



**Department of City Development**  
City Plan Commission  
Redevelopment Authority of the City of Milwaukee  
Neighborhood Improvement Development Corporation

**Rocky Marcoux**  
Commissioner  
rmarco@milwaukee.gov

**Martha L. Brown**  
Deputy Commissioner  
mbrown@milwaukee.gov

January 12, 2016

Mr. James R. Owczarski  
City Clerk  
City Hall, Room 205  
Milwaukee, WI 53202

Dear Mr. Owczarski:

Enclosed is a fully executed copy of the Sale and Development Agreement, Contract No 15-059 (CM), Northwest Side Community Development Corporation and the City of Milwaukee.

This agreement was executed pursuant to Common Council Resolution File No. 150238.

Sincerely,

Scott A. Stange  
Procurement and Compliance Manager  
Department of city Development

Enclosure  
Cc: Maria Prioletta (w/encl)  
Greg Hagopian, esq (w/encl)



**DUPLICATE  
ORIGINAL**

**Sale and Development Agreement  
Northwest Side CDC**

**CHALLENGE GRANT FUND PROGRAM  
Milwaukee "HOME" Program  
Milwaukee Housing Opportunities, Management and Employment Program  
GH 12/15/2015. CAO Doc. No. 223605.**

This Sale and Development Agreement ("Agreement") is dated as of **DECEMBER 1, 2015** (the "Effective Date"), and is by and between the City of Milwaukee (the "City") and Northwest Side Community Development Corporation, a Wisconsin non-stock corporation (the "NW").

**RECITALS**

A. By Common Council Resolution File No. 140765 (passed October 14, 2014), the Milwaukee Housing Opportunities, Management and Employment Program (the "**Milwaukee HOME Program**") was created to provide affordable housing, reduce unemployment and improve blighted parcels. Under the Milwaukee Home Program, and guided by the October 2014 Milwaukee Home Program Discussion Document that is in File 140765, the City's Department of City Development ("**DCD**") prepared a Request for Qualifications ("**RFQ**") to solicit interest of community development organizations and private developers to maintain, improve, manage, market, rent and sell selected City-owned, property-tax-foreclosed residential parcels, and to redevelop parcels into affordable rental and home ownership opportunities.

B. As contemplated by File 140765, DCD presented its proposed RFQ to the Council. By Common Council Resolution File No. 141256 (passed December 16, 2014), the Council approved the RFQ and directed DCD to release the RFQ. DCD issued the RFQ on March 3, 2015.

C. As contemplated by File 141256, DCD reported to the Council the RFQ response results. By Common Council Resolution File No. 150238 (passed June 23, 2015), the Council approved 2 development teams, the Housing Authority of the City of Milwaukee (Harambee Neighborhood) and NW (Century City Neighborhood), and the Council authorized them to receive funding under Milwaukee's Challenge Grant Fund Program, and the Council directed the City to negotiate and enter Sale and Development Agreements with the 2 selected.

D. This is the Sales and Development Agreement between City and NW authorized by Council File 150238.

## AGREEMENT

1. **Recitals, Agreement.** For good and valuable consideration, receipt and sufficiency of which are acknowledged, City and NW hereby agree to the terms and conditions contained herein – including the recitals and exhibits.

2. **City Home Definition.** A “City Home” as that term is used herein, shall mean: a residential dwelling with up to 4 residential units (not mixed use); owned by the City; acquired by the City by property-tax foreclosure; listed on the City’s inventory list of property-tax-foreclosed City-owned real estate (the “City’s Inventory”); located within or near the **Century City Targeted Area** (described on **EXHIBIT A** attached) (the “Target Area”); and a parcel that is either classified, or could be classified, under Milwaukee Code of Ordinances (“MCO”) 304-49-2 as “Neighborhood Property” that is “Habitable” or “Neighborhood Property” that is “Special Consideration Property” that can be restored or rehabilitated.

3. **Project Description.** The project (“Project”) shall consist of the acquisition and redevelopment of City property-tax-foreclosed properties (City Homes) for owner occupancy and lease/option opportunities with the goal of addressing and NW rehabbing 15 City Homes in a 12 month period in the Target Area. The City Homes will be clustered and developed in a targeted manner. NW will collaborate with local neighborhood organizations and direct its own organizing activities to leverage development activities and achieve the maximum impact for the Target Area.

4. **Term & Extension.**

A. The term of this Agreement (“Term”) shall be from the Effective Date (specified above) until 4 P.M. on **NOVEMBER 30, 2016** (the “Termination Date”).

B. Notwithstanding the stated Termination Date, City may in its discretion elect to extend the Term by written amendment agreed to and signed by each of City and NW based on NW performance during the stated Term.

5. **Identification of City Homes for the Project.** During the Term:

A. **Review/ID.** NW shall periodically review the City’s Inventory. NW shall look for City Homes within or near the Target Area for NW to take title to for redevelopment and Project purposes hereunder.

B. **NW Hold Requests to City.** NW, after reviewing the City’s Inventory, may, subject to availability, request by written notice to City, that City Homes be put on hold for up to 90 days.

During the “hold” period, City will not convey the held City Home to others – providing, however, that City may request NW to release the “hold” if City is able to sell the held parcel to another buyer. If City makes such a “release request,” and if NW does not present to City a PASA, signed by NW for the held parcel within 10 days of the City’s

“release request,” then, the “release request” shall be automatically granted and City may release the “hold” and sell or otherwise convey that parcel free from any restriction or hold or right hereunder.

If NW fails to present a NW-signed PASA within the “hold” period, the City may remove the “hold” and the City will be free to convey or otherwise transact with the parcel free from any restriction or hold or right hereunder.

If a City Home is, or becomes, subject to a City Raze Order, City can demolish the structure and remove the “hold” status and availability of same hereunder.

6. **Pre-Closing Interior Access by NW City Key.**

A. **City Key.** City has provided to NW a key for City Homes to allow NW interior access. NW shall safeguard any City key, and only permit use of same for entry as allowed hereunder. Upon the sooner of expiration or termination of this Agreement, NW shall return City keys to City.

