



City of Madison

**Home-Buy the American Dream  
Underwriting Manual  
June 2025**

**Community Development Division  
215 Martin Luther King Jr Blvd Ste. 300,  
P.O. Box 2627  
Madison, WI 53701-2627**

## TABLE OF CONTENTS

TABLE OF CONTENTS .....	2
PREFACE.....	3
INTRODUCTION .....	4
FACT SHEET.....	5
ELIGIBILITY REQUIREMENTS .....	6
LOAN APPLICATION PROCESSING .....	16
APPENDIX FORMS .....	17
REPAIRS EXAMPLES.....	18
CHECKLIST.....	19
PROMISSORY NOTE (2) includes copy of Note for HOME funded loan.....	20
MORTGAGE .....	24
CONDOMINIUM RIDER.....	26
VOLUNTARY ACQUISITION FORM.....	27
BORROWER'S AUTHORIZATION .....	28
W-9 .....	33
SUBORDINATION CHECKLIST .....	34
SUBORDINATION GUIDELINES .....	35
APPEAL PROCEDURE .....	37

## PREFACE

The City of Madison Underwriting Guidelines developed by the City of Madison Community Development Division includes the program requirements approved by the City of Madison CDBG Committee.

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Office Hours: 8:00 a.m. to 4:30 p.m., Monday thru Friday

The Madison Home-Buy the American Dream Program is funded by the State of Wisconsin-Dept of Administration, Division of Energy, Housing & Community Relations; Federal Department of Housing and Urban Development (HUD) and the City of Madison.

**NOTE:** The requirements and the forms necessary to administer this program are subject to change. Updates can be found on the website at [www.cityofmadison.com/homeloans](http://www.cityofmadison.com/homeloans)

The City of Madison's Community Development Division is committed to furthering racial equity and social justice in our community with our homebuyer assistance funds. The City's Racial Equity and Social Justice Initiative (RESJI) mission is to establish racial equity and social justice as core principles in all decisions, policies and functions of the City of Madison. One of the visions of the RESJI is for living wage jobs, safe neighborhoods, high-quality education, a healthy, sustainable natural environment, efficient public transit, parks and green spaces, affordable and safe housing and healthy food are affordable to all. The City reserves the right to waive general underwriting requirements, including minimum cash reserves after purchase, to fulfill the mission and vision of the Racial Equity and Social Justice Initiative.

## INTRODUCTION

The City of Madison promotes and facilitates homeownership opportunities for low-to-moderate 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 homebuyers. The City program is designed to provide assistance to low-to-moderate income households by covering a portion of the down payment and closing costs. These buyers otherwise would not be able to accumulate the necessary funds to qualify for a mortgage loan.

The City of Madison provides first-time homebuyers, with a long-term deferred loan funded by HUD with HOME or CDBG funds, the State of WI and the City of Madison to assist with purchasing a home located within the City of Madison. The program offers loan assistance up to \$35,000 for City of Madison properties (minimum loan \$1,000). The assistance can be used as a mortgage reduction assistance to cover down payment and closing costs on the purchase of a home. For **HOME** funded loans there is a 10-year period of affordability. There is no purchase price limit.

This assistance is a junior mortgage loan that will become due and payable to the City of Madison when the property is sold, cash-out refinanced for other than property improvements, the property is transferred or ceases to be the primary residence of the homebuyer. The loan repayment includes a shared appreciation amount.

To ensure the loan is consistently originated and processed, eligibility requirements have been established and approved by the City of Madison CDBG and the Community Development Committee. The Program is intended to be responsive to the particular needs of the City of Madison 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 to the Program from time- to-time on the basis of operating experience, and as community needs change. The following pages detail the underwriting guidelines for the program.



## City of Madison

### Home-Buy the American Dream

Down payment and closing cost assistance for first-time home buyers

[www.cityofmadison.com/home](http://www.cityofmadison.com/home) loans (website)

[homeloans@cityofmadison.com](mailto:homeloans@cityofmadison.com) (email)

<b>Eligible Property</b>	<ul style="list-style-type: none"> <li>• Must be located in City of Madison</li> <li>• Single-family home, condo or one-half a duplex</li> </ul>																		
<b>Program Purpose</b>	Down payment and closing cost assistance																		
<b>Loan Amount</b>	Maximum loan amount up to \$35,000 City; minimum \$1,000																		
<b>Loan Terms</b>	Deferred until sale, cash-out refinance for other than property improvements, the property is transferred or ceases to be the primary residence of the homebuyer. Repayment amount will be the original loan amount or original loan amount plus a proportional share of appreciation based on the percentage of assistance provided by the City, whichever is greater.																		
<b>Maximum CLTV</b>	105%																		
<b>Ratios</b>	Maximum ratios 38%/55%. Housing-to-Income ratio less than 25% is ineligible unless granted an exception.																		
<b>Borrower Contribution</b>	Borrower must have 1% into the transaction.																		
<b>Asset Limits</b>	Borrower cannot have greater than 12 months of Principal, Interest, Taxes and Insurance (PITI) in liquid assets after closing, unless an exception is granted for households who do not utilize traditional retirement system savings. Must have a minimum of \$50 cash reserves after loan closing.																		
<b>2025 Income Requirement</b> (subject to change annually)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Household Size</th> <th style="text-align: left;">Income Limit</th> </tr> </thead> <tbody> <tr><td>1</td><td>\$ 72,700</td></tr> <tr><td>2</td><td>\$ 83,100</td></tr> <tr><td>3</td><td>\$ 93,500</td></tr> <tr><td>4</td><td>\$103,850</td></tr> <tr><td>5</td><td>\$112,200</td></tr> <tr><td>6</td><td>\$120,500</td></tr> <tr><td>7</td><td>\$128,800</td></tr> <tr><td>8</td><td>\$137,100</td></tr> </tbody> </table>	Household Size	Income Limit	1	\$ 72,700	2	\$ 83,100	3	\$ 93,500	4	\$103,850	5	\$112,200	6	\$120,500	7	\$128,800	8	\$137,100
Household Size	Income Limit																		
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7	\$128,800																		
8	\$137,100																		
<b>Inspection Requirement</b>	City of Madison will order a Housing Quality Standards (HQS) inspection. If built prior to 1978, a Lead-Based Paint Inspection will also be ordered. All Minimum Housing Code/safety issues will be required to be repaired within 60 days of loan closing.																		
<b>Underwriting Timeline</b>	Allow a minimum of 20 Business days from receiving documentation from lender. The 20 business days will begin once all required documents are collected.																		
<b>Other</b>	<ul style="list-style-type: none"> <li>•Borrower may not own other property at time of closing.</li> <li>•Income includes all occupants over the age of 18. For full-time student, only count up to \$480, this excludes for borrower, head of household or spouse.</li> <li>•Must be a first-time home buyer, which includes the following:             <ul style="list-style-type: none"> <li>○ Individual who has not owned property in last 3 years</li> <li>○ Includes single parent with a dependent minor child, a displaced homemaker, and mobile homeownership if not considered real estate.</li> </ul> </li> <li>•First mortgage must have at least a term of 30 years</li> <li>•First mortgage must escrow taxes and insurance</li> <li>• All borrower(s) must complete a Homebuyer education delivered by a HUD Approved Housing Counseling Intermediary or HUD Approved Housing Counseling Agency (HCI/A) and a housing counseling session with a HUD Approved Housing Counseling Agency. The homebuyer’s certificate(s) must be dated no more than 18 months prior to loan closing.</li> </ul>																		

## ELIGIBILITY REQUIREMENTS

### PROPERTY ELIGIBILITY

The property must meet the follow requirements:

- The property must be a single-family home, condominium or one-half a duplex located in the **City of Madison**.
- City will order an HQS (Housing Quality Standards) inspection report . If repairs are not completed prior to closing, then all repairs are to be completed within 60 days of loan closing.
- Be safe and sanitary, as verified by a City of Madison Minimum Housing Code inspection report.
- Properties built before 1978 will have a lead paint inspection report ordered by the City of Madison. All lead paint issues are to be corrected prior to closing or within 60 days of loan closing and will require re-inspection. For LBP items, work must be completed by a lead-based paint contractor that is approved by the **Wisconsin Department of Health Services” as lead-paint certified**. You can find a list of approved LBP contractors here: <https://dhsgis.wi.gov/dhs/clara/index.html>.
- Properties must pass an Environmental Review conducted by the City of Madison Community Development Division staff.
- Be the principal residence of the borrower. The borrower must occupy the subject property within 60 days of loan closing.
- Must not be located in the 100-year flood plain.
- Ineligible property types: commercially used properties, time share units, earth homes, dome homes, log homes.

