2) **POWERS OF AUTHORITY.** (a) The authority has the following powers for the purpose of implementing this section, in addition to all other powers granted by this chapter:

3. To maintain a current list of authorized lenders. The authority shall establish standards governing the performance of authorized lenders in making and servicing housing

rehabilitation loans and shall periodically monitor such performance.

4. To designate as an authorized lender the authority or any local government agency, housing authority under s. 59.075, 61.73, 66.395 or 66.40, bank, savings and loan institution, mortgage banker registered under s. 440.72 or credit union, if the designee has a demonstrated history or potential of ability to adequately make and service housing rehabilitation loans.

5. To enter into contracts with authorized lenders authorizing them to process applications and service housing rehabilitation loans. The contracts may include the responsibilities of the authorized lenders with respect to credit evaluations, financial eligibility determinations, valuation of the housing for which the loan is to be made, collection procedures in the event of delinquent loan repayments and other functions which the authority may require. Such contracts may provide for the payment of a fee for originating such loans or for servicing such loans.

6. To enter into contracts or agreements with authorized lenders and sponsors providing for the maximum and minimum acceptable rates of interest to be charged for various classifications of housing rehabilitation loans. In no event may the stated rate of interest on any housing rehabilitation loan under this section exceed the greater of 8% per year or 3% plus the rate necessary to fully repay interest and principal on housing rehabilitation loan program bonds issued pursuant to s. 234.50.

7. To enter into contracts or agreements with authorized lenders and sponsors providing for the maximum acceptable amount, duration and other terms of housing rehabilitation loans in accordance with sub. (1) (f).

8. To adopt procedures and forms necessary to effectuate the rehabilitation program or to facilitate the marketing of bonds issued under s. 234.50.

9. To specify a rate of interest for a housing rehabilitation loan which is lower than the ordinary current rate for housing rehabilitation loans, if a substantial portion of the loan proceeds will be used for any of the following:

a. Energy conservation improvements.

b. The repair or replacement of a heating system, electrical system, plumbing system, foundation or roof.

c. Other necessary structural repairs.

d. The authentic renovation of a listed property, as defined in s. 44.31 (4), if the building is located on its original site.

(c) In addition to the powers specified in par. (a), the authority has all those powers necessary to implement this subsection.

**History:** 1977 c. 418; 1979 c. 110 s. 60 (13); 1979 c. 361 s. 59; Stats. 1979 s. 560.06; 1981 c. 21, 314; 1983 a. 81 s. 11; 1983 a. 83 s. 20; 1985 a. 29 ss. 2124d, 2244 to 2260, 3200 (14), 3202 (14); 1985 a. 120; Stats. 1985 s. 234.49; 1987 a. 27, 359, 395; 1987 a. 403 s. 256.

**234.50 Bonds for housing rehabilitation loans; issuance; status.** (1) The authority may issue its negotiable bonds in such principal amount and of such length of maturity as, in the opinion of the authority, is necessary to provide sufficient funds for purchasing housing rehabilitation loans or for funding commitments for loans to lenders for housing rehabilitation loans; for the establishment of reserves to secure such bonds; and for all other expenditures of the authority incident to or necessary and convenient in connection therewith. The authority may, whenever it deems refunding expedient, refund any bonds by the issuance of new bonds whether the bonds to be refunded have or have not matured, and issue bonds partly to refund bonds then outstanding and partly for the purpose authorized by this section.

(2) Bonds issued under the authority of this section shall be special obligations of the authority payable solely out of revenues, moneys or other property received in connection with the housing rehabilitation loan program, including, without limitation, repayments of housing rehabilitation loans, federal insurance or guarantee payments, the proceeds of bonds issued under the authority of this section, and the amounts made available under ss. 234.54 and 234.55. All assets and liabilities created through the issuance of bonds to purchase housing rehabilitation loans shall be separate from all other assets and liabilities of the authority. No funds of the housing rehabilitation loan program may be commingled with any other funds of the authority.

(4) The limitations established in s. 234.18 (1) and (2), 234.40, 234.60, 234.65 or 234.70 are not applicable to bonds issued under the authority of this section. The authority may not have outstanding at any one time bonds for housing rehabilitation loans in an aggregate principal amount exceeding \$100,000,000, excluding bonds being issued to refund outstanding bonds. The authority shall consult with and coordinate the issuance of bonds with the building commission prior to the issuance of bonds.

**History:** 1977 c. 418; 1979 c. 361 ss. 112, 113; 1981 c. 21; 1981 c. 349 s. 32; 1983 a. 27 s. 2202 (20); 1983 a. 36 s. 96 (4); 1983 a. 81 s. 13; 1983 a. 83 s. 22; 1983 a. 192; 1985 a. 29 ss. 2125, 2125m, 3200 (28), 3202 (28); 1985 a. 334.

**234.51 Housing rehabilitation loan program administration fund; establishment and use.** (1) There is established under the jurisdiction of the authority a housing rehabilitation loan program administration fund. There shall be paid into such fund the amounts appropriated under s. 20.490 (2) (a), the amounts provided in s. 234.55, any amounts transferred by the authority to such fund from other funds or sources and any other moneys which may be available to the authority for the purpose of such fund from any other source.

(2) Subject to agreements with bondholders, the authority shall use moneys in the fund solely:

(a) To pay all administrative costs, expenses and charges, including origination fees and servicing fees, incurred in conducting the housing rehabilitation loan program other than those described in ss. 234.53 (4) and 234.55 (2) (b); or

(b) For transfer, upon request, to the secretary of administration for deposit in the state general fund, to the extent that the chairperson of the authority certifies that such funds are no longer required for the program.

(3) Moneys of the fund may be invested as provided in s. 234.03 (18). All such investments shall be the exclusive property of the fund. All earnings on or income from such investments shall be credited to the fund.

**History:** 1977 c. 418; 1981 c. 349; 1985 a. 29.

**234.52 Housing rehabilitation loan program loan-loss reserve fund; establishment and use.** (1) There is established under the jurisdiction of the authority a housing rehabilitation loan program loan-loss reserve fund. There shall be paid into such fund the amounts appropriated under s. 20.490 (2) (q), the amounts provided under s. 234.55, any amounts transferred by the authority to such fund from other funds or sources and any other moneys which may be available to the authority for the purposes of such fund from any other source.

