WISCONSIN STATE LEGISLATURE COMMITTEE HEARING RECORDS

1999-2000
(session year)

Assembly
(Assembly, Senate or Joint)

Committee on Housing (AC-Ho)

File Naming Example:

Record of Comm. Proceedings ... RCP
- 05hr_AC-Ed_RCP_pt01a
- 05hr_AC-Ed_RCP_pt01b
- 05hr_AC-Ed_RCP_pt02

Published Documents

- Committee Hearings ... CH (Public Hearing Announcements)
- **

- Committee Reports ... CR
- **

- Executive Sessions ... ES
- **

- Record of Comm. Proceedings ... RCP
- **

Information Collected For Or Against Proposal

- Appointments ... Appt
- **

- Clearinghouse Rules ... CRule

**

- Hearing Records ... HR (bills and resolutions)
- **99hr_ab0807_AC-Ho_pt02**

- Miscellaneous ... Misc
- **

Wisconsin Department of Commerce
Manufacture Housing Change

Background

1999 Wisconsin Act 9 consolidated the manufactured housing functions, which are currently in the Departments of Administration (DOA) and Transportation (DOT), into the Department of Commerce, effective July 1, 2000.

Concern

A problem exists with the definition of the term, "Mobile Home". Under s. 101.91 (1), Stats., the definition of the term, "Mobile Home", is a vehicle that was manufactured or assembled before June 15, 1976. This statutory definition conforms to the federal definition of what constitutes a "mobile home" as opposed to what constitutes "manufactured housing."

The statutory text moved from the DOA and DOT chapters uses the term, "Mobile Home", in many places. The definition of "Mobile Home" in these DOA and DOT's chapters has not been updated through the years to reflect the distinction between "mobile home" and "manufactured housing." As these statutes are moved into Chapter 101, there is confusion and unintended consequences.

DOT's definition of a "mobile home" includes many structures that were built after June 15, 1976, and which have features that classify them as "manufactured housing" today. The unintended consequence in transferring DOT's language into Chapter 101 with the use of the term, "Mobile Home", is that the new Chapter 101 text only applies to and regulates vehicles manufactured or assembled before June 15, 1976.

As a result, only dealers and sellers of those old vehicles would need to be licensed under current law. Also, only those old vehicles would need to be titled. These are clearly not the intended results of the act. A relatively easy way to remedy this situation is to replace the term, "mobile", with the term, "manufactured", where mobile homes are now mentioned in the Chapter 101, Stats., as affected by 1999 Wisconsin Act 9.

Recommendation

We recommend the applicable sections of Chapter 101, Stats., be revised. Then add an applicability provision, perhaps by creating 101.97 that would read:

> *"In this subchapter, the term manufactured home, includes a mobile home unless specifically excluded."*

Additional Issue

One other "Mobile Home"-related issue, which is a need to insert a "Note Relating to Security" into the new Ch. 101 text relative to mobile homes. The note would go into the treatment section 101.9216, Stats.

It should be essentially the same note that currently exists under s. 342.24, Stats. The note would communicate the results of a court case, which found that motor vehicle law provisions relating to security interests do not apply to a "mobile home" once it has become a fixture. In cases where the home is set on a permanent foundation, the lending institutions will mortgage the land and home together. It would be less confusing if the word, "mobile", were NOT used in the note for the same reasons we have recommended not using that term in the new Chapter 101 statutory text.

Wisconsin Manufactured Housing Association

202 State Street, Ste 200
Madison, WI 53703

VIA FAX

February 4, 2000

Michael Bright
Bright Consulting
123 E Doty St Ste 205
Madison, WI 53703

Dear Michael,

Subject: Fix up language for Act 9

I've reviewed the language that you faxed me from Commerce. My conclusion is that unless it is modified, the language will fix one problem and create another. As drafted, the amendment would correct the problem for manufactured homes but create a problem for mobile homes. As Act 9 was approved, the drafters used the term mobile home throughout, which has the effect of deregulating manufactured homes. The Commerce amendment corrects that, but would deregulate mobile homes instead. My recommendation is to do as Commerce suggests and substitute "manufactured" for "mobile" in all of the spots indicated in the draft. Then, add an applicability provision, perhaps by creating 101.97 would read:

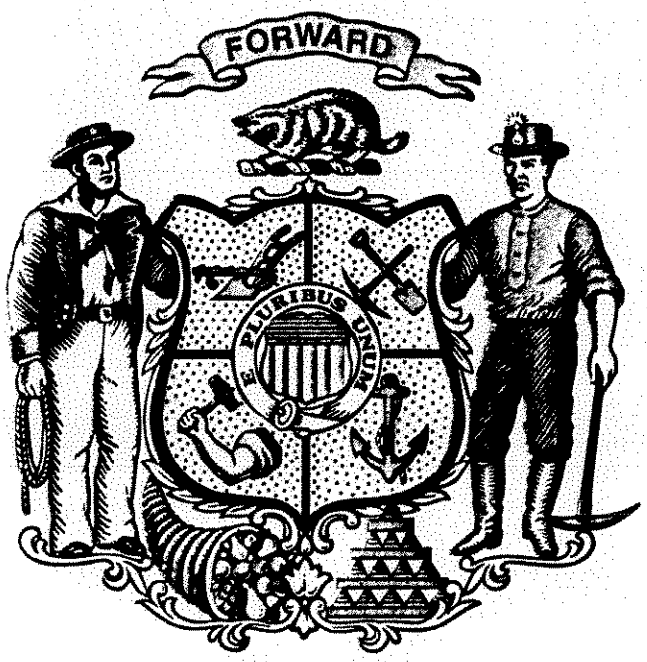
"In this subchapter, the term manufactured home, includes a mobile home unless specifically excluded."

I understand that we will be meeting with Department representatives on Wednesday, if there are any questions, we could address them at that time.

Sincerely,

Ross Kinzler
Executive Director

cc: Chris Spooner, Dept. of Commerce


FORWARD
E PLURIBUS UNUM

Jermstad, Sara

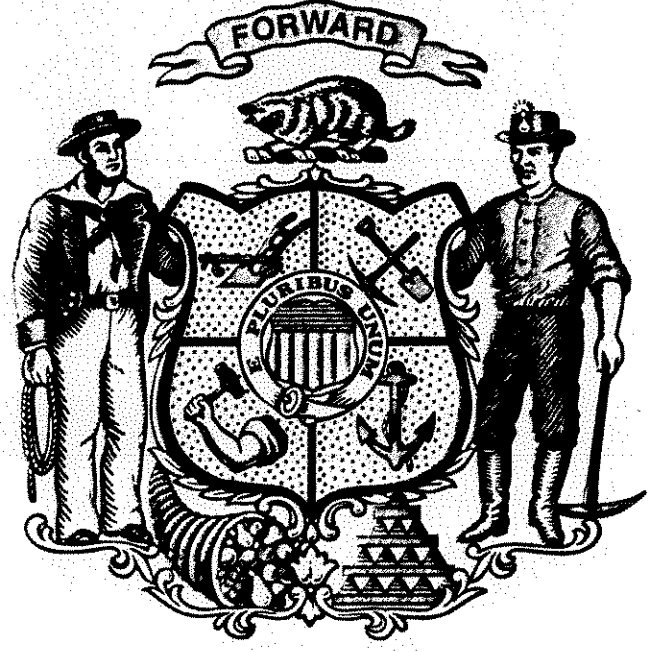
From: Michael P. Bright [bright.inc@midplains.net]
Sent: Monday, February 07, 2000 10:37 AM
To: Rep.Sykora@legis.state.wi.us
Subject: manufact. housing

Rep. Sykora,

Thanks for taking on the language that cleans-up Act 9 for the manufactured housing industry. I understand that Dept. Commerce, ie Chris Spooner talked with you last week. We want to be careful about how the clean-up reads so that we do not reverse the problem and create another. Who is doing the LRB drafting? Thanks again for your valuable time and assistance.

Sincerely,

Michael P. Bright
President
Bright Consulting Inc.
123 East Doty Street
Suite 205
Madison, WI 53703
Phone: (608) 257-6544
Fax: (608) 257-6587
Email: bright.inc@midplains.net


FORWARD
E PLURIBUS UNUM

Wisconsin
Department of Commerce

P. O. Box 7970
Madison, Wisconsin 53707
(608) 266-1018
TDD #: (608) 264-8777
www.commerce.state.wi.us

Tommy G. Thompson, Governor
Brenda J. Blanchard, Secretary

March 9, 2000

TO: Speaker Scott Jensen
Majority Leader Steve Foti
Wisconsin State Assembly

FR: Brenda J. Blanchard, Secretary
Department of Commerce

RE: Scheduling Assembly Bill 807

Background

1999 Wisconsin Act 9 consolidated the manufactured housing functions, which are currently in the Departments of Administration (DOA) and Transportation (DOT), into the Department of Commerce, effective July 1, 2000.

Definition of "Mobile Home"

A problem exists with the definition of the term, "Mobile Home". Under s. 101.91 (1), Stats., the definition of the term, "Mobile Home", is a vehicle that was manufactured or assembled before June 15, 1976. This statutory definition conforms to the federal definition of what constitutes a "mobile home" as opposed to what constitutes "manufactured housing."

Use of the Term "Mobile Home"

The statutory text moved from the DOA and DOT chapters uses the term, "Mobile Home", in many places. The definition of "Mobile Home" in these DOA and DOT's chapters has not been updated through the years to reflect the distinction between "mobile home" and "manufactured housing." As these statutes are moved into Chapter 101, there is confusion and unintended consequences.

