

HANDBOOK

“HOME-BUY” Down Payment/Closing Cost Assistance Loan Program of the City of Madison

Department of Planning & Community & Economic Development
Economic Development Division
215 Martin Luther King Jr. Boulevard, Suite 312
P. O. Box 2983
Madison, WI 53701-2983

**REVISED
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PREFACE

This Handbook for the HOME-BUY Down Payment/Closing Cost Assistance Loan Program includes the program requirements approved by the Community Development Authority of the City of Madison. This Program is administered by the Economic Development Division.

Address: City of Madison
Economic Development Division
215 Martin Luther King Jr. Boulevard, Suite 312
P. O. Box 2983
Madison, WI 53701-2983

Telephone: (608) 266-4223

Staff Hours: 7:30 a.m. to 4:00 p.m., Monday thru Friday

The HOME-BUY Loan Program is funded by the State of Wisconsin Department of Commerce Division of Community Development and the City of Madison.

CHAPTER I

INTRODUCTION

The HOME-BUY Down Payment/Closing Cost Program (The Program) was approved by the Common Council on June 4, 1991. The Program is funded with HCRI (Housing Cost Reduction Initiative) funds from the State of Wisconsin Department of Commerce Division of Community Development and funds from the City of Madison.

The goal of the HOME-BUY Program is to promote homeownership opportunities for low-income households. A common recognized obstacle to homeownership for first-time homebuyers is accumulating the necessary funds for down payment and closing costs on a property which is affordable to the homebuyer. The Program is designed to provide assistance to low-income households by covering a portion of the down payment and closing costs. These buyers would otherwise not be able to accumulate the necessary funds to qualify for a mortgage loan.

The Program is intended to be responsive to the particular needs of the Madison and Dane County Community. Accordingly, the content, policies, procedures and administration of the Program will be subject to continuing review and evaluation; it should be expected, therefore, that changes will be made in the Program from time-to-time on the basis of operating experience, and as community needs change. All changes in Program content, policies, procedures, and administration will be incorporated in revisions of this Handbook. This handbook includes the Program requirements approved by the Community Development Authority of the City of Madison. The Home-Buy program follows the WHEDA Home Program Manual guidelines unless otherwise stated within the Home-Buy manual.

Scope of the Program

The Program provides a *mortgage loan*, which will become due and payable, when the property is sold, is no longer owner-occupied or the first mortgage is refinanced and there is cash-out. These loans are to eligible homebuyers to partially cover the down payment and/or closing costs of the first mortgage loan.

Designation of Target Area

In order for a property to be eligible under the Program, it must be located in Dane County.

CHAPTER II

ELIGIBILITY, OTHER PROGRAM REQUIREMENTS & SPECIAL PROVISIONS

Property Eligibility Requirements

To be eligible for the Program, the property must meet the following requirements:

1. Be a residential property located in Dane County.
2. Eligible Properties: single-family home, condominium or ½ of a duplex.
3. Be the principal residence of the borrower.
4. Be decent, safe and sanitary, as verified by a property inspection report.
5. Must not be located in the 100-year flood plain.

Borrower Eligibility Requirements

To be eligible for the Program, the borrower must meet the following requirements:

1. The borrower must be an owner-occupant of the property.
2. The borrower must be a first-time homebuyer, which is defined as an individual who has not had an ownership interest in a primary residence in the past three years, other than an ownership interest in a principal residence which they held only during marriage which has since been dissolved through divorce.
3. The borrower must demonstrate both a willingness and adequate financial capacity to repay the first mortgage loan amount in accordance with the terms and conditions specified in the promissory note and the mortgage. A loan will not be approved if the applicant's record shows a disregard for former obligations.
4. The borrower must provide all financial data and other relevant information required to document the borrower's eligibility for a loan and must give staff written permission to obtain verification of such information from appropriate sources.
5. The combined income (*compliance income*) of all adults intending to occupy the property shall not exceed **80% of the Dane County Median Income (DCMI)** limits as published annually by the U.S. Department of Housing and Urban Development. Compliance income includes: wages, overtime, commissions, bonuses, profit sharing, tips, business income, child support, interest and dividends from funds retained after the closing, and other types of periodic payments which are anticipated for the 12 month period commencing with the date of application.
Note: Credit Underwriting income is verified stable income for the past 2 years and is likely to continue. Credit underwriting income is used to determine qualifying ratios.
6. If the borrower's income is adequate to complete the first mortgage transaction without the HOME-BUY Program assistance, we will not participate.
7. The borrower cannot own any other real estate.

Other Program Requirements

Minimum Down Payment

The borrower must have a minimum down payment of 1% of the purchase price from their own funds.

Loan Amount

Minimum: \$1,000. Maximum: up to \$5,000.

Matching Funds

(For City of Madison properties only.)

Additional funding may be available for borrower(s) purchasing a property which has been set aside to receive matching funds or for borrower(s) whose income is no more than 50% of the DCMI.

Maximum Combined Loan-to-Value (LTV)

The maximum combined LTV on the first and second mortgage cannot exceed 103%.

Stacking of Funds

Combining funds from more than one down payment/closing cost assistance program, stacking, will be allowed.

Qualifying Ratios

Standard ratios are 33/40%. Expanded ratios of 38/45% may be allowed with strong compensating factors such as good savings history, history of comparable rent expense, excellent credit history, etc.

