

**MORTGAGE, RETENTION AND
SUBORDINATION AGREEMENT**

Date: _____

Mortgage Amount: Twenty-Five Thousand and no/100 Dollars
(\$25,000).

Mortgagor: Kylie B & Hailey L Swalheim

Mortgagee: Community Development Authority of the City of
Whitewater

Kylie B and Hailey L Swalheim ("Mortgagor," whether one or more) mortgages to Community Development Authority of the City of Whitewater ("Mortgagee"), to secure payment of Twenty-Five Thousand and no/100 dollars (\$25,000.00) evidenced by a note or notes bearing an even date executed by Mortgagor to Mortgagee, and any extensions and renewals and modifications of the note(s) and refinancings of any such indebtedness on any terms whatsoever (including increases in interest) and the payment of all other sums, with interest, advanced to protect the security of this Mortgage, the following parcel of land, together with all rents, profits, improvements fixtures, and other appurtenant interests thereon (all called "Property"), in Walworth County, State of Wisconsin:

See attached Exhibit A.

RETURN TO:

Community Development Authority
P.O. Box 178
Whitewater, WI 53190

In the event of foreclosure, Mortgagee shall be entitled to elect to proceed under the accelerated redemption periods of Section 846.101 or 103, Wisconsin Statutes.

RETENTION AGREEMENT

Mortgagor's purchase of the Property was partially funded with proceeds from the City of Whitewater Affordable Housing Fund pursuant to the Affordable Housing Fund Policy 602.01 adopted by the Common Council of the City of Whitewater on July 19, 2023 ("Downpayment Assistance Loan"). Mortgagor's receipt of the funds are conditioned on Mortgagor's agreement to restrictions on Mortgagor's ability to sell, reclassify or refinance the Property for the purpose of ensuring that the funds are used for the purchase of housing which is retained as affordable housing for at least ten (10) years from the closing date (the "Retention Period"). In addition to the Downpayment Assistance Loan, Mortgagor obtained a mortgage loan from Fort Community Credit Union ("Lender"), which loan is secured by a first mortgage lien on the Property. Accordingly, Mortgagor covenants and agrees:

This is homestead property.

This is a Purchase Money
Mortgage

/A518200003

(Parcel Identification Number)

Mortgagor covenants and agrees as follows:

1. **Covenant of Title.** Mortgagor warrants title to the Property, except restrictions and easements of record, if any and except for a first mortgage lien on the property from mortgagor to Fort Community Credit Union.
2. **Taxes.** Mortgagor promises to pay when due all taxes and assessments levied on the Property or upon Mortgagor's interest in it and to deliver to Mortgagee on demand receipts showing such payments.
3. **Insurance.** Mortgagor shall keep the improvements on the Property insured against any loss or damage occasioned by fire, extended coverage perils and such other hazards as Mortgagee may require, through insurers approved by Mortgagee in such amounts as Mortgagee shall require, but Mortgagee shall not require coverage in an amount more than the balance of the debt without co-insurance, and Mortgagor shall pay the premiums when due. The policies shall contain the standard mortgage clause in favor of the Mortgagee and, unless Mortgagee otherwise agrees in writing, the original of all policies covering the Property shall be deposited with Mortgagee. Mortgagor shall promptly give notice of loss to insurance companies and Mortgagee. Unless Mortgagor and Mortgagee otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, provided the Mortgagee deems the restoration or repair to be economically feasible.
4. **OTHER COVENANTS.** Mortgagor covenants not to commit waste or suffer waste to be committed on the Property, to keep the Property in good condition and repair, to keep the Property free from liens superior to the lien of this Mortgage, and to comply with all laws, ordinances and regulations affecting the Property. Mortgagor shall pay when due all indebtedness which may be or become secured at any time by a mortgage or other lien on the Property superior to this Mortgage and any failure to do so shall constitute a default under this Mortgage.
5. **Defense of Security.** Mortgagor shall appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Mortgagee, and shall pay all costs and expenses, including the cost of evidence of title and attorneys' fees, in any such action or proceeding in which Mortgagee may appear.
6. Except as expressly set forth in Section 6, Mortgagor shall not transfer, sell or convey any legal or equitable interest in the Property (by deed, land contract, long-term lease or in any other way) without the prior written consent of Mortgagee, unless either the indebtedness secured by this Mortgage is first paid in full or the interest conveyed is a mortgage or other security interest in the Property, subordinate to the lien of this Mortgage. The entire indebtedness due under the Promissory Note secured by this Mortgage shall become due and payable in full at the option of Mortgagee without notice, which notice is hereby waived, upon any transfer, sale or conveyance made in violation of this Section 5. A violation of the provisions of this Section 5 will be considered a default under the terms of this Mortgage and the Promissory Note it secures.
7. If Mortgagor refinances the First Mortgage on the Property, provided the Property remains subject to the encumbrance created by this Agreement, then Mortgagor shall not be required

to repay any portion of the Downpayment Assistance Loan at closing of the refinance transaction provided Mortgagor continues to own and occupy the Property.

