
MEMORANDUM

TO: Community Development Alliance (CDA) Board

FROM: Teig Whaley-Smith, Chief Alliance Officer, CDA

RE: First Time Homebuyer - DPA Loan

DATE: January 7, 2026

Summary

Homeownership is a primary social determinant of health and has a significant impact on employment. In today's economy, without support, many employees will not be able to achieve homeownership, which research suggest will impact job performance and overall turnover. Current grant resources are targeted towards families making below 80% Area Median Income (AMI), a threshold which is about 20% below CDA pay ranges for most positions. This is not just a problem at CDA, but with many employers and employees. Philanthropy and the public sector are unlikely to step forward to resolve this issue, so employers must step up. Providing a 0%, \$10,000 Down Payment Assistance loan is lower financial risk than other options because it is a loan, not a grant, and is a particularly effective strategy for an organization like CDA that has a small staff, with very low turnover compared to other sectors like retail. CDA is already a leader in homeownership and now has a chance to be a leader in employer sponsored housing strategies as well. A lead that hopefully others will follow.

The primary policy decisions to be considered by the Board are (a) should this benefit be provided to employees that are not yet homeowners, and (b) should the loan be repayable upon sale of home, or as soon as employee is no longer employed at CDA.

I. Homeownership is Important & Without Support Many Employees will Never Achieve Homeownership.

As members of the CDA Board, you are very familiar with the benefits of homeownership, including its impact on educational outcomes, neighborhood safety, and overall health. As an employer, it is essential to also understand the benefits as an employer. The primary reason to invest in employees' housing is to reduce turnover of employees. Turnover for professional positions costs

between 75-125% of an employee's annual salary.¹ This is primarily measured as the productivity loss of having to train a new employee. For example, for most positions at CDA the pay is about \$85,000. It would take at least a year for a new employee to get to the same level of productivity as their predecessor. A new employee at 50% productivity would cost the organization \$42,500 in lost productivity. Plus, as a small organization without large corporate training systems, we would have to allocate the Chief Alliance Executive's time to train the new employee. If 10% of the CAE's time is used for training, that would be an additional cost of about \$16,000; a total cost of \$58,500. Recent studies on employer sponsored housing have shown drops in turnover rates of nearly 75%.²

Although a salary of \$85,000 used to be a comfortable level to purchase a home, that is no longer the case. The average home cost in Milwaukee in 2021 was \$146,000, now it is \$225,000.³ Furthermore, rents have also increased dramatically, so employees have less opportunities to save. The average rent in Milwaukee has increased from \$973 per month to \$1,257 per month over the last five years.⁴ Finally, interest rates have skyrocketed from 3.11% in 2021 to 6.77% in 2025.⁵

II. **CDA Should Lead By Example on A Systemwide Issue**

Home price increases, rental increases and interest rate increases all combined means that an employee in 2021 making \$85,000 would not need assistance to purchase a home, but now that same person is unlikely to be able to afford a home in Milwaukee. CDA has long recognized this barrier for lower income people (e.g. below 80% AMI) and has raised millions of dollars to provide Down Payment Assistance resources to these deserving homeowners. However, these resources are not available to CDA employees that make over 80% AMI. This is the reason we are proposing DPA assistance for employees, with the primary difference being that it is a loan rather than a grant because the need is not as great as it is for someone below 80% AMI.

CDA is not the only employer in this position, but it can be a leader by providing an example of how employers can support homeownership in Milwaukee.

¹ [Calculating The Cost Of Employee Turnover](#) (G&A Partners, 2024).

² [Working to Home: A Toolkit for building employer assisted housing programs.](#) (National Housing Conference, 2023).

³ [Milwaukee Housing Market: House Prices & Trends | Redfin](#) (2025).

⁴ [Milwaukee Rent Prices & Trends | Average Rent, Affordability & Housing Costs \(2025\)](#)

⁵ [HISTORICAL MORTGAGE RATES 2023, 2024, 2025, 2026 - Long Forecast](#)

Employers across the country have started a movement, yet the practice is not widespread in the Milwaukee market. For example, the University of Maryland-Baltimore provides down payment assistance of up to \$16,000, Rocket Mortgage in Detroit provides \$10,000 of down payment assistance.⁶

Currently, CDA has a staff of 5, and 3 are homeowners. Thus this benefit is only likely to cover 2 employees at a cost of \$20,000 over the next several years, with those funds recovered when the home is sold. The true cost of this benefit is the opportunity lost to invest the funds at about 6%. So the cost of this benefit is about \$600 for every year the loan is outstanding, or about \$50/month.