### HOMEBUYER ELIGIBILITY

The homebuyer must meet the following requirements:

#### Income Limit

Have a household gross annual income that does not exceed **80% of the area median income** limits as published annually by HUD. [Gross annual income is based on the HUD 24 CFR Part 5 definition of annual income.](#)

**2025 INCOME LIMITS BY FAMILY SIZE**  
**(Subject to change annually)**

Household Size	Gross Annual Income Levels
1	\$ 72,700
2	\$ 83,100
3	\$ 93,500
4	\$103,850
5	\$112,200
6	\$120,500
7	\$128,800
8	\$137,100

Gross annual income includes income from the following sources: 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 the request or the gross income from all sources earned in the last tax year.

### **First-time homebuyer**

Be a first-time homebuyer, or a single parent:

- A **first-time homebuyer** is defined as any individual listed on the deed, mortgage and note who has not owned a property during the three-year period prior to purchase. For married couples, if only one individual is listed on the deed, mortgage and note, HUD requires that both individuals qualify as first-time homebuyers as defined above.
- A **single parent** is defined as an individual who is unmarried or legally separated from a spouse and has one or more dependent minor children for whom the individual has custody or joint custody. At time of loan closing, the single parent cannot own any other property.
- A Displaced homemaker is defined as an individual who is an adult; who has not worked full-time, full-year in the labor force for a number of years but has, during such years, worked primarily without remuneration to care for the home and family; is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment and has owned a property with a spouse.
- An individual who owned as a principal residence during the three year period, a dwelling unit whose structure was not permanently affixed to a permanent foundation and/or did not own the land.

### **Education**

All borrower(s) must complete a Homebuyer education delivered by a HUD Approved Housing Counseling Intermediary or HUD Approved Housing Counseling Agency (HCI/A) and a housing counseling session with a HUD Approved Housing Counseling Agency. The homebuyer's certificate(s) must be dated no more than 18 months prior to loan closing.

### **Mortgage Qualification**

Qualify for a first mortgage that does not exceed WHEDA's prevailing market rate by more than 2% and has an amortization period of at least 30 years and taxes and insurance are escrowed by the first mortgage holder.

### **Child Support/Maintenance**

Arrearages for child support, birthing, maintenance or other expenses owed to the state must be paid in full prior to closing.

### **Ownership of Other Property**

The subject property must be owner-occupied and the borrower may not have ownership interest in any other real estate within the last 3 years at the time of closing. The borrower must take occupancy within 60 days of acquisition of the property.

## **INCOME**

Income must be verified again if more than 6 months passes between initial verification of income and homebuyer assistance is provided.

### **Income Limit**

Maximum income, 80% of Dane County Area Median Income Limit.

### **Required Employment Documentation**

Provide two consecutive months of paystubs if income is stable. If on job less than one year or income is unstable, need Verification of Employment and two consecutive months paystubs.

### **Current Employment Documentation**

Documentation for current employment must include:

- Wage rate
- Average hours and overtime hours worked per week
- Year-to-date earnings
- Date of employment
- Frequency of payment
- Previous year earnings

### **Other Income documentation**

- Current Social Security Award Letter
- One year history of child support verified through the Department of Workforce Development
- Pension Letter
- A disability benefits statement from the benefits payer

### **Self-Employed Borrower**

For individuals participating in partnerships and/or corporations provide copies of the business tax returns for the last two years in addition to the personal tax returns from the last two years. Plus a current year-to-date Profit/Loss Statement.

## **COMPLIANCE INCOME**

Compliance income is the anticipated income of anyone age 18 or older who intends to occupy the property, regardless of their relationship to the borrower. This may include adult children, parents, aunts, uncles, grandparents, partners, companions, etc.

Generally, compliance income is calculated by projecting forward the current gross income by 12 months or the gross income from all sources earned in the last tax year.

### **Inclusions:**

- Earned income of all occupants over the age of 18. For full-time student 18 years old or older (excluding head of household or spouse) only count up to \$480 in income
- Unearned income of all occupants under the age of 18
- Social Security Income (SSI)
- Child support
- Alimony
- Pension/retirement
- Periodic amounts received from social security, annuities, insurance policies, pension, disability

benefits and other similar types of periodic receipts (including periodic gifts), including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount. (Exception for supplemental security income and social security benefits received in lump sum amount or in prospective monthly amounts.)

- Disability
- Public Assistance
- Interest and dividend income on funds retained after closing
- Self-employment income (adding back, depletion, meals and entertainment, and business use of home). An allowance for depreciation of assets used in a business or profession may be deducted based on straight-line depreciation. If a business is operated at a loss, such loss may not be used to offset income generated from other sources.

**Exclusions:**

- Earned income for all occupants under the age of 18
- Foster care income (Do NOT count foster children in the household size)
- Food stamps
- Temporary, non-recurring or sporadic income (including gifts)
- Lump sum additions to family assets, such as inheritances, insurance payments, capital gains and settlement for personal or property losses.
- Amounts received specifically for or in reimbursement of, cost of medical expenses for family member
- Income of live-in aide
- Student financial assistance paid directly to the student.
- Mortgage Credit Certificate (MCC)
- Earnings in excess of \$480 for each full-time student 18 years old or older (excluding head of household or spouse).

**QUALIFYING INCOME**

Qualifying income is the verified, stable income of the borrower and is used to calculate ratios. The City of Madison will use the qualifying income as underwritten by the first mortgage lender.

**DOWN PAYMENT / BORROWER CONTRIBUTION**

Borrower must have cash down payment of 1% into the transaction. Verification of funds must be dated within 3 months of loan commitment date and no more than 120 days old at time of loan closing.

**Source of Down Payment**

**Cash on Deposit**

Funds must be invested in the borrower's account at least 2 months prior to the loan application date. When deposits greater than 25% of annual qualifying income are made to a borrower's account within two months of a loan application, the borrower will be required to provide source documentation. Verification of funds must be dated within 2 months of loan commitment date. **MUST PROVIDE A 6-MONTH AVERAGE ON THE CHECKING ACCOUNT(S) OR 6 MONTH OF CHECKING STATEMENTS.**

**Gifts**

An acceptable gift donor may be a spouse, parent, sibling, child, grandparent, aunt, uncle, cousin, domestic partner or fiancé who has lived with the borrower for the last 12 months.

Verify and document the gift using a Gift Affidavit form. All gift funds must be verified and received by the borrower prior to the closing. For funds verification, the following is required:

- Copy of gift check (or withdrawal documentation) to borrower showing the donor as the remitter.
- Copy of borrower's deposit receipt or a bank statement that shows the deposit.

### ***Earnest Money***

Provide a copy of the cancelled earnest money check.

### ***Retirement Funds***

The net withdrawal amount, after any penalties, may be an acceptable source of down payment. Use 60% of the vested balance when calculating available cash to close and reserve funds if the withdrawal has not yet occurred.

### ***Sale of Personal Asset***

The purchaser of the asset cannot be an interested party in the sales transaction. Provide the following:

Proof of ownership

- Fair market value of the item sold
- Bill of sale or copy of the transferred title
- Receipt of funds

### ***Tax Refund***

Satisfactory documentation includes:

- Copies of the refund checks
- Proof of deposit in the borrower's account

### ***Borrowed Funds***

The loan must be fully secured by the borrower's own asset, repayable on a monthly installment basis, and fully amortized. Provide the following:

- Copy of the fully executed note
- Receipt of funds
- Proof of ownership
- Verification of asset value.

The term of the loan must be reasonable based on the life of the asset.

### ***Cash at Home***

Cash at home generally is not an acceptable source of down payment.

Exceptions may be made if the borrower has no history of using:

- Checking accounts
- Savings accounts
- Loans
- Credit cards

Funds must be deposited and verified prior to closing.

### ***Repayment of Debt***

Funds received from repayment of loans to family and friends must be verified and reconciled with the borrower's ability to have made such loans.

## **ASSET LIMITS FOR ELIGIBILITY (RESERVES)**

All assets must be verified for income compliance.

Borrower must have a minimum cash reserve after loan closing of \$50. If Borrower has less than \$50 in cash/liquid asset reserves, they must provide a written statement how they would handle situation if they need emergency funds.

The maximum amount of “liquid assets” that the homebuyer can have in reserves after closing cannot exceed the equivalent of twelve months of Principal, Interest, Taxes and Insurance (PITI). (An exception may be granted for households that do not utilize traditional retirement savings accounts, on a case-by-case basis.) “Liquid assets” will include but not be limited to such things as: checking accounts, savings accounts, life insurance net cash value, stocks, bonds, mutual funds, money market funds and annuities, personal property held as an investment, lump sum or one time receipts such as an inheritance, lottery winnings, capital gains; or mortgages or deeds of trust as held by an applicant. Excluded are such things as IRA’s, 401K plans, pension profit sharing, other pensions, employee retirement funds, assets not accessible to an applicant and personal property.

## **Stacking of Funds**

Combining funds from more than one down payment and closing cost loan program will be allowed. Maximum CLTV is 105%.