(2) Subject to agreements with bondholders, the authority shall use moneys in the fund solely for transfer to the housing rehabilitation loan program bond redemption fund in amounts equal to losses on housing rehabilitation loans owned by that fund which are not made good by federal insurance or guarantee payments, and solely for the purposes described in s. 234.55 (2) (a). Any balance remaining after

payment or due provision for payment of all outstanding bonds issued under the authority of s. 234.50 shall be transferred to the housing rehabilitation loan program administration fund only for the purpose of deposit in the state general fund.

(3) Moneys of the fund may be invested as provided in s. 234.03 (18). All such investments shall be the exclusive property of the fund. All earnings on or income from such investments shall be credited to the fund.

**History:** 1977 c. 418; 1985 a. 29 s. 3200 (28).

**234.53 Housing rehabilitation loan fund.** (1) The authority shall establish the housing rehabilitation loan fund. All moneys resulting from the sale of bonds issued under the authority of s. 234.50, not including bonds issued to refund outstanding bonds, and unless credited to the housing rehabilitation loan program capital reserve or bond redemption funds, shall be credited to such fund.

(2) The authority shall use moneys in the fund for the purpose of purchasing housing rehabilitation loans or for funding commitments for loans to lenders for housing rehabilitation loans. All disbursements of funds under this section for purchasing such loans shall be made payable to an authorized lender as defined in s. 234.49 (1) (b) or a duly authorized agent thereof.

(3) Moneys of the fund may be invested as provided in s. 234.03 (18). All such investments shall be the exclusive property of the fund. All earnings on or income from such investments shall be credited to the fund.

(4) The authority may use moneys in the fund to cover actual and necessary expenses incurred in the sale of housing rehabilitation bonds and investment of the proceeds thereof.

(5) Any moneys not needed for the purposes of the fund shall be transferred to the housing rehabilitation loan program bond redemption fund.

**History:** 1977 c. 418; 1979 c. 361 s. 113; 1985 a. 29 ss. 3200 (28), 3202 (14).

**234.54 Housing rehabilitation loan program capital reserve fund.** (1) The authority shall establish the housing rehabilitation loan program capital reserve fund to secure the bonds issued under the authority of s. 234.50, and shall pay into such fund any moneys appropriated and made available by the state for the purposes of such fund, any proceeds of sale of housing rehabilitation bonds to the extent provided in the resolution of the authority authorizing the issuance thereof and any other moneys which are made available to the authority for the purpose of such fund from any other source.

(2) All moneys held in the housing rehabilitation loan program capital reserve fund, except as otherwise specifically provided, shall be used, as required, solely for the payment of the principal of bonds of the authority secured in whole or in part by such fund or of sinking fund payments with respect to such bonds, the purchase or redemption of such bonds, the payment of interest on such bonds or the payment of any redemption premium required to be paid when such bonds are redeemed prior to maturity; but, if moneys in such fund at any time are less than the capital reserve fund requirement established for such fund as provided in this section, the authority shall not use such moneys for any optional purchase or optional redemption of such bonds. Any income or interest earned by, or increment to, the capital reserve fund due to the investment thereof may be transferred by the authority to other housing rehabilitation loan program funds or accounts of the authority to the extent such transfer does not reduce the amount of the capital reserve fund below the capital reserve fund requirement for the fund.

(3) The authority may not issue bonds, secured in whole or in part by the capital reserve fund if upon the issuance of such bonds, the amount in such capital reserve fund will be less than the capital reserve fund requirement of such fund, unless the authority, forthwith upon the issuance of such bonds, deposits in such fund from the proceeds of the bonds to be issued, or from other sources, an amount which, together with the amount then in such fund, will not be less than the capital reserve fund requirement for such fund. For purposes of this section, "Capital reserve fund requirement" means, as of any particular date of computation, an amount of money, as provided in the resolutions of the authority authorizing the bonds with respect to which such fund is established, which amount may not exceed the maximum annual debt service on the bonds of the authority for that calendar year or any future calendar year secured in whole or in part by such fund. The annual debt service for any calendar year is the amount of money equal to the aggregate of a) all interest payable during such calendar year on all bonds secured in whole or in part by such fund outstanding on the date of computation; and b) the principal amount of all such bonds outstanding on said date of computation which mature during such calendar year; and c) all amounts specified in any resolution of the authority authorizing any of such bonds as payable during such calendar year as a sinking fund payment with respect to any of such bonds which mature after such calendar year, all calculated on the assumption that such bonds will after such date of computation cease to be outstanding by reason, but only by reason, of the payment of bonds when due, and the payment when due and application in accordance with the resolution authorizing those bonds, of all of such sinking fund payments payable at or after such date of computation. However, in computing the annual debt service for any calendar year, bonds deemed to have been paid in accordance with the defeasance provisions of the resolution of the authority authorizing the issuance thereof may not be included in bonds outstanding on such date of computation.

(4) (a) To assure the continued operation and solvency of the authority for the carrying out of the public purposes of this chapter, the authority shall accumulate in the capital reserve fund an amount equal to the capital reserve fund requirement for such fund.

(b) If at any time the capital reserve fund requirement for the capital reserve fund exceeds the amount of such capital reserve fund, the chairperson of the authority shall certify to the secretary of administration, the governor and the joint committee on finance the amount necessary to restore such capital reserve fund to an amount equal to the capital reserve fund requirement in respect thereto. If such certification is received by the secretary of administration in an even-numbered year prior to the completion of the budget compilation under s. 16.43, the secretary shall include the certified amount in the budget compilation. In any case, the joint committee on finance shall introduce in either house, in bill form, an appropriation of the amount so certified to the capital reserve fund. Recognizing its moral obligation to do so, the legislature hereby expresses its expectation and aspiration that, if ever called upon to do so, it shall make such appropriation.

(c) Paragraph (b) applies only to bonds issued before December 31, 1983.

(5) In computing the amount of the capital reserve fund for the purposes of this section, securities in which all or a portion of such capital reserve fund is invested shall be valued at par, or if purchased at less than par, at their cost to the authority, adjusted to reflect the amortization of discount or premium paid upon their purchase.

(6) Notwithstanding subs. (1) to (5), the authority, subject to such agreements with bondholders as may then exist, may elect not to secure any particular issue or series of its bonds with the capital reserve fund. Such election shall be made in the resolution authorizing such issue or series. In this event, subs. (2) and (3) shall not apply to the bonds of such issue or series in that they shall not be entitled to payment out of or be eligible for purchase by such fund nor may they be taken into account in computing or applying any capital reserve fund requirement.

History: 1977 c. 418; 1981 c. 21.