III. Details of the First Time Homebuyer DPA Loan

- a. \$10,000 Loan Payable Upon Sale of Home. A \$10,000 loan would be provided to first time homebuyers employed by CDA. The loan proceeds would be delivered to the closing company and would utilize the template Loan Agreement, Promissory Note, and Mortgage (“Loan Documents”). The loan documents require that the proceeds may only be used for down payment, closing costs, or renovations. The loan does not require monthly payments, and instead is payable on sale, or if the property is no longer used as a primary residence. There is no interest on the loan.
- b. Loan Proceeds are Not Taxable. If the down payment assistance was given as a grant, it would be both income taxable, and payroll taxable, which would reduce the value of the grant by about 30%. This is the primary reason this program is structured as a loan. If this were a forgivable loan you would have the same tax implications. A secondary reason this is a loan is to preserve the resources of CDA as a Non-Profit.
- c. Dollar amount and Zero Percent were carefully selected. The \$10,000 amount was carefully selected. \$10,000 is a meaningful amount that will reduce the monthly mortgage payments of the homeowner, and get the homeowner closer to 20% equity over time to reduce the cost of private mortgage insurance, further reducing the monthly costs of the homeowner. If the loan is more than \$10,000, the IRS requires there to be an interest rate of the Applicable Federal Rate which is currently 3.66%. Without amortized payments, this interest rate would result in a balance of nearly \$30,000 if the home is sold over 30 years which is not equitable. For this reason the interest rate was set at 0%.

⁶ See Note 2.

d. Compliant with Community Seconds Rules. This type of down payment assistance does not interfere with the ability of a bank to sell the mortgage on the secondary market (e.g. Fannie Mae and Freddie Mac) provided that the down payment assistance loan follow the rules of Community Seconds Mortgages.⁷ To qualify for this status certain items must appear in the Loan Documents. These provisions are include in Article VIII of the Template Mortgage and are repeated here for convenience.

8.1 Community Seconds Lender. As a non-profit, and as employer of Borrower, Lender is an eligible Community Seconds funding source under Fannie Mae requirements.

8.2 Principal Residence. Borrower agrees to utilize the Property as their principal residence.

8.3 Subordinate in Priority to First Mortgage. This Loan is subordinate in priority to the first mortgage used to purchase the Property (“Superior Lien”).

8.4 Proceeds. The Loan is being made solely for the permitted purposes of down payment, closing costs, or renovations (including energy-related improvements).

8.5 Funding Source. The funding source of the loan is not funded in any way through the first mortgage, such as through higher interest rates on the first mortgage.

8.6 Deferred. The Loan does not require amortized payments, and instead principal is due upon sale, transfer, cash-out refinance, or non-occupancy of Property as a principal resident. No interest is charged on this loan.

8.7 Interest Rate Cap. No interest is charged on this loan, consequently, the interest rate on this loan will not exceed the interest rate of the first-lien mortgage by more than 2 percentage points.

8.8 No Negative Amortization. Negative Amortization is when a borrower’s payments are not sufficient to cover the interest payments and consequently the principal balance goes up. Because there is no interest charged on this loan, there is no Negative Amortization.

8.9 No Resale Restrictions. There are no Resale Restrictions on this loan as that term is defined in Fannie Mae’s Regulations B5-5.2-01.

⁷ [Community Seconds Checklist \(Fannie May 205\)](#)

This MORTGAGE (the "Mortgage"), is made as of _____, 20_____, by [Employee Name], a Wisconsin resident, who has an address of [New Home Address], Milwaukee, WI [Zip Code] ("Borrower"), to **COMMUNITY DEVELOPMENT ALLIANCE, INC.**, a Wisconsin nonstock corporation, which has an office at 3800 W. Lisbon Ave. Milwaukee, WI ("Lender").

RECITALS

A. Borrower and Lender have entered into that certain Loan Agreement dated as of even date herewith (the "Loan Agreement"), pursuant to which Borrower executed that certain Promissory Note dated of even date herewith, in the initial principal aggregate amount of Ten Thousand and 00/100 Dollars (\$10,000) (as may be amended, renewed, refinanced, and/or extended, the "Note").

