Wisconsin Housing and Economic Development Authority

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Introduction

The Wisconsin Housing and Economic Development Authority (WHEDA) was originally created as the Wisconsin Housing Finance Authority by Chapter 287, Laws of 1971, to help meet the housing needs of low- to moderate-income households in Wisconsin. Subsequently, its mission was expanded to include providing financing for economic and agricultural development and it was given its present name. The Authority is a public body corporate and politic which sells taxable and tax-exempt mortgage revenue bonds and uses the proceeds to fund loans to eligible homebuyers, housing developers and businesses at below market interest rates. The Authority was created for this purpose because the state is constitutionally prohibited from incurring this type of debt. The Authority works through participating banks, savings and loans, mortgage bankers, and other lenders and sponsors.

The Authority is not a state agency. Its operating budget is not included in the state budget and is not subject to legislative control. Revenues to finance its operating budget primarily come from interest earnings on loans it makes, investments of its assets and administrative fees it assesses. As of July 1, 2004, the Authority had 173 full-time equivalent (FTE) employees. The Authority is divided into an executive office and the following seven teams: administration, asset management, credit, finance, information technology, legal and community development. The Authority's teams are similar to divisions in state agencies.

The Authority was created to help solve the problem of a shortage of safe and affordable housing for low- to moderate-income families in the state. Given the costs that would have been associated with providing a substantial amount of housing to such families, it was not considered feasible to finance such activity through state appropriations. Furthermore, the state was prohibited from issuing bonds to finance housing programs since Article VIII, Section 7, of the State Constitution prohibits the state from incurring public debt for that purpose. Consequently, the Wisconsin Housing Finance Authority was created by the state and authorized to issue revenue bonds for housing-related purposes.

CHAPTER 1

BACKGROUND

History

The Authority began operations in July, 1973, following a Wisconsin Supreme Court decision regarding the new authority. In State Ex. Rel. Warren v. Nusbaum, the Court held that the Authority was not a state agency and that the State of Wisconsin did not have an enforceable legal obligation to back the Authority's bonds. Consequently, it was declared that the constitutional prohibition on incurring debt for such purposes did not apply to the Authority. Thus, it could issue bonds for housing programs.

The Authority's Board of Directors consists of 12 members, six of whom are public members appointed by the Governor with the advice and consent of the Senate for staggered, four-year terms. The remaining six members are the Secretary of the Department of Commerce (or designee), the Secretary of the Department of Administration (or designee), and one senator and representative of each political party, appointed as are members of other standing committees. In addition, under section 234.02(3) of the statutes the Governor appoints one of the public members for a one-year term as chairperson and appoints the Executive Director of the Authority, with Senate consent, to a two-year term. The Board meets monthly to carry out its responsibilities which include authorizing bond issues, approving the Authority's annual operating budget and setting overall policy for the Authority and its staff.

In 1983, the mission of the Authority was expanded to allow the Authority to issue bonds to finance economic development projects and export sales of Wisconsin products. Specifically, 1983 Wisconsin Act 81 authorized the Authority to make export loans and 1983 Wisconsin Act 83 authorized the Authority to make economic development loans to eligible small and medium-sized businesses. In recognition of the Authority's expanded responsibilities, it was renamed the Wisconsin Housing and Economic Development Authority (WHEDA).

1985 Wisconsin Act 9 created a credit relief outreach program (CROP) to be administered by WHEDA. The Act provided WHEDA with a state, general purpose revenue (GPR) appropriation of $11.0 million for 1984-85 to guarantee agricultural production loans to eligible Wisconsin farmers and to provide interest rate subsidies on the loans. Then, in 1987 Wisconsin Act 421, the Authority was provided $7.5 million GPR for 1988-89 to guarantee and subsidize drought assistance loans.

Subsequent to the creation of the CROP and drought assistance loan programs, the following additional loan guarantee programs were authorized:

- Small business (contract) (1989 Wisconsin Act 31);
- Agricultural development (1989 Act 31);
- Tourism (1989 Act 336);
- Target area (1991 Act 39);
- Nonpoint source pollution (1991 Act 309);
- Agricultural chemical cleanup (1993 Act 16);
- Clean air loan guarantee program (1993 Act 16);
- Stratospheric ozone protection (1993 Act 16);
- Farm asset reinvestment (1995 Act 150);
- Safe drinking water (1997 Act 27); and

- Small business development (1997 Act 27).

The small business development loan guarantee program combined each of the seven programs marked with an arrow, thus repealing their individual program status. In addition, 1989 Wisconsin Act 335 created a loan guarantee program for businesses emphasizing alternative uses of products recovered through recycling processes. This program was subsequently repealed in 1993 Wisconsin Act 75. Further, 1991 Act 39 allowed WHEDA to guarantee loans to a non-profit organization for cultural and architectural landmark property improvements. A guaranteed loan for the restoration of Taliesin defaulted in 1999, and the program was repealed in 1999 Act 9. Finally, 1997 Act 27 created a loan guarantee program for brownfields remediation. This program was subsequently repealed in 1999 Act 9 after no loans had been guaranteed.

Prior to the enactment of 1985 Wisconsin Act 29, the then Department of Development was involved in several housing-related activities such as the administration of certain housing programs, preparation of the state housing plan and the provision of technical assistance. Act 29 transferred the Department's housing responsibilities to the Authority.

Then, in 1989, Wisconsin Act 31 created a Division of Housing in the Department of Administration (DOA) to: (1) provide state funds for housing grants and loans through local organizations; (2) obtain and channel federal housing funds; (3) coordinate housing programs and activities of state and local agencies; and (4) aid in the development of state housing policy. Under 1991 Act 39, DOA took over administration of the federally-funded rental rehabilitation program and McKinney permanent housing for handicapped homeless program from WHEDA and became the designated agency for administering most of the other federally-funded housing programs. In 2003 most of DOA's housing programs were transferred to the Department of Commerce,

Chapter 208, Laws of 1973, authorized WHEDA to issue up to $140 million of revenue bonds for veterans housing loans. The Authority sold two bond issues totaling $61,945,000 for such loans. The proceeds of the bonds were used to fund 2,072 home loans to eligible state veterans. Those bonds have since been redeemed (in August 1991) so that no bonds from those two issues remain outstanding. Chapter 26, Laws of 1975, authorized the state to issue general obligation bonds for veterans mortgage loans. The shift from Authority-issued revenue bonds to state-issued general obligation bonds was made possible by an amendment to the Wisconsin Constitution which allowed the state to contract public debt to make funds available for veterans housing loans.

1993 Wisconsin Act 16 shifted the property tax deferral loan program from DOA to WHEDA. This program is described in the Legislative Fiscal Bureau informational paper entitled, "Property Tax Deferral Loan Program."

Authority Financing

Overview

The majority of the Authority's programs are funded from proceeds from the sale of tax-exempt and taxable bonds. However, WHEDA has also created several housing and economic development programs through the use of general fund monies that are available after setting aside required reserves and funding for the Authority's operations.

The Authority's assets and liabilities, as shown in Table 1, derive primarily from income receivable and debts incurred from the sale of bonds and notes to finance its housing programs. With respect to the sale of bonds and notes, the statutes require

WHEDA to establish a capital reserve fund to meet debt service requirements on such obligations in the event of default. The statutes further stipulate that if WHEDA experiences a deficit in its capital reserve fund, the Chairperson of the Authority must certify to the Secretary of the Department of Administration (DOA), the Governor and the Joint Committee on Finance the amount required to restore the fund to the level necessary to meet debt service costs. If the certification is received in an even-numbered year prior to compilation of the budget, DOA must include an appropriation for that amount in the budget bill. In any case, the Joint Committee on Finance must introduce, in either house of the Legislature, a bill appropriating the certified amount to the Authority so that it can meet debt service payments. While the Legislature is not obligated to approve the appropriation, the statutes state that "the legislature hereby expresses its expectation and aspiration that if ever called upon to do so, it shall make such appropriation" (s. 234.15(4) of the statutes).

As indicated in Table 1, the Authority completed the 2003-04 year with assets and reserves exceeding liabilities by $382 million. However, of this balance, approximately $227 million was restricted reserves for statutorily-required bond redemption funds and for funds which account for revenue and expenses of programs for which the source of funding is outside the Authority, such as legislative appropriations. These funds may be used only for permitted investments such as government-backed securities and bank deposits and permitted disbursements such as payment or repayment of principal, bond interest and program expenses.

The remaining $154 million indicated in Table 1 represents the balance in the Authority's general reserve fund for 2003-04. The statutes require WHEDA to establish a general reserve fund but provide discretion as to how the assets of the fund are used. Under this authority, out of this general reserve balance, Table 1 shows that WHEDA encumbered $126.3 million for targeted single- and multifamily housing programs and economic development programs in 2003-04. An additional $20.2 million (compared to $16.8 million in 2001-02) was encumbered for WHEDA operations. After these amounts were set aside, a total of $8.15 million remained. The statutes require that remaining unencumbered general reserves be set aside for programs outlined in a "Dividends for Wisconsin" plan. Thus, $8.15 million is set aside for the 2004-05 "Dividends for Wisconsin" plan. The plan, required to be reviewed by the Governor and Legislature, specifies the amount of funding, from total unencumbered general reserves, which is to be allocated to single- and multifamily housing programs and economic development programs. A detailed description of the plan is provided under the section "WHEDA Surplus Fund."

Table 1: WHEDA Combined Balance Sheet, 2003-04

*Assets and reserves (cash; investments; loans and interest receivable; other)	$2,482,395,931
Liabilities (bonds, notes and interest payable; escrow deposits; other)	-2,099,902,610
Total restricted and unrestricted reserves	$382,493,321
Less restricted reserves for bond resolutions, administered funds	- 227,860,077
General reserve fund balance	$154,633,244
Less encumbered for housing and economic development activities	- 126,309,919
Less encumbered for WHEDA operations	-20,172,860
Unencumbered general reserves (or "surplus") available for 2002-03 "Dividends for Wisconsin" plan	$8,150,465

*Assets include year-end adjustment for WHEDA building income from rent.

