

## CHAPTER 234

## WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

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**234.01 Definitions.** In this chapter:

(1) “Authority” means the Wisconsin housing and economic development authority.

(2) “Authority cost” means any costs incurred by the authority in carrying out and administering any of its powers, duties and functions including, but not limited to, costs of financing by the authority, service charges, insurance premiums and administrative and operating costs of the authority.

(3) “Business incubator” means a facility designed to encourage the growth of new businesses, if at least 2 of the following apply:

(a) Space in the facility is rented at a rate lower than the market rate in the community.

(b) Shared business services are provided in the facility.

(c) Management and technical assistance are available at the facility.

(d) Businesses using the facility may obtain financial capital through a direct relationship with at least one financial institution.

(3m) “Collateral” means a 3rd–party note, mortgage, guaranty, insurance policy, bond, letter of credit, security agreement or other instrument securing the repayment of an economic development loan or a mortgage loan.

(4) “Development costs” mean the costs which have been approved by the authority as appropriate expenditures including but not limited to:

(a) Payments for options to purchase properties on the proposed housing project site, deposits on contracts of purchase, or with the prior approval of the authority, payments for the purchase of such properties;

(b) Legal, organizational and marketing expenses, including payment of attorneys’ fees, project manager and clerical staff salaries, office rent and other incidental expenses;

(c) Payment of fees and preliminary feasibility studies and advances for planning, engineering and architectural work;

(d) Expenses for surveys as to need and market analyses;

(e) Necessary application and other fees to federal and other government agencies; and

(f) Such other expenses incurred by the eligible sponsor as the authority deems appropriate to effectuate the purposes of this chapter.

(4m) “Economic development loan” means an advance of moneys, supported by a written promise of repayment, to finance an economic development project.

(4n) “Economic development project” means any of the following:

(a) Land, plant or equipment for any of the following:

1. Facilities for manufacturing activities specified under division D, standard industrial classification manual, federal office of management and budget, as published by the federal government printing office.

2. National or regional headquarters facilities.
3. Facilities for the storage or distribution of products of manufacturing activities under subd. 1., materials, components or equipment.
- 3m. Facilities for the retail sale of goods or services to consumers if any of the following applies:
  - a. The facility is in a tax incremental district or is the subject of an urban development action grant and will result in a net economic benefit to the state.
  - b. The facility is located in and constitutes not more than 10% of a business incubator.
  - c. The facility constitutes not more than 10% of any facility described in subds. 1. to 3. or 4. to 6.
  - d. The facility is more than 50% owned or controlled by women or minorities.
4. Facilities for research and development activities relating to production of tangible products.
5. Recreational and tourism facilities serving to attract visitors to this state.
6. Facilities for the production, packaging, processing or distribution of raw agricultural commodities.
7. Facilities for engaging in the business of operating a railroad.
8. Facilities for recycling as defined in s. 287.13 (1) (h).
- (b) Activities of a long-term nature, such as research and development, performed by any of the following:
  1. Firms engaged in manufacturing activities under par. (a) 1.
  2. Firms engaged in research and development of manufactured products.
- (c) Equipment, materials or labor used to make an energy-conserving improvement to a commercial or industrial facility.
- (d) Property to be used primarily as a sports and entertainment home stadium, including but not limited to parking lots, garages, restaurants, parks, concession facilities, entertainment facilities and transportation facilities, and other functionally related or auxiliary facilities or structures.
- (5) “Eligible sponsor” means any housing corporation, limited-profit entity or nonprofit corporation or any other entity meeting criteria established by the authority and which is organized to provide housing for persons and families of low and moderate income.
- (5k) “Financial institution” means a bank, savings bank, savings and loan association, credit union, insurance company, finance company, mortgage banker registered under s. 224.72, community development corporation, small business investment corporation, pension fund or other lender which provides commercial loans in this state.
- (5m) “Homeownership mortgage loan” has the meaning given under s. 234.59 (1) (f).
- (6) “Housing corporation” means a corporation organized under s. 182.004 and whose articles of incorporation, in addition to other requirements of law, provide that:
  - (a) If the corporation receives any loan or advance from the authority under this chapter, it may enter into an agreement with the authority providing for regulation with respect to rents, profits, dividends and disposition of property or franchises; and
  - (b) If the corporation receives a loan or advance under this chapter, the chairperson of the authority, acting with the prior approval of the majority of the members of the authority, may, if he or she determines that any such loan or advance is in jeopardy of not being repaid, that the proposed development for which such loan or advance was made is in jeopardy of not being constructed or that the corporation is not carrying out the intent and purposes of this chapter, appoint to the board of directors of such corporation a number of new directors, which number shall be sufficient to constitute a majority of such board, notwithstanding any other

provision of such articles of incorporation or of any other provision of law.

(7) “Housing project” means a specific work or improvement within this state undertaken primarily to provide dwelling accommodations, including land development and the acquisition, construction or rehabilitation of buildings and improvements thereto, for residential housing, and such other nonhousing facilities as may be determined by the authority to be either necessary for the economic viability thereof, required by law or by a master plan, or incidental or appurtenant thereto.

(7m) “Housing rehabilitation loan” means a low interest housing rehabilitation loan as defined in s. 234.49 (1) (f).

(8) “Limited-profit entity” means any person or trust which, in its articles of incorporation or comparable documents of organization, or by written agreement with the authority, provides that:

(a) As a condition of acceptance of a loan or advance under this chapter, the limited-profit entity shall enter into an agreement with the authority providing for limitations of rents, profits, dividends and disposition of property or franchises; and

(b) If the limited-profit entity receives a loan or advance under this chapter, the chairperson of the authority, acting with the prior approval of the majority of members of the authority, may, if he or she determines that any such loan or advance is in jeopardy of not being repaid, that the proposed development for which such loan or advance was made is in jeopardy of not being constructed or that the limited-profit entity is otherwise not carrying out the intent and purposes of this chapter, appoint to the board of directors or other comparable controlling body of such limited-profit entity a number of new directors or persons, which number shall be sufficient to constitute a voting majority of such board or controlling body, notwithstanding any other provisions of the limited-profit entity’s articles of incorporation or other documents of organization, or of any other provisions of law.

(9) “Nonprofit corporation” means:

(a) A nonprofit corporation incorporated under ch. 181 whose articles of incorporation, in addition to other requirements of law, provide that:

1. The corporation has as its major purpose the providing of housing facilities for persons and families of low and moderate income;

2. All income and earnings of the corporation shall be used exclusively for corporation purposes and no part of the net income or net earnings of the corporation shall inure to the benefit or profit of any private person;

3. The corporation is in no manner controlled or under the direction or acting in the substantial interest of private persons seeking to derive profit or gain therefrom or seeking to eliminate or minimize losses in any dealing or transactions therewith;

4. If the corporation receives any loan or advance from the authority, it shall enter into an agreement with the authority, providing for limitations on rents, profits, dividends and disposition of property or franchises; and

5. That if the corporation receives a loan or advance under this chapter, the chairperson of the authority, acting with the prior approval of the majority of the members of the authority, may, on determination that any such loan or advance is in jeopardy of not being repaid, that the proposed development for which such loan or advance was made is in jeopardy of not being constructed, that some part of the net income or net earnings of the corporation is inuring to the benefit of any private person, that the corporation is in some manner controlled or under the direction of or acting in the substantial interest of any private person seeking to derive benefit or gain therefrom or seeking to eliminate or minimize losses in any dealings or transactions therewith or that the corporation is not carrying out the intent and purposes of this chapter, appoint to the board of directors of such corporation a number of new directors, which number shall be sufficient to constitute a

majority of such board, notwithstanding any other provisions of such articles of incorporation or of any other provisions of law.

(b) Any authority established pursuant to s. 66.395 or 66.40.

(10) “Persons and families of low and moderate income” means persons and families who cannot afford to pay the amounts at which private enterprise, without federally–aided mortgages or loans from the authority, can provide a substantial supply of decent, safe and sanitary housing and who fall within income limitations set by the authority in its rules. In determining such income limitations the authority shall consider the amounts of the total income of such persons available for housing needs, the size of the family, the cost and condition of available housing facilities, standards established for various federal programs and any other factors determined by the authority to be appropriate in arriving at such limitations. Among low– or moderate–income persons and families, preference shall be given to those displaced by governmental action.

**History:** 1971 c. 287; 1975 c. 221, 421; 1977 c. 418, 447; 1979 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.

“Limited–profit entity” has meaning only with reference to WHEDA’s loan to the entity. The entity terminates when the loan is satisfied and nothing remains to be done except to dispose of what remains in the hands of the entity. *WHEDA v. Bay Shore Apartments*, 200 W (2d) 129, 546 NW (2d) 480 (Ct. App. 1996).

**234.02 Wisconsin housing and economic development authority: creation; membership; appointment and tenure; meetings; officers.** (1) There is created a public body corporate and politic to be known as the “Wisconsin housing and economic development authority”. The members of the authority shall be the secretary of commerce or his or her designee and the secretary of administration or his or her designee, and 6 public members nominated by the governor, and with the advice and consent of the senate appointed, for staggered 4–year terms commencing on the dates their predecessors’ terms expire. In addition, one senator of each party and one representative to the assembly of each party appointed as are the members of standing committees in their respective houses shall serve as members of the authority. A member of the authority shall receive no compensation for services but shall be reimbursed for necessary expenses, including travel expenses, incurred in the discharge of duties. Subject to the bylaws of the authority respecting resignations, each member shall hold office until a successor has been appointed and has qualified. A certificate of appointment or reappointment of any member shall be filed with the authority and the certificate shall be conclusive evidence of the due and proper appointment.

(2) The powers of the authority shall be vested in the members thereof in office. A majority of the members of the authority constitutes a quorum for the purpose of conducting its business and exercising its powers and for all other purposes, notwithstanding the existence of any vacancies. Action may be taken by the authority upon a vote of a majority of the members present, unless the bylaws of the authority require a larger number. Meetings of the members of the authority may be held anywhere within or without the state.

(3) The governor shall appoint a public member as the chairperson of the authority for a one–year term beginning on the expiration of the term of the chairperson’s predecessor. The authority shall elect a vice chairperson. The governor shall nominate, and with the advice and consent of the senate appoint, the executive director of the authority, to serve a 2–year term. The authority shall employ the executive director so appointed, legal and technical experts and such other officers, agents and employees, permanent and temporary, as it may require, and shall determine their qualifications, duties and compensation, all notwithstanding subch. II of ch. 230, except that s. 230.40 shall apply, and except that the compensation of any employe of the authority shall not exceed the maximum of the executive salary group range established under s. 20.923 (1) for positions assigned to executive salary group 6. The authority may delegate any of its powers or

duties to its employes with the consent of the executive director or to its agents.

(3m) (a) The authority shall adhere to specifications prepared under s. 16.72 (2), if applicable to the product or service to be purchased.

(b) Members and employes of the authority are subject to uniform travel schedule amounts approved under s. 20.916 (8).

(c) The authority shall, with the advice of the ethics board, adopt and enforce ethics guidelines applicable to its paid consultants which are similar to subch. III of ch. 19, except that the authority may not require its paid consultants to file financial disclosure statements.

(4) The authority shall continue in existence until terminated by law, but no such law shall take effect while the authority has obligations outstanding.

(5) No cause of action of any nature may arise against and no civil liability may be imposed upon a member of the authority, or other officer or employe of the authority appointed by the governor, for any act or omission in the performance of his or her powers and duties under this chapter, unless the person asserting liability proves that the act or omission constitutes wilful misconduct.

**History:** 1971 c. 287; 1973 c. 12; 1975 c. 221, 224; 1977 c. 131; 1977 c. 325, 418; 1979 c. 361 s. 112; 1981 c. 349, 355; 1983 a. 81 s. 11; 1983 a. 83 ss. 6, 20; 1987 a. 399; 1991 a. 39, 315; 1995 a. 27 s. 9116 (5).

The Housing Authority Act, except for 234.15 (4), Stats. 1971, is constitutional. *State ex rel. Warren v. Nusbaum*, 59 W (2d) 391, 208 NW (2d) 780.

**234.03 Powers of authority.** The authority shall have all the powers necessary or convenient to implement this chapter, including the following powers in connection with its projects or programs, in addition to all other powers granted by this chapter:

(1) To sue and be sued; to have a seal and to alter the same at pleasure; to have perpetual existence; to make and execute contracts and other instruments necessary or convenient to the exercise of the powers of the authority; and to make, amend and repeal bylaws and rules.

(2) To accept gifts, loans or other aid.

(2m) To issue notes and bonds in accordance with ss. 234.08, 234.40, 234.50, 234.60, 234.626, 234.65, 234.66 and 234.70.

(3) To agree and comply with any conditions attached to federal financial assistance.

(4) To employ such agents, employes and special advisers as it finds necessary and to fix their compensation.

(5) To study and analyze housing needs within the state and ways of meeting such needs, including data with respect to population and family groups and the distribution thereof according to income groups, the amount and quality of available housing and its distribution according to rentals and sales prices, employment, wages and other factors affecting housing needs and the meeting thereof; to make the results of such studies and analyses available to the public and the housing and supply industries; and to engage in research and disseminate information on housing.

(6) To survey and investigate the housing conditions and needs, both rural and urban, throughout the state and make recommendations to the governor and the legislature as to legislation and other measures necessary or advisable to alleviate any existing housing shortage in the state.

(7) To encourage research in, and demonstration projects to develop, new and better techniques and methods for increasing the supply of housing for families and persons of low and moderate income.

(8) To cooperate with and encourage cooperation among all federal, state and municipal agencies, sponsors and local authorities in the planning for and financing and construction of housing for persons and families of low and moderate income.

(9) To encourage community organizations to assist in initiating housing projects for persons and families of low and moderate income as provided in this chapter.



(10) To provide technical assistance in the development of housing projects for persons and families of low and moderate income, and for programs to improve the quality of rural and urban life for all the people of the state.

(11) To collect fees and charges on mortgage loans and economic development loans for the purpose of paying all or a portion of authority costs as the authority determines are reasonable and as approved by the authority.

(12) To set standards for housing projects which receive loans under this chapter and to provide for inspections to determine compliance with such standards.

(13) To purchase and enter into commitments for the purchase of mortgages and securities if the authority shall first determine that the proceeds of the sale of such mortgages and securities to the authority will be utilized for the purpose of residential housing for occupancy by persons or families of low and moderate income and to enter into agreements with sponsors of residential facilities, as defined in s. 46.28 (1) (d) and (e), and with eligible sponsors, mortgagors or issuers of securities for the purpose of regulating the planning, development and management of housing projects financed in whole or in part by the proceeds of the mortgages or securities purchased by the authority.

(13m) To purchase and enter into commitments for the purchase of veterans housing loans made pursuant to s. 45.79.

(13s) To purchase and enter into commitments for the purchase of housing rehabilitation loans.

(14) To sell collateral, mortgages and security interests at public or private sale, to modify or alter collateral, mortgages and security interests, to foreclose on any such collateral, mortgage or security interest or commence any action to protect or enforce any right conferred upon it by any law, mortgage, security agreement, contract or other agreement, and to bid for and purchase property which was the subject of such collateral, mortgage or security interest, at any foreclosure or at any other sale, to acquire and to take possession of any such property; and in such event the authority may complete, administer, pay the principal and interest on any obligations incurred in connection with such property, and dispose of and otherwise deal with such property in such manner as may be necessary or desirable to protect the interests of the authority therein.

(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; to own, hold, clear, improve and rehabilitate and to sell, assign, exchange, transfer, convey, 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.

(15m) To establish and administer programs of grants to counties, municipalities and eligible sponsors of housing projects for persons of low and moderate income, to pay organizational expenses, administrative costs, social services, technical services, training expenses or costs incurred or expected to be incurred by counties, municipalities or sponsors for land and building acquisition, construction, improvements, renewal, rehabilitation, relocation or conservation under a plan to provide housing or related facilities, if the costs are not reimbursable from other private or public loan, grant or mortgage sources.

(16) To lease real or personal property and to accept federal funds for and participate in such federal housing programs as are enacted on May 4, 1976 or at any future time, except that the authority may not accept without the consent of the governor federal funds under federal housing programs enacted after May 8,

1982 if issuance of the authority's bonds or notes is not required to participate in the programs.

(17) To procure insurance against any loss in connection with its property and other assets and to procure insurance on its debt obligations.

(18) Except as provided in sub. (18m), to invest any funds held in reserve or sinking funds or any moneys not required for immediate use or disbursement at the discretion of the authority in such investments as may be lawful for fiduciaries in the state, if at least 50% of any funds held in any reserve or sinking fund be invested in obligations of the state or of the United States or agencies or instrumentalities of the United States or obligations, the principal and interest of which are guaranteed by the United States or agencies or instrumentalities of the United States.

(18m) (a) From the funds described under sub. (18), to invest directly or through a financial intermediary a total of not more than \$1,000,000 of its general funds in business entities having their principal places of business in this state, including their affiliates, which are independently owned and operated and which employ fewer than 25 full-time employees or have gross annual sales of less than \$2,500,000, to enable those business entities to do any of the following:

1. Market research.
2. Develop, construct a prototype of or test a product.
3. Develop a business plan.
4. Any other activity, relating to research or development or both, to help the business entity develop new products.

(b) To enter into an agreement with a business in which funds are invested under par. (a). Under that agreement, if the business earns a profit as a result of the investment it shall repay the authority, in the form of a royalty or otherwise, all or part of the amount invested plus interest.

(c) To give a preference, when investing in a business entity under par. (a), to a business entity engaging in the sale of a product with a demonstrated potential to be marketed outside this state.

(19) To consent, whenever it deems it necessary or desirable in the fulfillment of its corporate purpose, to the modification of any loan, contract or agreement of any kind to which the authority is a party.

(20) To adopt such rules and set such standards as are necessary to effectuate its corporate purpose with respect to financing economic development lending, mortgage lending, construction lending and temporary lending.

(21) To purchase and enter into commitments to purchase all or part of economic development loans and to lend funds to financial institutions agreeing to use the funds immediately to make economic development loans, if the authority determines that a conventional loan is unavailable on reasonably equivalent terms and conditions.

(22) To require and hold collateral to secure economic development loans and to require participating financial institutions to attest to the best of their ability to the value of the collateral.

(23) To establish other terms and conditions of economic development loans, including providing for prepayment penalties and providing for full repayment of principal and interest upon movement out of state of that part of the business operation financed by the economic development programs of the authority.

(25) To require certification from the local unit of government having jurisdiction over the location of an economic development project that the economic development project serves a public purpose and conventional financing is unavailable on reasonably equivalent terms and conditions.

(26) To establish and maintain a program within the authority, or to establish and maintain a corporation organized under ch. 180 or 181, to insure or guarantee economic development loans, collateral or bonds or notes issued under s. 234.65.

(28) To cooperate and enter into agreements with state agencies, partnerships and corporations organized under chs. 178 to

181 or limited liability companies organized under ch. 183 to promote economic development activity within this state.

(28m) To apply for and receive grants from the department of transportation for the purpose of guaranteeing loans to disadvantaged businesses as specified in the disadvantaged business mobilization assistance program under s. 85.25.

(30) To provide administrative services for and use and pay for the use of the facilities and services of any corporation established and maintained by the authority.