**234.55 Housing rehabilitation loan program bond redemption fund.** (1) The authority shall establish the housing rehabilitation loan program bond redemption fund. All housing rehabilitation loans purchased with moneys from the housing rehabilitation loan fund or notes evidencing loans to lenders from such fund for housing rehabilitation loans shall be the exclusive property of such redemption fund. All moneys received from the repayment of such loans, any amounts transferred by the authority to such fund pursuant to s. 234.52 or from other funds or sources, any federal insurance or guarantee payments with respect to such loans, all moneys resulting from the sale of bonds for the purpose of refunding outstanding housing rehabilitation bonds unless credited to the housing rehabilitation loan program capital reserve fund, and any other moneys which may be available to the authority for the purpose of such fund, shall be deposited into such fund to be used for the repayment of housing rehabilitation bonds issued under the authority of s. 234.50.

(2) Subject to agreements with bondholders and except as provided in sub. (3), the authority may use moneys in the fund solely:

(a) For the payment of the principal of and interest on housing rehabilitation bonds of the authority when the same become due whether at maturity or on call for redemption and for the payment of any redemption premium required to be paid when such bonds are redeemed prior to their stated maturities, and to purchase such bonds;

(b) To pay actual and necessary expenses incurred to service and administer outstanding housing rehabilitation bonds, including fees and expenses of trustees and paying agents, and to collect housing rehabilitation loans;

(c) For transfer to the housing rehabilitation loan program loan loss reserve fund; or

(d) For transfer to the housing rehabilitation loan fund.

(3) Any balance remaining after satisfaction of all obligations under sub. (2) shall be transferred to the housing rehabilitation loan program administration fund only for the purpose of deposit in the state general fund.

(4) Moneys of the fund may be invested as provided in s. 234.03 (18). All such investments shall be the exclusive property of the fund. All earnings on or income from such investments shall be credited to the fund.

History: 1977 c. 418; 1985 a. 29 s. 3200 (28).

**234.59 Homeownership mortgage loan program.** (1) DEFINITIONS. In this section:

(a) "Authorized lender" means a bank, savings and loan association, credit union or mortgage banker.

(d) "Eligible property" means any of the following:

1. A residential structure having a single dwelling unit, if the structure is or will be the principal residence of an applicant.

2. A residential structure having no more than 2 dwelling units, if one of the units is or will be the principal residence of an applicant and the structure is an existing dwelling first

occupied at least 5 years before execution of a homeownership mortgage loan secured by the dwelling.

3. A dwelling unit in a condominium or cooperative, together with an interest in common areas, if the unit is or will be the principal residence of an applicant.

(e) "Existing dwelling" means a previously occupied dwelling.

(f) "Homeownership mortgage loan" means a loan to finance the construction, long-term financing or qualified rehabilitation of an eligible property by an applicant.

(g) "Median income" means median family income as determined by the U.S. department of housing and urban development.

(h) "Mortgage banker" means a mortgage banker registered under s. 440.72, but does not include a person licensed under s. 138.09.

(i) "New dwelling" means a dwelling which has never been occupied.

(j) "Principal residence" means an eligible property in this state which an applicant maintains as a full-time residence, but does not use as a vacation home or for trade or business purposes.

**(2) POWERS AND DUTIES OF THE AUTHORITY.** The authority shall establish and administer a homeownership mortgage loan program to encourage and to facilitate the acquisition or rehabilitation of eligible property by applicants. To implement the program, the authority:

(a) May enter into contracts permitting an authorized lender to make or service homeownership mortgage loans or both.

(c) Shall maintain a current list of authorized lenders.

(e) May enter into agreements to insure or provide additional security for homeownership mortgage loans or bonds or notes issued under s. 234.60.

**(3) LOAN CONDITIONS.** (a) The amount of a homeownership mortgage loan may not exceed the lesser of 95% of the purchase price or 95% of the appraised value of the eligible property.

(b) 1. a. A homeownership mortgage loan may not be made to any applicant whose income combined, except as provided in subd. 1. b, with the income from all sources of all adults who intend to purchase an eligible property or to occupy the same dwelling unit as that applicant, exceeds 110% of the median income of the county where the eligible property for which the applicant seeks a loan is located.

b. For the purpose of subd. 1. a, no income of any child or parent of an applicant may be considered unless the child or parent applies for a homeownership mortgage loan in conjunction with the applicant.

2. If the number of persons intending to occupy an eligible property consists of more or less than 4 persons, the authority may increase the percentage given under subd. 1. a by not more than 5% for each person more than 4, or decrease that percentage by not more than 5% for each person less than 4.

(c) The authority shall notify an eligible lender if it receives a certification under s. 46.255 (7) that a person is delinquent in child support or maintenance payments. An eligible lender may not make a loan to an applicant if it receives notification under this paragraph concerning the applicant.

(e) A homeownership mortgage loan may not be made to finance the acquisition or replacement of an existing mortgage given by an applicant. This paragraph does not apply to any of the following:

1. A construction loan.

2. Temporary initial financing.

3. A loan made to finance a rehabilitation.

**History:** 1981 c. 349; 1983 a. 82, 192; 1985 a. 29 ss. 2127, 2261 to 2269, 3200 (14); 1985 a. 332; Stats. 1985 s. 234.59; 1987 a. 27, 359; 1987 a. 403 s. 256.

**234.60 Bonds for homeownership mortgage loans. (1)** The authority may issue its bonds or notes to fund homeownership mortgage loans.

**(2)** The limitations in ss. 234.18 (1) and (2), 234.40, 234.50, 234.65 and 234.70 do not apply to bonds or notes issued under this section.

**(3) (a)** The authority may not have outstanding at any time in aggregate principal amount of bonds or notes issued under this section before January 1, 1983 more than \$150,000,000 less not more than \$50,000,000 in aggregate principal amount of revenue obligations issued subject to s. 45.79 (6) (c) on or after May 8, 1982 and before November 1, 1982.

**(b)** The authority may not have outstanding at any time in aggregate principal amount of bonds or notes issued under this section from January 1, 1983, to December 31, 1983, more than \$185,000,000 less not more than \$50,000,000 in aggregate principal amount of revenue obligations issued subject to s. 45.79 (6) (c) from January 1, 1983, to October 31, 1983.

**(bs)** The authority may not issue in 1987 bonds or notes the aggregate principal amount of which exceeds the greater of the following:

1. An amount equal to 8.55% of the average annual aggregate principal amount of mortgages executed during the 3 years preceding the year of issuance for single-unit, owner-occupied dwellings in this state.

2. An amount equal to \$205,000,000.

**(c)** The limitations in pars. (a) and (b) do not include bonds or notes issued to refund outstanding bonds or notes issued under this section. "Principal amount" as used in pars. (a) and (b) means the issue price, as defined in 26 USC 1232 (b) (2) as amended to November 17, 1983.

