

WI-CARH/Rural Development Liaison Meeting
Tuesday, August 13, 2013
Rural Development State Office
Stevens Point, WI

Those in attendance for Rural Development were Debbie Biga, Dave Schwobe, Bob Hernandez and State Director, Stan Gruszynski attended the last half hour of our meeting. Mary Vinopal, Russ Kaney, and Russ Endres attended for WI-CARH and David Sheperd was unable to attend.

2013 Budget Effects on Programs: Debbie reported 27 projects in Wisconsin are impacted by the budget shortfall in September. Many of these projects do have enough cash to get by. They are currently working on a plan with the area offices - options include deferral of mortgage payments, paying from reserves, repaying from excess cash. Their rental assistance (RA) contracts come up in September, and if they are not funded, the new contract will be started in October, which is the first month of the fiscal year. Debbie indicated that it is very important that the contracts not be allowed to zero out or they will not be replaced. There is some concern of a government shutdown in the event they do try to fund Obama care.

Multi-Family Preservation and Revitalization (MPR) Program: The pre-application closed in February and currently 19 million dollars is funded. There are 588 projects nationwide. Approximately 6 projects applied in Wisconsin, and three are moving forward on processing, which represent approximately 120 units in Wisconsin. There is concern on some of the MPR applications that the cost was too high. RD believes that rehab should not exceed 50% of the cost of new construction. Bob reported that he is on one project with rehab costs at \$29,000 per unit, which is an issue with RD.

As far as interest towards reserve on MPR - Debbie agreed to look into how interest earnings play into the annual budgets for projects that have gone through the MPR process. Entry interest earnings should be treated as part of the annual deposit not additional deposits to the reserve.

Preservation Revolving Loan Fund (PRLF): Debbie reported there are funds available in Wisconsin. Impact Seven has approximately \$45,000 available, and WHEDA has approximately \$1 million. Bill Boerigter administers this program for WHEDA, and they have a one-year extension to utilize the funds.

538 Program: The 538 program closes at the end of December. We must have applications in by the end of September 2013.

Voucher Update: In 2012, 1200 new vouchers were added, in addition 2000 renewals were added in Wisconsin. We received 28 new vouchers and we renewed 93 vouchers. Currently there are seven prepayment plans approved in the state of Wisconsin representing about 94 units. Leaving the program in the past year, three projects left representing about 42 units leaving the program. There were 11 foreclosures and short sale projects that left the program which represent about 130 units.

Improper Payments Information Act (IPIA): Debbie reported that nationally, the error rate was below 1.79. In Wisconsin in 2012, 14 files were reviewed, and there were zero errors. In 2013, 11 files were reviewed, and there were zero errors. National Office also presented the

findings from the tenant file reviews done during the supervisory visits. Although the error rate is calculated differently than IPIA, tenant file reviews showed 6% of the files reviewed had errors. So much work remains to be done at the site manager level. States will be providing training in the future on these errors that were found. There will be a webinar on August 21 sponsored by CARH .

USDA Training: Debbie reported there would be borrower training on August 21, 2013 from 9 a.m. until noon. Rural Development will have five host locations throughout the state for borrowers who wish to view a webinar added RD office.

It's anticipated 11 Rural Development personnel will be attending the WI-CARH conference in November.

Russ Endres asked about difficulties in establishing bank accounts. Presently, many of the banks we work with will not agree to the Rural Development rules on processing payments. Dave Schwobe indicated that they do have problems not so much in multi- family, however, in single-family with these types of accounts. It was agreed that Dave and Debbie would be looking into this matter to see what can be done, and they did understand the problem.

Buyers and Sellers Conference April 29, 2014 at the Crowne Plaza, Madison:

Russ Kaney reported Larry Anderson formerly of the national office of Rural Development will be attending our fall conference and will be a major speaker at the 2014 buyers and sellers conference. Stan Gruszynski indicated that he meets on a regular basis with state directors from the Midwest region. He asked if it would be a good idea for the state directors to attend this buyers and sellers conference, and we certainly think it would be a great idea.

Future Liaison Meeting Dates:

February 11, 2014 at 10 a.m. and August 12, 2014 at 10 a.m. both in the Stevens Point at the state office.

Meeting Adjourned

Respectfully Submitted,
Russ Endres, Secretary