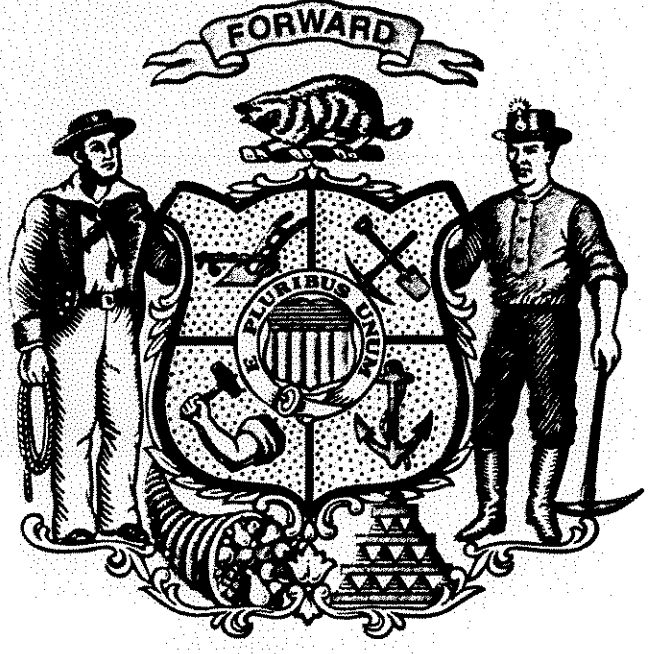
DOT's definition of a "mobile home" includes many structures that were built after June 15, 1976, and which have features that classify them as "manufactured housing" today. The unintended consequence in transferring DOT's language into Chapter 101 with the use of the term, "Mobile Home", is that the new Chapter 101 text only applies to and regulates vehicles manufactured or assembled before June 15, 1976.

Unintended Consequences

As a result, only dealers and sellers of those old vehicles would need to be licensed under current law. Also, only those old vehicles would need to be titled. These are clearly not the intended results of the act.

Request

I respectfully request you schedule Assembly Bill 807. The department has worked with Representative Sykora and the Wisconsin Manufactured Housing Association to address this problem.


FORWARD
E PLURIBUS UNUM

Assembly Republican Majority

BILL SUMMARY

AB 807: Regulation of Mobile Homes and Manufactured Homes

Date: March 22, 2000

BACKGROUND

1999 Wisconsin Act 9 consolidated the manufactured housing functions, which are currently in the Departments of Administration (DOA) and Transportation (DOT), into the Department of Commerce, effective July 1, 2000.

A problem exists with the definition of the term, "Mobile Home". Under s. 101.91 (1), Stats., the definition of the term, "Mobile Home", is a vehicle that was manufactured or assembled before June 15, 1976. This statutory definition conforms to the federal definition of what constitutes a "mobile home" as opposed to what constitutes "manufactured housing."

The statutory text moved from the DOA and DOT chapters uses the term, "Mobile Home", in many places. The definition of "Mobile Home" in these DOA and DOT's chapters has not been updated through the years to reflect the distinction between "mobile home" and "manufactured housing." As these statutes are moved into Chapter 101, there is confusion and unintended consequences.

DOT's definition of a "mobile home" includes many structures that were built after June 15, 1976, and which have features that classify them as "manufactured housing" today. The unintended consequence in transferring DOT's language into Chapter 101 with the use of the term, "Mobile Home", is that the new Chapter 101 text only applies to and regulates vehicles manufactured or assembled before June 15, 1976.

As a result, only dealers and sellers of those old vehicles would need to be licensed under current law. Also, only those old vehicles would need to be titled. These are clearly not the intended results of the act.

SUMMARY OF AB 807

AB 807 makes changes to current law concerning definition and regulation of mobile homes, manufactured homes, mobile home parks, mobile home dealers and salespersons. The proposed changes to definitions of mobile homes and manufactured homes and mobile home manufactured home parks harmonize Wisconsin statutes with federal law passed in the mid-1970s.

FISCAL EFFECT

This bill makes technical corrections to state statutes and does not have any fiscal impact in that it would continue the general regulatory scheme as it exists today.

This bill has no fiscal impact on the Transportation Fund or on the Department of Transportation.

PROS

1. Clarifies the legislative intent of 1999 Wisconsin Act 9.

CONS

None apparent.

SUPPORTERS

Rep. Tom Sykora, author; Department of Commerce; WI Manufacturing Housing Association

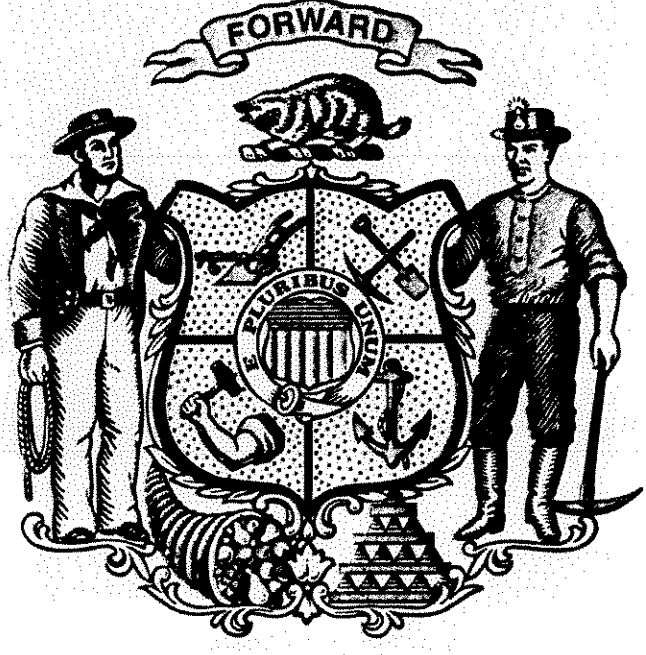
OPPOSITION

No one registered or testified in opposition to AB807.

HISTORY

Assembly Bill 807 was introduced on February 25, 2000, and referred to the Assembly Committee on Housing. A public hearing was held on February 23, 2000. On February 28, 2000, the Committee voted 7-0 to recommend passage of AB 807.

CONTACT: Sara Jermstad, Office of Rep. Tom Sykora


FORWARD
PLURIBUS UNUM

Wisconsin
Department of Commerce

P. O. Box 7970
Madison, Wisconsin 53707
(608) 266-1018
TDD #: (608) 264-8777
www.commerce.state.wi.us

Tommy G. Thompson, Governor
Brenda J. Blanchard, Secretary

April 7, 2000

Representative Tom Sykora
Post Office Box 8953
Madison, WI 53708

Dear Representative Sykora:

Thank you for your assistance with passage of Assembly Bill 807, relating to the definition of manufactured homes.

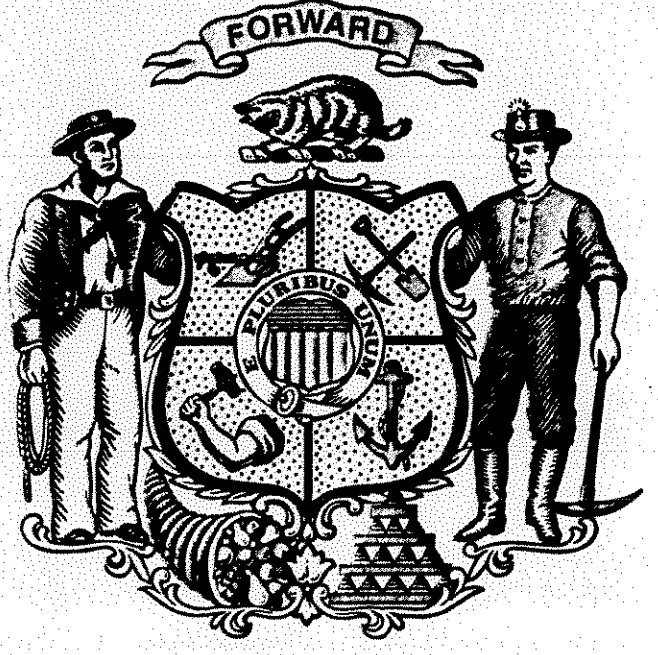
Enactment of this legislation is vital to the manufactured housing industry and to our agency as we begin a new partnership with the regulation of the industry. Your involvement with this legislation was critical to its success. Sara Jermstad was helpful, as well.

The Department of Commerce is continuing to prepare for the transfer of authority in July 2000 and is ready to assist the Governor's Blue Ribbon Task Force on Manufactured Housing. I believe you will find agency staff willing to work with the industry to create an efficient and effective program.

I look forward to working with you and best wishes in the future.

Sincerely,

Brenda J. Blanchard
SECRETARY


FORWARD
E PLURIBUS UNUM

Public Service Commission of Wisconsin

Ave M. Bie, Chairperson
Joseph P. Mettner, Commissioner
John H. Farrow, Commissioner

610 North Whitney Way
P.O. Box 7854
Madison, WI 53707-7854

December 5, 2000

Mr. John Hardek, Owner
Westwood Estates, Inc.
7801 88th Avenue
Pleasant Prairie, WI 53158-1973

Re: Public Service Commission Assessment of Mobile Home Parks — File 15925-40890

Dear Mr. Hardek:

Thank you for expressing your concerns about the Public Service Commission's (Commission) assessment of mobile home parks. I appreciate the time you took to bring this matter to my attention.

You state that you believe the mobile home park assessment is unnecessary. The Commission addressed this issue in its October 5, 2000, decision and a copy of this decision has previously been provided to you. Simply put, it is not within the Commission's authority to decide upon the necessity of the regulation. The regulation and the assessment is a matter of law and the Commission is bound by that law.

