

2003 DRAFTING REQUEST

Bill

Received: 01/12/2004

Received By: pkahler

Wanted: As time permits

Identical to LRB:

For: Housing and Econ. Dev. Authority 1-5930

By/Representing: Chris Gunst

This file may be shown to any legislator: NO

Drafter: pkahler

May Contact: Mary Zins 6-2184
Mick Conrad 6-2748

Addl. Drafters:

Subject: Econ. Development - housing

Extra Copies:

Submit via email: YES

Requester's email: chris.gunst@wheda.com ✓

Carbon copy (CC:) to: steve.wieckert@legis.state.wi.us ✓

Pre Topic:

No specific pre topic given

Topic:

Housing rehabilitation loan program changes

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	pkahler 01/16/2004	jdyer 01/26/2004 jdyer 01/26/2004		_____			Housing
/P1			rschluet	_____	Inorthro		Housing

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
			01/26/2004	_____	01/26/2004		
/1	pkahler 02/10/2004	jdyer 02/10/2004	rschluet 02/11/2004	_____	sbasford 02/11/2004		Housing
		jdyer 02/11/2004		_____			
/2	pkahler 02/24/2004	jdyer 02/24/2004	jfrantze 02/24/2004	_____	mbarman 02/24/2004	mbarman 02/24/2004	
				_____	_____	_____	
				_____	_____	_____	

FE Sent For:

<END>

2003 DRAFTING REQUEST

Bill

Received: **01/12/2004**

Received By: **pkahler**

Wanted: **As time permits**

Identical to LRB:

For: **Housing and Econ. Dev. Authority 1-5930**

By/Representing: **Chris Gunst**

This file may be shown to any legislator: **NO**

Drafter: **pkahler**

May Contact: **Mary Zins 6-2184**
Mick Conrad 6-2748

Addl. Drafters:

Subject: **Econ. Development - housing**

Extra Copies:

Submit via email: **YES**

Requester's email: **chris.gunst@wheda.com**

Carbon copy (CC:) to: *Rep. Wierckert*

Pre Topic:

No specific pre topic given

Topic:

Housing rehabilitation loan program changes

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	pkahler 01/16/2004	jdyer 01/26/2004 jdyer 01/26/2004		_____			Housing
/P1		<i>1/23/04 jls</i> rschluet		<i>2/24</i>	<i>2/24</i>	Inorthro	Housing

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
			01/26/2004	_____	01/26/2004		
/1	pkahler 02/10/2004	jdyer 02/10/2004	rschluet 02/11/2004	_____	sbasford 02/11/2004		
		jdyer 02/11/2004		_____			

FE Sent For:

<END>

Dear PA:
Please jacket the "1/2"
and send to Rep. Wisbeck.
Also send Rep. Wisbeck a copy
of the draft by email (as well
as a copy to Chris Gunst at WHEDA).
Thank you!
PTK

2003 DRAFTING REQUEST

Bill

Received: 01/12/2004

Received By: pkahler

Wanted: As time permits

Identical to LRB:

For: Housing and Econ. Dev. Authority 1-5930

By/Representing: Chris Gunst

This file may be shown to any legislator: NO

Drafter: pkahler

May Contact: Mary Zins 6-2184
Mick Conrad 6-2748

Addl. Drafters:

Subject: Econ. Development - housing

Extra Copies:

Submit via email: YES

Requester's email: chris.gunst@wheda.com

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Housing rehabilitation loan program changes

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	pkahler 01/16/2004	jdyer 01/26/2004 jdyer 01/26/2004		_____			Housing
/P1		1 2/11 jld	rschluct				

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
			01/26/2004 _____		01/26/2004		

FE Sent For:

<END>

2003 DRAFTING REQUEST

Bill

Received: 01/12/2004

Received By: pkahler

Wanted: As time permits

Identical to LRB:

For: Housing and Econ. Dev. Authority 1-5930

By/Representing: Chris Gunst

This file may be shown to any legislator: NO

Drafter: pkahler

May Contact: Mary Zins 6-2184
Mick Conrad 6-2748

Addl. Drafters:

Subject: Econ. Development - housing

Extra Copies:

Submit via email: YES

Requester's email: chris.gunst@wheda.com

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Housing rehabilitation loan program changes

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	pkahler	PK 1/26 jld					Housing

FE Sent For:

<END>



WISCONSIN
HOUSING AND
ECONOMIC
DEVELOPMENT
AUTHORITY

*Chris Ernst
x 15930
Re: Our phone
conversation*

To: Antonio
From: Chris
Re: Legislative Agenda Discussion
Date: December 10, 2003

Single Family Related Changes

Changes to Section 234:

Jim Doyle
Governor

Perry Armstrong
Chairman

Antonio R. Riley
Executive Director

201 West Washington Avenue
Suite 700
P. O. Box 1728
Madison, WI 53701-1728
608/266-7884
800/334-6873
fax 608/267-1099

101 West Pleasant Street
Suite 100
Milwaukee, WI 53212-3962
tel 414/227-4039
fax 414/227-4704

www.wheda.com
info@wheda.com

WHEDA supports equal
housing opportunities
for all persons

- ✓ A. Increase WHEDA flexibility with regards to its Home Improvement Program. This change would make WHEDA's program better able to meet the demand for kitchen renovations, outdoor improvements and other home repair and improvement loans.
- ✓ B. Removal of the 10-year property age requirement for housing rehabilitation loans from WHEDA.
- ✓ C. Modernize WHEDA's income limit to mirror current federal guidelines—a change that will give WHEDA to serve more people with its home loan programs.
- ✓ D. Amends the statutory language relating to loan conditions. Specifically, by removing the loan to value limitation, WHEDA can increase the number and amount of the loans it generates. Additionally, remove the requirement of an independent appraisal of the property (due to changes in the mortgage loan industry this requirement is out of date) this would give WHEDA greater flexibility to reduce the cost of its services to its customers.
234.59(3)(a)
- ✓ E. Remove the 3% equity requirement for WHEDA's home loan program. This will allow WHEDA to provide loans with a 0% downpayment.

Done



WISCONSIN
HOUSING AND
ECONOMIC
DEVELOPMENT
AUTHORITY

Jim Doyle
Governor

Perry Armstrong
Chairman

Antonio R. Riley
Executive Director

201 West Washington Avenue
Suite 700
P. O. Box 1728
Madison, WI 53701-1728
608/266-7884
800/334-6873
fax 608/267-1099

101 West Pleasant Street
Suite 100
Milwaukee, WI 53212-3962
tel 414/227-4039
fax 414/227-4704

www.wheda.com
info@wheda.com

WHEDA supports equal
housing opportunities
for all persons

Predatory Lending:

Elverman's Proposed Legislation on Predatory Lending. Setting up meeting with Elverman and DFI. Also have Farshad and Mary review the Mortgage Bankers version.

Multifamily Housing:

- A. WHEDA's ability to own property. A potential legislative change would allow WHEDA to own multifamily property within its portfolio. This would resolve once and for all the issues and questions surrounding the Preservation Trust. WHEDA's ability to own property should and could be limited to preservation of affordable multi-family housing.
- ✓ B. Multifamily Borrowing Authority. There was a desire to increase WHEDA's volume cap as the current cap may grow to confining in the near future.
- C. Correction legislation addressing the Columbus Park decision. With the Wisconsin Supreme Court ruling that Non-profit owners of affordable housing units do not qualify for property tax relief, the future of affordable housing is significantly negatively impacted. Additionally, this ruling will have negative implications relative our current portfolio of multifamily mortgage loans. Senator Roessler's legislation is a solid start.
- ✓ D. Technical change needs to be made to Wis. Stat. 234.265 to cover multifamily loans. *records?*

Rural Finance Authority:

- A. Representative Ott has introduced AB 684 that would move WHEDA's rural financing programs (Beginning Bond Program, CROP, & FARM) to the newly created Wisconsin Rural Finance Authority. The Governor's office has been negotiating with Representative Ott but was unable to come up with a mutually agreed upon solution. Representative Ott is moving forward with his legislation, but it is expected to carry a significantly large fiscal note to prevent final passage. The Governor's



office is recommending a neutral to positive with amendment indication towards Rep. Ott's legislation.

Economic Development:

WISCONSIN
HOUSING AND
ECONOMIC
DEVELOPMENT
AUTHORITY

Jim Doyle
Governor

Perry Armstrong
Chairman

Antonio R. Riley
Executive Director

201 West Washington Avenue
Suite 700
P. O. Box 1728
Madison, WI 53701-1728
608/266-7884
800/334-6873
fax 608/267-1099

101 West Pleasant Street
Suite 100
Milwaukee, WI 53212-3962
tel 414/227-4039
fax 414/227-4704

www.wheda.com
info@wheda.com

WHEDA supports equal
housing opportunities
for all persons

- A. Correction of current statutory language removing barrier to investment in Venture capitol funds.
- B. Expanding WHEDA's Economic Development authority. Currently, WHEDA is only permit under Wisconsin Statutes to indirectly aid economic development programs. Is there a desire to expand WHEDA's reach to include direct lending? If so, this would require legislative change.
- C. CDFA. A Community Development Finance Authority (CDFA) is a separate entity that could be used to raise capital for projects and provide equity to those projects under Wis. Stat. 234.95 "Community development project participation".

WHEDA is authorized in the statutes to invest in the CDFA but outside funds could be derived from investors. However, there would be no benefit to investors in the CDFA. Therefore, we need to study the feasibility of funding a CDFA. Providing some type of state tax benefit for investors in the CDFA would be critical to motivating them to put money into it.

Doing this would alleviate the restrictions currently placed on WHEDA in Economic Development for investments to projects. We may also want to remove some of the restrictions placed on CDFA investment such as the target area definitions to allow us to invest in any needy area of the State.

Set up in the 1980's to promote target businesses, the idea was to allow corporations to invest in the CDFA and the entities created by it because of a state income tax credit attached to investment in the CDFA. If we choose, this could be used by WHEDA as a conduit for investment in economic development projects. The CDFA could be the recipient of CapCo investments with the corresponding CapCo tax benefits.