B. **Risk, Access, Showing.** NW, and those entering by, through or under NW, may enter City Homes prior to NW purchase to visually inspect interior and exterior, and to help NW prepare its scopes of Work (“**Scope**”) and a sources and uses of funds/budget (“**Pro Forma**”). NW understands that City acquired the City Homes by property-tax foreclosure and that they may have flaws and suffer from deferred maintenance and code violations. NW and all those entering with or under NW, including NW contractors and potential buyers from NW or tenants from NW, enter at their own risk and NW shall orally inform entrants (i) about entry being at their risk, and (ii) to use caution when entering. NW and entrants shall bring flashlights and use caution when entering. *Utilities are expected to be off, and bathroom facilities are not expected to be useable.*

NW (or an employee or agent of NW) must be present at all entries. Entry points must be closed, secured, and locked after any entrance. City may require a City representative to be present at any entry.

C. **Insurance; Indemnification.** NW, at its expense, shall maintain in place during the Term of this Agreement insurance as required by **EXHIBIT B**, and NW shall provide City with a certificate of insurance naming City as an additional insured and providing that City will be provided 30 days prior notice of any change, cancellation, or termination of coverage.

NW shall indemnify and hold City harmless from and against any and all losses, claims, damages, expenses, and all suits in equity or actions at law arising from, in connection with or as a result of negligent, or intentionally wrongful, NW acts or omissions regarding pre-Closing entry undertaken pursuant to this Agreement.

7. **City Purchase and Sale Agreement, and City Home Closings.** When NW identifies a City Home in or near the Target Area to be renovated for Project purposes hereunder, NW shall notify

the City (DCD's Karen Taylor and Maria Priolella by email), and negotiate and enter into a Purchase and Sale Agreement ("PASA") for the City Home, with NW as the buyer. NW shall use the PASA form that is attached hereto as **EXHIBIT C**. City and NW shall then proceed with the sale of that City Home to NW per the PASA, and with the requirements that:

A. **Rehab & Rent or Sell**. NW will rehabilitate the City Home for the Project, and NW will seek out a buyer or tenant for the City Home.

B. **Scope & Pro Forma**. Prior to and *as a condition to Closing*, NW must provide to DCD the NW-prepared Scope incorporating the following minimum rehab standards, and a Pro Forma for the City Home, which Scope and Pro Forma must meet DCD's reasonable approval. The Pro Forma must be submitted generally in the form attached hereto as **EXHIBIT D**.

**Minimum NW Rehab Standards**: All existing code violations and visible lead hazards must be addressed. NW will employ safe work practices to be developed by NW for its contractors and staff regarding the rehab of City Homes, including lead-safe practices. Replacement of roofs, porches, siding/exterior painting, and major mechanicals, where the mechanicals appear to have less than 5 years of remaining life, must be addressed and be included in the Scope and Pro Forma. Furnaces and hot water heaters installed under the Project should be high-efficiency, Energy Star rated models. To the extent the Pro Forma allows, additional exterior and energy efficiency upgrades are encouraged. All work must be done in accordance with applicable laws (including building codes and laws relating to lead based paint) and be done by contractors with all licensing, bonding and insurance required by law.

C. **Closings on City Sales; AS IS**. Closings on sales of City Homes shall be per the PASA and by Deed from City to NW. City will convey each City Home, AS IS, WHERE IS.

D. **DNS Scope**. Without changing the "AS IS" nature of the transaction, City will provide to NW, for informational purposes only, and only if City possesses same, a general scope of work from the City's Department of Neighborhood Services ("**DNS**") (the "**DNS Scope**") showing major items in need of repair or replacement and a rough estimate of cost to correct. If no DNS Scope exists, City has no duty to prepare or provide it. If a DNS Scope exists, NW shall consider the DNS Scope when preparing NW's own Scope and Pro Forma.

E. **PASA Purchase Price**. Because each City Home is unique, and the Scopes and Pro Forms are expected to vary depending on the specific City Home, the purchase price in each PASA will require parcel-specific negotiation and agreement. However, NW and City understand that under MCO 304-49-4-c and 304-49-8, the purchase price can consider monetary and non-monetary consideration including, but not limited to, returning parcels to the tax rolls, promoting home ownership, and parcel improvement.

F. **Restrictive Covenants on City Sales.** Deeds from City to NW of City Homes shall be subject to the restrictive covenants set forth in the Deed that is attached to the PASA. , *See the PASA (EXHIBIT C) and the Deed.*

8. **NW and NW Buyers/Tenants.**

A. **City Buyer Policies.** NW must meet City's general buyer policies in MCO 304-49-9 regarding City sales to NW of City Homes. After NW owns, NW shall attempt to sell and/or lease the City Homes to those who understand the responsibilities of leasing and owning (as the case may be) and who have demonstrated to NW's reasonable satisfaction capacity to successfully lease or own (as the case may be) in a way that will benefit the City Home and its surroundings.

B. **Explanation of Restrictive Covenants.** NW must, at or prior to signing a lease with a NW tenant with a lease-to-own component, or at or prior to selling to a NW buyer, a City Home, explain to the tenant or buyer, as the case may be, the restrictive covenants that the City imposed when the City conveyed the City Home to NW.

C. **Homebuyer Counseling.** For City Homes that NW will sell for homeownership, each buyer must, as a condition to NW closing with the buyer, receive at least 8 hours homebuying counseling from a HUD-approved housing counseling agency.

D. **No 3<sup>rd</sup> Party Occupancy Until Scope Work Done.** NW may not allow an NW tenant or an NW buyer to occupy the City Home, and NW may not close on a sale to an NW buyer, prior to (i) NW completing the Scope work for the City Home, and (ii) NW obtaining a Certificate of Code Compliance for the City Home.

9. **Not a Brokerage Relationship; NW Signage.** City is not engaging NW to act hereunder as a real estate broker for City Homes. This Agreement sets forth a procedure for NW to buy from the City, City Homes, so that NW may own them and then either rent them to others or sell them to others as contemplated hereunder. While NW may attempt to find buyers and tenants even prior to NW ownership of City Homes, NW may not place "for sale or lease" signs at City Homes until NW acquires title to same. NW may, however, upon DCD prior approval, put signage (meeting DCD prior approval) at certain City Homes to solicit interest and to have potential buyers/tenants call NW.

