



# Associated Wealth Management

February 25, 2013

Community Development Block Grant Committee  
City of Madison, Community Development Division  
215 Martin Luther King Jr Blvd, Room 225  
PO Box 2627  
Madison, WI 53701

**RE: Request to Transfer HOME Loan from WISH Trust to Ponwood Circle, LLC**

To Whom It May Concern:

In 2006, a non-profit entity known as Wisconsin Initiatives in Sustainable Housing Trust ("WISH Trust") was created to provide low-income affordable housing for disabled individuals in Wisconsin.

WISH Trust was organized to help carry out the missions of ARC Wisconsin Disability Association, Inc. and Movin' Out, Inc. ("Movin' Out"). The underlying purpose of the Trust was to finance, manage, maintain and promote safe, decent, affordable, accessible, and sustainable housing for low-income or disabled individuals of Wisconsin.

Initial funding of WISH Trust occurred in 2006 with the purchase of a condo located at 132 Ponwood Circle, Unit A, Madison, Wisconsin. As part of the condo purchase, WISH Trust received assistance in the amount of \$42,500 from the HOME Loan program.

Over the past six years, the Ponwood condo has been rented to low-income tenants, and the mission of WISH Trust has been followed. With that said, six years ago the individual that started WISH Trust envisioned a much larger Trust that would be funded with multiple condo and apartment properties. Unfortunately, the growth of WISH Trust never occurred, and only one property was ever added to the Trust. In addition, the individual who started WISH Trust has left the organization, and the long-term viability of WISH Trust remains uncertain.

With only one property held in WISH Trust, it has become uneconomical to administer the Trust, and difficult to effectively manage the property. For this reason, Associated Trust Company, as Trustee of WISH Trust, has determined the best course of action moving forward is to transfer all WISH Trust property, in-kind, to Ponwood Circle, LLC ("Ponwood Circle").

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Ponwood Circle is a single-member LLC whose sole member, Movin' Out, is a 501(c)3 non-profit organization. The plan is for Ponwood Circle to hold legal title of the property, and Movin' Out to provide property management services. This is similar to the current arrangement, as Movin' Out has provided property management services for the condo for the past seven years.

Most importantly, the transfer of property from WISH Trust to Ponwood Circle allows the property to continue to be used as affordable housing. The underlying objectives of WISH Trust, Movin' Out, and Ponwood Circle are all very similar, in that the organizations strive to provide affordable housing to low-income and disabled individuals in the State of Wisconsin.

In order to move forward with the transfer of property from WISH Trust to Ponwood Circle, Associated Trust Company hereby requests from the CDBG Committee, approval to transfer the outstanding HOME Loan from WISH Trust to Ponwood Circle, LLC.

Ponwood Circle and Movin' Out have sufficient resources currently and in the future to manage and maintain the property, rent the property, and to continue day-to-day operations of the property. Ponwood Circle has agreed to accept WISH Trust property, along with all debts and obligations of the property, including the terms and conditions of the outstanding HOME Loan.

All parties involved with WISH Trust have been notified of the potential transfer of property to Ponwood Circle. All parties agree the transfer of property is the best and perhaps only viable alternative to continue providing low-income affordable housing at the Ponwood location.

For the reasons stated above, Associated Trust Company, as Trustee of WISH Trust, hereby requests from the CDBG Committee approval to transfer the outstanding HOME Loan from WISH Trust to Ponwood Circle, LLC.

Thank you for the consideration of our request, and please do not hesitate to contact me with any questions at (608) 259-3657

Sincerely,

A handwritten signature in black ink, appearing to read 'Timothy A. Hazeltine'.

Timothy A. Hazeltine, CFP  
Vice President – Personal Trust  
Associated Trust Company, N.A.  
8040 Excelsior Drive  
Madison, WI 53717  
(608) 259-3657



**Movin' Out**

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*Housing ideas for people with disabilities.*

February 26, 2013

Community Development Block Grant Committee  
City of Madison, Community Development Division  
215 Martin Luther King J. Blvd, Room 225  
P.O. Box 2627  
Madison WI 53701

To Whom It May Concern,

This letter is in regards to the requested transfer of the property located at 132 Ponwood Circle, Unit A in Madison. The unit was purchased in 2006 by WISH Trust with the assistance of \$50,000 in HOME funds, of which \$42,500 is a long-term deferred HOME loan with the City of Madison. The unit is currently vacant and is being actively marketed as a rental unit to low-income households that include people with disabilities.

