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☞ **WHEDA (October - 2005)**

(FORM UPDATED: 08/11/2010)

**WISCONSIN STATE LEGISLATURE ...
PUBLIC HEARING - COMMITTEE RECORDS**

2005-06

(session year)

Senate

(Assembly, Senate or Joint)

**Committee on ... Job Creation, Economic
Development and Consumer Affairs (SC-JCEDCA)**

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
(**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
(**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Mike Barman (LRB) (August/2012)



WISCONSIN
HOUSING AND
ECONOMIC
DEVELOPMENT
AUTHORITY

PERRY ARMSTRONG, CHAIRMAN

Report of the Finance Committee to the October 17, 2005

Meeting of the Members

Jim Doyle
Governor

Perry Armstrong
Chairman

Antonio R. Riley
Executive Director

The Finance Committee met on Monday, September 21, 2005. Attached are the minutes for the August 19, 2005 Finance Committee meeting which were approved in September.

The Agenda for the October 17, 2005 Finance Committee meeting is attached.

Perry Armstrong, Chairman

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WHEDA supports equal
housing opportunities for
all persons

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

FINANCE COMMITTEE MINUTES

201 West Washington Avenue
Madison, Wisconsin

Friday, August 19, 2005
8:30 a.m.

(These minutes should be read in conjunction with the meeting agenda and documents prepared for the meeting.)

COMMITTEE MEMBERS PRESENT: Perry Armstrong
David Kruger
Linda Stewart

AUTHORITY STAFF PRESENT: Antonio Riley, Executive Director
Nelson Flynn, General Counsel
Laura Morris, Chief Financial Officer
Sherry Pohlman, Treasury Manager
Chris Gunst, Executive Assistant
Ron Kerr, Controller
Brian Nowicki, Financial Officer

GUESTS: Connie McDonald, Jefferson Wells
Steve Kantor, First Southwest
Scott McIntyre, First Southwest

CALL TO ORDER:

The meeting was called to order at 9:23 a.m. by Mr. Armstrong.

Approval of the Finance Committee minutes of the June 9, 2005 meeting.

A motion was made by Mr. Armstrong and seconded by Mr. Kruger to approve the minutes of the June 9, 2005 Finance Committee meeting. The motion carried unanimously on a voice vote. Resolution No. 6533

The following decision and discussion items are listed below.

DECISION ITEMS:

Approval of Investment Purchases and Sales for May and June 2005.

Ms. Pohlman presented the Investment Purchases and Sales for May and June 2005. Ms. Pohlman highlighted the activity for the two months. The activity included the issuance of the 2005 Series C Bonds, new multifamily lending and maturities used to redeem single family bonds. The remaining activity was purchases used to replace maturing securities in the General Fund and Escrow.

A motion was made by Mr. Kruger and seconded by Mr. Armstrong, to approve the Investment Purchases and Sales for May and June 2005. The motion carried unanimously on a voice vote. Resolution No. 6534

Transfer of Funds from the General Reserve Account of Bonds Issued under the 1992 Home Ownership Revenue Bond General Resolution to the Authority General Fund (Program 95)

Ms. Pohlman presented the Analysis with the recommendation that \$59,202 in available funds be retained in the program where it would be invested short term until drawn on to redeem bonds.

A motion was made by Mr. Kruger and seconded by Mr. Armstrong to approve the Retention of Funds as recommended. Resolution No. 6535

Transfer of Funds from the General Reserve Account of Bonds Issued under the 1974 Housing Revenue Bond General Resolution to the Authority General Fund (Program 07)

Ms. Pohlman presented the Analysis with the recommendation that \$2,360,017 in available funds be transferred to the Project Mortgage Loan Account, where it can be used for additional lending to strengthen the General Resolution and provide capacity for additional bonding.

A motion was made by Mr. Kruger and seconded by Mr. Armstrong to approve the Transfer of Funds as recommended. Resolution No. 6536

Approval of Contracts over \$25,000

Ms. Morris presented a list of Authority contracts. The following contracts require Finance Committee approval and recommendation for Board approval.

REQUESTOR GROUP	VENDOR	CONTRACT DESCRIPTION	AMOUNT
Credit	Genworth Financial	Joint Pool Insurance	\$242,000/Year
Credit	MGIC	Joint Pool Insurance	\$242,000/Year

A motion was made by Mr. Kruger and seconded by Mr. Armstrong to approve and recommend for Board approval the listed contracts in excess of \$25,000. The motion carried unanimously on a voice vote. Resolution No. 6537

DISCUSSION ITEMS:

Ms. Connie McDonald from Jefferson Wells presented the following internal audit reports.

Multifamily Lending Audit Report: In conjunction with internal controls testing, an analysis of current processes indicates that control procedures need to be improved. The audit identified six issues and internal control deficiencies

regarding WHEDA's Multifamily Lending control environment. The business issues and recommendations were presented and discussed.

IRS Form 8609 Process Audit Report: A review of the current processes and related internal controls indicated that adequate and effective procedures are in place. No specific findings were noted.

New Markets Tax Credits (NMTC) Audit Report: An analysis of the current processes and the related internal controls indicated that procedures related to the NMTC program were not fully developed. The three business issues outlined in the report and the corresponding recommendations were discussed. Mr. Armstrong asked Mr. Nelson and Mr. Riley if they agreed with the responses in the report, at which time they both concurred.

Business Issue Follow-Up Review

A follow-up review was conducted to confirm that management completed the corrective action as reported in WHEDA's Audit Follow-Up Reports dated April 12, 2005 and May 6, 2005, regarding the Section 8 Development Lending Process and the Building Management System and Access Control Audit. Two of the issues, previously reported as completed, were found to be incomplete. The issues and recommendations for resolution were discussed.