**(4)** Before issuing bonds or notes under this section, the authority shall consult and coordinate the bond or note issue with the building commission.

**(5)** No bonds or notes may be issued under this section after December 31, 1988, except bonds or notes issued to refund outstanding bonds or notes issued under this section.

**(9)** The executive director of the authority shall make every effort to encourage participation in the homeownership mortgage loan program by women and minorities.

**History:** 1981 c. 349; 1983 a. 27 s. 2202 (20); 1983 a. 36 s. 96 (4); 1983 a. 81 s. 13; 1983 a. 82; 1983 a. 83 s. 22; 1983 a. 192; 1985 a. 29 ss. 2128 to 2131, 3202 (28); 1985 a. 78, 334; 1987 a. 27, 69.

**NOTE:** Chapter 349, laws of 1981, which created this section, has a lengthy "Legislative declaration" in section 1.

**234.65 Economic development. (1) (a)** With the consent of the department of development and subject to par. (f), the authority may issue its negotiable bonds and notes to finance its economic development activities authorized or required under this chapter, including financing economic development loans.

**(b)** The limits in ss. 234.18 (1) and (2), 234.40, 234.50, 234.60 and 234.70 do not apply to bonds or notes issued under this section.

**(c)** The authority may not issue more than \$105,000,000 in aggregate principal amount of bonds and notes under this section, excluding bonds and notes issued to refund outstanding bonds or notes issued under this section.

**(cm)** No bonds or notes may be issued under this section after December 31, 1989, except bonds or notes issued to refund outstanding bonds and notes issued under this section.

**(d)** This state is not morally or legally liable on and s. 234.15 (4) does not apply to bonds or notes issued under this section, and all bonds or notes issued under this section shall contain on the face thereof a statement to that effect.

(dm) The authority has no moral or legal obligation or liability to any borrower under this section except as expressly provided by written contract.

(e) The authority shall employ the building commission as its financial consultant to assist and coordinate the issuance of bonds and notes under this section.

(f) The authority may not issue bonds or notes under par. (a) unless it has contracted to reimburse the department of development a sum certain for the department's operating costs in carrying out its responsibilities to effectuate and promote the economic development programs created with the bonding authority in this chapter and its responsibilities under s. 560.03 (17).

(g) In granting loans under this section the authority shall give preference to businesses which are more than 50% owned or controlled by women or minorities, to businesses that, together with all of their affiliates, subsidiaries and parent companies, have current gross annual sales of \$5,000,000 or less or that employ 25 or fewer persons and to new businesses that have less than 50% of their ownership held or controlled by another business and have their principal business operations in this state.

(gm) The authority may not grant a loan in an amount greater than 4% of the amount of bonds and notes authorized under par. (c) for the benefit of a business that, together with all of its affiliates and subsidiaries and its parent company, has current gross annual sales in excess of \$5,000,000.

(gp) The authority may not refinance a loan to a business which has been a participant in a tax incremental financing district.

(1m) The department of development shall, in consultation with the authority, promulgate rules and adopt procedures, in accordance with the procedures under ch. 227, to implement sub. (3).

(2) (a) The authority may finance an economic development loan only after considering all of the following:

1. The extent to which an economic development project will maintain or increase employment in this state.

2. The extent to which an economic development project will make a significant contribution to this state's economic growth and the well-being of its residents.

3. Whether an economic development project will be located in an area of high unemployment or low average income.

4. The number of financial institutions participating in the economic development loan program.

5. The extent to which the activities constituting the economic development project otherwise would not occur.

(b) Paragraph (a) does not apply to an economic development loan to finance an economic development project described under s. 234.01 (4n) (c).

(3) The authority may finance an economic development loan only if all of the following conditions are met:

(a) 1. The business which will receive the loan, at least 30 days prior to signing of the loan contract, has given notice of intent to sign the contract, on a form prescribed under s. 560.034 (1), to the department of development and to any collective bargaining agent in this state with whom the person has a collective bargaining agreement; and

2. The authority has received an estimate issued under s. 560.034 (5) (b), and the department of development has estimated whether the project which the authority would finance under the loan is expected to eliminate, create or maintain jobs on the project site and elsewhere in this state and the net number of jobs expected to be eliminated, created or maintained as a result of the project.

3. Nothing in this paragraph may be deemed to require a business signing a loan contract to satisfy an estimate under subd. 2.

4. Subdivisions 1 to 3 do not apply to a person engaged in the business of operating a railroad or to an economic development loan to finance an economic development project described under s. 234.01 (4n) (c).

(b) Conventional financing is unavailable for the economic development project on reasonably equivalent terms and conditions.

(c) The economic development project is or will be located in this state.

(d) The business receiving the benefits of the loan proceeds, together with all of its affiliates and subsidiaries and its parent company, has current gross annual sales of \$35,000,000 or less.

(dg) The authority shall not assume primary risk for any economic development loan.

(e) The economic development loan will not be used to refinance existing debt, unless it is in conjunction with an expansion of the business or job creation. This paragraph does not apply to an economic development loan to finance an economic development project described under s. 234.01 (4n) (c).

(f) The authority has not received a certification under s. 46.255 (7) that the person receiving the loan is delinquent in child support or maintenance payments.

(3m) An economic development loan may not be made unless the department of development complies with sub. (1m) and certifies that each loan complies with sub. (3).

(3r) Any economic development loan which a business receives from the authority under this section to finance a project shall require the business to submit to the department of development within 12 months after the project is completed or 2 years after a loan is issued to finance the project, whichever is sooner, on a form prescribed under s. 560.034 (1), the net number of jobs eliminated, created or maintained on the project site and elsewhere in this state as a result of the project. This subsection does not apply to an economic development loan to finance an economic development project described under s. 234.01 (4n) (c).

(4) In respect to the loans issued under this section, the authority shall submit to the governor, the joint committee on finance and the chief clerk of each house of the legislature, for distribution to the appropriate standing committees under s. 13.172 (3), within 6 months after the close of its fiscal year an annual report including all of the following for the fiscal year:

(a) A statement of the authority's operations, accomplishments, goals and objectives.

(b) A financial statement showing income and expenses, assets and liabilities and a schedule of its bonds and notes outstanding and the amounts redeemed and issued.

(5) On or before July 1, 1985, and every July 1 thereafter, the department of development shall submit to the chief clerk of each house of the legislature, for distribution to the appropriate standing committees under s. 13.172 (3), a report which shall address the effects of lending under this section in the following areas:

(a) Maintaining or increasing employment in this state.

