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**TERMS AND CONDITIONS**  
**MANSION HILL - JAMES MADISON PARK**  
**SMALL CAP TIF LOAN**

This document sets forth the terms and conditions to which borrower(s) must agree in order to obtain a housing renovation loan under the Mansion Hill-James Madison Park Small Cap TIF Loan Program.

1. Loan Terms.

A. Amount of the loan is limited to renovation costs plus up to 10% of purchase price not to exceed \$80,000 for a one-unit; \$90,000 for a two-unit and \$100,000 for a three-unit in the aggregate per Property.

B. The loans are deferred ten (10) year, second mortgage loans at 0% interest. No debt service payments.

C. The principal balance shall decline 10% each year the Property remains owner-occupied and is forgivable after ten (10) years.

D. The Mortgage and remaining balance will be transferred with the property upon sale to a qualified buyer.

E. Property must have at least one unit being owned and occupied by the Borrower as a principal residence or sold by the Borrower to an owner-occupant qualified buyer within twelve months of loan closing or the outstanding loan balance is due to the City. Borrower will be allowed to file for an extension of up to twelve (12) months requiring staff approval based on proof of good faith efforts to market the property for sale or construction delay..

F. The borrower(s) may lease their unit once during the ten (10) year period for a period not to exceed twelve (12) months. The borrower(s) shall notify the City thirty (30) days in advance of such intention to lease prior to executing the lease. If leased beyond this period, the declining balance formula is revoked and the original loan amount is immediately due and payable.

G. A Land Use Restriction will be placed on the property requiring owner occupancy for ten (10) years.

H. At the conclusion of each twelve month period following the date of this Note, the principal balance shall decline 10% each year based on the original loan amount provided the property remains the principal residence of the Borrower for a period not less than ten (10) years from the closing date. If, within 12 months of loan closing, the Borrower fails to use the Property as his or her principal residence or sell to a qualified buyer, the outstanding

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balance is due to the City. The Borrower will be allowed to file for an extension of up to twelve (12) months requiring staff approval based on proof of good faith efforts to market the property for sale or construction delay. After ten (10) years, the loan is forgiven. If Borrower does not occupy the Property as Borrower's principal residence for a period of ten (10) years from the date of this Note, the outstanding principal balance shall be due and payable to the City within thirty (30) days of the City providing written notice to Borrower that such payment is due.

2. Eligible Borrowers.

- A. No Borrower income limits.
- B. Must occupy the property as their principal residence for ten (10) years; and
- C. Must invest a minimum down payment of 3% of the purchase price if they do not already own the property; and
- D. Borrower must demonstrate credit worthiness in the form of a bank commitment or other documentation acceptable to staff to purchase and/or convert the Property to owner-occupied, or to renovate the Property. An application packet is to be submitted to the City.
- E. Borrower shall comply with all applicable City ordinances including, but not limited to: Affirmative Action, Accessibility, Non-Discrimination, Best Value Contracting, Equal Opportunity and nondiscrimination against recipients of government housing subsidies.
- F. Borrower shall allow the maximum feasible opportunity to small business enterprises to compete for any contracts entered into as part of this Program.
- G. Borrower will relinquish any Certificate of Occupancy for Nonconforming Use at the time of loan closing.

3. Eligible Properties.

- A. Must be located in the Mansion Hill – James Madison Park Neighborhood TIF District; and
- B. Must currently be a rental property; and
- C. Must be in need of renovation and at least 10% of City loan funds must go towards exterior renovation; and

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D. Property after renovations must contain no more than three (3) units, with at least one (1) being owner occupied.

4. Program Fees and Charges.

- A. Application Fee. The amount of the application fee to be charged to the borrower(s) is \$50. The application fee must be paid at the time of loan closing, from borrower(s) own funds.
- B. Title Insurance. The City shall be provided with a Mortgagee's Title Insurance Policy satisfactory to the City, in the amount of the Rehabilitation Loan, and issued by a title insurance company licensed in the State of Wisconsin.
- C. Loan Closing Fee. Will be charged to the borrower(s) at time of loan closing.
- D. Recording Fees. The cost of recording the mortgage and any other documents will be charged to the borrower(s) at loan closing.
- E. Loan Processing Fee. The amount of the loan processing fee is 1.5% of the loan amount and is charged to the borrower(s) at loan closing.
- F. After Rehabilitation Value Appraisal. Is to be provided by the first mortgage lender.
- G. Construction Draw Fee. The City will pay for up to four construction draw fees, beyond that it will be at the borrower's expense.