(31) To purchase, sell or contribute voting stock or partnership interests from the community development finance company under s. 234.95.

(32) To accept gifts, contributions and grants made to the authority in connection with the community development finance company, as defined in s. 234.94 (3).

**History:** 1971 c. 287; 1973 c. 208, 333; 1975 c. 221; 1977 c. 418; 1981 c. 349 ss. 12, 32; 1983 a. 27 ss. 1622e to 1622m, 2202 (20); 1983 a. 81; 1983 a. 83 ss. 7, 8, 22; 1983 a. 192; 1985 a. 29 ss. 2242, 3200 (28); 1985 a. 334; 1987 a. 27, 399; 1993 a. 16, 112, 437.

**234.034 Consistency with state housing strategy plan.** Subject to agreements with bondholders or noteholders, the authority shall exercise its powers and perform its duties related to housing consistent with the state housing strategy plan under s. 16.31.

**History:** 1981 c. 349; 1983 a. 81, 83; 1985 a. 29 s. 3202 (14); 1991 a. 39, 189.

**234.04 Loans to eligible sponsors of housing projects and to or for persons and families of low and moderate income.** (1) The authority may make or participate in the making of construction loans to eligible sponsors of housing projects for the construction or rehabilitation of housing for persons and families of low and moderate income. Such loans shall be made only upon the determination by the authority that construction loans are not otherwise available from private lenders upon reasonably equivalent terms and conditions.

(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 to persons and families of low and moderate income, an applicant under s. 234.59 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 if it receives a certification under s. 49.855 (7) that the person is delinquent in child support or maintenance payments or owes past support, medical expenses or birth expenses. The authority may employ, for such compensation as it determines, the services of any financial institution in connection with any loan.

(3) The authority may make or participate in the making and enter into commitments for the making of loans to any banking institution, savings bank, savings and loan association or credit union organized under the laws of this or any other state or of the United States having an office in this state, if the authority first determines that the proceeds of such loans will be utilized for the purpose of making long-term mortgage loans to persons or families of low and moderate income, or for the purpose of providing residential housing for occupancy by persons or families of low and moderate income, or for the purpose of making housing rehabilitation loans.

(4) A loan shall be secured in such manner and be repaid in such a period, not exceeding 50 years, as may be determined by the authority; and shall bear interest at a rate determined by the authority.

**History:** 1971 c. 287; 1975 c. 221; 1977 c. 418; 1979 c. 361 s. 113; 1981 c. 349; 1985 a. 29; 1987 a. 27, 359; 1991 a. 221; 1995 a. 404.

**234.05 Housing development fund; establishment; payments into fund.** (1) There is established under the juris-

dition and control of the authority a revolving fund to be known as the "housing development fund".

(2) There shall be paid into the housing development fund:

(a) Any moneys which the authority receives as interest on or in repayment of temporary loans made from the housing development fund;

(b) Any moneys transferred by the authority to the housing development fund from other funds or sources; and

(c) Any other moneys which may be made available to the authority for the purpose of the housing development fund from any other source.

**History:** 1971 c. 287.

**234.06 Use of moneys held in housing development fund; temporary loans; grants.** (1) The authority may, as authorized in the state housing strategy plan under s. 16.31, use the moneys held in the housing development fund to make temporary loans to eligible sponsors, with or without interest, and with such security for repayment, if any, as the authority determines reasonably necessary and practicable, solely from the housing development fund, to defray development costs for the construction of proposed housing projects for occupancy by persons and families of low and moderate income. No temporary loan may be made unless the authority may reasonably anticipate that satisfactory financing may be obtained by the eligible sponsor for the permanent financing of the housing project.

(2) The proceeds of the temporary loan may be used only to defray the development costs of the housing project. Each temporary loan shall be repaid in full by the eligible sponsor to the authority concurrent with the receipt by the eligible sponsor of the proceeds of the permanent financing.

(3) The authority may, as authorized in the state housing strategy plan under s. 16.31, use the moneys held in the housing development fund to establish and administer programs of grants to counties, municipalities and eligible sponsors of housing projects for persons of low and moderate income, to pay organizational expenses, administrative costs, social services, technical services, training expenses or costs incurred or expected to be incurred by counties, municipalities or sponsors for land and building acquisition, construction, improvements, renewal, rehabilitation, relocation or conservation under a plan to provide housing or related facilities, if the costs are not reimbursable from other private or public loan, grant or mortgage sources.

**History:** 1971 c. 287; 1981 c. 349; 1985 a. 29 ss. 2118, 3202 (14); 1991 a. 39.

**234.07 Limited-profit entity; distributions.** (1) Except as provided in sub. (2), a limited-profit entity which receives loans from the authority may not make distributions, other than from funds contributed to the limited-profit entity by stockholders, partners, members or holders of beneficial interest in the limited-profit entity, in any one year with respect to a project financed by the authority in excess of 6% of its equity in such project on a cumulative basis. The equity in a project shall consist of the difference between the amount of the mortgage loan and the total project cost. Total project cost shall include construction or rehabilitation costs including job overhead and a builder's and sponsor's profit and risk fee, architectural, engineering, legal and accounting costs, organizational expenses, land value, interest and financing charges paid during construction, the cost of landscaping and off-site improvements, whether or not such costs have been paid in cash or in a form other than cash. With respect to every project the authority shall, pursuant to rules adopted by it, establish the entity's equity at the time of making of the final mortgage advance and, for purposes of this section, that figure shall remain constant during the life of the authority's loan with respect to such project. Upon the dissolution of the limited-profit entity any surplus in excess of the distributions allowed by this section shall be paid to the authority. For this purpose surplus shall not be deemed to include any increase in net worth of any limited-profit entity by reason of a reduction of mortgage indebtedness, by amortization or similar payments or by reason of the sale or dis-

position of any assets of a limited-profit entity to the extent such surplus can be attributed to any increase in market value of any real or tangible personal property accruing during the period the assets were owned and held by the limited-profit entity.

(2) If a limited-profit entity agrees to provide housing for low-income and moderate-income persons until the end of the maximum term of a mortgage that the limited-profit entity gives the authority, a limited-profit entity that receives a loan from the authority may not make distributions, other than from funds contributed to the limited-profit entity by stockholders, partners, members or holders of a beneficial interest in the limited-profit entity, in any one year with respect to a project financed by the authority in excess of 12% of its equity in the project on a cumulative basis.

**History:** 1971 c. 287; 1989 a. 346.

“Limited-profit entity” has meaning only with reference to WHEDA’s loan to it. The entity terminates when the loan is satisfied and nothing remains to be done except to dispose of what remains in the hands of the entity, the surplus in excess of allowed distributions under sub. (1), which must be returned to WHEDA. *WHEDA v. Bay Shore Apartments*, 200 W (2d) 129, 546 NW (2d) 480 (Ct. App. 1996).

**234.08 Notes and bonds; issuance; status.** (1) The authority may issue its negotiable notes and bonds in such principal amount, as, in the opinion of the authority, is necessary to provide sufficient funds for achieving its corporate purposes, including the purchase of certain mortgages and securities and the making of secured loans for low- and moderate-income housing, for the rehabilitation of existing structures and for the construction of facilities appurtenant thereto as provided in this chapter; for the making of secured loans to assist eligible elderly homeowners in paying property taxes and special assessments; for the payment of interest on notes and bonds of the authority during construction; for the establishment of reserves to secure such notes and bonds; for the provision of moneys for the housing development fund in order to make temporary loans to sponsors of housing projects as provided in this chapter; and for all other expenditures of the authority incident to and necessary or convenient to carry out its corporate purposes and powers.

(2) The authority may issue renewal notes, issue bonds to pay notes and whenever it deems refunding expedient, refund any bonds by the issuance of new bonds, whether the bonds to be refunded have or have not matured, and issue bonds partly to refund bonds then outstanding and partly for any other purpose. The refunding bonds shall be sold and the proceeds applied to the purchase, redemption or payment of the bonds to be refunded.

(3) Except as may otherwise be expressly provided by the authority, every issue of its notes or bonds shall be general obligations of the authority payable out of any revenues or moneys of the authority, subject only to any agreements with the holders of particular notes or bonds pledging any particular receipts or revenues.

(4) All notes or bonds shall be negotiable investment securities under ch. 408.

(5) This section does not supersede or impair the power of the department of commerce to carry out its program responsibilities relating to economic development which are funded by bonds or notes issued under this section.

(6) The authority may reimburse the department of commerce its operating costs to carry out its program responsibilities relating to economic development which are funded by bonds or notes issued under this section.

(7) The authority may, by resolution before issuance, declare any issue of its bonds or notes to be subject to federal income taxation.

**History:** 1971 c. 287; 1981 c. 349; 1983 a. 81, 83; 1985 a. 29; 1993 a. 16; 1995 a. 27 s. 9116 (5).

**234.09 Same; authorization; terms.** The notes and bonds shall be authorized by resolution of the members of the authority; shall bear such date or dates, and shall mature at such time or times, in the case of any note, or any renewal thereof, not exceed-

ing 5 years, from the date of issue of such original note, and in the case of any bond not exceeding 50 years from the date of issue, as the resolution provides. The notes and bonds shall bear interest at such rate or rates, be in such denominations of \$1,000 or more, be in such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in such medium of payment, at such place and be subject to such terms of redemption as the resolution provides. The bonds may be issued as serial bonds payable in annual instalments or as term bonds or as a combination thereof. The notes and bonds of the authority may be sold by the authority, at public or private sale, at the price determined by the authority.

**History:** 1971 c. 287.

**234.10 Same; resolution authorizing issuance, contents.** Any resolution authorizing any notes or bonds or any issue thereof may contain provisions, which shall be a part of the contract with the holders thereof, as to:

(1) Pledging all or any part of the fees and charges made or received by the authority, and all or any part of the moneys received in payment of mortgage loans and interest thereon, and other moneys received or to be received, to secure the payment of the notes or bonds or of any issue thereof, and subject to such agreements with bondholders or noteholders as may then exist.

(2) Pledging all or any part of the assets of the authority, including mortgages and obligations securing the same, to secure the payment of the notes or bonds or of any issue of notes or bonds, subject to such agreements with noteholders or bondholders as may then exist.

(3) Pledging of any loan, grant or contribution from the federal or state government, any political subdivision of the state or source in aid of such development as provided for in this chapter.

(4) The use and disposition of the gross income from mortgages owned by the authority and payment of principal of mortgages owned by the authority.

(5) The setting aside of reserves or sinking funds and the regulation and disposition thereof.

(6) Limitations on the purpose to which the proceeds of sale of notes or bonds may be applied and pledging such proceeds to secure the payment of the notes or bonds or of any issue thereof.

(7) Limitations on the issuance of additional notes or bonds; the terms upon which additional notes or bonds may be issued and secured; the refunding of outstanding or other notes or bonds.

(8) The procedure, if any, by which the terms of any contract with noteholders or bondholders may be amended or abrogated, the amount of notes or bonds the holders of which must consent thereto, and the manner in which such consent may be given.

(9) Vesting in a trustee such property, rights, powers and duties in trust as the authority determines, which may include any or all of the rights, powers and duties of the trustee appointed by the noteholders or bondholders pursuant to s. 234.20 and limiting or abrogating the right of the noteholders or bondholders to appoint a trustee under s. 234.20 or limiting the rights, powers and duties of such trustee, in which event s. 234.20 shall not apply.

(10) Any other matters, of like or different character, which in any way affect the security or protection of the notes or bonds.

**History:** 1971 c. 287.

**234.11 Same; validity and effect of pledge.** Any pledge made by the authority shall be valid and binding from the time when the pledge is made; the moneys or property so pledged and thereafter received by the authority shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act; and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the authority, irrespective of whether such parties have notice thereof. Neither the resolution nor any other instrument by which a pledge is created need be recorded.

**History:** 1971 c. 287.



**234.12 Same; personal liability of members of authority.** Neither the members of the authority nor any person executing the notes or bonds shall be liable personally on the notes or bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

**History:** 1971 c. 287.

**234.13 Same; purchase for cancellation.** The authority, subject to such agreements with noteholders or bondholders as may then exist, shall have power out of any funds available therefor to purchase notes or bonds of the authority, which shall thereupon be canceled, at a price not exceeding:

(1) If the notes or bonds are then redeemable, the redemption price then applicable plus accrued interest to the next interest payment date thereon; or

(2) If the notes or bonds are not then redeemable, the redemption price applicable on the first date after such purchase upon which the notes or bonds become subject to redemption plus accrued interest to such date.

**History:** 1971 c. 287.

**234.14 Same; liability of state.** The state shall not be liable on notes or bonds of the authority and such notes and bonds shall not be a debt of the state. All notes and bonds of the authority shall contain on the face thereof a statement to such effect.

**History:** 1971 c. 287.

**234.15 Capital reserve funds. (1g)** In this section, “capital reserve fund requirement” means, as of any particular date of computation, an amount of money, as provided in the resolutions of the authority authorizing the bonds with respect to which a capital reserve fund is established, which amount shall not exceed the maximum annual debt service on the bonds of the authority for that fiscal year or any future fiscal year of the authority secured in whole or in part by the capital reserve fund.

(1r) The authority shall establish one or more special funds to secure its bonds, referred to in this chapter as capital reserve funds, and shall pay into each such capital reserve fund any moneys appropriated and made available by the state for the purposes of such fund, any proceeds of sale of notes or bonds, to the extent provided in the resolution of the authority authorizing the issuance thereof and any other moneys which are made available to the authority for the purpose of such fund from any other source.

(2) All moneys held in any capital reserve fund, except as otherwise specifically provided, shall be used, as required, solely for the payment of the principal of bonds of the authority secured in whole or in part by such fund or of the sinking fund payments mentioned in this section with respect to such bonds, the purchase or redemption of such bonds, the payment of interest on such bonds or the payment of any redemption premium required to be paid when such bonds are redeemed prior to maturity; but, if moneys in such fund at any time are less than the capital reserve fund requirement established for such fund as provided in this section, the authority shall not use such moneys for any optional purchase or optional redemption of such bonds. Any income or interest earned by, or increment to, any capital reserve fund due to the investment thereof may be transferred by the authority to other funds or accounts of the authority to the extent such transfer does not reduce the amount of such capital reserve fund below the capital reserve fund requirement for such fund.

(3) (a) The authority shall not at any time issue bonds, secured in whole or in part by a capital reserve fund if upon the issuance of the 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, at the time of 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 capital reserve

fund. The annual debt service for any fiscal year is the amount of money equal to the aggregate of all of the following:

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

**NOTE:** The bracketed word was added to improve grammar. Corrective legislation is pending.

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

3. All amounts specified in any resolution of the authority authorizing any of the bonds described in subd. 1. as payable during the fiscal year as a sinking fund payment with respect to any of the bonds which mature after the fiscal 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 fiscal year, bonds considered to have been paid in accordance with the defeasance provisions of the resolution of the authority authorizing the issuance thereof shall not be included in bonds outstanding on the date of computation.

(4) 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 each capital reserve fund an amount equal to the capital reserve fund requirement for such fund. If at any time the capital reserve fund requirement for any 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 appropriate capital reserve fund of the authority. 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.

(5) In computing the amount of any 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.

(6) Notwithstanding subs. (1r) to (5), the authority, subject to such agreements with noteholders or bondholders as may then exist, may elect not to secure any particular issue of its bonds with a capital reserve fund. Such election shall be made in the resolution authorizing such issue. In this event, subs. (2) and (3) shall not apply to the bonds of such issue in that they shall not be entitled to payment out of or be eligible for purchase by any such fund nor shall they be taken into account in computing or applying any capital reserve fund requirement.

**History:** 1971 c. 287; 1973 c. 208; 1975 c. 221; 1995 a. 225; s. 13.93 (2) (c).

**234.16 General reserve fund.** The authority shall establish a special fund, referred to in this chapter as general reserve fund, and shall pay into such fund all fees and charges collected by the authority and any moneys which the authority transfers from the capital reserve fund. Such moneys and any other moneys paid into the general reserve fund, in the discretion of the authority but subject to agreements with bondholders and noteholders, may be used by the authority:

(1) For the repayment of advances from the state in accordance with the repayment agreements between the authority and the secretary of administration;

(2) To pay all costs, expenses and charges of financing, including fees and expenses of trustees and paying agents;

(3) For transfers to the capital reserve fund;

(4) For the payment of the principal of and interest on notes or bonds issued by 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 where such bonds or notes are redeemed prior to their stated maturities, and to purchase notes or bonds; or

(5) For such other corporate purposes of the authority as the authority in its discretion determines.

**History:** 1971 c. 287.

**234.165 Authority surplus fund.** (1) The authority shall continue the authority surplus fund established under its resolutions authorizing the issuance of its bonds or notes before May 8, 1982.

(2) (a) In this subsection, “surplus” means assets of the authority which are not required to pay the cost of issuance of bonds or notes of the authority, to make financially feasible economic development loans and housing projects receiving proceeds from authority bond or note issues or to honor agreements with bondholders and noteholders.

(b) 1. Annually before August 31 the chairperson of the authority shall certify and file with the secretary of administration a report of the actual surplus available on the preceding June 30 and the surplus projected by the authority to be available on the succeeding June 30. Together with this report, the chairperson of the authority shall report, as of the preceding June 30:

a. The amount or value and an explanation of all short-term deferred receivables and property of the authority and any amounts reserved to cover any deficiency in operating revenue or to fund the replacement or maintenance of assets of the authority.

b. The amount reserved to be used for loans and other expenditures under each plan approved under this subsection in each prior year.

bm. The amount reserved to be used for loans and other expenditures under any plan approved under this subsection that has been loaned or expended or that has been returned to the surplus since the effective date of the plan submitted under this subsection in the previous year.

c. The amount reserved to be used for loans and other expenditures under any plan approved under this subsection in any prior year that is not legally obligated to be paid to a party other than the authority, the planned use of each such amount, and the projected date by which any such amount that is not used in accordance with the plan approved for its use will become a part of the authority’s surplus.

cm. The amount reserved to be used for loans and other expenditures under any plan approved under this subsection in any prior year that have been approved by the authority but for which the authority has not yet signed a contract, the planned use of each such amount, and the projected date by which any such amount that is not used in accordance with the plan approved for its use will become a part of the authority’s surplus.

d. The actual surplus that became available on the preceding June 30, together with the projected surplus for that date as contained in the authority’s report under this subdivision in the previous year.

2. Annually before August 31 the authority shall submit to the governor a plan for expending or encumbering the actual surplus reported under subd. 1. The part of the plan related to housing shall be consistent with the state housing strategy plan under s. 16.31. The plan submitted under this subdivision may be attached to and submitted as a part of the report filed under subd. 1.

3. Within 30 days after receiving the plan under subd. 2., the governor may modify the plan and shall submit the plan as modified to the presiding officer of each house of the legislature, who shall refer the plan to appropriate standing committees within 7 days, exclusive of Saturdays, Sundays and legal holidays.

4. The standing committee review period extends for 30 days after the plan is referred to it. If within the 30-day period a standing committee requests the authority to meet with it to review the plan, the standing committee review period is continued until 30 days after the request. If a standing committee and the governor agree to modifications in the plan, the review period for all standing committees is continued until 10 days after receipt by the committees of the modified plan.

