

# State of Wisconsin



2005 Assembly Bill 593

Date of enactment: **December 21, 2005**

Date of publication\*: **January 6, 2006**

## 2005 WISCONSIN ACT 75

**AN ACT** to *repeal* 234.18 (3), 234.49 (1) (d) 2., 234.49 (1) (d) 4., 234.49 (1) (d) 6., 234.49 (1) (e) 1., 234.59 (1) (g), 234.59 (3) (a), 234.59 (3) (b) 2. and 234.83 (3) (e); to *renumber* 234.59 (3) (e); to *renumber and amend* 234.18 (1), 234.49 (1) (d) (intro.), 234.49 (1) (f) (intro.), 234.49 (1) (f) 2. and 234.59 (3) (b) 1.; to *consolidate, renumber and amend* 234.49 (1) (e) (intro.) and 2.; to *amend* 101.143 (4) (em) 2., 234.01 (7m), 234.03 (15), 234.265 (2), 234.40 (4), 234.49 (1) (c) 2., 234.49 (1) (g), 234.50 (4), 234.59 (1) (d) 4., 234.60 (2), 234.61 (1), 234.65 (1) (b), 234.66 (3) (b), 234.83 (3) (b) and 234.91 (5) (b); and to *create* 234.59 (3) (d) of the statutes; **relating to:** various modifications to housing loan programs and loan guarantee programs, increasing the bonding authority of the Wisconsin Housing and Economic Development Authority (WHEDA), and removing limitations on WHEDA's authority to acquire property.

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

**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) 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.

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

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

**SECTION 3.** 234.03 (15) of the statutes is amended to read:

234.03 (15) To acquire or contract to acquire from any person by grant, purchase, or otherwise, leaseholds, real, or personal property or any interest therein, ~~only when the authority finds that low- or moderate-income housing cannot be developed privately without an acquisition by the authority, or when the authority acquires property by reason of default by a sponsor of a residential facility, as defined in s. 46.28 (1) (d) and (e), or by an eligible sponsor; ; and~~ to own, hold, clear, improve, and rehabilitate and to sell, assign, exchange, transfer, con-

\* Section 991.11, WISCONSIN STATUTES 2003-04 : Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication as designated" by the secretary of state [the date of publication may not be more than 10 working days after the date of enactment].

vey, lease, mortgage, or otherwise dispose of or encumber the same. Nothing in this chapter shall be deemed to impede the operation and effect of local zoning, building, and housing ordinances or ordinances relating to subdivision control, land development, fire prevention, or other ordinances having to do with housing or housing development.

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

**234.18 Limit on amount of outstanding bonds and notes.** The authority shall ~~may~~ not have outstanding at any one time ~~issue~~ notes and bonds for any of its corporate purposes in an ~~that are secured by a capital reserve fund to which s. 234.15 (4) applies if, upon issuance, the total aggregate outstanding principal amount exceeding \$325,000,000, excluding of notes and bonds that are secured by a capital reserve fund to which s. 234.15 (4) applies would exceed \$600,000,000. This section does not apply to bonds and notes issued to refund outstanding notes and bonds.~~

**SECTION 5.** 234.18 (3) of the statutes is repealed.

**SECTION 6.** 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 loan under s. ~~234.04,~~ 234.08, 234.49, 234.59, 234.61, 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 financial assistance under s. 234.66, seeking investment of funds under s. 234.03 (18m), or in which the authority has invested funds under s. 234.03 (18m), unless the person consents to disclosure of the information.

**SECTION 7.** 234.40 (4) of the statutes is amended to read:

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

**SECTION 8.** 234.49 (1) (c) 2. of the statutes is amended to read:

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

**SECTION 9.** 234.49 (1) (d) (intro.) of the statutes is renumbered 234.49 (1) (d) and amended to read:

234.49 (1) (d) "Eligible rehabilitation" means additions, alterations, or repairs of to housing to maintain it in a decent, safe, and sanitary condition or to restore it to that condition, to reduce the cost of owning or occupying dwelling units, to conserve energy, and to extend the economic or physical life of structures, ~~,"Eligible rehabilitation" includes the purchase of home appliances that satisfy the energy efficiency criteria established by the~~

federal environmental protection agency for the energy star designation, as determined by the authority, but does not include any of the following: construction of fireplaces, except for necessary repairs or the addition of permanently attached energy-efficient equipment to an existing fireplace.