10. **NW Collaboration with Neighborhood Organizations.** As part of the Project, NW will use its community-organizing capacity and will collaborate with local neighborhood organizations in an effort to maximize impact and to leverage development activities within the Target Area and the clustered area. This may include: outside organization assistance in identifying for NW prospective tenants and buyer/ homeowners for redeveloped properties; NW, or NW and outside organizations jointly, making improvements to City-owned vacant lots in the neighborhood; NW working with organizations in an effort to address quality of life issues in the neighborhood; NW working with non-profit home buying counseling agencies for referrals of prospective homeowners and tenants, etc. This list is not intended to be all-inclusive. NW will

endeavor to enlist input and support from groups and organizations within the Target Area, to address concerns, needs, and priorities of the Target Area and/or clustered improvement area.

11. **SBE – Small Business Enterprises.** NW will use best efforts to have **40%** of the contracted work it does for Scope work on City Homes be conducted by City of Milwaukee Small Business Enterprises as defined in MCO Ch. 370, and MCO 370-1-17.

12. **MCO 304-49-3 and City Gap Fund Financing.**

A. As indicated in Recital C above, the Common Council, in Resolution File No. 150238, authorized funding for this NW Project under Milwaukee’s Challenge Grant Fund Program.

B. The City will set aside up to **\$500,000** (the “**Maximum**”) of those Grant Funds to provide gap financing for City Homes that NW will redevelop under this Agreement.

C. After DCD approves NW’s Scope and Pro forma for a City Home, and as a condition to Closing on the sale of that parcel to NW, DCD and NW shall determine and agree upon an “**Initial Gap Estimate**” for the City Home. For homes that are going to be developed for homeownership, the Initial Gap Estimate shall determine the amount of City gap financing for the home and shall be based on the approved NW Pro Forma and consider total project costs for that City Home, estimated sales price for that City Home, and financing and any other grant funds available to NW from other sources for the development of that City Home. For homes that are going to be developed for use as lease/option properties, the Initial Gap Estimate shall determine the amount of City gap financing for the home and shall be based on the approved NW Pro Forma and consider total project costs for that City home, the after rehabilitation value of the home (as determined by an after-rehabilitation appraisal) and any other grant funds available to NW from other sources for the development of that City Home.

D. After the Initial Gap Estimate is determined and agreed upon by City and NW, Closing shall take place, and the City will provide NW with the gap funds determined by the Initial Gap Estimate (subject to the Maximum), but on a reimbursement basis, after NW provides documentation to DCD regarding the actual expenditures that NW made under C above for development of the City Home for which reimbursement is sought.

E. For homes developed for homeownership, the final amount of the gap for each City Home (“**Actual Gap**”) will be determined prior to closing on NW’s sale of the City Home to an eligible buyer. NW shall provide the City with a detailed statement of the total development cost of the City Home, in a form and substance reasonably acceptable to City, and a listing of all non-City sources of grants used in the development of that City Home. The Actual Gap shall be equal to the difference between the total

development cost of the City Home and the final sales price of the Property, less other grant funds available from other sources for development subsidy purposes. If the actual development and/or holding costs required to complete the City Home are lower than those originally projected, or if the sales price of the home is higher than originally projected, the amount of the gap financing will be decreased to reflect such lower costs or higher sales proceeds and the difference shall be repaid to the City by NW within 30 days of closing, or at the City's discretion, may be used to fund the gap for future City Homes under the Project.

F. For homes developed for use as lease/option properties, the Actual Gap for the City Home will be determined prior to NW's leasing of the City Home to an eligible tenant. NW shall provide the City with a detailed statement of the total development cost of the City Home, in a form and substance reasonably acceptable to City, and a listing of all non-City sources of grants used in the development of that City Home. If the actual development costs required to complete the City Home are lower than those originally projected, the amount of the gap financing will be decreased to reflect such lower costs and the difference shall be repaid to the City by NW within 30 days of determination of the Actual Gap amount, or at the City's discretion, may be used to fund the gap for future City Homes under the Project.

G. If the actual total development costs exceed the amount projected in the approved Pro Forma for the City Home, NW shall be responsible for funding any excess development costs over and above those originally projected, unless additional gap financing for the City Home is approved by the City.

H. **MCO 304-49-3 and 304-49-4.5, City Conveyances that Include City Financing.** See the PASA attached as **EXHIBIT C** regarding MCO 304-49-3 and 304-49.4.5.

**13. NW Monthly E-Mail Reports to City; Quarterly and Year-End Review; NW Records and Audited Financials.**

A. **Monthly E-mail Reports.** Beginning on the last business day of the month in which the Effective Date of this Agreement falls, and on the last business day of each other month during the Term of this Agreement (or extended Term as the case may be), NW shall provide DCD with a monthly report, by noon of that particular day, by written notice sent by e-mail per the "notice section" of this Agreement. The monthly report must include an update on:

- NW acquisitions of City Homes from City
- NW leasing and selling efforts to NW buyers/tenants



- NW rehabilitation efforts on City Homes NW did acquire, including per parcel information on status of Scope work completion and Pro Forma status
- Cooperation with neighborhood organizations in the Target Area and regarding the Project
- Status of SBE hiring and use.

B. **Quarterly and Year-End Review.** At every 3-month anniversary of the Effective Date, City and NW shall meet for **quarterly review**, and in December, 2015, and in the 3<sup>rd</sup> week of the last month of the Term (or extended Term as the case may be), City and NW shall meet for **review**, and to evaluate status of Project, including prior NW monthly reports to City.

C. **NW Audited Financial Statements.** NW shall promptly provide to City copies of NW annual audited financial statements for any year in which this Agreement is in effect.

D. **NW Records.** NW shall keep accurate, full and complete books and accounts for activities under the Project and this Agreement ("**Records**").

E. **City Audits, Inspections.** At any time during normal business hours, and upon reasonable notice, NW shall make available to the City (and to its representatives, agents, and auditors) (such others are for purposes of this section also called "City") for examination the Records, and NW shall permit the City to audit, examine, and make copies, excerpts or transcripts from such Records.

14. **Termination.** Notwithstanding anything to the contrary contained herein (including the stated Term), if NW is in breach hereunder, or under a PASA between City and NW for a City Home, or under a Deed restrictive covenant for a City Home, (i) City may terminate this Agreement upon 30 days advanced written notice from City to NW, and (ii) City may (even if it does not terminate this Agreement) stop providing Gap Funding financing (see section 12).