5. The plan or modified plan is approved if no standing committee objects to the plan or modified plan within its review period. If a standing committee objects to the plan or modified plan, it shall refer the parts to which objection was made to the joint committee on finance.

6. The joint committee on finance shall meet in executive session within 30 days after referral by a standing committee, but may take action any time after referral. Joint committee on finance action shall consist of concurrence in standing committee objections, modifications to the parts referred to it which are approved by the governor or approval of the plan or modified plan notwithstanding standing committee objections.

7. The plan is not effective until approved or modified under this paragraph.

(c) Surplus may be expended or encumbered only in accordance with the plan approved under par. (b), except that the authority may transfer from one plan category to another:

1. Not more than 5% of the funds allocated to the plan category from which the transfer is made.

2. More than 5% of the funds allocated to the plan category from which the transfer is made, if the authority obtains the approval of the secretary of administration and notifies the joint committee on finance of the proposed transfer.

(d) The authority shall allocate a portion of its surplus in a plan prepared under par. (b) to match federal funds available to this state under the Stewart B. McKinney homeless assistance act, 42 USC 11361 to 11402, and to match federal funds available to this state under the home investment partnership program, 42 USC 12741 to 12756.

(dm) The authority shall allocate a portion of its surplus in a plan prepared under par. (b) to the property tax deferral loan program under ss. 234.621 to 234.626.

**History:** 1981 c. 349; 1983 a. 83; 1985 a. 29 s. 3202 (14); 1989 a. 346; 1991 a. 39; 1993 a. 16.

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

**234.17 Repayment to general fund.** The authority shall repay the amounts appropriated under s. 20.143 (1) (a), 1971 stats., to the general fund from that portion of the authority’s surplus, if any, as is determined by agreement between the authority and the secretary of administration.

**History:** 1971 c. 287; 1975 c. 39; 1977 c. 418.

**234.18 Limit on amount of outstanding bonds and notes.** (1) Except as provided in sub. (2), the authority shall not have outstanding at any one time notes and bonds for any of its corporate purposes in an aggregate principal amount exceeding \$500,000,000, excluding bonds and notes issued to refund outstanding notes and bonds authorized under this subsection. Not more than \$45,000,000 in bonds and notes authorized under this subsection may be issued on or after July 1, 1982, except bonds or notes issued to refund outstanding bonds or notes authorized under this subsection.

(2) In addition to bonds or notes issued under sub. (1), the authority may not have outstanding at any one time notes and bonds for any of its corporate purposes in an aggregate principal



amount exceeding \$125,000,000, excluding bonds and notes issued to refund outstanding bonds and notes authorized under this subsection. Bonds and notes authorized under this subsection and issued for the purpose of economic development may be issued only with the consent of the department of commerce. The department may not impose conditions inconsistent with the state housing strategy plan under s. 16.31.

(3) The authority shall employ the building commission as its financial consultant to assist and coordinate the issuance of bonds and notes of the authority.

**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).

**234.19 Notes and bonds; pledge and agreement of state.** The state pledges and agrees with the holders of any notes or bonds issued under this chapter, that the state will not limit or alter the rights vested in the authority to fulfill the terms of any agreements made with the holders thereof, or in any way impair the rights and remedies of the holders until the notes or bonds, together with the interest thereon, with interest on any unpaid instalments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged. The authority is authorized to include this pledge and agreement of the state in any agreement with the holders of such notes or bonds.

**History:** 1971 c. 287.

**234.20 Default; trustee. (1)** If the authority defaults in the payment of principal of or interest on any issue of notes or bonds after they become due, whether at maturity or upon call for redemption, and the default continues for a period of 30 days or if the authority fails or refuses to comply with this chapter or defaults in any agreement made with the holders of any issue of notes or bonds, the holders of 25% in aggregate principal amount of the notes or bonds of the issue then outstanding, by instrument recorded in the office of the register of deeds of Dane county and approved or acknowledged in the same manner as a deed to be recorded, may appoint a trustee to represent the holders of the notes or bonds for the purposes otherwise specifically provided.

(2) The trustee may, and upon written request of the holders of 25% in principal amount of such notes or bonds then outstanding shall, in the trustee's name:

(a) By action or proceeding, enforce all rights of the noteholders or bondholders, including the right to require the authority to collect fees and charges and interest and amortization payments on mortgage loans made by it adequate to carry out any agreement as to, or pledge of, such fees and charges and interest and amortization payments on such mortgages, and other properties and to require the authority to carry out any other agreements with the holders of such notes or bonds and to perform its duties under this chapter;

(b) Bring suit upon such notes or bonds;

(c) By action, require the authority to account as if it were the trustee of an express trust for the holders of such notes or bonds;

(d) By action, enjoin any acts or things which may be unlawful or in violation of the rights of the holders of such notes or bonds; and

(e) Declare all such notes or bonds due and payable, and if all defaults shall be made good, then, with the consent of the holders of 25% of the principal amount of such notes or bonds then outstanding, to annul such declaration and its consequences.

**History:** 1971 c. 287; 1991 a. 316; 1993 a. 301.

**234.21 Trustee; additional powers.** The trustee, in addition to the powers granted in s. 234.20 shall have all of the powers necessary or appropriate for the exercise of any functions specifically set forth in this chapter or incident to the general representation of noteholders or bondholders in the enforcement and protection of their rights.

**History:** 1971 c. 287.

**234.22 Venue.** The venue of any action or proceeding by the trustee under ss. 234.19, 234.20 and 234.21 shall be in Dane county.

**History:** 1971 c. 287.

**234.23 Notice before declaration that notes or bonds are due and payable.** Before declaring the principal of notes or bonds due and payable, the trustee shall first give 30 days' notice in writing to the governor, the authority and the attorney general.

**History:** 1971 c. 287.

**234.24 System of funds and accounts.** Subject to agreements with noteholders and bondholders, the authority shall prescribe a system of funds and accounts.

**History:** 1971 c. 287; 1975 c. 221; 1983 a. 81.

**234.25 Annual report. (1)** The authority shall submit to the governor, the cochairpersons of the joint committee on finance, the senate committee on housing and urban development, the assembly committee on municipalities, such other committees as the legislature by joint resolution may determine, and the secretary of administration within 6 months after the end of its fiscal year a complete and detailed report setting forth:

(a) Its operations, accomplishments, goals and objectives;

(b) A statement of income and expenses for such fiscal year in accordance with the categories or classifications established by the authority for its operating and capital outlay purposes;

(c) Its assets and liabilities at the end of its fiscal year, including a schedule of its leases and mortgages and the status of reserve, special or other funds;

(d) A schedule of its bonds and notes outstanding at the end of its fiscal year, together with a statement of the amounts redeemed and incurred during such fiscal year; and

(e) An evaluation of its progress in implementing within its own housing programs the goals, policies and objectives of the state housing strategy plan under s. 16.31, and recommendations for legislation to improve its ability to carry out its programs consistent with the state housing strategy plan.

(2) The authority, annually on January 15, shall file with the department of administration and the joint legislative council a complete and current listing of all forms, reports and papers required by the authority to be completed by any person, other than a governmental body, as a condition of obtaining the approval of the authority or for any other reason. The authority shall attach a blank copy of each such form, report or paper to the listing.

**History:** 1971 c. 287; 1979 c. 221; 1981 c. 349; 1983 a. 36; 1985 a. 29 s. 3202 (14); 1991 a. 39; 1993 a. 52, 184.

**234.26 Notes and bonds as legal investments.** The state, the investment board, all public officers, municipal corporations, political subdivisions and public bodies, all banks and bankers, savings and loan associations, credit unions, trust companies, savings banks, investment companies, insurance companies, insurance associations and other persons carrying on a banking or insurance business, and all executors, administrators, guardians, trustees and other fiduciaries, may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any notes or bonds issued by the authority. Such notes and bonds shall be authorized security for all public deposits and shall be fully negotiable in this state.

**History:** 1971 c. 287; 1991 a. 221.

**234.265 Records of the authority.** All records of the authority or any corporation established by the authority shall be open to the public, except:

(1) Those records relating to pending grants, economic development loans or housing projects which, in the opinion of the authority, must remain confidential to protect the competitive nature of the grant, loan or project.

(2) Records or portions of records consisting of personal or financial information provided by a person seeking a grant or loan

under s. 234.08, 234.49, 234.59, 234.65, 234.67, 234.68, 234.69, 234.70, 234.765, 234.82, 234.83, 234.84, 234.87, 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 or under ss. 234.75 to 234.802, 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.

**NOTE:** Sub. (2) is shown as affected by two acts of the 1995 legislature and as merged by the revisor under s. 13.93 (2) (c).

**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; s. 13.93 (2) (c).

**234.28 Notes and bonds; exemption from taxation.**

The state covenants with the purchasers and all subsequent holders and transferees of notes and bonds issued by the authority, in consideration of the acceptance of any payment for the notes and bonds, that its fees, charges, gifts, grants, revenues, receipts and other moneys received or to be received, pledged to pay or secure the payment of such notes or bonds shall at all times be free and exempt from all state, city, county or other taxation provided by the laws of the state.

**History:** 1971 c. 287.

**234.29 Equality of occupancy and employment.**

The authority shall require that occupancy of housing projects assisted under this chapter be open to all regardless of sex, race, religion, sexual orientation or creed, and that contractors and subcontractors engaged in the construction of economic development or housing projects, shall provide an equal opportunity for employment, without discrimination as to sex, race, religion, sexual orientation or creed.

**History:** 1971 c. 287; 1975 c. 94; 1981 c. 112; 1983 a. 83.

**234.30 Cooperation.**

The heads of all departments, boards, councils, committees and commissions in the administrative branch, and the heads of the various divisions, sections and departments thereunder, shall extend their full and unlimited cooperation, including but not limited to the providing of personnel and facilities, to the authority.

**History:** 1971 c. 287.

**234.31 Construction of chapter.** This chapter is necessary for the welfare of this state and its inhabitants; therefore, it shall be liberally construed to effect its purpose.

**History:** 1971 c. 287.

**234.32 Laws not applicable to authority.** (1) Chapter 138 shall not apply to the authority.

(2) The authority may adopt by resolution ch. 34, or any section, subsection, paragraph or subdivision of ch. 34. If adopted by resolution of the authority, ch. 34, or any section, subsection, paragraph or subdivision of ch. 34 shall apply to the authority.

**History:** 1975 c. 221; 1977 c. 320.

**234.40 Bonds for veterans housing loans and other veterans assistance programs.**

(1) The authority shall issue its negotiable bonds in such principal amount and length of maturity as to provide sufficient funds for veterans housing loans to be made pursuant to s. 45.79.

(2) Bonds issued under the authority of this section are payable out of revenues or moneys received from the repayment of veterans housing loans and related funds made available in ss. 234.42 and 234.43. All assets and liabilities created through the issuance of bonds to purchase mortgage loans representing veterans housing loans are to be separate from all other assets and liabilities of the authority. No funds of the veterans housing loan program may be commingled with any other funds of the authority.

(3) It is the intent of the legislature that the authority be used to finance the veterans housing program. Nothing in this chapter shall be construed to supersede the powers vested by subch. II of ch. 45 in the department of veterans affairs for carrying out program responsibilities for which debt has been incurred by the authority.

(4) The limitations established in s. 234.18 (1) and (2), 234.50, 234.60, 234.65, 234.66 or 234.70 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.

**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.

**234.41 Veterans housing loan fund; establishment and use.**

(1) There is established under the jurisdiction of the authority a veterans housing loan fund. All moneys resulting from the sale of bonds for the purpose of veterans housing pursuant to s. 45.79, unless credited to the veterans capital reserve fund, shall be credited to the fund.

(2) The authority shall use moneys in the fund for the purpose of purchasing loans representing veterans housing loans pursuant to s. 45.79. All disbursements of funds under this section for purchasing mortgage loans shall be made payable to authorized lenders as defined in s. 45.71 (2) and eligible persons as defined in s. 45.71 (6).

(3) Moneys of the veterans housing loan 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, paid over to the department of veterans affairs and deposited in the veterans trust fund after payment or repayment of any deficits arising in the veterans capital reserve fund and after payment of expenses contained in sub. (4).

(4) The authority may use moneys in the fund to cover actual and necessary expenses incurred in the sale and investment of bonds and bond revenues.

(5) Any moneys remaining in the veterans housing loan fund and not needed for purposes of the veterans capital reserve fund shall be transferred to the veterans housing bond redemption fund.

**History:** 1973 c. 208, 333, 336; 1991 a. 39.

**234.42 Veterans capital reserve fund.**

(1) The authority shall establish the veterans capital reserve fund to secure the veterans housing bonds sold pursuant to s. 234.40, and shall pay into the veterans capital reserve fund any moneys appropriated and made available by the state for the purposes of such fund, any proceeds of sale of bonds, to the extent provided in the resolution of the authority authorizing the issuance thereof and any other moneys which are made available to the authority for the purpose of such fund from any other source.

(2) All moneys held in the veterans capital reserve fund, except as otherwise specifically provided, shall be used solely for the payment of the principal of veterans housing bonds of the authority as the same mature, the making of sinking fund payments with respect to veterans housing bonds of the authority, the purchase of veterans housing bonds of the authority, the payment of interest on veterans housing bonds of the authority or the payment of any redemption premium required to be paid when veterans housing bonds are redeemed prior to maturity. Except for the purpose of paying principal of and interest on veterans housing bonds of the authority maturing and becoming due and for the payment of which other moneys of the authority are not available, and except for making sinking fund payments with respect to veterans housing bonds of the authority and for the payment of which other moneys of the authority are not available, moneys in the veterans capital reserve fund shall not be withdrawn at any time in such amount as would reduce the fund to less than an amount, called in this section "veterans capital reserve fund requirement", equal to the maximum amount, in any succeeding year, of principal and interest, other than principal and interest for which sinking fund payments are specified in any resolution of the authority authorizing veterans housing bonds of the authority then outstanding, maturing and becoming due in such year on all veterans housing bonds of the authority then outstanding (other than veter-

ans housing bonds due in such year issued to provide funds for mortgage loans through the purchase of mortgages or mortgage-backed securities guaranteed by the United States or an agency or instrumentality of the United States) plus all amounts specified, in any resolution of the authority authorizing veterans housing bonds of the authority then outstanding, as payable as a sinking fund payment in such year. Any income or interest earned by, or increment to, the veterans capital reserve fund due to the investment thereof may be transferred by the authority to the veterans housing bond redemption fund to the extent it does not reduce the amount of the veterans capital reserve fund below the veterans capital reserve fund requirement.

(3) The authority shall not issue bonds at any time, other than bonds issued to provide funds for mortgage loans through the purchase of mortgages or mortgage-backed securities guaranteed by the United States or an agency or instrumentality of the United States, if the veterans capital reserve fund requirement, after such issuance, will exceed the amount of the veterans capital reserve fund at the time of issuance unless the authority, at the time of issuance of such bonds, shall deposit in the capital reserve fund from the proceeds of the bonds so to be issued, or from another available source, an amount which, together with the amount then in the veterans capital reserve fund, will be not less than the veterans capital reserve fund requirement after such issuance.

(4) To assure the continued operation and solvency of the authority for the carrying out of the veterans housing loan program of this chapter, the authority shall accumulate in the veterans capital reserve fund an amount equal to the veterans capital reserve fund requirement. If at any time the veterans capital reserve fund requirement exceeds the amount of the veterans 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 the veterans capital reserve fund to an amount equal to the veterans capital reserve fund requirement. 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 veterans capital reserve fund of the authority. 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.

(5) In computing the amount of the veterans capital reserve fund for the purposes of this section, securities in which all or a portion of the veterans capital reserve fund is invested shall be valued at par, or if purchased at less than par, at their cost to the authority.

*History:* 1973 c. 208; 1977 c. 418 s. 924 (22).

#### 234.43 Veterans housing bond redemption fund.

(1) The authority shall establish the veterans housing bond redemption fund. All mortgages purchased with moneys from the veterans housing loan fund shall be the exclusive property of the bond redemption fund. All moneys received by the authority from the repayment of veterans housing loans shall be deposited into such fund to be used for the repayment of veterans housing bonds issued pursuant to s. 234.40.

(2) Subject to agreements with bondholders, disbursements shall be made:

(a) For the payment of the principal of and interest on bonds issued by 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 where such bonds are redeemed prior to their stated maturities, and to purchase bonds;

(b) To pay administrative costs, expenses and charges to service outstanding bonds including fees and expenses of trustees and paying agents;

(c) For repayment of advances from the state made through s. 20.485 (3) (b);

(d) For transfer to the veterans capital reserve fund; and

(e) Any surplus remaining after satisfaction of all obligations of pars. (a) to (d) shall be paid over to the department of veterans affairs and deposited in the veterans trust fund.

*History:* 1973 c. 208; 1975 c. 200; 1979 c. 34; 1991 a. 39.

**234.44 Validation of certain obligations and proceedings.** Notwithstanding any provision of this chapter or any other law, in the absence of fraud, all obligations issued prior to May 4, 1976 purportedly pursuant to this chapter, and all proceedings prior to such time taken purportedly pursuant to this chapter for the authorization and issuance of such obligations or of obligations not yet issued, and the sale, execution and delivery of such obligations issued prior to May 4, 1976, are hereby validated, ratified, approved and confirmed, notwithstanding any lack of power, however patent, other than constitutional, of the issuing authority or the governing body or officer thereof, to authorize such obligations, or to sell, execute, deliver the same, and notwithstanding any defects or irregularities, however patent, other than constitutional, in such proceeding or in such sale, execution or delivery of such obligations. All such obligations issued prior to May 4, 1976 are binding, legal obligations in accordance with their terms.

*History:* 1975 c. 221.

**234.49 Housing rehabilitation. (1) DEFINITIONS.** In ss. 234.49 to 234.55:

(b) “Authorized lender” means any lender authorized under sub. (2) (a) 4. to make or service housing rehabilitation loans but does not include a person licensed under s. 138.09.

(c) “Eligible beneficiary” means a person for whom the authority has not received a certification from the department of industry, labor and job development under s. 49.855 (7) or a family who or which falls within the income limits specified in par. (f).

(d) “Eligible rehabilitation” means additions, alterations or repairs of 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, but does not include any of the following:

2. Construction of fireplaces, except for necessary repairs or the addition of permanently attached energy efficient equipment to an existing fireplace.

4. Decks, patios, fencing or landscaping.

6. Home appliances.

(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:

1. The structure was first occupied as a residence at least 10 years before a housing rehabilitation loan for the property is granted; or

2. 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.

(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 instalments, may not exceed 15 years. Housing rehabilitation loans, except property tax deferral loans, include:

2. “Low interest loans” which are 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. 66.465 no low interest loan at the highest rate of interest authorized by this subdivision 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.

(g) "Median income" means median family income as determined annually by the U.S. department of housing and urban development for each county in the state.

(h) "Owner" means the holder of the title or the vendee of a land contract of housing which is otherwise eligible for a housing rehabilitation loan.

(hm) "Property tax deferral loan" means a loan that originated under the property tax deferral program under subch. IV of ch. 77, 1989 stats., or under subch. X of ch. 16, 1991 stats.