(b) Contributing to this state's economic growth and the well-being of its residents.

(c) Locating economic development projects in areas of high unemployment or low average income.

(d) Obtaining the participation of a large number of financial institutions in the lending.

(e) The geographical distribution of lending in this state.

**History:** 1983 a. 83, 192; 1985 a. 29 s. 3202 (28); 1985 a. 299, 334; 1987 a. 27, 186.

**NOTE:** This section was created by 1983 Wisconsin Act 83. Section 1 of that act is entitled "Legislative Declaration."

**234.70 Bonds for residential facilities for the elderly or chronically disabled.** (1) Upon the authorization of the department of health and social services, the authority may issue bonds or notes and make loans for the financing of housing projects which are residential facilities as defined in s. 46.28 (1) (d) and the development costs of those housing projects, if the department of health and social services has approved the residential facilities for financing under s. 46.28 (2). The limitations in ss. 234.18 (1) and (2), 234.40, 234.50, 234.60 and 234.65 do not apply to bonds or notes issued under this section. The definition of "nonprofit corporation" in s. 234.01 (9) does not apply to this section.

(2) (a) The aggregate amount of outstanding bonds or notes issued under this subsection may not exceed \$99,400,000.

(b) Of the amount specified in par. (a), \$30,000,000 may only be used to finance residential facilities serving 15 or fewer persons who are chronically disabled, as defined in s. 46.28 (1) (b).

(c) 1. Of the amount specified in par. (a), \$48,580,000 may only be used to finance residential facilities with 100 or fewer units for elderly persons, as defined in s. 46.28 (1) (c) or to finance additional residential facilities serving 15 or fewer persons who are chronically disabled.

2. The remainder of the amount specified in par. (a) may only be used to finance residential facilities with 50 or fewer units for elderly persons, as defined in s. 46.28 (1) (c), or to finance additional residential facilities serving 15 or fewer persons who are chronically disabled.

3. At least 20% of the units in any residential facility serving elderly persons for which bonds or notes are issued under this paragraph shall be reserved for low-income elderly persons.

(3) The authority is not required to issue bonds or notes under this section to finance residential facilities for persons and families of low and moderate income.

**History:** 1983 a. 27; 1983 a. 81 s. 13; 1983 a. 83 s. 22; 1983 a. 192; 1985 a. 29, 334.

**234.85 Minority financial interests.** (1) In this section, "minority business", "minority financial adviser" and "minority investment firm" mean a business, financial adviser and investment firm, respectively, certified by the department of development under s. 560.036 (2).

(2) The authority shall annually report to the department of administration the total amount purchased from and contracted or subcontracted under contracts made by the authority to minority businesses, the total amount of bonds and notes issued by the authority with the underwriting services of minority investment firms and the total amount of moneys expended by the authority for the services of minority financial advisers during the preceding state fiscal year.

**History:** 1987 a. 27.

**234.90 Agricultural production loan guarantees.** (1) **DEFINITIONS.** In this section and in s. 234.91:

(a) "Agricultural commodity" has the meaning given under s. 94.67 (2).

(ad) "Agricultural production loan" means a loan to a farmer to finance the purchase of fertilizer, seed, fuel, pesticides, tillage services, crop insurance, animal feed or any other service or consumable good necessary to produce an agricultural commodity.

(am) "Deficiency" means that portion of the unpaid principal amount of a defaulted agricultural production loan guaranteed under sub. (4) which exceeds 10% of the unpaid principal amount of the guaranteed loan. "Deficiency" does not include any interest, any origination fees or other charges relating to the guaranteed loan or any expenses incurred by the lender in enforcing the security interest taken in the agricultural commodity resulting from the proceeds of the guaranteed loan.

(b) "Farmer" has the meaning given under s. 102.04 (3).

(c) "Guaranteed loan" means an agricultural production loan which is guaranteed by the authority.

(d) "Participating lender" means a bank, production credit association, credit union, savings and loan association or other person who makes agricultural production loans and who has entered into an agreement with the authority under sub. (7).

(2) **ELIGIBLE LOANS.** An agricultural production loan made by a participating lender is eligible for guarantee by the authority if all of the following apply:

(a) The loan is to finance production of an agricultural commodity.

(b) The total of the principal amounts of all loans extended to the borrower under this section during a single calendar year does not exceed \$20,000.

(c) The rate of interest on the loan, including any origination fees or other charges relating to the loan, does not exceed 10% annually.

(d) The rate of interest on the loan for which the borrower is obligated, including any origination fees or other charges relating to the loan, does not exceed 8% annually.

(e) The participating lender shall pay directly any supplier of fertilizer, seed, fuel, pesticides, tillage services, crop insurance, animal feed or other service or consumable good necessary to produce an agricultural commodity, if the borrower obtains the loan to pay that supplier.

(f) The participating lender obtains a security interest for repayment of the loan in the agricultural commodity resulting from use of the loan proceeds.

(g) The borrower procures an insurance policy which protects the agricultural commodity to be financed with the proceeds of the loan against risk of loss, and the proceeds of which are payable to the participating lender.

(h) The term of the loan does not extend after March 31 of the calendar year following the calendar year in which the participating lender granted the loan.

(i) The proceeds of the loan may not be applied to the outstanding balance of any other loan, except that the proceeds may be used to refinance a loan under this section.

(3) **ELIGIBLE FARMERS.** A farmer is eligible for a guaranteed loan if all of the following apply:

(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 participating 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 participating 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 calendar year following the calendar year in which the participating lender granted the loan.

(d) The authority has not received a certification under s. 46.255 (7) that the farmer is delinquent in making child support or maintenance payments.

**(3m) EXTENSION.** A participating lender may extend the term of a loan until no later than June 30 of the calendar year following the calendar year in which the participating lender granted the loan.

**(4) GUARANTEE.** (a) Except as provided in par. (b), the authority shall guarantee repayment of 90% of the principal of any agricultural production loan eligible for guarantee under sub. (2) made to a farmer eligible for a guaranteed loan under sub. (3).

(b) 1. Except as provided in subd. 2, the total principal amounts of all loans made on or after February 1, 1988, which the authority may guarantee under par. (a) may not exceed \$25,000,000.