Summary

The Authority's primary sources of program funding are proceeds from the issuance of taxable and tax-exempt bonds and notes and funds that are in excess of required reserves. For all of its programs, WHEDA had issued, through July 1, 2004, approximately $6.8 billion in bonds and some notes, of which $1.96 billion were outstanding. The annual volume of WHEDA-issued debt is summarized in Table 2.

Table 2: Annual WHEDA Borrowing

Calendar Year	Revenue Bonds Issued
1974	$37,615,000
1975	35,510,000
1976	53,635,000
1977	52,225,000
1978	132,035,000
1979	25,000,000
1980	159,000,000
1981	9,990,000
1982	226,725,000
1983	198,130,000
1984	191,111,800
1985	209,494,300
1986	101,635,000
1987	186,625,000
1988	446,565,200
1989	156,554,700
1990	265,130,000
1991	198,630,000
1992	438,970,000
1993	252,400,000
1994	173,615,000
1995	365,920,000
1996	301,490,000
1997	255,000,000
1998	376,680,000
1999	321,015,000
2000	235,785,000
2001	285,965,000
2002	559,725,000
2003	372,190,000
2004*	136,295,000
TOTAL	$6,760,661,000

*Through June 30.

The following sections describe WHEDA's program funding sources in greater detail.

WHEDA-Issued Revenue Bonds

The bonds issued by WHEDA to finance its programs are revenue bonds. Revenue bonds are used to finance the construction of buildings and structures on which rent or fees can be collected from the users in order to repay the bondholders. Revenue bonds are also used for WHEDA's relending programs. For its relending programs, WHEDA borrows money through bonding and relends the proceeds of the bond issues to third parties for such uses as the development of multifamily housing or the purchase of single-family homes. WHEDA is then obligated to repay the bondholders using monies from repaid loans. The state has no legal obligation to back WHEDA-issued revenue bonds. [For a discussion of state bonding practices and a description of the different types of municipal bonds, see the Legislative Fiscal Bureau informational paper entitled, "State Level Debt Issuance".]

With the exception of the HOME program and multifamily housing loans, state statutes limit the amount of bonds that WHEDA may issue for its revenue bond-supported programs. The various programs for which revenue bonds may be issued are discussed in the following sections.

1. Home Ownership Mortgage Loans. This program was established by Chapter 349, Laws of 1981, to enable eligible purchasers to secure low-cost mortgage financing. It is usually referred to as the HOME program, although it has no relation to the federal HOME programs currently administered by Commerce.

At various times in its history, this program has operated under statutory constraints on the amount of revenue bonds permitted to be outstanding. These time-limited statutory constraints on the amount of outstanding HOME bonds have expired. As of June 30, 2004, approximately $5.25 billion of general corporate purpose revenue bonds were issued for this program, of which $1.3 billion was outstanding.

2. Multifamily Housing Loans. WHEDA has used its authority to issue general corporate purpose bonds to provide financing for the federally-sponsored multifamily mortgage loan program which has provided permanent financing for apartment developments intended primarily for low- and moderate-income households. Other multifamily housing programs relying on the general corporate purpose bond authorization include both the purchase of multifamily residential mortgages to create and upgrade the stock of affordable housing and the issuance of construction loans for multifamily residences. As of June 30, 2004, approximately $1.12 billion of general corporate purpose revenue bonds were issued for these purposes, of which $469 million was outstanding. WHEDA also has dedicated a portion of its surplus reserves to a multifamily housing revolving loan program.

3. Housing Rehabilitation Loans. This program was established in 1977 to support activities leading to the upgrading of the state's housing stock. The program, known as the home improvement loan program, provides installment or deferred payment loans for alterations or repairs to existing housing. The Authority may have outstanding up to $100,000,000 in revenue bonds under the program. No bonds are outstanding.

4. Property Tax Deferral Loan Program. Under this program, which was transferred to WHEDA in 1993, low- and moderate-income elderly homeowners are able to convert home equity into income to pay property taxes. WHEDA is authorized to issue up to $10,000,000 in bonds to finance loans under this program but is also required to allocate a portion of its unencumbered general ("surplus") reserves to the program. No bonds have been issued for the program. [A more complete discussion of this program may be found in the Legislative Fiscal Bureau informational paper entitled, "Property Tax Deferral Loan Program."]

5. Beginning Farmer Loan Program. This program, which became effective on July 1, 1994, authorizes WHEDA to issue up to $17,500,000 in bonds to finance loans to first-time farmers. Under the beginning farmer loan program, WHEDA may make loans to first-time farmers (as defined in federal law) for the purchase of agricultural land, agricultural improvements and depreciable agricultural property. As of June 30, 2004, WHEDA had issued and outstanding approximately $8.6 million in bonds under this program.

6. Economic Development Loans. This program was established in 1983 to fund business development activities in the state. The Authority is authorized to issue bonds of up to $200,000,000 for economic development activities. As of June 30, 2004, the Authority had $12.2 million in outstanding economic development loans that carry WHEDA's general obligation.

WHEDA Operating Funds

The Authority does not receive any general purpose funds from the state for its operations, but instead, finances these operations out of its general reserve fund. In particular, the Authority earns revenue in the following ways: (1) by charging loan interest rates higher than the interest it pays its bondholders (the Authority's yield on loans is limited by federal law to the interest paid on the bonds plus a premium which varies with the type of bond issued); (2) by collecting fees, such as loan origination fees and mortgage servicing fees, for the services it performs; and (3) by investing its reserves to produce income. As shown in Table 1, WHEDA encumbered $20.2 million for its operations in 2003-04.

WHEDA Surplus Fund

The Authority is required by statute to maintain an unencumbered general reserve fund (also referred to as a "surplus" fund) within its general fund into which any Authority assets in excess of operating costs and required reserves are to be deposited. A calculation of unencumbered general reserve funds is done annually at the fiscal year end and reported by WHEDA to the Governor and the Legislature. To derive the figure, amounts are deducted from unrestricted reserves for purposes such as operating expenses, capital expenses and contingencies. In addition, since a portion of reserves is encumbered or committed to various WHEDA programs beyond a certain date (usually the end of the next fiscal year), it is necessary to also deduct those amounts to derive a figure corresponding to the Authority's available unencumbered general reserves. As shown in Table 1, a total of $8.15 million was available for this fund at the close of the 2003-04 fiscal year.

The statutes outline the procedure for gubernatorial and legislative review of the Authority's annual plan for expending or encumbering the unencumbered funds. By August 31 of each year, the Chairperson of the Authority certifies to the Secretary of the Department of Administration the actual unencumbered funds available on the preceding June 30 and the projected funds available on the following June 30 and submits to the Governor a plan for expending or encumbering the funds. The Governor may modify the plan and is required to submit, within 30 days, his or her plan to the presiding officer of each house of the Legislature for referral, within seven days, to the appropriate housing committees. The standing committee review period extends for 30 days after referral. Within the review period, either of the standing committees may request WHEDA to appear before it to discuss the plan. If such a request is made, the review period is extended until 30 days after the request has been made. If a standing committee and the Governor agree to modifications in the plan, the review period for all standing committees will continue for an additional 10 days after receipt of the modified plan.

The plan or modified plan is approved if no standing committee objects to it within the designated review period. If a standing committee objects to the plan or modified plan, the parts objected to are referred to the Joint Committee on Finance, which is required to meet in executive session within 30 days to consider the objections.

The Joint Committee on Finance may: (1) concur in the standing committee objections; (2) approve the plan or modified plan notwithstanding standing committee objections; or (3) modify the portions of the plan objected to by the standing committee. Until approved or modified under these provisions, the plan is not effective. With the exception of certain statutorily permitted transfers of funds from one plan category to another, the unencumbered general reserve funds may be expended or encumbered only in accordance with the approved plan.

WHEDA is required to allocate a portion of its unencumbered general reserve funds to: (1) match federal funds available under the McKinney Homeless Assistance Act; (2) match federal funds available under the home investment partnership program; and (3) fund the property tax deferral loan program.

A large portion of its unencumbered general reserve funds are used by WHEDA to supplement bond proceeds to achieve more favorable interest rates or other lending terms. However, the Authority also has developed and administered several programs using these funds. These programs are included in the program summaries in the following chapter. In addition, Appendix I lists the allocation of the $8.15 million in 2003-04 unencumbered general reserve funds for WHEDA's 2004-05 "Dividends for Wisconsin" plan.

CHAPTER 2

WHEDA HOUSING PROGRAMS

Housing programs under the responsibility of WHEDA are financed through several mechanisms. These include: (1) proceeds from the sale of revenue bonds; (2) unencumbered or "surplus" reserves; and (3) federal funds. The following descriptions of WHEDA housing programs are arranged according to these funding sources.

Housing Programs Financed by Bond Revenues

Home Ownership Mortgage Loan Program (HOME)

The home ownership mortgage loan (HOME) program provides first mortgage loans to low- and moderate-income households in Wisconsin. This program was created in Chapter 349, Laws of 1981, and should not be confused with the federally-funded home investment partnership program administered by Commerce, which also uses the acronym HOME. A principal eligibility criterion for the WHEDA HOME program is household income. The borrower's annual income, combined with all sources of income of all adults who intend to purchase an eligible property or occupy the same dwelling unit as the applicant, may not:

1. Generally, exceed 110% of the county median income for households of four persons. (Appendix II provides estimated 2004 median household income by county.) Additionally, the Authority may increase or decrease the income limit for each person more or less than four by 5%.

2. In designated "targeted areas," exceed 140% of county median income for households of four persons. Again, the Authority may adjust the percentage according to the number of people in the household. These targeted areas are certified by the federal Department of Housing and Urban Development (HUD) and the IRS as areas in need of economic revitalization and are listed in Appendix III.

Other program requirements include: (1) loan amounts may not exceed the lesser of 97% of the purchase price or 97% of the appraised value of the property (90% for three- and four-units); (2) generally, the borrower must not have owned a home during the previous three years; (3) the property must be either a duplex, a three- or four-unit at least five years old, a single-family home or a condominium unit with at least two bedrooms; (4) the property must be used as the principal residence of the borrower; and (5) the selling price cannot exceed specified limits which vary both by type of home purchased and location.