(i) "Sponsor" means any town, city, village or county in this state, or any community action agency or housing authority under s. 59.53 (22), 61.73, 66.395 or 66.40. A community action agency or housing authority may be a sponsor for the unincorporated area of a county if the board of supervisors of that county adopts a resolution authorizing it to be a sponsor. A community action agency or housing authority may be a sponsor for an incorporated municipality if the governing body of the municipality adopts a resolution authorizing it to be a sponsor.

**(2) POWERS OF AUTHORITY.** (a) The authority has the following powers for the purpose of implementing this section, in addition to all other powers granted by this chapter:

3. To maintain a current list of authorized lenders. The authority shall establish standards governing the performance of authorized lenders in making and servicing housing rehabilitation loans and shall periodically monitor such performance.

4. To designate as an authorized lender the authority or any local government agency, housing authority under s. 59.53 (22), 61.73, 66.395 or 66.40, bank, savings bank, savings and loan institution, mortgage banker registered under s. 224.72 or credit union, if the designee has a demonstrated history or potential of ability to adequately make and service housing rehabilitation loans.

5. To enter into contracts with authorized lenders authorizing them to process applications and service housing rehabilitation loans. The contracts may include the responsibilities of the authorized lenders with respect to credit evaluations, financial eligibility determinations, valuation of the housing for which the loan is to be made, collection procedures in the event of delinquent loan repayments and other functions which the authority may require. Such contracts may provide for the payment of a fee for originating such loans or for servicing such loans.

6. To enter into contracts or agreements with authorized lenders and sponsors providing for the maximum and minimum acceptable rates of interest to be charged for various classifications of housing rehabilitation loans. In no event may the stated rate of interest on any housing rehabilitation loan under this section exceed the greater of 8% per year or 3% plus the rate necessary to fully repay interest and principal on housing rehabilitation loan program bonds issued pursuant to s. 234.50.

7. To enter into contracts or agreements with authorized lenders and sponsors providing for the maximum acceptable amount, duration and other terms of housing rehabilitation loans in accordance with sub. (1) (f).

8. To adopt procedures and forms necessary to effectuate the rehabilitation program or to facilitate the marketing of bonds issued under s. 234.50.

9. To specify a rate of interest for a housing rehabilitation loan which is lower than the ordinary current rate for housing rehabilitation loans, if a substantial portion of the loan proceeds will be used for any of the following:

- a. Energy conservation improvements.
- b. The repair or replacement of a heating system, electrical system, plumbing system, foundation or roof.
- c. Other necessary structural repairs.
- d. The authentic renovation of a listed property, as defined in s. 44.31 (4), if the building is located on its original site.

10. To enter into contracts or agreements with the department of revenue or the department of administration to purchase property tax deferral loans under the housing rehabilitation loan program.

(c) In addition to the powers specified in par. (a), the authority has all those powers necessary to implement this subsection.

**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.

**234.50 Bonds for housing rehabilitation loans; issuance; status.** (1) The authority may issue its negotiable bonds in such principal amount and of such length of maturity as, in the opinion of the authority, is necessary to provide sufficient funds for purchasing housing rehabilitation loans or for funding commitments for loans to lenders for housing rehabilitation loans; for purchasing property tax deferral loans under s. 234.49 (2) (a) 10.; for the establishment of reserves to secure such bonds; and for all other expenditures of the authority incident to or necessary and convenient in connection therewith. The authority may, whenever it deems refunding expedient, refund any bonds by the issuance of new bonds whether the bonds to be refunded have or have not matured, and issue bonds partly to refund bonds then outstanding and partly for the purpose authorized by this section.

(2) Bonds issued under the authority of this section shall be special obligations of the authority payable solely out of revenues, moneys or other property received in connection with the housing rehabilitation loan program, including, without limitation, repayments of housing rehabilitation loans, federal insurance or guarantee payments, the proceeds of bonds issued under the authority of this section, and the amounts made available under ss. 234.54 and 234.55. All assets and liabilities created through the issuance of bonds to purchase housing rehabilitation loans shall be separate from all other assets and liabilities of the authority. No funds of the housing rehabilitation loan program may be commingled with any other funds of the authority.

(4) The limitations established in s. 234.18 (1) and (2), 234.40, 234.60, 234.65, 234.66 or 234.70 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.

**History:** 1977 c. 418; 1979 c. 361 ss. 112, 113; 1981 c. 21; 1981 c. 349 s. 32; 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. 269; 1993 a. 437.

**234.51 Housing rehabilitation loan program administration fund; establishment and use.** (1) There is established under the jurisdiction of the authority a housing rehabilitation loan program administration fund. There shall be paid into such fund the amounts appropriated under s. 20.490 (2) (a), the amounts provided in s. 234.55, any amounts transferred by the authority to such fund from other funds or sources and any other moneys which may be available to the authority for the purpose of such fund from any other source.

(2) Subject to agreements with bondholders, the authority shall use moneys in the fund solely:

(a) To pay all administrative costs, expenses and charges, including origination fees and servicing fees, incurred in conducting the housing rehabilitation loan program other than those described in ss. 234.53 (4) and 234.55 (2) (b); or

(b) For transfer, upon request, to the secretary of administration for deposit in the state general fund, to the extent that the chairperson of the authority certifies that such funds are no longer required for the program.

(3) 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; 1981 c. 349; 1985 a. 29.

**234.52 Housing rehabilitation loan program loan-loss reserve fund; establishment and use.** (1) There is established under the jurisdiction of the authority a housing rehabilitation loan program loan-loss reserve fund. There shall be paid into such fund the amounts appropriated under s. 20.490 (2) (q), the amounts provided under s. 234.55, any amounts transferred by the authority to such fund from other funds or sources and any other moneys which may be available to the authority for the purposes of such fund from any other source.

(2) Subject to agreements with bondholders, the authority shall use moneys in the fund solely for transfer to the housing rehabilitation loan program bond redemption fund in amounts equal to losses on housing rehabilitation loans owned by that fund which are not made good by federal insurance or guarantee payments, and solely for the purposes described in s. 234.55 (2) (a). Any balance remaining after payment or due provision for payment of all outstanding bonds issued under the authority of s. 234.50 shall be transferred to the housing rehabilitation loan program administration fund only for the purpose of deposit in the state general fund.

(3) 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).

**234.53 Housing rehabilitation loan fund.** (1) The authority shall establish the housing rehabilitation loan fund. All moneys resulting from the sale of bonds issued under the authority of s. 234.50, not including bonds issued to refund outstanding bonds, and unless credited to the housing rehabilitation loan program capital reserve or bond redemption funds, shall be credited to such fund.

(2) The authority shall use moneys in the fund for the purpose of purchasing housing rehabilitation loans or for funding commitments for loans to lenders for housing rehabilitation loans. All disbursements of funds under this section for purchasing such loans shall be made payable to an authorized lender as defined in s. 234.49 (1) (b) or a duly authorized agent thereof.

(3) 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.

(4) The authority may use moneys in the fund to cover actual and necessary expenses incurred in the sale of housing rehabilitation bonds and investment of the proceeds thereof.

(5) Any moneys not needed for the purposes of the fund shall be transferred to the housing rehabilitation loan program bond redemption fund.

**History:** 1977 c. 418; 1979 c. 361 s. 113; 1985 a. 29 ss. 3200 (28), 3202 (14).

**234.54 Housing rehabilitation loan program capital reserve fund.** (1g) In this section, “capital reserve fund requirement” means, as of any particular date of computation, an amount of money, as provided in the resolutions of the authority authorizing the bonds with respect to which the housing rehabilitation loan program capital reserve fund is established, which amount may not exceed the maximum annual debt service on the bonds of the authority for that calendar year or any future calendar year secured in whole or in part by the housing rehabilitation loan program capital reserve fund.

(1r) The authority shall establish the housing rehabilitation loan program capital reserve fund to secure the bonds issued under the authority of s. 234.50, and shall pay into such fund any moneys appropriated and made available by the state for the purposes of such fund, any proceeds of sale of housing rehabilitation bonds to the extent provided in the resolution of the authority authorizing the issuance thereof and any other moneys which are made available to the authority for the purpose of such fund from any other source.

(2) All moneys held in the housing rehabilitation loan program capital reserve fund, except as otherwise specifically provided, shall be used, as required, solely for the payment of the principal of bonds of the authority secured in whole or in part by such fund or of sinking fund payments with respect to such bonds, the purchase or redemption of such bonds, the payment of interest on such bonds or the payment of any redemption premium required to be paid when such bonds are redeemed prior to maturity; but, if moneys in such fund at any time are less than the capital reserve fund requirement established for such fund as provided in this section, the authority shall not use such moneys for any optional purchase or optional redemption of such bonds. Any income or interest earned by, or increment to, the capital reserve fund due to the investment thereof may be transferred by the authority to other housing rehabilitation loan program funds or accounts of the authority to the extent such transfer does not 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 [shall] not be included in bonds outstanding on the date of computation.

**NOTE:** The bracketed “shall” was inserted by 1995 Wis. Act 225 without being shown as underscored. Act 225 deleted “may” without showing it as stricken. No change was intended. Corrective legislation is pending.

(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 a. 225.

**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 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 only for the purpose of deposit in the state general 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).

**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 it receives a certification under s. 49.855 (7) that a person is delinquent in child support or maintenance payments or owes past support, medical expenses or birth expenses. An eligible lender may not make a loan to an applicant if it receives notification under this paragraph concerning the applicant.

(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.

### 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) and (2), 234.40, 234.50, 234.65, 234.66 and 234.70 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.

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

**234.621 Property tax deferral loans; purpose.** The legislature finds that older individuals who have resided in their homes for a substantial period of time have found it difficult to remain in their own homes because their incomes are insufficient to cover property taxes, which have risen as the value of their homes has increased. The legislature finds that it is in the public interest and that it serves a statewide public purpose to create a program whereby lien-creating loans are made to low- and moderate-income elderly homeowners for the purpose, and only for the purpose, of enabling individuals to pay local, general property taxes and special assessments on their homes so that more of these individuals can remain in their homes.

**History:** 1981 c. 20, 317; 1991 a. 269 s. 510s; Stats. 1991 s. 16.993; 1993 a. 16 s. 130b; Stats. 1993 s. 234.621.

**234.622 Definitions.** In this subchapter:

(1) "Coowner" means a natural person who, at the time of the initial application has an ownership interest in the qualifying dwelling unit of a participant in the program and fulfills one of the following requirements:

(a) Is the participant's spouse and a physician certifies that the participant or the coowner is permanently disabled.

(b) Is at least 60 years of age.

(2m) "Executive director" means the executive director of the authority.

(3) "Free and clear" means that rights to transfer full title to the qualifying dwelling unit after satisfaction of permitted obligations are vested in the participant and coowners.

(3m) "Ownership interest" includes being a spouse of a participant.

(4) "Participant" means a natural person 65 years of age or older who has been accepted into the program.

(5) "Permitted obligations" means the total amount of outstanding liens and judgments on the qualifying dwelling unit if that amount does not exceed 33% of the value of the unit as determined by the most recent assessment for property tax purposes. For purposes of ss. 234.621 to 234.626, housing and rehabilitation loans under s. 234.49 and liens arising under ss. 234.621 to 234.626 shall not be considered outstanding liens or judgments in computing the amount of permitted obligations.

(6) "Program" means the program under ss. 234.621 to 234.626.

(7) "Qualifying dwelling unit" means a dwelling unit, not including a mobile home as defined in s. 66.058, located in this state, habitable as a permanent residence and to which property taxes or special assessments are, or may conveniently be, allocated and up to one acre of land appertaining to it held in the same ownership as the dwelling unit. For purposes of ss. 234.621 to 234.626, "qualifying dwelling unit" includes a unit in a condominium or in a cooperative or in a multi-unit dwelling with 4 or fewer units, but in all of these 3 cases only the portion of taxes or special assessments allocable to the unit lived in by the participant may qualify for loans under ss. 234.621 to 234.626.

**History:** 1981 c. 20, 317; 1985 a. 29 s. 3202 (14) (c); 1987 a. 29; 1991 a. 269 ss. 510 to 510ue; Stats. 1991 s. 16.994; 1993 a. 16 ss. 130e, 3051k; Stats. 1993 s. 234.622.

**234.623 Eligibility.** The authority shall make loans to participants who:

(1) Apply on forms prescribed by the authority for a loan to pay property taxes or special assessments by June 30 of the year in which the taxes or special assessments are payable on a qualify-

ing dwelling unit and, except as provided in s. 234.625 (5), specify the names of all coowners;

(2) Reside in the qualifying dwelling unit more than 6 months of the year preceding each year of participation, but temporary residency in a health care facility may be substituted for any portion of this 6-month residency;

(3) Keep continuously in effect during the period that a loan is outstanding under ss. 234.621 to 234.626 a fire and extended casualty insurance policy on the qualifying dwelling unit satisfactory to the authority and permit the authority to be named on the policy as a lienholder; and

(4) Either individually or with other coowners own the qualifying dwelling unit free and clear. If the qualifying dwelling unit is owned with coowners, each of these persons must approve the application under sub. (1).

(5) Earned no more than \$20,000 in income, as defined under s. 71.52 (5), in the year prior to the year in which the property taxes or special assessments for which the loan is made are due.

**History:** 1981 c. 20; 1983 a. 189 s. 329 (10); 1983 a. 544 s. 47 (1); 1985 a. 29 s. 3202 (46) (a); 1987 a. 27, 29; 1987 a. 312 s. 17; 1991 a. 269 s. 510uf; Stats. 1991 s. 16.995; 1993 a. 16 s. 130h; Stats. 1993 s. 234.623.

**234.624 Transfer of interest.** If a participant ceases to reside in a qualifying dwelling unit, or if the participant's total ownership interest in the qualifying dwelling unit is transferred to one or more coowners in that unit, or if both of these events occur, a coowner may assume the participant's account by applying to the authority if the coowner resides in the qualified dwelling unit. Upon approval of the application, and if the coowner is 65 years of age or older, the coowner shall become a participant in the program and shall qualify for program loans. A coowner who has not attained the age of 65 at the time of application under this section may assume the account of a participant but shall not become a participant or qualify for program loans until the coowner attains the age of 65.

**History:** 1981 c. 20, 317; 1991 a. 269 s. 510ug; Stats. 1991 s. 16.9955; 1993 a. 16 s. 130j; Stats. 1993 s. 234.624.

**234.625 Program operation.** (1) The authority shall enter into agreements with participants and their coowners to loan funds to pay property taxes and special assessments on their qualifying dwelling units. The maximum loan under ss. 234.621 to 234.626 in any one year is limited to the lesser of \$2,500 or the amount obtained by adding the property taxes levied on the qualifying dwelling unit for the year for which the loan is sought, the special assessments levied on the dwelling unit, and the interest and penalties for delinquency attributable to the property taxes or special assessments. Loans shall bear interest at a rate equal to the prime lending rate at the time the rate is set, as reported by the federal reserve board in federal reserve statistical release H. 15, plus 1%. The executive director shall set the rate no later than October 15 of each year, and that rate shall apply to loans made in the following year.

(2) The authority shall have all powers under s. 234.03 that are necessary or convenient to the operation of a loan program, including, without limitation because of enumeration, the power to enter into contracts, to pay or be paid for the performance of services, to exercise all rights of a lienholder under subch. I of ch. 779 and to perform other administrative actions that are necessary in the conduct of its duties under ss. 234.621 to 234.626.

(3) The authority shall adopt rules and establish procedures under which applications for loans may be submitted, reviewed and approved; under which repayment of loans are to be obtained; under which disputes and claims are to be settled; and under which records are to be maintained.

(4) The authority shall enter into loan agreements with participants and coowners who agree to all of the following:

(b) That the loan shall be due and payable upon the occurrence of any of the following events: transfer of the qualifying dwelling unit by any means except upon transfer to a coowner who resides in the unit and who is permitted to assume the participant's

account as provided in s. 234.624, or the death of the participant if the participant is the sole owner, or the death of the last surviving coowner who owns the qualifying dwelling unit, or upon discovery by the authority that a participant or coowner has made a false statement on the application or otherwise in respect to the program, or upon condemnation or involuntary conversion of the qualifying dwelling unit, or if a participant ceases to meet the eligibility requirements of s. 234.623 except as provided in sub. (5) or fails to comply with the provisions of par. (d) or, at the participant's or coowner's election, at any time before any of the events enumerated in this paragraph occurs.

(c) To pay, upon repayment of the loan, interest specified in the loan agreement.

(d) To limit the outstanding liens and judgments on the qualifying dwelling unit to no more than the permitted obligations.

(5) If a participant in the program ceases to meet the eligibility requirements of this section, the authority, rather than demanding repayment under sub. (4) (b), may allow the participant to continue in the program, may allow the participant to continue in the program but be ineligible for additional loans, or may require partial settlement. The authority may also allow coowners to be added to the loan agreement if, in the judgment of the executive director, the addition of coowners does not significantly increase the authority's exposure to risk under the loan agreement.

(6) At any time after an application is filed, the authority may verify the correctness of the application and any other information regarding the eligibility of the participant. If the authority finds that at the time a participant received a loan the participant was not eligible under the program, the authority shall notify the participant and may require repayment of the loan as determined by the authority.

(7) The authority, its agents or representatives may examine the books and records of an applicant under this subchapter or other sources of information bearing on the application to verify the information provided by an applicant, may require the production of books, records and memoranda and may require testimony and proof relevant to its investigation. If a person fails to furnish information requested by the authority to verify the correctness of the application, the authority may reject the application.

(9) Upon the making of the initial loan, a nonconsensual statutory lien in favor of the authority to secure payment of the principal, interest, fees and charges due on all loans, including loans made after the lien is filed, to the participant made under ss. 234.621 to 234.626 shall attach to the qualifying dwelling unit in respect to which the loan is made. The qualifying dwelling unit shall remain subject to the statutory lien until the payment in full of all loans and charges. If the authority funds such loans from the proceeds of notes or bonds under s. 234.626, its right under the lien shall automatically accrue to the benefit of the holders of those notes or bonds, without any action or assignment by the authority. When a loan becomes due and payable, the statutory lien hereby conferred may be enforced by the authority or the holders of the notes or bonds or their representative, as the case may be, in the same manner as a construction lien under ss. 779.09 to 779.12, except that neither the participant nor any coowners or their personal representatives, successors or assigns shall be personally liable for any deficiency which may arise from the sale. At the time of disbursing the initial loan to a participant, the authority shall record with the register of deeds of the county in which the qualifying dwelling unit is located, on a form prescribed by the authority which shall contain a legal description of the qualifying dwelling unit, a notice of the loan made under ss. 234.621 to 234.626 and the existence of the statutory lien arising therefrom. The register of deeds shall record the notice in the land records and index it in the indexes maintained by the register of deeds. The statutory lien created by this section shall have priority over any lien that originates subsequent to the recording of the notice.

(10) If the property taxes or special assessments are paid, using a loan made under ss. 234.621 to 234.626, after the taxes or assessments are due, the participant shall be liable for interest and penalty charges for delinquency under ch. 74. Subject to sub. (1), the principal amount of loans made under this program may include delinquency charges.

**History:** 1981 c. 20, 317; 1985 a. 29; 1987 a. 27; 1991 a. 269 s. 510uh; Stats. 1991 s. 16.996; 1993 a. 16 ss. 130k to 130y; Stats. 1993 s. 234.625; 1993 a. 301 s. 1; 1993 a. 491 s. 11.