Audit Follow-Up Report – Outstanding Action Items

Mr. Kerr discussed the status of outstanding business issues from previous audits.

FY 2005 Internal Audit Schedule

Ms. McDonald presented the final Fiscal Year 2005 Audit Schedule-Status Update. She noted that the Fiscal Year 2006 plan was being prepared and would be presented at the next Finance Committee meeting.

Investment Policy Review by First Southwest Asset Management, Inc.

Mr. Kantor and Mr. McIntyre presented a Review of the Investment Policies completed by First Southwest Asset Management, Inc. During the review process, First Southwest analyzed the investment policies for the General Fund, Escrow Fund, WDRF, and HILP. Recommended changes were highlighted, including a more detailed listing of approved securities, updated security downgrade language, a conflict of interest statement and some additional security restrictions.

Final recommendations and updated investment policies will be presented at the October Finance Committee meeting.

Dividends for Wisconsin 2005-06

The Dividends Plan was provided to the members of the committee for discussion prior to approval by the board of directors.

ADJOURNMENT:

A motion was made by Mr. Kruger and seconded by Mr. Armstrong to adjourn the Finance Committee meeting. The motion carried unanimously on a voice vote. The meeting adjourned at 10:26 a.m. Resolution No. 6538

AGENDA

Wisconsin Housing and Economic Development Authority

Meeting of the Finance Committee
Monday, October 17, 2005
201 West Washington Avenue, Suite 700
John Plewa Board Room
Madison, WI
9:00 a.m.

- A. Call to Order/Roll Call
- B. Approval of the Minutes of the September 19, 2005 Meeting
- C. Decision Items
 - 1. Approval of Investment Purchases and Sales for August, 2005
 - 2. Transfer of Funds from the General Reserve Account of Bonds Issued under the 1987 Home Ownership Revenue Bond General Resolution (Program 82)
 - 3. Transfer of Funds from the General Reserve Account of Bonds Issued under the 1988 Home Ownership Revenue Bond General Resolution (Program 92)
 - 4. Approval of Investment Policies for the General Fund, Escrow Fund, Wisconsin Development Reserve Fund and Home Improvement Fund
 - 5. Approval of Contracts over \$25,000
- D. Discussion Items
 - 1. Acceptance of the Fiscal Year 2005 Audited Financial Statements
 - a. Audited Financial Statements – DRAFT (distributed at the meeting)
 - b. Internal Control Letter
 - c. Management Letter
 - d. Matters to Be Communicated
 - 2. First Southwest Company Services
 - 3. Audit Follow-Up Report – Outstanding Action Items
 - 4. FY2006 Internal Audit Schedule Status Update
- E. Financial Statement Review
 - a. August Financial Statements
- F. Other Business
- G. Adjournment

NOTE: Members may attend by teleconference.

During the meeting, WHEDA may go into Closed Session, pursuant to s. 19.85 (1) (c), (e), (f) and/or (g), Wisconsin Statutes, for the purpose of considering personnel matters, conducting public business of a competitive nature; considering financial, social, personal histories, information, or data of specific persons; and/or considering pending litigation, and then reconvene in open session.

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

DECISION PAPER

Single Family Revolving Line of Credit

October 17, 2005

ISSUE

Approval of a \$70 million revolving credit facility used to fund single family mortgages prior to the issuance of bonds.

BACKGROUND

The Authority currently uses a line of credit to fund single family mortgages prior to the issuance of bonds. This process reduces the interest rate risk in the single family program and reduces the negative arbitrage (loss on the investment of bond proceeds) in the bonded programs. The line of credit is currently for \$40 million and provided by M&I Bank, Bankers' Bank and Wells Fargo Bank based on a Request for Proposal (RFP) in 2001. A new RFP was distributed in July to replace these agreements, which are expiring.

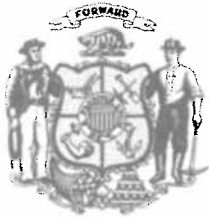
In the current RFP, the size of the line of credit was increased to \$70 million. The increase in size will allow the Authority to better manage the risk given the increase in volume in the single family program. The recommendation is also to choose a single provider. This allows for more efficient management of the line of credit and reduced up-front costs.

The RFP was distributed to eleven financial institutions, published in the newspaper and posted on the Authority's website. We received five proposals. The proposals were evaluated based on interest rate, commitment fees, legal fees and covenants required by the Authority. Lloyds TSB has been selected as the provider.

RECOMMENDED MOTION

The Finance Committee and Executive Director recommend that the Members of the Authority adopt the following motion:

The Members of the Authority hereby approve a borrowing resolution to authorize a \$70 million Revolving Line of Credit to be used as described above and authorize the Executive Director to negotiate and enter into contracts as necessary.



TED KANAVAS

STATE SENATOR

NAME
→ TIN #
NOT A RESIDENT
NOT A CITIZEN
Legal or
illegal

TALKING POINTS ON THE WHEDA (MODERNIZATION BILL)

- The Wisconsin Housing and Economic Development Authority (WHEDA) Modernization bill will significantly update statutory operating language for WHEDA, enabling the Authority to serve more people and businesses throughout Wisconsin.
- In home lending, this legislation would empower WHEDA to upwardly revise income limits for borrowers, making them consistent with more generous federal guidelines. That would enable more residents to qualify for below-market, fixed-rate WHEDA mortgages.
- Taken alone, this one change will noticeably expand WHEDA's lending base statewide. That is especially true in 26 rural counties where incomes have seriously lagged, making mortgages much less attainable. Beyond those 26 most affected counties, almost every area of the state would benefit as well including urban and suburban communities.
- In my Senate District, estimates are that over the next several years, WHEDA modernization would have a positive economic impact in the million-dollar range.
- Other statutory changes that involve WHEDA bonding authority and loan guarantees would boost the Authority's ability to invest in small businesses and farms, creating additional new jobs and helping to support the entrepreneurial spirit that buttresses our economy.
- The good news is that this legislation will not have a single dollar's worth of impact on state government spending, since WHEDA finances its housing programs through bonding.
- The other good news is that most communities in the state would see a positive economic impact from this legislation. In fact, the estimated impact statewide amounts to nearly half a billion dollars simply by updating our laws so that WHEDA can more ably function in the modern economic marketplace.
- I ask for your support of SB 269.