## **CREDIT**

### **Credit Report**

Lender is to obtain a triple-merged credit report for all borrowers, including a non-applicant spouse, if applicable. City will follow 1<sup>st</sup> mortgage lenders guidelines for debt to include, which could include debt on the credit report but not limited to auto loans, installment loans, charge card debt, and student loans.

For equity reasons, the City of Madison CDD has decided to exclude childcare costs from recurring monthly expenditures that are analyzed during underwriting. This is due to the fact that including child care costs could skew the ratios for households that send children to child care, resulting in an adverse funding decision, while households without child care costs (i.e. due to having no children, having a stay-at-home parent, etc.) would not face such scrutiny of this cost.

### **Judgments, Tax Liens**

Must be paid-in-full prior to closing. Provide a recorded satisfaction.

## **DEBT ANALYSIS**

### **Qualifying Ratios**

Maximum ratios of 38%/55% allowed. Borrower(s) with a housing-to-income ratio less than 25% are ineligible, unless the assistance is needed to qualify for first mortgage financing and an exception is granted.

**The City will also calculate a third ratio which includes PITI + other debts + maintenance & utility expenses, which is calculated by multiplying the square footage of the home by \$0.14, which cannot exceed 75.0%. (This figure is from Multifamily Letter 14-02 (page 15)**

**<https://www.hud.gov/sites/documents/14-02ML.PDF>**

### **Guarantors/Co-Signers**

Guarantors and co-signers are allowed only for credit purposes. The borrower must be able to support the monthly housing payment within the programs ratio guidelines without the support of the co-signers income.

### **Maximum Loan-to-Value**

The total of the first mortgage plus the city funded mortgage(s) and any other loans collateralized by the property, shall not exceed **105%** total combined loan-to-value based on the purchase price of the property or the appraised value whichever amount is less.

### **Housing Payment**

*First mortgage must have a term of at least 30 years.* The monthly payment includes principal and interest, taxes, hazard insurance, condominium association fees, flood insurance and mortgage insurance premium, if applicable. Homebuyers *must escrow the property taxes and homeowners insurance* as a condition of the first mortgage.

**Revolving Accounts, Installment Debt, child support/maintenance, student loans, authorized user accounts, non-applicant spouse debt, business debt, co-signature debt** Use what first mortgage lender uses on application.

### **Offer to Purchase**

Provide a copy of the complete and fully executed contract including all addendums, counters, amendments, and notices.

### **Voluntary Acquisition Form**

It will be the responsibility of the homebuyer to submit a Voluntary Acquisition Form with the Offer to Purchase to the seller. This form is used to satisfy the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA). Neither the City of Madison nor the homebuyers have the right to acquire the property by eminent domain.

### **Appraisal**

Appraisal requirements are as follows:

- Obtained in compliance with the Appraiser Independence Requirements
- Compliant with Uniform Appraisal Dataset requirements
- An interior & exterior review by a licensed appraiser
- Based on the “as is” value of the property
- Appraiser must confirm they were provided with a complete copy of the Offer to Purchase and verify Interested Party Contributions (IPCs), if applicable

The following exhibits must accompany the appraisal:

- Exterior building sketch with dimensions
- Street map that shows the location of the property and comparables
- Original photographs showing the front, back, and street scene of the subject property and the front of each comparable
- Interior photographs of the kitchen, all bathrooms, main living area, examples of physical deterioration, examples of recent updates

## PROPERTY INSPECTIONS

### Home Inspection

The City of Madison will order a Housing Quality Standards (HQS) inspection. If constructed prior to 1978 a lead based paint inspection will also be ordered. All properties must meet Minimum Housing Code requirements and be decent, safe and sanitary. **Any necessary repairs must be completed prior to loan closing or within 60 days of loan closing.** The City inspection will be scheduled once it is determined that the homebuyer qualifies for the program. For newly constructed properties, a Certificate of Occupancy will be accepted in lieu of a Housing Quality Standards inspection.

### Lead Based Paint Inspection

A lead based paint inspection will be conducted on all City of Madison homes built prior to 1978 in accordance with the Lead-Based Paint Poisoning Prevention Act 42 USC 3535 (d), 4821 and 4851, and its implementing regulations in 24 CFR 35, as well as State of Wisconsin Code HFS 163 and City of Madison MGO 7.49. The City of Madison contracted inspector will provide the lead based paint inspection and clearance test for the property. If the work being done is disturbing the lead-based paint (scraping it or painting over it) , the contractor needs to be "**Wisconsin Department of Health Services**" **lead-paint certified**. EPA Lead Paint certification is not enough in Wis. The link to find those contractors that are Wisconsin Department of Health certified to deal with lead base paint is: <https://dhsgis.wi.gov/dhs/clara/index.html>

For re-inspection of lead clearance work, will need the following information in order to schedule a re-inspection:

- Lead Contractor
- Contact
- Phone Number
- Project Supervisor
- Lead certification number

## ENVIRONMENTAL REVIEWS

Any property within the City of Madison must pass an environmental review conducted by the City of Madison Community Development Division staff.

### Condition of Property

City of Madison properties will have a Housing Quality Standards inspection report completed. All minimum housing code repairs must be completed prior to loan closing or **within 60 days of loan closing.**

## OTHER PROGRAM REQUIREMENTS

### Eligible Closing Costs

- Appraisal fee
- Credit report
- Closing fee
- Title insurance
- Recording fee
- Survey
- Property inspection
- Flood certification
- Reasonable loan origination and processing fees. Reasonable will be based on WHEDA fees
- Discount points / interest rate buy down
- Attorney fees
- Tax service
- Prepaid escrows
- First Year Mortgage Insurance Premium or funding fee
- Home buyer education fee
- Other WHEDA fees, as appropriate

### Calculating Shared Appreciation at time of loan approval

Shared appreciation at time of loan approval will be based off the greater of purchase price or appraised value.

### Loan Repayment

At time of repayment an amount equal to the % of the accepted sales price of the Property in an arm's length transaction or the current fair market value of the Property as determined by an appraisal submitted by the borrower and conducted within the prior six months by a licensed appraiser acceptable to the City of Madison. The repayment is due and payable to the City of Madison at the time the property is sold, cash-out refinance for other than property improvements, the property is transferred or ceases to be the primary residence of the home buyer. Partial payments are not acceptable.

Example:

Home purchase price	\$300,000
City loan	\$ 35,000
Percentage of City funds	11.66%
Sales price at the time the home buyer sells or current appraised value if pays off the loan	\$375,000
Loan repayment equals 11.66% of the accepted sales price or current appraised value	\$43,725

### Loan Subordination

The City will subordinate its mortgage loan(s) according to the terms of the City Loan Subordination Policy.

**Non-discrimination**

City assistance will be made available to all persons without regard to race, national origin or ancestry, color, religion, sex, age, handicap/disability, marital status, source of income, arrest record or conviction record, less than honorable discharge, physical appearance, sexual orientation, gender identity, political beliefs, familial status, student status, income level or source of income. The loans will be granted based on the homebuyer eligibility and the availability of funds.

**Privacy Concerns**

Homebuyer information obtained by the City will determine eligibility for the loan program(s) according to these underwriting standards. Certain information will not be disclosed outside the City without consent except to the person or company verifying the information including, but not limited to, the employer, bank, lender, and any other credit reference as needed to verify other credit information and as permitted by law.

**Appeals Process for Denial of a Home-Buy the American Dream Loan**

The homebuyer may appeal any denial of a City loan to the CDBG Committee at their next regularly scheduled Committee meeting following the denial of a loan. The decision from this Committee will be final.

## LOAN APPLICATION PROCESSING

The City will accept loan packages for pre-approval without the Offer, Appraisal, property inspection, and some of items being included initially. Preapprovals will be good for 90 days. The City will need a **minimum of 20 business** days to review loan packages for accuracy, program compliance, technical content on the basis of underwriting standards, order any necessary inspections and prepare for loan closing.

Based on the verified information contained in the loan request file, a recommendation will be made for approval or denial of the homebuyer as the loan recipient. Upon approval or denial, the homebuyer and lender will receive written notice stating the conditions of the loan approval or the basis for denial.

### **Closing**

The City loan closing will be done in conjunction with the closing of the first mortgage loan. Any changes to the mortgage loan amounts or interest rates after the initial loan approval requires written approval from the City. The closing time must be scheduled in consultation with the City.

A copy of the title work, wire instructions and a copy of the hazard insurance binder which shows the City as a mortgagee must be submitted to the City 7 full business days prior to loan closing. An acceptable Closing Disclosure/ALTA is to be submitted at least 24 hours prior to closing; any changes to the Closing Disclosure/ALTA must also be submitted to the City.

### **Cancellation of a City Loan**

The City will discontinue work on an application for the following reasons:

- The homebuyer is not eligible for a City loan.
- The property for which the loan is sought is not eligible for financing
- The homebuyer refuses or is unable to supply all financial data and other relevant information required to determine loan eligibility.
- If the homebuyer has excessive liquid assets. The homebuyer withdraws their loan request.