**234.626 Loan funding.** (1) Loans made or authorized to be made under ss. 234.621 to 234.626 may be funded from the proceeds of notes and bonds issued subject to and in accordance with ss. 234.08 to 234.14 and from the fund under s. 234.165.

(2) The authority may create a system of funds and accounts, separate and distinct from all other funds and accounts of the authority, consisting of moneys received from notes and bonds, all revenues received in the repayment of loans made under ss. 234.621 to 234.626, except as provided in sub. (2m), and any other revenues dedicated to it by the authority. The authority may pledge moneys and revenues received or to be received by this system of funds and accounts to secure bonds or notes issued for the program. The authority shall have all other powers necessary and convenient to distribute the proceeds of the bonds, notes and loan repayments in accordance with its powers under this chapter.

(2m) Revenues received in the repayment of loans made under s. 234.165 shall be paid into the fund under s. 234.165.

(3) The authority may enter into agreements with the federal government, its agencies, agencies or political subdivisions of this state or private individuals or entities to insure or in other manner provide additional security for the loans or bonds or notes issued under this section.

(4) The authority may adopt rules that restrict eligibility in addition to the requirements of s. 234.623 or require the provision of additional security if, in the executive director's judgment, the rules or security are required for the satisfactory issuance of bonds or notes.

(5) Bonds or notes issued for loans under this section shall not exceed \$10,000,000 in principal amount, excluding obligations issued to refund outstanding bonds or notes.

(6) Unless otherwise expressly provided in resolutions authorizing the issuance of bonds or notes or in other agreements with the holders of bonds or notes, each bond or note issued shall be on a parity with every other bond or note issued for the funding of loans under ss. 234.621 to 234.626.

(7) Recognizing its moral obligation to do so, the legislature expresses its expectation and aspiration that, if ever called to do so, it shall make an appropriation to make the authority whole for defaults on loans issued under ss. 234.621 to 234.626.

**History:** 1981 c. 20; 1983 a. 36 s. 96 (3); 1985 a. 29; 1991 a. 269 ss. 510ui to 510up; Stats. 1991 s. 16.997; 1993 a. 16 ss. 130z, 3051p; Stats. 1993 s. 234.626; 1993 a. 490.

**234.65 Economic development.** (1) (a) With the consent of the department of commerce and subject to par. (f), the authority may issue its negotiable bonds and notes to finance its economic development activities authorized or required under this chapter, including financing economic development loans.

(b) The limits in ss. 234.18 (1) and (2), 234.40, 234.50, 234.60, 234.66 and 234.70 do not apply to bonds or notes issued under this section.

(c) The authority may not issue more than \$200,000,000 in aggregate principal amount of bonds and notes under this section, excluding bonds or notes secured by a capital reserve fund pursuant to sub. (6) (am) and excluding bonds and notes issued to refund outstanding bonds or notes issued under this section.

(d) Except as provided in sub. (6), s. 234.15 does not apply to bonds or notes issued under this section.

(dm) The authority has no moral or legal obligation or liability to any borrower under this section except as expressly provided by written contract.

(e) The authority shall employ the building commission as its financial consultant to assist and coordinate the issuance of bonds and notes under this section.

(f) The authority may not issue bonds or notes under par. (a) unless it has contracted to reimburse the department of commerce a sum certain for the department's operating costs in carrying out its responsibilities to effectuate and promote the economic development programs created with the bonding authority in this chapter and its responsibilities under s. 560.03 (17).

(g) In granting loans under this section the authority shall give preference to businesses which are more than 50% owned or controlled by women or minorities, to businesses that, together with all of their affiliates, subsidiaries and parent companies, have current gross annual sales of \$5,000,000 or less or that employ 25 or fewer persons and to new businesses that have less than 50% of their ownership held or controlled by another business and have their principal business operations in this state.

(gm) The authority may not grant a loan in an amount greater than 4% of the amount of bonds and notes authorized under par. (c) for the benefit of a business that, together with all of its affiliates and subsidiaries and its parent company, has current gross annual sales in excess of \$5,000,000. This paragraph does not apply to an economic development loan to finance a project described in s. 234.01 (4n) (d).

(gp) The authority may not refinance a loan to a business which has been a participant in a tax incremental financing district. This paragraph does not apply to an economic development loan to finance a project described in s. 234.01 (4n) (d).

(h) Bonds and notes issued by the authority to finance an economic development loan for a project described under s. 234.01 (4n) (d) are not general obligations of the authority.

(hm) The authority may not make a loan under this section for an economic development project described under s. 234.01 (4n) (d) to any professional baseball team unless the authority determines that collateral adequate to cover the amount of the loan has been pledged as security for the loan, exclusive of any ownership interest of the team in a stadium.

(1m) The department of commerce shall, in consultation with the authority, promulgate rules and adopt procedures, in accordance with the procedures under ch. 227, to implement sub. (3).

(2) (a) The authority may finance an economic development loan only after considering all of the following:

1. The extent to which an economic development project will maintain or increase employment in this state.

2. The extent to which an economic development project will make a significant contribution to this state's economic growth and the well-being of its residents.

3. Whether an economic development project will be located in an area of high unemployment or low average income.

4. The number of financial institutions participating in the economic development loan program.

5. The extent to which the activities constituting the economic development project otherwise would not occur.

(b) Paragraph (a) does not apply to an economic development loan to finance an economic development project described under s. 234.01 (4n) (c).

(c) The authority shall give priority to an application for an economic development loan if the business applying for the loan certifies that it will use techniques or processes that reduce or eliminate the use of ozone-depleting substances that are listed as class I substances under 42 USC 7671a.

(3) The authority may finance an economic development loan only if all of the following conditions are met:



(a) 1. The business which will receive the loan, at least 30 days prior to signing of the loan contract, has given notice of intent to sign the contract, on a form prescribed under s. 560.034 (1), to the department of commerce and to any collective bargaining agent in this state with whom the person has a collective bargaining agreement; and

2. The authority has received an estimate issued under s. 560.034 (5) (b), and the department of commerce has estimated whether the project which the authority would finance under the loan is expected to eliminate, create or maintain jobs on the project site and elsewhere in this state and the net number of jobs expected to be eliminated, created or maintained as a result of the project.

3. Nothing in this paragraph may be deemed to require a business signing a loan contract to satisfy an estimate under subd. 2.

4. Subdivisions 1. to 3. do not apply to a person engaged in the business of operating a railroad or to an economic development loan to finance an economic development project described under s. 234.01 (4n) (c).

(b) Conventional financing is unavailable for the economic development project on reasonably equivalent terms and conditions.

(c) The economic development project is or will be located in this state.

(d) The business receiving the benefits of the loan proceeds, together with all of its affiliates and subsidiaries and its parent company, has current gross annual sales of \$35,000,000 or less. This paragraph does not apply to an economic development loan to finance a project described in s. 234.01 (4n) (d).

(dg) The authority shall not assume primary risk for any economic development loan.

(e) The economic development loan will not be used to refinance existing debt, unless it is in conjunction with an expansion of the business or job creation. This paragraph does not apply to an economic development loan to finance an economic development project described under s. 234.01 (4n) (c) or (d).

(f) The authority has not received a certification under s. 49.855 (7) that the person receiving the loan is delinquent in child support or maintenance payments or owes past support, medical expenses or birth expenses.

(g) The business that will receive the loan certifies that it will not begin or expand operations that will increase emissions of any ozone-depleting substance that is listed as a class I substance under 42 USC 7671a.

**(3m)** An economic development loan may not be made unless the department of commerce complies with sub. (1m) and certifies that each loan complies with sub. (3).

**(3r)** Any economic development loan which a business receives from the authority under this section to finance a project shall require the business to submit to the department of commerce within 12 months after the project is completed or 2 years after a loan is issued to finance the project, whichever is sooner, on a form prescribed under s. 560.034 (1), the net number of jobs eliminated, created or maintained on the project site and elsewhere in this state as a result of the project. This subsection does not apply to an economic development loan to finance an economic development project described under s. 234.01 (4n) (c).

**(4)** In respect to the loans issued under this section, the authority shall submit to the governor, the joint committee on finance and the chief clerk of each house of the legislature, for distribution to the appropriate standing committees under s. 13.172 (3), within 6 months after the close of its fiscal year an annual report including all of the following for the fiscal year:

(a) A statement of the authority's operations, accomplishments, goals and objectives.

(b) A financial statement showing income and expenses, assets and liabilities and a schedule of its bonds and notes outstanding and the amounts redeemed and issued.

**(5)** On or before July 1, 1985, and every July 1 thereafter, the department of commerce shall submit to the chief clerk of each house of the legislature, for distribution to the appropriate standing committees under s. 13.172 (3), a report which shall address the effects of lending under this section in the following areas:

(a) Maintaining or increasing employment in this state.

(b) Contributing to this state's economic growth and the well-being of its residents.

(c) Locating economic development projects in areas of high unemployment or low average income.

(d) Obtaining the participation of a large number of financial institutions in the lending.

(e) The geographical distribution of lending in this state.

**(6)** (a) In this subsection:

1. "Minority business" has the meaning given in s. 66.905 (1) (a).

2. "Minority group member" has the meaning given under s. 560.036 (1) (f).

3. "Small business" means an independently owned and operated business which is not dominant in its field and has had less than \$2,500,000 in gross annual sales for each of the 2 previous calendar years or has 25 or fewer employees.

4. "Women's business" means a sole proprietorship, partnership, limited liability company, joint venture or corporation that is at least 51% owned and controlled by women.

(am) The authority may elect to secure a particular issue of bonds or notes issued to fund economic development loans to finance or refinance projects described in s. 234.01 (4n) (d) with a capital reserve fund under s. 234.15. The election, if made, shall be made in the resolution authorizing the issue.

(b) Except as provided in sub. (8), the authority may issue bonds and notes secured by a capital reserve fund pursuant to par. (am) in an aggregate principal amount not exceeding \$50,000,000 plus such additional amount as the authority considers necessary or desirable to fund a deposit into the capital reserve fund to pay costs of issuing the bonds and notes or to pay capitalized interest on the bonds and notes.

(c) The borrower of an economic development loan that is made by the authority to finance or refinance a project described in s. 234.01 (4n) (d) shall agree as a condition to receiving the economic development loan that the borrower and the borrower's successors in interest shall not transfer its operations from this state, or voluntarily cease its operations in this state, as a professional athletic team during the duration that the economic development loan is outstanding.

(d) The borrower of an economic development loan that is made by the authority to finance or refinance a project described in s. 234.01 (4n) (d) shall agree as a condition to receiving the economic development loan to work toward a goal that at least 20% of the employees hired to construct and operate the facilities described under s. 234.01 (4n) (d) be minority group members, and that at least 20% of the contracts awarded to construct and operate the facilities described under s. 234.01 (4n) (d) be awarded to minority businesses that are certified under s. 560.036 (2). The borrower shall also make good faith efforts to award contracts to construct and operate the facilities described under s. 234.01 (4n) (d) to small businesses and women's businesses.

**(7)** The authority shall not grant an economic development loan for a project described in s. 234.01 (4n) (d) unless the borrower's agreement under sub. (6) (d) relating to achieving minority hiring and contracting goals is first approved by the authority.

**(8)** The authority shall not issue bonds or notes under this section to finance the construction of baseball park facilities, as defined in s. 229.65 (1), in relation to any single professional baseball park in an aggregate principal amount exceeding \$50,000,000, excluding bonds and notes issued to fund a deposit

into the capital reserve fund, to pay costs of issuing the bonds and notes or to pay capitalized interest on the bonds and notes.

(10) The authority shall provide to the cochairpersons of the joint committee on finance information concerning the authority's projected cashflows and security features underlying each issuance of bonds to a business for the purpose of financing baseball park facilities, as defined in s. 229.65 (1).

**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.

**NOTE:** This section was created by 1983 Wisconsin Act 83. Section 1 of that act is entitled "Legislative Declaration."

**234.66 Beginning farmer program. (1)** In this section, "beginning farmer" means a person who engages in farming or wishes to engage in farming and who qualifies as a first-time farmer under 26 USC 147 (c) (2).

(2) The authority may establish and administer a beginning farmer program to assist beginning farmers to purchase agricultural land, agricultural improvements and depreciable agricultural property, as defined in 26 USC 144 (a) (11) (B).

(3) (a) The authority may issue its bonds and notes to finance the beginning farmer program, including funding loans to beginning farmers.

(b) The limits in ss. 234.18 (1) and (2), 234.40, 234.50, 234.60, 234.65 and 234.70 do not apply to bonds or notes issued under this section.

(c) The authority may not issue more than \$10,000,000 in aggregate principal amount of bonds and notes under this section, excluding bonds and notes issued to refund outstanding bonds and notes issued under this section.

(d) Section 234.15 does not apply to bonds or notes issued under this section.

(4) Bonds or notes issued under this section are special, limited obligations of the authority payable solely out of the revenue derived from the loan agreement, debt obligation or sales contract, collateral or other property received in connection with the beginning farmer program. All assets and liabilities created through the issuance of bonds or notes under this section shall be separate from all other assets and liabilities of the authority. The authority has no moral or legal obligation or liability to any person under this section, except as expressly provided by written contract. No funds of the beginning farmer program may be commingled with any other funds of the authority.

(5) The authority may charge fees for assistance provided under this section to cover the administrative costs of the beginning farmer program, including legal fees.

**History:** 1993 a. 437.

**234.67 Recycling loan guarantees. (1) DEFINITIONS.** In this section:

(am) "Diaper service" means a business that supplies and launders cloth diapers.

(c) "Guaranteed loan" means a loan on which the authority guarantees collection under sub. (3).

(e) "Participating lender" means a bank, credit union, savings bank, savings and loan association or other person, who makes loans for working capital or to finance physical plant needs, equipment or machinery and who has entered into an agreement with the authority under s. 234.93 (2) (a).

(f) "Percentage of guarantee" means the percentage established by the authority under sub. (3) (a).

(g) "Postconsumer waste" has the meaning given in s. 287.01 (7).

(h) "Security interest" means an interest in property or other assets that secures payment or other performance of a guaranteed loan.

(2) **ELIGIBLE LOANS.** A loan made by a participating lender before December 3, 1993, is eligible for guarantee of collection

from the Wisconsin development reserve fund under s. 234.93 if all of the following apply:

(a) The loan is made to do one of the following:

1. Expand or improve an existing diaper service or to start a new diaper service.

2. To provide working capital or to finance any of the following items, if the working capital or item is necessary to, or used to, produce in this state a product from products recovered from post-consumer waste:

a. Physical plant.

b. Machinery or equipment.

(b) The rate of interest on the loan, including any origination fees or other charges, is fixed at a rate determined by the participating lender and approved by the authority.

(c) The total principal amount of all loans to the borrower that are guaranteed under this section will not exceed \$750,000.

(e) The participating lender obtains a security interest in physical plant, equipment, machinery or other assets.

(f) The loan term does not extend beyond 15 years after the date that the participating lender disburses the loan unless the loan is extended by the authority.

(g) The proceeds of the loan are not applied to the outstanding balance of any other loan.

(i) The borrower does not meet the participating lender's minimum standards of creditworthiness to receive a loan for the purposes described in par. (a) in the normal course of the participating lender's business.

(j) The participating lender considers the borrower's assets, cash flow and managerial ability sufficient to preclude voluntary or involuntary liquidation for the loan term granted by the participating lender.

(k) The participating lender agrees to the percentage of guarantee established for the loan by the authority.

(3) **GUARANTEE OF COLLECTION.** (a) Subject to par. (b), the authority shall guarantee collection of a percentage, not exceeding 90%, of the principal of any loan eligible for a guarantee under sub. (2). The authority shall establish the percentage of the unpaid principal of an eligible loan that will be guaranteed, using the procedures described in the guarantee agreement under s. 234.93 (2) (a). The authority may establish a single percentage for all guaranteed loans or establish different percentages for eligible loans on an individual basis.

(b) Except as provided in s. 234.93 (3), the total principal amounts of all loans which the authority may guarantee under par. (a) may not exceed \$10,000,000.

**History:** 1989 a. 335; 1991 a. 39, 221; 1993 a. 75; 1995 a. 227.

**234.68 Stratospheric ozone protection loan guarantee program. (1) DEFINITIONS.** In this section:

(a) "Federal clean air act" means the federal clean air act, 42 USC 7401 to 7671q, and regulations issued by the federal environmental protection agency under that act.

(b) "Guaranteed loan" means a loan for which the authority guarantees collection under sub. (3).

(c) "Participating lender" means a bank, savings bank, credit union, credit association, savings and loan association or other person that makes loans and that has entered into an agreement with the authority under s. 234.93 (2) (a).

(d) "Security interest" means an interest in property or other assets that secures payment or other performance of a guaranteed loan.

(e) "Small business" means a business entity, including a parent corporation or any subsidiary or affiliated corporation, that employs fewer than 51 full-time employees.

(2) **ELIGIBLE LOANS.** A loan made by a participating lender is eligible for guarantee of collection from the Wisconsin development reserve fund under s. 234.93 if all of the following apply:

(a) The borrower is a small business in this state.

(b) The borrower uses the loan proceeds for direct or related expenses, as determined by the authority, that are associated with the purchase or upgrading of equipment or machinery, or with the upgrading of the physical plant of the small business, and the purchase or upgrading enables the small business to eliminate its use of solvents that are or that contain a class I substance, as defined in [42 USC 7671](#) (3), to comply with the stratospheric ozone protection requirements of the federal clean air act.

(c) The loan proceeds are not applied to the outstanding balance of any other loan.

(d) The authority approves the interest rate on the loan, including any origination fees or other charges.

(e) The total outstanding principal amount of all of the borrower's loans that are guaranteed by the authority under this section does not exceed \$50,000.

(f) The participating lender obtains a security interest in the equipment, machinery, physical plant or other assets to secure repayment of the loan.

(g) The loan term does not extend beyond 15 years after the date on which the participating lender disburses the loan unless the loan is extended by the authority.

(h) The participating lender considers the borrower's assets, cash flow and managerial ability sufficient to preclude voluntary or involuntary liquidation for the loan term granted by the participating lender.

(i) The participating lender agrees to the percentage of guarantee established for the loan by the authority.

**(3) GUARANTEE OF COLLECTION.** (a) Subject to par. (b), the authority shall guarantee collection of a percentage, not exceeding 90%, of the principal of any loan eligible for a guarantee under sub. (2). The authority shall establish the percentage of the unpaid principal of an eligible loan that will be guaranteed by using the procedures described in the guarantee agreement under s. [234.93 \(2\) \(a\)](#). The authority may establish a single percentage for all guaranteed loans or establish different percentages for eligible loans on an individual basis.

(b) Except as provided in s. [234.93 \(3\)](#), the total outstanding principal amount of all guaranteed loans under par. (a) may not exceed \$500,000.

**History:** 1993 a. 16.

**234.69 Clean air loan guarantee program. (1) DEFINITIONS.** In this section:

(a) "Federal clean air act" means the federal clean air act, [42 USC 7401](#) to [7671q](#), and regulations issued by the federal environmental protection agency under that act.

(b) "Guaranteed loan" means a loan for which the authority guarantees collection under sub. (3).

(c) "Nonattainment area" has the meaning given in s. [285.01 \(30\)](#).