WISCONSIN
HOUSING AND
ECONOMIC
DEVELOPMENT
AUTHORITY

Jim Doyle
Governor

Perry Armstrong
Chairman

Antonio R. Riley
Executive Director

201 West Washington Avenue
Suite 700
P. O. Box 1728
Madison, WI 53701-1728
608/266-7884
800/334-6873
fax 608/267-1099

101 West Pleasant Street
Suite 100
Milwaukee, WI 53212-3962
tel 414/227-4039
fax 414/227-4704

www.wheda.com
info@wheda.com

WHEDA supports equal
housing opportunities
for all persons

- D. Allow WHEDA to use dividends for economic development purposes. Currently section 234.06 "Use of moneys held in housing development fund; temporary loans; grants" specifically states that dividends can only be used for housing activities. Therefore, anytime we want to do something else, we must find some connection with housing. So language that allows WHEDA to use dividends derived from its housing activities for economic development is needed.
- E. Related to Badger Capital. Allowing WHEDA to generate fees for securing housing assistance payments both within and outside the state (234.03(11a)). Add limited liability company to 234.03(30). This will allow the continued use of the Wisconsin Affordable Housing Alliance (WAHA) LLC, and Badger Capital LLC

DVA:

WHEDA is currently in discussions with the Department of Veteran's Affairs to provide them with various single family servicing options. This initiative could provide as much as \$1.6 million in income over 10 years. As we were pursuing this initiative, DVA discovered that State Statutes need to be changed to allow WHEDA to provide this service.

DVA has been pursuing the necessary changes. However, this effort was placed on hold due to the retirement of the Secretary. A new Secretary is now in place and he will be pursuing this. WHEDA will maintain contact with DVA and play a legislative role if needed.

To: Antonio
From: Chris
Re: Legislative Changes recommended by staff
Date: March 31, 2003

Attached to this memorandum are recommended changes to Sections 234.49 and 234.59 directly pertaining to WHEDA. Staff recommendation is that after you and the Governor's Office has reviewed these changes, WHEDA work with identified legislators (perhaps Rep. Wieckert and Sen. Stepp) to get these drafted as legislation. **None of these proposed changes have any fiscal impact to the state.**

The changes are for the most part non-controversial, but I will sketch out the proposed changes in greater detail below.

Page 1, 234.49.2 through 234.49.6 Removal of language that statutorily limits WHEDA single family eligible rehabilitation loans. The removal of this language would allow WHEDA a greater flexibility to make loans consistent with the market for kitchen renovations, outdoor improvements and other home repair and improvement loans.

These changes would allow WHEDA to make more Home improvement loans to the same low and moderate-income borrowers. The only concern I had was WHEDA trying to do something that banks already do well. Geoff and Mary both feel that these changes are needed to serve today's market and that the banks don't object to WHEDA bring in this business. I asked Mary Zins to run these changes by the Wisconsin Mortgage Bankers Board.

Page 1, 234.49.1 Removal of the 10-year requirement residency requirement before WHEDA can enter into housing rehabilitation loan.

This is simple enough. Currently, if I buy a house, I have to reside in it 10 years before I can apply for a housing rehabilitation loan from WHEDA. But I may need to make substantial repairs before that 10 years are up. Why shouldn't I be able to apply for a loan—removal of the 10-year language would allow me to get a loan if I qualified.

Page 1, 234.49.f.2 Changing income limits to mirror those established by the federal government.

This is perhaps the most significant change to the statutes that WHEDA staff is proposing. In the original enabling legislation, the legislature provided set income limits to qualify for WHEDA low-income single family loans. They have not been changed since. But, Federal law has changed becoming more permissive with regards to income limits; however, without statutory change WHEDA remains stuck using the more restricted state mandated limits.

This would have avoided the recent reduction in limits we experienced in some counties recently. With this new flexibility, we would not have had to reduce income limits.

WHEDA staff recommends the removal of the state limits and using instead the requirements established by federal law. This will allow WHEDA to make more single family loans. I have asked Mary Zins to provide you with a spreadsheet comparing how the two income requirements differ broken down by county.

Page 2, 234.59.4(e) and (f) notational changes

Page 3, 234.59(3a) Amends the language relating to loan conditions. Removes limits based on loan to value and adds greater flexibility relating to appraisals.

These changes effect how WHEDA underwrites single family loans. The net effect of the recommendations is to give WHEDA greater flexibility. By removing the loan to value limitation for mortgage loans, WHEDA can increase the number and amounts of the loans it generates. Additionally, WHEDA staff recommends changes to the statute relating to the independent appraisal of the property to be purchased through the mortgage loan process. Traditionally and statutorily, WHEDA has required an independent appraisal of the property. However, modern financial products such as property value insurance have made this requirement out of date. WHEDA staff recommends amending 234.59(3a) to allow for greater flexibility vis-à-vis appraisal of property and less expense to the homebuyer.

The Realtors may object to this change as many realtors also appraisers and by amending the statute, the net effect could be a loss of some of their appraisal

business. However, the removal of the loan to value limitations should be a change that has the support of the Realtors because it will allow us to provide 100% financing.

Memorandum

To : Mary Zins, Director, Credit
Geoff Wheeler, Deputy Executive Director
Cindy Jenson, Manager, Credit

From: Mick Conrad, General Counsel *MIC*

Dated: March 27, 2003

Re: Section 234 Revisions

I am attaching the proposed revisions to Sections 234.49 and 234.59, Wisconsin Statutes. Since WDRF includes a moral obligation of the State (Section 234.93(6)), I would like to discuss the practicability of removing the cap in Section 234.93(3)(a) before proposing such a change. I am requesting that Nelson Flynn review the proposed revisions and provide his comments.

Please let me know if you have any questions or comments. Thank you.

"Single family"

C. What are the Fed guidelines for income?
(or where) Mary 2nd 6-2184

"multifamily"

B. volume cap? what limit are you talking about?
Mike Conrad 62748

D. talking about record? (which stat section to add,
↓ yes)

Mike Conrad
↓ 6-2748

1-16 add s. 234.04 to A. 234.265(2)

increase bonding amount in s. 234.18

from \$325,000,000 to
\$600,000,000



FAX COVER SHEET

DATE SENT: 1/13/04 TIME SENT: _____

WISCONSIN
USING AND
ECONOMIC
DEVELOPMENT
AUTHORITY

PLEASE DELIVER THE FOLLOWING PAGES TO:

Name: PAM KAHLER
Location: LRB
Fax #: 264-6948

Jim Doyle
Governor

Antonio R. Riley
Executive Director

FROM:

Name: _____
Phone #: _____

West Washington Avenue
Suite 700
P.O. Box 1728
Madison, WI 53701-1728
608/266-7884
800/334-6873
fax 608/267-1099

Number of pages being transmitted, including this cover: 7

RE: FROM MARY ZINS

01 West Pleasant Street
Suite 100
Milwaukee, WI 53212-3962
414/227-4039
800/628-4833
fax 414/227-4704

www.wheda.com
info@wheda.com
www.wisconsin.gov

THIS MESSAGE IS INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR ENTITY TO WHICH IT IS ADDRESSED AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, CONFIDENTIAL AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAW. If the reader of this message is not the intended recipient or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone (collect) and return the original message to us at the address below via the U.S. Postal Service.

Thank you.

WHEDA supports equal
housing opportunities for
all persons

234.54

HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

Updated 01-02 Wis. Stats. Database 14
UNOFFICIAL TEXT

reduce the amount of the capital reserve fund below the capital reserve fund requirement for the fund.

(3) (a) The authority may not issue bonds, secured in whole or in part by the capital reserve fund if upon the issuance of such bonds, the amount in the capital reserve fund will be less than the capital reserve fund requirement of the capital reserve fund, unless the authority, forthwith upon the issuance of the bonds, deposits in the capital reserve fund from the proceeds of the bonds to be issued, or from other sources, an amount which, together with the amount then in the capital reserve fund, will not be less than the capital reserve fund requirement for the fund. The annual debt service for any calendar year is the amount of money equal to the aggregate of all of the following:

1. All interest payable during the calendar year on all bonds secured in whole or in part by the capital reserve fund outstanding on the date of computation.

2. The principal amount of all bonds described in subd. 1. outstanding on the date of computation which mature during the calendar year.

3. All amounts specified in any resolution of the authority authorizing any of the bonds described in subd. 1. as payable during the calendar year as a sinking fund payment with respect to any of the bonds which mature after the calendar year.

(b) The annual debt service calculation made under par. (a) shall be calculated on the assumption that the bonds will after the date of computation cease to be outstanding by reason, but only by reason, of the payment of bonds when due, and the payment when due and application in accordance with the resolution authorizing those bonds, of all of the sinking fund payments payable at or after the date of computation. However, in computing the annual debt service for any calendar year, bonds considered to have been paid in accordance with the defeasance provisions of the resolution of the authority authorizing the issuance thereof may not be included in bonds outstanding on the date of computation.

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

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

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

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

(6) Notwithstanding subs. (1r) to (5), the authority, subject to such agreements with bondholders as may then exist, may elect not to secure any particular issue or series of its bonds with the capital reserve fund. Such election shall be made in the resolution authorizing such issue or series. In this event, subs. (2) and (3) shall not apply to the bonds of such issue or series in that they shall

not be entitled to payment out of or be eligible for purchase by such fund nor may they be taken into account in computing or applying any capital reserve fund requirement.

History: 1977 c. 418; 1981 c. 21; 1995 s. 225; 1997 a. 35.

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

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

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

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

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

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

(3) Any balance remaining after satisfaction of all obligations under sub. (2) shall be transferred to the housing rehabilitation loan program administration fund.

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

History: 1977 c. 418; 1985 a. 29 s. 3200 (28); 1999 a. 9.

234.59 Homeownership mortgage loan program.

(1) DEFINITIONS. In this section:

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

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

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

2. A residential structure having no more than 4 dwelling units, if one of the units is or will be the principal residence of an applicant and the structure is an existing dwelling first occupied at least 5 years before execution of a homeownership mortgage loan secured by the dwelling.