2. The authority may request permission from the secretary of administration to increase the total principal amounts of all loans it may guarantee. The secretary of administration may authorize the increase if the secretary determines that the agricultural production loan fund contains sufficient funds to guarantee loans in the requested total principal amount. If the secretary authorizes the increase, the secretary shall notify the joint committee on finance in writing. The authority may proceed with the proposed increase if within 14 working days after notification the committee does not schedule a meeting to review the proposed increase. If the committee schedules a meeting to review the proposed increase, the increase may not take effect unless the committee approves it.

**(5) INTEREST REDUCTION.** The authority shall pay, from the moneys appropriated under s. 20.490 (3) (b), to each participating lender an amount equal to 2% of the principal amount of any agricultural production loan guaranteed under sub. (4).

**(6) DEFAULT.** (a) A participating lender shall determine when a guaranteed loan is in default, except that any guaranteed loan not repaid in full on or before March 31 of the calendar year following the calendar year in which the participating lender granted the loan is in default unless the term of the loan is extended. Upon default, if there is any deficiency remaining after the participating lender has enforced to the fullest extent possible the security interest taken in the agricultural commodity resulting from use of the loan proceeds and has collected any proceeds payable from the insurance policy protecting the agricultural commodity resulting from use of the loan proceeds, the participating lender may so notify the authority. The authority may not accept notice of enforcement and deficiency after July 1 of the calendar year following the calendar year in which the participating lender granted the loan, or after 30 days after the termination date of a loan extended under sub. (3m), whichever is later.

(b) Not more than 60 days after accepting notice of enforcement and deficiency under par. (a), the authority shall pay to a participating lender, from the agricultural production loan fund under s. 234.91, the amount of the deficiency.

**(7) ADMINISTRATION.** (a) The authority shall enter into a guarantee agreement with any bank, production credit association, credit union, savings and loan association or other person who makes agricultural production loans and who wishes to have those loans guaranteed under this section. The authority may determine all of the following, consistent with this section:

1. The form of the agreement.
2. Any conditions upon which the authority may refuse to enter into such an agreement.
3. Any procedures required to carry out the agreement.

(b) The authority may not use any moneys other than those in the agricultural production loan fund to guarantee a guaranteed loan under this section.

**(7m) BALANCE TRANSFER.** (a) No later than June 30, 1989, the authority shall transfer to the general fund any balance remaining in the agricultural production loan fund on that date after deducting an amount equal to the sum of the following:

1. The amount of all claims outstanding on the date of transfer.

2. A fraction, the numerator of which is an amount equal to all claims paid on or before the date of transfer or outstanding on the date of transfer and the denominator of which is the principal amount of all guaranteed loans due on or before the date of transfer, multiplied by the sum of the following:

a. The principal amount of all guaranteed loans not due on or before the date of transfer.

b. An amount equal to \$25,000,000 or, if a total principal amount is determined under sub. (4) (b) 2, equal to that amount, minus the principal amount of all guaranteed loans granted on or after February 1, 1988.

3. An amount equal to the moneys in the agricultural production loan fund that are committed to guarantee agricultural production drought assistance loans under s. 234.905.

(b) If under par. (a) the authority deducts an amount sufficient to pay outstanding and anticipated claims under this section or to cover agricultural production drought assistance loans guaranteed under s. 234.905, the authority shall transfer moneys to the general fund each calendar quarter as claims are resolved or the agricultural production drought assistance loans guaranteed under s. 234.905 are paid, until no balance remains in the agricultural production loan fund.

**(8) MORAL OBLIGATION.** Recognizing its moral obligation to do so, the legislature expresses its expectation and aspiration that, if ever called upon to do so, it shall make an appropriation to meet all demands for funds under this section.

**(9) PROGRAM TERMINATION.** After December 31, 1989, subs. (1) to (8) apply only to outstanding claims unresolved as of that date.

**(10) ANNUAL REPORT.** Annually, the authority shall submit to the chief clerk of each house of the legislature for distribution under s. 13.172 (2) a report on the number of agricultural production loans made under this section, the adjusted gross income levels of farmers who have received such loans, the default rate on those loans and any other information on the program under this section which the authority determines is significant.

**History:** 1985 a. 9, 29, 153, 332, 334; 1987 a. 7, 27, 178, 421.

**234.905 Agricultural production drought assistance loan guarantees.** **(1) DEFINITIONS.** In this section and in s. 234.92:

(a) "Agricultural commodity" has the meaning given under s. 94.67 (2).

(b) "Agricultural production drought assistance loan" means a loan to a farmer to finance extraordinary drought-related costs, including the cost of any of the following:

1. Fertilizer, seed, fuel, pesticides, tillage services, crop insurance, or any other service or consumable good necessary to produce an agricultural commodity to replace or supplement an agricultural commodity adversely affected by drought conditions.

2. Water delivery in connection with agricultural commodities adversely affected by drought conditions.

3. Feed and associated expenses for animals to supplement feed supplies adversely affected by drought conditions.

(c) 1. "Deficiency" means that portion of the unpaid principal amount of a defaulted agricultural production drought assistance loan guaranteed under sub. (4) which exceeds 10% of the unpaid principal amount of the guaranteed loan.

2. "Deficiency" does not include any interest, any origination fees or other charges relating to the guaranteed loan or any expenses incurred by the lender in enforcing any security on the guaranteed loan.

(d) "Farmer" has the meaning given under s. 102.04 (3).

(e) "Guaranteed loan" means an agricultural production drought assistance loan on which the authority guarantees collection.

(f) "Participating lender" means a bank, production credit association, credit union, savings and loan association or other person who makes agricultural production drought assistance loans and who has entered into an agreement with the authority under sub. (7).

**(2) ELIGIBLE LOANS.** An agricultural production drought assistance loan made by a participating lender is eligible for guarantee of collection by the authority if all of the following apply:

(a) The total of the principal amounts of all guaranteed loans extended to the borrower under this section will not exceed \$10,000.

(b) The rate of interest on the agricultural production drought assistance loan, including any origination fees or other charges relating to the agricultural production drought assistance loan, does not exceed 9.5% annually.

(c) The participating lender shall pay directly any supplier of fertilizer, seed, fuel, pesticides, tillage services, crop insurance, animal feed, water or other service or consumable good necessary to produce an agricultural commodity, if the borrower obtains the agricultural production drought assistance loan to pay that supplier.

(d) The participating lender obtains security for repayment of the agricultural production drought assistance loan or follows other procedures required by the authority to secure repayment of the agricultural production drought assistance loan.

(e) The term of the agricultural production drought assistance loan is not longer than 3 years.

(f) The proceeds of the agricultural production drought assistance loan may not be applied to the outstanding balance of any other loan.

(g) The proceeds of the agricultural production drought assistance loan may not be used to refinance a loan made under this section.