You also state that you purchase water and sewer service from the Village of Pleasant Prairie and since you pay the Village for these services, regulation by the Commission is unnecessary. In a previous questionnaire that you provided the Commission, you indicated that the mobile home park owns both the water and sewer mains in the park, and receives one bill from the Village for all water and sewer used in the park. In this case, the Village's jurisdiction ends at your property line. If, for example, there were evidence of improper flushing of the water mains within the park, it is appropriate for an occupant to complain to the Commission under Wis. Admin. Code Chapter PSC 186. The same would be true if the water pressure was substandard.

The regulation provided in Chapter PSC 186 may also benefit mobile home park operators. Prior to the Commission's involvement, the Department of Agriculture, Trade and Consumer Protection (DATCP) established standards with respect to the amount that an operator of a mobile home park could charge for water and sewer service provided to occupants of a park. DATCP's rules prohibited the operator of a mobile home park from requiring an occupant of a park to pay a charge for any permanent improvement to the park or its facilities. Per Wis. Admin. Code Chapter PSC 186, those costs may be recovered from park occupants.

Again, I appreciate you taking the time to write. I hope that I have helped to clarify the Commission's position in this matter.

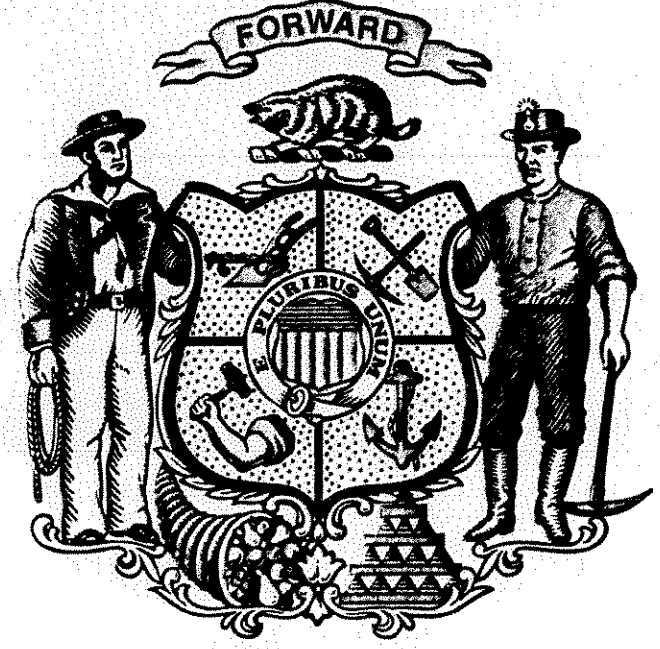
Sincerely,

SIGNED BY CHAIRPERSON

Ave M. Bie
Chairperson

AMB:jcc:bhh:mlo:w:\vip\hardek.doc

cc: Rep. John Steinbrink
Rep. Tom Sykora


FORWARD
E PLURIBUS UNUM

WISCONSIN MANUFACTURED HOME OWNERS ASSOCIATION, INC.
PO BOX 254 <wimhoa@chorus.net>
MARSHALL, WI 53559

February 20, 2001

Mr. Dan Daniels
Pioneer Estates
4454 S. 13th Street
Milwaukee, WI 53221

Dear Mr. Daniels:

Thank you for reply of November 19, 2000. We would like to address your comments further regarding rents and weather factors in landscaping.

It is encouraging to know that Pioneer Estates does not engage in illegal evictions. However, we have some concerns about your statement that you encourage a dialog with your residents--we understand from some that their questions to you about unfair, disparate rents met with stony silence.

We have also been told that some of the long-term residents made significant improvements to your property over a period of several years (not a few months) when drainage and lawn care were not forthcoming in a timely manner in the reconstructed section of the park. We realize that no one was forced to improve their lot, but some of them wearied of waiting for you to cure the mud problem. Weather is, of course, a factor in construction. However, over a period of several years, it appeared your priorities were not residential lots. As a matter of fact, your tenants had no responsibility, under the law, to do any of your original landscaping of their lots. Surely you can now return the favor of a small rental reduction in return for their previously unrewarded gift to you.

Since Pioneer Estates qualifies for significant business deductions right off the top, keeping your park an affordable, attractive, and stable place to live for reliable, law-abiding residents can only be an advantage. We are sure you know that the cost of living has not kept pace with the cost of housing.

We are also aware that industry-wide, rural rents in Wisconsin are $204 per month. We know that maintenance, per lot, costs between $35 and $100--depending on amenities. Pioneer Estates has no amenities, such as a swimming pool, golf course, community clubhouse, organized activities for residents, nor is it a gated community. Aside from the dirt, are you providing some other amenities that account for the climbing rents?

On behalf of elderly and disabled on fixed incomes, we entreat you to consider charging long-term residents the same rents as newcomers. We would hope you value your long-term residents as much, if not more, than new families. These people are a proven entity who live quietly, who cause you no problems, and who have been dependable patrons and payers.

On the other hand, we know that Pioneer Estates has at least one drug dealer--hardly an attractive feature for other homeowners in the park. This could certainly have detrimental effects on your long-term ability to keep Pioneer Estates at maximum capacity.

Additionally, only about ten disabled and elderly resident families are in need of rental relief at Pioneer Estates who are dependable, law-abiding citizens. Some are experiencing severe financial hardship because of family obligations. We therefore request your humane consideration of those few who ask only for the opportunity to remain independent in their own homes. They are not asking for a free ride--just fairness in rents on a par with others. Surely, this cannot be a significant cost factor on a yearly basis, and it would provide you with good neighbor status in your community over the long term.

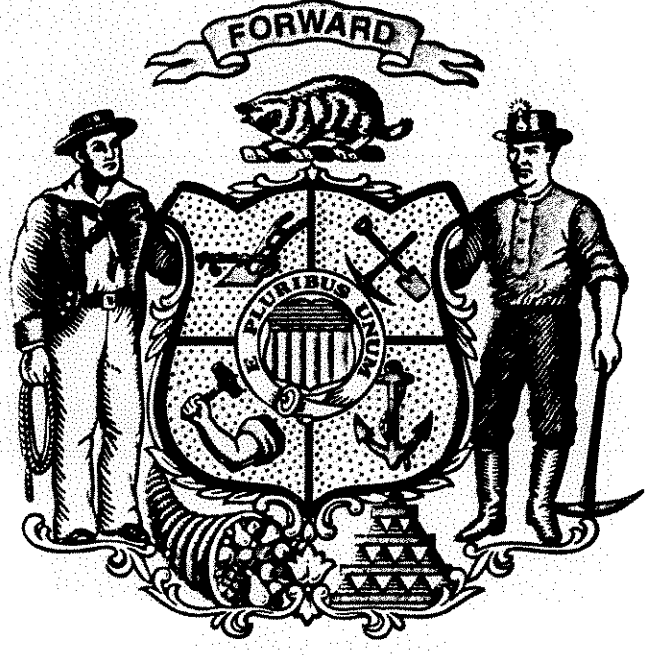
We would appreciate discussing this issue with you further at your convenience. Thank you for your consideration of this request.

Sincerely,

K Zehner

Kristen Zehner
President

CC: Sen. Robson
Rep. Kedzie
Rep. Sykora
[redacted]
Mr. Ken Fiedler


FORWARD
E PLURIBUS UNUM

Jason

TO: ALL LEGISLATORS

FROM: REPRESENTATIVE JEAN HUNDERTMARK

DATE: March 16, 2001

RE: Co-sponsorship of 2305/1 Relating to: Assessments by the public service commission against mobile home park operators.

During the 97-98 session WI Act 229 was passed to offer water and sewer service protection to occupants of mobile home parks. In order to cover the costs associated with enforcement, each park is assessed a fee.

This assessment is charged to all park owners, including those parks whose occupants are directly metered by municipal water utilities. These operators are unfairly being charged an assessment, as they have no control over the water supply to their tenants. This bill would exempt such park owners from this fee.

This bill would also exempt from this fee mobile home park operators with seasonal operations.

If you would like to co-sponsor this legislation or if you have any questions, please contact my office at 266-3794. The deadline is March 30th by noon.

Analysis by the Legislative Reference Bureau

Under current law, the public service commission (PSC) regulates the provision of water and sewer service to occupants of mobile home parks by mobile home park operators. Each fiscal year, the PSC is required to assess against mobile home park operators the amount appropriated for the regulation. An individual mobile home park operator is assessed an amount based on the proportion of mobile homes in this state that are owned or managed by the mobile home park operator.

This bill creates two exceptions to the assessments. First, the PSC may not assess against a mobile home park operator whose occupants are directly served by a water or sewer utility, or other person providing water or sewer service, that is itself assessed by the PSC. Second, the PSC may not assess against a mobile home park operator who permits occupancy for less than six months annually.

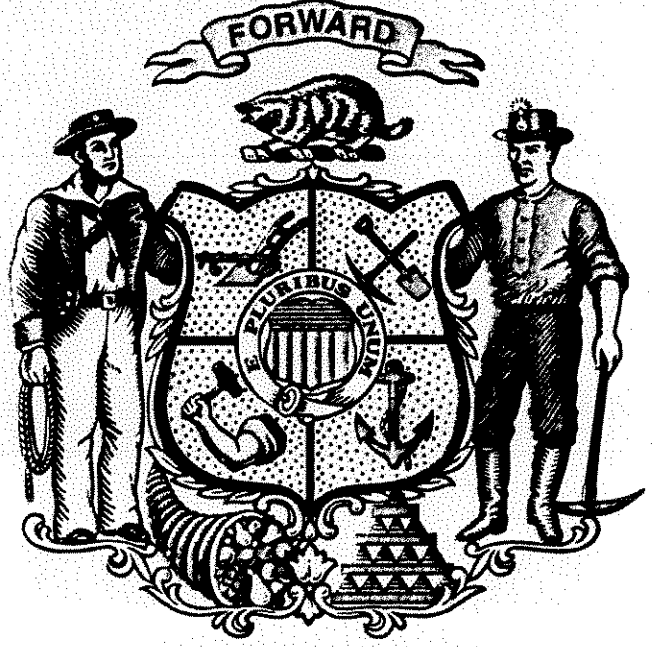
For further information see the state fiscal estimate, which will be printed as an appendix to this bill.