At termination of this Agreement, City shall have no duty to provide to NW any grant fund amounts earmarked for this Agreement, NW and the Project, that have not been spent. At expiration of this Agreement, if for any City Home, DCD and NW have agreed to an Initial Gap Estimate for that home, and City has not yet provided to NW that gap financing, City will, notwithstanding expiration, provide the gap financing in the Initial Gap Estimate amount.

For any post-termination or post-expiration of Agreement calculation of "Actual Gap" that might occur, NW shall continue to owe to City any gap differential payment that may be owed. See section 12.

15. **Public Records.** NW acknowledges that the City is subject to the Wisconsin Public Records Law (Wis. Stat. § 19.21, *et seq.*), and it is possible that requests under that law may be made for this Agreement and records kept under it (including Records kept by NW). NW shall assist the City in retaining and producing records subject to the Wisconsin Public Records Law.

NW failure to do so shall constitute breach of this Agreement, concerning which NW must indemnify and hold the City harmless. Except as otherwise authorized under Wisconsin's Open Records Law, NW shall retain records regarding this Agreement and its activities hereunder for 7 years.

16. **Entire Agreement, Amendment.** This Agreement sets forth all of the covenants, provisions, agreements, conditions, and understandings between the parties and there are no covenants, promises, agreements, conditions, or understandings, either oral or written, other than are herein set forth. This Agreement may not be modified orally or in any other manner other than by agreement, in writing, signed by each of the parties to this Agreement.

17. **Assignment; 3<sup>rd</sup> Party Beneficiary.** This Agreement shall be binding upon the parties hereto, but neither this Agreement nor any of the rights, interests, or obligations hereunder shall be assigned or transferred by NW without the prior written consent of City. If such consent is given, the terms and conditions of this Agreement shall bind the party consented to by City. Tenants of NW and buyers from NW who lease or purchase City Homes that NW acquired hereunder during the Term (or extended Term), are third-party beneficiaries concerning NW obligations under this Agreement.

18. **Governing Law, Severable.** This Agreement is governed by Wisconsin law. If any term or provision of this Agreement shall to any extent be declared invalid or unenforceable, then the remainder of this Agreement shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by applicable law.

19. **Notice; Contact Persons.** Except as otherwise provided for herein, notices under this Agreement shall be in writing, and shall be provided to the respective party-contact person specified in the table below, by personal delivery, U.S. mail, commercial delivery service, or email. Contact persons may, as necessary, be changed from time to time by written notice provided from one party to the other.

<b>If to CITY:</b> Maria Prioletta Department of City Development 809 North Broadway, 2 <sup>nd</sup> Floor Milwaukee, WI 53202-3617 Phone: (414) 286-5903 Email: mpriol @milwaukee.gov	<b>If to NW:</b> Howard Snyder Northwest Side Community Development Corporation 4201 North 27 <sup>th</sup> Street Milwaukee, WI 53216 Phone: (414) 447-8230 Email: hsnyder@nwsdc.org
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20. **Non-Discrimination; Compliance with Law.** NW shall not discriminate against any buyer, tenant, agent or contractor, because of sex, race, religion, color, national origin or ancestry, age, disability, lawful source of income, marital status, sexual orientation, gender identity or expression, past or present membership in the military service, or familial status. NW shall comply with applicable federal, state and local law.

21. No Partnership or Agency; Conflict.

A. Nothing in this Agreement shall be deemed to make NW an employee, joint venturer, legal-entity partner or agent of the City. NW shall not have the authority to act for or bind the City with respect to any matter whatsoever.

B. Except as otherwise expressly agreed to in writing by City, by DCD, no NW officer, director, or employee may be a buyer or tenant of NW of a City Home acquired by NW during the Term (or extended Term) of this Agreement.

22. Counterparts. This Agreement may be executed in one or more counterparts which, when taken together, shall constitute one and the same document. Facsimile and/or email-PDF copies of signatures shall be accepted as originals.

IN WITNESS WHEREOF, the parties hereto enter into this Agreement as of the Effective DATE.

<p><b>CITY:</b> City of Milwaukee</p> <p>By: <u>Tom Barrett</u> Mayor Tom Barrett</p> <p><b>CITY CLERK</b></p> <p><u>James R. Owczarski</u> James R. Owczarski, City Clerk</p> <p><b>COUNTERSIGNED</b></p> <p><u>Martin Matson</u> Martin Matson, City Comptroller <i>ip</i></p> <p>City Common Council Resolution File No. 150238</p> <p><b>CITY ATTORNEY APPROVAL (MCO 304-21)</b></p> <p><u>Gregg Hagopian</u>, Asst. City Attorney</p>	<p><b>NW:</b> Northwest Side Community Development Corporation</p> <p>By: <u>Howard Snyder</u></p> <p>Name Printed: <u>Howard Snyder</u></p> <p>Title: <u>Executive Director</u></p> <p>And By: _____</p> <p>Name Printed: _____</p> <p>Title: _____</p>
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**EXHIBIT A – MAP, NW TARGET AREA**




# CENTURY CITY Ownership Conditions





Prepared by the Department of City Development, 27 February 2015  
Source: City of Milwaukee Information & Technology Management Division; Real Estate Division

