



State of Wisconsin  
2009 - 2010 LEGISLATURE

LRB-1899/P3

TKK:cjs:md

stays d-note  
insert

DOA:.....Weidner, BAB0031 - Authorize WHEDA to refinance certain eligible mortgages

**FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION**

Don of Gen

1 **AN ACT ...; relating to:** the budget.

---

*Analysis by the Legislative Reference Bureau*

**WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY**

Under current law, the Wisconsin Housing and Economic Development Authority (WHEDA) makes and participates in making homeownership mortgage loans on behalf of qualified, low-income applicants. A homeownership mortgage loan is defined as a loan to finance the construction, long-term financing, or qualified rehabilitation of a residential structure or dwelling unit that is the principle residence of the applicant. WHEDA may issue bonds or notes to fund homeownership mortgage loans, but homeownership mortgage loans may not be made to finance the acquisition or replacement of an applicant's existing mortgage.

This bill authorizes WHEDA to issue bonds for and to make and participate in the making of loans for the refinancing of qualified subprime loans. A qualified subprime loan is defined as an adjustable rate single-family residential mortgage loan made after December 31, 2001 and before January 1, 2008. The bill directs the secretary of administration to determine the date after which no bonds or notes may be issued by WHEDA to refinance subprime loans.

Because this bill directly or substantially affects the development, construction, cost or availability of housing in this state, the Department of

Commerce, 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:***

**SECTION 1.** 234.04 (2) of the statutes is amended to read:

234.04 (2) The authority may make or participate in the making and enter into commitments for the making of long-term mortgage loans to eligible sponsors of housing projects for occupancy by persons and families of low and moderate income, or for the making of homeownership mortgage loans or housing rehabilitation loans or loans for the refinancing of qualified subprime loans under s. 234.592 to persons and families of low and moderate income, an applicant under s. 234.59 or 234.592, or other eligible beneficiaries as defined in s. 234.49. The loans may be made only upon the determination by the authority that they are not otherwise available from private lenders upon reasonably equivalent terms and conditions. The authority may not make a loan to a person whose name appears on the statewide support lien docket under s. 49.854 (2) (b), unless the person provides to the authority 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). The authority may employ, for such compensation as it determines, the services of any financial institution in connection with any loan.

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

234.265 (2) Records or portions of records consisting of personal or financial information provided by a person seeking a grant or <sup>50 234.63, 2007 statute, or</sup> loan under s. 234.04, 234.08, 234.49, 234.59, 234.592, 234.61, ~~234.63~~, 234.65, 234.67, 234.83, 234.84, 234.90, 234.905, 234.907, or 234.91, seeking a loan under ss. 234.621 to 234.626, seeking

1 financial assistance under s. 234.66, 2005 stats., seeking investment of funds under  
2 s. 234.03 (18m), or in which the authority has invested funds under s. 234.03 (18m),  
3 unless the person consents to disclosure of the information.

4 **SECTION 3.** 234.59 (1) (j) of the statutes is amended to read:

5 234.59 (1) (j) "Principal residence" means ~~an eligible~~ residential real property  
6 in this state ~~which~~ that an applicant maintains as a full-time residence, but does not  
7 use as a vacation home or for trade or business purposes.

8 **SECTION 4.** 234.59 (2) (intro.) of the statutes is amended to read:

9 234.59 (2) POWERS AND DUTIES OF THE AUTHORITY. (intro.) The authority shall  
10 establish and administer a homeownership mortgage loan program to encourage  
11 homeownership and to facilitate the acquisition or rehabilitation of eligible property  
12 by applicants. To implement the program, the authority:

13 **SECTION 5.** 234.59 (3) (c) of the statutes is amended to read:

14 234.59 (3) (c) The authority shall notify an ~~eligible~~ authorized lender if a  
15 person's name appears on the statewide support lien docket under s. 49.854 (2) (b).  
16 An ~~eligible~~ authorized lender may not make a loan to an applicant if it receives  
17 notification under this paragraph concerning the applicant, unless the applicant  
18 provides to the lender a payment agreement that has been approved by the county  
19 child support agency under s. 59.53 (5) and that is consistent with rules promulgated  
20 under s. 49.858 (2) (a).

21 **SECTION 6.** 234.592 of the statutes is created to read:

22 **234.592 Qualified subprime loan refinancing.** (1) DEFINITIONS. In this  
23 section:

24 (a) "Authorized lender" has the meaning given in s. 234.59 (1) (a).

25 (b) "Eligible property" has the meaning given in s. 234.59 (1) (d) 1.

Insert 3-4

1 (c) "Principal residence" has the meaning given in s. 234.59 (1) (j).