JFC

P. Version of the budget.

JFC Change

they are happy with


FORWARD
E PLURIBUS UNUM

DAVID H. FLECK
Trustee, Iowa Realty Trust
7125 North Green Tree Court
River Hills, WI 53217-3708
Telephone & Facsimile No. (414) 247-1526
Email dfleck@foleylaw.com
April 20, 2001

Edwin J. Zagzebski, Chairman Members And Fritz Ruf, Executive Director Wisconsin Housing & Economic Development Authority 201 West Washington Avenue P.O. Box 1728 Madison, WI 53701-1728 Via Facsimile (715) 842-0583 (Mr. Zagzebski) and (608) 267-1099 (Mr. Ruf)	Kenneth DeSmet And Duane Kittleson, General Partners Lee-Allen Associates C/o DAK Management Co., Inc. 1020 Lincoln Avenue Fennimore, WI 53809 Via Facsimile (608) 822-4779 (Mr. Kittleson)

Re: Preservation Financing Transaction (the "Transaction") proposed by Wisconsin Housing & Economic Development Authority ("WHEDA") for Iowa County Housing - WHEDA #007/220 (the "Project") of Lee-Allen Associates ("Lee-Allen")

The following lines from John Godfrey Saxe's "*The Blind Men and the Elephant*" are, we believe, relevant to WHEDA's proposed Transaction for the Project:

"So oft in theologic wars,
The disputants, I ween,
Rail on in utter ignorance
Of what each other mean,
And prate about an Elephant
Not one of them has seen."

That, we fear, may be a valid description of the Iowa Realty Trust ("IRT"), WHEDA and Lee-Allen's General Partners so far as the proposed Transaction with respect to Lee-Allen's Project is concerned. A principal purpose of this letter is to provide you with a description of how the IRT sees the Transaction and why we think it can and should be amended in certain ways that do not in any way or to any extent harm the cause of Wisconsin affordable housing.

To refresh everybody's recollection, in 1977 the IRT purchased a 10.889% Limited Partner Interest in Lee-Allen, the Wisconsin limited partnership that developed and still owns the Project. IRT still owns that Limited Partner Interest.

Previously I accepted Chairman Zagzebski's invitation to meet with Mr. Ruf to discuss IRT concerns about the WHEDA's proposed Transaction. Unfortunately, a funeral made it impossible for me to keep my appointment. The time to attempt to arrange another appointment for direct discussion of those concerns with WHEDA has arrived. Hopefully such discussions will lead to mutually acceptable revisions of the Transaction so that WHEDA and the amended Transaction again will be a competitor with a prospect for Lee-Allen acceptance.

First, an apology apparently is in order. Mr. Ruf's letter to Representative Wasserman states that differences of opinion between the Lee-Allen General Partners (Messrs. DeSmet and Kittleson) and us may have placed WHEDA in an "awkward position". For my and our part in causing this difficulty I apologize. We understand how Mr. Ruf might think this to be the case. Fortunately, there really is no problem for WHEDA.

While we on the Lee-Allen side have differences concerning the General Partners' compensation resulting from the Transaction, those are differences to be resolved by Messrs. DeSmet and Kittleson and us alone. The only other difference we believe exists on the Lee-Allen side is the one arising out of Messrs. DeSmet and Kittleson's decision to accept at face value WHEDA statements that, unlike its predecessors, the present WHEDA offer is WHEDA's "final offer" – that WHEDA will not agree to any more changes. We, on the other hand, remain optimistic that further discussions with WHEDA may lead to mutually acceptable solutions to our concerns and, therefore, choose to persevere. Especially is this case since it was only late in the negotiations that an opportunity for face-to-face discussions with WHEDA was made available to us (and unforeseen events then intervened).

First Reason for Our Optimism - WHEDA Amendments: The first reason for our optimism is the fact that WHEDA has already amended the Transaction at least three times, each time addressing our concern about the Transaction being one pregnant with a realistic probability of failure by Lee-Allen. Attorney Chernof has advised that WHEDA recently increased to $396,700 the Lee-Allen Project Reserve funds to be reserved for the post-closing Replacement Reserve and line of credit facility. The November 30, 1998 WHEDA offer proposed $150,000 for those purposes.

On the basis of the WHEDA Summaries of Capital Needs and Forecast of Cash Flow provided us we believe $396,700 is more than sufficient protection of Lee-Allen and WHEDA against Lee-Allen default arising out of future Project capital needs or cash flow deficits (including those caused by debt service on Project mortgage loans) through the final maturity of those mortgage loans.

WHEDA's latest amendment strongly indicates to us that its forecasts of future Project capital needs and cash flow deficits have been updated since the earlier forecasts sent to us. The total amount now offered by WHEDA exceeds the amounts our spreadsheet software shows would be required through February 1, 2019, unless one includes the final payment due at maturity of the Project mortgage loans.

First Limited Partner Information & Open or Public Records Requests: We believe it will be impossible for the Lee-Allen Limited Partners to make an informed decision on WHEDA's final offer or on those of its competitors unless they have a copy of WHEDA's most recent reports, summaries and/or forecasts of Project capital needs and cash shortfalls or deficits through final maturity, and a copy of WHEDA's latest offer to Lee-Allen (and those of its competitors). Those forecasts, unlike the earlier ones previously sent us, should include WHEDA forecasts of Project revenues and expenses from the Transaction's anticipated closing date to the final maturity of the Project mortgage loans, including any payment due at final maturity.

The assumptions behind those forecasts should be disclosed. It would be reasonable in our view to assume (1) Contract Rents remaining constant during the remaining term of the Housing Assistance Payments Contract (the "HAP") with the United States Department of Housing & Urban Development ("HUD") through August 2018, (2) a vacancy allowance no more than 4% higher or lower than the Project's actual average vacancy during the three or five most recently completed years, and (3) earnings on Replacement Reserve funds at a rate that is no more than 104% and no less than 96% of the interest rate actually earned by WHEDA on Lee-Allen Project's Reserves during the three or five most recently completed years.

WHEDA's forecasts should be reviewed by the General Partners, and they should advise the Limited Partners of their approval or disapproval, and comments upon such WHEDA forecasts.

Both Wisconsin Statutes and the Lee-Allen Amended and Restated Agreement of Limited Partnership dated December 1, 1977 (the "Limited Partnership Agreement") entitle the Lee-Allen Limited Partners to receive that information and those copies in a timely manner. Therefore, we hereby request from WHEDA and the General Partners a copy of those more recent reports, summaries, forecasts and a copy of those offers, for the IRT and for each and every other Limited Partner of Lee-Allen.

This request is made to the General Partners under Section 3.2(c)(I) of the Lee-Allen Limited Partnership Agreement. Such Section states that the "limited partners shall have the following rights and privileges: . . . . the right to have full and true information of all things affecting the Partnership". Such Section is an express agreement by each General Partner with each and every Limited Partner.

Since that Limited Partnership Agreement was approved by WHEDA before the Limited Partners' investments in Lee-Allen and the Project closed, the agreement to provide Lee-Allen Limited Partners with "full and true information of all things affecting the Partnership" contained in Section 3.2 is also binding on WHEDA. So far as WHEDA is concerned, therefore, this request is made not only under the agreement resulting from such WHEDA approval but also as a public or open records request under Wisconsin Statutes.

Eliminate Unnecessary Change in Existing Contracts, to-wit, the Line of Credit: The Transaction now contains two things that are totally unnecessary changes in the existing contracts between Lee-Allen and WHEDA. We request that both of them be eliminated entirely.

The first unnecessary change of presently existing agreements is the line of credit facility offered Lee-Allen by WHEDA to cover WHEDA-forecast late-payment period cash flow deficits. Under its Regulatory Agreement with WHEDA, Lee-Allen now has the contractual right to require that any funds in the Replacement Reserve or the Residual Receipts Reserve required for Lee-Allen to fully and timely pay any Project capital need or cash flow deficit (including a cash flow deficit resulting from Project mortgage loan debt service) and WHEDA now has a contractual obligation to release such Project Reserve funds to Lee-Allen for such purposes. The Regulatory Agreement imposes no temporal or amount limits on such right and duty. So far as we are aware the Regulatory Agreement have been fully adequate to handle this task to this date and we know of no reason to assume it will become inadequate between now and February 1, 2019.

Thus, the only thing required to adequately address our concerns about future availability of sufficient funds to handle these Lee-Allen fiscal needs is for everyone to receive up-to-date forecasts showing their expected timing and magnitude (as estimated by WHEDA and approved by the General Partners) so that the amount required to handle these fiscal needs in a full and punctual manner can be estimated and left in the Replacement Reserve upon closing of the Transaction. Undoubtedly this will require transfer of some funds now in the Residual Receipts Reserve to the post-closing Replacement Reserve, a transfer expressly permitted by the existing Regulatory Agreement.

By subtracting the forecast amount to be left in the Replacement Reserve after closing of the Transaction from the total amount in the Replacement and Residual Receipts Reserves immediately prior to the closing, one determines the amount of those pre-closing Project Reserve funds that the forecasts identify as no longer be needed for future Project purposes and, therefore, are available for other purposes. We call those excess funds the "Surplus Reserve Funds".

