

**CITY OF SPARTA  
COMMUNITY DEVELOPMENT BLOCK GRANT COMMISSION AGENDA  
JULY 12, 2023  
5:15 P.M. CITY HALL**

1. Call Meeting to Order
2. Consent Agenda: Consisting of minutes from the June 14, 2023 meeting
3. Discuss Marta Volden file from previous MSA Housing Loan Program and closing out MSA
4. Discuss and finalize the manual for the new Housing Loan Program
5. Update on CDBG Financials
6. Items for Future Consideration
7. Adjourn

A possible Quorum of the Common Council may be in attendance at this meeting.  
No action will be taken by the Council.

Posted 07.10.2023

**CITY OF SPARTA  
COMMUNITY DEVELOPMENT BLOCK GRANT COMMISSION MINUTES  
JUNE 14, 2023 AT 5:15 P.M.  
CITY HALL**

**Present:** Matthew Hoffland, Kevin Brueggeman, Robert Arnold, Becky Oswald,  
Toni Polkoski

**Absent:** Todd Fahning

Matthew Hoffland called the meeting to order at 5:15 p.m.

**A motion was made by Kevin Brueggeman and seconded by Robert Arnold to approve the May 10, 2023 meeting minutes. Motion carried 5-0.**

Discussion:

Seth Peters, owner of 142 N Water Street business would like to request a Façade loan of \$2,826.53 to put 2 new doors in his business. He received a quote from Mathison Home Improvements, LLC.

**A motion was made by Becky Oswald and seconded by Toni Polkoski to approve the façade request. Motion carried 5-0.**

Discussion:

Subordination request by Altra Federal Credit Union for Steven R & Bonnie J Scholze at 907 John Street Sparta, WI 54656. All information requested by the City was provided by Altra Federal Credit Union. This would put the City of Sparta in 2<sup>nd</sup> position.

**A motion was made by Toni Polkoski and seconded by Kevin Brueggeman to approve the subordination request. Motion carried 5-0.**

Discussion:

Subordination request by Citizens First Bank in Sparta for Kevin Lydon at 110 S Water Street Sparta, WI 54656. All information requested by the City was provided by Citizens First Bank. This would put City of Sparta in 2<sup>nd</sup> position.

**A motion was made by Becky Oswald and seconded by Robert Arnold to approve the subordination request. Motion carried 5-0.**

Discussion:

2023 Housing Loan Program Manual. Items were discussed but approval was tabled until the next meeting due to further discussion needed.

Discussion:

Financials- After all requests have been made, the amount left in the CDBG account will be \$396.55.

Items for Future Consideration:

We will have more discussion to finalize the 2023 Housing Manual to get the program up and running.

**A motion was made by Kevin Brueggeman and seconded by Robert Arnold to adjourn the meeting at 5:55 p.m. Motion carried 5-0.**

Respectfully submitted,

Jackie Gerl

CDBG Coordinator/Deputy City Clerk

## Jackie Gerl

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**From:** Kari Justmann <Kjustmann@msa-ps.com>  
**Sent:** Tuesday, June 13, 2023 12:24 PM  
**To:** Jackie Gerl  
**Subject:** Insurance cancellation & Marta Volden

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Thanks for the update! Will you be following up with them?

Also, I heard back from DOA regarding Marta Volden. I explained the issues and told them that there was an ongoing lawsuit from 2020 that has not been settled. I asked DOA if we could discontinue the program at this time.

DOA responded with this, "If this file is closed and the applicant has received a closeout letter, this project can be deemed complete and the City of Sparta can discontinue their program."

So, my question is this ... will the city be agreeable to having me send a closeout letter to Marta so the program can be discontinued? Currently, there is a balance of \$1,569.84 on her project (we would reduce her loan by that much and send the closeout letter). She has used the balance over the last few years for additional inspections needed from General Engineering to determine what should be done to fix some of the foundation issues and the necessary work needed to fix the issues. The last time she requested funds was in May 2022.

