

**TERMS AND CONDITIONS**  
**HOMEBUYER'S ASSISTANCE LOAN (HBA)**

**Read, Sign & Return**

This document sets forth the terms and conditions to which borrower(s) must agree in order to obtain a housing rehabilitation loan under the Housing Rehabilitation Services Program.

1. HBA-Installment Loans (IL). Installment loans shall be provided to households earning more than 80% of the Dane County Median Income but no more than 125% of the Dane County Median Income. As of 06/11 \$102,250. The annual rate of interest to be charged for the HBA loans shall equal the cost of City of Madison borrowed funds in the year plus a service fee of one percent, rounded upward to the nearest one-quarter of one percent. The maximum term of the loan shall not exceed twenty years.

2. HBA-Deferred Payment Loans (DPL). DPL shall be provided to households earning 80% of the Dane County median income or less. On the tenth anniversary, the DPL (the original principal loan amount plus a one-time 10% interest charge) will convert to an Installment loan at an interest rate equal to the Installment Loan rate at the time the loan was closed, amortized over fifteen years. The principal loan amount and a one-time 10% interest charge would be due if the borrower(s) sells, vacates or transfers the property during years 1 through 9 (before the tenth anniversary).

3. Matching Down Payment Funds. Additional funding may be available to match Home-Buy funds for borrower(s) purchasing a property which has been designated to receive matching funds or for borrower(s) whose income is no more than 50% of the DCMI.

4. Program Fees and Charges.

A. Application Fee. The amount of the application fee to be charged to the borrower(s) for a HBA Loan 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. Recording Fees. The cost of recording the mortgage and any other documents will be charged at loan closing.

D. Loan Processing Fee. The amount of the loan processing fee is 1.5% of the HBA loan amount and is charged at loan closing.

E. Appraisal Fee. Is to be provided by the first mortgage lender.

F. Construction Draw Fees. The City will pay for up to four construction draw fees, beyond that it will be at the borrower's expense.

5. Lump-Sum Repayment of Loan. The HBA loan shall become immediately due and payable to the City upon the occurrence of any of the following:

A. Title to, or equitable ownership in, the property is transferred to any party other than the surviving spouse of the borrower(s), if any; or

B. The borrower(s) vacate the property; or

- C. The borrower(s) default in meeting any of the terms and conditions of the loan; or
  - D. The borrower(s) refinance with cash-out.
6. Repayment of the Loan. Except as otherwise stated, the HBA loan shall be repaid in substantially equal monthly installments with interest in arrears.
7. Prepayment of the Loan. The borrower(s) reserve the right to prepay, at any time, all or part of the HBA loan without penalty.
8. Loan Security.
- A. Form of Loan Security Required. The borrower(s) must provide security for the HBA Loan in the form of a mortgage. In the case of multiple ownership, the signature of every titleholder to the property will be required.
  - 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 HBA Loan.
  - C. Property Insurance. The borrower(s) must maintain property insurance on the property as required, during the term of the HBA loan and list the City of Madison as a Mortgagee.
9. City Ordinance Requirements. In addition to the terms and conditions referred to in the preceding paragraphs, the borrower(s) must agree to comply with the following terms and conditions:
- A. Nondiscrimination Based on Disability. Borrower assures and certifies that they will comply with section 39.05 of the Madison General Ordinances, entitled “Nondiscrimination Based on Disability in City Assisted Programs and Activities,” and agrees to ensure that any contractor and subcontractor who performs any part of this agreement complies with section 39.05, where applicable. This includes but is not limited to assuring compliance by the Contractor and any subcontractor, with section 39.05(4) of the Madison General Ordinances, “Discriminatory Actions Prohibited.”
  - B. Contract Compliance Requirements. The borrower(s) and their contractors must comply with all applicable provisions of Madison General Ordinance Section 39.02 (9), concerning contract compliance requirements, if applicable.
  - C. Nondiscrimination. In the performance of work under this contract, the borrower agrees not to discriminate against any employee or applicant for employment because of race, religion, marital status, age, color, sex, handicap, national origin or ancestry, income level or source of income, arrest record or conviction record, less than honorable discharge, physical appearance, sexual orientation, political beliefs or student status. Borrower further agrees not to discriminate against any subcontractor or person who offers to subcontract on this contract because of race, religion, color, age, disability, sex or national origin.
  - D. Prevailing Wage. If eight or more units and does not include commercial space, the borrower(s) agree to comply with Madison General Ordinance Section 4.23 entitled “Prevailing Wage on Building or Work Financed In Whole Or In Part With City Financial

Assistance”. Not applicable if funded in whole or part with federal funds.

E. Section 8. The Borrower(s) agree to not refuse to lease or otherwise make unavailable units in the Project solely because any applicant for a unit is a direct recipient of a Federal, State or Local government-housing subsidy. Borrower(s) shall comply with the provisions of Madison General Ordinances Section 32.12(13), for as long as the loan remains outstanding.

F. Lobbying Ordinance. The Borrower(s) agree to comply with the City of Madison’s Lobbying Ordinance. If you 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, then you likely are subject to Madison’s lobbying ordinance, Madison General Ordinance Section 2.40 and you may be 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.

G. Affirmative Action Department. Borrower(s) agrees to comply with the workforce utilization and affirmative action provisions.

10. Use of Proceeds. The borrower(s) shall agree to use the proceeds of the HBA Loan only to pay for costs of services and materials necessary to carry out the rehabilitation work for which the loan is approved. Six percent of the construction costs must be set-aside in the escrow account for contingencies.

11. 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 HBA Loan and other funds used in combination with the HBA 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 Contract for Rehabilitation Work.

12. Completion of Work. The borrower(s) shall assure that the rehabilitation work shall be carried out promptly and efficiently through written contract(s).

13. Contract for Rehabilitation Work form to be used. The Contract for Rehabilitation Work form, which is provided by the Department of Planning & Community & Economic Development (DPCED) Staff, shall be used for rehabilitation work financed in whole or in part with the HBA Loan.

14. Best Value Contracting. Borrower(s) shall utilize for construction of the Project those firms which have met the prequalification requirements of Section 33.07(7), Madison General Ordinances, if applicable.

15. Inspections. The borrower(s) shall permit inspection by DPCED Staff of the property to be rehabilitated with the assistance of the City 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 the DPD Staff of the property, the rehabilitation work, and all contracts, materials, equipment, payrolls, and conditions of employment pertaining to the work.

16. Lead-Based Paint Hazards. Any work which disturbs a painted surface must include lead testing and lead safe work practices.

17. Records. The borrower(s) shall keep such records as may be required with respect to the rehabilitation work performed with the assistance of the HBA Loan.

18. Interest of Public Body. The borrower(s) shall allow no member of the governing body of the City of Madison, and no official or employee of the City of Madison who exercises any functions or responsibilities in connection with the administration of the HBA Program to have any interest, direct or indirect, in the proceeds of the HBA Loan, or in any contract entered into by the borrower(s) for the performance of work financed in whole or in part with the proceeds of the loan.

19. Bonus, Commission, or Fee. The borrower(s) shall not pay any bonus, commission, or fee for the purpose of obtaining approval of the loan application, or any other approval or concurrence required by the Community Development Authority or the DPCED Staff to complete the rehabilitation work financed in whole or in part with the HBA Loan.

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 HBA Loan Program of the City of Madison.

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Signature

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