Other features of the HOME program include the following: (1) loans generally are for a term of 30 years with no prepayment penalty and a fixed interest rate; (2) loans may be used for financing new construction, purchasing existing housing or major rehabilitation of existing housing; and (3) loans may not be used for refinancing purposes, except for construction loans, temporary initial financing or major rehabilitation loans.

A borrower may have owned a home within the previous three years if the home for which the loan is sought is either in a targeted area or will be the object of major rehabilitation. Loans for major rehabilitation may be used to purchase and rehabilitate a qualifying property or rehabilitate a property already owned by the borrower. The following requirements must be met to receive a HOME loan for major rehabilitation: (1) the property must be either a single family residence or a duplex; (2) the home must have been occupied as a dwelling for at least 20 years; (3) after completion of the rehabilitation, at least 50% of the external walls must remain as external walls; (4) the cost of the rehabilitation must be at least 33% of the purchase price of the residence; and (5) the borrower must be the first occupant of the property after rehabilitation. In 2003, less than 1% of HOME loans were made for rehabilitation.

Since the inception of the program through June 30, 2004, the Authority has made over 90,000 HOME loans totaling about $4.8 billion. In 2003, the Authority made 4,010 HOME loans totaling over $360 million with the average loan equaling nearly $90,000 (see Appendix IV for information on HOME program activity).

Home Improvement Loan Program

This program is designed to provide below market rate loans to low- to moderate-income households to repair their homes or to improve their homes' energy efficiency. The annual household income limit under the program is 120% of county median income for a family of four, except in designated reinvestment neighborhoods where the income limit is 140%. Additionally, the Authority may increase or decrease the income limit for each person more or less than four by 10%. Properties to be improved must be residential structures containing four or fewer dwelling units and must have been first occupied as a residence at least 10 years prior to receipt of the loan. Mobile homes and properties to be used in a trade or business are ineligible. Further, the borrower is required to be both the owner and occupant of the property.

Home improvement loans can range between $1,000 and $17,500. These loans have a maximum term of 15 years. Loan proceeds may be used only for housing additions, alterations or repairs to maintain it in a decent, safe and sanitary condition; to reduce the cost of owning or occupying the housing; to conserve energy; and to extend the economic or physical life of the housing. The following improvements do not qualify under the program: (1) most fireplace construction; (2) decks, patios, fencing or landscaping; and (3) home appliances.

1999 Act 9 requires WHEDA to annually transfer, by October 1, all funds in the housing rehabilitation loan program administration fund that are no longer required for the housing rehabilitation loan program to the general fund. In 2000 (the first year of the requirement), WHEDA transferred $1,500,000 to the state's general fund. Through 2004, WHEDA had not made another transfer to the state's general fund.

Since the inception of the program in 1979 through June 30, 2004, the Authority has made nearly 15,000 home improvement loans totaling almost $100 million. In 2003, WHEDA made 49 home improvement loans totaling $558,100, with the average loan equaling almost $11,400. Appendix V provides information on home improvement loans since the program's inception.

Multifamily Loan Fund

The Authority has provided construction and permanent financing to develop multifamily housing that meets the needs of low- and moderate-income persons. Under the multifamily revolving loan fund, WHEDA sells both taxable and federally tax-exempt revenue bonds, authorized by the state through the Authority's general corporate purpose bonding authorization, to finance projects. Financing is subject to federal regulations concerning limits on tax-exempt bonding, project eligibility, and rent and occupancy restrictions. Taxable bond proceeds are used by WHEDA to make 30-year, fixed-rate loans to developers of low-income housing tax credit projects. As of November, 2004, the interest rate on loans made from tax-exempt bonds was 6.5%.

Since the inception of the program in 1974 through June 30, 2004, $1,121,785,000 in general corporate purpose revenue bonds for multifamily housing have been issued. Table 3 provides multifamily loan activity information for the past decade.

Table 3: Multifamily Loan Fund

Calendar Year	Number of Loans	Amount of Loans	Units Assisted*	Average Loan Per Unit
1994	18	25,248,100	821	30,753
1995	9	12,120,000	365	33,205
1996	6	7,547,900	369	20,455
1997	8	9,922,500	216	45,937
1998	20	26,722,800	649	41,175
1999	29	39,375,000	1,128	34,907
2000	27	34,451,900	799	43,119
2001	33	51,507,800	2,105	24,469
2002	39	103,000,700	2,329	44,225
2003	28	59,156,300	1,639	36,093
2004**	6	15,160,000	482	31,452
TOTAL	223	$384,213,000	10,902	$35,242

*A unit assisted includes bed units for special needs projects.
** Through June 30.

Housing Programs Financed by Unencumbered General ("Surplus") Reserves

The Authority is required by statute to maintain an unencumbered general reserve fund (also referred to as a "surplus" fund) into which any WHEDA assets in excess of operating costs and required reserves are to be deposited. Under s. 234.165 of the statutes, by August 31 annually, WHEDA submits a plan for use of these funds to the Governor. Within 30 days, the Governor may approve or modify the plan and forward it to the Legislature. The appropriate standing committee in each house has at least 30 days to review the plan. If no standing committee objects to the plan, it is approved. If a standing committee objects to the plan, it is referred to the Joint Committee on Finance, which is required to meet within 30 days to review the plan. The plan is not effective until approved under these procedures.

A large portion of this reserve fund is used to supplement bond proceeds to achieve more favorable interest rates or other lending terms under WHEDA's single or multifamily housing programs. However, WHEDA also has developed several additional programs that have been funded from its unencumbered general reserves. These programs are described below.

Multifamily Housing Programs

Since 1992-93, WHEDA has allocated $96.4 million of its surplus reserves to establish and administer a general multifamily housing revolving loan fund to provide capital for the development and preservation of multifamily housing.

As of June 30, 2004, approximately $64.1 million of the surplus reserves set aside for multifamily loan programs are dedicated to the general revolving fund lending program. The general lending program provides financing for multifamily housing projects that serve low-income families. Loans under this category represent construction lending or short-term financing prior to conversion to long-term financing. Funds also may be used to make housing preservation project loans.

As of June 30, 2004, almost $6.2 million in surplus reserves had been allocated to the homeless/special needs fund of the multifamily housing revolving loan program. WHEDA plans to put these funds into the multifamily revolving loan fund (and designate it for the homeless and people with disabilities) due to the flexibility this fund gives WHEDA in establishing loan terms. Possible uses for these funds include the provision of permanent housing, group homes, community based residential facilities and set-asides for the Affordable Housing Tax Credit for Homeless program.

As of June 30, 2004, the remaining $26.1 million in surplus reserves set aside for multifamily housing programs were dedicated as follows: (a) $700,000 for the Federal National Mortgage Association's (Fannie Mae) Secondary Market Initiative, which provides collateralization of WHEDA's guarantee requirement for the sale of certain tax credit projects in WHEDA's loan portfolio; (b) $5.1 million for providing resources for preserving low-income rental housing; (c) $750,000 for the Housing Preservation Initiative, which provides funding for refinancing current debt, rehabilitation and other activities to preserve housing within Wisconsin; (d) $11.5 million from bond refinancing savings for loans to very low-income households; (e) $5.4 million to subsidize interest rates on multifamily project loans; and (f) $2.6 million for multifamily bond support.

Table 4 indicates the funding allocated from the general reserve fund surplus revenues that is set aside for the multifamily housing program.

Table 4: Surplus Reserves for Multifamily Housing Programs 1992-93 through 2003-04

Program	Reserve Amount
General Revolving Fund	$64,109,337
Homeless Fund	6,196,987
FNMA Secondary Market Initiative	700,000
Preservation Reserve Account	5,104,926
Housing Preservation Initiative	750,000
Bond Refinancing Savings	11,503,546
Interest Subsidy Funds	5,425,968
Multifamily Bond Support	2,617,800
TOTAL	$96,408,564

HOME Plus Program

Before its discontinuation by WHEDA in April of 2002, the HOME Easy Close Program was allotted $2,248,400 of WHEDA's unencumbered general reserves. HOME Easy Close was a program that provided a deferred loan of up to $1,000 for individuals needing assistance with home mortgage closing costs. An individual was eligible for an Easy Close loan if one's income was not in excess of $35,000 and if the individual was otherwise eligible for a HOME loan. A loan under this program was separate from a HOME mortgage loan, though the interest rate was the same. An Easy Close loan was payable over three years. In 2001-02, this program provided a total of $142,303 in loans for 151 homeowners, with the average loan totaling $942.

WHEDA replaced the HOME Easy Close program with the HOME Plus program. HOME Plus is funded from resources encumbered from Easy Close for downpayment/closing cost assistance, and from Home Improvement funds for home repairs. HOME Plus offers loans at a fixed-interest rate, in amounts up to $10,000 for a 15-year term. Properties must be at least 10 years old, and initial draw requests on the credit line for meeting down payment and closing costs cannot exceed 5% of the home's purchase price. In 2003-04, WHEDA made 960 HOME Plus loans for $8,980,100.

Lease-Purchase Program

The Authority allocated $487,000 from its 1991-92 surplus reserves to create a revolving loan fund for loans to nonprofit organizations, public housing authorities and government agencies. The agencies use the loan funds to purchase or construct single-family homes to be leased to low-income households with an option for the lessee to purchase the home within three years. Project sponsors make monthly payments, which include principal and interest as well as escrows for taxes and insurance, to WHEDA. The owner-to-be's monthly payments are structured to cover the sponsor's loan and escrow payments as well as an amount necessary to accumulate the funds needed for the balance of the down payment and estimated closing costs over a three-year period.

Project sponsors are required to conduct rehabilitation activities, as necessary, and act as property managers during the lease period. Owners-to-be are eligible under the program if their gross annual income does not exceed 80% of the county median income for the county in which the property is located. The owner-to-be must meet employment, income and credit history prequalification requirements and must be prequalified for HOME program financing.