I don't really know what the program would need to do if the lawsuit does not go in favor of Marta since she has used all her program funds to fix the issues created by the contractor – at least that is what the inspection reports say. The program can't pay for the same work twice and since we've paid to have the original foundation work corrected and say the contractor would end up winning the lawsuit, the program could not pay for the original work he did because it would be a duplication of funds. I hope this makes sense!?

Please review and maybe have your attorney take a look and see what they say??

Thanks!  
Kari

**From:** Jackie Gerl <cdbg@spartawisconsin.org>  
**Sent:** Tuesday, June 13, 2023 11:38 AM  
**To:** Kari Justmann <Kjustmann@msa-ps.com>  
**Subject:** [EXTERNAL] Insurance Cancellation

Good Morning Kari

I am sending these two Insurance Cancellation forms over for your records. Just wanted to make you aware.

Thank you

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**City of Sparta**  
**Block Grant Housing Program**

**Established 2023**

## **Program Objectives**

The City of Sparta has created the Community Home Rehabilitation Loan Program (CHRLP) to establish a Loan Program for use in rehabilitating owner occupied homes by low, and moderate, income residents. The program is designed to provide qualified homeowners with a no-interest, deferred payment home repair loan.

## **Program Administration**

The City of Sparta will establish a CHRLP committee for the purpose of approving loan policies, reviewing loan applications, approving/denying loan requests. The committee members will be appointed by the City of Sparta Mayor. The CHRLP committee will meet on the second Wednesday of the month at City Hall. Said meetings must comply with the Wisconsin Open Meetings Law.

The CHRLP will have a designated Program Administrator. The Administrator's duties will include publicizing the Program, receiving applications, verifying applicant eligibility, verifying loan request eligibility, maintaining written records of all meetings, loan applications, and maintain individual loan files. The Administrator will also be responsible for disbursement of Program funds and maintaining proper ledgers on the City's CHRLP funds as well as individually for each loan file.

The City of Sparta Building Inspector will also be the inspector for the home improvements approved by the Program. Each loan file will include a written authorization by the Building Inspector prior to funds being disbursed from the Program.

The City of Sparta Administrator and the CDBG Coordinator will oversee the program. The City Administrator and CDBG Coordinator will also be authorized to approve Emergency Loan requests under said program up to the amount of \$10,000. All conditions of eligibility remain in force, as well as administrative procedures.

## **CHRLP loan description**

All loans will be 0% loans. Loan repayment will be deferred at no interest until the housing unit ceases to be the borrower's principal place of residence. At that time, repayment will become due in full. Repaid funds will be returned the CHRLP balance to be used to fund other rehabilitation loans consistent with the most recent guidelines.

A mortgage and note will be issued in the name of the homeowner and against the borrower's property in the amount of the loan to ensure repayment. The maximum loan amount may not exceed \$20,000. Said mortgage will be recorded at the Register of Deeds office with the fee deducted from the approved loan amount.

The proposed loan amount when added to existing mortgages should not exceed 100% of the fair market value as indicated on the most recent tax bill.

## **Eligibility Requirements**

This program limits rehabilitation loans to improvements on single family owner, occupied homes.

Total income of all occupants in the home, ages 18 and older cannot exceed the income established annually by the Department of Housing and Urban Development defined as low and moderate income (LMI). Household size includes all full-time occupants including foster children, and any minor children residing in the household more than 50% of the year.

Income calculation includes all sources from members of the household at least 18 years old.

For occupants of a dwelling under a life estate agreement, it is the occupants of the dwelling that must qualify under the LMI guidelines.

When calculating qualifying income, the following may be excluded:

Earned income on tax returns; nonrecurring temporary income such as inheritance, insurance payments; income from foster care; scholarship; recurring medical expenses; state agency assistance for a developmentally disabled occupant; child support payments that continue for 1+ years.