Asset Limits for Eligibility (Reserves)

The maximum amount of “liquid assets” that the borrower can have in reserves after closing cannot exceed the equivalent of six months of PITI (principal, interest, taxes and insurance). For the purpose of the Program, “liquid assets” will include such things as: checking accounts, savings accounts, life insurance net cash value, stocks, bonds and annuities. Excluded are such things as IRA’s, 401K plans, pension profit sharing, other pensions, employee retirement funds, and personal property including automobiles. *All “liquid assets” must be verified.*

Eligible Closing Costs

For the purposes of the Program, the eligible closing costs shall include the following:

1. Appraisal fee.
2. Credit report.
3. Closing fee.
4. Title insurance.
5. Recording fee.
6. Survey.
7. Property inspection.

8. Flood certification.
9. Legal fee.
10. Loan origination fee up to the equivalent of one point.
11. Initial private mortgage insurance premium.
12. Tax service.
13. Prepaid escrows.
14. WHEDA's Mortgage Guardian Insurance Premium.

Ineligible Closing Costs

The program allows up to 2 points be for loan origination and/or discount. The HOME-BUY program will only pay up to 1 point of an **origination fee** (and no discount points). Loans with more than 2 points origination and/or discount are ineligible under this program.

Interest Rate

The interest rate of the first mortgage cannot exceed the prevailing WHEDA rate by more than 2%.

Training Requirements

All borrowers will be required to complete the Community Home Buyer's Education Program or the HOME Study Guide prior to funding. Training must have been completed within 18 months of the date of the application. An acceptable training certificate must be submitted to the City prior to funding.

Special Provisions

Borrower(s) with disabilities

Borrowers with disabilities and families with an immediate family member with a disability who lives with the borrower are allowed some special provisions as follows:

1. Borrower is not required to have a down payment.
2. Rental income from a roommate can be included to qualify. If the loan-to-value is greater than 90%, 75% of the monthly rental income received may be added to the borrowers other income before ratio analysis. On transactions where the loan-to-value is at or below 90%, 75% of the monthly rental income may be deducted from the PITI before ratio analysis.
3. Expanded ratios 38/45% can be used.
4. Cash reserves determined on a case-by-case basis.

ITIN Lending

The following additional requirements are required for Immigrant Lending:

1. Maximum ratios 33/40%.
2. 1% down payment from their own funds.
3. Copy of each borrower's valid ITIN.
4. Borrowers must have a minimum of two years' employment history and two year's residency in the United States.
5. Three years' of federal tax returns are required. The most recent two years' must be filed under the borrower's ITIN number and obtained by the lender directly from the IRS.
6. Provide the most recent two years' W-2 forms.
7. A triple merged credit report with three credit scores is required under the borrower's ITIN number.
8. Three 12-month credit references are required of which one must be Verification of Rent.
9. Traditional credit references rated for a minimum of 12 months must be documented by obtaining the most current billing statement. The statement must verify the borrower's name and address.
10. First mortgage loan-to-value cannot exceed 95%.

CHAPTER III LOAN PROCESSING

Loan Application Package

The City will generally follow the WHEDA HOME Program underwriting guidelines unless otherwise stated in this Handbook. The lender must submit the information listed in the Uniform Application Package Checklist in Appendix 2.

The file should be mailed or delivered to:

Terri L. Goldbin
City of Madison
Economic Development Division
215 Martin Luther King Jr. Boulevard, Suite 312
P. O. Box 2983
Madison, WI 53701-2983

Processing of Loan Application

Staff will review the completed loan package for accuracy, program compliance and technical content on the basis of general underwriting standards *within 5 business days*. A recommendation will be made for approval or rejection. Upon approval or rejection the borrower and lender will receive written notice stating the conditions of the loan approval or the basis for rejection.

Closing

The first mortgage lender will be responsible for closing the HOME-BUY loan in conjunction with closing the first mortgage loan. Any changes to the first mortgage loan amount or other funding sources after the initial loan approval, requires written approval from the City.

An **acceptable preliminary Settlement Statement (HUD-1) must be submitted one full business day** prior to loan closing. Any changes to the preliminary settlement statement must also be submitted to the City. **The lender will be responsible for giving any applicable federal related consumer disclosures, picking up the City's check and closing documents prior to the loan closing, forwarding a copy of the hazard insurance binder to the City which shows the City as a mortgagee, having the borrowers sign the Settlement Statement to reflect the HOME-BUY loan, executing the City's Note, and recording the City's Mortgage at closing. It is the lenders responsibility that all settlement procedures are completed properly.** The lender is required to submit all documentation satisfying the contingencies stated in the loan commitment and subsequent amendments to the City within 10 days after the loan closing.

Cancellation of a HOME-BUY Loan

Staff will discontinue work on an application for any of the following reasons:

1. The borrower is not eligible for a loan available under the Program.
2. The property for which the loan is sought is not eligible for financing under the Program.
3. The borrower refuses to supply all financial data and other relevant information required to document the borrower's eligibility for a loan.
4. The borrower withdraws the application.

Cancellation and termination of an application or loan will cause the City of Madison to issue a written notice of cancellation to the lender and to the borrower at his or her mailing address as set forth in the application.