2 (d) "Qualified subprime loan" means an adjustable rate single-family  
3 residential mortgage loan made after December 31, 2001, and before January 1,  
4 2008.

5 **(2) POWERS AND DUTIES OF THE AUTHORITY.** The authority shall establish and  
6 administer a qualified subprime loan refinancing program to encourage  
7 homeownership and to facilitate the retention of eligible property by applicants. To  
8 implement the program, the authority:

9 (a) May finance the acquisition or replacement of a qualified subprime loan and  
10 may enter into contracts permitting an authorized lender to finance the acquisition  
11 or replacement of a qualified subprime loan or both.

12 (b) Shall maintain a current list of authorized lenders.

13 (c) May enter into agreements to insure or provide additional security for loans  
14 or bonds or notes issued under s. 234.60.

15 **(3) LOAN CONDITIONS.** (a) Except as provided in par. (b), the authority may  
16 finance the acquisition or replacement of or enter into contracts permitting an  
17 authorized lender to finance the acquisition or replacement of an existing mortgage  
18 given by an applicant on an eligible property only if all of the following conditions are  
19 satisfied:

20 1. The eligible property is and will remain the principal residence of the  
21 applicant.

22 2. The existing mortgage was originally financed through a qualified subprime  
23 loan and has not subsequently been refinanced.

1           3. The authority makes a determination that the mortgage described in subd.  
2           2. will be reasonably likely to cause financial hardship to the applicant if not  
3           refinanced.

4           4. The term of any refinancing agreement entered into under this paragraph  
5           does not exceed 30 years.

6           5. The monthly payments to be made by an applicant under an agreement  
7           entered into under this paragraph include principal, interest, property taxes, and  
8           insurance. In this subdivision, "insurance" includes mortgage insurance,  
9           homeowner's insurance, and, if applicable, flood insurance.

10          6. The authority complies with special rules for subprime refinancing  
11          established under 26 USC 143 (k) (12).

12           (b) The authority may not enter into an agreement under this subsection if the  
13          applicant's name appears on the statewide support lien docket under s. 49.854 (2) (b),  
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15          approved by the county child support agency under s. 59.53 (5) and that is consistent  
16          with rules promulgated under s. 49.858 (2) (a).

17          **SECTION 7.** 234.60 (title) of the statutes is amended to read:

18          **234.60 (title) Bonds for homeownership mortgage loans and qualified**  
19          **subprime loan refinancing.**

20          **SECTION 8.** 234.60 (1) of the statutes is amended to read:

21          234.60 (1) The authority may issue its bonds or notes to fund homeownership  
22          mortgage loans or the refinancing of qualified subprime loans under s. 234.592.

23          **SECTION 9.** 234.60 (5) (c) of the statutes is created to read:

1           234.60 (5) (c) The secretary of administration shall determine the date after  
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4           **SECTION 10.** 234.60 (9) of the statutes is amended to read:

5           234.60 (9) The executive director of the authority shall make every effort to  
 6 encourage participation in the homeownership mortgage loan program and the  
 7 qualified subprime loan refinancing program by women and minorities.

8           **SECTION 9325. Initial applicability; Housing and Economic**  
 9 **Development Authority.**

10          (1) The treatment of section 234.60 (1) of the statutes first applies to bonds  
 11 issued after the effective date of this subsection.

12   **(END)**

*O-Note*

**2009-2010 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-1899/P3ins  
TKK:cjs:md

1

INSERT 3-4

\*\*\*NOTE: This is reconciled s. 234.265 (2). This SECTION has been affected by drafts with the following LRB numbers: -1899/P4 and 1942/P2.

✓  
6 6  
3 1

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

1899/P4  
LRB-1942/P1dn  
TKK&JK:bjk:ph

*Date*

*5f*

*1* and *3* *2* *g* *Both*  
This draft reconciles LRB-1942/P2, LRB-1899/P4, and LRB-1948/P2. All of these drafts should continue to appear in the compiled bill.

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**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-1899/P4dn  
TKK:kjf:rs

February 6, 2009

This draft reconciles LRB-1942/P1 and LRB-1899/P3. Both of these drafts should continue to appear in the compiled bill.

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PS  
LRB-1899/P4  
TKK:cjs:rs  
d-note  
Stays RMNR

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2/9/09

Do NOT Gen

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10          (1) The treatment of section 234.60 (1) of the statutes first applies to bonds  
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12   (END)

(cs) BONDS FOR QUALIFIED SUBPRIME LOAN REFINANCING

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-1899/P4dn

TKK:cjs:rs

stays

Jenna:

This redraft adds a title to the Initial Applicability provision.

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This draft continues to  
reconcile LRB-1942/P1 and  
LRB-1899/P3; both of ~~those~~ drafts  
should continue to appear in  
the compiled bill.