## Legend

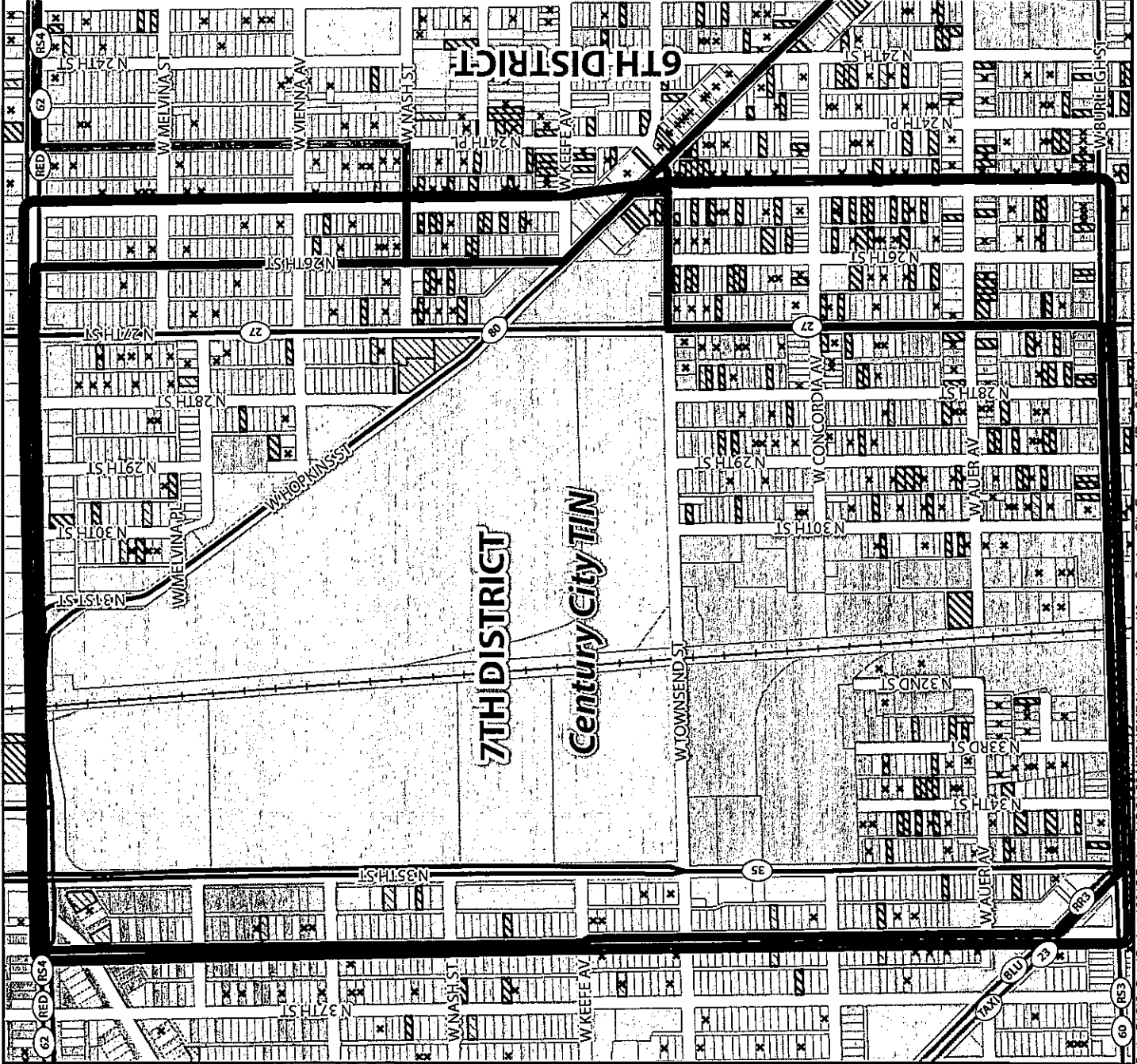
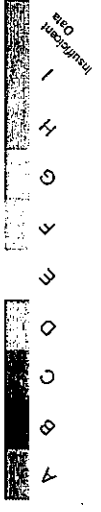
-  Bank Foreclosed Property
-  City Foreclosed Structure
-  City Vacant Lot
-  Owner Occupied Residential

-  Focus Area
-  Aldermanic Districts
-  Targeted Investment Neighborhood

## Tax Delinquency

-  2 Years
-  3+ Years

## 2013 Market Value Analysis



**EXHIBIT B – NW REQUIRED INSURANCE**

Northwest Side Community Development Corporation shall at all times after acquisition of any City Homes acquired and redeveloped under the Project, at its own expense, maintain insurance coverage to the extent of the full insurable value of all improvements to the City Homes and shall furnish CITY with Certificates of Insurance, naming the CITY as loss payee with respect to such insurance. Such certificates shall provide that the insurance company's agent furnish CITY with a 30-day written notice of cancellation, non-renewal or material change.

**EXHIBIT C – CHALLENGE GRANT PROGRAM PASA (NWSCDC)**

**CITY OF MILWAUKEE - OFFER TO PURCHASE. CHALLENGE GRANT PROGRAM.**

**NORTHWEST SIDE COMMUNITY DEVELOPMENT CORPORATION.**

**IMPROVED PROPERTY- 1-4 Residential Units**

The Buyer, NORTHWEST SIDE COMMUNITY DEVELOPMENT CORPORATION (“NW”), and the CITY OF MILWAUKEE (“City”) are parties to a “Sale and Development Agreement” dated as of \_\_\_\_\_, 2015 (the “**Development Agreement**”). In furtherance of that Development Agreement, NW offers to purchase from the City all of the City’s right, title, and interest in the property at \_\_\_\_\_ (“**Property**”) on the terms and conditions contained herein. For the purposes of this offer (the “**Offer**”), NW shall communicate with the City Real Estate Office of the Department of City Development (“**DCD**”).

1. **Purchase Price.** NW offers to purchase the Property for \$ \_\_\_\_\_ (“**Purchase Price**”) to be paid by cashier’s check at time of closing, subject to the customary prorations and deductions pursuant Section 16 (“**Net Price**”).
  
2. **Proposed Use; NW Subsequent Sale or Lease.** After Closing, NW shall renovate the Property by completing Scope work and by correcting code violations (see below), and NW shall seek responsible owner-occupant buyers or responsible tenants fro the Property.
  - a. **City General Buyer Policies.** After Closing on City’s conveyance to NW, and when NW conveys or leases the Property to another, NW shall attempt to sell and/or lease to those who understand the responsibilities of leasing and owning (as the case may be) and who have demonstrated to NW’s reasonable satisfaction capacity to successfully lease or own (as the case may be) in a way that will benefit the Property and its surroundings.
  
  - b. **Explanation of Restrictive Covenants.** After Closing on City’s conveyance to NW, NW must, at or prior to signing a lease with a NW tenant with a lease-to-own component, or at or prior to selling to a NW buyer, the Property, explain to the tenant or buyer, as the case may be, the restrictive covenants that the City imposed when the City conveyed the Property to NW.
  