THIS SPACE RESERVED FOR RECORDING DATA

NAME AND RETURN ADDRESS

Chief Alliance Executive

CDA

3800 W. Lisbon Ave.
Milwaukee, WI 53210

See attached Exhibit A

Parcel Identification Number

This is a Homestead Property

B. Lender requires that the Loan be secured by a subordinate lien mortgage, pursuant to the terms hereof.

C. All acts and proceedings required by law necessary to make the Note a valid, binding and legal obligation of Borrower, and all acts and proceedings required by law to constitute this Mortgage a valid, binding and legal obligation of Borrower for the security of the Note and for the performance of Borrower's undertakings expressed herein and in the Note, have been or will be done and taken; and the execution and delivery of this Mortgage have been in all respects duly authorized.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower hereby agrees as follows:

AGREEMENT

ARTICLE I DEFINITIONS

1.1 Definitions of Terms. As used in this Mortgage:

(a) Event of Default: shall have the same meaning assigned to such term in the Loan Agreement.

(b) Loan: shall mean the extension of credit by Lender to Borrower, as evidenced by the Note.

(c) Loan Documents: shall have the same meaning assigned to such term in the Loan Agreement.

(d) Permitted Exceptions: shall mean those exceptions set forth on the title insurance commitment previously delivered to Lender in accordance with Section 3.1(e) of the Loan Agreement which have been accepted by Lender.

(e) Property: shall mean the Real Property together with all of the other property and items described in Article II hereof.

(f) Real Property: shall mean the land described in Exhibit A attached hereto and made a part hereof, together with any and all easements, rights of way, licenses, hereditaments, rights and privileges and appurtenances thereto, together with any and all other land which may at any time hereafter be conveyed by Borrower to Lender as security for the Note.

(g) Superior Lean: shall mean the first mortgage on the Property used to purchase the Property.

1.2 Use of Phrases. Use of the words "herein," "hereby," "hereunder," and "hereof" in this Mortgage and any other equivalent words refer to this Mortgage as an entirety and not solely to the particular portion of this Mortgage in which such word is used. The definitions set forth in Section 1.1 shall be deemed applicable whether the words defined are herein used in the singular or the plural. Whenever used herein, any pronoun or pronouns shall be deemed to include both the singular and the plural and to cover all genders. Use of the word "including" herein shall be deemed to mean "including, but not limited to". As used in this Mortgage, all terms capitalized herein, defined in the Loan Agreement and not otherwise defined herein shall have the same meanings as set forth in the Loan Agreement. As used herein, "Lender" shall be deemed to include Lender's successors and assigns.

ARTICLE II GRANTING CLAUSE

Borrower grants this Mortgage to secure the following (collectively, the "Obligations"):
(a) payment of the amounts described in the Note, as extended, renewed, modified or amended from time to time; (b) performance and discharge of each and every of Borrower's obligations, covenants and agreements described in the Loan Documents; (c) all of the debts, obligations and liabilities of whatever nature or amount, as extended, renewed, modified or amended from time to time, arising out of credit or other financial accommodations previously granted, contemporaneously granted or granted in the future by Lender to or at the request of Borrower in connection with the Loan, and all covenants, conditions and agreements contained in the Loan Documents and in all other documents which provide evidence for, secure or relate to any of the foregoing including, without limitation, any and all future advances of the Loan and future extensions or renewals of the Loan; and (d) to the extent not prohibited by law, costs and expenses to collect and enforce all such obligations, including reasonable attorney's fees and costs. Borrower by these presents does hereby mortgage, grant, convey and assign to Lender, for the

benefit of Lender and its successors and assigns, with power of sale, forever, all and singular its entire estate and interest in the following described property, to wit:

2.1 Real Property. The Real Property.

2.2 Highways and Thoroughfares. All right, title and interest of Borrower, if any, now or at any time hereafter existing, in and to all easements, rights of way, gores of land, highways, roads, streets, alleys and other public thoroughfares, bordering on or adjacent to the Real Property, together with all right, title and interest of Borrower to the land making up such highways, roads, streets, alleys and other public thoroughfares and all heretofore or hereafter vacated highways, roads, streets, alleys and public thoroughfares adjoining or within the Real Property or any part thereof.

2.3 Buildings. All buildings, structures, improvements, plants, works and fixtures now or at any time hereafter located on any portion of the Real Property and, without any further act, all extensions, additions, betterments, substitutions and replacements thereof.