Cancellation and termination of a loan request will cause the City to issue a written notice of cancellation to the lender and to the homebuyer.

**APPENDIX**  
**CITY OF MADISON FORMS**

- REPAIR EXAMPLES
- CHECKLIST
- PROMISSORY NOTE (2)
- CONDOMINIUM RIDER
- VOLUNTARY ACQUISITION FORM
- BORROWER'S AUTHORIZATION
- W-9: <https://www.irs.gov/forms-pubs/about-form-w-9>
- SUBORDINATION POLICY
- APPEALS POLICY

## REPAIR EXAMPLES

List of Repairs required for Home-Buy the American Dream will include:

- Electrical hazards
- Window conditions (i.e. non-operational, broken or missing panes, screens, adequate ventilation)
- Heat (i.e. operational, source in each room, provide adequate heat, safe heating conditions)
- Wall, ceiling, floor, foundation, exterior surfaces, chimney conditions (i.e., sound, free from hazards)
- Lead paint (if lead and cracking, peeling, loose properly treat in lead safe manner)
- Doors (properly installed and maintained, weather tight, properly installed hardware)
- Working stove, oven range, refrigerator
- Hot/cold water and operational sinks and tub or shower proper discharge pipe and installed in safe manner, free of lead pipes
- Operational toilet free from sewer back up
- Stairs, rails and porches sound and free from hazards
- All fixed joints appropriately caulked
- Discharge from roof, gutters and sump pump kept off neighbor's property.
- Acceptable fire exits
- Free of infestation
- Free from heavy accumulation of garbage or debris inside/outside
- Smoke/CO detectors per code in working order and properly installed

This list is not all inclusive. There may additional repairs required due to safety, health and code issues.

## HOME-BUY THE AMERICAN DREAM CHECKLIST

Borrower(s) Name \_\_\_\_\_  
Property Address (if known) \_\_\_\_\_  
Lender Organization \_\_\_\_\_  
Contact person \_\_\_\_\_ phone \_\_\_\_\_ email \_\_\_\_\_  
Closing Date \_\_\_\_\_ Closing Location \_\_\_\_\_  
Please assemble the application package in the following order:

### FOR PRE-APPROVAL submit:

1.  Application Package Checklist
2.  Uniform Residential Loan Application
3.  Loan Estimate
4.  2 consecutive months of paystubs if stable income. Or VOE & 2 month of Paystubs if on job <1 year or income is unstable. (Income documentation required for all household members over the age of 18—recent W-2 & paystubs).
5.  *Self-Employed borrowers must provide most recent 2 years federal tax returns with all attachments and signed year-to-date profit/loss statement.*
6.  Verification of Deposit or alternative documentation and/or Gift Affidavit. VERIFY ALL LIQUID ASSETS.
7.  Six-month average of checking account balance or 6-months of checking statements.
8.  Lender's Pre-Approval letter

### Once have accepted Offer Submit remaining items:

9.  Accepted Offer to Purchase including all amendments.
10.  Voluntary Acquisition Form
11.  FHLMC/FNMA Residential Appraisal Report (with photographs)
12.  City will order inspection(s), HQS & if built prior to 1978 a Lead-based paint. Still recommend buyer get own 3<sup>rd</sup> party inspection)
13.  City of Madison Borrower's Authorization (**Notarize**)
14.  All borrower(s) must complete a Homebuyer education delivered by a HUD Approved Housing Counseling Intermediary or HUD Approved Housing Counseling Agency (HCI/A) **and a housing counseling session** with a HUD Approved Housing Counseling Agency. The homebuyer's certificate(s) must be dated no more than 18 months prior to loan closing.
15.  Flood Certification
16.  Property Insurance. City of Madison as Mortgagee: PO BOX 2627, Madison, WI 53701-2627. Also master insurance policy for condominiums.
17.  Title Insurance Commitment & Wire instructions
18.  W-9 form: <https://www.irs.gov/forms-pubs/about-form-w-9>
19.  Closing Disclosure/ALTA (at least 24 hours prior to closing)
20.  Lender's Commitment
21.  Updated application & Loan Estimate or Closing Disclosure (for loans that have a pre-approval)

**EMAIL LOAN PACKAGES SECURELY TO [HOMELOANS@CITYOFMADISON.COM](mailto:HOMELOANS@CITYOFMADISON.COM)**

**(Fed Ex/UPS)**  
City of Madison – CDD  
215 Martin Luther King Jr Blvd Ste. 300,  
Madison WI 53703

**(US Postal Service)**  
City of Madison – CDD  
P.O. Box 2627  
Madison, WI 53701-2627



**City of Madison**  
**Home Buyer Promissory Note (FOR HOME FUNDED LOANS)**

**BORROWER(S) NAMES:**

**AMOUNT OF LOAN:**

**PLACE:**

**DATE:**

**FOR VALUE RECEIVED**, the Borrower(s) promises 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, Room 406, Madison, Wisconsin, 53703, the greater of (i) the sum of \_\_\_\_\_/100 Dollars (\$ \_\_\_\_\_), or (ii) an amount equal to \_\_\_\_\_% of the accepted sales price of the Property in an arm's length transaction or the current fair market value of the Property as determined by an appraisal submitted by the borrower and conducted within the prior six months by a licensed appraiser acceptable to the City of Madison.

**THIS NOTE** is secured by a Mortgage dated, \_\_\_\_\_, 2025, from the Borrowers to the City.

**DELINQUENCY CHARGE.** If a payment owed under the Note is not paid on or before the 15th day after its due date, the City may collect a delinquency charge equal to 12% per annum on the unpaid balance until the amount due under the Note is paid in full.

**THIS NOTE**, including the entire balance of principal and appreciation as defined in (ii) above, together with late charges, shall become immediately due and payable to the City without notice or demand upon the occurrence of any of the following:

- a) If either Borrower, a Borrower's surviving spouse, or a Borrower's domestic partner as defined in Section 39.03(2)(n), Madison General Ordinances shall default in any of the covenants, agreements, provisions, terms or conditions of the Mortgage securing this transaction, which provisions are incorporated herein by reference, and the default is not cured within the time period provided in the Mortgage;
- b) Title to, or equitable ownership in, the Property (as defined in the Mortgage) is transferred to any party other than a spouse or domestic partner as defined in Sec. 39.03(2)(n), Madison General Ordinances, of either of the undersigned;
- c) 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;
- d) Cash-out refinance of any superior mortgage on the Property other than for home improvements.

The Borrowers shall at all times comply with the requirements of the Statutes and Regulations with respect to the Property, including, but not limited to, the affordable housing requirements set forth in 24 CFR 92.254, which

stipulates the period of affordability for this unit is a minimum of 10 years. The affordability requirements of 24 CFR 92.254 may terminate upon foreclosure, transfer in lieu of foreclosure or assignment of an FHA insured mortgage to HUD. Any person (including his successors or assigns) receiving title to the Property through a foreclosure or deed in lieu of foreclosure of a Prior Security Deed shall receive title to the Property free and clear from such restrictions.

The Borrower(s) and endorsers of this Note, jointly and severally, agree to waive demand, notice of non-payment and protest, and in the event suit shall be brought for the collection hereof, or the same has to be collected upon demand of an attorney, to pay reasonable attorney’s fees for making such collection, through and including all appellate levels and post- judgment proceedings.

No delay or omission on the part of the holder hereof in exercising any right hereunder shall operate as a waiver of any such right or of any other right under this Note. A waiver on any one occasion shall not be construed as a bar to or a waiver of any such right on any future occasion. The Borrowers for itself, its successors and assigns, does hereby expressly waive presentment for payment, notice of dishonor, presentment, notice of protest, protest and diligence in collection. It is expressly understood and agreed that the Borrower(s) shall not be released from the covenants herein contained by reason of any forbearance or extension of time granted or release of any subsequent owner or owners of the property mortgaged as security for this obligation.

From sale proceeds, borrower is allowed to recover at least the original purchase price, sales commission and the cost of capital improvements. In the event of a foreclosure the amount due and payable shall be the net proceeds, if any, from the foreclosure sale. Net proceeds are defined as the sales price minus superior loan repayment and any closing costs incurred by the borrower(s).

This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement is sought.

**THE BORROWER(S)** acknowledges receipt of an exact copy of this Note.

**NOTICE TO BORROWER(S)**

- A. DO NOT SIGN THIS IF IT CONTAINS ANY BLANK SPACES.**
- B. YOU ARE ENTITLED TO AN EXACT COPY OF ANY AGREEMENTS YOU SIGN.**
- C. YOU HAVE THE RIGHT AT ANY TIME TO PAY IN ADVANCE THE UNPAID BALANCE DUE UNDER THIS NOTE.**

Signed and sealed \_\_\_\_\_ day of \_\_\_\_\_ 2025.