We plan to transfer the property from WISH Trust to Ponwood Circle LLC, a single-member LLC whose sole member is Movin' Out, Inc., a 501 (c) 3 non-profit organization. As noted in the attached letter from the Trustee; Tim Hazeltine of Associated Bank, we are requesting that the HOME loan be transferred to Ponwood Circle LLC at the same time that we transfer ownership of the property itself.

Please note that the property will be deeded rather than sold to Ponwood Circle LLC. There is currently a mortgage from Bank Mutual on the property which will be replaced with a new mortgage for the same amount (approximately \$24,000). The new HOME loan, mortgage, and LURA will be recorded after closing by the title company, with the LURA in first position.

At Movin' Out, we devote our skills, knowledge, and resources to linking people with disabilities to safe, affordable, small-scale, integrated housing. We help people find homes that enable them to be good neighbors and community members. Home ownership and small-scale rental provide alternatives to practices that segregate and congregate people with disabilities.

Movin' Out has managed the property since 2008. As per our mission, the unit has always been occupied by low-income persons with disabilities who qualify for long-term support services. Ponwood Circle LLC will continue to manage the unit according to HOME program guidelines.

Thank you for your time and consideration.

Sincerely,

Howard Mandeville  
Executive Director

**132A Ponwood Circle  
15 Year Operating Budget Pro Forma**

	<u>YR 1</u>	<u>YR 2</u>	<u>YR 3</u>	<u>YR 4</u>	<u>YR 5</u>	<u>YR 6</u>	<u>YR 7</u>	<u>YR 8</u>	<u>YR 9</u>	<u>YR 10</u>	<u>YR 11</u>	<u>YR 12</u>	<u>YR 13</u>	<u>YR 14</u>	<u>YR 15</u>
<b>Income</b>															
Rent Receipts (\$700/mo)	\$ 8,400	\$ 8,568	\$ 8,739	\$ 8,914	\$ 9,092	\$ 9,274	\$ 9,460	\$ 9,649	\$ 9,842	\$ 10,039	\$ 10,240	\$ 10,444	\$ 10,653	\$ 10,866	\$ 11,084
Other Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Gross Income</b>	<b>\$ 8,400</b>	<b>\$ 8,568</b>	<b>\$ 8,739</b>	<b>\$ 8,914</b>	<b>\$ 9,092</b>	<b>\$ 9,274</b>	<b>\$ 9,460</b>	<b>\$ 9,649</b>	<b>\$ 9,842</b>	<b>\$ 10,039</b>	<b>\$ 10,240</b>	<b>\$ 10,444</b>	<b>\$ 10,653</b>	<b>\$ 10,866</b>	<b>\$ 11,084</b>
Vacancy (5%)	\$ (420)	\$ (428)	\$ (437)	\$ (446)	\$ (455)	\$ (464)	\$ (473)	\$ (482)	\$ (492)	\$ (502)	\$ (512)	\$ (522)	\$ (533)	\$ (543)	\$ (554)
<b>Effective Gross Income</b>	<b>\$ 7,980</b>	<b>\$ 8,140</b>	<b>\$ 8,302</b>	<b>\$ 8,468</b>	<b>\$ 8,638</b>	<b>\$ 8,811</b>	<b>\$ 8,987</b>	<b>\$ 9,167</b>	<b>\$ 9,350</b>	<b>\$ 9,537</b>	<b>\$ 9,728</b>	<b>\$ 9,922</b>	<b>\$ 10,121</b>	<b>\$ 10,323</b>	<b>\$ 10,529</b>
<b>Operating Expenses</b>															
Condo Dues (\$210/mo)	\$ 2,520	\$ 2,596	\$ 2,673	\$ 2,754	\$ 2,836	\$ 2,921	\$ 3,009	\$ 3,099	\$ 3,192	\$ 3,288	\$ 3,387	\$ 3,488	\$ 3,593	\$ 3,701	\$ 3,812
Repairs	\$ 900	\$ 927	\$ 955	\$ 983	\$ 1,013	\$ 1,043	\$ 1,075	\$ 1,107	\$ 1,140	\$ 1,174	\$ 1,210	\$ 1,246	\$ 1,283	\$ 1,322	\$ 1,361
Materials for Repairs	\$ 360	\$ 371	\$ 382	\$ 393	\$ 405	\$ 417	\$ 430	\$ 443	\$ 456	\$ 470	\$ 484	\$ 498	\$ 513	\$ 529	\$ 545
Water / Sewer / Salt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Replacement Reserves	\$ 1,200	\$ 1,236	\$ 1,273	\$ 1,311	\$ 1,351	\$ 1,391	\$ 1,433	\$ 1,476	\$ 1,520	\$ 1,566	\$ 1,613	\$ 1,661	\$ 1,711	\$ 1,762	\$ 1,815
Insurance	\$ 200	\$ 206	\$ 212	\$ 219	\$ 225	\$ 232	\$ 239	\$ 246	\$ 253	\$ 261	\$ 269	\$ 277	\$ 285	\$ 294	\$ 303
Other Taxes, Licenses, Fees	\$ 100	\$ 103	\$ 106	\$ 109	\$ 113	\$ 116	\$ 119	\$ 123	\$ 127	\$ 130	\$ 134	\$ 138	\$ 143	\$ 147	\$ 151
<b>Total Operating Expenses</b>	<b>\$ 5,280</b>	<b>\$ 5,438</b>	<b>\$ 5,602</b>	<b>\$ 5,770</b>	<b>\$ 5,943</b>	<b>\$ 6,121</b>	<b>\$ 6,305</b>	<b>\$ 6,494</b>	<b>\$ 6,689</b>	<b>\$ 6,889</b>	<b>\$ 7,096</b>	<b>\$ 7,309</b>	<b>\$ 7,528</b>	<b>\$ 7,754</b>	<b>\$ 7,986</b>
Net Operating Income	\$ 2,700	\$ 2,701	\$ 2,701	\$ 2,699	\$ 2,695	\$ 2,690	\$ 2,682	\$ 2,673	\$ 2,661	\$ 2,648	\$ 2,632	\$ 2,613	\$ 2,593	\$ 2,569	\$ 2,543
Debt Service (P&I)	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800
<b>NET CASH FLOW</b>	<b>\$ 900</b>	<b>\$ 901</b>	<b>\$ 901</b>	<b>\$ 899</b>	<b>\$ 895</b>	<b>\$ 890</b>	<b>\$ 882</b>	<b>\$ 873</b>	<b>\$ 861</b>	<b>\$ 848</b>	<b>\$ 832</b>	<b>\$ 813</b>	<b>\$ 793</b>	<b>\$ 769</b>	<b>\$ 743</b>