Appeal Procedure

If an application is rejected by the Home-Buy Underwriter and the Economic Revitalization Supervisor, the applicant will be given written notification of the rejection and the basis for the rejection. The applicant will also be informed in writing of his or her rights. If the applicant, within 30 days of the notification of rejection, files a written appeal request with the Executive Secretary and the Deputy Secretary of the Community Development Authority, then the CDA will hold an appeal hearing within 35 days of the filing of such a request. The request must include the borrower's name and address, name of the loan program—Home-Buy, and a short summary why he/she is requesting the appeal. A written determination based upon the appeal hearing, will be provided to the requestor within 10 days following the hearing. Written determination based upon the appeal hearing shall constitute the written determination.

The appeal with an original and one copy should be sent to:
Deputy Secretary/Executive Secretary
Community Development Authority
P.O. Box 2983
Madison, WI 53701-2983

Subordination Policy

The City of Madison/CDA is authorized to approve subordination requests to refinance the existing primary mortgage debt on the property which do not involve a cash takeout.

APPENDIX 1

2009 INCOME LIMITS BY FAMILY SIZE

<u>Family Size</u>	<u>50% of Median</u>	<u>80% of Median</u>
1	\$28,000	\$44,800
2	32,000	51,200
3	36,000	57,600
4	40,000	64,000
5	43,200	69,100
6	46,400	74,250
7	49,600	79,350
8 or more	52,800	84,500

Note: County median income tables are published annually by the U.S. Department of Housing and Urban Development (HUD)

APPENDIX 2

APPLICATION (Use Lender's)
BORROWER'S AFFIDAVIT
CONFLICT OF INTEREST STATEMENT
BORROWER'S AUTHORIZATION
UNIFORM APPLICATION PACKAGE CHECKLIST
COMMITMENT LETTER
NOTE
MORTGAGE

**DOWN PAYMENT/ASSISTANCE (DP/A) FUNDS
BORROWER'S AFFIDAVIT**

Borrower Name: _____ **Co-Borrower Name:** _____

Property Address: _____

A. Attest Statement

1. I/We has applied for a mortgage loan from _____, (Lender) its successors and assigns or agents. I/We have also applied for Down Payment/Closing Cost Assistance or other funding from (circle all that apply): City of Madison (American Dream and/or Home-Buy and/or CD Office Funds), Dane County, Realtor's Association of South Central Wisconsin, Movin' Out, or other sources (list):

_____ Verification

Agents). In applying for the loan(s)/funding, I/We completed a loan application containing various information on the purpose of the loan(s)/funding, the amount and source of the down payment, employment and income information, and assets and liabilities. I/We certify that all of the information is true and complete. I/We made no misrepresentations in the loan/funding application or other documents, nor did I/We omit any pertinent information.

2. I/We fully understand that it is a Federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements when applying for these mortgage loans/funding, as applicable under the provision of Title 18, United States Code, Section 1014.
3. Please read each statement carefully and answer appropriately. The information provided will be used to determine your eligibility for a loan.

B. Household Income and Residents

List all persons intending to occupy the residence regardless of relationship, age or income. List the gross annual income from all sources for each person intending to occupy the residence. Household gross annual income includes total income from all sources including, but not limited to: wages, interest, dividends, commissions, payments from annuities, retirement plans, social security, and any other source of income. Exclusions from annual income are one-time lump sum payments, such as inheritances, capital gains or insurance settlements. Please attach an additional page if there are more than 7 people in your household.

Household Names	Age	Relationship to Borrower	Gross Monthly Income

Total Number of Residents _____

Total Household Income \$ _____

C. Beneficiary Information

Borrower

Race/National Origin:

- ___ White/Caucasian
- ___ Black/African American
- ___ Black/African American & White/Caucasian
- ___ Native Hawaiian/Other Pacific Islander
- ___ Asian
- ___ Asian & White/Caucasian
- ___ American Indian/Alaskan Native
- ___ Am. Indian/Alaskan Native & Black/African American
- ___ Am. Indian/Alaskan Native & White/Caucasian
- ___ Other : _____

Other: ___ **Hispanic** ___ **Disabled**

Co-Borrower

Race/National Origin:

- ___ White/Caucasian
- ___ Black/African American
- ___ Black/African American & White/Caucasian
- ___ Native Hawaiian/Other Pacific Islander
- ___ Asian
- ___ Asian & White/Caucasian
- ___ American Indian/Alaskan Native
- ___ Am. Indian/Alaskan Native & Black/African American
- ___ Am. Indian/Alaskan Native & White/Caucasian
- ___ Other : _____

Other: ___ **Hispanic** ___ **Disabled**

**DOWN PAYMENT/ASSISTANCE (DP/A) FUNDS
BORROWER'S AFFIDAVIT**

D. Basic Affirmations

1. The total purchase price as listed on the accepted Offer to Purchase does not include the sale of any personal property. The accepted Offer to Purchase is the only contract between the seller of the property and My/Ourselves, no side deals, other terms, conditions, understandings or agreements between the seller and My/Ourselves exist unless stated on the Offer to Purchase.
2. I/We will occupy as my principal full-time residence within 60 days after the closing of the loan. I/We will not use the property as a recreational or vacation home, or rent the property to any other person (except for the non-owner occupied units of a two to four unit property).
3. I/We understand that I/We have a continuing obligation to amend and/or supplement the information provided herein if any of the representations I/We have made should change prior to closing, and that the representations made herein shall survive the closing of the loan.
4. For American Dream and/or State of WI funds, I/We certify that I/We have not had an ownership interest in any principal residence during the three-year period preceding the date of this affidavit or I am a displaced homemaker or a single parent or (APPLIES ONLY TO HOME-BUY LOANS) I am a divorced or legally separated individual who has only owned with a former spouse.
5. For CD Office, American Dream and Dane County funds, I/We certify that I/We and all the persons who will live in the household are documented United States citizens or resident aliens.
6. I/We have provided true copies of last year's income tax and return and income statements (including wages, interest income, self-employment income, SSI or SSDI, retirement or pension income, etc.).