Borrower Signature \_\_\_\_\_

\_\_\_\_\_ (Print Name)

Borrower Signature \_\_\_\_\_

(Print Name)



## City of Madison Home Buyer Promissory Note

**BORROWER(S) NAMES:**

**AMOUNT OF LOAN:**

**PLACE:**

**DATE:**

**FOR VALUE RECEIVED**, the Borrower(s) promises 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, Room 406, Madison, Wisconsin, 53703, the greater of (i) the sum of \_\_\_\_\_ /100 Dollars (\$ \_\_\_\_\_), or (ii) an amount equal to \_\_\_\_\_% of the accepted sales price of the Property in an arm's length transaction or the current fair market value of the Property as determined by an appraisal submitted by the borrower and conducted within the prior six months by a licensed appraiser acceptable to the City of Madison.

**THIS NOTE** is secured by a Mortgage dated, \_\_\_\_\_ 2025, from the Borrowers to the City.

**DELINQUENCY CHARGE.** If a payment owed under the Note is not paid on or before the 15th day after its due date, the City may collect a delinquency charge equal to 12% per annum on the unpaid balance until the amount due under the Note is paid in full.

**THIS NOTE**, including the entire balance of principal and appreciation as defined in (ii) above, together with late charges, shall become immediately due and payable to the City without notice or demand upon the occurrence of any of the following:

- a) If either Borrower, a Borrower's surviving spouse, or a Borrower's domestic partner as defined in Section 39.03(2)(n), Madison General Ordinances shall default in any of the covenants, agreements, provisions, terms or conditions of the Mortgage securing this transaction, which provisions are incorporated herein by reference, and the default is not cured within the time period provided in the Mortgage;
- b) Title to, or equitable ownership in, the Property (as defined in the Mortgage) is transferred to any party other than a spouse or domestic partner as defined in Sec. 39.03(2)(n), Madison General Ordinances, of either of the undersigned;
- c) 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;
- d) Cash-out refinance of any superior mortgage on the Property other than for home improvements.

- e) In the event of foreclosure or deed in lieu of foreclosure of Prior Security Deed or assignment of the first mortgage to the Secretary of Housing and Urban Development, any provisions herein or any provisions in any other collateral agreement restricting the use of the property or otherwise restricting the Borrower's ability to sell the Property shall have no further force or effect. Any person (including his successors or assigns) receiving title to the Property through a foreclosure or deed in lieu of foreclosure of a Prior Security Deed shall receive title to the Property free and clear from such restrictions.

The Borrower(s) and endorsers of this Note, jointly and severally, agree to waive demand, notice of non-payment and protest, and in the event suit shall be brought for the collection hereof, or the same has to be collected upon demand of an attorney, to pay reasonable attorney's fees for making such collection, through and including all appellate levels and post-judgment proceedings.

No delay or omission on the part of the holder hereof in exercising any right hereunder shall operate as a waiver of any such right or of any other right under this Note. A waiver on any one occasion shall not be construed as a bar to or a waiver of any such right on any future occasion. The Borrowers for itself, its successors and assigns, does hereby expressly waive presentment for payment, notice of dishonor, presentment, notice of protest, protest and diligence in collection. It is expressly understood and agreed that the Borrower(s) shall not be released from the covenants herein contained by reason of any forbearance or extension of time granted or release of any subsequent owner or owners of the property mortgaged as security for this obligation.

From sale proceeds, borrower is allowed to recover at least the original purchase price, sales commission and the cost of capital improvements. In the event of a foreclosure the amount due and payable shall be the net proceeds, if any, from the foreclosure sale. Net proceeds are defined as the sales price minus superior loan repayment and any closing costs incurred by the borrower(s).

This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement is sought.

**THE BORROWER(S)** acknowledges receipt of an exact copy of this Note.

**NOTICE TO BORROWER(S)**

- A. DO NOT SIGN THIS IF IT CONTAINS ANY BLANK SPACES.**
- B. YOU ARE ENTITLED TO AN EXACT COPY OF ANY AGREEMENTS YOU SIGN.**
- C. YOU HAVE THE RIGHT AT ANY TIME TO PAY IN ADVANCE THE UNPAID BALANCE DUE UNDER THIS NOTE.**

Signed and sealed \_\_\_\_\_ day of 2025.

Borrower Signature \_\_\_\_\_  
Print Name \_\_\_\_\_

Borrower Signature \_\_\_\_\_  
Print Name \_\_\_\_\_



REAL ESTATE MORTGAGE

(“Mortgagor\*, whether one or more) mortgages, conveys, assigns, grants a security interest in and warrants to City of Madison, a municipal corporation (“Lender”) in consideration the sum of XXXXXX Thousand and no/100 Dollars (\$XXXXXXX), loaned or to be loaned to (“Borrower, “whether one or more), evidence by Borrower’s note(s) or agreement dated XXXXXXXX, 2025 the real estate described below, together with all privileges, hereditaments, easements and appurtenances, all rents, leases, issues and profits, all claims, awards and payments made as a result of the exercise of the right of eminent domain, and all existing and future improvements and fixtures (all called the “Property”) to secure the Obligations described in paragraph 5 on the reverse side, including but not limited to repayment of the sum stated above plus certain future advances made by Lender.

1. Description of Property. (This property [X] is [ ] is not the homestead of Mortgagor.) (XXXXXXXXXXXXXXXXXXXXXXXXX WI)

- [ ] If checked here, description continues or appears on attached sheet.
[ ] If checked here, this Mortgage is a construction mortgage.
[ ] If checked here, Condominium Rider is attached.

2. Title. Mortgagor warrants title to the Property, excepting only restrictions and easements of record, municipal and zoning ordinances, current taxes and assessments not yet due and superior liens

3. Escrow. Interest [ ] will [ ] will not be paid on escrowed funds if an escrow is required under paragraph 8(a) on the reverse side.

4. Additional Provisions. Mortgagor agrees to the Additional Provisions on the reverse side, which are incorporated herein. The undersigned acknowledges receipt of an exact copy of this Mortgage.

NAME AND RETURN ADDRESS

City of Madison, CDD
215 Martin Luther King Jr, Ste 300
PO Box 2627
Madison, WI 53701-2627

XXXXXXXXXXXXXXXXXXXX

Parcel Identifier No.

NOTICE TO CUSTOMER IN A TRANSACTION GOVERNED BY THE WISCONSIN CONSUMER ACT

- (a) DO NOT SIGN THIS BEFORE YOU READ THE WRITING ON THE REVERSE SIDE, EVEN IF OTHERWISE ADVISED.
(b) DO NOT SIGN THIS IF IT CONTAINS ANY BLANK SPACES.
(c) YOU ARE ENTITLED TO AN EXACT COPY OF ANY AGREEMENT YOU SIGN.
(d) YOU HAVE THE RIGHT AT ANY TIME TO PAY IN ADVANCE THE UNPAID BALANCE DUE UNDER THIS AGREEMENT AND YOU MAY BE ENTITLED TO A PARTIAL REFUND OF THE FINANCE CHARGE.

Signed and Sealed XXXXXXXXXXXXXXXXXXXX
(Date)

(SEAL)
(Type of Organization)

By: (SEAL)
\*

By: (SEAL)
(Title)
\*

(SEAL)

\*XXXXXXXXXX
(SEAL)

\*

(SEAL)
\*

AUTHENTICATION

Signatures of
authenticated this day of
Title: Member State Bar of Wisconsin or authorized under §706.06, Wis. Stats

This instrument was drafted by
City of Madison-CDD

\*Type or print name signed above.

OR

ACKNOWLEDGMENT

STATE OF WISCONSIN
County of } ss.
This instrument was acknowledged before me on
by
(Name(s) of persons(s))
as
(Type of authority; e.g., officer, trustee, etc., if any)
of
(Name of party on behalf of whom instrument was executed, if any)
Notary Public, Wisconsin
My Commission (Expires)(Is)

#### ADDITIONAL PROVISIONS

**5. Mortgage as Security.** This Mortgage secures prompt payment to Lender of (a) the sum stated in the first paragraph of this Mortgage, plus interest and charges according to the terms of the promissory notes or agreement of Borrower to Lender identified on the reverse side, and any extensions, renewals or modifications signed by any Borrower of such promissory notes or agreement, (b) to the extent not prohibited by the Wisconsin Consumer Act (i) any additional sums which are in the future loaned by Lender to any Mortgagor, to any Mortgagor and another or to another guaranteed or endorsed by any Mortgagor primarily for personal, family or household purposes and agreed in documents evidencing the transaction to be secured by this Mortgage, and (ii) all other additional sums which are in the future loaned by Lender to any Mortgagor, to any Mortgagor and another guaranteed or endorsed by any Mortgagor, (c) all interest and charges, and (d) to the extent not prohibited by law, all costs and expenses of collection or enforcement (all called the "Obligations"). This Mortgage also secures the performance of all covenants, conditions and agreements contained in this Mortgage. Unless otherwise required by law, Lender will satisfy this Mortgage upon request by Mortgagor if (a) the Obligations have been paid according to their terms, (b) any commitment to make future advances secured by this Mortgage has terminated, (c) Lender has terminated any line of credit under which advances are to be secured by this Mortgage, and (d) all other payments required under this Mortgage and the Obligations and all other terms, conditions, covenants, and agreements contained in this Mortgage and the documents evidencing the Obligations have been paid and performed.