2.4 Fixtures, Equipment. All right, title and interest of Borrower in and to all fixtures, furniture, furnishings, equipment, machinery, appliances, apparatus and other property of every kind and description now or at any time hereafter installed or located on or used or usable in connection with the Real Property or the buildings and improvements situated thereon, whether such right, title or interest in such items of property is now owned or hereafter acquired by Borrower, including, but not limited to, all accessories, beds, linens, toilets, bath tubs, ranges, stoves, refrigerators, dishwashers, disposals, washers, dryers, cabinets, paneling, rugs, attached floor coverings, antennas, all lighting, heating, cooling, ventilating, air conditioning, humidifying, dehumidifying, plumbing, sprinkling, incinerating, refrigerating, air cooling, lifting, fire extinguishing, cleaning, communicating and electrical systems, and the machinery, appliances, fixtures and equipment pertaining thereto, all switchboards, engines, motors, tanks, pumps, floor coverings, partitions, conduits, ducts, compressors, elevators and escalators, boilers, incinerators and the machinery, appliances, fixtures and equipment pertaining thereto, all of which fixtures, furnishings, furniture, equipment, machinery and other property shall be deemed to be part of the Real Property, but excluding any fixtures, furniture, furnishing, equipment, machinery, appliances, apparatus and other property owned by tenants. It is the intention hereof that all property of the kind and character described in this Section which Borrower now owns, and all of such property which it may hereafter acquire, shall be subject to the lien and security interest of this Mortgage with like effect as if now owned by Borrower and as if covered and conveyed hereby by specific and apt descriptions.

2.5 Intangible Rights, Rents, Accounts. All rights, privileges, permits, licenses, easements, consents, tenements, hereditaments and appurtenances now or at any time hereafter belonging to or in any wise appertaining to the Real Property or to any property now or at any time hereafter comprising a part of the property subject to this Mortgage; and all right, title and interest of Borrower, whether now or at any time hereafter existing, in all reversions and remainders to the Real Property and such other property, and all rents, income, issues, profits, royalties and revenues derived from or belonging to such Real Property and other property subject to this Mortgage or any part thereof, and all monies, funds and accounts of Borrower.

2.6 Proceeds. Any and all proceeds of the conversion, whether voluntary or involuntary, of all or any part of the Real Property and other property and interests subject to this Mortgage into cash or liquidated claims, including, without limitation by reason of specification, proceeds of insurance and condemnation awards and any and all other property of every name and nature from time to time by delivery or writing of any kind conveyed, mortgaged, pledged, assigned or transferred for additional security for this Mortgage.

2.7 Assignment of Rents. Subject to the Superior Lien, Borrower hereby transfers and assigns absolutely to Lender, as additional security, all rents, issues and profits which become or remain due (under any form of agreement for use or occupancy of the Property or any portion thereof), or which were previously collected and remain subject to Lender's control following any default under this Mortgage or the Obligations secured hereby and delivery of notice of exercise of this assignment by Mortgagee to the tenant or other user(s) of the Property in accordance with the provisions of Section 708.11, Wis. Stats, as may be amended. This assignment shall be enforceable with or without appointment of a receiver and regardless of Lender's lack of possession of the Property.

TO HAVE AND TO HOLD the Property unto Lender, its successors and assigns. This Mortgage shall continue to be a lien on the Property while any Obligation remains unpaid, regardless of when any Obligation arises, until such time as this Mortgage is released or satisfied of record. Because this Mortgage secures all Obligations to Lender, this Mortgage may secure Obligations in a greater dollar amount than the amount set forth above. The amount set forth above is not necessarily, at any time, the actual amount of the Obligations due to Lender and secured by this Mortgage. If any improvements or property become a part of the Property after the date hereof by location or installation on the Real Property or in the building or buildings now or in the future situated thereon or otherwise, then this Mortgage shall immediately attach to and constitute a lien or security interest against such additional items without further act or deed of Borrower.

ARTICLE III CONDITION OF TITLE

Borrower represents and warrants to and covenants with Lender, its successors and assigns that: (a) it is the owner of a fee simple interest in the Property, subject only to the Permitted Exceptions and Superior Lien; (b) this Mortgage is and shall remain a valid and enforceable lien on the Property to secure the performance of the Obligations, subject only to the Permitted Exceptions and Superior Lien; and (c) it will forever warrant and defend to Lender, its successors and assigns, the Property against all claims and demands whatsoever not specifically excepted in this Mortgage.

ARTICLE IV COVENANTS OF BORROWER

So long as any of the Obligations remain outstanding, or the Note remains unpaid and are in effect or payments are required to be made or terms, conditions, covenants or agreements remain to be performed by Borrower under the Loan Documents, Borrower shall abide by each of the following covenants:

4.1 Performance of Covenants. Borrower shall duly and punctually pay each and every installment of principal and interest under the Note when due, promptly pay any penalties or other assessments that may be made, and timely comply with and carry out all of its covenants and agreements set forth in the Loan Documents.

