

**TERMS AND CONDITIONS  
DEFERRED PAYMENT LOAN (DPL)  
INSTALLMENT LOAN (IL)**

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. Interest Rate & Term – Installment Loans. The annual base rate of interest applicable to Installment Loans made under the Program in any year shall be established by the Board of Estimates and approved by the Common Council of the City of Madison. The base rate of interest shall equal the cost of borrowed funds to the City of Madison in the year, plus a service fee of one percent, rounded upward to the nearest one-quarter of one percent. The Installment Loan term may range from 4 years to 20 years.
2. Interest Rate & Term – Deferred Payment Loans. The one-time finance charge for a Deferred Payment Loan will be 10% of the loan principal (.00833% of the principal loan amount for each full month or each partial month that the loan is outstanding for the first year) and is due and payable when the owner sells, vacates, transfers or cash-out refinances the property. There is a one-time income review at five years, to determine if the borrower(s) income remains under the income limit for the Program. If at this review the income is under the income limit, the loan remains deferred. If the borrower(s) income exceeds the income limit, the loan amount plus the one-time 10% finance charge converts to a 10% per year Installment Loan amortized and payable over the next 15 years.
3. Program Fees and Charges.
  - A. Application Fee. The amount of the application fee to be charged to the borrower(s) for a housing rehabilitation loan is \$35 for a Deferred Payment Loan and \$50 for an Installment Loan. 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% of the loan amount and is charged at loan closing.
  - E. Appraisal Fee. The borrower(s) will be responsible for covering the cost of an appraisal for a property containing two or more units at the time of application.
  - F. Lead-based Paint Testing. The cost of necessary testing to determine the presence of lead-based paint is an eligible cost and can be included in the loan amount.
4. Lump-Sum Repayment of Loan. The 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.
5. Repayment of the Loan. Except as otherwise stated, the loan shall be repaid in substantially equal monthly installments with interest in arrears.
  6. Prepayment of the Loan. The borrower(s) reserve the right to prepay, at any time, all or part of the loan without penalty.
  7. Loan Security.
    - A. Form of Loan Security Required. The borrower(s) must provide security for a housing rehabilitation loan in the form of a mortgage or other loan security instrument. In the case of multiple ownership, the signature of every titleholder to the property will be required on each instrument that evidences or secures the loan.
    - 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 housing rehabilitation 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.
  8. 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(s) 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 and subcontractors must comply with all applicable provisions of Madison General Ordinance Section 39.02 (9), concerning contract compliance requirements.
    - C. Nondiscrimination. In the performance of work under this contract, the borrower(s) 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(s) 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 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. Section 39.02(9)(c) requires that contracts (unless exempt) that borrower(s) agree to comply with the workforce utilization and affirmative action provisions.
9. Use of Proceeds. The borrower(s) shall agree to use the proceeds of the housing rehabilitation 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.
10. 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 housing rehabilitation loan and other funds used in combination with the City 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.
11. Completion of Work. The borrower(s) shall assure that the rehabilitation work shall be carried out promptly and efficiently through written contract(s).
12. 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 a housing rehabilitation loan.
13. 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.
14. Inspections. The borrower(s) shall permit inspection by DPCED Staff of the property to be rehabilitated with the assistance of a housing rehabilitation 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 DPCED Staff of the property, the rehabilitation work, and all contracts, materials, equipment, payrolls, and conditions of employment pertaining to the work.

15. Lead-Based Paint Hazards. Any work, which disturbs a painted surface, must include lead testing and lead safe work practices.
16. Records. The borrower(s) shall keep such records as may be required with respect to the rehabilitation work performed with the assistance of a housing rehabilitation loan.
17. 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 housing rehabilitation program to have any interest, direct or indirect, in the proceeds of the housing rehabilitation 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.
18. Bonuses, 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 housing rehabilitation 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 Housing Rehabilitation Loan Program of the City of Madison.

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Signature Date