Debt Coverage Ratio                      1.50              1.50              1.50              1.50              1.50              1.49              1.49              1.48              1.48              1.47              1.46              1.45              1.44              1.43              1.41

Assumptions: revenue rises 2%/year; expenses rise 3%/year

High HOME rent limit (as of 2/9/13)	\$ 899 per month
Income limit (50%) 2-person HH	\$ 32,400 per year

## 132A Ponwood

### Pro forma for transfer of property

<b>Transfer &amp; Carrying Costs</b>		
Fees & closing costs	\$ 1,500	
Carrying Costs	\$ 1,200	<i>Jan-March 2013</i>
Legal fees	\$ -	
<b>Subtotal Transfer &amp; Carrying Costs</b>	<b>\$ 2,700</b>	
<b>Improvements</b>		
New Appliances	\$ 1,325	
Other repairs	\$ 500	
Painting	\$ 1,510	
<b>Subtotal Improvements</b>	<b>\$ 3,335</b>	
<b>Total Project Costs</b>	<b>\$ 6,035</b>	
<b>Debt on Property</b>		
Payoff - 1st Mortgage BaMu	\$ 24,000	<i>Replace with new mortgage</i>
Payoff - city HOME	\$ 42,500	<i>Transfer to new owner w/CDBG approval</i>
Payoff-AHP	\$ 7,000	<i>Transfer to new owner w/FHLB approval</i>
Movin' Out Equity	\$ 1,000	<i>Stays in property</i>
<b>Total Debt:</b>	<b>\$ 74,500</b>	
Appraised Value	\$ 77,000	<i>Appraisal dated 10-18-2012</i>

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