Requested Amendments re Line of Credit Facility: Here are the first two amendments of the Transaction we request be made by WHEDA: First, entirely eliminate the line of credit facility from the Transaction in favor of a Replacement Reserve opening balance equal to the amount indicated by updated WHEDA forecasts (approved by the General Partners) to be necessary to handle in a complete and timely manner all anticipated future Project capital needs and cash deficits through the end of the Project mortgage loans' payment period; and second, amend the Regulatory Agreement so as to permit use of other Surplus Reserve Funds for funding of the additional financing in the form of second mortgage loan that is a part of the Transaction and so as to make available for investment by Lee-Allen, its successors or assigns, in equity and/or financing for preservation, improvement and/or expansion of Wisconsin affordable housing.

Making these changes in the Transaction keeps all existing Project Reserve funds invested or available for investment in Wisconsin affordable housing through February 1, 2019. These changes cost WHEDA nothing other than its February 1, 2019 remainder in the line of credit reserve funds, an interest of dubious value given WHEDA's apparent forecasts of Project fiscal needs. Even after these amendments, however, the Transaction preserves all of those funds for WHEDA's statutory purpose (preservation, improvement and expansion of Wisconsin affordable housing) and prevents them from being used for other purposes.

Second Reason for Our Optimism - WHEDA Approved Financial Incentives: Our second reason for optimism about the outcome of further discussions with WHEDA is our belief that WHEDA is a government agency and lender who, when asked by a party in good standing with whom it has done business for more than two decades, (a) is ready, willing and able to use all of its previously approved tools and incentives to achieve its statutory goal of adequate affordable housing for all present and future Wisconsin residents, (b) will not discriminate against the requesting regulated borrower or prefer another regulated borrower by giving the former terms less favorable than those it has given or offered to other such borrowers in similar circumstances, and (c) will honor its existing agreements with the requesting regulated borrower and those who invested in it in reliance upon those agreements.

As WHEDA's October 17, 2000 Amended Preservation Financing Commitment for the Transaction (the "Commitment") correctly states, the Project is a "Pre-1980 Project". That is important to Lee-Allen and its Partners. The list of financial incentives for inducing preservation, improvement and/or expansion of Wisconsin affordable housing approved by the Members of WHEDA on December 17, 1993 in the Decision Paper entitled "Preservation of the Authority's Section 8 and Section 236 Portfolio" (the "Decision Paper") for use in connection with each and every Pre-1980 Projects, includes the financial incentives we are requesting WHEDA to add to the Transaction for Lee-Allen benefit. Those financial incentives have been employed by WHEDA in connection with other Section 8 Projects and their Owners.

The Decision Paper's list of financial incentives includes "lending/release of Reserves 1. For the development of new projects, 2. For the expansion of existing projects, . . . 4. To finance a restructuring of partnership interests, 5. To facilitate an exchange of properties, 6. For the purchase of existing developments" by the "limited profit" entity owning the Project that generated those Reserves. These are the permitted uses of Surplus Reserve Funds (in excess of those required to fund the Transaction's second mortgage loan) we hereby request be added to the Lee-Allen Regulatory Agreement by the Transaction.

Those incentives were employed by WHEDA in the Hampton Gardens/Three Fountains transaction and similar offers were made by WHEDA to other Section 8 Project Owners. WHEDA's late 1993 approval of the Decision Paper occurred roughly one year after the closing of the Hampton Gardens/Three Fountains transaction – a chronology that validates use of these financial incentives in the case of Pre-1980 Projects like the Project (many of which are not HUD Insured Projects) and

also demolishes any argument that the Hampton Gardens/Three Fountains transaction is precedent only for Section 8 Projects financed under HUD's Insurance Program.

It also seems apparent to us that WHEDA allows the Wisconsin Housing Preservation Trust ("WHPT") to use for funding WHPT acquisition of Wisconsin affordable housing projects, Project Reserve funds of the acquired and other Section 8 projects that WHEDA has required it/their owners to contribute to WHPT as a part of the instant or another transaction. Failure to make this financial incentive available to for-profit Project Owners and other not-for-profit Project Owners does not appear to us to be sound public policy.

Our reason for this requested amendment of the Transaction is that every offer with respect to the Project made to Lee-Allen to date by WHEDA has included an obligation on Lee-Allen's part to make a substantial closing contribution (and also post-closing contributions in the form of annual preservation fee payments) from Project Reserves and future cash flow to WHEDA and the WHPT.

While "contribution to WHPT" is on the list of approved financial incentives in the Decision Paper, we question the appropriateness of its use by WHEDA since that Trust is a non-profit competitor of for-profit developer/owner/investors in Wisconsin affordable housing and also a competitor of other not-for-profit developer/owner/investors in those endeavors. In this case Lee-Allen is a competitor of WHPT when it comes to Lee-Allen Project Reserve funds. Such use appears to us to be particularly inappropriate where, as here, one or both of the General Partners or related companies have other relationships with WHEDA, unlike those Limited Partners whose sole interest in Wisconsin affordable housing is their Lee-Allen Limited Partner Interest.

We do not know whether the Lee-Allen General Partners have asked WHEDA to include other Member approved financial incentives in place of forced contributions to the WHPT. It is difficult for us to imagine how the General Partners of a Wisconsin limited partnership could justify failing to support such a request. If the General Partners are unwilling to have Lee-Allen be the investor of its Surplus Reserve Funds, which is what we are hereby requesting of them, then they should immediately take such steps as are required to remove any impediment caused by their inaction.

Requested Amendments re Forced Contributions to WHPT: The amendment we are requesting of WHEDA is the elimination from the Transaction of all forced contributions of Lee-Allen Project Reserves or cash flow to WHEDA or WHPT and replacement of those forced contributions with WHEDA's approval of use by Lee-Allen, its successors or assigns, of Surplus Reserve Funds for equity or financing investments in preservation, improvement and/or expansion of Wisconsin affordable housing. Sums presently required by the Transaction to be paid by Lee-Allen to WHPT as annual preservation fees would instead be paid into the Surplus Reserve Funds account that would be a part of the Replacement Reserve. When the Project mortgage loans mature on February 1, 2019, any then remaining Surplus Reserve Funds would first be used as payments on the remaining Project mortgage loan debt (and anything remaining after payment in full of that debt would be released to Lee-Allen for distribution to its Partners). WHEDA approval of such equity or financing investments would be required as a part of this requested amendment. WHEDA's approval, however, could not be unreasonably withheld, conditioned or delayed. There would be no charge, fee or economic cost for any WHEDA approval.

Our requested amendment is intended to officially recognize that Lee-Allen itself (not WHPT or WHEDA) is to be the of investor of its Project's Surplus Reserve Funds in Wisconsin affordable housing, and to assure every one that all currently surplus Replacement and Residual Receipts Reserve funds will be employed only for Wisconsin affordable housing purposes through February 1, 2019. They will serve WHEDA's statutory charge for that agreed period. Such amendment would eliminate from WHEDA's offers the implication that Lee-Allen is less worthy than those other for-profit and not-for-profit Section 8 developer/owners to whom WHEDA has offered or made these

approved financial incentives available in the past – and any implication that WHEDA has chosen to discriminate against Lee-Allen in favor a not-for-profit developer/owner fathered by WHEDA.

We are unaware of any reason why a governmental regulator and lender should abandon the for-profit developer/project owner mode for affordable housing preservation and expansion in favor of the non-profit organization mode, or decide to prefer the latter over the former, especially in the case of a long time for-profit project owner in good standing who signals a willingness to further advance the cause of Wisconsin affordable housing through reinvestment of its surplus Project Reserves.

Third Reason for Our Optimism - WHEDA Agreement: There is one other important and distinguishing reason why we believe such use of Surplus Reserve Funds is appropriate in Lee-Allen's case.

The fact is that in 1977 WHEDA agreed that those surplus funds belong to the partners of Lee-Allen, when WHEDA approved Lee-Allen's December 1, 1977 Limited Partnership Agreement containing two Sections expressly acknowledging such private sector ownership of such reserve funds. In approving the Lee-Allen Limited Partnership Agreement WHEDA exercised its rights later confirmed to exist by the two-judge majority decision in the Bay Shore Apartments lawsuit, and employed those rights to induce investment by the Lee-Allen Partners in the Project. Forcing Lee-Allen to contribute those funds to WHEDA, the WHPT or any one else, is a breach of that WHEDA agreement with each and every Lee-Allen Limited Partner (including the IRT and the two other 10.889% Limited Partners who have from time to time sided with it).

Quoted below are the relevant WHEDA approved Sections of the Lee-Allen Limited Partnership Agreement:

Section 8.2 (c) of Lee-Allen's December 1, 1977 Limited Partnership Agreements reads as follows: "8.2. . . .[T]he proceeds of such liquidation shall be applied and distributed in the following order of priority: . . (c) Third, to limited partners and the general partners in respect to their share of the annual distributable operating profits if any which have accrued up to the date of dissolution. Any funds or assets (including any balances if any in the Residual receipts Fund, the Reserve Fund for Replacements of Development Cost Escrow Fund) remaining in the Partnership after payment of the above shall be distributed among the partners in the proportion that the number of units owned by each partner bears to the total units owned by all of the partners as of the time for such distribution, subject to the provisions of Section 5.8 of this Agreement." (emphasis supplied).

Its Section 5.8 reads as follows: "5.8. At such time as the limited partners shall have received distributions of cash (either in the form of distributable cash flow derived from Project operations or the net proceeds derived from the sale or refinancing of the Project) totaling $310,347.00, the limited partner's share of cash generated solely from either the refinancing or sale of all or part of the Project shall be reduced from 99% to 75% and the general partners' share shall be increased from 1% to 25%. The accumulated fund balances if any, in the Residual Receipts Fund, Development Cost Escrow fund, and Reserve Fund for Replacements shall be subject to the residual division provisions of this paragraph." (emphasis supplied).