E. For married applicants only

I/We understand the following:

Notice for Married Applicants: No provision of any marital property agreement, statutory individual property classification agreement ("opt-out" agreement) under Section 766.587 of the Wis. Statutes, unilateral statement under Section 766.59 of the Wis. Statutes, or court order under Section 766.70 of the Wis. Statutes adversely affects the interest of the creditor unless the creditor is furnished with a copy of the agreement, statement, or order or has actual knowledge of the adverse provision when the obligation to the creditor is incurred.

Notice to Non-applicant Spouse: If the credit applied for is subject to the Wisconsin Consumer act and is individual credit, or joint credit with an applicant who is not your spouse, the creditor is required by Section 766.56(3)(b) of the Wisconsin Statutes to notify your spouse of the extension of credit.

F. Receipt of Information

For Public funds, I/We have received a copy of the booklet Protect Your Family from Lead in Your Home (not applicable for properties built after 1978).

G. Loan Terms

1. I/We understands that I/We will be required to sign a promissory note(s) and mortgage(s).
2. I/We understand that the loan may be due and payable when the property is sold, refinanced, transferred, or no longer the principal residence of the borrower(s).
3. **For City of Madison funds (except Home-Buy),** I/We understand that the repayment amount will be the loan amount plus a proportional share of the equity.

For the purpose of applying for a down payment assistance loan(s)/funding, the undersigned certifies that all of the above statements and information are true.

Borrower's Signature/Date

Co-Borrower's Signature/Date

Subscribed and Sworn to before me on this _____ day of _____, 20_____.

Notary Public, State of Wisconsin
My Commission Expires _____

Conflict of Interest Statement

Borrower Name: _____

Co-Borrower Name: _____

Property Address: _____

You have submitted a request for a Home-Buy Down and/or American Dream Payment/Closing Cost loan. The City, based on State requirements, requires that we make you aware of certain facts and collect certain information from you. Consequently, we require that you complete the following information and submit this sworn affidavit to our office prior to approving your loan. You should read this statement carefully; making a false statement under oath may subject you to criminal penalties.

Do you have “Family”¹ or business ties to any of the following “Covered Persons”²?

If **yes**, disclose the nature of the relationship.

NAMES OF COVERED PERSONS	RELATIONSHIP
Mayor David J. Cieslewicz	
Timothy Cooley	
Bill Clingan	
Terri Goldbin	
Percy Brown	
Pam Rood	
Barb Constans	
Jed Sanborn	
Bridget Maniaci	
Lauren Cnare	
Michael Verveer	
Shiva Bidar-Sielaff	
Marsha A. Rummel	
Steve King	
Bryon Eagon	
Paul Skidmore	
Brian Solomon	
Chris Schmidt	
Satya V. Rhodes-Conway	
Julia S. Kerr.	
Timothy Bruer	
Larry Palm	
Judy Compton	
Joe R. Clausius	
Michael T. Schumacher	
Mark S. Clear	
Thuy B. Pham-Remmele	

¹“Family” includes:

- Spouse
- Fiancée / Fiancé
- Children and Children-in-Law
- Brothers and Brothers-in-Law
- Sisters and Sisters-in-Law
- Parents and Parents-in-Law
- Anyone who receives more than 50% of his or her support from the covered person (e.g., adopted child, foster child).
- Domestic partner

²“Covered Persons” includes any persons who are employees, agents, consultants, officers, or elected or appointed officials, of the grantee who exercise, or have exercised, any functions or responsibilities with respect to the HCRI and American Dream housing activities, or who are in positions to participate in decision-making processes or gain inside information with regard to housing activities, either for themselves or those with whom they have family or business ties, during their tenure in the position for one year thereafter.

Conflict of Interest Statement

MGO 3.47(5) Disclosure Statement

Are any of the Borrowers a City employee, elected City official, City board or committee member or an immediate family member of the aforementioned? "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.

_____ Yes _____ No

If answered 'Yes' above, Borrowers will be required to 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 Development prior to loan approval.

The undersigned hereby certify that all of the above statements and information are true.

Dated _____, 20_____.

Borrowers Signature

Co-Borrower Signature (if applicable)

Print Name

Print Name

Subscribed and Sworn to before me on this _____ day of _____, 20_____.

Notary Public, State of Wisconsin

My Commission Expires _____

**DOWN PAYMENT/ASSISTANCE (DP/A) FUNDS
BORROWER'S AUTHORIZATION**

To Whom It May Concern:

1. A. I/We have applied for a mortgage loan from:
_____ (Lender) its successors and/or assigns.
- B. I/We have applied for down payment/closing cost assistance from:

(Verification Agents) its successors and/or assigns.

As part of the application process, Lender and Verification Agents and/or their assigns may verify information contained in my/our loan/funding application and in other documents required in connection with the loan/funding, either before the loan/funding is closed or as part of its quality control program.