  - C. **Homebuyer Counseling.** After Closing on City’s conveyance to NW, and when NW conveys the Property to another, NW’s buyer must, as a condition to NW closing with the buyer, receive at least 8 hours homebuying counseling from a HUD-approved housing counseling agency.
  
  - D. **No 3<sup>rd</sup> Party Occupancy Until Scope Work Completed.** NW may not allow an NW tenant or an NW buyer to occupy the Property, and NW may not close on a sale to an NW buyer, prior to (i) NW completing the Scope work for the Property, and (ii) NW obtaining a Certificate of Code Compliance for the Property.

3. **No Broker.** No real estate broker was used regarding this transaction. City shall owe no broker commission as a result of this agreement or closing.
4. **No Earnest Money.** No earnest money is required concerning this transaction.
5. **Buyer Identification and Disclosures.** NW is a Wisconsin nonstock corporation.

Identify corporate officers: \_\_\_\_\_

NW certifies that NW, and every officer and director of NW, directly or indirectly, is now and will at closing be in compliance with the following “**City General Buyer Policies**”:

- a) Not delinquent in the payment of any property tax (real and personal property), special assessment, special charge or special tax to the City of Milwaukee.
- b) Not a party against whom the City has an outstanding judgment.
- c) Not have outstanding building or health code violations or orders from the City’s Health Department or Department of Neighborhood Services that are not actively being abated.
- d) Not a party who has been convicted of violating an order of the Health Department or Department of Neighborhood Services within the past year.
- e) Not been convicted of a felony that causes neighborhood or community concerns with respect to neighborhood stability, health, safety or welfare.
- f) Not subject to a property tax foreclosure by the City within the past five years.

City will reject Offers from parties that violate the City General Buyer Policies and City may terminate an accepted Offer if such conditions exist at any time after acceptance of this Offer or at closing.

City may reject an Offer from parties with outstanding City of Milwaukee offers or recently purchased property from City where improvements or renovations have not been completed.

NW certifies that NW is in compliance with Offers to Purchase that NW may have with City for other parcels NW is buying from City and with deed restrictions that may be in place for other parcels that NW may have bought from City.

Neither NW nor any officer of NW is an employee of the City of Milwaukee, Redevelopment Authority, Housing Authority, Milwaukee Economic Development Corporation or Neighborhood Improvement Development Corporation (collectively “City Agencies”).

6. **Acceptance.** Submitted Offer must be signed NW and acceptance occurs upon signature of the Commissioner of DCD or designee at which time this Offer becomes an agreement binding upon both parties (“**Effective Date**”). NW may withdraw the Offer at any time prior to delivery of the accepted Offer.
7. **Offer Term.** The Offer shall commence on the Effective Date and be in effect for a period of 45 days (“**Expiration Date**”). NW must satisfy all contingencies and close on or before



the Expiration Date pursuant to Section 12 of this Offer. Under limited circumstances, the Offer may be extended by the Commissioner of DCD for up to 30 days (“**Extended Date**”) upon submission by NW and City acceptance of a written request for such extension including the reasons therefor and a check for \$250 in payment of an Extension Fee. If the Offer term is extended, the Extension Fee is non-refundable and shall not be credited toward the Purchase Price.

**8. Duty to Comply with Building Code.** Conveyance shall be subject to all building and health code violations outstanding at Closing, if any. NW shall, promptly after Closing, apply to the Department of Neighborhood Services (“**DNS**”) for a Certificate of Code Compliance (or Certificate of Occupancy for buildings with a DNS Placard Order or a mixed or multiple dwelling buildings) and bring the Property into compliance with the City of Milwaukee Building Code within **6 months** following the date of the Deed NW shall pay all fees for the DNS Code Compliance Program.

**9. Roots Program for Owner Occupants.** NW elects to participate in the Roots Program:  Yes  No.

**10. Contingencies.**

**A. Pro Forma, Scope and Initial Gap Estimate Contingency.** As required by the Development Agreement, Closing on this Offer is contingent upon NW submitting to DCD prior to Closing, a **Scope and Pro Forma** (as those terms are defined in the Development Agreement), and on NW obtaining prior to Closing DCD’s approval of same. If DCD’s review of the Scope and Pro Forma show an “**Initial Gap Estimate**” as defined in the Development Agreement, Closing is also contingent upon DCD and NW agreeing on the amount of the Initial Gap Estimate. If DCD does not approve the Scope, or the Pro Forma, or if the parties do not agree on the Initial Gap Estimate, then City shall have no duty to Close and City may declare this Offer null and void. Per the Development Agreement, City financing per agreed-upon Initial Gap Estimate is subject to future adjustment per Actual Gap determination.

**B. MCO 304-49-3-c and 304-49-4.5 Contingency.** Because NW may receive gap financing from City for the Property rehabilitation, per the Development Agreement, and per the above, DCD shall promptly (within 10 days of City acceptance of this Offer) provide notice of this PASA to the local council member in whose district the Property is located. Any City acceptance of this Offer is contingent upon approval by that local council member, or failing approval, per Common Council approval. DCD shall keep NW apprised of local Council member approval status.

**11 Property Condition, AS IS.** City shall convey the Property in “AS IS, WHERE IS” condition with all faults and defects, known or unknown, physical or otherwise, and without representation or warranty, express or implied. Such provisions shall bar all tort, warranty, and misrepresentation claims – including any action based on non-disclosure. NW shall rely on NW’s own due diligence and independent investigation and inspection, and shall not rely upon any oral or written statement or representation of City or any employee or agent or contractor of City. Any scope of work or cost estimates provided by City (if any) (including

any DNS Scope, as defined in the Development Agreement) are for informational purposes only and the City does not warrant the content or conclusions of same. NW is encouraged to retain its own consultant to evaluate structure condition and renovation costs, and NW must submit to DCD a Scope and Pro Forma regarding renovation.

City has conducted no investigation of the structural condition of the improvements, survey of any encroachments or easement, or of the bearing capacity of the subsoil. The Property may contain lead-based paint (especially if constructed prior to 1978), asbestos and underground storage tanks. NW is solely responsible for obtaining any Property investigations at its sole expense.