(d) "Participating lender" means a bank, savings bank, credit union, credit association, savings and loan association or other person that makes loans and that has entered into an agreement with the authority under s. [234.93 \(2\) \(a\)](#).

(e) "Security interest" means an interest in property or other assets that secures payment or other performance of a guaranteed loan.

(f) "Small business" means a business entity, including a parent corporation or any subsidiary or affiliated corporation, that employs fewer than 51 full-time employees.

**(2) ELIGIBLE LOANS.** A loan made by a participating lender is eligible for guarantee of collection from the Wisconsin development reserve fund under s. [234.93](#) if all of the following apply:

(a) The borrower is a small business that is located in a nonattainment area.

(b) The borrower uses the loan proceeds for direct or related expenses, as determined by the authority, that are associated with the purchase or upgrading of equipment or machinery, or with the

upgrading of the physical plant of the small business, and the purchase or upgrading enables the small business to comply with the air pollution control requirements of any of the following:

1. The federal clean air act.

2. Chapter 285, except ss. [285.30](#), [285.31](#), [285.55](#), [285.57](#), [285.59](#), [285.73](#), [285.77](#), [285.83](#), [285.85](#) and [285.87](#).

3. A local air pollution control program established under s. [285.73](#).

(c) The loan proceeds are not applied to the outstanding balance of any other loan.

(d) The authority approves the interest rate on the loan, including any origination fees or other charges.

(e) The total outstanding principal amount of all of the borrower's loans that are guaranteed by the authority under this section does not exceed \$50,000.

(f) The participating lender obtains a security interest in the equipment, machinery, physical plant or other assets to secure repayment of the loan.

(g) The loan term does not extend beyond 15 years after the date on which the participating lender disburses the loan unless the loan is extended by the authority.

(h) The participating lender considers the borrower's assets, cash flow and managerial ability sufficient to preclude voluntary or involuntary liquidation for the loan term granted by the participating lender.

(i) The participating lender agrees to the percentage of guarantee established for the loan by the authority.

**(3) GUARANTEE OF COLLECTION.** (a) Subject to par. (b), the authority shall guarantee collection of a percentage, not exceeding 90%, of the principal of any loan eligible for a guarantee under sub. (2). The authority shall establish the percentage of the unpaid principal of an eligible loan that will be guaranteed by using the procedures described in the guarantee agreement under s. [234.93 \(2\) \(a\)](#). The authority may establish a single percentage for all guaranteed loans or establish different percentages for eligible loans on an individual basis.

(b) Except as provided in s. [234.93 \(3\)](#), the total outstanding principal amount of all guaranteed loans under par. (a) may not exceed \$1,000,000.

**History:** 1993 a. 16; 1995 a. 227.

**234.70 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 \(1\)](#) and [\(2\)](#), [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 additional residential facilities serving 15 or fewer persons who are chronically disabled.

2. The remainder of the amount specified in par. (a) may only be used to finance residential facilities with 50 or fewer units for elderly persons, as defined in s. [46.28 \(1\) \(c\)](#), or to finance additional residential facilities serving 15 or fewer persons who are chronically disabled.



3. At least 20% of the units in any residential facility serving elderly persons for which bonds or notes are issued under this paragraph shall be reserved for low-income elderly persons.

(3) The authority is not required to issue bonds or notes under this section to finance residential facilities for persons and families of low and moderate income.

**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).

**234.75 Small business financial assistance; definitions.** In ss. 234.75 to 234.802:

(2) “Eligible contract” means a contract entered into with the federal government, this state, a state agency, a local governmental unit or a financially secure business.

(3) “Eligible project” means the work to be performed under an eligible contract by a person who seeks financial assistance under s. 234.765.

(5) “Financially secure business” means a business with annual gross revenue of at least \$10,000,000 and that has a high credit rating.

(6) “Local governmental unit” has the meaning given in s. 605.01 (1).

(7) “Minority group member” has the meaning given in s. 560.036 (1) (f).

(10) “State agency” means any office, department, agency, institution of higher education, association, society or other body in state government created or authorized to be created by the constitution or any law which is entitled to expend moneys appropriated by law, including the legislature and the courts, and the authority, the Bradley center sports and entertainment corporation, the University of Wisconsin Hospitals and Clinics Authority and the health and educational facilities authority.

**History:** 1989 a. 31, 359; 1995 a. 27.

**234.76 Qualifications for financial assistance.** (1) A natural person qualifies for financial assistance under ss. 234.75 to 234.802 if the authority determines that all of the following apply:

(a) The person has a reputation for financial responsibility among his or her creditors and employers and other persons who know the applicant.

(b) The person is a resident of this state.

(c) The person is unable to obtain adequate business financing on reasonable terms and at least one of the following applies:

1. The person’s place of business is located in a blighted area, as defined in s. 66.43 (3) (a), or targeted area.

2. The person is a minority group member and the unemployment rate for members of that minority group in this state exceeds a rate that the authority determines is significantly higher than the statewide average rate.

3. The person is a woman and the unemployment rate among women in this state exceeds a rate that the authority determines is significantly higher than the statewide average rate.

4. The person is physically disabled.

(d) The person meets at least one of the requirements of sub. (4).

(2) A person that is not a natural person qualifies for financial assistance under ss. 234.75 to 234.802 if all of the following apply:

(a) The person is at least 51% owned by residents of this state who have a reputation for financial responsibility.

(b) The person is unable to obtain adequate business financing on reasonable terms and at least one of the following applies:

1. The person’s place of business is located in a blighted area, as defined in s. 66.43 (3) (a), or targeted area.

2. The person is at least 51% owned by minority group members and the unemployment rate for members of those minority

groups in this state exceeds a rate the authority determines is significantly higher than the statewide average rate.

3. The person is at least 51% owned by women and the unemployment rate among women in this state exceeds a rate the authority determines is significantly higher than the statewide average rate.

(c) The person meets at least one of the requirements of sub. (4).

(3) When considering whether a person’s place of business is located in a targeted area under sub. (1) (c) 1. or (2) (b) 1., the authority shall consider all of the factors set out in s. 560.605 (2m) (a) to (h).

(4) A person meets the requirements of sub. (1) (d) or (2) (c) if at least one of the following applies:

(a) The annual gross revenue of the person, together with any parent, subsidiary or affiliate corporation, does not exceed \$2,500,000.

(b) The person, together with any parent, subsidiary or affiliate corporation, employs fewer than 25 employees on a full-time basis.

**History:** 1989 a. 31, 359; 1993 a. 16.

**234.765 Small business loan guarantees.** (1) The authority may use money from the Wisconsin development reserve fund under s. 234.93 to guarantee a loan if all of the following apply:

(a) The borrower qualifies for financial assistance under s. 234.76.

(b) The lender is a financial institution.

(c) The proceeds of the loan are used primarily to pay expenses necessary to perform on an eligible contract.

(d) The total amount for which the authority may be held liable on the guarantee, including interest and other expenses, does not exceed \$200,000.

(e) The borrower previously applied for a loan on equivalent terms without a guarantee and the application was denied.

(3) The authority shall establish the terms and conditions of guarantees under this section.

(4) (a) Subject to par. (b), the authority shall guarantee collection of a percentage, not exceeding 90%, of the principal of any loan eligible for a guarantee under sub. (1). The authority shall establish the percentage of the principal of an eligible loan that will be guaranteed, using the procedures described in the agreement under s. 234.93 (2) (a). The authority may establish a single percentage for all guaranteed loans or establish different percentages for eligible loans on an individual basis.

(b) Except as provided in s. 234.93 (3), the total outstanding guaranteed principal amount of all loans that the authority may guarantee under par. (a) may not exceed \$2,000,000.

**History:** 1989 a. 31, 336; 1991 a. 39; 1993 a. 394.

**234.80 Applications for small business financial assistance.** (1) A person seeking financial assistance under s. 234.765 shall submit an application in a form established by the authority. The authority may require the person to provide any information that the authority considers necessary in the application.

(5) Before acting on an application submitted under this section, the authority may require a balance sheet or other financial statement audited by a certified public accountant.

**History:** 1989 a. 31.

**234.802 Financial assistance; fees.** The authority may establish premiums, fees or other charges for providing financial assistance under programs guaranteed by the Wisconsin development reserve fund.

**History:** 1989 a. 31, 359; 1993 a. 394.

**234.82 Business improvement or start-up loan guarantee program.** (1) **DEFINITIONS.** In this section:

(a) “Eligible business” means any of the following:

1. A business that is primarily engaged in or derives a substantial percentage of its annual gross revenue from furnishing goods, services, lodging, recreation facilities or amusement facilities to tourists or from furnishing goods or services to such businesses.

2. A business that derives more than 50% of its annual gross revenue from furnishing lodging.

(b) “Tourist” means a person who resides away from his or her permanent residence for a continuous period of less than 31 days or on a seasonal basis.

(2) **GUARANTEE REQUIREMENTS.** The authority may use money from the Wisconsin development reserve fund to guarantee a business improvement or start-up loan if all of the following apply:

(a) The borrower qualifies as an eligible borrower under sub. (3).

(b) The loan qualifies as an eligible loan under sub. (4).

(c) The lender is a financial institution that enters into an agreement under s. 234.93 (2) (a).

(3) **ELIGIBLE BORROWER.** A person qualifies as an eligible borrower if all of the following apply:

(a) The person is engaged in an eligible business under sub. (1) (a) 1. or intends to engage in an eligible business under sub. (1) (a) 2.

(b) The annual gross revenue of the person, together with any parent, subsidiary or affiliate corporation, does not exceed \$2,500,000 or, if the person intends to engage in an eligible business under sub. (1) (a) 2., the annual gross revenue of the person, together with any parent, subsidiary or affiliate corporation, will not exceed \$2,500,000.

(c) The person, together with any parent, subsidiary or affiliate corporation, employs fewer than 25 employees on a full-time basis or, if the person intends to engage in an eligible business under sub. (1) (a) 2., the person, together with any parent, subsidiary or affiliate corporation, will employ fewer than 25 employees on a full-time basis.

(d) The person is unable to obtain adequate business financing on reasonable terms.

(4) **ELIGIBLE LOAN.** A loan may be eligible for guarantee of collection from the Wisconsin development reserve fund under s. 234.93 if all of the following requirements are met:

(a) The borrower uses the loan proceeds for upgrading, renovating or expanding an eligible business under sub. (1) (a) 1. or for start-up costs for an eligible business under sub. (1) (a) 2. Loan proceeds may be used for direct or related expenses associated with the purchase or improvement of land, buildings, machinery, equipment or inventory. Loan proceeds may not be used to refinance existing debt or for operating or entertainment expenses.

(b) The interest rate on the loan, including any origination fees or other charges, is approved by the authority.

(c) The loan term does not extend beyond 10 years after the date on which the financial institution disburses the loan unless the loan is extended by the authority.

(d) The total principal amount of all loans to the borrower that are guaranteed under this section may not exceed \$100,000.

(e) The financial institution obtains a security interest in physical plant, equipment, machinery or other assets.

(f) The financial institution believes that it is reasonably likely that the borrower will be able to repay the loan in full with interest.

(g) The financial institution agrees to the percentage of guarantee established for the loan by the authority.

(6) **INTEREST SUBSIDY.** Annually, from the Wisconsin development reserve fund, the authority may pay a financial institution that makes a loan to a borrower that is guaranteed under this section an amount equal to up to 3.5% of the outstanding balance of the loan.

(7) **GUARANTEE OF COLLECTION.** (a) Subject to par. (b), the authority shall guarantee collection of a percentage, not exceeding 90%, of the principal of any loan eligible for a guarantee under sub. (2). The authority shall establish the percentage of the principal of an eligible loan that will be guaranteed, using the procedures described in the agreement under s. 234.93 (2) (a). The authority may establish a single percentage for all guaranteed loans or establish different percentages for eligible loans on an individual basis.

(b) Except as provided in s. 234.93 (3), the total outstanding guaranteed principal amount of all loans that the authority may guarantee under par. (a) may not exceed \$8,000,000.

**History:** 1989 a. 336; 1991 a. 39; 1993 a. 394; 1995 a. 27.

### 234.83 Targeted development loan guarantee program. (1) **GUARANTEE REQUIREMENTS.** The authority may use money from the Wisconsin development reserve fund to guarantee a loan under this section if all of the following apply:

(a) The borrower qualifies as an eligible borrower under sub. (2).

(b) The loan qualifies as an eligible loan under sub. (3).

(c) The lender is a financial institution that enters into an agreement under s. 234.93 (2) (a).

(2) **ELIGIBLE BORROWER.** Any of the following qualifies as an eligible borrower if unable to obtain adequate business financing on reasonable terms:

(a) A business, as defined in s. 560.60 (2).

(b) The elected governing body of a federally recognized American Indian tribe or band in this state.

(3) **ELIGIBLE LOANS.** (a) A loan is eligible for guarantee of collection from the Wisconsin development reserve fund under s. 234.93 if all of the following apply:

1. The borrower uses the loan proceeds for a business development project in a targeted area. Loan proceeds may be used for direct or related expenses associated with the purchase or improvement of land, buildings, machinery, equipment or inventory.

2. Loan proceeds are not used to refinance existing debt or for operating or entertainment expenses.

3. The interest rate on the loan, including any origination fees or other charges, is approved by the authority.

4. The loan term does not extend beyond 15 years after the date on which the financial institution disburses the loan unless the loan is extended by the authority.

5. The total principal amount of all loans to the borrower that are guaranteed under this section does not exceed \$250,000.

6. The financial institution obtains a security interest in the physical plant, equipment, machinery or other assets.

7. The financial institution believes that it is reasonably likely that the borrower will be able to repay the loan in full with interest.

8. The financial institution agrees to the percentage of guarantee established for the loan by the authority.

9. The authority believes that the loan will have a positive economic impact on the targeted area in terms of job creation and retention.

(b) When considering whether a business development project will be located in a targeted area under par. (a) 1., the authority shall consider all of the factors set out in s. 560.605 (2m) (a) to (h).

(4) **GUARANTEE OF COLLECTION.** (a) Subject to par. (b), the authority shall guarantee collection of a percentage, not exceeding 90%, of the principal of any loan eligible for a guarantee under sub. (1). The authority shall establish the percentage of the principal of an eligible loan that will be guaranteed, using the procedures described in the agreement under s. 234.93 (2) (a). The authority may establish a single percentage for all guaranteed

loans or establish different percentages for eligible loans on an individual basis.

(b) Except as provided in s. 234.93 (3), the total outstanding guaranteed principal amount of all loans that the authority may guarantee under par. (a) may not exceed \$10,000,000.

History: 1991 a. 39; 1993 a. 394.

**234.84 Job training loan guarantee program. (1) DEFINITION.** In this section, “department” means the department of commerce.

(2) **GUARANTEE REQUIREMENTS.** The authority may use money from the Wisconsin job training reserve fund to guarantee a loan under this section if, at the time application is made for the loan, all of the following apply:

(a) The borrower is an employer in this state, regardless of the number of employees.

(b) The loan qualifies as an eligible loan under sub. (3).

(c) The lender is a financial institution that enters into an agreement under s. 234.932 (3) (a).

(3) **ELIGIBLE LOANS.** A loan is eligible for guarantee of collection from the Wisconsin job training reserve fund under s. 234.932 if all of the following apply:

(a) The borrower certifies that it will use the loan proceeds for expenses related to employe training or retraining or for purchasing equipment or upgrading facilities for purposes related to employe training or retraining.

(b) The borrower certifies that loan proceeds will not be used to refinance existing debt or for operating or entertainment expenses.

(c) The interest rate on the loan, including any origination fees or other charges, is approved by the department.

(d) The original loan term does not extend beyond 3 years if the loan proceeds are used exclusively for expenses related to instruction or training, or beyond 5 years if the loan proceeds are used for purchasing equipment or upgrading facilities that will be used for instructing or training employes.

(e) The total outstanding principal amount of all loans to the borrower that are guaranteed under this section does not exceed \$250,000.

(f) The lender obtains a security interest in the physical plant, equipment or other assets if the loan proceeds are to be used for purchasing equipment or upgrading facilities that will be used for instructing or training employes.

(g) The lender confirms that the borrower satisfies all applicable loan underwriting criteria.

(4) **GUARANTEE OF COLLECTION.** (a) Subject to par. (b), the authority shall guarantee collection of a percentage of the principal of, and all interest and any other amounts outstanding on, any loan eligible for a guarantee under sub. (2). The department shall establish the percentage of the principal of an eligible loan that will be guaranteed, using the procedures described in the agreement under s. 234.932 (3) (a). The department may establish a single percentage for all guaranteed loans or establish different percentages for eligible loans on an individual basis.

(b) Except as provided in s. 234.932 (4), the total outstanding guaranteed principal amount of all loans that the authority may guarantee under par. (a) may not exceed \$8,000,000.

(5) **ADMINISTRATION.** (a) The program under this section shall be administered by the department with the cooperation of the authority. The department shall enter into a memorandum of understanding with the authority setting forth the respective responsibilities of the department and the authority with regard to the administration of the program, including the functions and responsibilities specified in s. 234.932. The memorandum of understanding shall provide for reimbursement to the department by the authority for costs incurred by the department in the administration of the program.

(b) The department may charge a premium, fee or other charge to a borrower of a guaranteed loan under this section for the administration of the loan guarantee.

History: 1995 a. 27 s. 9116 (5); 1995 a. 116.

**234.85 Minority financial interests. (1)** In this section, “minority business”, “minority financial adviser” and “minority investment firm” mean a business, financial adviser and investment firm, respectively, certified by the department of commerce under s. 560.036 (2).

(2) The authority shall annually report to the department of administration the total amount purchased from and contracted or subcontracted under contracts made by the authority to minority businesses, the total amount of bonds and notes issued by the authority with the underwriting services of minority investment firms and the total amount of moneys expended by the authority for the services of minority financial advisers during the preceding state fiscal year.

History: 1987 a. 27; 1995 a. 27 s. 9116 (5).

**234.87 Nonpoint source pollution abatement and agricultural chemical cleanup loan guarantee program.**

(1) **DEFINITIONS.** In this section:

(ac) “Agricultural chemical” has the meaning given in s. 94.73 (1) (a).

(ae) “Best management practices” has the meaning given in s. 281.65 (2) (a).

(am) “Corrective action” has the meaning given in s. 94.73 (1) (b).

(as) “Discharge” has the meaning given in s. 292.01 (3).

(b) “Priority lake area” has the meaning given in s. 281.65 (2) (bs).

(c) “Priority watershed” has the meaning given in s. 281.65 (2) (c).

(d) “Responsible person” has the meaning given in s. 94.73 (1) (h).

(2) **GUARANTEE REQUIREMENTS.** The authority may use money from the Wisconsin development reserve fund under s. 234.93 to guarantee a loan under this section if all of the following apply:

(a) The borrower is a landowner or operator and has a debt to asset ratio of at least 40% but not more than 80%.

(b) The loan qualifies as an eligible loan under sub. (3).

(c) The lender is a financial institution that enters into an agreement under s. 234.93 (2) (a).