2. I/We authorize you to provide Lender, Verification Agents, and/or assigns any and all information and documentation that they request. Such information includes, but is not limited to: employment history and income; disability payments, social security, pension, and retirement funds verification; bank verification, money market, stocks, bonds, and similar account verification; credit history; copies of income tax returns; and any other information deemed necessary in connection with a consumer credit or a real estate transaction.
3. Lender, Verification Agents and/or assigns that purchase the mortgage(s) may address this authorization to any party named in the loan/funding application or disclosed by any consumer credit reporting agency or similar source.
4. A copy of this authorization may be accepted as an original.
5. Your prompt reply to Lender, Verification Agents and/or assigns that purchased the mortgage(s) is appreciated.

NOTICE TO BORROWERS: This notice to you is required by the Right to Financial Privacy Act of 1978. The Department of Housing and Urban Development, Federal Housing Administration, or Veterans Administration have a right of access to financial records held by financial institutions in connection with the consideration or administration of assistance to you. Financial records involving your transaction will be available to HUD, FHA, or VA without further notice or authorization but will not be disclosed or released by this institution to another government agency without your consent except as required by law.

BORROWER'S AUTHORIZATION FOR COUNSELING

If I fail to make any mortgage payment as agreed, I understand that the Servicer of my mortgage loan may refer me to a third-party counseling organization or a mortgage insurer that will advise me about finding ways to meet my mortgage obligation. I hereby authorize the Servicer to release certain information related to the Servicer's own experience with me to such third-party counseling organization or mortgage insurer and request that the counseling party contact me.

I further hereby authorize the third-party counseling organization or mortgage insurer to make a recommendation about appropriate action to take with regard to my mortgage loan, which recommendation may assist the Servicer in determining whether to restructure my loan or to offer other extraordinary services that could preserve my long-term homeownership.

PRIVACY ACT NOTICE

The information obtained by the Lender, Verification Agents, and/or assigns will determine program eligibility in the Program(s) under the Program(s) standards. The information will not be disclosed outside the Lender, Verification Agent, and/or assigns without your consent except to the person or company verifying the information including, but not limited to, your employer, bank, lender, and any other credit reference as needed to verify other credit information and as permitted by law. You do not have to give us this information, but if you do not your application may be delayed or rejected.

Borrower's Signature

Date

Co-Borrower's Signature

Date



Uniform Application Package Checklist

Use when you would like WHEDA to make the credit underwriting decision

or

When applying for third party down payment assistance

BORROWER(S) NAME _____ **LOAN NUMBER** _____

LENDER NAME _____

CONTACT PERSON _____ **PHONE #** _____

LTV _____ % **CLTV** _____ %

1. Mortgage insurer: MGIC Genworth UGI Radian CMG RMIC
 Circle one item in each box below:

Premium Option		Renewal Type	Coverage	Refund Option
Monthly	Level	Level	25%	No Refund
Zero Monthly		Amortized		Refund
Standard	Single			

Please assemble the complete original application package in the following order:

- _____ 2. Application Package Checklist (Form 6).
- _____ 3. Confirmation of Rate Lock.
- _____ 4. MGIC/LP/DU Findings Report (if applicable).
- _____ 5. Borrower's Affidavit (Form 2).
- _____ 6. Residential Loan Application Addendum (Form 3).
- _____ 7. Acknowledgment of Federal Recapture Tax Requirements (Form 4).
- _____ 8. Home Buyer Education Certificate (required for >95% LTV loans)
- _____ 9. Uniform Residential Loan Application.
- _____ 10. Good Faith Estimate of Settlement Costs.
- _____ 11. Request for Verification of Employment (required if with current employer less than one year) and/or copies of the most recent paycheck stubs from each applicant.
- _____ 12. Request for Verification of Deposit or alternative documentation and/or Gift Affidavit (Form 11).
- _____ 13. Residential Mortgage Credit Report or Triple Merged Credit Report.
- _____ 14. Accepted Offer to Purchase including all amendments or construction contract.
- _____ 15. FHLMC/FNMA Residential Appraisal Report (with photographs)
- _____ 16. Copy of last year's federal tax returns including ALL schedules, W2s and attachments.
 Self Employed borrowers must provide most recent 2 yrs federal tax returns with ALL schedules and attachments.

Please send complete original file to:

WHEDA
 PO Box 2209
 Madison, WI 53701-2099

OR

WHEDA
 201 W Washington Ave #700
 Madison, WI 53703

Uniform Application Package Checklist (Continued)

Complete this page when applying for Down Payment Assistance Funds.

Transaction Summary

List ALL funds requested for this transaction	Provide Name of Agency Providing Funds	Amount
WHEDA HOME Plus	WHEDA	\$
Community Development Block Grant Funds (CDBG) Funds	CDBG Grantee:	\$
HUD HOME Funds	HOME Grantee:	\$
State of WI – Housing Costs Reduction Initiative (HCRI) Funds	HCRI Grantee:	\$
Federal Home Loan Bank of Chicago (FHLBC) Down Payment Plus OR Other (FHLBC) - AHP Funds	FHLBC member lender OR AHP Grantee:	\$
Borrower's Down Payment		\$
Other Source(s)	Provide name of source(s):	\$
TOTAL DOWNPAYMENT FUNDS		\$

The following documents are not required by WHEDA.

When applying for any third party down payment assistance, submit items 2-16 from page one along with the following to the Grant Administrator.