WHEDA provides financing through a 30-year, fixed rate loan in an amount not exceeding 95% of the lesser of the total acquisition cost or appraised value of the property. WHEDA then holds these loans in the revolving loan fund. The sponsor's loan may be assumed by the tenant/purchaser, with full release of the sponsor, assuming all appropriate underwriting criteria are met. WHEDA's HOME program will be the source of financing for the owner-to-be if funds are available when the option to purchase is exercised. Two loans totaling $254,550 were made under this program in 2003-04. All prior loans under this program to nonprofit organizations and other public agencies have now had the lessee exercise their purchase option (within the three-year period) of the building they were leasing.

Blueprint Loan Program

In 1987-88, WHEDA allocated $500,000 of its surplus reserves to provide predevelopment loans to nonprofit organizations, local governmental units, local housing authorities, tribal authorities and housing cooperatives. The most recent loan was made in 1997-98 for $25,000, and WHEDA subsequently discontinued this program.

The program was designed to help entities that are involved in building or creating rental housing to obtain financing to conduct predevelopment work associated with their projects. Housing to be developed served families, the elderly, handicapped persons and individuals requiring housing with special services. The majority of rental units in the development were available to persons with incomes below 80% of the county median income level. Costs eligible for funding included architectural, engineering and appraisal fees; project site control or site improvement costs; permits or other legal costs; financing costs; and other costs approved by WHEDA. Loans between $2,500 and $25,000 could be obtained at 4% interest for up to 12 months. Recipients matched the loan at least dollar-for-dollar. Repayments generally were required when construction or long-term financing was obtained.

WHEDA Foundation Grant Program

In 1983, the Authority created the Wisconsin Housing Finance Authority (WHFA) Foundation (later renamed the WHEDA Foundation), a nonprofit corporation organized to make grants to nonprofit organizations and local governments for improving housing opportunities for low- and moderate-income persons, the elderly, handicapped and disabled persons, and persons in crisis. Monies for Foundation grants are allocated from the Authority's surplus reserves. The WHEDA Foundation, comprised of employees of the Authority, has made grants to organizations to create and rehabilitate housing for eligible persons. The WHEDA Board approves Foundation grants and transfers funds to the Foundation so that it can meet its grant commitments. Housing grants are awarded through an annual, statewide competition and each proposal is evaluated based on project need, implementation, impact and budget. Since the inception of the grant program in 1985 through November 2004, $15.9 million has been awarded. In 2004, the WHEDA Foundation awarded $800,000 to 43 projects.

Property Tax Deferral Loan Program

Under this program, which was transferred to WHEDA in 1993 Wisconsin Act 16, low-income elderly homeowners are able to convert home equity into income to pay property taxes. This program is considered particularly beneficial for elderly homeowners who have little disposable income and a significant amount of home equity. WHEDA is authorized to issue up to $10,000,000 in bonds to finance property tax deferral loans but is also required to allocate a portion of its unencumbered general reserves to the program. Since WHEDA began administering the program in 1994, WHEDA has utilized these revenues to provide 2,970 loans totaling $5.6 million. For calendar year 2004, 173 loans were funded for a total of $360,600, averaging $2,084 per loan. [A more complete discussion of this program may be found in the Legislative Fiscal Bureau informational paper entitled, "Property Tax Deferral Loan Program."]

Housing Programs Financed by Federal Funds

The Authority also acts on behalf of the state in administering two federally-funded housing programs.

Low-Income Housing Tax Credit Program

The federal Tax Reform Act of 1986 created a low-income housing tax credit program as a tax incentive to encourage the development and/or rehabilitation of low-income rental housing. By executive order of the Governor, WHEDA has been responsible for dispersing the state's annual allocation of approximately $9.8 million of tax credits for qualifying low-income rental units in 2004. Wisconsin's tax credit allocation is expected to be around $10 million in 2005 and 2006. Once allocated to a project, the tax credit is usable during each of the 10, subsequent tax years. The Authority must set aside 10% of each year's allocation of credits for projects sponsored by qualified non-profit organizations. Table 5 indicates the amount of federal tax credits applied in this state since the program's inception and the number of low-income housing projects and units funded.

The three categories of eligible projects are: (1) new construction or rehabilitation of existing housing when rehabilitation expenditures are at least $3,000 per unit or 10% of the value of the project's depreciable assets, whichever is greater;

Table 5: Low-Income Housing Tax Credit

Calendar Year	Amounts of Credits Applied	Number of Projects Funded	Number of Low-Income Units Created / Rehabilitated	Average Tax Credit Per Unit
1987	$1,191,300	24	558	$2,135
1988	5,407,900	76	2,423	2,232
1989	6,072,500	120	2,800	2,169
1990	5,475,400	63	1,917	2,856
1991	6,768,370	40	1,781	3,800
1992	9,618,301	74	2,755	3,491
1993	547,672	11	273	2,006
1994	17,968,744	96	3,893	4,616
1995	25,482,563	46	1,892	13,469
1996	6,606,380	53	1,740	3,797
1997	7,400,045	39	1,645	4,499
1998	8,227,118	47	2,192	3,753
1999	7,397,832	38	2,009	3,682
2000	6,679,173	27	986	6,774
2001	8,511,465	41	1,531	5,559
2002	9,255,867	35	1,662	5,569
2003	11,641,161	40	2,353	4,947
2004*	9,797,458	32	1,665	5,884
TOTAL	$154,049,249	902	34,075	$4,521

*Through October 4.

(2) new construction or rehabilitation financed by a subsidized federal loan or a tax-exempt bond; and (3) acquisition costs of existing housing, including rehabilitation work of at least $3,000 per unit or 10% of the adjusted depreciable assets in the building(s), whichever is greater. The maximum tax credit for qualifying units in eligible projects is adjusted monthly by the federal Department of Treasury to reflect their present value. The maximum tax credit has been 9% for projects in the first category and 4% for projects in the other two categories.

Several restrictions remain in place for 15 years after receiving a tax credit. Either 20% or more of the units in a project must be available to, or occupied by, individuals with incomes at or below 50% of the county median income, or 40% of the units must be available to or occupied by persons with incomes at or below 60% of the county median income. In addition, gross rent paid by families in qualifying units, including a utility allowance, may not exceed 30% of the maximum qualifying income. Further, the program includes provisions authorizing the Internal Revenue Service to recapture a portion of the tax credit for either a qualifying unit or an entire project if the income targets are not met. Provisions of the program limit individual investors in qualifying projects in both the amount of credit that can be applied to federal tax liability and the amount of losses that can be deducted.

Housing Choice Voucher Program

Under this federal program, formerly known as the Family Self-Sufficiency Housing Voucher Program, WHEDA distributed 1,098 vouchers for $2.6 million in 2004 for low-income households in 37 counties in the state. The program requires families that are eligible for federal rental vouchers under the federal Public Housing Act's Section 8 program to develop a financial plan leading to economic independence at the end of a contract period. Eligibility for a rental voucher, and thus the self-sufficiency program, is limited to families with income at or below 50% of the county median income level. The household pays 30% of its income for rent, with the federal government covering the remainder, up to the local housing authority's payment standard. The household must also pay any amount above the local housing authority's payment standard. Since vouchers are portable, a household that has one can move to another area in or out of the state where a voucher program is operational and still retain the voucher benefit. Furthermore, once a family has been certified to receive a voucher, it can be recertified annually as long as it remains income-eligible and the program is operational in the area where the family lives.

CHAPTER 3

WHEDA ECONOMIC DEVELOPMENT PROGRAMS

The Authority also carries out two major activities that are intended to foster economic development in the state. First, the Authority uses allocations from its unencumbered general reserves to make below-market rate loans to small- and medium-sized businesses under several programs. Second, WHEDA issues guarantees on economic development loans made by private lenders. The Authority uses funds in its Wisconsin development reserve fund to back these guarantees. Programs under each of these areas of economic development activity are described below.

Loan Subsidy Programs

Economic Development Loan

Although statutory language remains, the economic development loan program offered by WHEDA, the business development bond program (BDB), is now defunct. WHEDA discontinued the BDB when the small business loan guarantee program was created under the 1997 biennial budget act.

BDB provided below market, fixed-rate loans to eligible small and medium-sized manufacturing firms to construct, purchase, expand and improve land, buildings and equipment in order to retain or expand employment. Through the BDB program, loans totaling $166,898,000 have been issued, $93 million of which carried WHEDA's general obligation. As of June 30, 2004, of the $93 million in loans that had WHEDA's general obligation, $12.2 million was outstanding.

Linked Deposit Loan Subsidy Program

Under the linked deposit loan (LiDL) program, private financial institutions provide low-cost, short-term loans to small businesses that are more than 50% controlled or owned by minority group members or women. Under the program, eligible persons may borrow from $10,000 to $99,000 for a two-year term.

To receive a LiDL loan, the borrower must demonstrate that: (1) the business is more than 50% owned or controlled by minority group members or women; (2) the gross annual sales of the business are less than $500,000; (3) the loan proceeds will be used to purchase or improve land, buildings, and/or equipment located in the state; and (4) the project undertaken through the use of the loan will help expand employment or maintain jobs that otherwise would be lost.

To finance this program, WHEDA has allocated a total of $6,000,000 of its unencumbered general reserves to provide private financial institutions with investment capital, which those lenders agree to use to make below-prime rate loans to eligible borrowers. Upon agreement with a participating lender, the Authority will purchase certificates of deposit from the lender and the interest rate payable to WHEDA on such deposits for the duration of the linked deposit loan will be lower than the customary rate established by the lender. In return for the Authority agreeing to accept a below-market rate on its investment, the lender agrees to charge the LiDL borrower a below-prime interest rate on the loan. The Authority's deposit does not serve as a guarantee or as collateral; the borrower is solely responsible for loan repayment. Further, the lender determines loan terms and conditions. Table 6 provides information on loan activity under the program over the past several years.

Table 6: Linked Deposit Loan Program

Calendar Year	Number of Loans	Amount of Loans
1992	73	$2,768,725
1993	49	2,180,265
1994	34	1,432,041
1995	45	2,073,184
1996	57	2,749,780
1997	44	2,343,975
1998	40	1,862,443
1999	29	1,399,670
2000	24	1,366,670
2001	29	1,655,567
2002	18	1,022,989
2003	16	801,364
2004*	6	289,605
TOTAL	464	$21,999,578

*Through June 30.