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

4. A residential structure having 2 dwelling units, if one of the units will be the principal residence of an applicant and if the structure is a new dwelling and a targeted area residence.

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

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

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

(h) "Mortgage banker" means a mortgage banker registered under s. 224.72, but does not include a person licensed under s. 138.09.

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

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

(k) "Targeted area residence" has the meaning given in 26 CFR 6a.103A-2 (b) (3).

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

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

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

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

(3) LOAN CONDITIONS. (a) The amount of a homeownership mortgage loan may not exceed the lesser of 97% of the purchase price or 97% of the appraised value of the eligible property.

(b) 1. a. Except as provided in subd. 1. c., a homeownership mortgage loan may not be made to an applicant if the applicant's income combined, except as provided in subd. 1. b., with the income from all sources of all persons who intend to occupy the same dwelling unit as that applicant, exceeds 110% of the median income of the county where the eligible property is located if the eligible property is not a targeted area residence or exceeds 140% of the median income of the county where the eligible property is located if the eligible property is a targeted area residence.

b. For the purpose of subd. 1., no earned income of any minor who will occupy the same dwelling unit as the applicant may be considered.

c. If the authority sets aside at least 20% of the proceeds of a bond or note issuance under s. 234.60 to fund homeownership mortgage loans for eligible properties that are targeted area residences, the authority may apply up to 33% of the proceeds that are set aside for that purpose without regard to the income of the applicant.

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

(c) The authority shall notify an eligible lender if a person's name appears on the statewide support lien docket under s. 49.854

(2) (b). An eligible lender may not make a loan to an applicant if it receives notification under this paragraph concerning the applicant, unless the applicant provides to the lender a payment agreement that has been approved by the county child support agency under s. 59.53 (5) and that is consistent with rules promulgated under s. 49.858 (2) (a).

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

1. A construction loan.

2. Temporary initial financing.

3. A loan made to finance a rehabilitation.

History: 1981 c. 349; 1983 a. 82, 192; 1985 a. 29 ss. 2127, 2261 to 2269, 3200 (14); 1985 a. 332; Stats. 1985 s. 234.59; 1987 a. 27, 359; 1987 a. 403 s. 256; 1989 a. 31, 346; 1991 a. 221; 1993 a. 286, 287; 1995 a. 27, 404; 1999 a. 9.

234.60 Bonds for homeownership mortgage loans.

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

(2) The limitations in ss. 234.18 (1), 234.40, 234.50, 234.61, 234.65 and 234.66 do not apply to bonds or notes issued under this section.

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

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

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

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

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

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

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

(5) (a) The secretary of administration shall determine the date after which no bond or note issued may be treated as a qualified mortgage bond under 26 USC 143 (a) (1).

(b) No bonds or notes may be issued under this section after the date determined under par. (a), except bonds or notes issued to refund outstanding bonds or notes issued under this section.

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

History: 1981 c. 349; 1983 a. 27 s. 2202 (20); 1983 a. 36 s. 96 (4); 1983 a. 81 s. 13; 1983 a. 82; 1983 a. 83 s. 22; 1983 a. 192; 1985 a. 29 ss. 2128 to 2131, 3202 (28); 1985 a. 78, 334; 1987 a. 27, 69; 1989 a. 31; 1993 a. 437; 1997 a. 27.

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

234.61 Bonds for residential facilities for the elderly or chronically disabled.

(1) Upon the authorization of the department of health and family services, the authority may issue bonds or notes and make loans for the financing of housing projects which are residential facilities as defined in s. 46.28 (1) (d) and the development costs of those housing projects, if the department of health and family services has approved the residential facilities for financing under s. 46.28 (2). The limitations in ss. 234.18 (1), 234.40, 234.50, 234.60, 234.65 and 234.66 do not apply to bonds or notes issued under this section. The definition of "nonprofit corporation" in s. 234.01 (9) does not apply to this section.

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

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

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

Unofficial text from 01-02 Wis. Stats. database. See printed 01-02 Statutes and 2003 Wis. Acts for official text under s. 35.18 (2) stats. Report errors to the Revisor of Statutes at (608) 266-2011, FAX 264-6978, email bruce.munson@legis.state.wi.us

the income requirements established pursuant to 26 U.S.C. 143(f).

(3)(a) insert

established value of the eligible property. The established value of the eligible property equals any of the following:

1. The value determined by an independent appraisal of the property.
2. The value insured under a property value insurance policy written on the property.
3. Any industry practice for determining the established value of the eligible property that is acceptable to the authority.



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-4018/

PJK:....

PI
jld

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

by Tues. please

D...
S...
(...)

gen cont

1 AN ACT ~~relating to~~; relating to: various modifications to housing loan programs and
2 increasing the bonding authority of the Wisconsin Housing and Economic
3 Development Authority. ✓

Analysis by the Legislative Reference Bureau

The Wisconsin Housing and Economic Development Authority (WHEDA) ✓
administers a number of housing and economic development programs, including a
Housing Rehabilitation Program and a Homeownership Mortgage Loan Program.
Under the Housing Rehabilitation Program, WHEDA may purchase from
authorized lenders loans made for housing rehabilitation. Currently, housing
rehabilitation loans may be ~~used~~ for additions, alterations, or repairs to a structure
that was first occupied as a residence at least 10^{ten} years earlier, but decks, patios, *
fencing, landscaping, home appliances, and fireplaces are specifically excluded. This
bill eliminates both the exclusions and the requirement that the structure was first
occupied as a residence at least 10^{ten} years before the granting of the loan. *

used

Under the Homeownership Mortgage Loan Program, WHEDA contracts with
authorized lenders to make or service loans for the construction, ✓ long-term
financing, or rehabilitation of residential property. WHEDA may insure or provide
* additional security for the loans. Currently, a loan may not exceed the lesser of 97% ^{percent}
* of the purchase price of the property or 97% of the appraised value of the property.
A person who receives a loan, generally, may not have income that exceeds 110
percent of the median income of the county in which the property is located. This bill
changes the loan limit so that a loan may not exceed the value of the property, which
may be the appraised value, the value for which the property is insured under a

generally,

may issue

property insurance policy, or the value determined in another manner that is commonly used to determine property value and that is acceptable to WHEDA. The bill also changes the income limit so that it is consistent with a provision of federal law that requires a mortgagor's income to be 115 percent or less of the median income for the area in which the residence is located or for the state, whichever is greater.

Under current law, the outstanding principal amount of bonds and notes ~~issued~~ that ~~by~~ WHEDA for its corporate purposes may not exceed \$325,000,000 in the aggregate. This bill increases that amount to \$600,000,000.

Under current law, records consisting of personal or financial information provided by persons seeking assistance under a number of WHEDA's programs are confidential. This bill makes the technical correction of adding WHEDA's loan program for housing projects for low-income and moderate-income persons and families to the list of programs for which these records are confidential.

Because this bill directly or substantially affects the development, construction, cost or availability of housing in this state, the Department of Administration, as required by law, will prepare a report to be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 234.18 (1) of the statutes is amended to read:

2 234.18 (1) The authority shall not have outstanding at any one time notes and
3 bonds for any of its corporate purposes in an aggregate principal amount exceeding
4 ~~\$325,000,000~~ \$600,000,000, excluding bonds and notes issued to refund outstanding
5 notes and bonds.

6 History: 1971 c. 287; 1975 c. 200; 1977 c. 108, 317; 1979 c. 18; 1981 c. 349; 1983 a. 36 s. 96 (4); 1985 a. 29; 1987 a. 69; 1991 a. 39; 1995 a. 27 s. 9116 (5); 1997 a. 27.
7 **SECTION 2.** 234.265 (2) of the statutes is amended to read:

8 234.265 (2) Records or portions of records consisting of personal or financial
9 information provided by a person seeking a grant or loan under s. 234.04, 234.08,
10 234.49, 234.59, 234.61, 234.65, 234.67, 234.83, 234.84, 234.90, 234.905, 234.907, or
11 234.91, seeking a loan under ss. 234.621 to 234.626, seeking financial assistance
 under s. 234.66, seeking investment of funds under s. 234.03 (18m), or in which the

1 authority has invested funds under s. 234.03 (18m), unless the person consents to
2 disclosure of the information.

History: 1971 c. 287; 1983 a. 81, 83, 192; 1985 a. 29, 334; 1987 a. 421; 1989 a. 31, 335, 336, 359; 1991 a. 39, 309; 1993 a. 16, 437; 1995 a. 116, 150; 1997 a. 27, 35; 1999 a. 9.

3 **SECTION 3.** 234.49 (1) (d) (intro.) of the statutes is renumbered 234.49 (1) (d)
4 and amended to read:

5 234.49 (1) (d) "Eligible rehabilitation" means additions, alterations, or repairs
6 of to housing to maintain it in a decent, safe, and sanitary condition or to restore it
7 to that condition, to reduce the cost of owning or occupying dwelling units, to
8 conserve energy, and to extend the economic or physical life of structures, ~~but does~~
9 ~~not include any of the following:~~

History: 1977 c. 418; 1979 c. 110 s. 60 (13); 1979 c. 361 s. 59; Stats. 1979 s. 560.06; 1981 c. 21, 314; 1983 a. 81 s. 11; 1983 a. 83 s. 20; 1985 a. 29 ss. 2124d, 2244 to 2260, 3200 (14), 3202 (14); 1985 a. 120; Stats. 1985 s. 234.49; 1987 a. 27, 359, 395; 1987 a. 403 s. 256; 1989 a. 346; 1991 a. 39, 221, 269; 1993 a. 437; 1995 a. 27 ss. 6303, 9126 (19); 1995 a. 201, 404; 1997 a. 3; 1999 a. 9; 1999 a. 150 s. 672.

10 **SECTION 4.** 234.49 (1) (d) 2. of the statutes is repealed.

11 **SECTION 5.** 234.49 (1) (d) 4. of the statutes is repealed.

12 **SECTION 6.** 234.49 (1) (d) 6. of the statutes is repealed.