**6. Taxes.** To the extent not paid to Lender under paragraph 8(a), Mortgagor shall pay before they become delinquent all taxes, assessments and other charges which may be levied or assessed against the Property, or against Lender upon this Mortgage or the Obligations or other debt secured by this Mortgage, upon Lender's interest in the Property, and deliver to Lender receipts showing timely payment.

**7. Insurance.** Mortgagor shall keep the improvements on the Property insured against direct loss or damage occasioned by fire, flood, extended coverage perils and such other hazards as Lender may require, through insurers approved by Lender, in amounts, without co-insurance, not less than the unpaid balance of the Obligations or the full replacement value, whichever is less, and shall pay the premiums when due. The policies shall contain the standard mortgage clause in favor of Lender and, unless Lender otherwise agrees in writing, the original of all policies covering the Property shall be deposited with Lender. Subject to Lender's approval, Borrower is free to select the insurance agent or insurer through which insurance is obtained. Mortgagor shall promptly give notice of loss to insurance companies and Lender. All proceeds from such insurance shall be applied, at Lender's option, to the installments of the Obligations in the inverse order of their maturities (without penalty for prepayment) or to the restoration of the improvements on the Property. In the event of foreclosure of this Mortgage or other transfer of title to the Property, in extinguishment of the indebtedness secured hereby, all right, title, and interest of Mortgagor in and to any insurance then in force shall pass to the purchaser or grantee. If Mortgagor fails to keep any required insurance on the Property, Lender may purchase such insurance for Mortgagor, such insurance may be acquired by Lender solely to protect the interest of Lender (it will not cover Mortgagor's equity in the Property), and Mortgagor's obligation to repay Lender shall be in accordance with Section 10.

**8. Mortgagor's Covenants.** Mortgagor covenants:

- (a) **Escrow.** If an escrow is required by Lender, to pay Lender sufficient funds, at such times as Lender designates, to pay when due (1) the estimated annual real estate taxes and assessments on the Property, (2) all property and hazard insurance premiums, (3) flood insurance premiums, if any, (4) if payments owed under the Obligations are guaranteed by mortgage guaranty insurance, the premiums necessary to pay for such insurance, and (5) other items agreed to be included in the escrow. Lender may, at any time, collect and hold such escrow funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for Mortgagor's escrow account under the federal Real Estate Settlement Procedures Act of 1974, as amended from time to time. Lender may estimate the amount of escrow funds due on the basis of current data and reasonable estimates of future expenditures of future escrow account funds or as otherwise required by applicable law. Lender shall apply the escrowed funds against taxes, assessments and insurance premiums when due or as otherwise required by law. Escrowed funds may be comingled with Lender's general funds. If the escrowed funds held by Lender exceed the amount permitted to be held by applicable law, Lender shall account to Mortgagor for the excess escrowed funds in a manner determined by Lender or as otherwise required by applicable law. If the escrowed funds held by Lender at any time are not sufficient to pay the escrow account items when due, Lender may notify Mortgagor in writing, and Mortgagor shall pay to Lender the amount necessary to make up the deficiency in a manner determined by Lender or as otherwise required by applicable law;
- (b) **Condition and Repair.** To keep the Property in good and tenable condition and repair, and to restore or replace damaged or destroyed improvements and fixtures;
- (c) **Liens.** To keep the Property free from all liens and encumbrances superior or inferior to the lien of this Mortgage and not described in paragraph 2 on the reverse side without the City's prior written approval;
- (d) **Other Mortgages.** To perform all of Mortgagor's obligations and duties under any other mortgage or security agreement on the Property and any obligation to pay secured by such a mortgage or security agreement;
- (e) **Waste.** Not to commit waste or permit waste to be committed upon the Property;
- (f) **Conveyance.** Not to sell, assign, lease, mortgage, convey or otherwise transfer any legal or equitable interest in all or part of the Property, or permit the same to occur without the prior written consent of Lender and, without notice to Mortgagor, Lender may deal with any transferee as to his interest in the same manner as with Mortgagor, without in any way discharging the liability of Mortgagor under this Mortgage or the Obligations;
- (g) **Alteration or Removal.** Not to remove, demolish or materially alter any part of the Property, without Lender's prior written consent, except Mortgagor may remove a fixture, provided the fixture is promptly replaced with another fixture of at least equal utility;
- (h) **Condemnation.** To pay to Lender all compensation received for the taking of the Property, or any part, by condemnation proceeding (including payments in compromise of condemnation proceedings), and all compensation received as damages for injury to the Property, or any part. The compensation shall be applied in such manner as Lender determines to rebuilding of the Property or to the Obligations in the inverse order of their maturities (without penalty for prepayment);
- (i) **Inspection.** Lender and its authorized representatives may enter the Property at reasonable times to inspect it, and at Lender's option to repair or restore the Property and to conduct environmental assessments and audits of the Property;
- (j) **Ordinances.** To comply with all laws, ordinances and regulations affecting the Property; and
- (k) **Subrogation.** That Lender is subrogated to the lien of any mortgage or other lien discharged, in whole or in part, by the proceeds of the note(s) or agreement identified on the reverse side.

**9. Environmental Laws.** Mortgagor represents, warrants and covenants to Lender (a) that 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 some other remedial action ("Hazardous Substance") under any federal, state or local laws, regulations, ordinances, codes or rules ("Environmental Laws"); (b) that 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) that, 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) that 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) that Mortgagor is not subject to any court or administrative proceeding, judgment, decree, order or citation relating to any Hazardous Substance; and (f) that 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 Lender, its directors, officers, employees and agents from all loss, cost (including reasonable attorneys' 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 or 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 Lender 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.

**10. Authority of Lender to Perform for Mortgagor.** If Mortgagor fails to perform any of Mortgagor's duties set forth in this Mortgage, Lender may after giving Mortgagor any notice and opportunity to perform which are required by law, perform the duties or cause them to be performed, including without limitation signing Mortgagor's name or paying any amount so required, and the cost shall be due on demand and secured by this Mortgage, bearing interest at the highest rate stated in any document evidencing an Obligation, but not in excess of the maximum rate permitted by law, from the date of expenditure by Lender to the date of payment by Mortgagor.

**11. Default; Acceleration; Remedies.** If (a) there is a default under any Obligation secured by this Mortgage, or (b) Mortgagor fails timely to observe or perform any of Mortgagor's covenants or duties contained in this Mortgage, then, at the option of Lender each Obligation will become immediately payable unless notice to Mortgagor or Borrower and an opportunity to cure are required by §425.105, Wis. Stats., or the document evidencing the Obligation and, in that event, the Obligation will become payable if the default is not cured as provided in that statute or the document evidencing the Obligation or as otherwise provided by law. If Lender exercises its option to accelerate, the unpaid principal and interest owed on the Obligation, together with all sums paid by Lenders as authorized or required under this Mortgage or any Obligation, shall be collectible in a suit at law or by foreclosure of this Mortgage by action, or both, or by the exercise of any other remedy available at law or equity.

**12. Waiver.** Lender may waive any default without waiving any other subsequent or prior default by Mortgagor.

**13. Power of Sale.** In the event of foreclosure, Lender may sell the Property at public sale and execute and deliver to the purchasers deeds of conveyance pursuant to statute.

**14. Assignment of Rents and Leases.** Mortgagor assigns and transfers to Lender, as additional security for the Obligations, all rents which become or remain due or are paid under any agreement or lease for the use or occupancy of any part or all of the Property. Until the occurrence of an event of default under this Mortgage or any Obligation, Mortgagor has the right to collect the rents, issues and profits from the Property, but upon the occurrence of such an event of default, and the giving of notice by Lender to Mortgagor declaring that constructive possession of the Property is in Lender, Mortgagor's license to collect is terminated and Lender shall be entitled to such rents, issues and profits and may, after giving Mortgagor any notice and opportunity to perform required by law, notify any or all tenants to pay all such rents directly to Lenders. All such payments shall be applied in such manner as Lender determines to payments required under this Mortgage and the Obligations. This assignment shall be enforceable and Lender shall be entitled to take any action to enforce the assignment (including notice to the tenants to pay directly to Lender or the commencement of a foreclosure action) without seeking or obtaining the appointment of a receiver or possession of the Property.