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LRB-1899/P5dn  
TKK:cjs:md

February 9, 2009

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10 insurance. In this subdivision, "insurance" includes mortgage insurance,  
11 homeowner's insurance, and, if applicable, flood insurance.

12           6. The authority complies with special rules for subprime refinancing  
13 established under 26 USC 143 (k) (12).

14           (b) The authority may not enter into an agreement under this subsection if the  
15 applicant's name appears on the statewide support lien docket under s. 49.854 (2) (b),  
16 unless the applicant provides to the authority a payment agreement that has been  
17 approved by the county child support agency under s. 59.53 (5) and that is consistent  
18 with rules promulgated under s. 49.858 (2) (a).

19           **SECTION 7.** 234.60 (title) of the statutes is amended to read:

20           **234.60 (title) Bonds for homeownership mortgage loans and qualified**  
21 **subprime loan refinancing.**

22           **SECTION 8.** 234.60 (1) of the statutes is amended to read:

23           234.60 (1) The authority may issue its bonds or notes to fund homeownership  
24 mortgage loans or the refinancing of qualified subprime loans under s. 234.592.

25           **SECTION 9.** 234.60 (5) (c) of the statutes is created to read:



**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

<sup>P6dn</sup>  
LRB-1899/P5dn

TKK:cjs:md

shays

February 9, 2009

change date

Jenna:

This redraft adds a title to the Initial Applicability provision.

This draft continues to reconcile LRB-1942/P1 and LRB-1899/P3; both of those drafts should continue to appear in the compiled bill.

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This draft reconciles LRB-1899/P5<sup>✓</sup> and LRB-2064/P2<sup>✓</sup>. Both of these drafts should continue to appear in the compiled bill.



**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-1899/P6dn  
TKK:cjs:md

February 12, 2009

Jenna:

This draft reconciles LRB-1899/P5 and LRB-2064/P2. Both of these drafts should continue to appear in the compiled bill.

This draft continues to reconcile LRB-1942/P1 and LRB-1899/P3; both of those drafts should continue to appear in the compiled bill.

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DOA:.....Weidner, BAB0031 - Authorize WHEDA to refinance certain eligible mortgages

**FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION**

1 **AN ACT ...; relating to:** the budget.

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*Analysis by the Legislative Reference Bureau*

**WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY**

Under current law, the Wisconsin Housing and Economic Development Authority (WHEDA) makes and participates in making homeownership mortgage loans on behalf of qualified, low-income applicants. A homeownership mortgage loan is defined as a loan to finance the construction, long-term financing, or qualified rehabilitation of a residential structure or dwelling unit that is the principle residence of the applicant. WHEDA may issue bonds or notes to fund homeownership mortgage loans, but homeownership mortgage loans may not be made to finance the acquisition or replacement of an applicant's existing mortgage.

This bill authorizes WHEDA to issue bonds for and to make and participate in the making of loans for the refinancing of qualified subprime loans. A qualified subprime loan is defined as an adjustable rate single-family residential mortgage loan made after December 31, 2001 and before January 1, 2008. The bill directs the secretary of administration to determine the date after which no bonds or notes may be issued by WHEDA to refinance subprime loans.

Because this bill directly or substantially affects the development, construction, cost or availability of housing in this state, the Department of

Commerce, as required by law, will prepare a report to be printed as an appendix to this bill.

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

1           **SECTION 1.** 234.04 (2) of the statutes is amended to read:

2           234.04 (2) The authority may make or participate in the making and enter into  
3 commitments for the making of long-term mortgage loans to eligible sponsors of  
4 housing projects for occupancy by persons and families of low and moderate income,  
5 or for the making of homeownership mortgage loans or housing rehabilitation loans  
6 or loans for the refinancing of qualified subprime loans under s. 234.592 to persons  
7 and families of low and moderate income, an applicant under s. 234.59 or 234.592,  
8 or other eligible beneficiaries as defined in s. 234.49. The loans may be made only  
9 upon the determination by the authority that they are not otherwise available from  
10 private lenders upon reasonably equivalent terms and conditions. The authority  
11 may not make a loan to a person whose name appears on the statewide support lien  
12 docket under s. 49.854 (2) (b), unless the person provides to the authority a payment  
13 agreement that has been approved by the county child support agency under s. 59.53  
14 (5) and that is consistent with rules promulgated under s. 49.858 (2) (a). The  
15 authority may employ, for such compensation as it determines, the services of any  
16 financial institution in connection with any loan.