13 **SECTION 7.** 234.49 (1) (e) (intro.) and 2. of the statutes are consolidated,
14 renumbered 234.49 (1) (e) and amended to read:

15 234.49 (1) (e) "Housing" means a residential structure having not more than
16 4 dwelling units in which at least one unit is occupied by the owner as a principal
17 residence and: ~~2. The, if a housing rehabilitation loan is granted for the property~~
18 ~~to implement energy conservation improvements, the~~ structure is not subject to rules
19 adopted under s. 101.63, 101.73, or 101.973, ~~if a housing rehabilitation loan is~~
20 ~~granted for the property to implement energy conservation improvements.~~

History: 1977 c. 418; 1979 c. 110 s. 60 (13); 1979 c. 361 s. 59; Stats. 1979 s. 560.06; 1981 c. 21, 314; 1983 a. 81 s. 11; 1983 a. 83 s. 20; 1985 a. 29 ss. 2124d, 2244 to 2260, 3200 (14), 3202 (14); 1985 a. 120; Stats. 1985 s. 234.49; 1987 a. 27, 359, 395; 1987 a. 403 s. 256; 1989 a. 346; 1991 a. 39, 221, 269; 1993 a. 437; 1995 a. 27 ss. 6303, 9126 (19); 1995 a. 201, 404; 1997 a. 3; 1999 a. 9; 1999 a. 150 s. 672.

21 **SECTION 8.** 234.49 (1) (e) 1. of the statutes is repealed.

1 **SECTION 9.** 234.59 (3) (a) ^X of the statutes is renumbered 234.59 (3) [✓] (a) (intro.)
2 and amended to read:

3 234.59 (3) (a) (intro.) [✓] The amount of a homeownership mortgage loan may not
4 exceed the ~~lesser of 97% of the purchase price or 97% of the appraised value of value~~
5 established for the eligible property, which may be any of the following: [✓]

History: 1981 c. 349; 1983 a. 82, 192; 1985 a. 29 ss. 2127, 2261 to 2269, 3200 (14); 1985 a. 332; Stats. 1985 s. 234.59; 1987 a. 27, 359; 1987 a. 403 s. 256; 1989 a. 31, 346; 1991 a. 221; 1993 a. 286, 287; 1995 a. 27, 404; 1999 a. 9.

6 **SECTION 10.** 234.59 (3) (a) 1. ^X of the statutes is created to read:

7 234.59 (3) (a) 1. The appraised value of the property. [✓]

8 **SECTION 11.** 234.59 (3) (a) 2. ^X of the statutes is created to read:

9 234.59 (3) (a) 2. The value for which the property is insured under a property
10 insurance policy.

11 **SECTION 12.** 234.59 (3) (a) 3. ^X of the statutes is created to read:

12 234.59 (3) (a) 3. The value determined in any other manner that is commonly
13 used to determine property value and that is acceptable to the authority.

14 **SECTION 13.** 234.59 (3) (b) 1. [✓] of the statutes is renumbered 234.59 (3) (bc), and
15 234.59 (3) (bc) 1., as renumbered, is amended to read:

16 234.59 (3) (bc) 1. Except as provided in subd. ~~1. e.~~ [✓] 3., a homeownership
17 mortgage loan may not be made to an applicant if the applicant's income ~~combined,~~
18 ~~except as provided in subd. 1. b.,~~ [✓] with the income from all sources of all persons who
19 ~~intend to occupy the same dwelling unit as that applicant, exceeds 110% of the~~
20 ~~median income of the county where the eligible property is located if the eligible~~
21 ~~property is not a targeted area residence or exceeds 140% of the median income of~~
22 ~~the county where the eligible property is located if the eligible property is a targeted~~
23 area residence exceeds the applicable level specified under 26 USC 143 (f).

History: 1981 c. 349; 1983 a. 82, 192; 1985 a. 29 ss. 2127, 2261 to 2269, 3200 (14); 1985 a. 332; Stats. 1985 s. 234.59; 1987 a. 27, 359; 1987 a. 403 s. 256; 1989 a. 31, 346; 1991 a. 221; 1993 a. 286, 287; 1995 a. 27, 404; 1999 a. 9.

1
2
3
4
5
6
7
8
9
10
11
12

SECTION 14. 234.59 (3) (b) 2. ^x of the statutes is repealed.

SECTION 15. Initial applicability.

(1) HOUSING REHABILITATION LOANS. [✓] The treatment of section 234.49 (1) (d) (intro.), [✓] 2., [✓] 4., and [✓] 6. and (e) (intro.), [✓] 1., and [✓] 2. of the statutes first applies to housing rehabilitation loans for which application is made on the effective date of this subsection. [✓]

(2) HOMEOWNERSHIP MORTGAGE LOANS. [✓] The treatment of section 234.59 (3) (b) 1. and [✓] 2. of the statutes, the renumbering and amendment of section [✓] 234.59 (3) (a) of the statutes, and the creation of section 234.59 (3) (a) 1., [✓] 2., and [✓] 3. of the statutes first apply [✓] to homeownership mortgage loans for which application is made on the effective date of this subsection.

(END)

D - vote

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-4018/7dn

PJK:.....

JK

1. I have renumbered and amended s. 234.59 (3) (a) on the basis of language suggested by Mary Zins. Another option, however, for eliminating the appraisal requirement is simply to repeal s. 234.59 (3) (a). Let me know if you prefer a repeal.

2. I have amended s. 234.59 (3) (b) 1. a. (renumbered to be s. 234.59 (3) (bc) 1.) on the basis of language suggested by Mary Zins. I repealed s. 234.59 (3) (b) 2. because 26 USC 143 (f) contains a provision [26 USC 143 (f) (6)] for using a different percentage for families with fewer than three individuals. Let me know, however, if you want to retain s. 234.59 (3) (b) 2. instead of using the federal law provision.

26 USC 143 (f) (1) provides that the mortgagor's family income must be 115 percent or less of the applicable median family income. 26 USC 143 (f) (4) defines "applicable median family income" as the median income for the area in which the residence is located or for the state, whichever is lower. What does "area" mean? I could find no definition for just "area," although there are definitions for "statistical area," "metropolitan statistical area," "targeted area," and "area of chronic economic distress."

Also, let me know if you want s. 234.49 (1) (f) 2. amended to change the required income level, too. The original drafting instructions, unlike the change proposed by Mary Zins, indicated that the income change was supposed to be made to s. 234.49 rather than s. 234.59. I'm not sure if the original instructions were incorrect or if you wanted both sections amended.

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266-2682
E-mail: pam.kahler@legis.state.wi.us

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-4018/P1dn
PJK:jld:rs

January 26, 2004

1. I have renumbered and amended s. 234.59 (3) (a) on the basis of language suggested by Mary Zins. Another option, however, for eliminating the appraisal requirement is simply to repeal s. 234.59 (3) (a). Let me know if you prefer a repeal.

2. I have amended s. 234.59 (3) (b) 1. a. (renumbered to be s. 234.59 (3) (bc) 1.) on the basis of language suggested by Mary Zins. I repealed s. 234.59 (3) (b) 2. because 26 USC 143 (f) contains a provision [26 USC 143 (f) (6)] for using a different percentage for families with fewer than three individuals. Let me know, however, if you want to retain s. 234.59 (3) (b) 2. instead of using the federal law provision.

26 USC 143 (f) (1) provides that the mortgagor's family income must be 115 percent or less of the applicable median family income. 26 USC 143 (f) (4) defines "applicable median family income" as the median income for the area in which the residence is located or for the state, whichever is lower. What does "area" mean? I could find no definition for just "area," although there are definitions for "statistical area," "metropolitan statistical area," "targeted area," and "area of chronic economic distress."

Also, let me know if you want s. 234.49 (1) (f) 2. amended to change the required income level, too. The original drafting instructions, unlike the change proposed by Mary Zins, indicated that the income change was supposed to be made to s. 234.49 rather than s. 234.59. I'm not sure if the original instructions were incorrect or if you wanted both sections amended.

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266-2682
E-mail: pam.kahler@legis.state.wi.us

Kahler, Pam

From: Chris.Gunst@wheda.com
 Sent: Friday, February 06, 2004 1:26 PM
 To: Pam.Kahler@legis.state.wi.us
 Cc: Antonio.Riley@wheda.com; Chris.Gunst@wheda.com; Jim.Siebers@wheda.com;
 John.Schultz@wheda.com; Laura.Morris@wheda.com; Mary.Zins@wheda.com;
 Maureen.Brunker@wheda.com; Mick.Conrad@wheda.com;
 Rae_Ellen.Packard@wheda.com; George.Christenson@wheda.com;
 Floyd.DeBow@wheda.com

Pam--

Thanks for getting a draft of legislation back to us so quickly.

Here are some response for your questions and some other changes needed in the second draft.

Direct response to the drafter's note

- ✓ 1. We prefer a repeal.
- 2. 234.59 (3)(b) 1.a. (renumber to be s.234.59 (3)(a)--we want to use the federal law provision. In the last paragraph--234.49 (1)(f) 2. should stay the same. However 234.49(1)(g) needs to be reworded to: "Median Income" means the greater of gross median family income for the area in which such residence is located; or the statewide median gross income in which such residence is located.

*D-note
note diff
between lowest
greater*

Changes wanted to the preliminary draft:

✓ Page 2 Repeal 234.18(3)

Page 4

- ✓ Section 9 through 12 Repeal (3)(a)
- ✓ Section 13 we believe should be renumbered 234.59 (3)(a) *no*
- ✓ Section 13, line 16 Change to 234.59 (3)(a) Except as provided in
- ✓ subd. c., a homeownership...
- Section 13, line 23 insert 234.59 (3)(b) -- Amend to "For purpose of ?
- subd. a, no earned"
- 234.59 (3) (2) repeal ?
- 234.59 (3) (2) (c) renumber to 234.59 (3)(d) ?

*no - explain
renumbering
- D-note*

If you could give me an indication on how quickly you can process these changes.