**15. Receiver.** Upon the commencement or during the pendency of an action to foreclose this Mortgage, or enforce any other remedies of Lender under it, without regard to the adequacy or inadequacy of the Property as security for the Obligations, Mortgagor agrees that the court may appoint a receiver of the Property (including homestead interest) without bond, and may empower the receiver to take possession of the Property and collect the rents, issues and profits of the Property and exercise such other powers as the court may grant until the confirmation of sale, and may order the rents, issues and profits, when so collected, to be held and applied as the court may direct.

**16. Foreclosure Without Deficiency Judgment.** If the Property is a one-to-four family residence that is owner-occupied at the commencement of a foreclosure, a farm, a church or owned by a tax exempt charitable organization, Mortgagor agrees to the provision of §846.101 Wis. Stats., and as the same may be amended or renumbered from time to time, permitting Lender, upon waiving the right to judgment for deficiency, to hold the foreclosure sale of real estate of 20 acres or less six months after a foreclosure judgment is entered. If the Property is other than a one-to-four family residence that is owner-occupied at the commencement of a foreclosure, a farm, a church or a tax exempt charitable organization, Mortgagor agrees to the provisions of §846.103, Wis. Stats., and as the same may be amended or renumbered from time to time, permitting Lender, upon waiving the right to judgment for deficiency, to hold the foreclosure sale of real estate three months after a foreclosure judgment is entered.

**17. Expenses.** To the extent not prohibited by law, Mortgagor shall pay all reasonable costs and expenses before and after judgment, including without limitation, attorneys' fees, fees and expenses for environmental assessments, inspections and audits, and fees and expenses for obtaining title evidence incurred by Lender in protecting or enforcing its rights under this Mortgage.

**18. Severability.** Invalidity or unenforceability of any provision of this Mortgage shall not affect the validity or enforceability of any other provision.

**19. Successors and Assigns.** The obligations of all Mortgagors are joint and several. This Mortgage benefits Lender, its successors and assigns, and binds Mortgagor(s) and their respective heirs, personal representatives, successors and assigns.

**20. Entire Agreement.** This Mortgage is intended by the Mortgagor and Lender as a final expression of this Mortgage and as a complete and exclusive statement of its terms, there being no conditions to the full effectiveness of this Mortgage. No parol evidence of any nature shall be used to supplement or modify any terms.

**CONDOMINIUM RIDER**

THIS CONDOMINIUM RIDER, made this \_\_\_\_\_ day of \_\_\_\_\_, 2025, is incorporated into and shall be deemed to amend and supplement the Mortgage (the "Mortgage") of the same date given by the undersigned (the "Borrower") to secure Borrower's Note to the City of Madison (the "Lender") of the same date and covering the Property described in the Mortgage and located at \_\_\_\_\_, \_\_\_\_\_, Wisconsin.

The Property includes a unit in, together with an undivided interest in the common elements of, a condominium project known as \_\_\_\_\_ (the "Condominium Project"). If an Owner's Association or other entity which acts for the Condominium Project (the "Owner's Association") holds title to property for the benefit or use of its members or shareholders, the Property also includes Borrower's interest in the Owner's Association and the uses, proceeds and benefits of Borrower's interest.

CONDOMINIUM COVENANTS. In addition to the covenants and agreements made in the Mortgage, Borrower further covenants and agrees as follows:

- A. Condominium Obligations. Borrower shall perform all of Borrower's obligations under the Condominium Project's Condominium Instruments. The Condominium Instruments are: (i) the Declaration; (ii) Bylaws; (iii) code of rules or regulations; and (iv) other equivalent documents. Borrower shall promptly pay, when due, all dues and assessments imposed pursuant to the Condominium Instruments.
- B. Hazard Insurance. So long as the Owner's Association maintains a master or blanket policy on the Condominium Project which is satisfactory to Lender and which provides insurance coverage for the periods, in the amounts, and against the hazards Lender requires, including fire and hazards included within the term "extended coverage", then Borrower's obligation under paragraph 7 of the Mortgage to maintain hazard insurance coverage on the Property is deemed satisfied to the extent that the required coverage is provided by the Owner's Association policy.

Borrower shall give Lender prompt notice of any lapse in required hazard insurance coverage.

In the event of a distribution of hazard insurance proceeds in lieu of restoration or repair following a loss to the Property, whether to the unit or to the common elements, any proceeds payable to Borrower are hereby assigned and shall be paid to Lender for application to the sum secured by the Mortgage, with any excess paid to Borrower.

- C. Lenders' Prior Consent. Borrower shall not, except after notice to Lender and with Lender's prior written consent, either partition or subdivide the Property or consent to:
  - (i) abandonment or termination of the Condominium Project, except for abandonment or termination required by law in the case of a taking by condemnation or eminent domain or substantial destruction by fire or other casualty;
  - (ii) any amendment to any provision of the Condominium Instruments if such provision is for the express benefit of Lender; or
  - (iii) termination of professional management of the Condominium Project and assumption of self- management by the Owner's Association.

By signing below, Borrower accepts and agrees to the terms and provisions of this Condominium Rider. BORROWER(s)

\_\_\_\_\_ Date

\_\_\_\_\_ Date



Department of Planning & Community & Economic Development

## Community Development Division

Madison Municipal Building, Suite 300  
215 Martin Luther King, Jr. Boulevard  
P.O. Box 2627  
Madison, Wisconsin 53701-2627  
Phone: (608) 266-6520  
Fax: (608) 261-9626  
[www.cityofmadison.com](http://www.cityofmadison.com)

Child Care  
Community Resources  
Community Development Block Grant  
Madison Senior Center

### VOLUNTARY ACQUISITION

Dear \_\_\_\_\_ (SELLER);

I/(we), \_\_\_\_\_, am (are) interested in acquiring property you own at

\_\_\_\_\_ for a proposed project which may receive funding assistance from the U.S. Department of Housing and Urban Development (HUD) or City of Madison's Affordable Housing Funds (AHF).

Please be advised that I (we) do not have authority to acquire your property by eminent domain. In the event we cannot reach an amicable agreement for the purchase of our property, we will not pursue this proposed acquisition.

I/(we) are prepared to offer you \$\_\_\_\_\_ to purchase your property. We believe this amount represents the current market value of your property. Please contact us at your convenience if you are interested in selling your property.

In accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA), owner-occupants who move as a result of voluntary acquisition are not eligible for relocation assistance.

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.

If you have any questions about this notice or proposed project, please contact Community Development Division of City of Madison at the contact information above.

Sincerely,

\_\_\_\_\_  
Signature (Buyer) Date

\_\_\_\_\_  
Signature (Buyer) Date

Delivered to Seller by \_\_\_\_\_ (DATE)

**BORROWER'S AUTHORIZATION**

**Borrower Name:** \_\_\_\_\_

**Co-Borrower Name:** \_\_\_\_\_

**Property Address:** \_\_\_\_\_

I/We have applied for a mortgage loan from: \_\_\_\_\_  
(Lender) its successors and/or assigns.

I/We have applied for down payment/closing cost assistance from:

- Down Payment Plus
- Home Start
- Other (list) \_\_\_\_\_

As part of the application process, City of Madison and/or their assigns may verify information contained in my/our loan application and in other documents required in connection with the loan request, either before the loan is closed or as part of its quality control program after closing.

1. I/We authorize my lender's staff to provide City of Madison, and/or assigns any and all information and documentation that the 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.
2. Lender, Verification Agents and/or assigns that purchase the mortgage(s) may address this authorization to any party named in the loan application or disclosed by any consumer credit reporting agency or similar source.
3. A copy of this authorization may be accepted as an original.
4. City of Madison will promptly reply to Lender, Verification Agents and/or assigns that purchased the mortgage(s).

**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, State of Wisconsin and City of Madison has 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 City of Madison, State of Wisconsin, HUD and any other party doing audit on their behalf 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 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

**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 Annual Income

**Total Number of Residents** \_\_\_\_\_ **Total Household Income \$** \_\_\_\_\_

**Beneficiary Information**

Borrower Race	Co-Borrower Race
<input type="checkbox"/> White/Caucasian	<input type="checkbox"/> White/Caucasian
<input type="checkbox"/> Black/African American	<input type="checkbox"/> Black/African American
<input type="checkbox"/> Black/African American & White/Caucasian	<input type="checkbox"/> Black/African American & White/Caucasian
<input type="checkbox"/> Native Hawaiian/Other Pacific Islander	<input type="checkbox"/> Native Hawaiian/Other Pacific Islander
<input type="checkbox"/> Asian	<input type="checkbox"/> Asian
<input type="checkbox"/> Asian & White/Caucasian	<input type="checkbox"/> Asian & White/Caucasian
<input type="checkbox"/> American Indian/Alaskan Native	<input type="checkbox"/> American Indian/Alaskan Native

<input type="checkbox"/> Am. Indian/Alaskan Native & Black/African American	<input type="checkbox"/> Am. Indian/Alaskan Native & Black/African American
<input type="checkbox"/> Am. Indian/Alaskan Native & White/Caucasian	<input type="checkbox"/> Am. Indian/Alaskan Native & White/Caucasian
<input type="checkbox"/> Other Multi-racial	<input type="checkbox"/> Other Multi-racial
<b>Borrower Race</b>	<b>Co-Borrower Race</b>
<b>DEMOGRAPHIC/ETHNIC DATA (CHECK ALL THAT APPLY)</b>	<b>DEMOGRAPHIC/ETHNIC DATA (CHECK ALL THAT APPLY)</b>
<input type="checkbox"/> Hispanic	<input type="checkbox"/> Hispanic
<input type="checkbox"/> Disabled	<input type="checkbox"/> Disabled
<input type="checkbox"/> Elderly (62+)	<input type="checkbox"/> Elderly (62+)

**Are all residents that will occupy the property documented US Citizens or Permanent Resident Aliens?**

Yes     No

**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. This property is not being obtained by eminent domain.
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.
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. 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 single parent with a dependent child.
5. I/We have provided true copies of last year’s income tax return and income statements (including wages, interest income, self-employment income, SSI or SSDI, retirement or pension income, etc).

