

PROJECT AND LOAN AGREEMENT

THIS PROJECT AND LOAN AGREEMENT (the “Agreement”) is made and entered into as of this ____ day of _____, 20__, by and between the VILLAGE OF DEFOREST, a Wisconsin municipal corporation whose principal address is 120 S. Stevenson Street, DeForest, Wisconsin 53532 (the “Village”), and _____ (“Borrower”).

RECITALS

WHEREAS, the Village has established the HomeReach DeForest housing program (the “Program”) to promote affordable housing and strengthen the local housing stock as further set forth in Exhibit A to this Agreement;

WHEREAS, the Village has determined that the Borrower and the project described herein meet the eligibility requirements of the [ENTER PROGRAM CATEGORY] Fund category of the Program;

WHEREAS, the Village agrees to provide the Borrower with financial assistance in the form of a loan, [AND GRANT IF APPLICABLE], to assist in eligible program costs as outlined in the Borrower’s approved application; and

WHEREAS, such assistance will advance the Village’s goal to improve housing accessibility, affordability, and quality within the Village of DeForest.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

ARTICLE I THE PROJECT

1.01. Project Description. The Borrower agrees to complete the project (“Project”) in a manner consistent with the scope and cost estimates submitted and approved under the Borrower’s application to the Program, as further set forth in Exhibit B.

1.02. Project Cost. Borrower has represented that the total estimated cost of the Project is \$ _____. The Loan amount will be adjusted by the Village if the cost to complete the Project is less than the estimate provided to assure that the Loan funds do not exceed 80% of the costs of the Project.

1.03. Permits and Compliance. Borrower shall obtain all required permits and approvals prior to commencing work and shall ensure all work complies with applicable codes, ordinances, and program guidelines.

1.04. Failure to Construct. Notwithstanding any other provision in this Agreement, in the event Borrower has not caused the commencement of material construction on or before

_____, this Agreement shall terminate, and neither Borrower nor the Village shall have any further obligations hereunder. "Commencement of material construction" means that a building permit for the Project has been issued and Borrower has actually caused substantive physical work on the Project to begin.

1.04. Completion. The Project must be substantially completed within twelve (12) months of the date of this Agreement unless otherwise extended by the Village in writing.

ARTICLE II

THE LOAN [AND GRANT if applicable]

2.01. Financial Assistance. Subject to the terms and conditions of this Agreement, including the Borrower achieving the Guaranteed Investment in Section 1.02, the Village agrees to provide the Borrower with financial assistance in the following amounts:

- a) Loan: Up to \$_____ at 0% interest, repayable over ten (10) years or due upon sale of the property; [and
- b) Grant: Up to \$_____, subject to program eligibility and income verification.]

2.02. Loan Terms. The terms of the Loan shall be the following:

- a) The original principal balance of the Loan shall be \$_____.
- b) The interest rate shall be Zero percent (0%) per annum.
- c) The Loan shall be structured with payments set to be repaid on a ___-year term and amortization.
- d) The Loan shall be payable with monthly principal and interest payments of \$_____ commencing _____, 20__ and continuing until _____, 20__.

2.03. Prepayment. Borrower may prepay the Loan in part or in full at any time without penalty.

2.04. Use of Funds. Loan [and grant] proceeds shall be used solely to pay for eligible Program costs directly associated with the approved Project. Any unauthorized use of funds shall constitute default.

2.05. Disbursement. Funds may be disbursed in up to six (6) installments upon submission of: itemized invoices, receipts, and permits. Advance disbursements may be made for deposits with contractor invoices; subsequent receipts must be provided.

2.06. Loan Security. The Loan shall be secured by a recorded mortgage interest on the property and by Borrower's signed Promissory Note in the form attached hereto as Exhibit C.

2.07. Accelerating Interest. In the case of default due to failure to make timely payments, the unpaid principal balance shall accrue interest at a rate of five percent (5%) per annum from the date of default until such time as the default is cured or the outstanding balance is paid in full. Curing of the default and payment of all accrued default interest and costs shall reinstate the Loan to good standing, but shall not limit the Village's right to enforce any other term or remedy under this Agreement.

2.08. Loan Due on Sale of Property. If Borrower conveys any title interest to the Property , or if any part of the Property is rented to another party within three (3) years of the date of this Agreement, the entire balance of the Loan, shall become immediately due and payable. Borrower may petition the Village for an exception in the case of hardship.

ARTICLE III REPRESENTATIONS AND WARRANTIES

3.01. Interest in Property. Borrower is the legal owner of the property upon which the project is located or will acquire title to the property upon which the project is located within ninety (90) days of the date of this Agreement unless otherwise extended by the Village in writing.

3.02. Program Compliance. All information provided in the loan application and supporting documentation is true and correct. Borrower's household income meets the program's eligibility requirements.

3.03. Insurance. Borrower shall maintain homeowner's insurance on the property for its full replacement value throughout the loan term. Proceeds from such insurance shall be used to restore any covered damage to, or destruction of the property.

ARTICLE IV DEFAULT AND REMEDIES

4.01. Events of Default. Any one or more of the following events is an Event of Default under this Agreement:

- a) Payment required under this Agreement is not paid when due and the nonpayment continues for fifteen (15) days after written notice to Borrower;
- b) Material nonperformance by Borrower of any covenant, agreement, term or condition in this Agreement not involving the payment of money and where no other time period for cure is specified, and the continuation thereof for a period of thirty (30) days after receipt by the Borrower of written notice from the Village specifying such nonperformance, provided, however, if such nonperformance is not a health or safety violation, and if the nature of the nonperformance reasonably requires more than thirty (30) days to fully cure, the Borrower shall not be deemed to be in default if it immediately commences and diligently proceeds thereafter to cure within a reasonable period of time;
- c) The failure of any representation of Borrower to be true and correct at the time of entering into of this Agreement;
- d) The Borrower becoming insolvent or the subject of insolvency proceedings if such proceedings are not dismissed within 90 days after commencement thereof; the Borrower failing to pay debts as they become due or making an assignment for the benefit of creditors; or a receiver, trustee, custodian or other similar official is appointed for, or takes possession of, any substantial part of the property of Borrower.
- e) The failure of Borrower to comply with any and all program requirements as set forth in Exhibit A.

ARTICLE V MISCELLANEOUS

5.01. Entire Agreement. This Agreement represents the entire agreement between the parties hereto and may be amended only by a written agreement executed by both parties.

5.02. Severability. The various provisions in this Agreement are intended to be severable. In the event that any single term in this Agreement is determined to be invalid or unenforceable, such determination shall not affect any of the remaining provisions which shall continue in full force and effect.

5.03. Governing Law. This Agreement shall be governed by and construed according to the laws of the State of Wisconsin. In the event of a dispute, venue shall lie for all parties in Dane County, Wisconsin.

5.04. Section Captions. The captions or headings of the various sections of this Agreement are intended for ease of reference only and shall not be deemed to define, limit or describe the scope or intent of this Agreement and are not part of this Agreement.

5.05. Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors or assigns.

5.06. Neutral Construction. The parties acknowledge that this Agreement is the product of negotiations between the parties and that, prior to the execution hereof, each party has had full and adequate opportunity to have this Agreement reviewed by, and to obtain the advice of, its own legal counsel with respect hereto. Nothing in this Agreement shall be construed more strictly for or against either party because that party's attorney drafted this Agreement or any part hereof.

IN WITNESS WHEREOF, the Village and the Borrower have executed this Agreement as of the day and year first above written.

NOTICE TO CUSTOMER

(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.

VILLAGE OF DEFOREST

By: _____
_____, Village President

Date: _____

BORROWER

By: _____

Name: _____

Address: _____

Date: _____

EXHIBIT A
THE PROGRAM

EXHIBIT B
BORROWER'S APPLICATION

EXHIBIT C
PROMISSORY NOTE