Thank you very much,

Chris Gunst



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-4018/1

PJK:jld:rs

r m is near

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

*Wed, please
D-note*

regenerate ↓

1 AN ACT *to repeal* 234.49 (1) (d) 2., 234.49 (1) (d) 4., 234.49 (1) (d) 6., 234.49 (1)
 2 (e) 1. and 234.59 (3) (b) 2.; *to renumber and amend* 234.49 (1) (d) (intro.),
 3 234.59 (3) (a) and 234.59 (3) (b) 1.; *to consolidate, renumber and amend*
 4 234.49 (1) (e) (intro.) and 2.; *to amend* 234.18 (1) and 234.265 (2); and *to create*
 5 234.59 (3) (a) 1., 234.59 (3) (a) 2. and 234.59 (3) (a) 3. of the statutes; **relating**
 6 **to:** various modifications to housing loan programs and increasing the bonding
 7 authority of the Wisconsin Housing and Economic Development Authority.

Analysis by the Legislative Reference Bureau

The Wisconsin Housing and Economic Development Authority (WHEDA) administers a number of housing and economic development programs, including a Housing Rehabilitation Program and a Homeownership Mortgage Loan Program. Under the Housing Rehabilitation Program, WHEDA may purchase from authorized lenders loans made for housing rehabilitation. Currently, housing rehabilitation loans may be used for additions, alterations, or repairs to a structure that was first occupied as a residence at least ten years earlier, but decks, patios, fencing, landscaping, home appliances, and fireplaces are specifically excluded. This bill eliminates both the exclusions and the requirement that the structure was first occupied as a residence at least ten years before the granting of the loan.

Under the Homeownership Mortgage Loan Program, WHEDA contracts with authorized lenders to make or service loans for the construction, long-term

Insert 1-A

NO
removes the loan limit
and the requirement for an appraisal
of the property ✓

financing, or rehabilitation of residential property. WHEDA may insure or provide additional security for the loans. Currently, a loan may not exceed the lesser of 97 percent of the purchase price of the property or 97 percent of the appraised value of the property. A person who receives a loan, generally, may not have income that exceeds 110 percent of the median income of the county in which the property is located. This bill changes the loan limit so that a loan may not exceed the value of the property, which may be the appraised value, the value for which the property is insured under a property insurance policy, or the value determined in another manner that is commonly used to determine property value and that is acceptable to WHEDA.

The bill also changes the income limit so that it is consistent with a provision of federal law that, generally, requires a mortgagor's income to be 115 percent or less of the median income for the area in which the residence is located or for the state, whichever is greater.

Under current law, the outstanding principal amount of bonds and notes that WHEDA may issue for its corporate purposes may not exceed \$325,000,000 in the aggregate. This bill increases that amount to \$600,000,000. *Insert 2-A ✓*

Under current law, records consisting of personal or financial information provided by persons seeking assistance under a number of WHEDA's programs are confidential. This bill makes the technical correction of adding WHEDA's loan program for housing projects for low-income and moderate-income persons and families to the list of programs for which these records are confidential.

Because this bill directly or substantially affects the development, construction, cost or availability of housing in this state, the Department of Administration, as required by law, will prepare a report to be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

Insert 2-5 ✓

1 SECTION 1. 234.18 (1) of the statutes is amended to read:
2 234.18 (1) The authority shall not have outstanding at any one time notes and
3 bonds for any of its corporate purposes in an aggregate principal amount exceeding
4 \$325,000,000 ~~\$600,000,000~~, excluding bonds and notes issued to refund outstanding
5 notes and bonds.

6 SECTION 2. 234.265 (2) of the statutes is amended to read:
7 234.265 (2) Records or portions of records consisting of personal or financial
8 information provided by a person seeking a grant or loan under s. 234.04, 234.08,

1 234.49, 234.59, 234.61, 234.65, 234.67, 234.83, 234.84, 234.90, 234.905, 234.907, or
2 234.91, seeking a loan under ss. 234.621 to 234.626, seeking financial assistance
3 under s. 234.66, seeking investment of funds under s. 234.03 (18m), or in which the
4 authority has invested funds under s. 234.03 (18m), unless the person consents to
5 disclosure of the information.

Insert 3-5

6 SECTION 3. 234.49 (1) (d) (intro.) of the statutes is renumbered 234.49 (1) (d)
7 and amended to read:

8 234.49 (1) (d) "Eligible rehabilitation" means additions, alterations, or repairs
9 of to housing to maintain it in a decent, safe, and sanitary condition or to restore it
10 to that condition, to reduce the cost of owning or occupying dwelling units, to
11 conserve energy, and to extend the economic or physical life of structures, but does
12 not include any of the following:

13 SECTION 4. 234.49 (1) (d) 2. of the statutes is repealed.

14 SECTION 5. 234.49 (1) (d) 4. of the statutes is repealed.

15 SECTION 6. 234.49 (1) (d) 6. of the statutes is repealed.

16 SECTION 7. 234.49 (1) (e) (intro.) and 2. of the statutes are consolidated,
17 renumbered 234.49 (1) (e) and amended to read:

18 234.49 (1) (e) "Housing" means a residential structure having not more than
19 4 dwelling units in which at least one unit is occupied by the owner as a principal
20 residence and: ~~2. The, if a housing rehabilitation loan is granted for the property~~
21 to implement energy conservation improvements, the structure is not subject to rules
22 adopted under s. 101.63, 101.73, or 101.973, ~~if a housing rehabilitation loan is~~
23 ~~granted for the property to implement energy conservation improvements.~~

24 SECTION 8. 234.49 (1) (e) 1. of the statutes is repealed.

Insert 3-24

change component ✓

repealed.

1 **SECTION 9.** 234.59 (3) (a) of the statutes is ~~repealed~~ *repealed*

2 and amended to read:

3 ~~234.59 (3) (a) (intro.)~~ The amount of a homeownership mortgage loan may not
4 exceed the ~~lesser of 97% of the purchase price or 97% of the appraised value of value~~
5 established for the eligible property, which may be any of the following:

6 **SECTION 10.** 234.59 (3) (a) 1. of the statutes is created to read:

7 234.59 (3) (a) 1. The appraised value of the property.

8 **SECTION 11.** 234.59 (3) (a) 2. of the statutes is created to read:

9 234.59 (3) (a) 2. The value for which the property is insured under a property
10 insurance policy.

11 **SECTION 12.** 234.59 (3) (a) 3. of the statutes is created to read:

12 234.59 (3) (a) 3. The value determined in any other manner that is commonly
13 used to determine property value and that is acceptable to the authority.

14 **SECTION 13.** 234.59 (3) (b) 1. of the statutes is renumbered 234.59 (3) (bc), and
15 234.59 (3) (bc) 1., as renumbered, is amended to read:

16 234.59 (3) (bc) 1. Except as provided in subd. ~~1. e. 3.~~, a homeownership
17 mortgage loan may not be made to an applicant if the applicant's income combined,
18 except as provided in subd. 1. b., with the income from all sources of all persons who
19 intend to occupy the same dwelling unit as that applicant, exceeds 110% of the
20 median income of the county where the eligible property is located if the eligible
21 property is not a targeted area residence or exceeds 140% of the median income of
22 the county where the eligible property is located if the eligible property is a targeted
23 area residence exceeds the applicable level specified under 26 USC 143 (f).

24 **SECTION 14.** 234.59 (3) (b) 2. of the statutes is repealed.

25 **SECTION 15. Initial applicability.**

Insert 4-24 ✓

, (f) (intro) and 2., and (g)

234.01(7m) and

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10

(1) HOUSING REHABILITATION LOANS. The treatment of section 234.49 (1)(d) (intro.), 2., 4., and 6. ~~and~~ (e) (intro.), 1., and 2. of the statutes first applies to housing rehabilitation loans for which application is made on the effective date of this subsection.

(2) HOMEOWNERSHIP MORTGAGE LOANS. The treatment of section 234.59 (3)(b) 1. and 2. of the statutes, the renumbering and amendment of section 234.59 (3)(a) of the statutes, and the creation of section 234.59 (3) (a) 1., 2., and 3. of the statutes first ~~applies~~ ^{applies} to homeownership mortgage loans for which application is made on the effective date of this subsection.

(END)

D - vote
↓

(a) and

(c) 2.

2003-2004 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-4018/lins
PJK:jld:rs

INSERT 1-A

Also under the Housing Rehabilitation Program, loans generally may be made only to persons or families with incomes that do not exceed 120% of the median family income of the county in which the residence is located. This bill changes the income limitation to 120% of the median family income of the area in which the residence is located or of the state, whichever is greater.

percent (END OF INSERT 1-A)

INSERT 2-A

In addition, the bill removes the requirement in current law that WHEDA must employ the building commission as its financial consultant to assist and coordinate the issuance of WHEDA's notes and bonds.

(END OF INSERT 2-A)

INSERT 2-5

SECTION 1. 101.143 (4) (em) 2. of the statutes is amended to read:

101.143 (4) (em) 2. The department shall issue the award under this paragraph without regard to fault for each home oil tank system in an amount equal to 75% of the amount of the eligible costs, except that if the home oil tank system is owned by a nonprofit organization that provides housing assistance to families with incomes below 80% of the median family income, as defined in s. 234.49 (1) (g) as determined annually by the U.S. department of housing and urban development for each county in the state, of the county in which the home oil tank system is located, then the award shall equal 100% of the amount of the eligible costs. The department shall recalculate any award made to such a nonprofit organization under this paragraph before May 7, 1994, based on 100% of eligible costs and shall issue an award for the difference between the award as recalculated and the award issued before May 7, 1994.

Ins 2-5 contd

1 **SECTION 2.** 234.01 (7m) of the statutes is amended to read:

2 234.01 (7m) "Housing rehabilitation loan" means a low interest housing
3 rehabilitation loan as defined in s. 234.49 (1) (f) and (fm).[✓]

History: 1971 c. 287; 1975 c. 221, 421; 1977 c. 418, 447; 1978 c. 361 ss. 112, 113; 1981 c. 349; 1983 a. 81 ss. 2, 11; 1983 a. 83 ss. 5, 20; 1985 a. 29 ss. 2116, 3202 (14); 1985 a. 334; 1987 a. 27, 359; 1987 a. 403 s. 256; 1989 a. 281; 1989 a. 335 s. 89; 1991 a. 37, 221; 1995 a. 27, 227; 1997 a. 27; 1999 a. 150 s. 672; 2001 a. 104.