**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.

**Receipt of Information**

1. **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).
2. **Subordination and Appeal Policies**, I/We have reviewed the City of Madison’s subordination policy and appeal policy for residential mortgage loans. Information is found at [www.cityofmadison.com/homeloans](http://www.cityofmadison.com/homeloans)
3. **Notice regarding 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 (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.

**Loan Terms**

1. I/We understand(s) that I/We will be required to sign a promissory note(s) and mortgage(s). I/ we will be responsible for recording fees and any fees charged by the title company for closing these loans.
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) under the terms of the promissory note.
3. I/We understand that the loans have a repayment of the original loan amount plus a proportional share of appreciation based on the percentage of assistance provided.

**Conflict of Interest**

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

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

NAMES OF COVERED PERSONS	RELATIONSHIP	NAMES OF COVERED PERSONS	RELATIONSHIP
Yannette Figueroa Cole		Dina Nina-Martinez-Rutherford	
Maria Davila-Martinez		Julia Matthews	
John Duncan		Davy Mayer	
Tag Evers		Sean O’Brien	
Derek Field		William Ochowicz	
Carmella Glenn		Jim O’Keefe	
Terri Goldbin		Joann Pritchett	
MGR Govindarajan		Linette Rhodes	
John Guequierre		Mayor Satya Rhodes-Conway	
Barbara Harrington-McKinney		Bill Tishler	
Isadore Knox Jr		Michael Verveer	
Badri Lankella		Regina Vidaver	
Sabrina Madison		Chelsea Volden-Stammen	

<sup>1</sup> "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

<sup>2</sup>"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 Home-Buy the American Dream 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.

**MGO 3.35(5)(e) 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 Community and Economic Development prior to loan approval.

**Attest Statement**

For the purpose of applying for a down payment assistance loan(s), the undersigned certifies that all of the above statements and information are true. The City of Madison is required that we make you aware of certain facts and collect information from you. Consequently, we require that you complete this 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. The undersigned understands 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 as applicable under the provision of Title 18, United States Code, Section 1014.

\_\_\_\_\_  
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 \_\_\_\_\_

adfadf





Department of Planning & Community & Economic Development

## Community Development Division

215 Martin Luther King Jr Blvd, Ste. 300

Mailing Address:

P.O. Box 2627

Madison, Wisconsin 53701-2627

Phone: (608) 266-6520

Fax: (608) 261-9626

[www.cityofmadison.com](http://www.cityofmadison.com)

Child Care  
Community Resources  
Community Development Block Grant  
Madison Senior Center

### CITY OF MADISON LOAN SUBORDINATION CHECKLIST RESIDENTIAL PROPERTY ONLY

In order to process a request for Subordination for a City loan, the following documents are needed:

- \_\_\_\_\_ Lender loan application
- \_\_\_\_\_ Title Work
- \_\_\_\_\_ Loan Estimate
- \_\_\_\_\_ Mortgage commitment letter
- \_\_\_\_\_ Borrower's Authorization to release information
- \_\_\_\_\_ Appraisal or acceptable documentation of property value (cash out for home improvements and/or medical emergencies only)
- \_\_\_\_\_ Signed statement from borrower that cash-out funds are being used for home improvements or medical emergencies.

#### Submit information to:

(Fed Ex/UPS)

City of Madison-CDD (Community Development Division)

215 Martin Luther King Jr Blvd, Ste. 300

Madison WI 53703

(US Postal Service)

City of Madison-CDD

PO Box 2627

Madison WI 53701-2627

**Email to:** [homeloans@cityofmadison.com](mailto:homeloans@cityofmadison.com) (if documents can be sent securely)

Allow up to 10-15 business days for review of documentation and drafting and signing of document.

- Simple subordination (refinancing outstanding mortgage, no cash-out) cost of City subordination is \$150.
- Cash-out refinance for improvements to property or medical emergencies only. City subordination cost is \$250.
- Lender to collect fee from borrower at time of refinance closing and submit check payable to CITY OF MADISON TREASURER.
- The total combined loan-to-value (CLTV) cannot exceed 80%, for a cash-out refinance for property improvements or medical emergencies. CLTV 70% for Property Tax Assistance and Special Assessment loans. (Note: Property Tax Assistance cash out does NOT have to be used for home improvements or medical emergencies.)



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## City of Madison Community Development Division Loan Subordination Policy Residential Guidelines

The City of Madison Community Development Division (CDD) will consider a loan subordination request where the subordination results in one of the following:

1. Non-cash out simple refinance, such as interest rate reduction and/or there is a mortgage loan product change (e.g. when a balloon or adjustable rate mortgage (ARM) matures and the owner switches to a fixed product). The new first mortgage loan cannot exceed the current mortgage loan balance secured ahead of the CDD loan (excluding reasonable lender fees).
2. Cash out refinancing where the project owner/borrower seeks to use their appreciation for home property improvements and/or medical emergencies only.
3. The Community Development Grants Supervisor or designee is authorized to approve such request where the City's financial position improves or remains unchanged from original approval.

### **Conditions for Consideration on Single Family Property:**

- A fully completed Subordination Request package must be completed by the lender and emailed to the CDD at [homeloans@cityofmadison.com](mailto:homeloans@cityofmadison.com). Checklist can be found at [this link](#).
  - The lender will be responsible for filing the subordination documents and paying for filing fees. Subordination fees are \$150 for no cash-out or \$250 for cash-out refinance only for home improvement.
  - The CDD loan shall be in no less than second position. (May occasionally allow subordination to third position; for example, when doing a Home Equity Line of Credit (HELOC) for home improvements or medical emergencies.)
  - Must be current with property taxes.
  - A commitment letter will be required from the mortgage lender detailing the term and condition of the new loan, total loan amount, interest rate and loan product. If there is a Land Use Restriction on the property, the letter must state that the mortgage holder understands the restriction will remain in place until the period of affordability has been completed.
  - The combined loan to value (CLTV) on the property cannot exceed 80% CLTV for any cash-out refinance. (70% CLTV for loans with City Property Tax Assistance for Seniors (PTAS) or Special Assessment (SA) Loan. NOTE: PTAS cash-out does not have to be used for home improvements or a medical emergency.) A copy of an appraisal or documentation used by the first mortgage lender to determine value dated no more than six month from the time of the subordination request must be submitted to verify value.
  - Use of cash out proceeds must be for home improvement or medical emergencies only: (Note: exception allowed for Property Tax Assistance loan, do NOT have to use cash out for home improvements or a medical emergency.)
- Borrower must sign a statement stating cash-out funds are being used for home improvements or medical emergencies only. (Not applicable for PTAS.)**

## **Administration and Appeal**

The CDD will require a minimum of 10 business days to review documents and make a determination to approve/disapprove. CDD staff will provide a final written underwriting decision to project owner/borrower/lender. If approved, the Mayor's authorized signature of the Subordination Agreement will require an additional 10 business days.

Any appeals of a loan subordination decision shall be made to the CDBG Committee. [See Appeals policy.](#)



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### ***Appeal Procedure***

If an application is rejected by the Housing Rehabilitation Specialist, Community Development Specialist and/or the Community Development Grants 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 their rights. If the applicant, within 30 days of the notification of rejection, files a written appeal request with the Community Development Director/Grants Supervisor, they will then schedule with the CDBG Committee to hold an appeal hearing at the next CDBG Committee meeting. The applicant's request must include the applicant's name, address, name of the loan program—Home-Buy the American Dream Loan, and a short summary of why they are requesting the appeal. A written determination based upon the appeal hearing, will be provided to the applicant within 30 days following the hearing.

The appeal should be sent to:

City of Madison

Community Development Director/Grants Supervisor

P.O. Box 2627

Madison, WI 53701-2627