WHEDA also uses the LiDL at times for businesses in storm-damaged areas. One such example of this was in July, 2001, when LiDL subsidies were made available to businesses in Burnett and Washburn Counties that suffered tornado damage. However, no loans related to these storms were issued.

Beginning Farmer Loan Program

Since 1994, WHEDA has been authorized to issue up to $17,500,000 in bonds and notes to provide financial institutions with capital to finance loans to beginning farmers. Eligible farmers are those engaged in farming or who wish to engage in farming and who meet the federal Internal Revenue Code definition of first-time farmers for the purpose of determining whether a private activity bond is a tax-qualified bond. Loans may be made for the purchase of agricultural land, agricultural improvements and depreciable agricultural property. Under this program, bonds or notes issued by WHEDA are special limited revenue obligation bonds and do not represent any general moral or legal obligation of WHEDA to any person. The bonds or notes are sold to financial institutions at the time a loan to a beginning farmer is approved. As shown in Table 7, as of June 30, 2004, $10,179,497 in bonds had been issued to private lenders for 68 loans to beginning farmers.

Table 7: Beginning Farmer Loan Program

Calendar Year	Number of Loans	Amount of Loans
1994	4	$476,000
1995	17	2,405,326
1996	10	1,190,995
1997	12	2,100,900
1998	5	768,468
1999	9	1,883,212
2000	0	0
2001	3	334,450
2002	4	465,296
2003	4	554,850
2004*	0	0
TOTAL	68	$10,179,497

*Through June 30.

Guarantee Programs

The Authority also operates several programs established by the Legislature to guarantee loans made by private lenders to qualified businesses. The monies to back the loan guarantees were appropriated by the Legislature and are held in the Authority's Wisconsin development reserve fund. The fund is described below. Following that section, each of the loan guarantee programs is described. In addition to the loan guarantee programs funded from the WDRF, one loan guarantee program (the neighborhood business revitalization loan guarantee program) is funded from WHEDA's general reserves.

Wisconsin Development Reserve Fund

The Wisconsin development reserve fund (WDRF) was created by 1991 Wisconsin Act 39 through the consolidation into a single fund of several existing guarantee funds: the agricultural production loan fund (CROP fund), the drought assistance and development loan fund, and the recycling loan fund. Each of these separate funds had been created to back guarantees made under one or more legislatively authorized loan guarantee programs. This consolidated WDRF now backs guaranteed loans made by private lenders under separate programs, reserving funds to repay lenders for any losses from defaulted loans made under any of these guaranteed programs. The WDRF also funds the administrative costs of the loan guarantee programs and pays interest subsidies for the CROP loan guarantee program.

2001 Act 16 replaced the individual maximum guarantee authority for the agribusiness, credit relief outreach program (CROP), farm asset reinvestment (FARM) and small business loan guarantee programs that are backed by the WDRF with an aggregate maximum guarantee of the total principal amount or total outstanding guaranteed principal amount of $49.5 million, excluding the outstanding amount of a remaining loan to Taliesin. WHEDA has interpreted this to mean the total amount of outstanding guarantee authority must not exceed $49.5 million.

As shown in Table 8, on June 30, 2004, approximately $29.7 million in loan guarantees were outstanding, leaving $19.8 million in guarantee authority remaining.

The consolidated reserves available in the WDRF totaled $11.8 million on June 30, 2004, as reported to the Joint Committee on Finance in the WDRF annual report. These reserves are primarily maintained to repay the lender in case of program loan defaults. The ratio of authorized guarantee amount to reserves amount is referred to as WDRF's leverage factor. The 1997 biennial budget act increased the leverage factor from 4:1 to 4.5:1 for all guarantee programs backed by the fund, except a loan to the Taliesin Preservation Commission, which remains at a leverage factor of 4:1. This means the WDRF needs to have at least one dollar in reserve for every $4.50 in available guarantee authority. On July 1, 2004, the actual leverage factor was 4.2:1 for available guarantee authority. Further, based on actual loan guarantee activity through June, 2004, WHEDA has a 2.5:1 ratio. That is, for every $2.50 in outstanding loans actually guaranteed, the WDRF had one dollar in reserve.

The Legislative Audit Bureau reported in a December, 1997, evaluation that the balance in WDRF steadily declined from $21.1 million on June 30, 1992 to $12.9 million on June 30, 1997, with annual deficits ranging from $700,000 to $1.9 million. The balance continued to drop, albeit less rapidly, to a $12.1 million balance on June 30, 2000. After rising to $12.9 million again on June 30, 2002, the balance has decreased to $11.8 million as of June 30, 2004.

Table 8: WHEDA Loan Guarantee Program Authority as of June 30, 2004

Loan Guarantee Program	Amount Outstanding	Loans Made	Loans Defaulted	Default Rate
Agribusiness	$1,603,400	27	4	14.8%
CROP	9,394,900	13,340	187	1.4
FARM	5,292,800	200	8	4.0
Small Business	11,578,000	217	6	2.8
Discontinued Programs	1,797,300	---	---	---
Total	$29,666,400	13,784	205	1.5%

While the statutes specify a maximum guarantee authority amount of $49.5 million for WDRF loan guarantee programs, the statutes provide that WHEDA may request the Joint Committee on Finance to authorize an increase or decrease in the guarantee authority for the programs authorized under the WDRF. WHEDA is required to include in its request a projection, for the end of the fiscal year, of the balance in the fund if the request is approved and the balance if the request is not approved. The Authority must then receive the approval of the Joint Committee on Finance under s. 13.10 of the statutes before any change in total guarantee authority becomes effective.

Annually, on June 30, WHEDA is required to transfer to the state's general fund any balance in the WDRF which remains after deducting; (a) amounts sufficient to pay outstanding claims; and (b) a reserve amount sufficient to maintain the required leverage factor (generally 4.5:1) of total principal guarantee authority to reserve fund balance under each loan program backed by the fund. The WHEDA Executive Director is required to submit a signed statement to the Secretary of the Department of Administration and the Joint Committee on Finance that lists the amounts deducted to pay outstanding claims and to fund remaining guarantees. The Authority also must provide a report to the Chief Clerk of each house of the Legislature and to the Joint Committee on Finance by November 1 of each year on the number and amount of all loans guaranteed by the fund, as well as the loan default rate. In 2003-04, WHEDA lapsed $712,100 to the state's general fund.

A description of each of the programs backed by the WDRF follows. In addition, the Authority continues to service and maintain loans backed by the WDRF under previous loan guarantee programs, for which statutory authority for issuing additional guarantees has ended.

Credit Relief Outreach Program (CROP)

The Authority was provided $11 million GPR in 1984-85 to guarantee agricultural production loans to Wisconsin farmers and to provide interest subsidies on the loans. This program is commonly known as the "credit relief outreach program," or CROP.

Loans under the program may be used to purchase fertilizer, seed, fuel, pesticides, tillage services, crop insurance, animal feed or any other service or consumable good necessary to produce an agricultural commodity. With the passage of 2003 Act 236, WHEDA guarantees up to 90% of each qualifying agricultural production loan of less than $50,000 made by a participating lender to an eligible borrower, and up to 80% of loans that are greater than $50,000. In addition, the Authority annually sets the maximum guarantee amount for loans made under the program between $30,000 and $100,000. The Authority has set the maximum loan amount under CROP to be $60,000 in 2005. Prior to the adoption of 2003 Act 236, WHEDA guaranteed up to 90% of the principal of loans, with a maximum loan of $30,000.

The maximum interest rate allowed on a CROP loan is determined annually by WHEDA. If the maximum rate determined by WHEDA and the prime lending rate equal or exceed 10%, WHEDA uses monies in the WDRF to subsidize each loan by paying 2% of the loan principal to the lender. The maximum interest rate for 2004 is the prime rate plus 1%. WHEDA also charges a $150 application fee on CROP loans and deposits the revenue to the WDRF.

To be eligible for the CROP program, a farmer must meet four conditions: (1) 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 lender's business; (2) the amount of the farmer's debts totals at least 40% of the amount of the farmer's assets; (3) in the judgment of the 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 next calendar year; and (4) the farmer does not appear on a statewide support lien docket for delinquency in making child support or maintenance payments, unless the farmer submits an approved payment agreement.

WHEDA also has authority to make CROP loans subject to emergency eligibility criteria. WHEDA may guarantee a loan to a farmer, who is otherwise ineligible, if the Governor has determined that an emergency situation exists and the existing eligibility criteria prohibit WHEDA from making an adequate response to the emergency situation. However, WHEDA must submit the emergency criteria to be used in making such a loan to the Joint Committee on Finance for review and approval under s. 13.10 of the statutes. It should be noted that unlike other CROP loans, the level of loan principal for which WHEDA may guarantee repayment for emergency guaranteed loans is not specified.

In January, 1999, in response to the low price producers were receiving for their hogs, the Governor determined that an emergency situation existed and WHEDA submitted eligibility criteria for a hog production emergency loan guarantee program to the Joint Committee on Finance. The Committee approved the emergency criteria, which included (a) a maximum loan limit of $50,000 for hog producers (including outstanding CROP loans); (b) loan repayment within three years; (c) an application deadline of July 31, 1999; and (d) emergency program loans totaling no more than $5,000,000. WHEDA was allowed to guarantee up to 90% of the principal of any hog production emergency loan, and these loans were not to be applied to the outstanding balance of any other loan or to refinance an existing CROP loan. Further, assets in addition to the hogs produced were at times required to secure an emergency loan. The farmer eligibility requirements were substantially the same as those in the regular CROP program, and 24 loans totaling $1,058,400 ($952,560 of which was guaranteed) were made under the hog production emergency loan guarantee program.