- ___ 17. Truth in Lending Disclosure Statement
- ___ 18. Independent Third Party Property Inspection Report
- ___ 19. Borrower's Down Payment/Assistance Borrower's Authorization
- ___ 20. Down Payment Assistance Funds Borrower's Affidavit
- ___ 21. Conflict of Interest Statement, if applicable
- ___ 22. 6 month average checking account balance (HUD HOME)
- ___ 23. Homebuyer Education Certificate (as required by the Grantee)
- ___ 24. Flood Certification

Date

Borrower Name

Address

RE: Property address

Dear:

Your request for a HOME-BUY (Down Payment/Closing Cost Assistance) **mortgage** loan on the above-referenced property has been approved. Congratulations! The City of Madison's loan commitment is for \$5,000.00. This loan commitment is subject to the following contingencies:

1. The applicant's ability to complete the purchase of the property at a purchase price of \$_____.
2. Subject to a maximum first mortgage loan in the amount of \$_____ at an interest rate not to exceed____%. Any changes to the mortgage loan amount(s) or interest rate, requires written approval by the City.
3. Borrower must have a minimum investment of 1% of purchase price into this transaction from their own funds.
4. There is to be no cash back to borrower at closing. Any excess loan funds must be applied as a principal reduction of the first mortgage loan.
5. Receipt of an acceptable preliminary Settlement Statement and a copy of the title work to be received by the Community and Economic Development Unit a minimum of 24 hours prior to loan closing.
6. Copy of the Final signed Settlement Statement.
7. Execution of the City's Note, Truth-in-Lending and evidence the executed City Mortgage is being recorded. These documents are to be returned to the City.
8. **Copy of the hazard insurance binder (or Certificate of Insurance, if a condominium) showing the City of Madison (Home-Buy) as a mortgagee, PO Box 2983, Madison, WI 53701-2983.**
9. Prior to funding, city to receive a copy of a flood certification showing the subject property is not located in a flood plain.

The Lender is expected to forward to the City of Madison, within 10 days after loan closing, all documentation satisfying the contingencies stated in this loan commitment and subsequent amendments, if any. Any changes in the mortgage loan amounts must be approved by the City prior to loan closing.

This firm commitment is effective this _____ day of _____ 200_, for a period of ninety days, expiring _____, 200_

Sincerely,

Terri Goldbin
Housing Rehabilitation Specialist

CONSUMER NOTE

Date: _____

Amount: \$ _____

FOR VALUE RECEIVED, the undersigned ["Borrower(s)"] jointly and severally promise(s) to pay to the order of the City of Madison, a Wisconsin Municipal Corporation at its offices located at 210 Martin Luther King Jr. Boulevard, Madison, Wisconsin, 53709 on demand, the principal sum of _____ Dollars (\$ _____), and agrees to the other conditions set forth herein as follows:

- a. This Note shall bear no interest.
- b. No payments shall be required on this Note until the same shall become due and payable in full as hereinafter set forth.

This Note is secured by a Mortgage against the Property from the Borrower(s) to the City of Madison, which is incorporated herein by reference.

The Borrower(s) reserve(s) the right to prepay at any time all or part of this Note without penalty.

The loan made pursuant to this Note is for the purpose of assisting the Borrower(s) in the payment of down payment/closing costs for the purchase of residential property ("Property") located at _____.

THIS NOTE shall become immediately due and payable to the City of Madison upon the occurrence of any of the following subject to the Borrower's(s') right to notice of default and opportunity to cure, if any:

- a. Title to, or equitable ownership in, the Property is transferred to any party other than either of the undersigned, or the surviving spouse, or domestic partner as defined in Sec. 39.03(2)(n), Madison General Ordinances, of either of the undersigned, if any; or
- b. The Property is no longer occupied as a residence by either of the undersigned or the surviving spouse, or domestic partner as defined in Section 39.03(2)(n), Madison General Ordinances, of either of the undersigned, if any; or
- c. The undersigned, or surviving spouse, or domestic partner as defined in Section 39.03(2)(n), Madison General Ordinances, of either of the undersigned, if any, defaults on any Note or Mortgage secured by the Property.
- d. The Borrower(s) defaults in any of the covenants, terms or provisions of the Mortgage securing this Note.
- e. Refinancing of the Property.

Each of the Borrower(s) acknowledges receipt of an exact copy of this Note.

NOTICE TO CONSUMER

- a. Do not sign this if it contains any blank spaces.
- b. You are entitled to an exact copy of any agreement you sign.
- c. You have the right at any time to pay in advance the unpaid balance due under this Note.

BORROWER(S):

(signature)

(print or type name)

(signature)

(print or type name)

Document Number	MORTGAGE Document Title
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(“Mortgagor,” whether one or more) mortgages to **the City of Madison**, its successors or assigns (“Mortgagee,” whether one or more), to secure payment of \$ _____

evidenced by a note or notes, or other obligation (“Obligation”) dated _____ executed by _____

to Mortgagee, and any extensions, renewals and modifications of the Obligation and refinancings of any such indebtedness on any terms whatsoever (including increases in interest) and the payment of all other sums, with interest advanced to protect the Property and the security of this Mortgage, and all other amounts paid by Mortgagee hereunder, the following property, together with all rights and interests appurtenant thereto in law or equity, all rents, issue and profits arising therefrom, including insurance proceeds and condemnation awards all structures, improvements and fixtures located thereon, in _____ Dane _____ County, State of Wisconsin (“Property”):

