

RESOLUTION 2026-034

A RESOLUTION APPROVING AND ADOPTING AN AFFORDABLE HOUSING PROGRAM.

WHEREAS, the Village Board created Tax Increment District No. 3, Village of DeForest (“TID 3”) on March 16, 2009 and successfully completed implementation of the project plan such that sufficient tax increment has been collected to pay off all of its aggregate project costs; and

WHEREAS, pursuant to §66.1105(6)(g), Wis. Stats., the Village Board approved Resolution 2025-026 extending the duration of TID 3 for the purpose of supporting affordable housing, setting forth the general use of tax increment for affordable housing, and stipulating that a termination resolution be adopted by March 17, 2026, and

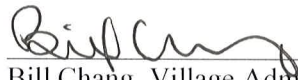
WHEREAS, the Village approved Resolution 2026-002 on January 6, 2026 terminating TID 3; and

WHEREAS, the Village desires to create and implement the affordable housing program attached hereto as Exhibit A (the “Program”), which is consistent with the provisions contained in Resolution 2025-026 and §66.1105(6)(g) of the Wisconsin Statutes.

NOW, THEREFORE, BE IT RESOLVED, that the Village Board hereby approves and adopts the Program attached as Exhibit A to benefit affordable housing in the community; and

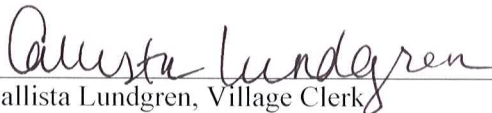
BE IT FURTHER RESOLVED, the Village hereby authorizes Village staff to execute grant and loan agreements generally consistent with the draft agreements attached hereto as Exhibit B in order to efficiently implement the Program.

Adopted at a regular meeting of the Village of DeForest Village Board this 17th day of March 2026.



Bill Chang, Village Administrator

Attest:



Callista Lundgren, Village Clerk

Vote: 6-0

HomeReach DeForest: A program for attainable housing and strong neighborhoods

Introduction

HomeReach DeForest is a Village of DeForest initiative aimed at strengthening the community's housing stock and making housing more attainable. DeForest's housing market is under increasing pressure due to regional job growth, rising construction costs, and shifting regional demographics. Local employers report that workers struggle to find housing in the community, while seniors looking to downsize or age-in-place face a shortage of options that fit their budgets and accessibility needs. The goal of this program is to provide additional funding resources to address specific housing challenges.

Initial funding for the program was obtained by leveraging a Wisconsin statutory provision commonly referred to as the "Affordable Housing Extension." Under this provision, a municipality may extend a Tax Incremental District (TID) for up to one year once it has retired its debt and paid all project costs. The resulting increment (tax revenue) collected during that extra year can then be directed toward the creation and improvement of affordable housing.

In March 2025, the DeForest Village Board adopted a resolution to extend TID #3 and provide funding for HomeReach DeForest. Two housing funds were established that serve different purposes:

1. Incentivizing larger-scale workforce housing developments (with a preference for owner-occupied housing) through the **Affordable Housing Development Fund**; and
2. Providing direct assistance to eligible homeowners and homebuyers for home improvements, accessibility modifications, and downpayment assistance through the **Home Improvement and Downpayment Assistance Fund**.

This program guide is intended to create the framework upon which HomeReach DeForest will be administered. While initially capitalized via the TID #3 extension, the program could secure additional capital through other methods, including any future TID extensions for affordable housing. This guide may be amended or revised at the direction of the Village Board as local housing market conditions or local priorities change. Development or funding proposals may be considered on a case-by-case basis if they demonstrate an extraordinary public benefit, as determined by the Village Board.

Ultimately, the Village's overarching goal is to invest in local housing in a way that not only benefits income-qualified households but also strengthens the broader DeForest community for years to come.

PROGRAM DETAILS

1. The DeForest Affordable Housing Development Fund

Overview

The DeForest Affordable Housing Development Fund is designed to incentivize larger-scale workforce housing developments that serve low-income households. It is anticipated that approximately half of the TID #3 extension proceeds will initially capitalize this fund, with the ability for additional funds to be added from other sources at the discretion of the Village Board.

Eligible Developments

Residential development projects that propose new construction, redevelopment, or substantial rehabilitation of multi-family or single-family housing that is affordable to households earning up to 80% Area Median Income (AMI) are eligible.

This program, and Wisconsin Statute, define “affordable housing” as housing, and its associated costs such as utilities, property taxes, and home insurance, that costs no more than 30% of the occupying household’s gross monthly income. For example, “affordable housing” for a single-person household earning 80% of AMI in DeForest in 2025 meant housing costing no more than \$1,818 per month inclusive of all housing-related expenses. Exhibit A to this Program Guide includes a chart showing Dane County Area Median Income in 2025. This chart is included as a reference to help applicants determine affordability levels and may be updated annually as federally designated income limits change.

While both owner-occupied and rental projects may apply to this fund, developments that include owner-occupied housing units will receive priority consideration. Projects will be evaluated on a case-by-case basis by the Village Board and funding may be allocated proportional to the amount of the development held affordable to income-qualified households.

Ineligible Developments

1. Developments located outside the Village of DeForest municipal boundary.
2. Developments that do not include housing units that are affordable for those earning up to 80% AMI.
3. Developments either owned in part or in full, or to be owned in part or in full, by a tax-exempt entity. The Village may grant exceptions to this restriction to allow for temporary ownership by a non-profit organization engaged in affordable housing development if provided adequate written assurances that the organization will transfer ownership to an eligible recipient within a reasonable time.
4. Developments that do not comply with applicable zoning, building codes, or other Village regulations, unless the program funds will be used for renovations that will achieve compliance with those regulations.

Application Requirements and Process

1. **Application Submission:** Applicants must submit a Letter of Intent (LOI), which shall include a project narrative, conceptual site plans, draft development pro forma, demonstration of the inclusion of affordable housing units, preliminary financing plan, preliminary development schedule and the amount of funding being requested.
2. **Staff Review:** Village staff will review the LOI for completeness and to ensure eligibility. Staff will communicate and coordinate with applicants to address any incomplete areas of the LOI prior to submitting to the Village Board for further review.
3. **Village Board Review:** The applicant will be required to present a concept of the development plan at a Village Board meeting. The Board may subsequently evaluate the development's request for funding based on certain criteria including, but not limited to, alignment with local housing goals, degree of affordable housing included, developer experience, project design, operational management plans, and potential community benefit.
4. **Funding Agreement:** Applicants that receive a funding award will be required to enter into a development agreement setting forth the obligations of the developer in order to receive funding.

Award Disbursement

The Village Board has the discretion to determine the form of funding disbursement, which will be detailed in the Development Agreement. Funding may be offered as a grant, low-interest loan, forgivable loan, or other mechanism, depending on development financing needs, the availability of funds and risk to the Village. Disbursement schedules and milestones will also be set forth in the Development Agreement. The Village reserves the right to include provisions for the recapture of funds if the developer fails to meet project requirements.

2. The DeForest Home Improvement and Downpayment Assistance Fund

Overview

The DeForest Home Improvement and Downpayment Assistance Fund is intended to provide direct funding support to income-qualified homeowners and homebuyers. It is anticipated that approximately half of the TID #3 extension proceeds will initially capitalize this fund, with the ability for additional funds to be added from other sources at the discretion of the Village Board. This fund helps individuals address property improvement needs or downpayment barriers, ensuring that existing housing stock remains safe, accessible, and within reach for qualified residents.

Program Categories

This fund is divided into four sub-programs, each with distinct purposes and additional eligibility criteria:

1. Aging-in-place and Accessibility Program
2. Emergency Health & Safety Hazard Mitigation Program

3. Downpayment Assistance and Home Improvement Program
4. Local Public Service Downpayment Assistance Program

General Eligibility

Criteria specific to individual categories are listed under each category, but all categories share the following common eligibility criteria:

- Applicant must be the owner of the property that will be improved with the funding being requested or, in the case of downpayment assistance, must be the owner-occupant of the property upon purchase.
- The property must be located within the Village of DeForest municipal boundaries.
- The applicant must demonstrate that household income at the property is at or below 80% Area Median Income (AMI). See Exhibit A for reference.
- Applicant must contribute a minimum of 20% funding of total project costs and demonstrate a minimum household debt service coverage ratio of 1.05. This means that household income must be 1.05 times the amount needed to cover total household debt payments, including both mortgage and consumer debt.
- Applicant must submit a \$50.00 application fee along with a completed application and supplemental materials, including:
 - Proof of income for all household members. This includes the most recently filed taxes (Form 1040) or a signed statement explaining non-filing, 60 days of income proof (paystubs, SSA, 401k benefit statements, bank statements reflecting income deposits, etc.)
 - A copy of the homeowner's insurance policy.
 - A completed IRS Form W-9.
 - For Accessibility project, hazard mitigation project, and home improvement project loans:
 - Construction plans, design materials, or other descriptive project documentation, and a tentative project schedule. Projects must be substantially completed within twelve (12) months of funding approval, unless otherwise approved by the Village Board.
 - Itemized description of the proposed/estimated cost for labor and materials necessary for completing the project. All project work must pass all requisite inspections.

Awards and Administration

The following parameters govern funding allocations for applicants.

- If awarded funding, the applicant will be required to enter into a Funding Agreement with the Village setting forth the terms of funding and any repayment obligations. Loans shall be subject to accelerating interest rates or other penalties upon instances of borrower default or non-compliance with project requirements.
- If the property is sold within three (3) years, or rented to another party within three (3) years, the Village will require repayment of any loan funds. Recipients may petition the Village for an exception in the case of hardship.
- Awardees may request disbursement of approved funds up to six (6) times during the project, until the approved total loan or grant amount has been disbursed. Each request for disbursement must include the following supporting materials:
 - Associated expenditures itemized by materials and labor, where applicable;
 - Receipts or comparable documentation of expenditures;
 - In the case of fund requests for advance deposits on materials and/or labor, awardee must provide invoice and/or estimates. After payment is made, applicant must also provide receipts or comparable documentation of payment.
- Upon project completion, awardee must submit a Letter of Satisfactory Completion to Village Staff. Staff will work with awardee to finalize project close-out documentation and may perform an inspection to verify completion.
- Awardee is responsible for ensuring that all necessary permits and approvals are secured prior to performing project work.

Loan Repayment Requirements

- Repayment may be deferred until project completion and, upon request from awardee, up to 60 days following, at the discretion of Village staff. This is a delay in starting payments, only. Any interest incurred due to instances of default will begin to accrue upon fund disbursal.
- Awardee must undertake all loan repayments and must comply with all requirements established in the Funding Agreement.

Application Process

- 1. Submission:** Applicants must complete an application form with supplemental documentation such as income verification, project scope, cost estimates, and other program specific requirements. Applications may be found on the DeForest website or by request by emailing development@deforestwi.gov.
- 2. Staff Review & Notification:** Village staff will confirm whether an application is complete and meets initial eligibility. Staff will coordinate with applicant to correct any incomplete applications or address any eligibility concerns.
- 3. Approvals:** Funding applications that meet all eligibility criteria and program requirements may be approved administratively by Village staff, using pre-authorized agreement templates approved by the Village Board. Staff will take into consideration financial information provided by applicants in determining whether applicant is likely to be able to make timely loan repayments.
- 4. Funding Agreements:** Approved applicants will enter into a Funding Agreement setting forth the responsibilities and obligations of the applicant and detailing terms of funding. This agreement or an appropriate memorandum will be recorded against the property in the case of loans and may be recorded for grants at the discretion of the Village.

Conclusion

HomeReach DeForest is an opportunity to invest strategically in the community's housing stock—both by encouraging new, affordable developments and by helping existing and prospective residents improve or retain safe, quality homes. By offering a structured set of guidelines and funding categories, the Village aims to balance responsible stewardship of limited public resources with the flexibility to adapt to evolving local needs.

Category Descriptions

Category 1: Aging-in-Place and Accessibility Program

Purpose: Assist owner-occupants with accessibility-related improvements (e.g., ramps, grab bars, or bathroom modifications).

Financial Assistance:

Loan: Up to \$20,000 at 0% interest, repaid over 10 years or due upon sale.

Grant: Applicants who demonstrate a household income at or below 60% Area Median Income are eligible for a grant up to \$7,500. Grant funds can be combined with loan.

Eligible Projects: Home improvements and modifications that enhance the interior or exterior safety or accessibility of the home are eligible projects. Examples include, but are not limited to: installing grab bars, accessible bathing facilities, accessible toilets, non-slip flooring, ramps, widening doorways, stair lifts, lighting improvements, handrails, zero-clearance door thresholds, etc. A complete list of eligible projects is included as Exhibit C to this program guide and will be updated from time to time. An applicant who believes they have a qualifying project that is not listed as eligible for this program may petition the Village for its inclusion as an eligible cost.

Ineligible Projects: Home improvements and modifications that do not have an impact on safety or accessibility, are purely aesthetic in nature, or upgrade mechanical systems are not eligible projects.

Category 2: Emergency Health & Safety Hazard Mitigation Program

Purpose: Fund urgent repairs or remediation (e.g., failing roofs, mold, unsafe electrical).

Financial Assistance:

Loan: Up to \$20,000 at 0% interest, repaid over 10 years or due upon sale.

Grant: Applicants who demonstrate a household income at or below 60% Area Median Income are eligible for a grant up to \$7,500. Grant funds can be combined with loan.

Eligible Projects: Home improvements and modifications that will remedy an emergent life or health threatening circumstance. Examples include, but are not limited to: failing structural components, mold, sewage backups, water damage, replacement of lead water supply pipes, etc.

Ineligible Projects: Home improvements and modifications that are not in response to an emergent life or health threatening circumstance.

Category 3: Downpayment Assistance & Home Improvement Program

Purpose: Provide downpayment assistance and a home improvement loan to help entry-level homebuyers enter homeownership and to improve the quality of DeForest's housing stock.

Financial Assistance:

Downpayment Grant: \$10,000 (may be combined with a home improvement loan).

Home Improvement Loan: Up to \$30,000 at 0% interest, repaid over 10 years or due upon sale of the home. A loan may be applied for without applying for a downpayment grant if the applicant is the current homeowner of a property and meets all other program eligibility criteria.

Eligibility and Requirements Specific to this Category:

- The property must be located within the Village of DeForest municipal boundaries and must have its most recent assessed value be no greater than 120% of the median average assessed home value in the Village, as established by the Village Assessor on an annual basis. Exhibit B to this Program Guide includes a chart showing the median assessed home value in DeForest in 2024. This chart is intended as a reference to help applicants for funding determine whether the property in their application may qualify. The chart may be updated periodically as assessed values change.
- Applicants for only the home improvement loan must contribute a minimum 20% funding of total project costs. Applicants combining the downpayment assistance grant and the home improvement loan are exempt from this requirement.
- Applicants for downpayment grants must demonstrate a financing commitment from a financial institution to purchase the property associated with the application prior to any Funding Agreement being executed.

Eligible Home Improvement Projects: Home improvements and modifications eligible under this program include, but are not limited to: repairs to structural components of the home, repair or replacement of windows and doors, exterior façade improvements, repair or replacement of gutters, trim, soffit and fascia, painting or staining, concrete or driveway repairs, repairs or upgrading of mechanical systems, etc.

Ineligible Projects: Home improvements and modifications that are not eligible under this program include, but are not limited to: purchase and installation of appliances, equipment or tools, demolition only, landscaping and site work, interior projects to accessory structures or garages, repair or replacement of outdoor dog houses, animal structures, or other accessory structures.

Category 4: Local Public Service Downpayment Assistance Program

Purpose: Assist employees of local public service entities in purchasing a home within the Village.

Downpayment Grant: Up to \$20,000 or 50% of the required downpayment (whichever is less).

Eligibility and Requirements Specific to this Category: All eligibility criteria and requirements are the same as in the Category 3 Downpayment Assistance Program with the addition of the following:

- Applicant must demonstrate that a full-time member of the household is a current full-time employee in good standing of any of the following organizations at the time of purchasing the property:
 - Village of DeForest,
 - DeForest Windsor Fire/EMS,
 - DeForest Area School District,
 - DeForest Area Public Library,
 - Cornerstone Community Center.
- If applicant initiates termination of employment at the qualifying organization within one (1) year of purchasing the property, the Village shall require repayment of any funds, unless the applicant demonstrates that he or she has obtained employment with another qualifying entity within 30 days after termination. Recipients may petition the Village for an exception in the case of hardship.
- Applicants receiving funding through this program may be eligible to apply for, and receive funding through, the Category 3 Home Improvement Loan.

EXHIBIT A

Dane County Median Income Levels 2025

Median Household Income (WHEDA, 2025)				
County	1-person	2-person	3-person	4-person
Dane	\$90,900.00	\$103,900.00	\$116,900.00	\$129,800.00

EXHIBIT B

DeForest Median Assessed Home Value 2024

2024 Median Home Value	120% Median Home Value
\$369,000	\$442,800

EXHIBIT C

Eligible Projects for the Emergency Health and Safety Hazard Mitigation Program

- Damage from flooding, fire or other natural disasters
- Damage and cleanup from sewage backup
- Mold remediation
- Asbestos remediation
- Roof repair or replacement where there is a structural failure, risk of structural failure or active roof leaks present
- Active electrical issues presenting an imminent fire danger
- Lead water supply line replacement
- Heating or cooling system failures at critical times when exterior temperatures could pose a threat to life, safety, or health
- Structural repairs to floors and/or walls where building components demonstrate structural damage or deterioration which pose an immediate threat to life, safety, or health
- Window and/or door replacement or repair where necessary to remedy a threat to life, safety, or health

*Applicants who believe they have a qualifying project that is not listed in this Exhibit may petition the Village for a determination of eligibility.

PROJECT AND LOAN AGREEMENT

Res 2026-034

Exhibit B

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

DOWNPAYMENT ASSISTANCE AGREEMENT

THIS DOWNPAYMENT ASSISTANCE 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 _____ ("Recipient").

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 Recipient and the property to be purchased (the "Property") described herein meet the eligibility requirements of the [ENTER PROGRAM CATEGORY] Fund category of the Program;

WHEREAS, the Village agrees to provide the Recipient with financial assistance in the form of a grant to assist with purchasing the Property as outlined in the Recipient'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 PROPERTY

1.01. Property Description. The Recipient agrees to purchase the Property described in the Recipient's application to the Program, incorporated herein as Exhibit B.

1.02. Purchase Price. Recipient has represented that the total estimated cost of purchasing the Property is \$_____.

1.03. Completion of Purchase. The Recipient must obtain fee simple ownership of the Property within ninety (90) days of the date of this Agreement unless otherwise extended by the Village in writing.

ARTICLE II

THE GRANT

2.01. Financial Assistance. Subject to the terms and conditions of this Agreement, including the Recipient completing purchase of the Property as described in Section 1.03, the Village agrees to provide the Recipient with financial assistance in the following amounts:

a) Grant: Up to \$_____, subject to program eligibility.

2.02. Financing Commitment. Recipient acknowledges that the Grant is contingent upon Recipient having received a commitment for financing to purchase the Property and warrants that it has received such a commitment as further set forth in Exhibit C.

2.03. Use of Funds. The Grant funds are to be used solely as a downpayment for purchase of the Property. Any unauthorized use of funds shall constitute default.

2.04. Disbursement. Funds shall be disbursed to Recipient at closing of the purchase of the Property. Village agrees to cooperate with title company or lender as needed to successfully process closing of the transaction.

2.05. Rental of Property. The Property shall be owner-occupied by the Recipient for a period of no less than three (3) years. If the Property is rented, or any title interest in the Property is sold, to another party within three (3) years of this Agreement, all Grant funds shall be immediately repaid to the Village.

2.06. Termination of Employment. If Recipient has been qualified under the Local Public Service Downpayment Assistance Program, and the Recipient's employment with a qualifying agency is terminated voluntarily by the Recipient within one (1) year of purchasing the Property, Recipient shall repay all grant funds to the Village within thirty (30) days of termination.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

3.01. Authority to Act. Recipient has all requisite power and authority to enter into this transaction, to execute, deliver, and perform this Agreement, to execute and deliver each and every instrument and otherwise to consummate the transaction herein contemplated. Neither the execution and delivery, nor performance of this Agreement by Recipient, will result in the breach of any contract, covenant or agreement, or order, judgement or decree by which Recipient is bound or affected.

3.02. Interest in Property. Recipient will become owner and occupant of the Property upon closing of the purchase transaction.

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

3.04. Insurance. Recipient shall maintain homeowner's insurance on the property for its full replacement value.

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) Material nonperformance by Recipient 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 Recipient 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 Recipient shall not be deemed to be in default if it immediately commences and diligently proceeds thereafter to cure within a reasonable period of time;
- b) The failure of any representation of Recipient to be true and correct at the time of then entering into of this Agreement or at the time of disbursement of the Grant;
- c) The failure of Recipient 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.

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

VILLAGE OF DEFOREST

By: _____

_____, Village President

Date: _____

RECIPIENT

Name: _____

Address: _____

Date: _____

EXHIBIT A
THE PROGRAM

EXHIBIT B
RECIPIENT'S APPLICATION

EXHIBIT C
FINANCING COMMITMENT

DeForest Village Board Memo

Meeting Date: March 17, 2026

The Item: Resolution 2026-034 Approving and adopting an Affordable Housing Program.

Summary of Issue: Beginning in October of 2024, the Village Board has engaged in focused discussions regarding the use of funds from an Affordable Housing Extension of Tax Increment District #3. In March of 2025, the Board adopted a resolution extending TID 3 for a 12 month period to support affordable housing through the creation of an affordable housing fund that, per the resolution, would:

- Provide financing assistance for new affordable housing developments,
- Provide grants and loans for home accessibility improvements to income-qualified individuals residing in affordable housing units,
- Provide grants and loans for emergency home repairs to income-qualified individuals residing in affordable housing units,
- Provide downpayment assistance and home improvement loans to income-qualified individuals for purchase of, or improvements to, affordable housing units, and
- Provide downpayment assistance for income-qualified, local public employees for the purchase of affordable housing units.

On January 6 of this year, the Board adopted a resolution to terminate TID #3 as required by state statute, allowing the final year of increment to capitalize the program.

Over the last 18 months, Trustees have provided direction on:

- Funding split between development-focused and homeowner-focused programs,
- Prioritization of owner-occupied housing,
- Income eligibility thresholds,
- Loan vs. grant structures and interest rates,
- Safeguards in instances of financial or program noncompliance.

The HomeReach DeForest program included in board packets represents the culmination of that policy direction and legal review.

Should the board approve the program, staff will move into planning for implementation. Next steps would include:

- Creating an online landing page either on EngageDeForest or the Village website,
- Creating an online application portal housed on the webpage,
- Developing an outreach/promotion strategy and working with the Village's communications manager and other local stakeholders to disseminate program information,

- Establishing a segregated account to hold funds and working with the Village's Finance team on a framework for processing payments and disbursements,
- Planning administrative functions pertaining to executing grant/loan agreements, tracking program metrics, etc.

Request Focus and Next Steps: Staff recommends approval of Resolution 2026-034.