STATE CAPITOL

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2005 WHEDA MODERNIZATION BILL

HOME PROGRAM REVISIONS

- Eliminate the requirement for a full appraisal on every loan
 - Saves time for lenders and saves borrowers money without increasing risk
 - Mortgage industry is shifting to more cost effective, efficient and faster alternatives
 - Property Value Insurance guarantees the value of the property
 - Fannie Mae and Freddie Mac do not require an appraisal on very low risk loan applications
- Eliminate the restriction of the maximum loan-to-value of 97%
 - No down payment loans are common in today's finance world
 - A 3% down payment has no relevancy on ability and willingness to pay for excellent credit history borrowers
 - Reduces the high demand for down payment assistance resulting in stretching grant funds to more borrowers
- Revise income limit guideline to match Federal guidelines
 - This will have a positive impact in rural areas of the state
 - Federal law allows the use of the greater of the county median gross income or statewide median income.
- Eliminate the restriction for new construction duplex to be located in a target area
 - Allows low-income families to use rental income to help them qualify for homeownership
 - Creates additional rental housing

HOME IMPROVEMENT PROGRAM REVISIONS

- Eliminate restriction to finance construction of fireplaces, decks, patios, fencing, landscaping and major home systems
 - Eliminate outdated restrictions for items no longer considered luxury items of an excessive nature. In many cases, these items are needed to maintain safe and desirable housing
 - Enables increased support of Wisconsin's Energy Star program by encouraging the purchase of energy efficient systems
- Allow financing for properties that are less than 10 years old
 - New homes also need improvements
 - Enables new buyers to take advantage of HOME Plus for future repairs on newer homes
- Revise income limit guidelines to meet Federal guidelines
 - This will have a positive impact in rural areas of the state
 - Federal law allows the use of the greater of the county median gross income or statewide median income.
- Eliminate the maximum loan amount and maximum term of the loan
 - Brings the product to conventional lending standards
 - Ability to lend more money and stretch the repayment for a longer period of time to keep payments affordable.



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RENTAL HOUSING PROGRAM REVISION

- Increase the outstanding principal amount of bonds and notes WHEDA may issue for corporate purposes for rental housing to \$600 million
 - Additional funding is needed for preservation and new construction of affordable rental housing. The Increase will keep the program operating for another five to six years.

SMALL BUSINESS DEVELOPMENT PROGRAMS

- Clarify language to allow debt refinancing when accompanied by additional business expansion
 - Current language is very cumbersome and makes it difficult for projects to qualify for debt refinance. The change allows the programs to be more flexible and attractive to borrowers.
- Eliminate the \$750,000 loan amount cap and provide an unlimited loan amount
 - As project amounts grow, there are an increasing number of loan requests that exceed \$750,000. This will eliminate the need to write two separate notes on loans over \$750,000. The maximum loan guarantees will not change, so providing an unlimited loan amount will not increase the guarantee exposure.

AGRICULTURAL PROGRAMS

- Lengthen the term of our guarantee from 5 to 10 years for the construction of improvements to facilities or land
 - The current 5-year term is not in line with industry real estate financing transactions nor does it match the 10-year term WHEDA allows for acquisition.



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TESTIMONY OF ANTONIO RILEY, EXECUTIVE DIRECTOR,
WISCONSIN HOUSING
AND ECONOMIC DEVELOPMENT AUTHORITY

PUBLIC HEARING
10-13-2005

PROPOSED STATE SENATE BILL 269 AND
STATE ASSEMBLY BILL 593

WISCONSIN
HOUSING AND
ECONOMIC
DEVELOPMENT
AUTHORITY

Thank you for the opportunity to testify on behalf of State Senate Bill 269 and State Assembly Bill 593.

Jim Doyle
Governor

Perry Armstrong
Chairman

Antonio R. Riley
Executive Director

This modernization bill is all about moving WHEDA into the 21st Century so that we can better serve Wisconsin residents.

Partnering as always with local government, real estate brokers, developers and lenders, WHEDA will gain better tools to meet affordable housing needs and economic development.

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We estimate that, statewide, the direct and indirect economic impact of this legislation will within three years amount to as much as \$483 million annually.

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That higher lending volume will, in turn, have a gratifying spin-off effect. Within several years, it will help create the annual equivalent of 3,755 full-time jobs in construction trades and other sectors of the state's economy.

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Just one change in the bill that would widen our income limits to match current federal standards will increase annual WHEDA lending capability by close to \$100 million.

WHEDA supports equal
housing opportunities
for all persons

Let me list some of the key improvements this bill will enable.



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Single Family Housing:

In single-family lending programs, this bill will allow WHEDA to increase income-limit qualifications for borrowers, matching more flexible federal guidelines. The bill thus enables us to serve many more residents who are seeking to buy their first homes.

Taken alone, this one change will noticeably expand WHEDA's lending base statewide. That is especially true in 26 rural counties where incomes have seriously lagged, making mortgages much less attainable. Beyond those 26 most affected counties, almost every area of the state would benefit as well. That includes urban and suburban communities.