Table 9: Credit Relief Outreach Program (CROP)

Calendar Year	Number of Loans Guaranteed	Total Loan Amounts	Average Loan Amount	Default Rate
1985	833	$11,158,400	$13,395	6.10%
1986	1,369	17,746,000	12,963	3.12
1987	1,535	19,488,200	12,696	1.72
1988	1,792	23,346,000	13,028	2.41
1989	1,675	22,660,800	13,529	1.89
1990	1,587	21,386,800	13,476	2.04
1991	1,980	24,941,000	12,596	1.34
1992	2,010	26,486,600	13,177	1.38
1993	2,022	27,305,300	13,504	0.97
1994	2,044	28,413,500	13,901	0.76
1995	1,459	20,170,800	13,825	0.55
1996	1,589	23,220,200	14,613	2.40
1997	1,417	20,837,500	14,705	1.23
1998	1,158	17,353,900	14,986	0.82
1999	758	12,468,600	16,449	0.64
2000	697	12,139,600	17,417	2.38
2001	571	10,791,500	18,899	0.23
2002	449	9,840,445	21,916	2.00
2003	481	10,736,231	22,321	1.04
2004*	384	8,990,773	23,413	N.A.
TOTAL	25,810	$369,482,149	$14,315	N.A.

*Through June 30.

Originally, CROP was intended to be a one-year program to assist eligible farmers in obtaining capital to continue their operations at a time when the farm economy of the state (and nation) was in economic difficulty. The program was subsequently extended several times. 1995 Act 5 eliminated the one-year provision on the program, making it a permanent guaranteed loan program. Through June 30, 2004, WHEDA had outstanding guarantees totaling $9,394,900. Table 9 provides information on the CROP program for each year that the program has been in existence.

The term of a CROP loan may not extend beyond March 31 of the next calendar year except, at the lender's option, the term may be extended up to three months to no later than June 30. In addition, the proceeds of a CROP loan may not be applied to the outstanding balance of any other loan, except that the proceeds may be used twice to refinance a previously received CROP loan. Further, the lender must obtain a security interest for repayment of the loan in the agricultural commodity resulting from one of the loan proceeds. Finally, unless waived by WHEDA, the borrower must obtain insurance to protect the agricultural commodity against risk of loss and the proceeds must be payable to the lender. This insurance provision has been interpreted to require hail insurance, but not drought insurance.

Farm Asset Reinvestment Management Loan Guarantee Program (FARM)

1995 Act 150 provided WHEDA the authority to administer a farm assets loan guarantee program. Loans eligible for the guarantee are those made to eligible farmers to finance the acquisition of agricultural assets (machinery, equipment, facilities, land or livestock) or the costs of improvements to farm facilities or land for agricultural purposes. Eligible farmers must: (a) be currently operating a farm; (b) have a debt amount, including the FARM loan, that does not exceed 85% of the farmer's assets, including the value of the assets to be acquired or improvement to be made with the FARM loan proceeds; and (c) have a participating lender that considers the farmer's assets, cash flow and managerial ability sufficient to preclude voluntary or involuntary liquidation during the term of the loan. Program loans may be used in conjunction with other government loan programs, such as the federal Farm Service Agency or Small Business Administration loan programs.

Under the program, WHEDA may guarantee the lesser of 25% of the amount of the loan made by a participating lender or an amount equal to the potential borrower's net worth. Also, the total outstanding principal amount of all FARM loans made to a borrower that are guaranteed may not exceed $200,000, or $100,000 if any of the FARM loans were affected by any other state or federal credit assistance program. Further, loan proceeds may not be applied to the outstanding balance of any other loan or forbearance.

The interest rate and loan terms, including any fees or charges, are approved by WHEDA, while the lender is required to obtain a security interest in the assets of the borrower sufficient to secure repayment of the loan. For loans made to finance the acquisition of machinery, equipment, livestock, or the cost of improvements to facilities or land, the term of WHEDA's loan guarantee may not exceed five years. For loans used to acquire facilities or land, the term of the loan guarantee is limited to 10 years.

As of June 30, 2004, 195 loans with guarantees worth $9.6 million had been made, with outstanding guarantees of $5,292,800. Table 10 provides information on the history of the FARM program.

Table 10: Farm Asset Reinvestment Loan Guarantee Program (FARM)

Calendar Year	Number of Loans Guaranteed	Total Loan Amounts	Guaranteed Loan Amounts	Average Guarantee Amount
1996	5	$360,000	$90,000	$18,000
1997	21	4,776,405	1,189,101	56,624
1998	10	1,578,000	394,500	39,450
1999	33	5,780,519	1,445,130	43,792
2000	39	7,840,833	1,746,414	44,780
2001	26	6,773,216	1,457,364	56,052
2002	26	7,338,251	1,631,063	62,733
2003	24	4,662,878	1,100,220	45,843
2004*	11	2,189,962	547,491	49,772
TOTAL	195	$35,520,064	$9,601,283	$49,237

*Through June 30.

WHEDA charges a $150 application fee and a guarantee origination fee of 1% of the loan's guaranteed principal on each FARM loan. This amount is collected and remitted to WHEDA by the lender. WHEDA is directed to place these fee revenues in the WDRF to be used to guarantee FARM loans.

Small Business Development Loan Guarantee Program

The 1997-99 biennial budget repealed several loan guarantee programs backed by the WDRF, and consolidated much of the loan guarantee authority for those repealed programs under a single new program called the small business loan guarantee program.

Applicants under the small business development loan guarantee program must meet all of the following eligibility criteria: (a) the loan proceeds are used for direct or related expenses (including the purchase or improvement of land, buildings, machinery, equipment or inventory) associated with (1) the start-up of a small business in a vacant storefront in the downtown area of a rural community (a city, town or village with a population of 12,000 or less or is located in a county with a population density of less than 150 persons per square mile), (2) the start-up of a day care or (3) the expansion or acquisition of a business; (b) loan proceeds are not used for refinancing existing debt, entertainment expenses, expenses related to the production of an agricultural commodity or expenses related to a community based residential facility; (c) the loan term may not extend beyond 15 years after the date on which the lender disburses the loan unless WHEDA agrees to an extension of the loan term; (d) the total principal amount of guaranteed loans to any one borrower may not exceed $750,000; (e) the lender obtains a security interest in the physical plant, equipment, machinery or other assets; (f) the lender believes it is reasonably likely that the borrower will be able to repay the loan in full with interest; (g) the lender agrees to the guarantee percentage established for the loan by WHEDA; and (h) WHEDA believes the loan will have a positive impact in terms of job creation or retention.

Further, to be eligible for a loan guarantee, the borrower must be unable to obtain adequate financing on reasonable terms and be: (a) the elected governing body of a federally recognized American Indian tribe or band in this state; or (b) a business owner who is actively engaged in the business (primarily an instate business or those committed to locating in the state), employs 50 or fewer employees and is not delinquent in the payment of child support.

Existing loans made under the repealed programs continue to be backed by the WDRF. Similarly, any loan guarantee agreements with lenders associated with those existing loans continue to be in effect. As of June 30, 2004, WHEDA is guaranteeing $1.8 million for repealed programs ($0.4 million from the Tourism loan fund and $1.4 million from the Target Area fund). Additionally, as shown in Table 11, since the inception of the small business development loan guarantee program through June 30, 2004, WHEDA has guaranteed 227 loans for $25.3 million.

Under section 234.83(4) of the statutes, individual loans may be guaranteed for up to 80% of the principal, or $200,000, whichever is less. WHEDA must establish the portion of the principal of an eligible loan to be guaranteed in an agreement with

Table 11: Small Business Loan Guarantee Program

Calendar Year	Number of Loans Guaranteed	Guarantee Amount	Average Guarantee Amount
1997	6	$561,290	$93,584
1998	30	2,604,087	86,803
1999	32	3,215,980	100,499
2000	52	5,560,364	106,930
2001	33	3,160,116	95,761
2002	38	4,966,512	130,698
2003	22	2,974,271	135,194
2004*	14	2,269,116	162,080
TOTAL	227	$25,311,736	$111,505

*Through June 30.

the participating lender. The Authority is allowed to establish a single guarantee rate for loans that do not exceed $250,000 and a separate guarantee rate for loans that exceed $250,000, or WHEDA can establish a different guarantee rate for eligible loans on an individual basis. Most loans are guaranteed at 80%.

WHEDA charges a $200 application fee, a closing fee of 2% of the loan's guaranteed principal and an annual servicing fee of 0.25% of the outstanding guaranteed balance of all small business loans. WHEDA officials indicate the servicing fee is intended to provide lenders an incentive to release WHEDA guarantees from loans that are performing and allow for WHEDA to provide additional guarantees. Revenues are deposited to the WDRF and were estimated to be $48,400 in 2003 and $81,400 in 2004 (through June 30).

Agribusiness Loan Guarantee Program

Under this program, WHEDA may provide guarantees of up to 90% (WHEDA chooses to provide guarantees at 80%) of the principal amount of loans made by financial institutions for projects that result in the development of new or more viable methods for processing or marketing raw agricultural commodities grown in Wisconsin. Agribusinesses located in communities of 50,000 or less in total population are eligible to apply for guaranteed loans. The maximum loan amount for a loan guaranteed under the program is $750,000. Loans may be used for working capital, the purchase of a building or equipment, or marketing expenses. Refinancing of existing debt is not permitted. Unless extended by WHEDA, the maximum loan term is 15 years. In 2001 WHEDA began charging lenders an annual servicing fee of 0.25% of the outstanding guaranteed balance of all agribusiness loans.

For 2004 loans, WHEDA charged a $200 application fee, a closing fee of 1% of the loan's guaranteed principal for loans of less than $150,000 and 2% of the loans guaranteed principal for loans of greater than $150,000 and an annual servicing fee of 0.25% of the outstanding guaranteed balance of all small business loans. Revenues are deposited to the WDRF.

In addition, 1991 Wisconsin Act 39 authorized WHEDA to guarantee, as a subprogram of the agribusiness loan guarantee program, loans of up to $100,000 in total principal amount to commercial fishing operators who harvest whitefish from Lake Superior. Loans must be for working capital or to purchase new equipment, including fish processing and refrigeration equipment, required under the administrative rules of DNR for whitefish harvests on Lake Superior.

WHEDA has authority under this program to guarantee loans up to $5,000,000 in total principal amount. As of June 30, 2004, $1.6 million in guarantees was outstanding. Table 12 portrays annual program activity.