How do we know WHEDA approved the December 1, 1977 Limited Partnership Agreement? First, the Confidential Offering Memorandum used by Messrs. DeSmet and Kittleson to sell the Lee-Allen Limited Partner Interests quite correctly recites that the Regulatory Agreement with WHEDA provides that "the Partnership Agreement will not be amended without the prior written approval of WHFA" (page 18 of Confidential Offering Memorandum). As its name and the recitation on its first page make clear, the December 1, 1977 Limited Partnership Agreement is an amendment and restatement of an earlier Lee-Allen Limited Partnership Agreement.

Second, it was then Wisconsin Housing Finance Authority's (WHEDA's then name) policy to require its approval of the Limited Partnership Agreements of Project Developer/Owners of Section 8 Projects like the Iowa County Housing Project. This policy, we believe, is still in effect.

Third, the IRT, prior to making its investment in Lee-Allen, insisted that the Lee-Allen Limited Partnership Agreement be amended to include these express confirmations of Partner entitlement to remaining Project Reserve funds by an amendment approved by WHEDA.

We believe WHEDA should honor its 1977 agreements with and inducements to the Lee-Allen Partners by employing for Lee-Allen's benefit in the Transaction the Member-approved financial incentives in the Transaction hereby requested. It also is good regulatory and public policy. WHEDA's statutory charge (Wisconsin affordable housing) is well served, albeit by a for-profit sector instead not-for-profit sector investment – a difference without significance.

Two details of this requested amendment deserve special mention. The first is that the Surplus Reserve Funds would be the source of the funds used by WHEDA to make the additional financing in the form of a second mortgage loan that is a part of the Transaction. Only Surplus Reserve Funds not required for such loan initially would be available for investment by Lee-Allen. That loan would be an asset of the Surplus Reserve Fund, however, not a general or unrestricted asset of WHEDA. Payments on such loan would go into the Surplus Reserve Funds account of the Lee-Allen Replacement Reserve (not WHEDA general accounts), and thereafter be available for investment by Lee-Allen.

The second is that once an investment has been approved by WHEDA, Surplus Reserve Funds in the Replacement Reserve would be earmarked and segregated for that equity or financing investment. Those earmarked Funds (and any earnings thereon and the investments thereof) would then cease to be collateral held by WHEDA on its mortgage debt and would no longer be available for Project capital or cash flow deficits. Rather, earmarked Funds, earnings and investments would be free and clear of all WHEDA or Lee-Allen claims with respect to the Project and available for distribution to Lee-Allen's Partners at any time and from time to time, even if a default or acceleration of maturity of Project mortgage loan debt occurs thereafter.

Removal of Other Unnecessary Changes In Existing Agreements: One more amendment of WHEDA terms is requested because the Transaction's presently proposes changes in the existing terms of the Lee-Allen mortgage financing of the Project that are totally unnecessary. This amendment also costs WHEDA not one cent. In fact, it removes WHEDA from potential involvement in the dispute over the General Partners' compensation for the Transaction. "If it ain't broke, don't try to fix it" is a perfectly sound advice.

Requested Amendment re Changes in Existing Mortgage Loan Debt Service: We request elimination of all proposed changes in the interest rate or payments on the existing first mortgage loan on the Project, so that its interest rate and payments would continue as they have been since their 1970s conversion to long term status. Since the only apparent purpose of changing the payments on the existing first mortgage loan was to free-up an equivalent sum for payments on the Transaction's proposed additional financing in the form of a second mortgage loan, that second mortgage loan would be changed to a loan upon which no payments of principal or interest would be due until February 1, 2019, the final maturity of both Project mortgage loans.

This requested amendment makes no change in the total payments due on those mortgage loans during the remainder of the present term of the first mortgage loan. Those payments remain the amount now due on the first mortgage loan through February 1, 2019. The Transaction's proposed

changes are totally unnecessary in order for WHEDA to accomplish anything in which it properly has any interest.

Fourth Reason for Our Optimism - Potential Breaker of Bigger Logjam: Lee-Allen is not the only Owner of a Pre-1980 Wisconsin Section 8 Project with whom WHEDA has yet to reach an agreement freeing its surplus Project Reserves for additional duty in the cause of Wisconsin affordable housing. We do not know how many such Projects remain outside the fold or the combined total of all of their surpluses. We suspect that the former is not large and the latter is a significant amount.

Resolution of the terms of a Preservation Financing Transaction with Lee-Allen that ends up making all of its Surplus Project Reserves available for its investment in equity or financing of preservation, improvement or expansion of Wisconsin affordable housing, holds out the hope that the same type of transaction could be sold by WHEDA to the other hold-outs among the Pre-1980 Project Owners. For example, such an agreement with respect to the Project might very well improve chances for a similar agreement with respect to other Pre-1980 Projects in which a Lee-Allen Partner is an investor.

I personally am aware of two such other Pre-1980 Projects. The Owners of those Pre-1980 Projects are related or affiliated with persons and entities that own or control a significant number of other Pre-1980 Projects.

Second Open or Public Records Request of WHEDA: We hereby request from WHEDA a list of the other Pre-1980 Projects, including the name, number and address of each Project, its Owner's name, address and telephone number, and its Project Manager's name, address and telephone number. The Decision Paper and the Commitment both use the phrase "Pre-1980 Project" to describe these types of Projects.

Those Pre-1980 Project Owners that are "limited dividend" entities should be identified on such list. The date of the most recent amendment of their Regulatory Agreement is also requested. We also request that WHEDA identify those Pre-1980 Projects for which WHEDA has received or acted on a written or oral application for approval of transfer of such a Project or an interest in such a Project or a change of its ownership since November 30,1998.

Financial Risk: We pleased to advise WHEDA that, according to the local Assessors and Iowa County Treasurer, the fair market value of the land, buildings and site improvements (to-wit, the real estate) comprising the Project was approximately $2,029,467 on January 1, 2000, and that the change in the Consumer Price Index during the calendar year 2000 indicates that such fair market value had grown to approximately $2,105,211 by January 2001.

These fair market values are based on the January 1, 2000 property tax assessments of the Project real estate. The January 1, 2000 fair market values were obtained by adjusting property tax assessments by the local municipality's equalization ratio calculated by the Wisconsin Department of Revenue. The January 1, 2000 fair market value was then increased by the percentage increase in the Consumer Price Index – All Urban Consumers (1982-84 = 100) during the calendar year 2000 to determine January 1, 2001 fair market value. A table showing the assessments, equalization ratios and fair market values is enclosed with WHEDA copies of this letter (Messrs. DeSmet and Kittleson having previously received a copy).

It appears to us that the Financial Risk section of WHEDA's Amended Preservation Financing Commitment approved October 17, 2000 overstates that risk by understating the present fair market value of the Project real estate. These property tax assessments and fair market values do not include all Lee-Allen assets related to the Project, which means that the Commitment's overstatement of this risk is even greater.

In recent letters we advised the other Lee-Allen Partners and WHEDA's competitors of our vested right to have partnership assets sold or disposed of only for prices that are not materially less than their present fair market values. It is our position that no majority of Lee-Allen Partners can legally authorize a gift or bargain sale of any Lee-Allen asset over the dissent and objection of another Partner. Our dissent and objection has been lodged with our Lee-Allen Partners. As one of those competitors is the WHPT, we thought WHEDA also should be aware of these matters, especially since the most recent report of WHPT's offer stated that the price offered by WHPT was far less than the Project real estate value alone.

The other thing made clearer by this information is that fact that finding another lender to provide Lee-Allen with sufficient financing to permit full pre-payment of the existing Project mortgage loan held by WHEDA probably would not be a terribly demanding task. The Project mortgage loan and Project Reserve balances now stand at roughly $1,018,000 and $840,000, respectively, which means that it would take less than $200,000 of another loan or equity investment to pay-off the existing WHEDA held Project mortgage loan. These circumstances effectively increase the number of WHEDA competitors and the risk that whatever transaction ends up being closed will be one that extinguishes the existing Project mortgage loan of WHEDA and, with it, WHEDA's service and interest shim income stream from the Project.

So far as we are aware, the General Partners have not yet started pursuing this line for Lee-Allen. We believe that the time has arrived for them to start testing the waters in this area. This letter is our request to them to do just that.

Last Requested Amendment – Widen Investment Menu for Reserve Assets: The final amendment of Transaction terms we request WHEDA accept is to add a commitment by WHEDA to seek whatever authority is required to expand the investment choices for Replacement Reserve funds held for long term use. Our goal is an investment menu as broad as the one employed by the State of Wisconsin Investment Board ("SWIB") in connection with State employee retirement and pension benefits and obligations.

We believe such a change would help everyone, including WHEDA, and penalize no one. Perhaps our goal could be achieved by WHEDA employment of SWIB to handle investment of long term Project Reserve funds held by WHEDA. If enabling legislation or regulations are required, a WHEDA commitment to use reasonable efforts seeking them would be a part of this request. In the end, this amendment is intended to help the parties better handle the concerns about the Project's fiscal future and also increase funds available for investment in preserving, improving and/or expanding Wisconsin affordable housing.

Conclusion: We have taken the liberty of proposing these amendments of the Transaction in this way because we want all of you to better understand how we view an appropriate preservation financing transaction. We do not believe any of our requested amendments of the Transaction penalize Wisconsin's affordable housing program in any material way or manner. Our requested amendments offer Wisconsin's affordable housing program the same economic benefits as WHEDA's present offer, the principal difference being that those benefits come through the private for-profit sector as opposed to the public or not-for-profit sector. This letter is not an invitation to WHEDA to play a zero sum game with respect to Wisconsin's affordable housing program.

These are the matters I had hoped to discuss with Mr. Ruf and WHEDA Staff at our earlier scheduled meeting. They remain our topics for discussion with WHEDA at any future meeting that results from this letter. Chairman Zagzebski and Mr. Ruf we ask you to advise us whether WHEDA is still willing to have such discussion of IRT concerns and, if so, when it would be convenient for them to be held.