Because no Transfer Fee is required for the City conveyance (Wis. Stat. 77.25 (2)), per Wis. Stat. 709.01 (1), City is not required to, and will not, provide a Wis. Stat. Ch. 709 "Real Estate Condition Report."

**12. Closing.** Closing on this transaction ("**Closing**") shall take place at the offices of the City DCD Real Estate Office at 809 North Broadway, 2nd Floor, Milwaukee, Wisconsin, or at a title company, or other mutually acceptable place, at a time and date that will be on or before the Expiration Date or Extended Date - provided (i) City has approved the Scope and Pro Forma, (ii) NW and DCD have agreed on the Initial Gap Estimate (if applicable), (iii) NW is not in violation of the City General Buyer Policies, and (iv) approval under MCO 304-49-3-c and 304-49-4.5 occur..

**13. Quit-Claim Deed of Property; AS-IS Sale; Restrictions.** Upon delivery of the Net Price by NW, City shall convey the Property to NW by Quit-Claim deed ("**Deed**") in the form attached hereto as **EXHIBIT A**, and containing the restrictive covenants set forth in that Deed.

*See EXHIBIT A Deed for restrictive covenants.*

**14. Title Insurance.** City shall provide NW with a title insurance commitment for the Property, issued by a title insurance company chosen by City, in the amount of the Purchase Price if the Purchase price is greater than **\$5,000**. City shall pay the base cost of title insurance. NW shall be responsible for the cost of any title and gap endorsements and the cost of any title updates incurred after the initial invoice. City shall pay its cost of title insurance at Closing from the Purchase Price, if sufficient to cover such cost, or by separate check. Provision of title insurance shall not change the "AS-IS/WHERE IS, no warranty or representation" nature of this transaction. No evidence of title shall be provided by City if the Purchase Price is less than \$5,000.

**15. Legal Possession & Occupancy.** Legal possession of the Property shall be delivered to NW at Closing. Physical occupancy is subject to the rights of tenants in possession, if any. At Closing, and upon delivery of the Deed to NW, whatever occupancy rights City has in and to the Property will become NW's.

- 16. Proration.** Property taxes and/or utility bills, if any, shall be pro-rated to the date of Closing. City shall be responsible only for special assessments of record as of the date this Offer is accepted by City. Special assessments that are the responsibility of City, but that have not been billed or paid, may be deducted from the Purchase Price at Closing and shall be paid by NW when due. If the Purchase Price is inadequate to pay such Special Assessments, City shall pay such Special Assessment when due. Rent, if any, shall be prorated to the date of Closing. Unless otherwise disclosed, City holds no security deposits in respect of any tenant now or formerly occupying the Property.
- 17. City Termination.** City may terminate this Offer and return the Extension Fee (if any) if City is unable to provide marketable title or City is unable or unwilling to remove valid objections to title prior to Closing. If Property is damaged prior to Closing, City reserves the right to terminate this Offer or adjust the Purchase Price.
- 18. Energy Efficiency.** Sale of improved properties that will be used as rental units may be subject to the Wisconsin Department of Commerce "Rental Unit Energy Efficiency Standards," Chapter 67, Wisconsin Administrative Code and Wis. Stat. 101.122. NW is responsible for all costs, expenses and fees for complying with this program.
- 19. Transfer Fee or Return.** No real-estate-transfer fee shall be due at Closing pursuant to Wis. Stat. 77.25(2), and no real-estate-transfer return shall be required pursuant to the exemption from returns under Wis. Stat. 77.255.
- 20. Recording Deed.** Promptly after Closing, the Deed shall be recorded by the City or other party, such as a title company, as required by Milwaukee Code of Ordinances ("MCO") 304-49-11. NW shall be responsible for the recording fee and shall provide City at Closing with a check to record the Deed as directed on the closing statement.
- 21. Property Recording.** NW shall register the Property with DNS and shall execute at Closing the DNS Property Recording Form. See MCO 200-51.5 (Property Recording) and 200-51.7 (Vacant Building Registration).
- 22. Successors and Assigns.** Once this Offer is accepted by City, this Offer binds and inures to the benefit of the parties hereto and their successors and assigns. However, NW may not assign any rights, or obligations under this Offer without the written consent of City by its DCD.
- 23. Facsimile and Counterparts.** This Offer may be executed in one or more counterparts which, when taken together, shall constitute one and the same document. Facsimile or email/PDF signatures shall be accepted as originals.
- 24. Entire Agreement.** This Offer and the Development Agreement constitute the entire agreement between the parties and all other statements, written or oral, are of no effect. This Offer may only be amended by a written agreement signed by all the parties hereto.

**25. Severable.** The terms and provisions of this Offer are deemed separable and severable such that the invalidity or unenforceability of any term or provision shall not affect or impair the validity or enforceability of the remaining terms and provisions.

**26. Survival.** The terms, provisions, and agreements herein shall survive Closing and delivery and recording of the Deed.

**27. Notices.** All notices permitted or required hereunder shall be considered given (i) upon receipt if hand-delivered by commercial courier or otherwise personally delivered, (ii) if sent by facsimile or email, then the notice must be sent during business hours (i.e. 8:30 A.M to 4:30 P.M., Monday through Friday) on days that City’s City Hall is open for business, and the notice shall be deemed given when sent as per the following and so long as the notice is successfully sent (i.e. the sender does not receive any error or “busy” or “inability to send” notification), and (iii) within two business days of depositing same in the U.S. mail, postage-paid, addressed by name and address to the party intended as follows:

**If to City:**  
Karen Taylor  
Department of City Development  
809 North Broadway, 2nd Floor  
Milwaukee, WI 53201-0324  
Phone: 414-286-5730  
Fax: 414-286-0395  
Email: ktaylo@milwaukee.gov

**If to NW:**  
Howard Snyder  
Northwest Side Community Development  
Corporation  
4201 North 27<sup>th</sup> Street  
Milwaukee, WI 53216  
Phone: 414- 447-8230  
Fax: 414-444-8201  
Email: hsnyder@nwscdc.org

**28. Remedies.** Except as otherwise provided herein, in the event of breach of this Agreement, the nonbreaching party shall have all rights and remedies available at law and in equity against the breaching party.