The bill also eliminates loan-to-value limits. This change will bring us in line with current federal and private industry standards. It will remove another significant barrier to more WHEDA mortgage lending.

Likewise, the bill will modernize WHEDA home lending guidelines to make them more efficient and more consistent with private lending practices relating to appraisal and duplex construction.

WHEDA lending also helps keep properties in good repair and up to date. The bill modernizes our home improvement program, again by enabling finance guidelines consistent with current private industry practices.

WHEDA will now be able to lend money to eligible households for Energy Star improvements, fencing, landscaping and other upgrades commonplace in modern, attractive housing.

The bill also would permit WHEDA for the first time to provide home improvement loans to structures less than 10 years old, and 1



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eliminate current maximums for home improvement loan amount and term.

Multifamily Housing:

One of the most important components of this legislation before you is language that expands WHEDA's bonding authority from the current \$325 million to \$600 million for rental housing lending.

Raising that bond cap is a very important reason why the modernization bill needs to pass during this legislative session.

Through its rental housing program, WHEDA has helped finance tens of thousands of affordable housing units statewide. These units serve lower and fixed income residents, including young workers, the disabled, and seniors. In exchange for WHEDA loans, developers and owners agree to offer some or all of their apartment units at reduced rents.

But we are nearly at the end of the line for this important WHEDA program if we don't authorize a higher bond cap.

Last year, the Governor's Task Force on Housing Preservation reported that the state must implement significant policy changes by decade's end or risk losing 831 apartment properties containing 35,135 units of affordable housing. To redress that threat, the task force specifically recommended raising WHEDA's multifamily bond cap.

We estimate the bond cap increase in this bill will provide WHEDA multifamily financing programs the resources to operate another five to six years. Please note that this increase will be revenue neutral from the state budget standpoint.



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Economic Development:

The bill modernizes WHEDA's economic development programs, as well. It gives WHEDA more tools to help start-up and expanding businesses create good new jobs.

The bill clarifies existing statutory language to ensure that WHEDA programs can accommodate debt refinancing where a business is financing an expansion.

The bill would eliminate the current \$750,000 loan amount cap that accompanies WHEDA business financing. Instead WHEDA could provide an unlimited loan amount. An increasing number of loan requests from smaller enterprises exceed our limit, making WHEDA support unavailable. WHEDA has been forced on some occasions to write two separate notes on loans over \$750,000.

WHEDA's maximum loan guarantees will not in themselves change, so enabling WHEDA to guarantee part of an unlimited loan amount will not increase the Authority's fiscal exposure.

In agricultural financing, the bill would update WHEDA requirements to modern industry norms. It would lengthen the term of our loan guarantees from five to ten years where the proceeds will be used for capital improvements.

Altogether, the statewide direct and indirect economic impact of this legislation will, within three years, amount to as much as \$483 million annually. All this and more will be accomplished by legislation that requires not a single state tax dollar.

The big picture is that this legislation will preserve state mandates and oversight, while freeing WHEDA to do what it does best:

- Demonstrate the viability of emerging markets by helping more people afford a home loan;



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- Preserve affordable housing that's endangered while encouraging new apartment development; and
- Create new job opportunities benefiting urban and rural Wisconsin.

Times have changed. Needs have changed. Markets have changed. WHEDA must be able to address these changes if it is continue having a meaningful, positive impact across the state.

WHEDA programs provide real economic help for communities big and small, from the central-most neighborhoods of Milwaukee to the most rural reaches of Douglas County. Now it's time for us to widen WHEDA programs that have a proven track record of creating good homes, jobs and new wealth.

This bill accomplishes that, and I urge you to recommend its passage.

Thank you.

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LENA C. TAYLOR

Wisconsin State Senator • 4th District

Testimony of State Senator Lena C. Taylor
Senate Committee on Housing and Financial Institutions
October 12, 2005
Senate Bill 269

Chairwoman Stepp, Members of the Committee, thank you for allowing me the opportunity to testify in support of Senate Bill 269, the WHEDA Modernization Act. This bill would streamline regulations which currently govern the ways in which WHEDA can assist first-time home buyers, making it easier for WHEDA to help people become home owners. It is estimated conservatively that this legislation will grow the state's economy by more \$100 million and create scores of new, family-supporting jobs. This is an important bill, and I appreciate the Committee holding a hearing on it.

For more than three decades, WHEDA has been a vital ingredient to the economic growth strategies of neighborhoods and communities throughout Wisconsin. However, it has been more than ten years since WHEDA's statutory authority has been updated, and, due to an ever evolving economy, it is becoming increasingly difficult for WHEDA to leverage the full range of lending options the private housing finance and business lending markets have to offer.

In my own district, located in the heart of Milwaukee, WHEDA's programs have made a visible difference. I have seen neighborhoods which were once uniformly impoverished and economically stagnant, transformed into robust economic hubs abounding with public-private partnerships. These partnerships now offer new, self-supporting economic opportunities and motivate continued growth.

Over the past couple of years in the 4th Senate District alone, WHEDA has awarded more than \$4 million to small and medium-sized businesses for advancement opportunities and \$15 million in multi-family housing credits creating more than 170 affordable housing units. Additionally, WHEDA's home loan program has helped 340 families become first-time homeowners, backing \$30 million in mortgages.

Though these figures are impressive, there continues to be an untapped market in my district and elsewhere that WHEDA can access only with the passage of this legislation. WHEDA estimates that passage of this legislation will increase lending and economic development activities by more than \$1 million over the next several years in the 4th Senate District.

As you may anticipate, similarly impressive gains can be expected in many areas of the state, especially rural communities. It is my pleasure to testify that this piece of legislation will not pit urban and rural communities against each other. Rather, it will uniformly assist needy communities all across Wisconsin.