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

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

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

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

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

**SECTION 14.** 234.49 (1) (e) 1. of the statutes is repealed.

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

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

**SECTION 16.** 234.49 (1) (f) 2. of the statutes is renumbered 234.49 (1) (fm) and amended to read:

234.49 (1) (fm) "Low interest loans" ~~which are means~~ loans that meet or exceed the rate of interest required to pay the costs incurred by the authority for making and servicing such loans, but do not exceed the rate of interest specified in sub. (2) (a) 6. No low interest or other loan may be made to a person or family whose income exceeds 120% of the median income for a family of 4 ~~in the person's or family's county of residence,~~ except that in a designated reinvestment neighborhood or area as defined in s. 66.1107 no low interest loan at the highest rate of interest authorized by this ~~subdivision paragraph~~ may be made to a person or family whose income exceeds 140% of the median income for a family of 4 ~~in the person's or family's county of residence,~~ and except that the authority may increase or decrease the

income limit for low interest loans by no more than 10% of the limit for each person more or less than 4.

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

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

**SECTION 18.** 234.50 (4) of the statutes is amended to read:

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

**SECTION 19.** 234.59 (1) (d) 4. of the statutes is amended to read:

234.59 (1) (d) 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.~~

**SECTION 20.** 234.59 (1) (g) of the statutes is repealed.

**SECTION 21.** 234.59 (3) (a) of the statutes is repealed.

**SECTION 22.** 234.59 (3) (b) 1. of the statutes is renumbered 234.59 (3) (bc), and 234.59 (3) (bc) 1., as renumbered, is amended to read:

234.59 (3) (bc) 1. Except as provided in subd. ~~1.-e.~~ 3., 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~~ exceeds the applicable level specified under 26 USC 143 (f).

**SECTION 23.** 234.59 (3) (b) 2. of the statutes is repealed.

**SECTION 23d.** 234.59 (3) (d) of the statutes is created to read:

234.59 (3) (d) The authority may not make, buy, or assume a home ownership mortgage loan for an individual who does not have a social security number.

**SECTION 24.** 234.59 (3) (e) of the statutes is renumbered 234.59 (3) (d).

**SECTION 25.** 234.60 (2) of the statutes is amended to read:

234.60 (2) The limitations in ss. 234.18 (4), 234.40, 234.50, 234.61, 234.65, and 234.66 do not apply to bonds or notes issued under this section.

**SECTION 26.** 234.61 (1) of the statutes is amended to read:

234.61 (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 (4), 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.

**SECTION 27.** 234.65 (1) (b) of the statutes is amended to read:

234.65 (1) (b) The limits in ss. 234.18 (4), 234.40, 234.50, 234.60, 234.61, and 234.66 do not apply to bonds or notes issued under this section.

**SECTION 28.** 234.66 (3) (b) of the statutes is amended to read:

234.66 (3) (b) The limits in ss. 234.18 (4), 234.40, 234.50, 234.60, 234.61, and 234.65 do not apply to bonds or notes issued under this section.

**SECTION 29.** 234.83 (3) (b) of the statutes is amended to read:

234.83 (3) (b) Loan proceeds are not used to refinance existing debt or for entertainment expenses, expenses related to the production of an agricultural commodity, as defined in s. 94.67 (2), or expenses related to a community-based residential facility, except that loan proceeds may be used to refinance existing debt if the borrower also expands an existing business.

**SECTION 30.** 234.83 (3) (e) of the statutes is repealed.

**SECTION 31.** 234.91 (5) (b) of the statutes is amended to read:

234.91 (5) (b) The term of a loan guarantee ~~for a loan made to finance the acquisition of machinery, equipment or livestock, or the cost of improvements to facilities or land, may not exceed 5 years. The term of a loan guarantee for a loan made to finance the acquisition of facilities or land under this section may not exceed 10 years.~~

**SECTION 32. Initial applicability.**

(1) HOUSING REHABILITATION LOANS. The treatment of sections 234.01 (7m) and 234.49 (1) (c) 2., (d) (intro.), 2., 4., and 6., (e) (intro.), 1., and 2., (f) (intro.) and 2., and (g) of the statutes first applies to housing rehabilitation loans for which application is made on the effective date of this subsection.

(2) BONDING LIMIT. The repeal of section 234.18 (3) of the statutes and the renumbering and amendment of section 234.18 (1) of the statutes first apply to notes and bonds issued on the effective date of this subsection.

**2005 Wisconsin Act 75**

**2005 Assembly Bill 593**

(3) HOMEOWNERSHIP MORTGAGE LOANS. The treatment of section 234.59 (1) (d) 4. and (3) (a), (b) 1. and 2., and (d) of the statutes first applies to homeownership mortgage loans for which application is made on the effective date of this subsection.

(4) SMALL BUSINESS DEVELOPMENT LOAN GUARANTEE PROGRAM. The treatment of section 234.83 (3) (b) and (e)

of the statutes first applies to loan guarantees for which application is made on the effective date of this subsection.

(5) FARM ASSETS REINVESTMENT MANAGEMENT LOAN GUARANTEE PROGRAM. The treatment of section 234.91 (5) (b) of the statutes first applies to loan guarantees for which application is made on the effective date of this act.

---