4 **SECTION 3.** 234.18 (1) of the statutes is renumbered 234.18 and amended to
5 read:

Limit on amount of outstanding bonds and notes!

6 **234.18** The authority shall not have outstanding at any one time notes and
7 bonds for any of its corporate purposes in an aggregate principal amount exceeding
8 \$~~325,000,000~~ \$600,000,000,[✓] excluding bonds and notes issued to refund outstanding
9 notes and bonds.

History: 1971 c. 287; 1975 c. 200; 1977 c. 108, 317; 1979 c. 18; 1981 c. 349; 1983 a. 36 s. 96 (4); 1985 a. 29; 1987 a. 69; 1991 a. 39; 1995 a. 27 s. 9116 (5); 1997 a. 27.

10 **SECTION 4.** 234.18 (3) of the statutes is repealed.

(END OF INSERT 2-5)

INSERT 3-5

11 **SECTION 5.** 234.40 (4)[✓] of the statutes is amended to read:

12 234.40 (4) The limitations established in ss. 234.18 (1)[✓], 234.50, 234.60, 234.61,
13 234.65, and 234.66 are not applicable to bonds issued under the authority of this
14 section. The authority may not have outstanding at any one time bonds for veterans
15 housing loans in an aggregate principal amount exceeding \$61,945,000, excluding
16 bonds being issued to refund outstanding bonds.

History: 1973 c. 208, 333; 1975 c. 26; 1977 c. 418; 1979 c. 102; 1981 c. 349 s. 32; 1983 a. 27 s. 2202 (20); 1983 a. 81 s. 13; 1983 a. 83 s. 22; 1983 a. 192; 1985 a. 29 s. 3202 (28); 1985 a. 334; 1993 a. 437; 1997 a. 27.

17 **SECTION 6.** 234.49 (1) (c) 2. of the statutes is amended to read:



Ins 3-5 cont'd

1 234.49 (1) (c) 2. A family who or which falls within the income limits specified
2 in par. (f) (fm). ✓

History: 1977 c. 418; 1979 c. 110 s. 60 (13); 1979 c. 361 s. 59; Stats. 1979 s. 560.06; 1981 c. 21, 314; 1983 a. 81 s. 11; 1983 a. 83 s. 20; 1985 a. 29 ss. 2124d, 2244 to 2260, 3200 (14), 3202 (14); 1985 a. 120; Stats. 1985 s. 234.49; 1987 a. 27, 359, 395; 1987 a. 403 s. 256; 1989 a. 346; 1991 a. 39, 221, 269; 1993 a. 437; 1995 a. 27 ss. 6303, 9126 (19); 1995 a. 201, 404; 1997 a. 3; 1999 a. 9; 1999 a. 150 s. 672.

(END OF INSERT 3-5)

INSERT 3-24

3 **SECTION 7.** 234.49 (1) (f) (intro.) ✓ of the statutes is renumbered 234.49 (1) (f) and
4 amended to read:

5 234.49 (1) (f) "Housing rehabilitation loan" means a loan to finance eligible
6 rehabilitation or a property tax deferral loan. The maximum amount of a housing
7 rehabilitation loan, except a property tax deferral loan, is \$17,500. The term of any
8 housing rehabilitation loan, except a property tax deferral loan, the repayment of
9 which is made in monthly or other periodic installments, may not exceed 15 years.
10 Housing rehabilitation loans, except property tax deferral loans, include: low
11 interest loans. ✓

History: 1977 c. 418; 1979 c. 110 s. 60 (13); 1979 c. 361 s. 59; Stats. 1979 s. 560.06; 1981 c. 21, 314; 1983 a. 81 s. 11; 1983 a. 83 s. 20; 1985 a. 29 ss. 2124d, 2244 to 2260, 3200 (14), 3202 (14); 1985 a. 120; Stats. 1985 s. 234.49; 1987 a. 27, 359, 395; 1987 a. 403 s. 256; 1989 a. 346; 1991 a. 39, 221, 269; 1993 a. 437; 1995 a. 27 ss. 6303, 9126 (19); 1995 a. 201, 404; 1997 a. 3; 1999 a. 9; 1999 a. 150 s. 672.

12 **SECTION 8.** 234.49 (1) (f) 2. of the statutes is renumbered 234.49 (1) (fm) and
13 amended to read:

14 234.49 (1) (fm) ✓ "Low interest loans" ~~which are~~ means ✓ loans that meet or exceed
15 the rate of interest required to pay the costs incurred by the authority for making and
16 servicing such loans, but do not exceed the rate of interest specified in sub. (2) (a) 6.
17 No low interest or other loan may be made to a person or family whose income exceeds
18 120% of the median income ✓ for a family of 4 ~~in the person's or family's county of~~
19 ~~residence~~, except that in a designated reinvestment neighborhood or area as defined
20 in s. 66.1107 no low interest loan at the highest rate of interest authorized by this

↓

✓ *ins 3-24 contd*

1 ~~subdivision paragraph~~ may be made to a person or family whose income exceeds
2 140% of the median income for a family of 4 ~~in the person's or family's county of~~
3 ~~residence, and except that the authority may increase or decrease the income limit~~
4 ~~for low interest loans by no more than 10% of the limit for each person more or less~~
5 ~~than 4.~~

History: 1977 c. 418; 1979 c. 110 s. 60 (13); 1979 c. 361 s. 59; Stats. 1979 s. 560.06; 1981 c. 21, 314; 1983 a. 81 s. 11; 1983 a. 83 s. 20; 1985 a. 29 ss. 2124d, 2244 to 2260, 3200 (14), 3202 (14); 1985 a. 120; Stats. 1985 s. 234.49; 1987 a. 27, 359, 395; 1987 a. 403 s. 256; 1989 a. 346; 1991 a. 39, 221, 269; 1993 a. 437; 1995 a. 27 ss. 6303, 9126 (19); 1995 a. 201, 404; 1997 a. 3; 1999 a. 9; 1999 a. 150 s. 672.

6 **SECTION 9.** 234.49 (1) (g) of the statutes is amended to read:

7 234.49 (1) (g) "Median income" means the median family income as determined
8 annually by the U.S. department of housing and urban development for the area in
9 which the residence is located or the median family income for each county in the
10 state, whichever is greater.

History: 1977 c. 418; 1979 c. 110 s. 60 (13); 1979 c. 361 s. 59; Stats. 1979 s. 560.06; 1981 c. 21, 314; 1983 a. 81 s. 11; 1983 a. 83 s. 20; 1985 a. 29 ss. 2124d, 2244 to 2260, 3200 (14), 3202 (14); 1985 a. 120; Stats. 1985 s. 234.49; 1987 a. 27, 359, 395; 1987 a. 403 s. 256; 1989 a. 346; 1991 a. 39, 221, 269; 1993 a. 437; 1995 a. 27 ss. 6303, 9126 (19); 1995 a. 201, 404; 1997 a. 3; 1999 a. 9; 1999 a. 150 s. 672.

11 **SECTION 10.** 234.50 (4) of the statutes is amended to read:

12 234.50 (4) The limitations established in ss. 234.18 (1), 234.40, 234.60, 234.61,
13 234.65, and 234.66 are not applicable to bonds issued under the authority of this
14 section. The authority may not have outstanding at any one time bonds for housing
15 rehabilitation loans in an aggregate principal amount exceeding \$100,000,000,
16 excluding bonds being issued to refund outstanding bonds. The authority shall
17 consult with and coordinate the issuance of bonds with the building commission prior
18 to the issuance of bonds.

History: 1977 c. 418; 1979 c. 361 ss. 112, 113; 1981 c. 21; 1981 c. 349, 352; 1983 a. 27 s. 2202 (20); 1983 a. 36 s. 96 (4); 1983 a. 81 s. 13; 1983 a. 83 s. 22; 1983 a. 192; 1985 a. 29 ss. 2125, 2125m, 3200 (28), 3202 (28); 1985 a. 334; 1991 a. 26; 1993 a. 437; 1997 a. 27.

19 **SECTION 11.** 234.59 (1) (g) of the statutes is repealed.

(END OF INSERT 3-24)

INSERT 4-24

20 **SECTION 12.** 234.59 (3) (e) of the statutes is renumbered 234.59 (3) (d).

↓

Ins 4-24 contd

1 **SECTION 13.** 234.60 (2) of the statutes is amended to read:

2 234.60 (2) The limitations in ss. 234.18 (1), 234.40, 234.50, 234.61, 234.65, and
3 234.66 do not apply to bonds or notes issued under this section.

History: 1981 c. 349; 1983 a. 27 s. 2202 (20); 1983 a. 36 s. 96 (4); 1983 a. 81 s. 13; 1983 a. 82; 1983 a. 83 s. 22; 1983 a. 192; 1985 a. 29 ss. 2128 to 2131, 3202 (28); 1985 a. 78, 334; 1987 a. 27, 69; 1989 a. 31; 1993 a. 437; 1997 a. 27.

4 **SECTION 14.** 234.61 (1) of the statutes is amended to read:

5 234.61 (1) Upon the authorization of the department of health and family
6 services, the authority may issue bonds or notes and make loans for the financing of
7 housing projects which are residential facilities as defined in s. 46.28 (1) (d) and the
8 development costs of those housing projects, if the department of health and family
9 services has approved the residential facilities for financing under s. 46.28 (2). The
10 limitations in ss. 234.18 (1), 234.40, 234.50, 234.60, 234.65, and 234.66 do not apply
11 to bonds or notes issued under this section. The definition of "nonprofit corporation"
12 in s. 234.01 (9) does not apply to this section.

History: 1983 a. 27; 1983 a. 81 s. 13; 1983 a. 83 s. 22; 1983 a. 192; 1985 a. 29, 334; 1993 a. 437; 1995 a. 27 s. 9126 (19); 1997 a. 27 s. 3355c; Stats. 1997 s. 234.61.

13 **SECTION 15.** 234.65 (1) (b) of the statutes is amended to read:

14 234.65 (1) (b) The limits in ss. 234.18 (1), 234.40, 234.50, 234.60, 234.61, and
15 234.66 do not apply to bonds or notes issued under this section.