Recording Area

Name and Return Address
Economic Development Division (TG)
PO Box 2983
Madison, WI 53701-2983

_____ Parcel Identification Number (PIN)
This _____ is _____ homestead property.
(is) (is not)
This _____ is _____ a purchase money mortgage.
(is) (is not)

1. MORTGAGOR'S COVENANTS.

a. **COVENANT OF TITLE.** Mortgagor warrants title to the Property, except restrictions and easements of record, if any, and further excepting _____

b. **FIXTURES.** Any property which has been affixed to the Property and is used in connection with it is intended to become a fixture. Mortgagor waives any right to remove such fixture from the Property which is subject to this Mortgage.

c. **TAXES.** Mortgagor promises to pay when due all taxes and assessments levied on the Property or upon Mortgagee's interest in it and to deliver to Mortgagee on demand receipts showing such payment.

d. **INSURANCE.** Mortgagor shall keep the improvements on the Property insured against loss or damage occasioned by fire, extended coverage perils and such other hazards as Mortgagee may require, without co-insurance, through insurers approved by Mortgagee, in the amount of the full replacement value of the improvements on the Property. Mortgagor shall pay the insurance premiums when due. The policies shall contain the standard mortgage clause in favor of Mortgagee, and evidence of all policies covering the Property shall be provided to Mortgagee. Mortgagor shall promptly give notice of loss to insurance companies and Mortgagee. Unless Mortgagor and Mortgagee otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, provided Mortgagee deems the restoration or repair to be economically feasible.

e. **OTHER COVENANTS.** Mortgagor covenants not to commit waste nor suffer waste to be committed on the Property, to keep the Property in good condition and repair, to keep the Property free from future liens superior to the lien of this Mortgage and to comply with all laws, ordinances and regulations affecting the Property. Mortgagor shall pay when due all indebtedness which may be or become secured at any time by a mortgage or other lien on the Property superior to this Mortgage and any failure to do so shall constitute a default under this Mortgage.

2. **DEFAULT AND REMEDIES.** Mortgagor agrees that time is of the essence with respect to payment of principal and interest when due, and in the performance of the terms, conditions and covenants contained herein or in the Obligation secured hereby. In the event of default, Mortgagee may, at its option, declare the whole amount of the unpaid principal and accrued interest due and payable, and collect it in a suit at law or by foreclosure of this Mortgage or by the exercise of any other remedy available at law or equity. If this Mortgage is subordinate to a superior mortgage lien, a default under the superior mortgage lien constitutes a default under this Mortgage.

3. **NOTICE.** Unless otherwise provided in the Obligation secured by this Mortgage, prior to any acceleration (other than under paragraph 9, below) Mortgagee shall mail notice to Mortgagor specifying: (a) the default; (b) the action required to cure the default; (c) a date, not less than 15 days from the date the notice is mailed to Mortgagor by which date the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration.

4. **EXPENSES AND ATTORNEY FEES.** In case of default, whether abated or not, all costs and expenses, including, but not limited to, reasonable attorney fees, to the extent not prohibited by law shall be added to the principal, become due as incurred, and in the event of foreclosure be included in the judgment.

5. **FORECLOSURE WITHOUT DEFICIENCY.** Mortgagor agrees to the provisions of Sections 846.101 and 846.103, Wis. Stats., as may apply to the Property and as may be amended, permitting Mortgagee in the event of foreclosure to waive the right to judgment for deficiency and hold the foreclosure sale within the time provided in such applicable Section.

6. **RECEIVER.** Upon default or during the pendency of any action to foreclose this Mortgage, Mortgagor consents to the appointment of a receiver of the Property, including homestead interest, to collect the rents, issues and profits of the Property during the pendency of such an action, and such rents, issues and profits when so collected shall be held and applied as the court shall direct.

7. **WAIVER.** Mortgagee may waive any default without waiving any other subsequent or prior default by Mortgagor.

8. **MORTGAGEE MAY CURE DEFAULTS.** In the event of any default by Mortgagor of any kind under this Mortgage or any Obligation secured by this Mortgage, Mortgagee may cure the default and all sums paid by Mortgagee for such purpose shall immediately be repaid by Mortgagor with interest at the rate then in effect under the Obligation secured by this Mortgage and shall constitute a lien upon the Property.

9. **CONSENT REQUIRED FOR TRANSFER.** Mortgagor shall not transfer, sell or convey any legal or equitable interest in the Property (by deed, land contract, option, long-term lease or in any other way) without the prior written consent of Mortgagee, unless either the indebtedness secured by this Mortgage is first paid in full or the interest conveyed is a mortgage or other security interest in the Property, subordinate to the lien of this Mortgage. The entire indebtedness under the Obligation secured by this Mortgage shall become due and payable in full at the option of Mortgagee without notice, which notice is hereby waived, upon any transfer, sale or conveyance made in violation of this paragraph. A violation of the provisions of this paragraph will be considered a default under the terms of this Mortgage and the Obligation it secures.

10. **ASSIGNMENT OF RENTS.** Mortgagor hereby transfers and assigns absolutely to Mortgagee, as additional security, all rents, issues and profits which become or remain due (under any form of agreement for use or occupancy of the Property or any portion thereof), or which were previously collected and remain subject to Mortgagor's control following any default under this Mortgage or the Obligation secured hereby and delivery of notice of exercise of this assignment by Mortgagee to the tenant or other user(s) of the Property in accordance with the provisions of Section 708.11, Wis. Stats., as may be amended. This assignment shall be enforceable with or without appointment of a receiver and regardless of Mortgagee's lack of possession of the Property.