### **CHRLP eligible properties**

The property must be located within the City of Sparta municipal limits. The property must be a permitted and/or conforming use under the zoning ordinance.

The total of the existing indebtedness on the property plus the amount of the requested CHRLP loan shall not exceed 100% of the fair market value as listed on the most recent real estate tax bill.

### **CHRLP description of eligible repairs**

In general, eligible rehab activities include only work necessary to put the property into habitable, safe and sanitary condition.

Examples of qualifying repairs include: roof, siding, windows, furnaces, water heater, adding to handicap accessibility, repair of existing central air conditioning.

Ineligible rehab activities include but are not limited to:

Cosmetic only landscaping, furnishings, appliances, finishing of unfinished spaces, repairs to accessory buildings. A unit is unsuitable for rehabilitation if it would cost more than 50% of the after rehab, value of the property to carry out all needed rehab activities.

Funds may not be used to reimburse property owners for work that has been contracted for or completed prior to the project being approved and in force.

**THE COMMITTEE MAY APPROVE OR DENY ANY PROPOSED REPAIRS AT THEIR DISCRETION.**

Funds may not be used for labor costs to any household member, any noninsured contractor, any unlicensed contractor.

### **APPLICATION PROCEDURES**

City of Sparta property owners may obtain an application and information sheet concerning the program from the Program administrator. At that time, the administrator will inform the property owner of the financial, insurance, bid requirements and any other information needed to be considered for the rehabilitation loan.

The applicant needs to submit the completed application with all required information. Incomplete submissions will not be accepted by the Project Administrator. All personal financial information will be kept confidential.

At a minimum, the completed submissions will include the following:

- An application completed in full
- A copy of the most recent property tax bill
- 2 bids by licensed/certified contractors for the proposed work
- A copy of the previous year tax return for each household occupant 18 yrs of age +
- A copy of the most recent paystub for each household occupant 18 yrs of age +
- A copy of the property home insurance and flood insurance, if applicable.

The Project Administrator will then verify the information provided based on eligibility guidelines. In addition, the Administrator should check that no delinquent taxes nor judgments exist against the property. A recommendation will be provided by the Administrator for any applications submitted at least 1 week prior to the Committee meeting on the 2nd Wednesday of each month.

The Project Administrator may request additional information or allow adjustments in required information as is deemed necessary.

The Committee's decision will be communicated in writing to the applicant in a timely manner. The Administrator will set an appointment with the property owners of approved application to move forward with the required loan procedures.

### **Complaint Procedure:**

An applicant may appeal the decision of the Committee by submitting, in writing, a request for reconsideration and the reason for the request. If the committee again determines the applicant to be ineligible, the municipal board will hear the appeal and make the final decision.



**Bid and Contract Requirements:**

The property owner is responsible for obtaining at least 2 bids by licensed/certified contractors for the proposed rehabilitation. The bids must be in the form of "labor and materials". Any exceptions to said format would need the approval of a City Administrator.

The rehabilitation contract is chosen and approved by the property owner. The City of Sparta will accept no liability for said contract, the quality of workmanship or materials, nor any delays in the completion of said project.

In the event the contract needs to be adjusted from the terms originally approved, the Project Administrator will collect a change order approval form. The City of Sparta Administrator, the property owner(s) and the Contractor must sign the change order. The homeowner(s) may also be required to sign new loan documents.

**Loan Closing and Distribution of Funds**

On the loan closing date, the Project Administrator will meet with homeowners to:

Review all document and secure the applicants signatures on

1. Rehabilitation Contract and the contractor's Notice to Proceed
2. Mortgage and Note

If the property was purchased on land contract, the mortgage must be joined in by the Vendees (Sellers) of the land contract. A copy of the Land contract must be included in the file.

If the Occupants of the property hold a life estate to the property, a copy of the executed life estate agreement must be in the file. All parties of the life estate (occupants and owners) must sign the note and mortgage. In addition, the owners must agree in writing to repay the loan when the dwelling ceases to be the primary residence of the current occupant.

3. Truth in Lending Disclosure
4. Notice of Right of Rescission (2 copies to borrowers)
5. Acknowledgement of repayment terms of loan
6. Provide the property owner with a draw request form

The Project Administrator will complete the file by sending the mortgage for recording and notifying the insurance company of lienholder status.

**Disbursement of loan funds** will require the property owner to submit a completed draw request form to the Project Administrator. All projects for costs totaling \$5,000.00 or less shall be limited to 1 draw at completion of the project. No funds shall be advanced for materials prior to installation of said materials without the Project Administrators approval. Once a draw request form is submitted, the Project Administrator shall notify the Building Inspector of the request. Once the inspector views the property, the inspector will approve same on the request form if warranted. The funds may then be

issued, made payable to the contractor and Homeowner. A lien waiver will accompany the disbursement to be signed by the contractor and returned to the Project Administrator or the file. A maximum of 2 draws will be allowed on any project. A record of the loan disbursements will be included in each property owner(s) file.

### **Work Performance Issues**

A rehabilitation contract may be terminated under the following conditions:

Poor work performance by the contractor and the demonstrated inability to rectify the poor workmanship. The cost of repairing the poor workmanship and costs shall be deducted from any amounts owed the contractor for materials and work completed. To negotiate a workmanship problem, a meeting with the property owner, contractor and building inspector shall be held to negotiate said workmanship problem. The contractor will be given a reasonable period of time to rectify the required repairs.

Causing undue damage to the homeowner's property and the inability or unwillingness to correct the damages. The cost of the repairs will be deducted from any money owed the contractor for work already completed. The homeowner will be responsible for filing a claim against the contractor's insurance for any insufficient amounts.

Irreconcilable differences between the property owner and the contractor.

The contractor's request to be removed from the contract as long as no funds have been disbursed and said request is made within 30 days of the Notice to Proceed.

### **Subordination Requests**

Homeowners requesting the current City of Sparta loan subordinate its mortgage position must submit to the Project Administrator, the following information in writing:

The reason for the subordination request

The name, address and contact person at the cooperating financial institution

Amount of the new mortgage amount that would take priority over the grantee's mortgage.

The request will be submitted to the CHRLP committee at their next scheduled meeting.

Should the committee approve the subordination request, said agreement must be drafted by the cooperating financial institution or legal counsel at the homeowner's expense.

**Reuse of Funds**

The funds shall be deposited in a designated account and will be used for housing rehabilitation in a manner consistent with the City of Sparta's current guidelines. A complete accounting shall be maintained by the Project Administrator or City of Sparta Treasurer.

**NOTICE OF RIGHT OF RESCISSION  
(For Security Interest in Customer's Principal Residence)**

DATE:

CONTACT NAME/NAMES:

ADDRESS:

CITY, STATE, ZIP CODE:

Dear

You have entered into a transaction on \_\_\_\_\_, which may result in a lien, mortgage or other security interest on your real estate property. You have a legal right under federal law to cancel this transaction, if you desire to do so, without any penalty or obligation, within three business days from the above date or any later date on which all material disclosures required under the Truth in Lending Act have been given you.

If you cancel the transaction, any lien, mortgage or other security interest on your home arising from this transaction is automatically void.

If you decide to cancel this transaction, you may do so by notifying City of Sparta 201 W Oak Street Sparta, WI 54656 by mail, or fax sent no later than midnight of \_\_\_\_\_. You may also use any other form of written notice identifying the transaction if it is delivered to the above address no later than \_\_\_\_\_.

I hereby cancel this transaction

\_\_\_\_\_, 20\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Customer's Signature)

Sincerely

They would not sign this page, only the 2<sup>nd</sup> page. They would take Copy #2 along with them and sign pg 2 if they plan to recind

City of Sparta  
CDBG Coordinator/Deputy City Clerk  
608.269.4340 - ext 5163

EFFECT OF RESCISSION

When a customer exercises his right to rescind under paragraph (a) of Section 226.9 of Regulation Z, he is not liable for any finance or other charge, and any security interest becomes void upon such a rescission. Within 10 days after receipt of a notice of rescission, the Creditor shall return to the Customer any money or property given as earnest money, down payment, or otherwise, and shall take any action necessary or appropriate to reflect the termination of any security interest created under the transaction. If the Creditor has delivered any property to the Customer, the Customer may retain possession of it. Upon the performance of the Creditor’s obligations under this section, the Customer shall tender the property to the Creditor, except that if return of the property in kind would be impracticable or inequitable, the Customer shall tender its reasonable value. Tender shall be made at the location of the property or at the residence of the Customer, at the option of the Customer. If the Creditor does not take possession of the property within 10 days after tender by the Customer, ownership of the property vests in the Customer without obligation on his part to pay for it.

Each of the undersigned acknowledges receipt of 2 copies of this Notice along with a copy of the Truth in Lending Disclosure, and warrants that the undersigned are all the persons obligated (including guarantors) on the note or contract who use or expect to use the home at

\_\_\_\_\_, as their personal residence.  
(Address)

Date \_\_\_\_\_, 20\_\_\_\_ X \_\_\_\_\_

X \_\_\_\_\_ X \_\_\_\_\_

- When the transaction does not include a dwelling, this means “the property you are purchasing” or “your lot” rather than “your home”

Fill out this section to acknowledge that they received 2 copies- we keep this



## COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

### TRUTH IN LENDING DISCLOSURE STATEMENT

Amount Financed (The amount of credit provided to me or on my behalf)	\$
Annual Percentage Rate	0%
Finance Charges (The dollar amount the credit will cost me)	
1. Interest	\$0.00
2. Other	\$0.00
Total Finance Charges	\$0.00

\_\_\_\_\_  
Owner

\_\_\_\_\_  
Date

\_\_\_\_\_  
Owner

\_\_\_\_\_  
Date

**DRAW REQUEST**

CONTRACTOR'S NAME \_\_\_\_\_

PROPERTY ADDRESS \_\_\_\_\_

LOAN # \_\_\_\_\_ DRAW # \_\_\_\_\_ DATE \_\_\_\_\_

CHECK #	PAYABLE TO	WORK PERFORMED	AMOUNT

TOTAL CONSTRUCTION LOAN \_\_\_\_\_ TOTAL THIS DRAW \_\_\_\_\_  
TOTAL DRAWS TO DATE \_\_\_\_\_ TOTAL PREVIOUS DRAWS \_\_\_\_\_  
BALANCE TO DRAW \_\_\_\_\_ TOTAL DRAWS TO DATE \_\_\_\_\_

## June 14, 2023 CDBG Meeting – Financial

**CDBG Home Loan (1988EDF): \$123,316.19**

**Small Business Façade Loan: \$35,324.28**

Open File: \$6,924.00 to be paid yet – Heidi Lydon/HLS Enterprises- work has started, but will finish during the summer.

Open File: Check has been cut for \$10,177.20 for RBI Rentals that has not yet cleared the bank, check was cut on 06.28.2023, will clear on July Bank Statement.

Open File: Check has been cut for \$15,000.00 for Arctic Heating & Cooling that has not yet cleared, check was cut 06.29.2023, will clear on July Bank Statement.

Open File: Check has been cut for \$1,876.55 for materials only, still waiting to pay \$949.98. We will have \$396.55 left in the Small Business Façade Account after all payments have cleared.



YEAR	NAME	ADDRESS	MORTGAGE AMOUNT	2023 LOANS	DATE OF SAT	2023 SAT	Still Need To Pay
2018	A.J. Schanhofer, LLC	106 W Franklin Street	\$15,000.00				
2023	Arctic & Associates	300 S Water Street		\$15,000.00			
2022	Battista, John & Krishna - Family Promise	117 W Oak Street	\$10,280.00				
2022	Bills, Tucker & Michele/WMT Enterprises, LLC	106 N Water Street	\$14,560.00				
2022	Burlingame & Sons (Beer Shop)	121 E Oak Street		\$15,000.00			
2020	Burlingame & Sons (Beer Shop)	200 W Wisconsin Street	\$14,940.34				
2015	Chatfield, Kari (Pink Poolle)	108 E Oak Street	\$2,257.00				
2022	Coulee Car Wash, LLC (Ziegler/Schaitel)	411 W Wisconsin Street	\$15,000.00				
2021	Croft, Elizabeth (Black Sheep Studios)	210 S Water Street	\$15,000.00				
2020	District 7 Décor (Jennifer Wangen)	113 E Oak Street	\$13,147.25				
2022	Dorine's Family Restaurant	110 S Water Street	\$15,000.00				
2015	Frisk, David & Phyllis (Second Season)	128 N Water Street	\$3,219.85	\$11,780.15			
2022	HLS Enterprises, LLC (Edward Jones)	606 W Wisconsin Street	\$8,076.00				\$ 6,924.00
2019	Jaeger, Jacelyn (KEPS)	123 N Water Street	\$19,045.00				
2018	JSK Oak Street, LLC	112 W Oak Street	\$12,094.14				
2018	JSK Oak Street, LLC (#2)	112 W Oak Street	\$1,945.70				
2019	Martinez, Christian & Vaaler, Tara	144 N Water Street	\$4,875.00				
2019	Moore, Kevin & Deb	124 N Water Street	\$14,828.47				
2019	Moore, Kevin & Deb	126 N Water Street	\$14,962.00				
2021	Moore, Kevin & Deb	127 N Water Street	\$15,000.00				
2015	Meyer, Mark (Oak Street Apartments, LLC)	117 E Oak Street	\$13,270.00				
2016	Meyer, Mark (River Road Rentals, LLC)	138 N Water Street	\$14,750.00				
2020	Middleton Auto (Todd & Crystal Middleton)	118 W Wisconsin Street	\$15,000.00				
2022	Prestige 608 Properties	119 S Water Street	\$4,077.58				
2022	RBI Rentals	402 S Black River Street		\$15,000.00			
2019	Ole & Bean Creations, LLC (Michael Olson)	102 Jefferson Avenue	\$18,720.00		01.20.2023	\$18,720.00	
2022	Ryba, Rachel - Off The Canvas	100/102 N Water Street	\$15,000.00				
2019	Slatery, Robert/Menn, Jeffrey	215 S Water Street	\$15,000.00				
2023	TZ Market Investments	109 E Main Street		\$10,165.00			
2022	Trent Ziegler/Quint Schaitel	101 N Water Street	\$15,000.00				
2013	Tock, Russell & Dana	211 S Water Street	\$5,000.00				
2016	Tock, Russell & Dana	211 S Water Street	\$14,000.00				
2021	Villa, The (Seth Peters)	142 N Water Street	\$2,205.91	\$1,876.55			\$ 949.98
2022	Wilson, Terelle - Legacy C&E, LLC	514 S Water Street	\$13,956.61				
2023	Wissestad William	103 S Water Street		\$15,000.00			
2016	Wissestad, William & Toni; Moskonas, Theodore	110 E Main Street	\$7,200.00				
2020	Wissestad, William & Toni; Moskonas, Theodore	110 E Main Street	\$7,800.00				
2015	ZS Investments, LLC; Trent Ziegler	122 E Oak Street	\$30,000.00				

Totals: \$400,210.85 \$83,821.70

\$18,720.00 \$ 7,873.98

Outstanding Loan Balan \$465,312.55

2022 Loan Balance Form \$400,210.85

2023 Satisfactions \$18,720.00

Subtotals \$381,490.85

2023 Mortgages \$83,821.70

2023 LOAN BALANCE T \$465,312.55