Chairwoman Stepp, Members of the Committee, this legislation will secure and extend WHEDA's ability to promote affordable housing and to help create additional jobs in every one of your communities. I am confident that like me, you seek to usher in a new era of prosperity in Wisconsin, and, for that reason, I urge you to support SB 269 today.

Thank you for your support and for your attention.

WHEDA Modernization Bill Impact Statistics by County

County	Total Economic Impact Over Three Years (Millions)	Total Job Creation Over Three Years	Current Law Maximum Income Limit for WHEDA HOME Loan	Proposed Maximum Income Limit for WHEDA HOME Loan	Income Limit Change
Adams	\$ 3.0	20	\$48,200	\$68,400	\$20,200
Ashland	\$ 2.0	14	\$48,000	\$68,400	\$20,400
Barron	\$ 4.5	34	\$58,100	\$68,400	\$10,300
Bayfield	\$ 2.6	17	\$48,600	\$68,400	\$19,800
Brown	\$ 18.5	150	\$69,300	\$72,800	\$3,500
Buffalo	\$ 1.8	12	\$55,800	\$68,400	\$12,600
Burnett	\$ 2.8	19	\$50,100	\$68,400	\$18,300
Calumet	\$ 5.4	39	\$69,000	\$72,800	\$3,800
Chippewa	\$ 6.3	47	\$61,800	\$72,800	\$11,000
Clark	\$ 3.6	27	\$50,700	\$68,400	\$17,700
Columbia	\$ 5.0	39	\$64,500	\$68,400	\$3,900
Crawford	\$ 2.2	16	\$50,500	\$68,400	\$17,900
Dane	\$ 34.3	279	\$80,500	\$72,800	-\$7,700
Dodge	\$ 7.2	57	\$64,100	\$68,400	\$4,300
Door	\$ 3.3	24	\$58,500	\$68,400	\$9,900
Douglas	\$ 3.7	29	\$58,500	\$72,800	\$14,300
Dunn	\$ 4.4	32	\$58,500	\$68,400	\$9,900
Eau Claire	\$ 7.9	63	\$61,800	\$72,800	\$11,000
Florence	\$ 1.4	8	\$52,900	\$68,400	\$15,500
Fond du Lac	\$ 7.9	64	\$64,000	\$68,400	\$4,400
Forest	\$ 1.7	11	\$48,500	\$68,400	\$19,900
Grant	\$ 4.5	35	\$54,500	\$68,400	\$13,900
Green	\$ 3.8	28	\$61,800	\$68,400	\$6,600
Green Lake	\$ 2.0	15	\$58,500	\$68,400	\$9,900
Iowa	\$ 2.7	19	\$63,300	\$68,400	\$5,100
Iron	\$ 1.5	9	\$46,800	\$68,400	\$21,600

WHEDA Modernization Bill Impact Statistics by County

County	Total Economic Impact Over Three Years (Millions)	Total Job Creation Over Three Years	Current Law Maximum Income Limit for WHEDA HOME Loan	Proposed Maximum Income Limit for WHEDA HOME Loan	Income Limit Change
Jackson	\$ 2.6	18	\$53,000	\$68,400	\$15,400
Jefferson	\$ 6.6	52	\$65,300	\$68,400	\$3,100
Juneau	\$ 3.4	24	\$51,800	\$72,800	\$21,000
Kenosha	\$ 12.5	100	\$69,100	\$68,400	-\$700
Kewaunee	\$ 2.4	18	\$64,000	\$72,800	\$8,800
La Crosse	\$ 8.7	70	\$61,800	\$68,400	\$6,600
Lafayette	\$ 1.8	14	\$54,200	\$68,400	\$14,200
Langlade	\$ 2.6	19	\$50,800	\$68,400	\$17,600
Lincoln	\$ 3.0	22	\$59,000	\$68,400	\$9,400
Manitowoc	\$ 6.7	54	\$61,700	\$68,400	\$6,700
Marathon	\$ 10.3	83	\$64,400	\$72,800	\$8,400
Marinette	\$ 4.2	32	\$51,500	\$68,400	\$16,900
Marquette	\$ 2.4	16	\$50,100	\$68,400	\$18,300
Menominee	\$ 1.6	10	\$34,700	\$68,400	\$33,700
Milwaukee	\$ 68.6	564	\$70,200	\$72,800	\$2,600
Monroe	\$ 4.5	34	\$53,900	\$68,400	\$14,500
Oconto	\$ 4.3	31	\$58,400	\$68,400	\$10,000
Oneida	\$ 3.7	28	\$55,400	\$68,400	\$13,000
Outagamie	\$ 13.5	107	\$69,000	\$72,800	\$3,800
Ozaukee	\$ 7.1	56	\$70,200	\$72,800	\$2,600
Pepin	\$ 2.0	13	\$55,700	\$68,400	\$12,700
Pierce	\$ 4.0	30	\$84,000	\$72,800	-\$11,200
Polk	\$ 4.8	35	\$60,200	\$68,400	\$8,200
Portage	\$ 5.7	45	\$68,000	\$68,400	\$400
Price	\$ 1.8	14	\$51,000	\$68,400	\$17,400
Racine	\$ 14.4	117	\$66,600	\$72,800	\$6,200

**OVERVIEW
WISCONSII
JULY 2005**



WHEDA'S TALKING
POINTS ON THE REYNOLDS
AMENDMENT

1. GROSSMAN'S SENATE BILL 43
PROHIBITS WHEDA FROM MAKING
A LOAN TO A PERSON w/out A S.S.
SB 43 IS IN BRUN'S VET
COMMITTEE. A PUBLIC HEARING
WAS HELD IN AUGUST.

WHAT IS IT....