Table 12: Agribusiness Loan Guarantee Program

Calendar Year	Number of Loans Guaranteed	Guaranteed Amount
1991	5	$1,170,750
1992	5	1,757,500
1993	4	467,360
1994	1	178,500
1995	1	450,000
1996	0	0
1997	0	0
1998	2	1,200,000
1999	0	0
2000	1	600,000
2001	2	164,640
2002	2	478,580
2003	0	0
2004*	1	200,000
TOTAL	24	$6,667,330

*Through June 30.

Guaranteed Loans for the Restoration of Taliesin (Home of Frank Lloyd Wright)

1991 Wisconsin Act 39 authorized WHEDA to guarantee, under the WDRF, loans of up to $8,000,000 made from the proceeds of economic development bonds that WHEDA may issue or loans made by a private lender, to a non-profit organization that owns or leases cultural and architectural landmark property and improvements (Taliesin). The proceeds of the guaranteed loans were required to be used for: (1) acquiring, constructing, improving, rehabilitating, or equipping Taliesin; or (2) purchasing or improving land, buildings, or machinery or equipment or related expenses. Interest income received by individuals from the proceeds of any bonds that WHEDA issues to finance loans for Taliesin is exempt from state taxation. Further, real or personal property of Taliesin is exempted from general property taxation.

In October, 1993, a loan of $8,000,000 was made under this program and $7,583,600 was disbursed to the Taliesin Preservation Commission through the proceeds of debt instruments issued by WHEDA. The WDRF was used to guarantee 90% of the principal amount of the loan. WHEDA and the Commission restructured the loan agreement in April, 1997 to (a) eliminate interest on the loan, (b) defer payment of $6.5 million in principal until January, 1999, and (c) require principal payments over a 20-year period on $1.1 million.

A large portion of the Commission loan ($6,494,700) defaulted in January, 1999. The WDRF, as guarantor, was responsible for repayment of 90% of the defaulted amount, or $5,845,200, with the remaining amount paid from a WHEDA reserve account for the loan. 1999 Act 9 transferred $5,845,200 in December, 1999, from the housing rehabilitation loan program administration fund to the WDRF to pay off the guarantee on the defaulted portion of the Taliesin loan. 1999 Act 9 further eliminated the guarantee program used for the Taliesin loan. The Commission has paid off $302,200 on the remaining $1,122,200 in disbursements, with $820,000 in principal remaining outstanding on June 30, 2004.

Safe Drinking Water Loan Guarantee Program

The 1997 biennial budget act created a safe drinking water loan guarantee program to guarantee up to 80% of the principal of loans for projects that improve the quality of drinking water in water systems not owned by local units of government. Unlike most other guarantee programs listed in this section, eligible loans are guaranteed by funds deposited to the Wisconsin drinking water reserve fund, which consists of deposits from the safe drinking water loan fund, funds received for the program from any other source and the interest income from the fund. The Department of Natural Resources (DNR), with the approval of DOA, is authorized to transfer funds from the safe drinking water fund appropriations. WHEDA is required to regularly monitor the fund to ensure a balance of at least one dollar for every $4.50 in total outstanding guaranteed principal authorized under the program.

Although WHEDA plans to guarantee 80% of the principal of an eligible loan, they have the flexibility to establish a lower percentage for all loans guaranteed or different percentages (up to 80%) for individual loans. The total outstanding principal amount for all guaranteed safe drinking water loans is not allowed to exceed $3.0 million, unless the Joint Committee on Finance, under s. 13.10, permits the Authority to increase or decrease the amount. A request for additional authority must include a projection that compares the next June 30 balance, less the amount necessary to fund guarantees under the program and to pay outstanding claims, with the same balance if the request is approved.

WHEDA is required to enter into a guarantee agreement with lenders wishing to participate in the program. However, as of June 30, 2004, DNR and WHEDA have not implemented the program.

WHEDA may only use the Wisconsin drinking water reserve fund to guarantee safe drinking water loans. WHEDA may guarantee a loan under the program if all of the following apply:

1. The borrower is not a local unit of government;

2. The borrower is either: (1) an owner of a "community water system" (a public water system that serves at least 15 service connections used by year-round residents or regularly serves at least 25 year round residents); or (2) is the owner of a public nonprofit water system that is not a community water system (for example, a private school).

3. The loan, as determined by DNR, either facilitates compliance with national primary drinking water regulations or otherwise significantly furthers the health protection objectives of the federal Safe Drinking Water Act.

4. The lender of the loan enters into a guarantee agreement with WHEDA.

All loans guaranteed under this program are backed by the moral obligation of the Legislature to appropriate any funds necessary to meet the obligations created. As of June 30, 2004, WHEDA has not guaranteed any safe drinking water loans under this program and no monies have been transferred from the safe drinking water fund.

Neighborhood Business Revitalization Guarantee Program

In addition to loan guarantee programs funded from the WDRF, WHEDA funds an economic development loan guarantee program, known as the neighborhood business revitalization loan guarantee program, from its unencumbered general reserves. This program, started by WHEDA in 2003, provides guarantees of the principal amount of loans made by financial institutions to businesses or developers for the expansion or acquisition of a small business (with annual revenue of less than $5 million) or commercial real estate. The business or real estate must be located in a community with a population of at least 35,000. Under the program, WHEDA will guarantee up to 75% or $750,000 of the principal of loans made for fixed assets and inventory, and up to 75% or $200,000 for loans made to finance working capital. The maximum term of these loans is five years for a fixed assets or inventory loan and two years for a loan for working capital. Interest rates for these loans are set by the lender, with WHEDA's approval, and a variable rate loan may not exceed the prime rate plus 2.75%. WHEDA charges a loan application fee of $200, a closing fee of 2% of the guaranteed principal amount, and an annual servicing fee of 0.25% of the amount guaranteed.

In 2003, a total of four loans for $2,850,000, with a total guarantee amount of $1,924,998, were made. No loans had been made in 2004 through June 30.

APPENDICES

The following appendices are included to provide additional information on the Authority and its programs.

- Appendix I details the 2004-05 proposed allocation of WHEDA's unencumbered general reserves.

- Appendix II lists Wisconsin county median incomes that are used for eligibility purposes in certain housing programs.

- Appendix III indicates HOME program targeted areas.

- Appendix IV displays WHEDA's HOME program activity.

- Appendix V displays home improvement loan program activity.

- Appendix VI provides summary information regarding each current WHEDA program.

APPENDIX I

Proposed Allocation of WHEDA Unencumbered General Reserves
2004-05

Activity	Amount
Home Ownership	$3,250,000
Multifamily Housing	500,000
Small Business and Economic Development	775,000
Housing Grants and Services	1,500,465
Lapse to the State's General Fund*	2,125,000
TOTAL	$8,150,465

*2003 Act 33 required a transfer of $2,125,000 to the state's general fund.

Source: WHEDA 2004-05 "Dividends for Wisconsin" plan submitted December, 2004.

APPENDIX II

Estimated 2004 Median Household Income by County

County	Median Income	County	Median Income
Adams	$43,800	Marathon	$58,500
Ashland	43,600	Marinette	46,800
Barron	52,800	Marquette	45,500
Bayfield	44,200	Menominee	31,500
Brown	63,000	Milwaukee	63,800
Buffalo	50,700	Monroe	49,000
Burnett	45,500	Oconto	53,100
Calumet	62,700	Oneida	50,400
Chippewa	56,200	Outagamie	62,700
Clark	46,100	Ozaukee	63,800
Columbia	58,600	Pepin	50,600
Crawford	45,900	Pierce	76,400
Dane	73,200	Polk	54,700
Dodge	58,300	Portage	61,800
Door	53,200	Price	46,400
Douglas	53,200	Racine	60,500
Dunn	53,200	Richland	46,100
Eau Claire	56,200	Rock	58,200
Florence	48,100	Rusk	42,300
Fond du Lac	58,200	Sauk	54,400
Forest	44,100	Sawyer	43,900
Grant	49,500	Shawano	49,700
Green	56,200	Sheboygan	59,400
Green Lake	53,200	St. Croix	76,400
Iowa	57,500	Taylor	50,000
Iron	42,500	Trempealeau	50,300
Jackson	48,200	Vernon	45,800
Jefferson	59,400	Vilas	46,500
Juneau	47,100	Walworth	62,200
Kenosha	62,800	Washburn	44,800
Kewaunee	58,200	Washington	63,800
La Crosse	56,200	Waukesha	63,800
Lafayette	49,300	Waupaca	54,100
Langlade	46,200	Waushara	47,700
Lincoln	53,600	Winnebago	62,700
Manitowoc	56,100	Wood	56,700

Source: U.S. Department of Housing and Urban Development, 2004.

APPENDIX III

Homeownership Mortgage Loan Program (HOME)

Targeted Areas

Targeted areas are census tracts in the state in which 70% of the families have an annual income of 80% or less of the statewide median income or areas determined by the state and approved by the federal Departments of Treasury and Housing and Urban Development to be areas of chronic distress. In determining an applicant's annual income, the income of any child or parent of the applicant is not considered unless the child or parent applies for the loan in conjunction with the applicant.

