

HOME IMPROVEMENT LOAN PROGRAM AGREEMENT

This AGREEMENT (the "Agreement") is made and entered into as of \_\_\_\_\_, 20\_\_\_\_, by and between the WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY (the "Authority" or "WHEDA"), a public body corporate and politic of the State of Wisconsin, 201 West Washington Ave, Suite 700, Post Office Box 1728, Madison, Wisconsin 53701-1728, and "Sponsor," whose name and address is set forth directly below:

\_\_\_\_\_  
(Name of Sponsor)

Attention: \_\_\_\_\_  
(Contact Person)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(City) (County) (Zip Code)

\_\_\_\_\_  
(Telephone)

Sponsor Number: \_\_\_\_\_

WITNESSETH:

Legislation passed in 1978 established the Housing and Neighborhood Conservation Program, now know as the Home Improvement Loan Program (the "Program") in order to provide housing rehabilitation Loans (the "Loans" each of which is a "Loan"), as defined currently in WIS. STATS., Sec. 234, to eligible borrowers in the State of Wisconsin (the "State"). In order to induce the Authority to authorize the Sponsor to participate in the Program, the Sponsor and the Authority enter into this Agreement.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt of which is hereby acknowledged, Sponsor and the Authority agree as follows:

#### DEFINITIONS

- Lender: Wisconsin Housing and Economic Development Authority (the "Authority").
- Sponsor: The organization agreeing to perform specified activities.
- Borrower: An applicant for or recipient of a loan. The term Borrower also includes borrower's spouse, if applicable.
- Manual: The Home Improvement section of the HOME Lender's Manual.

#### TERMS AND CONDITIONS

1. The Authority and Sponsor agree to abide by the terms of this Agreement and the Manual, as each may be amended from time to time, the terms of which are incorporated herein by reference as though fully and completely set forth herein.
2. As defined by this Agreement, the Sponsor shall perform, on behalf of the Authority, certain specified duties in accordance with the Manual.
3. The relationship between the Authority and the Sponsor shall be that of independent contractors and nothing contained herein shall constitute this arrangement a joint venture, partnership, or employer-employee relationship.
4. Sponsor acknowledges that the Program is financed with limited funds and that the Program and any and all obligations of the Authority under this Agreement shall cease, or be suspended for such period of time as the Authority may determine, in its sole discretion, that the Authority has insufficient funds available to continue the Program.
5. Sponsor agrees to:
  - A. Distribute the Authority-supplied information on the Program to potential Borrowers and trade allies.
  - B. Prescreen and counsel customers on eligibility.

- C. Provide application to customers and assist in the completion of the Borrower's Application Package.
- D. Verify the income and current employment of Borrower.
- E. Request and receive credit investigation and title search.
- F. Package and transmit Loan documents to the Authority for review.
  - 1) Loan Application Checklist.  
This form shall be submitted with each Loan package as defined below. The form shall contain all relevant information, including the signature of the Sponsor's representative responsible for the Loan. Sponsor shall check off every item that is in the file or enter "NA" if not applicable. The Checklist shall also be a guide for determining the completeness of the Loan Package before mailing to the Authority.
  - 2) When the Sponsor is satisfied that the Loan qualifies for the Program, the Sponsor shall transmit the complete Loan Package to the Authority. In order to avoid "stale" documentation, the Authority shall not accept Loan packages for underwriting when more than forty-five days have elapsed from the date of application to the date received by the Authority.
  - 3) Authority Review. The Authority shall review the Loan package to ensure the Loan complies with the Program and shall refer any questions regarding the Loan to the Sponsor. The Authority shall contact Sponsor if any Loan documentation is missing or incomplete. Upon receipt of complete Loan documentation, the Authority shall review, underwrite, and approve the Loan if the Loan qualifies for the Program.
  - 4) Fee. The Authority shall pay the Sponsor \$350.00 on the date the Loan is funded.
- G. Close Loan and disburse Loan proceeds to Borrower.
  - 1) After the Sponsor has received a written commitment from WHEDA, the loan closing may be scheduled.

Once a satisfactory written title search has been received, the Sponsor may notify the borrower(s) that the work may begin.

- H. Sponsor agrees to provide all documentation required by the Authority to determine if the Loan represents a reasonable credit risk and to ensure that the security is adequate and appropriate. Should the Authority need additional information or documentation to clarify or supplement information on the Loan application, Sponsor shall take steps necessary to gather this information or documentation and supply it to the Authority.
- I. The Authority agrees, upon receipt from Sponsor of a complete Loan Package, to review the Loan documentation for each Loan in order to ensure the Loan qualifies for the Program, and to fund each such qualifying Loan, subject to availability of funds.
- J. Sponsor agrees not to charge any Borrower a fee related to the Loan, except ordinary and necessary out-of-pocket expenses Sponsor may incur in processing the Loan as provided in the Authority's manual or approved in advance and in writing by the Authority. Sponsor shall pay its own expenses, including telephone, transportation, and general business expenses.
- K. The interest rate on a Loan shall be such interest rate or rates as the Authority may specify by written notice to Sponsor.
- L. Sponsor assumes full responsibility for ensuring compliance with any and all consumer or Authority disclosure laws applicable to each Loan transaction and shall indemnify the Authority from any loss or liability resulting or arising from any failure by Sponsor to fully comply with any such law.

- M. Sponsor represents and warrants to the Authority as follows:
- 1) Sponsor is duly organized, validly existing and in good standing under the laws of the jurisdiction under which it was organized; qualified to do business in the State of Wisconsin; authorized by all necessary corporate actions to enter into this Agreement and is otherwise empowered and authorized to do so;
  - 2) Upon execution, this Agreement shall be a valid and binding obligation of Sponsor, enforceable according to its terms, and shall not constitute a violation of any law or any requirement imposed upon Sponsor by any regulatory, judicial or quasi-judicial body;
  - 3) Sponsor is not under any cease and desist order or other order of similar nature, temporary or permanent, which would in any way restrict Sponsor from entering into this Agreement or from complying with any and all terms and conditions of this Agreement, nor are there any proceedings presently in progress or, to its knowledge, contemplated which would, if successful, lead to the issuance of any such order;
  - 4) Sponsor has in effect, and will maintain, individual or blanket bonds covering all officers, employees or other persons duly authorized by Sponsor to act on behalf of Sponsor in fulfilling Sponsor's responsibilities under this Agreement insuring Sponsor and/or the Authority against any loss arising from any dishonest, criminal, fraudulent or negligent act, or error or omission, of any such person, in such reasonable amounts as may be reasonable calculated to protect Sponsor and the Authority;
  - 5) For each Loan, at the time the loan is received by Sponsor and submitted to the Authority:
    - a) The Loan transaction shall be lawful under, and in full compliance with, all applicable state, local and federal laws, all applicable rules and regulations of any agency or department thereof;
    - b) The Sponsor will execute the note and endorse it to WHEDA.
    - c) The Mortgage and Assignment of Mortgage shall be duly executed and delivered, and be recorded to protect the security interest in the real estate in favor of the Authority; no part of the mortgaged property shall have been released from the mortgage lien.

- d) Sponsor shall be unaware of any fact or circumstance which would affect the enforceability of any Mortgage or Note or give rise to any right of setoff, counterclaim or other claim or defense; Sponsor shall have no knowledge of any circumstances or conditions with respect to the related mortgaged property or Borrower's credit standing which could be reasonably expected to cause the Mortgage and the Note to become delinquent or adversely affect the value or the marketability of the Loan.
- 6) Each of the foregoing representations and warranties of Sponsor shall be continuing and shall be deemed to have been made as of the date of this Agreement and as of the date of each Loan closing and shall be true and correct as of the date of each Loan closing.
- N. Sponsor agrees to indemnify and to hold harmless the Authority for any lawsuits or liability realized as a result of Sponsor's actions. The Authority agrees to indemnify and to hold harmless Sponsor for any lawsuits or liability realized as a result of the Authority's actions.
- O. The Authority shall not be bound by any representations or statements made by Sponsor unless Sponsor is specifically authorized by the Authority to make such statements or representations.
- P. Sponsor agrees to inspect the work financed by the proceeds of any Loan(s) and submit an inspection report(s) in accordance with the Manual, provided Sponsor is so requested by the Authority and further provided Sponsor shall receive an inspection fee of not more than Twenty-Five Dollars (\$25.00) per inspection. Inspection fees shall be paid to Sponsor on a monthly basis for inspections completed during the previous month.
- Q. The Authority and its respective agents may, at any time, examine and audit any and all of Sponsor's Loan records or accounts. Sponsor agrees to furnish any and all Loan documents and other records to the Authority when so requested.
- R. This Agreement shall terminate immediately upon the statutory insolvency or bankruptcy of Sponsor. Sponsor or the Authority may terminate this Agreement at any time upon ten (10) days prior written notice to the other party. Upon termination of the Agreement, Sponsor shall forward to

Lender within fourteen (14) days all documents in Sponsor's possession related to each Loan.

- S. Upon breach by Sponsor of any of the terms of this Agreement, the Authority shall be entitled to any and all remedies available at law or in equity, including but not limited to the right to seek an injunction, specific performance, or damages, including consequential damages and reasonable attorney's fees, arising by virtue of the Authority's sale of its bonds in reliance on Sponsor's compliance with the terms and conditions of this Agreement. Termination of this Agreement shall not diminish the Authority's rights hereunder. All remedies set forth herein shall be cumulative, and the exercise by the Authority of any one or more of them shall not in any way alter or diminish the Authority's right to any other remedy provided herein or by law or equity.
- T. The Authority may amend this Agreement at any time by written notice to Sponsor, which amendment Sponsor shall be deemed to have agreed with if thereafter Sponsor submits to the Authority any Loan application.
- U. Sponsor shall not assign nor pledge any of its rights under this Agreement without the prior written consent of the Authority.
- V. This Agreement shall bind and inure to the benefit of the Authority and Sponsor and their respective successors in interests and permitted assigns. This Agreement may be executed in one or more counterparts, each of which shall be an original, but all such counterparts shall constitute one and the same Agreement.
- W. All notices made pursuant to this Agreement shall be made in writing and personally delivered or sent by certified or registered mail to each party at the addresses set forth in the beginning of this Agreement.

- X. All questions as to the validity, construction or performance of this Agreement shall be governed by the laws of the State of Wisconsin.
- Y. The invalidity of any provision of this Agreement shall in no way affect the validity of any other provision of the Agreement, each of which shall remain in full force and effect.
- Z. To respect the privacy of their respective customers and to protect the security and confidentiality of those customers' nonpublic information, WHEDA and sponsor shall comply with the applicable requirements of the Gramm-Leach-Bliley Act (15 USC 6801-6809), Disclosure of Nonpublic Personal Information).

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers as of the date first above written.

SPONSOR:

\_\_\_\_\_  
(Name of Sponsor)

By: \_\_\_\_\_  
(Authorized Officer)

ATTEST:

\_\_\_\_\_  
  
WISCONSIN HOUSING AND ECONOMIC  
DEVELOPMENT AUTHORITY

\_\_\_\_\_  
Cindy Jenson  
Manager, Residential Credit