History: 1983 a. 83, 192; 1985 a. 29 s. 3202 (28); 1985 a. 299, 334; 1987 a. 27, 186; 1989 a. 31, 78, 281; 1991 a. 37; 1993 a. 112, 243, 437; 1995 a. 27 s. 9116 (5); 1995 a. 56, 404; 1997 a. 27; 1999 a. 9, 85; 2001 a. 16.

16 **SECTION 16.** 234.66 (3) (b) of the statutes is amended to read:

17 234.66 (3) (b) The limits in ss. 234.18 (1), 234.40, 234.50, 234.60, 234.61, and
18 234.65 do not apply to bonds or notes issued under this section.

History: 1993 a. 437; 1997 a. 27.

(END OF INSERT 4-24)

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-4018/1dn

PJK/jld/rs

Keep

In this redraft:

1. I removed references to the "county of residence" in s. 234.49 (1) (f) 2. (renumbered to s. 234.49 (1) (fm)), since median income no longer relates to a person's or family's county of residence.

2. I made the technical correction of renumbering the definition of "low interest loans" to be s. 234.49 (1) (fm). Because it is a definition, it should be a paragraph, as are the other definitions. Also, because it is the only subdivision in par. (f), it must either be incorporated into par. (f) or renumbered to stand alone.

3. I repealed the definition of "median income" in s. 234.59 (1) (g) because it is no longer used in s. 234.59 because of the changes to s. 234.59 (3).

4. Regarding the renumbering in s. 234.59 (3):

We cannot renumber to a number/letter that is being repealed, so I cannot renumber s. 234.59 (3) (b) 1. to be s. 234.59 (3) (a), which is being repealed.

When s. 234.59 (3) (b) 1. is renumbered to be s. 234.59 (3) (bc), the subdivision paragraphs a., b., and c. automatically become the equivalent subdivisions. Thus, s. 234.59 (3) (b) 1. a. becomes s. 234.59 (3) (bc) 1., s. 234.59 (3) (b) 1. b. becomes s. 234.59 (3) (bc) 2., and s. 234.59 (3) (b) 1. c. becomes s. 234.59 (3) (bc) 3. The cross-references to those automatically renumbered subdivisions were correct in the previous draft, including the cross-reference in s. 234.59 (3) (b) 1. b. in current law to "subd. 1.," which was not changed. That cross-reference, which is incorrect in current law, becomes correct when s. 234.59 (3) (b) 1. is renumbered to be a paragraph.

Also, as a general rule, we do not renumber simply so that statutory units are consecutive numbers or letters. That would require unnecessary amending to change the numbers/letters of those renumbered units wherever they are cross-referenced elsewhere in the statutes. Since there are no cross-references to s. 234.59 (3) (e), however, I renumbered it to be s. 234.59 (3) (d) to make the letters of the paragraphs more consecutive.

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266-2682
E-mail: pam.kahler@legis.state.wi.us

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-4018/1dn
PJK:jld:rs

February 11, 2004

In this redraft:

1. I removed references to the "county of residence" in s. 234.49 (1) (f) 2. (renumbered to s. 234.49 (1) (fm)), since median income no longer relates to a person's or family's county of residence.
2. I made the technical correction of renumbering the definition of "low interest loans" to be s. 234.49 (1) (fm). Because it is a definition, it should be a paragraph, as are the other definitions. Also, because it is the only subdivision in par. (f), it must either be incorporated into par. (f) or renumbered to stand alone.
3. I repealed the definition of "median income" in s. 234.59 (1) (g) because it is no longer used in s. 234.59 because of the changes to s. 234.59 (3).
4. Regarding the renumbering in s. 234.59 (3):

We cannot renumber to a number/letter that is being repealed, so I cannot renumber s. 234.59 (3) (b) 1. to be s. 234.59 (3) (a), which is being repealed.

When s. 234.59 (3) (b) 1. is renumbered to be s. 234.59 (3) (bc), the subdivision paragraphs a., b., and c. automatically become the equivalent subdivisions. Thus, s. 234.59 (3) (b) 1. a. becomes s. 234.59 (3) (bc) 1., s. 234.59 (3) (b) 1. b. becomes s. 234.59 (3) (bc) 2., and s. 234.59 (3) (b) 1. c. becomes s. 234.59 (3) (bc) 3. The cross-references to those automatically renumbered subdivisions were correct in the previous draft, including the cross-reference in s. 234.59 (3) (b) 1. b. in current law to "subd. 1.," which was not changed. That cross-reference, which is incorrect in current law, becomes correct when s. 234.59 (3) (b) 1. is renumbered to be a paragraph.

Also, as a general rule, we do not renumber simply so that statutory units are consecutive numbers or letters. That would require unnecessary amending to change the numbers/letters of those renumbered units wherever they are cross-referenced elsewhere in the statutes. Since there are no cross-references to s. 234.59 (3) (e), however, I renumbered it to be s. 234.59 (3) (d) to make the letters of the paragraphs more consecutive.

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266-2682
E-mail: pam.kahler@legis.state.wi.us

2-24

Chris Gurst by phone

change bond amt to \$ 475,000,000

exclude decks + patios from "eligible
rehabilitation" definition

packet & send to Rep Weicker



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-4018/A

PJK:jld:rs

r m i s s i o n

2003 BILL

*today - (Tues),
please*

Regen

1 AN ACT *to repeal* 234.18 (3), 234.49 (1) (d) 2., 234.49 (1) (d) 4., 234.49 (1) (d) 6.,
2 234.49 (1) (e) 1., 234.59 (1) (g), 234.59 (3) (a) and 234.59 (3) (b) 2.; *to renumber*
3 234.59 (3) (e); *to renumber and amend* 234.18 (1), 234.49 (1) (d) (intro.),
4 234.49 (1) (f) (intro.), 234.49 (1) (f) 2. and 234.59 (3) (b) 1.; *to consolidate,*
5 *renumber and amend* 234.49 (1) (e) (intro.) and 2.; and *to amend* 101.143 (4)
6 (em) 2., 234.01 (7m), 234.265 (2), 234.40 (4), 234.49 (1) (c) 2., 234.49 (1) (g),
7 234.50 (4), 234.60 (2), 234.61 (1), 234.65 (1) (b) and 234.66 (3) (b) of the statutes;
8 **relating to:** various modifications to housing loan programs and increasing
9 the bonding authority of the Wisconsin Housing and Economic Development
10 Authority.

Analysis by the Legislative Reference Bureau

The Wisconsin Housing and Economic Development Authority (WHEDA) administers a number of housing and economic development programs, including a Housing Rehabilitation Program and a Homeownership Mortgage Loan Program. Under the Housing Rehabilitation Program, WHEDA may purchase from authorized lenders loans made for housing rehabilitation. Currently, housing

BILL

rehabilitation loans may be used for additions, alterations, or repairs to a structure that was first occupied as a residence at least ten years earlier, but decks, patios, fencing, landscaping, home appliances, and fireplaces are specifically excluded. This bill eliminates both the ~~existing statute~~ requirement that the structure was first occupied as a residence at least ten years before the granting of the loan.

and the exclusions, except for decks and patios

Also under the Housing Rehabilitation Program, loans generally may be made only to persons or families with incomes that do not exceed 120 percent of the median family income of the county in which the residence is located. This bill changes the income limitation to 120 percent of the median family income of the area in which the residence is located or of the state, whichever is greater.

Under the Homeownership Mortgage Loan Program, WHEDA contracts with authorized lenders to make or service loans for the construction, long-term financing, or rehabilitation of residential property. WHEDA may insure or provide additional security for the loans. Currently, a loan may not exceed the lesser of 97 percent of the purchase price of the property or 97 percent of the appraised value of the property. A person who receives a loan, generally, may not have income that exceeds 110 percent of the median income of the county in which the property is located. This bill removes the loan limit and the requirement for an appraisal of the property. The bill also changes the income limit so that it is consistent with a provision of federal law that, generally, requires a mortgagor's income to be 115 percent or less of the median income for the area in which the residence is located or for the state, whichever is greater.

Under current law, the outstanding principal amount of bonds and notes that WHEDA may issue for its corporate purposes may not exceed \$325,000,000 in the aggregate. This bill increases that amount to ~~\$300,000,000~~ \$475,000,000. In addition, the bill removes the requirement in current law that WHEDA must employ the Building Commission as its financial consultant to assist and coordinate the issuance of WHEDA's notes and bonds.

\$475,000,000

Under current law, records consisting of personal or financial information provided by persons seeking assistance under a number of WHEDA's programs are confidential. This bill makes the technical correction of adding WHEDA's loan program for housing projects for low-income and moderate-income persons and families to the list of programs for which these records are confidential.

Because this bill directly or substantially affects the development, construction, cost or availability of housing in this state, the Department of Administration, as required by law, will prepare a report to be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 SECTION 1. 101.143 (4) (em) 2. of the statutes is amended to read:

BILL

1 101.143 (4) (em) 2. The department shall issue the award under this paragraph
 2 without regard to fault for each home oil tank system in an amount equal to 75% of
 3 the amount of the eligible costs, except that, if the home oil tank system is owned by
 4 a nonprofit organization that provides housing assistance to families with incomes
 5 below 80% of the median family income, as ~~defined in s. 234.49 (1) (g)~~ determined
 6 annually by the U.S. department of housing and urban development for each county
 7 in the state, of the county in which the home oil tank system is located, then the
 8 award shall equal 100% of the amount of the eligible costs. The department shall
 9 recalculate any award made to such a nonprofit organization under this paragraph
 10 before May 7, 1994, based on 100% of eligible costs and shall issue an award for the
 11 difference between the award as recalculated and the award issued before May 7,
 12 1994.

13 **SECTION 2.** 234.01 (7m) of the statutes is amended to read:

14 234.01 (7m) "Housing rehabilitation loan" means a low interest housing
 15 rehabilitation loan as defined in s. 234.49 (1) (f) and (fm).