**(3) ELIGIBLE FARMERS.** A farmer is eligible for a guaranteed loan if all of the following apply:

(a) The farmer does not meet the participating lender's minimum standards of creditworthiness to receive an agricultural production drought assistance loan in the normal course of the participating lender's business.

(b) The participating lender projects the amount of the farmer's debts to be approximately 40% or more of the amount of the farmer's assets.

(c) In the judgment of the participating 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 the end of the loan term.

(d) The authority has not received a certification under s. 46.255 (7) that the farmer is delinquent in making child support or maintenance payments.

(e) The participating lender projects that the farmer will lose approximately 40% or more of the farmer's crops because of drought conditions.

**(4) GUARANTEE OF COLLECTION.** (a) Except as provided in par. (b), on or before February 28, 1989, the authority shall guarantee collection of 90% of the principal of any agricultural production drought assistance loan eligible for guarantee under sub. (2) made to a farmer eligible for a guaranteed loan under sub. (3).

(b) 1. Except as provided in subd. 2, the total principal amounts of all agricultural production drought assistance loans which the authority may guarantee under par. (a) may not exceed \$35,000,000.

2. The authority may request permission from the secretary of administration to increase the total principal amounts of all agricultural production drought assistance loans it may guarantee under this section. The secretary of administration may authorize the increase if the secretary determines that the agricultural production drought assistance loan fund and the agricultural production loan fund under s. 234.91 contain sufficient funds to guarantee agricultural production drought assistance loans in the requested total principal amount. If the secretary authorizes the increase, the secretary shall notify the joint committee on finance in writing. The authority may proceed with the proposed increase if within 14 working days after notification the committee does not schedule a meeting to review the proposed increase. If the committee schedules a meeting to review the proposed increase, the increase may not take effect unless the committee approves it.

**(5) INTEREST REDUCTION.** The authority shall pay, from the moneys in the agricultural production drought assistance loan fund, to each participating lender an amount equal to 3.5% of the principal amount of any guaranteed loan to reduce interest payments on the guaranteed loan paid by a farmer.

**(6) DEFAULT.** (a) A participating lender shall determine when a guaranteed loan is in default, except that any guaranteed loan not repaid in full at or before the end of the loan's term is in default. Upon default, if there is any deficiency remaining after the participating lender has enforced to the fullest extent possible any security on the guaranteed loan and has followed any procedures required by the authority to secure the guaranteed loan, the participating lender may so notify the authority. The authority may not accept notice of enforcement and deficiency after June 1, 1992.

(b) Not more than 60 days after accepting notice of enforcement and deficiency under par. (a), the authority shall pay to a participating lender, from the agricultural production drought assistance loan fund under s. 234.92, the amount of the deficiency.

(c) If the funds in the agricultural production drought assistance loan fund are insufficient to pay a deficiency under par. (b), the authority may pay the deficiency from uncommitted funds in the agricultural production loan fund under s. 234.91.

**(7) ADMINISTRATION.** (a) The authority shall enter into a guarantee agreement with any bank, production credit association, credit union, savings and loan association or other person who makes agricultural production drought assistance loans and who wishes to have those loans guaranteed under this section. The authority may determine all of the following, consistent with this section:

1. The form of the agreement.

2. Any conditions upon which the authority may refuse to enter into such an agreement.

3. Any procedures required to carry out the agreement.

(b) Except as provided in sub. (6) (c), the authority may not use any moneys other than those in the agricultural production drought assistance loan fund to guarantee an agricultural production drought assistance loan under this section.

**(7m) BALANCE TRANSFER.** (a) No later than August 31, 1992, the authority shall transfer to the general fund any balance remaining in the agricultural production drought assistance loan fund on that date after deducting an amount equal to all claims outstanding on the date of transfer.

(b) If under par. (a) the authority deducts an amount sufficient to pay outstanding claims, the authority shall transfer moneys to the general fund each calendar quarter as claims are resolved, until no balance remains in the agricultural production drought assistance loan fund.

**(8) MORAL OBLIGATION.** Recognizing its moral obligation to do so, the legislature expresses its expectation and aspiration that, if ever called upon to do so, it shall make an appropriation to meet all demands for funds under this section.

**(9) ANNUAL REPORT.** On or before November 1 annually beginning in 1988 and ending in 1992, the authority shall submit to the chief clerk of each house of the legislature for distribution under s. 13.172 (2) a report on the number of agricultural production drought assistance loans made under this section, the default rate on the loans and any other information on the program under this section which the authority determines is significant.

**(10) PROGRAM TERMINATION.** After August 31, 1992, subs. (1) to (8) apply only to outstanding claims unresolved as of that date.

History: 1987 a. 421.

**234.91 Agricultural production loan fund.** There is established under the jurisdiction and control of the authority an agricultural production loan fund, consisting of both of the following:

(1) Any moneys appropriated to the authority under s. 20.490 (3) (a) or received by the authority for the agricultural production loan fund from any other source.

(2) Any income from investment of moneys in the agricultural production loan fund by the authority under s. 234.03 (18).

History: 1985 a. 9.

**234.92 Agricultural production drought assistance loan fund.** There is established under the jurisdiction and control of the authority an agricultural production drought assistance loan fund, consisting of both of the following:

(1) Any moneys appropriated to the authority under s. 20.490 (5) (a) or received by the authority for the agricultural production drought assistance loan fund from any other source.

(2) Any income from investment of moneys in the agricultural production drought assistance loan fund by the authority under s. 234.03 (18).

History: 1987 a. 421.

**234.94 Community development finance company.** In ss. 234.94 to 234.98:

(1) "Capital participation instrument" means:

(a) Any of the following or an option or other right to acquire any of the following:

1. Common or preferred capital stock.
2. Convertible securities.
3. Evidences of long-term or short-term indebtedness.
4. Warrants.
5. Subscriptions.

(b) Royalties or other lawful derivations of a capital participation instrument listed under par. (a).

(2) "Community development corporation" means:

(a) Any Native American tribal governing body or any business created by the governing body.

(b) A nonprofit corporation organized under ch. 181:

1. That is organized to operate within specific geographic boundaries;

2. That permits all adults residing in the area of operation to become members of the corporation and limits voting membership of persons not residing in the area to not more than 10% of the total membership;

3. That has a board of directors, a majority of whom reside in a target area or are members of a target group;

4. That makes a demonstrable effort to hire low-income or underemployed residents of the operating area;

5. Whose purpose is to promote the employment of members of a target group through projects that meet the conditions specified in s. 234.96 (1) (a) to (d);

6. That demonstrates a commitment to involving residents of target areas or members of target groups in projects; and

7. That petitions the authority for designation as a community development corporation.

(3) "Community development finance company" means a corporation or a limited partnership organized for profit under s. 234.95.