In anticipation of your favorable response, I remain

David H Fleck

David H. Fleck
Trustee, Iowa Realty Trust

Enclosure with copies for WHEDA Chairman, Member and Executive Director

Cc: With copy of enclosure (Representative Wasserman and Senator Darling); without copy of enclosure (Lee-Allen Limited Partners; Attorney Chernof; Accountants Berndt, McGaughey, Welsch and Zircher; and Trustees of Iowa Realty Trust)

FAIR MARKET VALUE OF LEE-ALLEN ASSOCIATES' ASSETS AS OF JANUARY 1, 2001

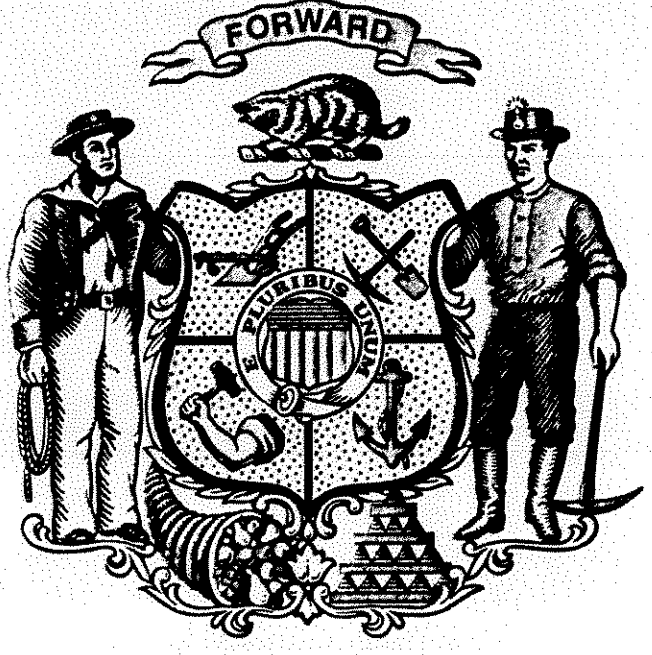
Prepared by David H. Fleck - April 8, 2001

I. Project Land and Buildings

Based on Property Tax Assessments

	January 1, 2000					Percentage Increase in Consumer Price Index 1/00 to 1/01*	January 1, 2001 Fair Market Value
	Land Assessment	Buildings Assessment	Total Assessment	Municipal Equalization Ratio*	Fair Market Value		
The Village Green, Avoca, WI	$ 3,900	$ 188,000	$ 191,900	99.49%	$ 192,860	3.73%	$ 200,079
Dodge Village, Dodgeville, WI	$ 72,600	$ 784,200	$ 856,800	91.63%	$ 935,018	3.73%	$ 969,915
Homesite Village, Mineral Point, WI	$ 60,000	$ 595,600	$ 655,600	92.09%	$ 711,929	3.73%	$ 738,500
Ridgeview Apartments, Ridgeway, WI	$ 16,500	$ 152,800	$ 169,300	89.27%	$ 189,640	3.73%	$ 196,718
Subtotal - Projects	**$ 153,000**	**$ 1,720,600**	**$ 1,873,600**	**92.32%**	**$ 2,029,467**	**3.73%**	**$ 2,105,211**

*Municipal equalization ratios determined by Wisconsin Department of Revenue. Consumer Price Index - All Urban Consumers (1982-84 = 100) rose from 168.8 to 175.1 between January 2000 & 2001.


FORWARD
E PLURIBUS UNUM

Breaking GROUND

AN OFFICIAL PUBLICATION OF THE WISCONSIN MANUFACTURED HOUSING ASSOCIATION

Tomorrow's Home Foundation Facilitates Jefferson Cleanup

When Michelle Langbecker inherited a piece of Jefferson County land from her grandfather, she also inherited some major problems. It seems that the land was already occupied by a number of mobile homes in various states of decay. The property, which lies along an otherwise beautiful stretch of the Crawfish River outside the town of Millford, had been in her family for about 130 years. Her grandfather had run a campground on the land, and the result was an assortment of 11 trailers, many less than five feet from the river bank, and all of them eyesores.

Bob Mueller of Jefferson County's zoning department had received a number of complaints about the state of the land, and he sent a letter to Langbecker asking that it be cleaned up.

"(Langbecker) was considering talking to the DNR, because the homes were very close to the river bank. Not only was it unpleasant to look at, but it was also an environmentally dangerous situation," Mueller said. In the event of flooding, there was a very real possibility of environmental damage.

At the same time, Mueller received a letter from Amy Bliss of Tomorrow's Home Foundation, a non-profit organization started by the Wisconsin Manufactured Housing Association. Tomorrow's Home Foundation was attempting to secure a grant from the DNR that would help to remove abandoned and unwanted mobile homes throughout Wisconsin. Mueller immediately wrote Bliss back detailing the Langbecker's situation. Bliss used this case to secure help from the DNR, and in December of 2000, the Solid Waste Reduction Grant was awarded to the Tomorrow's Home Foundation.

continued on page 2

IN THIS ISSUE:

Industry Program Proves Successful in Jefferson Cleanup

continued from page 1

Under the rules of the grant, Tomorrow's Home Foundation will use the funding to pay for the cost to have abandoned mobile homes removed from properties, and help landowners in the same situation as Langbecker.

Today, the land along the Crawfish River is nearly cleaned up. Langbecker has worked hard to remove other items from the property including a number of abandoned buses.

The Tomorrow's Home Foundation program calls for the removal of 100 mobile homes in an 18-month period. There is so much demand for the removal of these abandoned homes, that a scoring system has been implemented to help decide which situations require the most attention. Scoring is based on factors such as the age of the home, the willingness of the owner to participate financially and environmental factors. For a complete list of determining factors, and to request an application, please see the sidebar on this page.

This project has been extremely beneficial for all parties involved. Landowners are provided with reduced-cost assistance in the removal of unwanted mobile homes, while the DNR is able to clean up potentially environmentally hazardous situations.

The Wisconsin Manufactured Housing Association also benefits. By removing these abandoned mobile homes, they are helping to erase negative stereotypes about the manufactured housing industry. Today's manufactured homes are a far cry from the mobile "trailer" homes of past generations.

Not only was it unpleasant to look at, but it was also an environmentally dangerous situation."

- Bob Mueller, Jefferson County Zoning

How Can You Qualify?

Criteria for funding assistance is based on a scoring system that incorporates the following:

1. **Is the home within eyesight of a public highway?**
   This criteria awards applicants with homes in settings that create the most "visual pollution."
2. **Age of the home**
   Oldest homes get recycled first.
3. **Willingness of the homeowner to financially participate**
   Creates an incentive for property owners to participate and leverages more dollars toward the program.
4. **Homes identified by local officials as "blight"**
5. **Environmental Issues**
   Homes in flood plains, wetlands and critical habitat areas are given more consideration.
6. **Transportability of the home**
   Homes that are not transportable may not be eligible at this time.

Applications for recycling assistance can be requested by contacting:

Tomorrow's Home Foundation
202 State St., Suite 200
Madison, WI 53703
Ph: (608) 255-3131
Fax: (608) 255-5595
email: amy@wmha.org

How Are Mobile Homes Recycled?

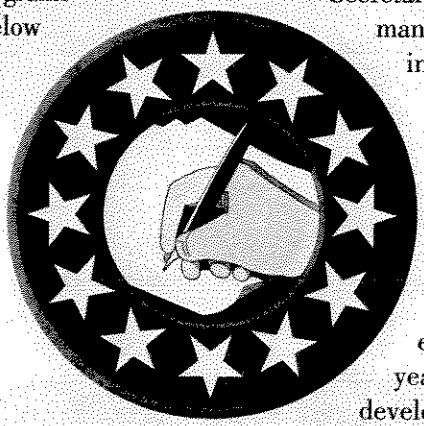
The mobile homes that are removed from properties are actually "shredded." The entire structure is fed into a machine that separates the recyclable material from the "shredder fluff" or waste material. According to Gary Backus of Samuels Recycling Center, the typical trailer home is about 25-30 percent recyclable material, including aluminum, sheet metal and iron. The remaining fluff is landfill friendly – it provides a cover that helps control odor. To shred an entire mobile home takes about five minutes.

As an old, dilapidated mobile home gets fed into a giant shredding machine, people's preconceived notions about manufactured homes are also being destroyed. No longer the ugly monsters that litter the landscape, today's manufactured homes are just as beautiful and more affordable than their site-built counterparts.

Homes that are too broken-down to haul off a property are torn down on-site. This process is considerably more time consuming and less cost effective. Amy Bliss of Tomorrow's Home Foundation is confident that, as other industries start to follow suit and recycle, transportable shredding machines will be developed that will be able to be used on-site.

New Law Standardizes Manufactured Housing

When President Clinton signed the Manufactured Housing Improvement Act in December of 2000, he ensured that manufactured housing industry standards would be updated and kept current. Aside from providing the Department of Housing and Urban Development (HUD) with additional staff and resources, the Act also requires each state to institute installation and dispute resolution programs within a 5-year period. Below is a brief summary of the key provisions in the new law:



1. The establishment of a consensus committee, which will meet not less than once every 2 years. The consensus committee will be made up of 7 members in each of the following 3 categories; producers, users, and general interest/public officials, ensuring that all interested parties are given a direct voice.

2. Standards and Enforcement Regulations will be made by the consensus committee to the HUD Secretary. The Secretary then has unlimited authority to accept, reject or modify the proposed standards. If the Secretary fails to respond to the proposals, he/she must appear before both bodies of Congress to explain. This ensures that HUD will act on recommendations in a timely fashion.