11. **ENVIRONMENTAL PROVISION.** Mortgagor represents, warrants and covenants to Mortgagee that (a) during the period of Mortgagor's ownership or use of the Property no substance has been, is or will be present, used, stored, deposited, treated, recycled or disposed of on, under, in or about the Property in a form, quantity or manner which if known to be present on, under, in or about the Property would require clean-up, removal or other remedial action ("Hazardous Substance") under any federal, state or local laws, regulations, ordinances, codes or rules ("Environmental Laws"); (b) Mortgagor has no knowledge, after due inquiry, of any prior use or existence of any Hazardous Substance on the Property by any prior owner of or person using the Property; (c) without limiting the generality of the foregoing, Mortgagor has no knowledge, after due inquiry, that the Property contains asbestos, polychlorinated biphenyl components ("PCBs") or underground storage tanks; (d) there are no conditions existing currently or likely to exist during the term of this Mortgage which would subject Mortgagor to any damages, penalties, injunctive relief or clean-up costs in any governmental or regulatory action or third-party claims relating to any Hazardous Substance; (e) Mortgagor is not subject to any court or administrative proceeding, judgment, decree, order or citation relating to any Hazardous Substance; and (f) Mortgagor in the past has been, at the present is and in the future will remain in compliance with all Environmental Laws. Mortgagor shall indemnify and hold harmless Mortgagee from all loss, cost (including reasonable attorney fees and legal expenses), liability and damage whatsoever directly or indirectly resulting from, arising out of or based upon (i) the presence, use, storage, deposit, treatment, recycling or disposal, at any time, of any Hazardous Substance on, under, in or about the Property, or the transportation of any Hazardous Substance to or from the Property, (ii) the violation or alleged violation of any Environmental Law, permit, judgment or license relating to the presence, use, storage, deposit, treatment, recycling or disposal of any Hazardous Substance on, under, in or about the Property, or the transportation of any Hazardous Substance to or from the Property, or (iii) the imposition of any governmental lien for the recovery of environmental clean-up costs expended under any Environmental Law. Mortgagor shall immediately notify Mortgagee in writing of any governmental or regulatory action or third-party claim instituted or threatened in connection with any Hazardous Substance on, in, under or about the Property.

12. **SECURITY INTEREST ON FIXTURES.** To further secure the payment and performance of the Obligation, Mortgagor hereby grants to Mortgagee a security interest in:

CHOOSE ONE OF THE FOLLOWING OPTIONS; IF NEITHER IS CHOSEN, OPTION A SHALL APPLY:

- A. All fixtures and personal property located on or related to the operations of the Property whether now owned or hereafter acquired.
- B. All property listed on the attached schedule.

This Mortgage shall constitute a security agreement within the meaning of the Uniform Commercial Code with respect to those parts of the Property indicated above. This Mortgage constitutes a fixture filing and financing statement as those terms are used in the Uniform Commercial Code. This Mortgage is to be filed and recorded in the real estate records of the county in which the Property is located, and the following information is included:

(1) Mortgagor shall be deemed the "debtor"; (2) Mortgagee shall be deemed to be the "secured party" and shall have all of the rights of a secured party under the Uniform Commercial Code; (3) this Mortgage covers goods which are or are to become fixtures; (4) the name of the record owner of the land is the debtor; (5) the legal name and address of the debtor are

(6) the state of organization and the organizational identification number of the debtor (if applicable) are _____; and

(7) the address of the secured party is _____

13. **SINGULAR; PLURAL.** As used herein, the singular shall include the plural and any gender shall include all genders.

14. **JOINT AND SEVERAL/LIMITATION ON PERSONAL LIABILITY.** The covenants of this Mortgage set forth herein shall be deemed joint and several among Mortgagors, if more than one. Unless a Mortgagor is obligated on the Obligation secured by this Mortgage, Mortgagor shall not be liable for any breach of covenants contained in this Mortgage.

15. **INVALIDITY.** In the event any provision or portion of this instrument is held to be invalid or unenforceable, this shall not impair or preclude the enforcement of the remainder of the instrument.

16. **MARITAL PROPERTY STATEMENT.** Any individual Mortgagor who is married represents that the obligation evidenced by this instrument was incurred in the interest of Mortgagor's marriage or family.

Dated: _____

_____(SEAL)

* _____

_____(SEAL)

* _____

_____(SEAL)

* _____

_____(SEAL)

* _____

AUTHENTICATION

Signature(s) _____

authenticated on _____

* _____

TITLE: MEMBER STATE BAR OF WISCONSIN
(If not, _____
authorized by Wis. Stat § 706.06)

THIS INSTRUMENT DRAFTED BY:

Percy Brown
City of Madison, Economic Development Division

ACKNOWLEDGMENT

STATE OF WISCONSIN)
) ss.
_____ COUNTY)

Personally came before me on _____,
the above-named _____

to me known to be the person(s) who executed the foregoing instrument
and acknowledged the same.

* _____
Notary Public, State of Wisconsin
My Commission (is permanent) (expires): _____)

(Signatures may be authenticated or acknowledged. Both are not necessary.)

NOTE: THIS IS A STANDARD FORM. ANY MODIFICATONS TO THIS FORM SHOULD BE CLEARLY IDENTIFIED.