(3) **ELIGIBLE LOAN.** A loan is an eligible loan if all of the following apply:

(a) The loan is made for the installation of best management practices, as certified by the department of natural resources or the department of agriculture, trade and consumer protection, or the loan is made to a responsible person for the taking of corrective action in response to the discharge of an agricultural chemical pursuant to an order under s. 94.73 (2) or (2m) or at the request of the department of agriculture, trade and consumer protection.

(b) If the loan is made for the installation of best management practices in a priority watershed or priority lake area, the loan is made for the installation of best management practices in one of the following:

1. A priority watershed or priority lake area in which the program under s. 281.65 is implemented after May 16, 1992.

2. A priority watershed or priority lake area in the Milwaukee river basin, including the Kinnickinnic river watershed.

(c) The interest rate on the loan, including any origination fees or other charges, is approved by the authority.

(d) The loan term is not less than 3 years nor more than 10 years beginning on the date on which the financial institution disburses the loan.

(e) The financial institution believes that it is reasonably likely that the borrower will be able to repay the loan in full with interest.



(f) The financial institution agrees to the percentage of guarantee established for the loan by the authority.

**(4) AUTHORITY DUTIES.** (a) In guaranteeing loans under this section for the installation of best management practices, the authority shall give highest priority for loan guarantees to loans for the installation of best management practices in a priority watershed or priority lake area.

(b) The authority shall establish the maximum amount of a loan that may be guaranteed under this section.

**(5) GUARANTEE OF COLLECTION.** (a) Subject to pars. (b) and (c) and sub. (4) (a), the authority shall guarantee collection of a percentage, not exceeding 90%, of the principal of a loan eligible for a guarantee under sub. (2). The authority shall establish the percentage of the principal of an eligible loan that it will guarantee. The authority may establish a single percentage for all guaranteed loans or establish different percentages for eligible loans on an individual basis.

(b) Except as provided in s. 234.93 (3), the total guaranteed principal amount of all loans for the installation of best management practices that the authority may guarantee under par. (a) may not exceed \$850,000.

(c) Except as provided in s. 234.93 (3), the total guaranteed principal amount of all loans for the taking of corrective action in response to the discharge of an agricultural chemical that the authority may guarantee under par. (a) may not exceed \$650,000.

**History:** 1991 a. 309; 1993 a. 16; 1995 a. 227.

### **234.90 Agricultural production loan guarantees.**

**(1) DEFINITIONS.** In this section:

(a) “Agricultural commodity” has the meaning given under s. 94.67 (2).

(ad) “Agricultural production loan” means a loan to a farmer to finance the purchase of fertilizer, seed, fuel, pesticides, tillage services, crop insurance, animal feed or any other service or consumable good necessary to produce an agricultural commodity.

(ag) “Dairy plant” has the meaning given in s. 97.20 (1) (a).

(b) “Farmer” has the meaning given under s. 102.04 (3).

(c) “Guaranteed loan” means an agricultural production loan which is guaranteed by the authority.

(cp) “Milk” has the meaning given in s. 97.22 (1) (e).

(d) “Participating lender” means a bank, production credit association, credit union, savings bank, savings and loan association or other person who makes agricultural production loans and who has entered into an agreement with the authority under s. 234.93 (2) (a).

**(2) ELIGIBLE LOANS.** Except as provided in sub. (3j), an agricultural production loan made by a participating lender is eligible for guarantee of collection from the Wisconsin development reserve fund under s. 234.93 if all of the following apply:

(a) The loan is to finance production of an agricultural commodity.

(b) The total outstanding principal amount of all loans to the borrower that are guaranteed under this section will not exceed \$20,000.

(bm) If the loan is one for which the borrower is eligible under sub. (3g), the amount of that loan does not exceed the amount of the payment, excluding interest or penalties if any, owed to the borrower by the insolvent or bankrupt dairy plant, subject to par. (b).

(c) The rate of interest on the loan, including any origination fees or other charges relating to the loan, does not exceed a rate determined by the authority after considering the conditions of the financial market.

(d) If the loan is one to which sub. (5) applies, the rate of interest on the loan for which the borrower is obligated, including any origination fees or other charges relating to the loan, does not exceed the rate determined under par. (c), minus 2%.

(e) The participating lender shall pay directly any supplier of fertilizer, seed, fuel, pesticides, tillage services, crop insurance, animal feed or other service or consumable good necessary to produce an agricultural commodity, if the borrower obtains the loan to pay that supplier.

(f) The participating lender obtains a security interest for repayment of the loan in the agricultural commodity resulting from use of the loan proceeds.

(g) Unless waived by the authority, the borrower procures an insurance policy which protects the agricultural commodity to be financed with the proceeds of the loan against risk of loss, and the proceeds of which are payable to the participating lender.

(h) The term of the loan does not extend after March 31 of the calendar year following the calendar year in which the participating lender granted the loan.

(i) The proceeds of the loan may not be applied to the outstanding balance of any other loan, except that the proceeds may be used to refinance a loan under this section, subject to sub. (3n).

(j) If the loan is one for which the borrower is eligible under sub. (3g), the terms of the loan require the borrower to pay to the authorized lender, in repayment of the loan, money received from or on behalf of the bankrupt or insolvent dairy plant, immediately upon receipt of the money.

**(3) ELIGIBLE FARMERS.** Except as provided under subs. (3g) and (3j), a farmer is eligible for a guaranteed loan if all of the following apply:

(a) The farmer does not meet the participating lender’s minimum standards of creditworthiness to receive an agricultural production loan in the normal course of the participating lender’s business.

(b) The amount of the farmer’s debts totals at least 40% of the amount of the farmer’s assets.

(c) In the judgment of the participating lender, it is reasonably likely that if the farmer receives a guaranteed loan the farmer’s assets, cash flow and managerial ability are sufficient to preclude voluntary or involuntary liquidation before April 1 of the calendar year following the calendar year in which the participating lender granted the loan.

(d) The authority has not received a certification under s. 49.855 (7) that the farmer is delinquent in making child support or maintenance payments or owes past support, medical expenses or birth expenses.

**(3g) ELIGIBLE DAIRY FARMER.** Except as provided in sub. (3j), a farmer is eligible for a guaranteed loan under this subsection if all of the following apply:

(a) The farmer has not been paid for milk provided to a dairy plant because of the bankruptcy or insolvency of the dairy plant.

(b) In the judgment of the participating lender, it is reasonably likely that if the farmer receives a guaranteed loan the farmer’s assets, cash flow and managerial ability are sufficient to preclude voluntary or involuntary liquidation before April 1 of the calendar year following the calendar year in which the participating lender granted the loan.

(c) The authority has not received a certification under s. 49.855 (7) that the farmer is delinquent in making child support or maintenance payments or owes past support, medical expenses or birth expenses.

**(3j) EMERGENCY ELIGIBILITY CRITERIA.** The authority may guarantee a loan to a farmer using eligibility criteria determined by the authority that differ from the criteria under subs. (2) to (3g) if all of the following apply:

(a) The governor has determined that an emergency situation exists and that the criteria under subs. (2) to (3g) prevent the authority from making an adequate response to the emergency situation.

(b) The authority has submitted to the joint committee on finance for review under s. 13.10 the emergency eligibility criteria

that it proposes to use, and the joint committee on finance has approved the use of the criteria for the emergency situation.

**(3m) EXTENSION.** A participating lender may extend the term of a loan until no later than June 30 of the calendar year following the calendar year in which the participating lender granted the loan.

**(3n) REFINANCING.** (a) Except as provided in par. (b), proceeds of a guaranteed loan may be used to refinance a guaranteed loan no more than one time.

(b) The proceeds of a guaranteed loan may be used to refinance a guaranteed loan that has been refinanced one time if at least 60% of the principal amount of the refinanced guaranteed loan has been repaid.

**(3p) INSTALLMENT PAYMENT OF CERTAIN LOANS.** An authorized lender may require a borrower to repay a loan described in sub. (3g) in installments.

**(4) GUARANTEE.** (a) Except as provided in par. (b), the authority shall guarantee repayment of 90% of the principal of any agricultural production loan eligible for guarantee under sub. (2) made to a farmer eligible for a guaranteed loan under sub. (3) or (3g).

(b) 1. Except as provided in subd. 2., the total outstanding principal amount of all loans which the authority may guarantee under par. (a) may not exceed \$30,000,000 minus the total outstanding guaranteed principal amount that is guaranteed under s. 234.91, subject to s. 234.91 (5) (c).

2. The authority may request permission from the secretary of administration to increase the total outstanding principal amount of all loans it may guarantee. The secretary of administration may authorize the increase if the secretary determines that the agricultural production loan fund contains sufficient funds to guarantee loans in the requested total outstanding principal amount. If the secretary authorizes the increase, the secretary shall notify the joint committee on finance in writing. The authority may proceed with the proposed increase if within 14 working days after notification the committee does not schedule a meeting to review the proposed increase. If the committee schedules a meeting to review the proposed increase, the increase may not take effect unless the committee approves it.

**(5) INTEREST REDUCTION.** If at the time of origination or extension the interest rate on a guaranteed loan and the prime lending rate as reported by the federal reserve board in federal reserve statistical release H. 15 each equals or exceeds 10%, the authority shall pay, from the moneys in the Wisconsin development reserve fund, to the participating lender making the loan, an amount equal to 2% of the principal amount of the loan.

**History:** 1985 a. 9, 29, 153, 332, 334; 1987 a. 7, 27, 178, 421; 1989 a. 1, 10, 31, 336; 1991 a. 4, 39, 221; 1993 a. 1; 1995 a. 5, 150, 404.

### 234.905 Agricultural production drought assistance loan guarantees. (1) DEFINITIONS.

In this section:

(a) “Agricultural commodity” has the meaning given under s. 94.67 (2).

(b) “Agricultural production drought assistance loan” means a loan to a farmer to finance extraordinary drought-related costs, including the cost of any of the following:

1. Fertilizer, seed, fuel, pesticides, tillage services, crop insurance, or any other service or consumable good necessary to produce an agricultural commodity to replace or supplement an agricultural commodity adversely affected by drought conditions.

2. Water delivery in connection with agricultural commodities adversely affected by drought conditions.

3. Feed and associated expenses for animals to supplement feed supplies adversely affected by drought conditions.

(d) “Farmer” has the meaning given under s. 102.04 (3).

(e) “Guaranteed loan” means an agricultural production drought assistance loan on which the authority guarantees collection.

(f) “Participating lender” means a bank, production credit association, credit union, savings bank, savings and loan association or other person who makes agricultural production drought assistance loans and who has entered into an agreement with the authority under s. 234.93 (2) (a).

**(2) ELIGIBLE LOANS.** An agricultural production drought assistance loan made by a participating lender is eligible for guarantee of collection from the Wisconsin development reserve fund under s. 234.93 if all of the following apply:

(a) The total of the principal amounts of all guaranteed loans extended to the borrower under this section will not exceed \$15,000.

(b) The rate of interest on the agricultural production drought assistance loan, including any origination fees or other charges relating to the agricultural production drought assistance loan, does not exceed a rate determined by the authority after considering the conditions of the financial market.

(c) The participating lender shall pay directly any supplier of fertilizer, seed, fuel, pesticides, tillage services, crop insurance, animal feed, water or other service or consumable good necessary to produce an agricultural commodity, if the borrower obtains the agricultural production drought assistance loan to pay that supplier.

(d) The participating lender obtains security for repayment of the agricultural production drought assistance loan or follows other procedures required by the authority to secure repayment of the agricultural production drought assistance loan.

(e) The term of the agricultural production drought assistance loan is not longer than 3 years.

(f) The proceeds of the agricultural production drought assistance loan may not be applied to the outstanding balance of any other loan.

(g) The proceeds of the agricultural production drought assistance loan may not be used to refinance a loan made under this section.

**(3) ELIGIBLE FARMERS.** A farmer is eligible for a guaranteed loan if all of the following apply:

(a) The farmer does not meet the participating lender’s minimum standards of creditworthiness to receive an agricultural production drought assistance loan in the normal course of the participating lender’s business.

(b) The participating lender projects the amount of the farmer’s debts to be approximately 40% or more of the amount of the farmer’s assets.

(c) In the judgment of the participating lender, it is reasonably likely that if the farmer receives a guaranteed loan the farmer’s assets, cash flow and managerial ability are sufficient to preclude voluntary or involuntary liquidation before the end of the loan term.

(d) The authority has not received a certification under s. 49.855 (7) that the farmer is delinquent in making child support or maintenance payments or owes past support, medical expenses or birth expenses.

(e) The participating lender projects that the farmer will lose approximately 40% or more of the farmer’s crops because of drought conditions.

**(3m) EXTENSION.** A participating lender may extend the term of a loan until no later than 5 years after the lender granted the loan.

**(4) GUARANTEE OF COLLECTION.** (a) Except as provided in par. (b), on or before June 30, 1989, the authority shall guarantee collection of 90% of the principal of any agricultural production drought assistance loan eligible for guarantee under sub. (2) made to a farmer eligible for a guaranteed loan under sub. (3).

(b) Except as provided in s. 234.93 (3), the total principal amounts of all agricultural production drought assistance loans which the authority may guarantee under par. (a) may not exceed \$30,000,000.

(5) **INTEREST REDUCTION.** The authority shall pay, from the moneys in the Wisconsin development reserve fund, to each participating lender an amount equal to 3.5% of the principal amount of any guaranteed loan to reduce interest payments on the guaranteed loan paid by a farmer, except that the authority shall make interest reduction payments for no more than 3 years of the repayment term of any guaranteed loan.

**History:** 1987 a. 421; 1989 a. 2, 10, 31, 336; 1991 a. 4, 39, 221; 1995 a. 404.

**234.907 Agricultural development loan guarantee program. (1) DEFINITIONS.** In this section:

(d) “Guaranteed loan” means a loan on which the authority guarantees collection under sub. (3).

(e) “Participating lender” means a bank, credit union, savings bank, savings and loan association or other person, who makes loans for working capital or to finance physical plant needs, equipment or machinery and who has entered into an agreement with the authority under s. 234.93 (2) (a).

(f) “Percentage of guarantee” means the percentage established by the authority under sub. (3) (a).

(g) “Raw agricultural commodity” means any agricultural, aquacultural, horticultural, viticultural, vegetable, poultry, and livestock products produced in this state, including milk and milk products, bees and honey products, timber and wood products, or any class, variety or utilization of the products, in their natural state.

(h) “Security interest” means an interest in property or other assets which secures payment or other performance of a guaranteed loan.

(2) **ELIGIBLE LOANS.** A loan made by a participating lender is eligible for guarantee of collection from the Wisconsin development reserve fund under s. 234.93 if all of the following apply:

(a) The loan is made for working capital or to finance any of the following items, if the working capital or item is necessary to, or used to, process or market a product from a raw agricultural commodity produced in this state or to commercially harvest whitefish from Lake Superior:

1. Physical plant.
2. Machinery or equipment.
3. Marketing expenses.

(b) The rate of interest on the loan, including any origination fees or other charges, is fixed at a rate determined by the participating lender and approved by the authority.

(c) Subject to par. (cm), the total principal amount of all loans to the borrower that are guaranteed under this section will not exceed \$750,000.

(cm) The total principal amount extended to the borrower for loans that are guaranteed under this section and that are made for working capital or an item necessary to, or used to, commercially harvest whitefish from Lake Superior will not exceed \$100,000.

(d) The borrower’s principal place of operations for processing or marketing a product from a raw agricultural commodity is located in a town, village or city in this state with a population of less than 50,000. This paragraph does not apply to a borrower that harvests whitefish from Lake Superior.

(e) The participating lender obtains a security interest in physical plant, equipment, machinery or other assets.

(f) The loan term does not extend beyond 15 years after the date that the participating lender disburses the loan unless the loan is extended by the authority.

(g) The proceeds of the loan are not applied to the outstanding balance of any other loan.

(h) The loan results in new or more viable methods for the processing or marketing of a product from a raw agricultural commodity or enables the borrower to comply with the rules promulgated by the department of natural resources for the commercial fishing of whitefish in Lake Superior.

(i) The borrower does not meet the participating lender’s minimum standards of creditworthiness to receive a loan for the purposes described in par. (a) in the normal course of the participating lender’s business.

(j) The participating lender considers the borrower’s assets, cash flow and managerial ability sufficient to preclude voluntary or involuntary liquidation for the loan term granted by the participating lender.

(k) The participating lender agrees to the percentage of guarantee established for the loan by the authority.

(3) **GUARANTEE OF COLLECTION.** (a) Subject to par. (b), the authority shall guarantee collection of a percentage, not exceeding 90%, of the principal of any loan eligible for a guarantee under sub. (2). The authority shall establish the percentage of the unpaid principal of an eligible loan that will be guaranteed, using the procedures described in the guarantee agreement under s. 234.93 (2) (a). The authority may establish a single percentage for all guaranteed loans or establish different percentages for eligible loans on an individual basis.

(b) Except as provided in s. 234.93 (3), the total outstanding guaranteed principal amount of all loans that the authority may guarantee under par. (a) may not exceed \$5,000,000.

**History:** 1989 a. 31, 336; 1991 a. 39, 221; 1993 a. 394.

**234.91 Farm assets reinvestment management loan guarantee program. (1) DEFINITIONS.** In this section:

(a) “Agricultural assets” means machinery, equipment, facilities, land or livestock.

(b) “Farm credit service” includes a production credit association, federal land credit association and agricultural credit association.

(c) “Farmer” has the meaning given in s. 102.04 (3).

(d) “Farm premises” has the meaning given in s. 102.04 (3).

(e) “Participating lender” means a bank, farm credit service, credit union, savings bank, savings and loan association or other person who makes loans for the acquisition or improvement of agricultural assets and who has entered into an agreement with the authority under s. 234.93 (2) (a). The term does not include a seller under a land contract.

(2) **ELIGIBLE LOANS.** A loan made by a participating lender is eligible for guarantee of collection from the Wisconsin development reserve fund under s. 234.93 if all of the following apply:

(a) The borrower is a farmer who is eligible for a guarantee under sub. (3).

(b) The loan is made to finance the acquisition of agricultural assets or the cost of improvements to facilities or land. The agricultural assets must be acquired, and the improvements must be made, for agricultural purposes.

(c) The total outstanding guaranteed principal amount of all loans made to the borrower that are guaranteed under this section will not exceed \$100,000, or \$50,000 if any of the loans is affected by any other state or federal credit assistance program.

(d) The rate of interest and the loan terms, including any associated fees or charges, are approved by the authority.

(e) The participating lender obtains a security interest in assets of the borrower sufficient to secure repayment of the loan.

(f) The proceeds of the loan are not applied to the outstanding balance of any other loan or forbearance.

(3) **ELIGIBLE FARMERS.** A farmer is eligible for a guarantee of a loan under this section if all of the following apply at the time the loan is made:

(a) The farmer is currently operating farm premises.

(b) The amount of the farmer’s debts, including the loan, does not exceed 85% of the farmer’s assets, including the value of the agricultural assets to be acquired, or the improvements to be made, with the proceeds of the loan.



(c) The participating lender considers the farmer's assets, cash flow and managerial ability sufficient to preclude voluntary or involuntary liquidation during the term of the loan.

**(4) ORIGINATION FEES.** The authority shall charge a guarantee origination fee on every loan guaranteed under this section. The amount of the fee shall be 1% of a loan's guaranteed principal. The participating lender shall collect the fee and remit it to the authority. The authority shall deposit all fees received under this subsection in the Wisconsin development reserve fund to be used to guarantee loans under this section.