(4) "Cost of a project" means costs associated with the design, planning and implementation of a project that, in accordance with sound business and financial practices, are appropriate charges to the project. The costs may include, but are not limited to, the costs of planning and design, options to buy land, feasibility or other studies, seed money, construction, working capital and any other costs determined by the company to be necessary to the purposes of this chapter.

(5) "Primary employment" means work which pays at least the minimum wage as established under ch. 104 or under federal law, whichever is greater, offers adequate fringe benefits, including health insurance, and is not seasonal or part time.

(6) "Project" means a commercial, industrial or real estate business or other economic activity that is located in a target area or directed toward a target group and that has the purpose to create or preserve jobs for low-income people.

(7) "Target area" means a contiguous geographic area in which 50% or more of the households have income that is less than 80% of the statewide median household income.

(8) "Target group" means a population group for which the unemployment level is at least 25% higher than the statewide unemployment level, or a population group for which the average wage received is less than 1.2 times the minimum wage as established under ch. 104 or under federal law, whichever is greater. No population group is required to be located within a contiguous geographic area to be considered a target group.

History: 1981 c. 371; 1983 a. 106, 538; 1987 a. 399 ss. 419, 420g, 421, 422, 441, 441m; Stats. 1987 s. 234.94.

**234.95 Community development finance company. (1)**

The community development finance company is the corporation organized for profit under ch. 180, or limited partnership organized under ch. 179, which was created under s. 233.05 (1), 1985 stats. The chairperson of the authority, or his or her designee, is a director of the community development finance company. The shareholders of the community development finance company shall elect 4 other people to the company's board of directors. To the extent practicable, 3 people elected to the board of directors shall have substan-

tial business and financial experience and one person shall represent a community development corporation. If the community development finance company is organized as a limited partnership its general partner shall, to the extent practicable, have substantial business and financial experience.

(2) The community development finance company shall issue stock or partnership interests. The community development finance company shall invest funds it receives from the sale of stock or partnership interests by purchasing capital participation instruments under s. 234.96.

History: 1981 c. 371; 1983 a. 106. 1987 a. 399 s. 430; Stats. 1987 s. 234.95.

**234.96 Community development project participation. (1)**

The community development finance company may purchase a capital participation instrument of a project. The community development finance company may require that the project meet any of the following conditions:

(a) The project shall be located in a target area and be reasonably expected to contribute to the redevelopment and economic well-being of a target area or target group, other than by increasing or maintaining employment that is not primary employment, or be reasonably expected to increase or maintain threatened primary employment.

(b) The project plans conform to all applicable environmental, zoning, building, planning or sanitation laws.

(c) The project will be of public benefit and for a public purpose and, if the purpose is other than to maintain primary employment, the benefit of the project, including increasing primary employment and the provision of capital, will primarily accrue to a target area or target group.

(d) There is a reasonable expectation that the project will be successful.

(e) Private industry has not provided sufficient capital required for the project or sufficient employment opportunities in the project's area.

(f) The purchase is necessary to the successful completion of the proposed project because funding for the project is unavailable in the traditional capital markets, or because credit has been offered on terms that would preclude the success of the project.

(g) Provision has been made by contract for adequate reporting of financial data by the project to the community development finance company. Those provisions may include a requirement for an annual or other periodic audit of the project's financial records.

(h) The community development finance company will not own more than 49% of the voting stock in any enterprise as a result of the purchase.

(i) The proceeds of the purchase will be used solely in connection with the costs of the project.

(j) The community development corporation will maintain sufficient control over the project to ensure that public benefit and public purposes are maintained. Control over the project is sufficient if:

1. The project is conducted by a subsidiary which is completely owned by the community development corporation;

2. The community development corporation owns a majority of the voting stock of the corporation conducting the project; or

3. Binding commitments have been made for reporting to the community development corporation so that the community development corporation retains sufficient control to ensure that benefits under par. (c) will accrue to the intended beneficiaries.

(k) Provision has been made by contract to provide that if the community development finance company desires to

dispose of the capital participation instrument, other than through a public offering made in compliance with applicable federal securities law, the community development corporation or its nominee may, within 90 days after receiving notice of the proposed disposition, purchase the capital participation instrument at the price and on the terms specified in the notice. The contract shall provide that the community development finance company may dispose of the capital participation instrument only for terms not more favorable than specified in the notice and only after the community development corporation notifies the authority that it will not purchase on or after the expiration of the 90-day period. The community development finance company may include a provision permitting it to extend the period during which the community development corporation may exercise its option by not more than 90 days.

(L) The community development corporation is able to manage its project responsibilities.

(m) The total investment by the community development finance company in any one community development corporation will not exceed 20% of the total amount of its investable funds in community development corporations.

(p) The project will not result in a substantial increase in unemployment in the area of original location of any business or establishment relocated as part of the project.

(2) The findings made by the community development finance company under this section are conclusive.

(3) If 25% of the membership of the community development corporation or an equal number of adult members of the target group or adults residing in the target area of the project, if any, sign a petition requesting a public hearing and file the petition with the community development corporation, the community development finance company may only purchase capital participation instruments through the community development corporation after the community development corporation holds a public hearing on the desirability of the project. The public hearing shall be held as close as practical to the proposed project site, prior to commencing the project. The community development corporation shall record the names and addresses of all persons appearing for or against the project.

History: 1981 c. 371; 1983 a. 106; 1987 a. 399 s. 431; Stats. 1987 s. 234.96.

**234.97 Sale or purchase of stock or interest.** Subject to s. 234.96 (1) (h), the authority shall do all of the following:

(1) Use any funds received from the sale of community development finance company stock or partnership interest to purchase additional stock or partnership interests.

(2) Use funds received from contributions, gifts or grants under s. 234.03 (32) to purchase community development finance company stock or partnership interests or make grants or loans to community development corporations.

History: 1987 a. 399.

**234.98 Transferred assets.** The assets and liabilities transferred from the community development finance authority under 1987 Wisconsin Act 399, section 3011 (2) (a) shall be separate from all other assets and liabilities of the Wisconsin housing and economic development authority. The outstanding obligations or liabilities of the community development finance authority shall be paid only from the assets transferred to the Wisconsin housing and economic development authority from the community development finance authority under 1987 Wisconsin Act 399, section 3011 (2) (a).

History: 1987 a. 399.