Rural Targeted Areas

Entire Counties			Partial Municipalities	Partial County
Ashland	Crawford	Marquette	Augusta--Eau Claire County	Vilas
Barron	Iron	Oconto	Clear Lake--Polk County	
Bayfield	Jackson	Rusk	La Farge--Vernon County	
Burnett	Juneau	Sawyer		
Clark	Marinette	Trempealeau		

Urban Targeted Areas

Portions of These Cities		
Beloit	Kenosha	Oshkosh
Fond du Lac	La Crosse	Racine
Green Bay	Madison	Superior
Janesville	Milwaukee	Wausau

APPENDIX IV

Homeownership Mortgage Loan Program (HOME) Bonding Activity (as of June 30, 2004)

Bond Issue	Amount of Bonds Issued	Amount Available for Loans	Mortgage Rate
1982 Series A	$100,000,000	$89,641,656	13.75%
1982 Issue II	50,000,000	49,097,612	10.75, 11.0
1983 Issue I	60,000,000	52,213,244	10.25
1983 Issue I	90,000,000	80,436,614	10.70
1983 Issue II	35,000,000	31,971,568	11.00
1984 Issue I	140,000,955	116,242,940	11.25
1984 Issue II	41,110,948	32,836,675	10.90
1985 Issue I	169,995,438	155,959,688	9.65
1985 Issue II	10,003,263	9,172,580	9.90
1985 Issue III	19,495,597	18,060,409	9.75
1986 Series A	30,740,000	28,850,000	8.65
1986 Series B	67,105,000	62,500,000	7.99
1987 Series A	44,625,000	42,000,000	8.85
1987 Series B&C	100,000,000	94,750,000	8.75
1987 Series D&E	42,000,000	39,250,000	8.99
1988 Series A&B	75,000,000	71,160,000	8.875
1988 Series C	135,000,000	130,843,434	8.80
1988 Series D	204,999,158	198,585,859	8.60
1989 Series A	36,150,000	35,251,514	8.97
1989 Series B&C	73,769,715	71,542,450	8.55
1990 Series A,B&C	168,130,000	163,637,469	8.95
1990 Series D&E	79,300,000	76,805,714	8.88
1991 Series A,B&C	93,000,000	86,641,615	8.85
1991 Series 1,2&3	97,565,000	94,823,229	8.21, 7.9
1992 Series A&B	96,285,000	79,760,000	7.99
1992 Series 1&2	100,000,000	98,097,000	7.71
1993 Series A&B	116,165,000	114,150,000	7.00, 8.25
1994 Series A&B	82,645,000	70,468,982	6.50, 8.25
1994 Series C&D	50,000,000	48,957,000	7.68
1994 Series E&F	30,000,000	29,800,000	8.49
1995 Series A&B	125,000,000	121,355,383	8.17
1995 Series C,D&E	100,000,000	96,910,590	7.79
1995 Series F,G&H	70,000,000	68,600,000	7.60
1996 Series A&B	75,000,000	74,180,000	7.13
1996 Series C&D	75,000,000	74,167,000	7.47
1996 Series E&F	60,000,000	59,223,000	7.04
1997 Series A,B&C	85,000,000	84,189,000	7.49
1997 Series D,E&F	95,000,000	94,029,000	7.01
1997 Series G,H&I	75,000,000	73,869,000	6.74
1998 Series A,B&C	126,785,000	101,785,400	6.42
1998 Series D&E	115,000,000	113,887,742	6.60
1998 Series F&G	95,000,000	94,021,706	6.54
1999 Series A&B*	68,215,000	0	N.A.
1999 Series C,D&E	90,000,000	89,098,970	6.65
1999 Series F,G,H&I	80,000,000	80,000,000	6.87
2000 Series A,B&C	70,000,000	69,279,000	7.79
2001 Series A,B,C&D	94,060,000	85,126,000	6.50
2002 Series A,B,C&D	135,565,000	78,230,000	5.87
2002 Series E,F,G&H	160,000,000	113,114,000	5.87
2002 Series I&J	95,000,000	95,000,000	5.87
2003 Series A	110,000,000	109,164,000	5.40
2003 Series B	110,000,000	108,878,000	5.38
2003 Series C&D	110,215,000	87,304,000	5.54
2004 Series A&B	136,295,000	126,763,000	5.45
TOTAL	$4,785,220,074	$4,371,682,043	

*1999 Series A & B were used solely to refund previously issued bonds.

APPENDIX IV (continued)

Homeownership Mortgage Loan Program (HOME)

Loan Activity

Year	Number of Loans	Amount
1980	770	$28,558,498
1981	208	9,783,833
1982	1,284	43,660,764
1983	5,073	187,441,013
1984	4,007	154,763,106
1985	4,790	178,692,094
1986	2,263	84,187,848
1987	3,782	156,612,841
1988	4,338	181,742,936
1989	6,263	280,280,326
1990	6,951	317,373,822
1991	4,112	180,466,199
1992	4,523	206,007,576
1993	2,112	92,299,271
1994	4,079	207,870,035
1995	4,671	254,120,816
1996	3,813	201,902,977
1997	3,912	224,500,694
1998	4,497	287,891,179
1999	3,334	218,891,179
2000	3,488	231,935,053
2001	2,642	193,981,367
2002	3,514	287,703,871
2003	4,010	360,820,996
2004*	1,928	187,209,968
TOTAL	90,364	$4,758,698,262

*Through June 30.

APPENDIX V

Home Improvement Loan Program

Bonding Activity (as of June 30, 2004)

Bond Issue	Amount of Bonds Issued	Amount Available for Loans	Mortgage Rate
R-1 Subordinated	$4,880,000	---	---
1979 Series A	20,120,000	$22,398,868	4, 6, 8%
1981 Series A	9,990,000	12,761,268	9.9, 12.9, 14
1983 Series A	10,000,000	10,275,307	10.95
1984 Series A	9,999,850	9,773,539	10.95
1985 Series A	10,000,000	10,275,000	10.5
Prepayments and Excess Revenues	---	2,700,000	8.0
1988 Series A	12,635,000	11,679,975	8.75
1990 Series A&B	10,000,000	9,272,200	8.75
1992 A&B	10,000,000	9,140,250	8.0
TOTAL	$97,624,850	$98,276,407	

Loan Activity by Calendar Year

Year	Number of Loans	Amount
1979	448	$2,504,434
1980	2,800	16,636,013
1981	255	1,480,773
1982	981	5,931,679
1983	1,084	6,339,121
1984	1,720	11,591,423
1985	1,275	8,758,421
1986	365	2,688,067
1987	160	1,152,813
1988	654	3,911,100
1989	1,324	7,646,729
1990	977	6,624,234
1991	580	4,135,288
1992	454	3,448,632
1993	311	2,354,315
1994	342	2,875,314
1995	330	3,082,895
1996	194	1,669,447
1997	176	1,646,106
1998	145	1,376,213
1999	111	1,097,043
2000	100	1,035,813
2001	55	497,948
2002	53	578,320
2003	49	558,077
2004*	22	287,205
TOTAL	14,965	$99,907,423

*Through June 30.

APPENDIX VI

WHEDA PROGRAMS
Summary Information

Program	Purpose	Funding Source	Program Expenditures
Home Ownership Mortgage Loan Program (HOME)	Mortgage loans for the purchase of homes by low- and moderate-income households.	Revenue bond proceeds	In 2003, 4,010 loans totaling $360,820,996 were made.
Home Improvement Loan Program	Housing rehabilitation loans to low- and moderate-income households.	Revenue bond proceeds	In 2003, 49 loans totaling $558,077 were made.
Multifamily Loan Program	Financing to developers of multifamily projects for low- and moderate-income households.	Revenue bond proceeds	In 2003, loans of $59,156,300, representing 28 projects and 1,639 units, were made.
HOME Plus Program	Deferred loans of up to $10,000 for home mortgage closing costs.	WHEDA unencumbered reserves	In 2003-04, 960 loans totaling $8,980,103 were made.
Lease Purchase Program	Loans to local sponsors for purchase of single-family homes to be leased (with option to buy) to low-income households.	WHEDA unencumbered reserves	In fiscal year 2003-04, 2 loans totaling $254,550 were made.
WHEDA Foundation Grant Program	Grants to nonprofit organizations for housing-related purposes.	WHEDA unencumbered reserves	In 2004, $800,000 was earmarked for Foundation grants to 43 organizations.
Property Tax Deferral Loan Program	Loans to low-income elderly homeowners for payment of property taxes.	WHEDA unencumbered reserves	In 2003, loans totaling $360,400 were made to 173 homeowners.
Low-Income Housing Tax Credit Programs	Federal tax credits to developers of low-income rental housing.	Federal tax credits	In calendar year 2003, $11,641,161 worth of 2003 tax credits were approved.
Housing Choice Voucher Program	Federal housing vouchers to low-income households which agree to develop financial plans leading to economic independence.	Federal funds	In 2004 WHEDA allocated 1,098 vouchers for $2,600,000.
Linked Deposit Loan Program (LiDL)	Provide economic development loans to small businesses at least 50% owned or controlled by minority group members or women.	WHEDA unencumbered reserves	In 2003, 16 loans totaling $801,364 were made.
Beginning Farmer Loan Program	Provide loans to beginning farmers, as defined in Internal Revenue Code.	Revenue bond proceeds	As of June 30, 2004, loans totaling $10,179,497 had been made under this program.
Job Training Loan Guarantee Program	Guarantee loans for job training programs.	WHEDA Job Training Reserve Fund	As of June 30, 2004, no loans had been guaranteed under this program.

APPENDIX VI (continued)

WHEDA PROGRAMS
Summary Information

Program	Purpose	Funding Source	Program Expenditures
Safe Drinking Water Loan Guarantee Program	Guarantee loans for projects to improve the quality of drinking water in water systems not owned by local units of government.	WHEDA Drinking Water Reserve Fund	As of June 30, 2004, zero loans had been guaranteed under this program.
Credit Relief Outreach Program (CROP)	Guarantee agricultural production loans to farmers and provide subsidies on those loans. (Up to $27 million in guaranteed principal when combined with FARM guarantees).	WDRF	In 2003, 481 loans were guaranteed for a total of $9,662,608.
Farm Asset Reinvestment Management Loan Guarantee Program (FARM)	Guarantee for the acquisition of farm assets and / or improvements of agricultural facilities or land. (Up to $27 million in guaranteed principal when combined with CROP guarantees).	WDRF	In 2003, 24 loans were guaranteed for a total of $1,100,220.
Small Business Loan Guarantee Program	Guarantee loans for the acquisition or expansion of a business with less than 50 employees.	WDRF	In 2003, 22 loans were guaranteed for a total of $2,974,271.
Agribusiness Loan Guarantees	Guarantee loans for projects resulting in the development of new or more viable methods for processing or marketing a Wisconsin-grown commodity.	WDRF	In 2003, no loans were made under this program. In 2004, through June 30, one loan had been made under this program with a guarantee amount of $200,000.
Neighborhood Business Revitalization Guarantee Program	Guarantee loans for the expansion or acquisition of small businesses or commercial real estate.	WHEDA unencumbered reserves	In 2003, 4 loans were guaranteed for a total of $1,924,998.