**29. Special Conditions:** Addendum  is  is not attached.

IN WITNESS WHEREOF, the parties caused this Offer to be entered into and executed as of the date written below.

NW: NORTHWEST SIDE COMMUNITY DEVELOPMENT CORPORATION

By: \_\_\_\_\_

Name Printed: \_\_\_\_\_

Title: \_\_\_\_\_

Date ▲

FEIN of NW: \_\_\_\_\_.

**Acceptance by City (City of Milwaukee)**

Accepted: \_\_\_\_\_

\_\_\_\_\_  
Date ▲

Rejected: \_\_\_\_\_

\_\_\_\_\_  
Date ▲

Document Number

QUIT CLAIM DEED

Name and Return Address:

HOWARD SNYDER  
NORTHWEST SIDE COMMUNITY DEVELOPMENT CORPORATION  
4201 N. 27<sup>TH</sup> STREET  
Milwaukee, WI 53216

Tax Key Number: \_\_\_\_\_

**Drafted by:** City of Milwaukee

This deed and conveyance are exempt from the Wisconsin Real Estate Transfer Fee and Return pursuant to Wis. Stat. 77.25 (2) and 77.255, respectively.

Recording Area

**THIS QUIT-CLAIM DEED** is made as of this \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_ and is by the **CITY OF MILWAUKEE**, a Wisconsin municipal corporation (“**City**”) as grantor, to **NORTHWEST SIDE COMMUNITY DEVELOPMENT CORPORATION** (“**NW**”) as grantee, for good and valuable consideration. NW’s purchase price was \$ \_\_\_\_\_.

**A. Conveyance of Property.** City hereby conveys and quit-claims to NW, on an “AS-IS, WHERE-IS” basis, all of City’s right, title, and interest, in and to the real estate described as follows:

**Legal Description:** \_\_\_\_\_, in the City and County of Milwaukee, State of Wisconsin (“**Property**”).

**Address:** \_\_\_\_\_, Milwaukee, WI.

**TIN:** \_\_\_\_\_

**B. Restrictive Covenants.** This conveyance and the Property are subject to the following Restrictive Covenants. The terms and conditions of these Restrictive Covenants were material inducements to City conveying the Property to NW, and but for NW’s acceptance of the terms and conditions by execution of an Offer to Purchase between City and NW and of a “Sale and Development Agreement” between City and NW dated as of \_\_\_\_\_, 2015 (the “**Development Agreement**”), City would not have conveyed the Property to NW. The restrictive covenants are binding on NW as the owner of the Property and upon NW’s successors and assigns, including successor owners of the Property.

**1. Code Compliance and Scope Completion Requirement (“Performance Restriction”).**

(a) On or before the 6-month anniversary of the date of this Deed, NW shall (i) bring the Property into full compliance with applicable building codes and ordinances, and (ii) complete Scope work (as defined in the Development Agreement).

(b) Regarding building-codes, NW shall promptly apply to the City Department of Neighborhood Services (“DNS”) for a Certificate of Code Compliance (or Certificate of Occupancy for buildings with a DNS Placard Order or a mixed or multiple dwelling buildings).

(c) If City does not record with the Milwaukee County Register of Deeds (“ROD”) Office a “Notice of Breach” of this Performance Restriction within 10 months from the date of this Deed (“Expiration Period”), then this Performance Restriction shall be deemed satisfied of record and it shall no longer be an encumbrance against title; and, City shall have no right to recover, and no lien regarding, liquidated damages for breach regarding this particular restriction (see Section C below).

**2. 5-Year Restriction.** NW acquired title with the intent on either (i) leasing the Property to another for residential use and occupancy, or (ii) conveying the Property to another for that person’s owner-occupied residential homestead.

(a) Prior to the 5-year anniversary of the date of this Deed, if NW leases the Property, NW may not convey fee title to the Property to another without City’s prior written consent. If NW, however, within that 5-year period, desires to convey the Property to NW’s tenant, and NW provides evidence to City that the intended grantee is NW’s tenant and the tenant is ready to close, City will consent.

(b) If NW does not lease the Property and NW instead conveys it to a buyer for the buyer’s owner-occupied residential homestead, then, for at least 5 years from the date of NW’s deed to that buyer, that buyer must occupy the Property as buyer’s primary residential homestead. That buyer during that 5-year period shall be bound hereby and may not during that 5-year period convey the Property to another unless that person will, for the remainder of said 5-year period, occupy the Property as that person’s primary residential homestead. During the 5-year period, the Property may not be used for non-owner-occupied, or rental, purposes.

Notwithstanding the foregoing, if the Property is a duplex, a 3-unit apartment, or a 4-unit apartment, the occupancy restriction for the buyer shall only apply to one of the units therein such that at least one of the units is occupied by the buyer.

(c) If City does not record with the ROD Office a “Notice of Breach” of this restriction within 5 years and 3 months from the date of this Deed (“Expiration Period”), then this restriction shall be deemed satisfied of record and it shall no longer be an encumbrance against title; and, City shall have no right to recover, and no lien regarding, liquidated damages for breach regarding this particular restriction (see Section C below).





**EXHIBIT D – REQUIRED FORM OF PRO FORMA**

**EXHIBIT D - Required Form of Pro forma**

**NW Side CDC**  
**Address**

**Challenge Fund Property #**

<b>Stage 1 - Acquisition</b>	
<b>Acquisition Cost</b>	
Financing/Closing Fees	
Title Policy and Insurance	
<b>Appraisal</b>	
<b>Acquisition Total</b>	
<b>Stage 2 - Development Budget</b>	
Rehab	
Contingency (10%)	
Alarm System	
Other:	
<b>Development Budget Subtotal</b>	
<b>Holding Costs (for 6 months)</b>	
Taxes	
Utilities and water	
Insurance	
Other:	
<b>Debt Service</b>	
WHEDA Loan	
<b>Development Budget Total</b>	
<b>Total Development Cost (Acquisition + Development)</b>	
<b>Stage 3 - Sale of Property</b>	
Total Development Cost (Acquisition + Development)	
Developer Fee	
Closing Costs - Legal	
Closing Costs - related to sale	
Follow up Appraisal	
Brokerage fee (5%)	
<b>Total Project Cost</b>	
<b>Expected Sales Price</b>	
<b>GAP</b>	