

GRANT AGREEMENT

WHEREAS THIS AGREEMENT is made by and between the City of Richland Center, Richland County, Wisconsin, alternatively referred to herein as the "City", and Lydia's House Ministries, a non-profit corporation having its principal offices at Richland Center, Wisconsin, alternatively referred to herein as "Lydia's House", collectively referred to herein as the "Parties";

AND WHEREAS, the City has previously received a community development block grant (alternatively herein referred to as "CDBG") from the Department of Housing and Urban Development and included therein are funds which can be loaned to Lydia's House for purposes hereinafter set forth;

AND WHEREAS, the parties hereto have reviewed the facts involved and have agreed to the terms and conditions of a loan as hereinafter set forth, including the terms set forth in a separate Promissory Note and Mortgage;

NOW THEREFORE, in consideration of the premises and the covenants and agreements hereinafter contained it is hereby covenanted and agreed by and between the parties hereto as follows, to-wit:

I. STATEMENT OF PERTINENT FACTS RELATING TO PROJECT.

Lydia's House is a nonprofit charitable organization which desires to acquire a property in Richland Center to be used for the purpose of providing 60-to-90-day transitional residential housing for homeless families. The City of Richland Center has in place a prior loan made by the City from CDBG funds to the Southwestern Wisconsin Community Action Program (hereinafter alternatively referred to as "SWCAP"), secured by a mortgage on the property at 929 W. Seminary St., Richland Center, WI.

Lydia's House has agreed with SWCAP that SWCAP will transfer title to the said property to Lydia's House, who will thereafter use the property for providing 60-to-90-day transitional residential housing for homeless families.

The original agreement with SWCAP provided that, in the event that SWCAP transferred the property or ceased using it for the agreed purposes, the said \$75,000.00 grant to SWCAP would have to immediately be repaid to the city. Lydia's House has requested that the City allow the existing \$75,000.00 grant from the City to be in effect transferred to Lydia's House, provided that Lydia's House will use the property for providing 60-to-90-day transitional residential housing for homeless families, which use is acceptable to the City, which would be the new agreed purpose. This the City has agreed to do.

2. LOAN COMMITMENT.

The City hereby agrees to transfer the previous \$75,000.00 indebtedness to the City from the grant funds, previously loaned to SWCAP, to Lydia's House, to enable Lydia's House to accept

the property and to use the property for providing 60-to-90-day transitional residential housing for homeless families. Such transfer of indebtedness shall have the effect of making the \$75,000.00 indebtedness purchase money for the property. No new funds from the City will be given to Lydia's House as any part of this transaction.

3. EVIDENCE OF LOAN AND SECURITY.

3.1 Said loan assumption shall be evidenced by a promissory note from Lydia's House to the City in the amount of Seventy-Five Thousand Dollars (\$75,000.00).

3.2 Such note will be secured by a 1st priority real estate mortgage on the property involved. Lydia's House shall make, execute and deliver to the City a 1st priority real estate mortgage securing said note. If, under the terms of the law the lien of such mortgage would expire, Lydia's House agrees to make, execute and deliver a renewal of the mortgage or other document which will permit the City to retain its mortgage lien and priority.

3.3 No interest shall be charged on the note, other than default interest of 12% in the event there is a default, accruing from the date of the default. No principal payments are required before the note's due date, unless, after default, the note is declared immediately due and payable.

3.4 The due date of the note shall be twenty-five (25) years. after the date of execution of the note, unless prior to such due date the use of the property described herein is discontinued or a conveyance of the property is made prior to the due date by Lydia's House. In such event, the principal amount of said loan plus any default interest will become immediately due and payable. Continuation of use is defined as use for providing 60-to-90-day transitional residential housing for homeless families.

3.5 An exception to the above conveyance provision may but is not required to be determined by the City if it finds that the property was sold or transferred by Lydia's House to another non-profit owner who will continue the use of the property for providing 60-to-90-day transitional residential housing for homeless families on essentially the same terms as were applied by Lydia's House.

3.6 On the due date, if Lydia's House or an approved assignee from Lydia's House is continuing the above use, the City will extend the due date of said note.

4. USE OF LOAN FUNDS.

The loan funds will be used as purchase money for the said property, specifically, by assuming the existing obligation of SWCAP, the prior owner, to the City.

5. PAYMENT BY LYDIA'S HOUSE OF CITY'S COSTS AND FEES.

Lydia's House agrees to pay the costs and attorney's fees of the City's attorney incurred in preparation of the documentation necessary to implement this agreement and relating to the closing of this transaction, not to exceed the sum of \$750.00, plus the cost of mortgagee's title insurance.

6. DEFAULT.

In the event Lydia's House violates any of the terms and conditions of this Agreement, City may give ten (10) day's written notice to Lydia's House to comply and upon failure upon of Lydia's House to remedy or comply City may at its option terminate that project or loan. Such termination may be partial or full and may be temporary or final. City may in case of such default recover funds disbursed for a specific purpose or declare the entire principal immediately due and payable and proceed to recover by foreclosure and/or any other methods available to it for collection under Wisconsin law. These provisions comply to failures because of circumstances beyond the control of Lydia's House but in such instance or instances City may, in its exclusive discretion, modify or waive any of its rights. It is also provided that under any circumstance City may waive any of its rights if it determines that any such default was inadvertent or did not involve lack of good faith on the part of Lydia's House and may waive after remedy.

7. AMENDMENTS.

This agreement may be amended only by mutual agreement of the parties hereto which is expressed in writing. No purported oral amendment shall be binding or effective.

IN WITNESS WHEREOF, the City, pursuant to resolution by the Common Council, enters into this agreement on the date below:

CITY OF RICHLAND CENTER, by:

Todd Coppernoll, Mayor of Richland Center

Date

IN WITNESS WHEREOF, Lydia's House Ministries, pursuant to authority from its Bo'd of Directors has caused this instrument to be executed on its behalf by Walter Orzechowski, its Executive Director, on this day of

[Lydia's House Ministries Representative]

Date