8. To further secure the payment and performance of the Promissory Note, Mortgagor hereby grants to Mortgagee a security interest in all fixtures and personal property located on or related to the operations of the Property whether now owned or hereafter acquired. This Mortgage shall constitute a security agreement within the meaning of the Uniform Commercial Code with respect to those parts of the Property indicated above. This Mortgage constitutes a fixture filing and financing statement as those terms are used in the Uniform Commercial Code. This Mortgage is to be filed and recorded in the real estate records of the county in which the Property is located, and the following information is included: (1) Mortgagor shall be deemed the “debtor”; (2) Mortgagee shall be deemed to be the “secured party” and shall have all of the right of a secured party under the Uniform Commercial Code; (3) this Mortgage covers goods which are or are to become fixtures; (4) the name of the record owner of the land is the debtor; (5) the legal name and address of the debtor are: Manuel Mendez Montes De Oca, 215 E Clay Street Unit 37, Whitewater, WI 53190. The address of the secured party is: 312 West Whitewater Street, Whitewater, WI.
9. The term Mortgagor shall include all Mortgagors whether one or more, and the provisions hereof for reimbursement shall not apply as long as any named Mortgagor continues to both own and occupy the Property. Any individual Mortgagor who is married represents that the obligation evidenced by this instrument was incurred in the interest of Mortgagor’s marriage or family. The covenants of this Mortgage set forth herein shall be deemed joint and several among the Mortgagors.
10. Events of Default. Each of the following shall constitute an event of default under this Mortgage:
 - a. Failure to pay the indebtedness secured by this Mortgage when due;
 - b. Failure to perform any obligation contained in this Mortgage;
 - c. Any breach of any warranty or material misrepresentation made by Mortgagor in connection with this Mortgage or the Note;
 - d. The occurrence of a default under the Primary Mortgage; or
 - e. The transfer, sale, leasing, or conveyance of the Property, or any interest therein, within ten (10) years from the date of the Note.
11. In the event of default under the terms of this Mortgage, Mortgagee may, at its option, declare the whole amount of the unpaid principal due and payable, and collect it in a suit at law or by foreclosure of this Mortgage or by the exercise of any other remedy at law or equity. A default under the First Mortgage constitutes a default under this Mortgage. In case of default, all costs and expenses, including but not limited to, reasonable attorney fees, to the extent not prohibited by law shall be added to the principal, become due as incurred, and in the event of foreclosure included in the judgment.

12. Mortgagee may waive any default without waiving any other subsequent or prior default by Mortgagor.
13. In case of default, whether abated or not, all costs and expenses including reasonable attorneys' fees and expenses of title evidence to the extent not prohibited by law shall be added to the principal, become due as incurred, and, in the event of foreclosure, be included in the judgment.
14. In the event of any default by Mortgagor of any kind under this Mortgage or any note(s) secured by this Mortgage, Mortgagee may cure the default and all sums paid by Mortgagee for such purpose shall immediately be repaid by Mortgagor with interest at the rate then in effect under the note secured by this Mortgage and shall constitute a lien upon the Property.

SUBORDINATION AGREEMENT

Lender is Mortgagor's primary lender for Mortgagor's purchase of the Property and is the holder of a mortgage against the Property recorded on or about the closing date. To induce Lender to advance funds under its mortgage, Mortgagee does hereby unconditionally subordinate the lien created by this Agreement to the lien of Lender's mortgage.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals on the above date.

_____(SEAL)
Kylie B Swalheim

_____(SEAL)
Hailey L Swalheim

STATE OF WISCONSIN)
) SS
_____ COUNTY)

Personally came before me this _____ day of January 2026, the above named Kylie B & Hailey L Swalheim, to me known to be the persons who executed the foregoing instrument and acknowledged the same.

_____, Notary Public
_____, County, Wisconsin
My commission expires: _____

Mortgagee executes this Mortgage solely for purposes of agreeing to the terms of the foregoing Subordination Agreement.

COMMUNITY DEVELOPMENT AUTHORITY OF
THE CITY OF WHITEWATER, Mortgagee

By: _____ (SEAL)
Mason Becker, Executive Director

STATE OF WISCONSIN)
) SS
_____ COUNTY)

Personally came before me this _____ day of January, 2026, the above named Mason Becker, Executive Director of the Community Development Authority of the City of Whitewater, to me known to be the person who executed the foregoing instrument and acknowledged the same.

_____, Notary Public
_____, County, Wisconsin
My commission expires: _____

EXHIBIT A

Legal Description of Property

"Lot 3 of Certified Survey Map No. 5182, recorded on 12/13/2024 as Document No. 1104691, being a part of the Northwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of fractional Section 2, Town 4 North, Range 15 East, of the 4th P.M., City of Whitewater, Walworth County, Wisconsin." "

Address: 455 Howard Road

Tax Identification No.: /**A518200003**

DRAFT