**(5) GUARANTEE OF COLLECTION.** (a) Subject to par. (c), the authority shall guarantee collection of a percentage of the principal of a loan eligible for a guarantee under sub. (2). The principal amount of an eligible loan that the authority may guarantee may not exceed the borrower's net worth or 25% of the total loan amount, whichever is less, calculated at the time the loan is made.

(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 may not exceed 10 years.

(c) Except as provided in s. 234.93 (3), the total outstanding guaranteed principal amount of all loans that the authority may guarantee under par. (a) may not exceed any of the following:

1. Before July 1, 1996, the lesser of \$3,000,000 or the difference between \$30,000,000 and the total outstanding principal amount of all loans guaranteed under s. 234.90.

2. On and after July 1, 1996, and before July 1, 1997, the lesser of \$5,000,000 or the difference between \$30,000,000 and the total outstanding principal amount of all loans guaranteed under s. 234.90.

3. On and after July 1, 1997, the lesser of \$10,000,000 or the difference between \$30,000,000 and the total outstanding principal amount of all loans guaranteed under s. 234.90.

*History:* 1995 a. 150.

### 234.93 Wisconsin development reserve fund.

**(1) ESTABLISHMENT OF FUND.** There is established under the jurisdiction and control of the authority, for the purpose of providing funds for guaranteeing loans, a Wisconsin development reserve fund, consisting of all of the following:

(a) Moneys appropriated to the authority under s. 20.490 (5) (a), (q), (r) and (s) or received by the authority for the Wisconsin development reserve fund from any other source.

(b) Any income from investment of money in the Wisconsin development reserve fund by the authority under s. 234.03 (18).

(c) Any moneys transferred from the recycling loan fund, agricultural production loan fund or drought assistance and development loan fund.

(d) To be used for guaranteeing loans under s. 234.91, fees collected under s. 234.91 (4).

**(2) PROGRAM ADMINISTRATION.** (a) The authority shall enter into a guarantee agreement with any bank, production credit association, credit union, savings bank, savings and loan association or other person who wishes to participate in a loan program guaranteed by the Wisconsin development reserve fund. The authority may determine all of the following, consistent with the terms of the specific loan guarantee program:

1. The form of the agreement.

2. Any conditions upon which the authority may refuse to enter into such an agreement.

3. Any procedures required to carry out the agreement, including default procedures and procedures for determining the guaranteed percentage of each loan.

(b) A guarantee agreement between the authority and a bank, production credit association, credit union, savings and loan association or other person under s. 234.67 (5), 1989 stats., s. 234.82 (5), 1989 stats., s. 234.90 (7), 1989 stats., s. 234.905 (7), 1989 stats., or s. 234.907 (5), 1989 stats., in effect immediately before

August 15, 1991, shall continue in full force and effect, as if entered into under par. (a).

(c) The authority may not use any moneys other than those in the Wisconsin development reserve fund for programs guaranteed by the Wisconsin development reserve fund.

(d) The authority may establish an eligibility criteria review panel, consisting of experts in finance and in the subject area of the loan guarantee program, to advise the authority about lending requirements and issues related to a loan guarantee program.

**(3) INCREASES OR DECREASES IN LOAN GUARANTEES.** The authority may request the joint committee on finance to take action under s. 13.10 to permit the authority to increase or decrease the total principal amount or total outstanding guaranteed principal amount of loans that it may guarantee under a program guaranteed by the Wisconsin development reserve fund. Included with its request, the authority shall provide a projection, for the next June 30, that compares the amounts required on that date to pay outstanding claims and to fund guarantees under all of the programs guaranteed by funds from the Wisconsin development reserve fund, and the balance remaining in the Wisconsin development reserve fund on that date after deducting such amounts, if the increase or decrease is approved, with such amounts and the balance remaining, if the increase or decrease is not approved.

**(3m) EXTENSION OF LOAN GUARANTEE PROGRAM.** When the authority prepares a fiscal estimate under s. 13.093 (2) (a) with respect to any bill that extends a program that is guaranteed by funds from the Wisconsin development reserve fund, the authority shall include in its fiscal estimate a projection, for the next June 30, that compares the amounts required on that date to pay outstanding claims and to fund guarantees under all of the programs guaranteed by funds from the Wisconsin development reserve fund, and the balance remaining in the Wisconsin development reserve fund on that date after deducting such amounts, if the program is extended, with such amounts and the balance remaining if the program is not extended.

**(4) BALANCE TRANSFER.** (a) Annually on June 30, until no balance remains, the authority shall transfer to the general fund any balance remaining in the Wisconsin development reserve fund on that date, after deducting an amount sufficient for all of the following:

1. To pay all outstanding claims under the programs guaranteed by funds from the Wisconsin development reserve fund.

2. To fund guarantees under all of the programs guaranteed by funds from the Wisconsin development reserve fund at a ratio of \$1 of reserve funding to \$4 of total principal and outstanding guaranteed principal that the authority may guarantee under all of those programs.

(b) Annually on June 30, the executive director of the authority shall provide to the secretary of administration and to the joint committee on finance a signed statement that includes all of the following:

1. The amounts required to pay outstanding claims and to fund guarantees under each of the programs guaranteed by funds from the Wisconsin development reserve fund on that date.

2. An explanation of how each amount under subd. 1. was calculated or otherwise determined.

3. The amount of the balance, if any, that remains in the Wisconsin development reserve fund after deducting the amounts under subd. 1. and that will be transferred to the general fund under par. (a).

4. A projection of what the amounts under subds. 1. and 3. will be on June 30 in each of the next 2 years.

**(4m) LIMITATION ON LOAN GUARANTEES.** The authority shall regularly monitor the cash balance in the Wisconsin development reserve fund. The authority shall ensure that the cash balance in the fund is sufficient for the purposes specified in sub. (4) (a) 1. and 2.

(5) ANNUAL REPORT. On or before November 1 annually, the authority shall submit to the chief clerk of each house of the legislature for distribution under s. 13.172 (2) and to the joint committee on finance an annual report on the number and total dollar amount of guaranteed loans under each of the programs guaranteed by the Wisconsin development reserve fund, the default rate on the loans and any other information on a program guaranteed by the Wisconsin development reserve fund that the authority determines is significant.

(6) MORAL OBLIGATION. Recognizing its moral obligation, the legislature expresses its expectation that, if called upon to do so, it shall make an appropriation to meet all demands for funds guaranteed by the Wisconsin development reserve fund.

History: 1991 a. 39, 221; 1993 a. 16, 394; 1995 a. 5, 150.

**234.932 Wisconsin job training reserve fund. (1) DEFINITION.** In this section, “department” means the department of commerce.

(2) ESTABLISHMENT OF FUND. There is established under the jurisdiction and control of the authority, for the purpose of providing funds for guaranteeing loans under s. 234.84, a Wisconsin job training reserve fund, consisting of all of the following:

(a) Moneys appropriated to the authority under s. 20.490 (6) (a) and (k) or received by the authority for the Wisconsin job training reserve fund from any other source.

(b) Any income from investment of money in the Wisconsin job training reserve fund by the authority under s. 234.03 (18).

(3) PROGRAM ADMINISTRATION. (a) The authority or department shall enter into a guarantee agreement with any bank, production credit association, credit union, savings bank, savings and loan association or other person who wishes to participate in the loan program guaranteed by the Wisconsin job training reserve fund. The authority or department may determine all of the following, consistent with the terms of the loan guarantee program:

1. The form of the agreement.

2. Any conditions upon which the authority or department may refuse to enter into such an agreement.

3. Any procedures required to carry out the agreement, including default procedures and procedures for determining the guaranteed percentage of each loan.

(b) The authority may not use any moneys other than those in the Wisconsin job training reserve fund for the job training loan guarantee program, and may not use moneys in the Wisconsin job training reserve fund for any programs other than the job training loan guarantee program.

(c) The department may establish an eligibility criteria review panel, consisting of experts in finance and in the subject area of the job training loan guarantee program, to provide advice about lending requirements and issues related to the job training loan guarantee program.

(d) The authority shall ensure that the cash balance in the Wisconsin job training reserve fund is sufficient to fund guarantees under the job training loan guarantee program at a ratio of \$1 of reserve funding to \$4 of total outstanding guaranteed principal that the authority may guarantee under the program and to pay all outstanding claims under the program. The authority shall regularly monitor the cash balance in the Wisconsin job training reserve fund to ensure that the cash balance is sufficient for the purposes specified in this paragraph.

(4) INCREASES OR DECREASES IN LOAN GUARANTEES. The authority or department may request the joint committee on finance to take action under s. 13.10 to permit the authority to increase or decrease the total outstanding guaranteed principal amount of loans that it may guarantee under the job training loan guarantee program. Included with its request, the authority or department shall provide a projection, for the next June 30, that compares the amounts required on that date to pay outstanding claims and to fund guarantees under the job training loan guarantee program, and the balance remaining in the Wisconsin job train-

ing reserve fund on that date after deducting such amounts, if the increase or decrease is approved, with such amounts and the balance remaining, if the increase or decrease is not approved.

(5) ANNUAL REPORT. Annually, the authority or department shall report on the number and total dollar amount of guaranteed loans under the job training loan guarantee program, the default rate on the loans and any other information on the program that the authority or department determines is significant.

(6) MORAL OBLIGATION. Recognizing its moral obligation, the legislature expresses its expectation that, if called upon to do so, it shall make an appropriation to meet all demands for funds guaranteed by the Wisconsin job training reserve fund.

History: 1995 a. 27 s. 9116 (5); 1995 a. 116.

**234.935 Cultural and architectural landmark loan guarantees. (1) DEFINITION.** In this section, “cultural and architectural landmark” means real property and improvements designated in an executive order as a valued historical landmark and an architectural masterpiece, or an educational tourist center located adjacent to the real property and improvements designated in an executive order as a valued historical landmark and an architectural masterpiece.

(2) GUARANTEE REQUIREMENTS. The authority may use money from the Wisconsin development reserve fund to guarantee a loan under this section if all of the following apply:

(a) The borrower qualifies as an eligible borrower under sub. (3).

(b) The loan qualifies as an eligible loan under sub. (4).

(c) The lender is the authority, or a financial institution that enters into an agreement under s. 234.93 (2) (a), or both.

(3) ELIGIBLE BORROWER. An organization qualifies as an eligible borrower if all of the following apply:

(a) The organization is exempt from federal income taxation under 26 USC 501 (c) (3).

(b) The organization owns or leases a cultural and architectural landmark.

(4) ELIGIBLE LOAN. A loan is eligible for guarantee of collection from the Wisconsin development reserve fund under s. 234.93 if all of the following apply:

(a) The borrower uses the loan proceeds for acquiring, constructing, improving, rehabilitating or equipping a cultural and architectural landmark.

(b) The loan proceeds are used for the purchase or improvement of land, buildings, machinery or equipment, or for related expenses.

(c) The loan proceeds are not used for entertainment expenses or for refinancing existing debt.

(d) The lender obtains a security interest for repayment of the loan in real or personal property of the debtor.

(5) GUARANTEE OF COLLECTION. (a) Subject to pars. (b) and (c), the authority may guarantee collection of a percentage, not exceeding 90%, of the principal of any loan eligible for guarantee under sub. (2). The authority shall establish the percentage of the principal of an eligible loan that will be guaranteed, using the procedures described in the agreement under s. 234.93 (2) (a). The authority may establish a single percentage for all guaranteed loans or establish different percentages for eligible loans on an individual basis.

(b) The total principal amount of all loans that the authority may guarantee under this section may not exceed \$8,000,000.

(c) Prior to guaranteeing a loan under this section, the authority shall document to the secretary of administration that the Wisconsin development reserve fund contains sufficient funds to guarantee the loan.

History: 1991 a. 39.

**234.94 Community development finance company. In ss. 234.94 to 234.98:**

(1) “Capital participation instrument” means:

(a) Any of the following or an option or other right to acquire any of the following:

1. Common or preferred capital stock.
2. Convertible securities.
3. Evidences of long-term or short-term indebtedness.
4. Warrants.
5. Subscriptions.

(b) Royalties or other lawful derivations of a capital participation instrument listed under par. (a).

**(2)** “Community development corporation” means:

(a) Any Native American tribal governing body or any business created by the governing body.

(b) A nonprofit corporation organized under ch. 181:

1. That is organized to operate within specific geographic boundaries;
2. That permits all adults residing in the area of operation to become members of the corporation and limits voting membership of persons not residing in the area to not more than 10% of the total membership;
3. That has a board of directors, a majority of whom reside in a target area or are members of a target group;
4. That makes a demonstrable effort to hire low-income or underemployed residents of the operating area;
5. Whose purpose is to promote the employment of members of a target group through projects that meet the conditions specified in s. 234.96 (1) (a) to (d);
6. That demonstrates a commitment to involving residents of target areas or members of target groups in projects; and
7. That petitions the authority for designation as a community development corporation.

**(3)** “Community development finance company” means a corporation or a limited partnership organized for profit under s. 234.95.

**(4)** “Cost of a project” means costs associated with the design, planning and implementation of a project that, in accordance with sound business and financial practices, are appropriate charges to the project. The costs may include, but are not limited to, the costs of planning and design, options to buy land, feasibility or other studies, seed money, construction, working capital and any other costs determined by the company to be necessary to the purposes of this chapter.

**(5)** “Primary employment” means work which pays at least the minimum wage as established under ch. 104 or under federal law, whichever is greater, offers adequate fringe benefits, including health insurance, and is not seasonal or part time.

**(6)** “Project” means a commercial, industrial or real estate business or other economic activity that is located in a target area or directed toward a target group and that has the purpose to create or preserve jobs for low-income people.

**(7)** “Target area” means a contiguous geographic area in which 50% or more of the households have income that is less than 80% of the statewide median household income.

**(8)** “Target group” means a population group for which the unemployment level is at least 25% higher than the statewide unemployment level, or a population group for which the average wage received is less than 1.2 times the minimum wage as established under ch. 104 or under federal law, whichever is greater. No population group is required to be located within a contiguous geographic area to be considered a target group.

**History:** 1981 c. 371; 1983 a. 106, 538; 1987 a. 399 ss. 419, 420g, 421, 422, 441, 441m; Stats. 1987 s. 234.94.

### 234.95 Community development finance company.

**(1)** The community development finance company is the corporation organized for profit under ch. 180, or limited partnership organized under ch. 179, which was created under s. 233.05 (1), 1985 stats. The chairperson of the authority, or his or her designee, is a director of the community development finance company.

The shareholders of the community development finance company shall elect 4 other people to the company’s board of directors. To the extent practicable, 3 people elected to the board of directors shall have substantial business and financial experience and one person shall represent a community development corporation. If the community development finance company is organized as a limited partnership its general partner shall, to the extent practicable, have substantial business and financial experience.

**(2)** The community development finance company shall issue stock or partnership interests. The community development finance company shall invest funds it receives from the sale of stock or partnership interests by purchasing capital participation instruments under s. 234.96.

**History:** 1981 c. 371; 1983 a. 106, 1987 a. 399 s. 430; Stats. 1987 s. 234.95.

### 234.96 Community development project participation.

**(1)** The community development finance company may purchase a capital participation instrument of a project. The community development finance company may require that the project meet any of the following conditions:

(a) The project shall be located in a target area and be reasonably expected to contribute to the redevelopment and economic well-being of a target area or target group, other than by increasing or maintaining employment that is not primary employment, or be reasonably expected to increase or maintain threatened primary employment.

(b) The project plans conform to all applicable environmental, zoning, building, planning or sanitation laws.

(c) The project will be of public benefit and for a public purpose and, if the purpose is other than to maintain primary employment, the benefit of the project, including increasing primary employment and the provision of capital, will primarily accrue to a target area or target group.

(d) There is a reasonable expectation that the project will be successful.

(e) Private industry has not provided sufficient capital required for the project or sufficient employment opportunities in the project’s area.

(f) The purchase is necessary to the successful completion of the proposed project because funding for the project is unavailable in the traditional capital markets, or because credit has been offered on terms that would preclude the success of the project.

(g) Provision has been made by contract for adequate reporting of financial data by the project to the community development finance company. Those provisions may include a requirement for an annual or other periodic audit of the project’s financial records.

(h) The community development finance company will not own more than 49% of the voting stock in any enterprise as a result of the purchase.

(i) The proceeds of the purchase will be used solely in connection with the costs of the project.

(j) The community development corporation will maintain sufficient control over the project to ensure that public benefit and public purposes are maintained. Control over the project is sufficient if:

1. The project is conducted by a subsidiary which is completely owned by the community development corporation;
2. The community development corporation owns a majority of the voting stock of the corporation conducting the project; or
3. Binding commitments have been made for reporting to the community development corporation so that the community development corporation retains sufficient control to ensure that benefits under par. (c) will accrue to the intended beneficiaries.

(k) Provision has been made by contract to provide that if the community development finance company desires to dispose of the capital participation instrument, other than through a public offering made in compliance with applicable federal securities law, the community development corporation or its nominee may,



within 90 days after receiving notice of the proposed disposition, purchase the capital participation instrument at the price and on the terms specified in the notice. The contract shall provide that the community development finance company may dispose of the capital participation instrument only for terms not more favorable than specified in the notice and only after the community development corporation notifies the authority that it will not purchase on or after the expiration of the 90-day period. The community development finance company may include a provision permitting it to extend the period during which the community development corporation may exercise its option by not more than 90 days.

(L) The community development corporation is able to manage its project responsibilities.

(m) The total investment by the community development finance company in any one community development corporation will not exceed 20% of the total amount of its investable funds in community development corporations.

(p) The project will not result in a substantial increase in unemployment in the area of original location of any business or establishment relocated as part of the project.

(2) The findings made by the community development finance company under this section are conclusive.

(3) If 25% of the membership of the community development corporation or an equal number of adult members of the target group or adults residing in the target area of the project, if any, sign a petition requesting a public hearing and file the petition with the community development corporation, the community development finance company may only purchase capital participation

instruments through the community development corporation after the community development corporation holds a public hearing on the desirability of the project. The public hearing shall be held as close as practical to the proposed project site, prior to commencing the project. The community development corporation shall record the names and addresses of all persons appearing for or against the project.

**History:** 1981 c. 371; 1983 a. 106; 1987 a. 399 s. 431; Stats. 1987 s. 234.96.

**234.97 Sale or purchase of stock or interest.** Subject to s. 234.96 (1) (h), the authority shall do all of the following:

(1) Use any funds received from the sale of community development finance company stock or partnership interest to purchase additional stock or partnership interests.

(2) Use funds received from contributions, gifts or grants under s. 234.03 (32) to purchase community development finance company stock or partnership interests or make grants or loans to community development corporations.

**History:** 1987 a. 399.

**234.98 Transferred assets.** The assets and liabilities transferred from the community development finance authority under 1987 Wisconsin Act 399, section 3011 (2) (a) shall be separate from all other assets and liabilities of the Wisconsin housing and economic development authority. The outstanding obligations or liabilities of the community development finance authority shall be paid only from the assets transferred to the Wisconsin housing and economic development authority from the community development finance authority under 1987 Wisconsin Act 399, section 3011 (2) (a).

**History:** 1987 a. 399.