16 **SECTION 3.** 234.18 (1) of the statutes is renumbered 234.18 and amended to
 17 read:

18 **234.18 Limit on amount of outstanding bonds and notes.** The authority
 19 shall not have outstanding at any one time notes and bonds for any of its corporate
 20 purposes in an aggregate principal amount exceeding \$325,000,000 ~~\$500,000,000~~
 21 excluding bonds and notes issued to refund outstanding notes and bonds.

22 **SECTION 4.** 234.18 (3) of the statutes is repealed.

23 **SECTION 5.** 234.265 (2) of the statutes is amended to read:

24 234.265 (2) Records or portions of records consisting of personal or financial
 25 information provided by a person seeking a grant or loan under s. 234.04, 234.08,

\$475,000,000

BILL

1 234.49, 234.59, 234.61, 234.65, 234.67, 234.83, 234.84, 234.90, 234.905, 234.907, or
2 234.91, seeking a loan under ss. 234.621 to 234.626, seeking financial assistance
3 under s. 234.66, seeking investment of funds under s. 234.03 (18m), or in which the
4 authority has invested funds under s. 234.03 (18m), unless the person consents to
5 disclosure of the information.

6 **SECTION 6.** 234.40 (4) of the statutes is amended to read:

7 234.40 (4) The limitations established in ss. 234.18 (~~1~~), 234.50, 234.60, 234.61,
8 234.65, and 234.66 are not applicable to bonds issued under the authority of this
9 section. The authority may not have outstanding at any one time bonds for veterans
10 housing loans in an aggregate principal amount exceeding \$61,945,000, excluding
11 bonds being issued to refund outstanding bonds.

12 **SECTION 7.** 234.49 (1) (c) 2. of the statutes is amended to read:

13 234.49 (1) (c) 2. A family who or which falls within the income limits specified
14 in par. (~~f~~) (fm).

15 **SECTION 8.** 234.49 (1) (d) (intro.) of the statutes is renumbered 234.49 (1) (d)
16 and amended to read:

17 234.49 (1) (d) "Eligible rehabilitation" means additions, alterations, or repairs
18 of to housing to maintain it in a decent, safe, and sanitary condition or to restore it
19 to that condition, to reduce the cost of owning or occupying dwelling units, to
20 conserve energy, and to extend the economic or physical life of structures, but does

21 not include any of the following:

decks or patios ✓

22 **SECTION 9.** 234.49 (1) (d) 2. of the statutes is repealed.

23 **SECTION 10.** 234.49 (1) (d) 4. of the statutes is repealed.

24 **SECTION 11.** 234.49 (1) (d) 6. of the statutes is repealed.

20

21

plain

plain

BILL

1 **SECTION 12.** 234.49 (1) (e) (intro.) and 2. of the statutes are consolidated,
2 renumbered 234.49 (1) (e) and amended to read:

3 234.49 (1) (e) “Housing” means a residential structure having not more than
4 4 dwelling units in which at least one unit is occupied by the owner as a principal
5 residence and: ~~2. The, if a housing rehabilitation loan is granted for the property~~
6 ~~to implement energy conservation improvements, the structure is not subject to rules~~
7 ~~adopted under s. 101.63, 101.73, or 101.973, if a housing rehabilitation loan is~~
8 ~~granted for the property to implement energy conservation improvements.~~

9 **SECTION 13.** 234.49 (1) (e) 1. of the statutes is repealed.

10 **SECTION 14.** 234.49 (1) (f) (intro.) of the statutes is renumbered 234.49 (1) (f)
11 and amended to read:

12 234.49 (1) (f) “Housing rehabilitation loan” means a loan to finance eligible
13 rehabilitation or a property tax deferral loan. The maximum amount of a housing
14 rehabilitation loan, except a property tax deferral loan, is \$17,500. The term of any
15 housing rehabilitation loan, except a property tax deferral loan, the repayment of
16 which is made in monthly or other periodic installments, may not exceed 15 years.
17 Housing rehabilitation loans, except property tax deferral loans, include: low
18 interest loans.

19 **SECTION 15.** 234.49 (1) (f) 2. of the statutes is renumbered 234.49 (1) (fm) and
20 amended to read:

21 234.49 (1) (fm) “Low interest loans” ~~which are~~ means loans that meet or exceed
22 the rate of interest required to pay the costs incurred by the authority for making and
23 servicing such loans, but do not exceed the rate of interest specified in sub. (2) (a) 6.
24 No low interest or other loan may be made to a person or family whose income exceeds
25 120% of the median income for a family of 4 ~~in the person’s or family’s county of~~

BILL

1 residence, except that in a designated reinvestment neighborhood or area as defined
2 in s. 66.1107 no low interest loan at the highest rate of interest authorized by this
3 subdivision paragraph may be made to a person or family whose income exceeds
4 140% of the median income for a family of 4 ~~in the person's or family's county of~~
5 residence, and except that the authority may increase or decrease the income limit
6 for low interest loans by no more than 10% of the limit for each person more or less
7 than 4.

8 **SECTION 16.** 234.49 (1) (g) of the statutes is amended to read:

9 234.49 (1) (g) "Median income" means the median family income as determined
10 annually by the U.S. department of housing and urban development for the area in
11 which the residence is located or the median family income for each county in the
12 state, whichever is greater.

13 **SECTION 17.** 234.50 (4) of the statutes is amended to read:

14 234.50 (4) The limitations established in ss. 234.18 (1), 234.40, 234.60, 234.61,
15 234.65, and 234.66 are not applicable to bonds issued under the authority of this
16 section. The authority may not have outstanding at any one time bonds for housing
17 rehabilitation loans in an aggregate principal amount exceeding \$100,000,000,
18 excluding bonds being issued to refund outstanding bonds. The authority shall
19 consult with and coordinate the issuance of bonds with the building commission prior
20 to the issuance of bonds.

21 **SECTION 18.** 234.59 (1) (g) of the statutes is repealed.

22 **SECTION 19.** 234.59 (3) (a) of the statutes is repealed.

23 **SECTION 20.** 234.59 (3) (b) 1. of the statutes is renumbered 234.59 (3) (bc), and
24 234.59 (3) (bc) 1., as renumbered, is amended to read:

BILL

1 234.59 (3) (bc) 1. Except as provided in subd. ~~1. e. 3.~~, a homeownership
2 mortgage loan may not be made to an applicant if the applicant's income ~~combined,~~
3 ~~except as provided in subd. 1. b., with the income from all sources of all persons who~~
4 ~~intend to occupy the same dwelling unit as that applicant, exceeds 110% of the~~
5 ~~median income of the county where the eligible property is located if the eligible~~
6 ~~property is not a targeted area residence or exceeds 140% of the median income of~~
7 ~~the county where the eligible property is located if the eligible property is a targeted~~
8 ~~area residence exceeds the applicable level specified under 26 USC 143 (f).~~

9 **SECTION 21.** 234.59 (3) (b) 2. of the statutes is repealed.

10 **SECTION 22.** 234.59 (3) (e) of the statutes is renumbered 234.59 (3) (d).

11 **SECTION 23.** 234.60 (2) of the statutes is amended to read:

12 234.60 (2) The limitations in ss. 234.18 (1), 234.40, 234.50, 234.61, 234.65, and
13 234.66 do not apply to bonds or notes issued under this section.

14 **SECTION 24.** 234.61 (1) of the statutes is amended to read:

15 234.61 (1) Upon the authorization of the department of health and family
16 services, the authority may issue bonds or notes and make loans for the financing of
17 housing projects which are residential facilities as defined in s. 46.28 (1) (d) and the
18 development costs of those housing projects, if the department of health and family
19 services has approved the residential facilities for financing under s. 46.28 (2). The
20 limitations in ss. 234.18 (1), 234.40, 234.50, 234.60, 234.65, and 234.66 do not apply
21 to bonds or notes issued under this section. The definition of "nonprofit corporation"
22 in s. 234.01 (9) does not apply to this section.

23 **SECTION 25.** 234.65 (1) (b) of the statutes is amended to read:

24 234.65 (1) (b) The limits in ss. 234.18 (1), 234.40, 234.50, 234.60, 234.61, and
25 234.66 do not apply to bonds or notes issued under this section.

AB-902
PJK:jlrs

BILL

4361

rehabilitation loans may be used for additions, alterations, or repairs to a structure that was first occupied as a residence at least ten years earlier, but decks, patios, fencing, landscaping, home appliances, and fireplaces are specifically excluded. This bill eliminates both the exclusions and the requirement that the structure was first occupied as a residence at least ten years before the granting of the loan.

Also under the Housing Rehabilitation Program, loans generally may be made only to persons or families with incomes that do not exceed 120 percent of the median family income of the county in which the residence is located. This bill changes the income limitation to 120 percent of the median family income of the area in which the residence is located or of the state, whichever is greater.

Under the Homeownership Mortgage Loan Program, WHEDA contracts with authorized lenders to make or service loans for the construction, long-term financing, or rehabilitation of residential property. WHEDA may insure or provide additional security for the loans. Currently, a loan may not exceed the lesser of 97 percent of the purchase price of the property or 97 percent of the appraised value of the property. A person who receives a loan, generally, may not have income that exceeds 110 percent of the median income of the county in which the property is located. This bill removes the loan limit and the requirement for an appraisal of the property. The bill also changes the income limit so that it is consistent with a provision of federal law that, generally, requires a mortgagor's income to be 115 percent or less of the median income for the area in which the residence is located or for the state, whichever is greater.

Under current law, the outstanding principal amount of bonds and notes that WHEDA may issue for its corporate purposes may not exceed \$325,000,000 in the aggregate. This bill increases that amount to \$600,000,000. In addition, the bill removes the requirement in current law that WHEDA must employ the Building Commission as its financial consultant to assist and coordinate the issuance of WHEDA's notes and bonds.

Under current law, records consisting of personal or financial information provided by persons seeking assistance under a number of WHEDA's programs are confidential. This bill makes the technical correction of adding WHEDA's loan program for housing projects for low-income and moderate-income persons and families to the list of programs for which these records are confidential.

fix

Because this bill directly or substantially affects the development, construction, cost or availability of housing in this state, the Department of Administration, as required by law, will prepare a report to be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows: