

Mr. Brian O'Connell  
Director of City Development  
Racine City Hall  
730 Washington Ave.  
Racine, WI 53403

April 1, 2009

Dear Brian:

I am writing to you on behalf of the Board of Directors for Racine Mutual Housing Association (RMHA).

As you know, RMHA has been providing rental housing to low-income Racine families, at below market rents, for nearly twenty years. Due to the economy we find ourselves in, we are struggling as an organization. We have a number of our residents who are many months past due on their rents because of job loss, family illness, or both. These are families who are well below the poverty level and if not in RMHA housing, would probably find themselves homeless.

Because of this severe reduction in our revenue we are asking the City of Racine to consider suspending our monthly loan payments until January 2010. In January we would ask that the City combine all of our loans into one loan with a 0% interest rate, amortized over a 15 year term. This would free up much needed cash each month so we can continue to operate. Simply put, without taking drastic measures, we will not survive as an organization.

We had asked Michael Heidkamp, Development Finance Director for Wisconsin Partnership for Housing Development, Inc. to review RMHA's operation and come up with some recommendations that would allow us to continue operations. He has provided us with three different models that we are currently reviewing. One of the common recommendations by Michael in all three models is that we request the City to reduce our loan rates to 0% with no monthly payments until each property can be sold. That would be nice, but the Board realizes that such a request would be unrealistic.

We currently have three of our properties listed for sale, including our office building, but due to the slump in the housing market, it could take another year to sell any of these.

If you have any questions, I can be reached at 636-8271, Tuesday through Thursday or on my cell phone 358-0245 any time.

Thank you for considering our request and we look forward to hearing from you.

Sincerely,

  
Mark Schultz

Treasurer

Racine Mutual Housing Association