3. No later than 18 months after the appointment of members of the Consensus Committee, they must develop and submit a set of proposed model standards for installation to the Secretary. These standards must take into consideration the geographic region to which they apply, and the effect on the cost of the home. The Secretary would then have 12 months to develop and establish the model standards. Upon approval of these standards, the Secretary must oversee State installation programs to ensure that they comply. The Secretary must also see that manufacturers' designs and instructions have been approved by the Design Approval Primary Inspection Agency (DAPIA), and that they meet or exceed the National standards. Any state that does not enact a program within 5 years will have a program developed and administered for them by HUD. During that 5-year period, no state may lower the existing manufacturer's installation standards.

4. The new statutory language clarifies the original intent of Congress that Federal preemption should be broadly and liberally construed. The new law will preclude state standards from affecting the federally-mandated guidelines of the manufactured housing industry.

5. Finally, the law requires states to develop a dispute resolution process, ensuring that consumers will not be bounced around between manufacturers, installers and retailers while attempting to have defects corrected. If states do not develop a program within 5 years, HUD will develop and administer such a program.

Compiled from Industry Insights Newsletter, Volume 19, No. 2.

Governor's Task Force Update

An 11-member Governor's Blue Ribbon Task Force on Manufactured Housing is pursuing an aggressive schedule aimed at providing Governor McCallum with a comprehensive set of recommendations to improve the coordination and effectiveness of state regulation of the industry. In addition, the Task Force is examining barriers to the growth of the industry.

Starting with their first meeting on January 9th, the Task Force began a process of hearing presentations from state agencies and affected parties. To date the Task Force has interacted with the following state agencies: Department of Commerce; Public Service Commission; Department of Revenue; Department of Agriculture, Trade and Consumer Protection; Department of Administration; and the Department of Financial Institutions. In addition, the Legislative Fiscal Bureau, Wisconsin Housing & Economic Development Authority, Wisconsin Manufactured Housing Association and Wisconsin Manufactured Home Owners Association also have made presentations.

The Task Force's first recommendations have included moving water/sewer issues currently regulated by the PSC to the Department of Commerce. This suggestion was included in Governor McCallum's budget proposal. In addition, the Task Force concurred with numerous presenters that urged that state statutes and regulations use common definitions for "manufactured home", "mobile home" and "recreational vehicle."

Family's Home Ownership Dreams Become a Reality

After 14 years of renting the same home, a Green Bay family has finally realized the American Dream of home ownership.

Ralph and Julie Winnen, and their triplet daughters, Brandy, Carol and Dawn had always dreamed of owning their own home. Julie is a stay-at-home mom who assists Brandy with her personal care. Brandy was born with cerebral palsy and uses an electronic wheelchair. It was clear that the family's expenses would likely prevent them from ever owning their own home.

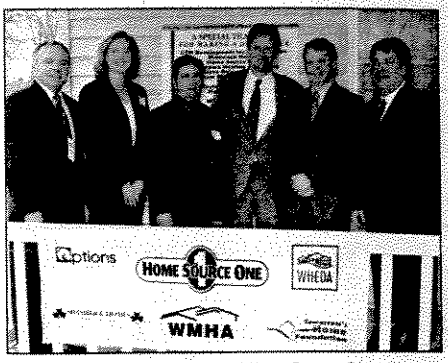
Then Julie heard about grants for city lots that were available through the Wisconsin Housing & Economic Development Authority (WHEDA). The family contacted Cheryl Renier-Wigg of the city planning department to apply for one of the lots. Julie was put in contact with Options for Independent Living to help investigate the possibility of putting a wheelchair-accessible home on one of the lots. The Winnen's dream was becoming reality.

To help make the home more affordable for the family, grants were awarded by WHEDA, EBTIDE, and Neighborhood Housing Services. Tomorrow's Home Foundation, the charitable arm of the Wisconsin Manufactured Housing Association (WMHA), provided a down payment assistance grant, and the City of Green Bay provided a deferred loan for the lot.

With the technical assistance of Options For Independent Living of Green Bay, the new home was manufactured by Shamrock Homes of Plymouth, Indiana. The home retailer, Home Source One, worked with the Winnens to establish a comfortable home with the required accessibility modifications.

The home was introduced to the community at a ribbon-cutting ceremony and open house on April 23.

According to the Wisconsin Department of Health and Family Services, there are over 500,000 people with disabilities living in our state. Housing with accessibility modifications can be difficult to find and prohibitively expensive for many. Thanks to the help of these businesses and charitable organizations, the Winnen family was able to overcome these barriers.



From left to right: Jim Reitzner of HomeSource One, Amy Bliss of Tomorrow's Home Foundation, Ross Kinzler of Wisconsin Manufactured Housing Association, Representative Mark Green, Green Bay Mayor Paul Jadin, and Rick Rand of HomeSource One.

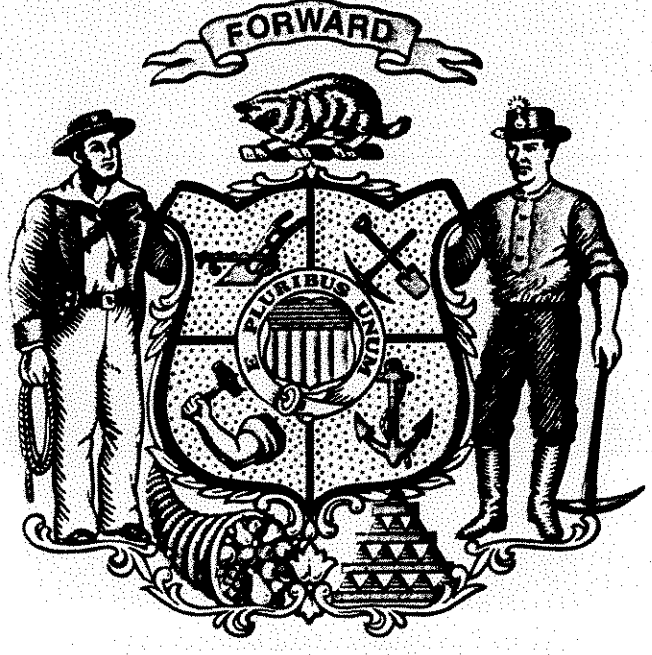
Mayor Paul Jadin congratulates Brandy Winnen on her new home as her mother Julie and Sandy Popp of Options for Independent Living look on.

Breaking GROUND

AN OFFICIAL PUBLICATION OF THE WISCONSIN MANUFACTURED HOUSING ASSOCIATION

202 State Street, Suite 200,
Madison, WI 53703
(608) 255-3131

PRSRT STD.
U.S. Postage
PAID
Ft. Atkinson, WI
Permit #11


FORWARD
E PLURIBUS UNUM

Hardinger, Marlin

From: Kristen [wimhoa@chorus.net]
Sent: Tuesday, May 22, 2001 4:42 PM
To: kezehner@facstaff.wisc.edu
Subject: Mfd Housing Fraud in Wisconsin

WI MHOA
Wisconsin Mfd. Home Owners Association, Inc.
Affiliate of the NATIONAL FOUNDATION of MFD. HOME OWNERS, INC. ~
wimhoa@chorus.net
PO Box 254 Marshall, Wisconsin 53559 608/655-4573

FOR IMMEDIATE RELEASE
Contact person: K. Zehner, President

STATE IGNORES CONSUMER FRAUD IN MFD. HOUSING INDUSTRY

Undeniable evidence of consumer fraud, as in the case of Jeanne McGrady of Phillips, WI, (715/339-4225, 9 am-1 pm) has been quashed by top management at the Wisconsin Dept of Commerce, in spite of voluminous documented verification.

Background info: Nationally, 1/3 of all home sales is to buyers of mfd. housing. In Wisconsin, an average of 255,000 sites exist in land-lease communities (parks), which extrapolates to at least 400,000 persons living in "mobile homes" out of the five million people who live here. However, the mfd. housing industry is one of only two industries that has never been regulated by this state--a matter that has only become vital to consumers since the price of mfd. housing increased significantly in the 1990s without commensurate state oversight of its business practices.

Since January 2001, a Governor's Blue Ribbon Task Force on Manufactured Housing has been meeting regularly at the behest of the industry in order to maintain its profits. However, none of Task Force membership represents consumers per se. In spite of that, this industry-saturated Task Force purports to make recommendations to the Governor and the Legislature for changes in law to benefit itself, while consideration of the consumer impact of any recommended changes gets little, if any, equal treatment. The one consumer presentation the Task Force deigned to invite, along with state agency presentations, was done gratuitously without consumer issues being afforded equal weight.

Ms. McGrady's "lemon" house is just one of many, many instances of total lack of enforcement of existing law on behalf of consumers. Staff at Commerce had begun the process of taking legal steps to rectify her significant loss of monies; but when her situation reached Michael Corry, top administrator at Commerce, she receive a laconic letter from him saying that her case was closed.

Commerce has always had very close ties with business in the state, but staffers there maintain (in spite of this) that they have the capability to advocate on behalf of consumers--if ATCP 125 is transferred from Consumer Protection to its jurisdiction. Moving consumers "bible" (ATCP 125) into Commerce would most likely obliterate any consumer issues that currently stand in the industry's way of record profits. Nevertheless, Ms. McGrady's case in point shows blatant disregard for consumer protection. Is this the kind of consumer protection we can expect from Commerce, if the industry get its way? (The industry also wants the right to tie-in sales, among other currently illegal activities.)

WI MHOA is a nonprofit, incorporated, state-wide consumer organization that advocates for changes in and enforcement of state and local law on behalf of mobile homeowners. Contact: Kristen Zehner at 608/655-4573 or leave a message for a return call. # # # # #