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

18           234.265 (2) Records or portions of records consisting of personal or financial  
19 information provided by a person seeking a grant or loan under s. 234.63, 2007 stats.,  
20 or s. 234.04, 234.08, 234.49, 234.59, 234.592, 234.605, 234.61, 234.63, 234.65, 234.67,  
21 234.83, 234.84, 234.90, 234.905, 234.907, or 234.91, seeking a loan under ss. 234.621

1 to 234.626, seeking financial assistance under s. 234.66, 2005 stats., seeking  
2 mortgage loan refinancing from a lender under s. 234.605, seeking investment of  
3 funds under s. 234.03 (18m), or in which the authority has invested funds under s.  
4 234.03 (18m), unless the person consents to disclosure of the information.

\*\*\*\*NOTE: This is reconciled s. 234.265 (2). This SECTION has been affected by drafts  
with the following LRB numbers: -1899/P3, 1942/P1, and 2064/P2.

5 **SECTION 3.** 234.59 (1) (j) of the statutes is amended to read:

6 234.59 (1) (j) "Principal residence" means an ~~eligible~~ residential real property  
7 in this state ~~which~~ that an applicant maintains as a full-time residence, but does not  
8 use as a vacation home or for trade or business purposes.

9 **SECTION 4.** 234.59 (2) (intro.) of the statutes is amended to read:

10 234.59 (2) POWERS AND DUTIES OF THE AUTHORITY. (intro.) The authority shall  
11 establish and administer a homeownership mortgage loan program to encourage  
12 homeownership and to facilitate the acquisition or rehabilitation of eligible property  
13 by applicants. To implement the program, the authority:

14 **SECTION 5.** 234.59 (3) (c) of the statutes is amended to read:

15 234.59 (3) (c) The authority shall notify an ~~eligible~~ authorized lender if a  
16 person's name appears on the statewide support lien docket under s. 49.854 (2) (b).  
17 An ~~eligible~~ authorized lender may not make a loan to an applicant if it receives  
18 notification under this paragraph concerning the applicant, unless the applicant  
19 provides to the lender a payment agreement that has been approved by the county  
20 child support agency under s. 59.53 (5) and that is consistent with rules promulgated  
21 under s. 49.858 (2) (a).

22 **SECTION 6.** 234.592 of the statutes is created to read:

1           **234.592 Qualified subprime loan refinancing.** (1) DEFINITIONS. In this  
2 section:

3           (a) "Authorized lender" has the meaning given in s. 234.59 (1) (a).

4           (b) "Eligible property" has the meaning given in s. 234.59 (1) (d) 1.

5           (c) "Principal residence" has the meaning given in. s. 234.59 (1) (j).

6           (d) "Qualified subprime loan" means an adjustable rate single-family  
7 residential mortgage loan made after December 31, 2001, and before January 1,  
8 2008.

9           (2) POWERS AND DUTIES OF THE AUTHORITY. The authority shall establish and  
10 administer a qualified subprime loan refinancing program to encourage  
11 homeownership and to facilitate the retention of eligible property by applicants. To  
12 implement the program, the authority:

13           (a) May finance the acquisition or replacement of a qualified subprime loan and  
14 may enter into contracts permitting an authorized lender to finance the acquisition  
15 or replacement of a qualified subprime loan or both.

16           (b) Shall maintain a current list of authorized lenders.

17           (c) May enter into agreements to insure or provide additional security for loans  
18 or bonds or notes issued under s. 234.60.

19           (3) LOAN CONDITIONS. (a) Except as provided in par. (b), the authority may  
20 finance the acquisition or replacement of or enter into contracts permitting an  
21 authorized lender to finance the acquisition or replacement of an existing mortgage  
22 given by an applicant on an eligible property only if all of the following conditions are  
23 satisfied:

24           1. The eligible property is and will remain the principal residence of the  
25 applicant.

1           2. The existing mortgage was originally financed through a qualified subprime  
2 loan and has not subsequently been refinanced.

3           3. The authority makes a determination that the mortgage described in subd.  
4 2. will be reasonably likely to cause financial hardship to the applicant if not  
5 refinanced.

6           4. The term of any refinancing agreement entered into under this paragraph  
7 does not exceed 30 years.

8           5. The monthly payments to be made by an applicant under an agreement  
9 entered into under this paragraph include principal, interest, property taxes, and  
10 insurance. In this subdivision, "insurance" includes mortgage insurance,  
11 homeowner's insurance, and, if applicable, flood insurance.

12           6. The authority complies with special rules for subprime refinancing  
13 established under 26 USC 143 (k) (12).

14           (b) The authority may not enter into an agreement under this subsection if the  
15 applicant's name appears on the statewide support lien docket under s. 49.854 (2) (b),  
16 unless the applicant provides to the authority a payment agreement that has been  
17 approved by the county child support agency under s. 59.53 (5) and that is consistent  
18 with rules promulgated under s. 49.858 (2) (a).

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