Many immigrant workers in the U.S. seek to gain citizenship, a process that can take a decade or more and which requires proof of financial self-sufficiency. Those who are unable to use traditional banking systems often end up lacking this proof.

ITIN stands for Individual Taxpayer Identification Number, a substitute for a Social Security number provided by the IRS, so otherwise undocumented workers can pay taxes. It's an accepted form of ID, and a financial indicator of working income. Immigrant workers need to report income but are not eligible for Social Security numbers.

The IRS recognized this and created ITIN numbers in 1996 when it discovered that undocumented workers had a reported \$80 billion in annual income. ITIN enabled these workers to properly report their earnings and pay federal taxes.

The USA PATRIOT Act (Section 326 – Customer Identification Program) requires financial institutions to establish a customer identification program for all new accounts, regardless of whether the customer is a U.S. citizen or foreign national, to form a reasonable belief as to the identity of customers. ITINs are specifically listed as a form of identification that banks can use.

The Treasury Department encourages financial institutions to obtain an ITIN in lieu of a Social Security number as part of their account opening procedures. However, bank acceptance of the ITIN does not constitute an inference regarding the individual's immigration status.

NUMBER OF BANKS THAT ACCEPT ALTERNATE FORMS OF ID (including ITIN, the Mexican government's Matricula card and other forms):

Nationally: 118
Midwest: 86
Chicago: 44

WHEDA'S IMMIGRANT MORTGAGE PROGRAM

OVERVIEW: ITIN MORTGAGE PROGRAM

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

JULY 2005



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WHEDA'S IMMIGRANT MORTGAGE PROGRAM

Overview

WHEDA began its ITIN-based immigrant lending program as a pilot on April 27, 2004. The program now involves some two dozen lenders statewide and mainly serving the urban Milwaukee, Madison, Fox Valley and Racine areas.

WHEDA generally funds mortgage loans to first-time, lower-income, creditworthy customers. WHEDA partnering banks write the loans, and WHEDA then finances the transaction that it approves. The ITIN program follows the same general guidelines as all home mortgages financed by WHEDA. These are 30-year, fixed-rate, below-market loans, as are all WHEDA home loans.

WHEDA funded 4,125 mortgages statewide in 2004. Of those, 43 or about one percent were ITIN based. As of mid-July 2005, WHEDA had approved 125 ITIN-based mortgages since program inception.

No tax dollars are used in WHEDA mortgage lending programs. WHEDA receives lending capital from bonding and from earnings on its prior loans.

WHEDA is the nation's first state housing finance authority to provide mortgages to immigrant workers with ITIN numbers.

WHY WHEDA'S PROGRAM IS IMPORTANT

Thousands of immigrants, mostly Hispanic, work and pay taxes in the US but do not have the conventional credit histories and formal identification ordinarily used by lenders in making home mortgages.

Yet, such immigrants often have sufficient income to qualify for a home loan.

Accepting ITIN numbers as a substitute form of credit identification for a mortgage is a reasonable way for WHEDA to carry out its mission to make homeownership affordable to lower income working families and individuals in Wisconsin. It is also a deterrent to predatory lending (see below).

WHEDA's mission is to seek out under-served and emerging housing markets. WHEDA is setting an early example for private lenders by testing its mortgage lending to persons with ITINs in an effort to demonstrate how these markets can be served successfully, equitably and profitably.

Potential benefits of the ITIN program include increasing homeownership, including a new generation of property taxpayers, greater urban neighborhood stability, and more dollars that tend to stay in the community. Immigrant workers pump tens of billions of dollars back into the US economy by making direct purchases and paying taxes.

Through the ITIN program WHEDA is acknowledging that the ITIN-equipped population exists as a resident base. In that, WHEDA joins the president of the United States, who has proposed an immigrant worker amnesty program; the IRS; and many in the private lending community.

Private lenders have started offering mortgages to ITIN immigrants because they represent a real market with real needs. These borrowers are participants in local, state and national economies. For them or any other foreigner, buying a house in this country is not an illegal activity; it's an investment, one that we all want to see happen more often.

LENDING TRENDS INVOLVING IMMIGRANT WORKERS

In December 2003, 35 banks in the Chicago area joined with the Federal Deposit Insurance Corporation to start making mortgages available to borrowers with ITIN numbers.

Lending to such residents is nothing new. WHEDA has a waiting list of banks and other private lenders that wish to participate in the ITIN program and that have been doing this type of lending for years. The only type of product they have been able to offer without WHEDA help are adjustable rate mortgages and balloon payments with higher interest rates.

All of the ITIN-involved financial institutions in Wisconsin and other parts of the nation report that these loans perform exceptionally well. Second Federal in Chicago has been doing this type of lending for five years. They report no late payments or defaults. Mitchell Bank and Waukesha State Bank have reported similar results.

After much research, WHEDA decided to work with a small number of banks, some of whom were already pursuing this market. WHEDA joined in the realization that if reasonably priced loans aren't available to ITIN workers, they may well turn to sub-prime and predatory lenders, with potentially bad results.

One of WHEDA's major mortgage insurance partners, MGIC, supports the ITIN program.

IMMIGRANTS AND PREDATORY LENDING

In Wisconsin, Latinos are 4.15 times more likely to be denied for a home loan than whites due to the avoidance of risk taking by lenders who believe Latinos:

- receive cash-based income which is hard to verify
- are unable to afford to repay the loans
- have language barriers
- have bad credit

Even before the ITIN program, WHEDA sought ways to increase homeownership not only among lower income workers in general, but especially among minorities including blacks, Hispanics and Hmong. According to an annual ACORN study: Milwaukee-Waukesha and Madison have very high Latino and African-American mortgage rejection rates; Madison was number one in the nation two years ago, still in the top 12 last year.

WHEDA's stated mission is to make home ownership affordable for lower income working families and individuals in Wisconsin. With WHEDA funding, homebuyers with ITINs can qualify for a below-market interest rate, long-term fixed mortgage.

Immigrant workers continue to fall prey to predatory lending. They might pay thousands of dollars in closing costs alone, plus very high interest rates. We can look the other way or we

can do something to help people who are supporting our communities and who are long-standing members of our communities.

What's wrong with the private market mortgages available to immigrant workers? This: High up-front costs and high rates, often unsustainable. This can mean:

- deferred maintenance on the home, causing local housing stock to deteriorate;
- trouble making payments on up to default, which has a negative effect on neighborhoods and local economies.

WHEDA already participates in STOPP (Strategies To Overcome Predatory Practices) with the Metropolitan Milwaukee Fair Housing Council and other organizations dedicated to eliminating predatory loans. In that context the ITIN program is meant to:

- confirm that this is a market not only in need, but one that a public-private partnership can better serve.
- see to what extent this effort can help stop harmful, fly-by-night, predatory lenders that take assets from our communities.

US IMMIGRATION FACTS

- According to the federal Immigration and Naturalization Service, about 1.1 million people immigrate to the United States every year
- The U.S. houses approximately 11 million immigrants who are considered undocumented.
- Over the past decade immigrants accounted for half of the new wage earners entering the labor force.
- An estimated 70% of immigrant workers nationwide pay income and payroll taxes
- There are 31,000 foreign immigrants in the U.S. military. Non-citizens make up 2% of the military's 1.4 million active-duty service members
- Not all immigrant workers are Hispanic. In some cases, an "undocumented" immigrant is in the process of establishing a legal basis for entry, for example through a pending request for asylum. This process can take months or years.

LATINO IMMIGRATION INFORMATION AND FACTS

- There are more Latinos in the US than there are Canadians in Canada. By the year 2020 one in five U.S residents will be Latino.
- Wisconsin's population increase by race/ethnicity from 1990 – 2000:
 - White 05.7%
 - American Indian 19.9%
 - African American 24.5%
 - Asian 68.7%

- **Hispanic/Latino** **107.1%**

Owner Occupancy in Wisconsin

	<u>1990</u>	<u>2000</u>	<u>Change</u>
State of WI	66.7%	68.4%	1.7%
White	68.9%	71.4%	2.5%
Black	30.2%	32.5%	2.3%
Native American	43.0%	47.5%	4.5%
Asian/Pacific	32.2%	42.7%	10.5%
Other race	32.4%	33.1%	0.7%
Latino	43.5%	40.0%	-3.5%

- The top five counties in Wisconsin for Hispanic populations are Milwaukee, Dane, Racine, Waukesha and Walworth. Milwaukee County ranks #43 of the top Hispanic markets.
- Dane County's Latino population nearly tripled in the last 10 years.
- The number of non-citizen Latinos in Wisconsin has increased times 8 since 1980
- There are 117,528 non-citizens in Wisconsin, of which 38,784 are Latino.

Original URL: <http://www.jsonline.com/news/editorials/aug05/346503.asp>

Editorial: Grothman's bad idea

Posted: Aug. 5, 2005

It's true. Many undocumented immigrants don't have Social Security numbers, though many have fake ones. But here's the key. Not everyone without one is an undocumented immigrant.

It's a crucial distinction that state Sen. Glenn Grothman (R-West Bend) should have considered when he sponsored a bill purportedly targeting undocumented immigrants. The bill would prevent Wisconsin's quasi-governmental housing authority from financing mortgages for those without Social Security numbers but with an Individual Taxpayer Identification Number that allows them to still pay taxes on their income.

In April 2004, WHEDA started a program to finance mortgages for those with the tax ID numbers. A spokesman said on Thursday that it has helped 145 households in those months (none defaulting and only one late payment in the period).

But Grothman's bill would be horrible legislation even if everyone without a Social Security card and getting a mortgage financed by the Wisconsin Housing and Economic Development Authority were here illegally.

That's because this kind of mortgage help simply comports to basic facts. Such immigrants are here. If they weren't here, this economy would have to invent them (and is now trying to through guest worker legislation). Short of mass deportations, they're staying. Many of them have children who are U.S. citizens. And they are, by and large, already paying taxes.

It serves no one but the people who would prey on them that these immigrants be forever consigned to underclass status, living furtively in the shadows.

WHEDA's mortgage financing simply recognizes that the organization's employees are not immigration agents, they're community builders. In any case, as some testifying against the bill noted, there is no law prohibiting foreigners from owning property in the United States as long as they qualify. That means that if they have jobs and the ability to repay mortgage loans, there is no reason they shouldn't get a mortgage, a fact that banks and other lending institutions realized even before WHEDA.

The program Grothman wants to gut is very much in keeping with WHEDA's mission, part of which is to help low-income and emerging communities become stable. There's no better way to stabilize a community than to give people in it a real stake via home ownership.

Grothman reasons that the relatively new WHEDA program abets illegal immigration. But under present economic circumstances, this type of immigration would occur even if we wrote migrants' underclass status into the law. Simply, it's better here - for them and their children - than where they came from.

Grothman's bill came before the Senate Committee on Veterans, Homeland Security, Military Affairs, Small Business and Government Reform on Wednesday.

In written testimony, WHEDA Executive Director Antonio Riley said, "Under federal law, ITINs are not to be taken as an indicator of the holder's legal status. WHEDA and other financial institutions cannot ask for this information, nor will the IRS divulge it."

He stressed that no state tax dollars are used to finance the mortgages. The sale of federally tax exempt and taxable bonds

Illegal Immigrants



Photo/File

Sen. Glenn Grothman

funds the mortgage program. And, he said, no resident with a Social Security card is aced out of a mortgage because one went to an immigrant. There is plenty of financing available.

In short, as also suggested in the testimony, if Grothman wants to fix this nation's immigration morass, the best place to start is getting Congress and the president off the dime on the topic.

From the Aug. 6, 2005, editions of the Milwaukee Journal Sentinel
Have an opinion on this story? [Write a letter to the editor](#) or start an [online forum](#).

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MEMO

TO: ANTONIO
FM: RON LEGRO
RE: NON-CITIZEN RESIDENTS SERVING IN THE MILITARY
11/2004

Attached are a couple of articles. Statistics:

- **There are 31,000 undocumented immigrants in the U.S. military**
- **Non-citizens make up 2% of the 1.4 million active-duty service members**

The distinguishing point for ITIN purposes is that these soldiers were not US citizens. They immigrated to the US, many of them from Mexico. Some legislators think such soldiers should earn automatic posthumous citizenship when killed in battle.

These soldiers are referred to as "legal" immigrants because they arrived in a documented fashion or later were granted the right to stay (usually they came into the country as children). So they are not the same as so-called "illegal" aliens who can't prove they're in the US under valid visa or work papers.

However, neither set of individuals are citizens. Both sets can become citizens, after years of study and preparation, establishing their legitimacy through public service and a work history.

In Los Angeles over the Memorial Day holiday, Engracia Cirin honored her brother, **Marine Lance Cpl. Jose Gutierrez**, a 28-year-old native of Guatemala. He was one of the first U.S. casualties in Iraq. He was killed by friendly fire on March 21, 2003. He was not a US citizen but lived in this country and served it in battle. He was awarded citizenship after his death.

STORIES ON FOLLOWING PAGES:

Guatemala native put off college to join Marines

By Martin Kasindorf
USA Today

LOS ANGELES — One of the first U.S. servicemen killed in combat in Iraq was not a citizen of the country for which he sacrificed his life.

Lance Cpl. Jose Gutierrez, 22, a rifleman with the Marines, died in a firefight March 21 near Umm Qasr.

Born in Guatemala, Gutierrez held permanent U.S. resident status, which he obtained in 1999.

At 14, with his parents dead, Gutierrez followed the path of 700,000 of his countrymen to California. He made the 2,000-mile journey from his Guatemala City neighborhood without entry papers. He hopped 14 freight trains to get through Mexico. U.S. immigration authorities detained him.

Fernando Castillo, Guatemala's consul general in Los Angeles, says the United States doesn't deport Guatemalan minors who arrive without family. Gutierrez was made a ward of Los Angeles Juvenile Court. He was placed in a series of group homes and foster families. He learned English and finished high school.

When he reached 18, he got residency documents, Castillo said.

Marcelo Mosquera, a machinist from Ecuador, and his wife, Nora, were the last couple that sheltered the lanky teenager. They cared for two younger foster children, as well, at their home in suburban Lomita, said Hector Tobar, a family friend.

Neighbors told the Los Angeles Times that Gutierrez acted as the big brother, taking the younger kids to the nearby McDonald's.

Tobar said Gutierrez talked of becoming an architect but put college plans on hold to join the Marine Corps a year ago. Jackie Baker, the Mosqueras' adult daughter, told Spanish-language KVEA-TV here that Gutierrez "wanted to give the United States what the United States gave to him. He came with nothing. This country gave him everything."

The U.S. Embassy notified Gutierrez's older sister, his only surviving relative, of his death. He will be buried in Guatemala at her request, Castillo said.

-- *The Associated Press contributed to this report*

Guatemalan family remembers fallen son

GUATEMALA CITY -- (AP) -- When Engracia Sirin Gutierrez heard the pounding at the front door, she knew it had to be bad news.

It was 2:30 a.m. Saturday, March 22, and a group of six officials, including John Hamilton, the U.S. ambassador to Guatemala, had arrived to tell her that her brother had been killed in the fighting in Iraq.

On Friday, Marine Lance Cpl. Jose Gutierrez, 22, became one of the first combat casualties of the war, killed in battle around the port city of Umm Qasr.

"It was difficult to believe," Sirin said March 25. "I thought it was a mistake."

Sirin said her brother left Guatemala at 11 and traveled by train alone across Mexico, looking for a better life in the United States. He found a foster family in Lomita, Calif., where he went to high school. In September, Gutierrez became a rifleman with the Marines.

"Be proud of me because I'm going to be a soldier," Sirin remembers her brother telling her when he joined up.

Sirin said the last time she spoke to her brother was by telephone on New Year's Eve. "He told me, 'Sister, take care of yourself because I'm going to war,'" she said.

On a simple wooden chest of drawers in her four-room home, a single candle shed light on photos of her brother in uniform.

In California, an American flag hung at half-staff outside the home of Gutierrez's foster family. The front porch was lined with pots of geraniums, each with a flag and a sign that read "United We Stand."

His foster mother, Nora Mosquera, said Gutierrez never forgot the sister he left behind in Guatemala and always hoped to bring her to the United States.

His body will be returned to Guatemala for burial in his homeland.

"This is his country," Sirin said. "Yes, he left, but he did so because he had to."

Sirin, 32, said her parents were killed when she and her brother were very young. Both siblings quit primary school to go work and Gutierrez landed a job at a steel factory. The last time she saw him was on the day he left for the United States 11 years ago.

After he settled in California, he began to call her every week and eventually sent gifts, money and pictures of himself back to her, Sirin said.

Sirin said her brother had dreamed of becoming an architect or playing soccer for a popular Guatemalan team.

"He was sweet, respectful and was everybody's friend," Sirin said.