5. Loan Security.

- A. Form of Loan Security Required. The borrower(s) must provide security for the loan in the form of a Mortgage. In the case of multiple ownership, the signature of every titleholder to the property will be required. Borrower(s) will also be required to sign a Small Cap TIF Loan Agreement, Land Use Restriction, Escrow Agreement and Note.
  - B. Preservation of the Security. The borrower(s) must agree to maintain the property in decent, safe, sanitary, and sound condition during the term of the loan.
  - C. Property Insurance. The borrower(s) must maintain property insurance on the property as required, during the term of the loan and list the City of Madison as a Mortgagee.
6. Use of Proceeds. The maximum loan amount under the Program cannot exceed the renovation costs plus up to 10% of purchase price not to exceed \$80,000 for a one-unit; \$90,000 for a two-unit; and \$100,000 for a three-unit. At least 10% of the City loan funds must go towards exterior renovation(s). The borrower(s) shall agree to use the renovation

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portion of the proceeds to pay for cost of services and materials necessary to carry out the renovation for which the loan is approved.

7. Escrowing the Rehabilitation Funds. The borrower(s) shall agree to permit the City of Madison, its agents or designees, to act as escrow agent of the proceeds of the loan and other funds used in combination with the loan, including the borrower(s) own funds. The borrower(s) permit the City, its agents or designees to disburse such funds in the manner set forth in the Escrow Agreement.
8. Completion of Work. The borrower(s) shall assure that the renovation work shall be carried out promptly and efficiently through written contract(s). Upon completion, a Certificate of Completion will be required.
9. Competitive Bids for Construction Work. Borrower(s) shall agree to give full opportunity for competitive bidding in selection of a contractor (or in selection of subcontractors, if the borrower(s) act as their own general contractor) to perform any renovation work financed in whole or in part with the loan.
10. Inspections. The borrower(s) shall permit inspection by Staff of the property to be renovated with the assistance of the loan, for compliance with the Minimum Housing and Property Maintenance Code and other applicable local codes and ordinances. The borrower(s) shall also permit all other inspections deemed necessary by Staff of the property, the renovation work, and all contracts, materials, equipment, payrolls, and conditions of employment pertaining to the work.
11. Lead-Based Paint Hazards. All work is to be completed in a lead safe manner.
12. Records. The borrower(s) shall keep such records as may be required with respect to the renovation work performed with the assistance of the loan.
13. City Ordinance Requirements. The Borrower(s) must comply with all applicable City Ordinances including, but not limited to Affirmative Action, Accessibility, Non-Discrimination, Best Value Contracting, Equal Opportunity and nondiscrimination against recipients of government housing subsidies.
14. Lobbying Ordinance. Borrower is aware that if they are seeking approval of a development that has over 40,000 gross square feet of non-residential space, or a residential development of over 10 dwelling units, or if you are seeking assistance from the City with a value of over \$10,000 (this includes grants, loans, TIF or similar assistance), then you likely are subject to Madison's lobbying ordinance, sec 2.40, MGO. You are required to register and report your lobbying. Please consult the City Clerk for more information. Failure to comply with the lobbying ordinance may result in fines of \$1,000 to \$5,000.
15. MGO 3.35(5)(e) Disclosure. If any of the borrowers are a City employee, elected City

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official, City board or committee member or an immediate family member of the aforementioned, borrowers must provide written disclosure of the nature and extent of the relationship or interest to the Common Council and the Director of the Department of Planning and Community and Economic Development prior to Council approval.

“Immediate family” member of a City employee, official or board/committee member means a spouse, a registered domestic partner, or a relative by marriage, adoption or lineal descent who receives more than one-half of his or her support from the City employee, official or board/committee member.

16. Best Value Contracting. Borrower and its contractors/subcontracts must comply with all applicable provisions of MGO 33.07 concerning Best Value Contracting.

By signing this document, I/We hereby acknowledge having read and understand the above terms and conditions and hereby agree to comply with the above terms and conditions of the Mansion Hill – James Madison Park Neighborhood Small Cap TIF Loan Program of the City of Madison.

Signature

Date \_\_\_\_\_

Signature

Date \_\_\_\_\_

Signature

Date

Signature

Date