4.2 Insurance; Damage or Destruction. Borrower shall provide and maintain or cause to be maintained at all times insurance coverages as required by Lender, evidence of which shall be submitted to Lender by Borrower, which coverages shall remain in effect until satisfaction of all the Obligations.

4.3 Preservation and Maintenance of Property. Borrower (a) shall not commit waste or permit impairment or deterioration of the Property, (b) shall not abandon the Property, (c) shall restore or repair promptly and in a good and workmanlike manner all or any part of the Property to the equivalent of its original condition, or such other condition as Lender may approve in writing, in the event of any damage, injury or loss thereto, whether or not insurance proceeds are available to cover in whole or in part the costs of such restoration or repair, (d) shall keep the Property, including improvements, fixtures, equipment, machinery and appliances thereon in good repair and shall replace fixtures, equipment, machinery and appliances on the Property when necessary to keep such items in good repair, (e) shall comply with all laws, ordinances, regulations and requirements of any governmental body applicable to the Property, (f) shall generally operate and maintain the Property in a manner to ensure maximum rentals, and (g) shall give notice in writing to Lender of and, unless otherwise directed in writing by Lender, appear in and defend any action or proceeding purporting to affect the Property, the security of this Mortgage or the rights or powers of Lender.

4.4 Condemnation Proceeds. Borrower shall give Lender prompt written notice of any pending or threatened eminent domain proceeding of any part or all of the Property, including any damages to grade.

4.5 Expenses of Litigation. If any action or proceeding be commenced, to which action or proceeding Lender is or becomes a party or in which it becomes necessary to defend or uphold the lien of this Mortgage or the efficacy of any other Loan Document, all sums paid by Lender for the expenses of any litigation, mediation, arbitration, bankruptcy, administrative proceedings, and appeals therefrom (including reasonable attorney's and paralegals' fees and costs) to prosecute or defend the rights and lien created by this Mortgage or said Loan Documents shall, on notice and demand, be paid by Borrower, together with the interest thereon at the rate provided for in the Note, and shall be a lien on the Property, prior to any right or title to, interest in or claim upon the Property subordinate to the lien of this Mortgage, and shall be deemed to be secured by this Mortgage.

4.6 Compliance with Laws. Borrower covenants and represents that the Property complies with the covenants and restrictions affecting the Property, with all applicable building and zoning laws, and Borrower shall at all times so own and use the same and take all steps necessary to assure such compliance at all times. Borrower shall not initiate or acquiesce in any zoning reclassification, or seek any conditional use permit, without Lender's written consent, which consent shall not be unreasonably conditioned, withheld or delayed.

4.7 No Further Encumbrances. Borrower will keep the Property free from all liens and encumbrances, whether inferior or superior to the lien of this Mortgage, except for the Permitted Exceptions, Superior Lien or liens and encumbrances approved in writing by Lender. Any person, firm or corporation taking a mortgage, lien or other encumbrance against the Property (except for those that are Permitted Exceptions or Superior Lien) shall take the said lien subject to the rights of Lender herein and the right of Lender to amend, modify and supplement this Mortgage, the Loan Documents and the Note, and to extend the maturity of any indebtedness hereby secured, in each and every case without obtaining the consent of the holder of any such liens and without the lien of this Mortgage losing its priority over the rights of any such liens.

4.8 Transfers. Borrower may not sell, convey, option, or otherwise transfer in any manner all or any part of its interest in the Property without the prior approval of Lender. For purposes of this paragraph, a transfer of the Property shall include any conveyance, transfer, assignment, pledge, security interest, or other alteration in any membership interest in Borrower.

4.9 Leases. Borrower shall not lease the property to any third party.

4.10 Use of Property. Borrower will use the Property as Borrower's principal residence.

4.11 Protection of Lender's Security. If Borrower fails to perform the covenants and agreements contained in this Mortgage, or if any action or proceeding is commenced which affects the Property or title thereto or the interest of Lender therein, including, but not limited to, eminent domain, insolvency, code enforcement or arrangements or proceedings involving a bankrupt or decedent, then Lender, at its option, may upon ten (10) days' written notice to Borrower (except where such notice would be extremely impractical) make such appearances, disburse such sums and take such action as Lender deems necessary, in its sole discretion, to protect Lender's interest, including, but not limited to: (a) disbursement of attorney's fees in connection with any of the actions or proceedings described in this Section 4.12; (b) entry upon the Property to make repairs; or (c) procurement of satisfactory insurance as provided in Section 4.2 hereof. Any amounts disbursed by Lender pursuant to this Section 4.11, with interest thereon, shall become additional indebtedness of Borrower secured by this Mortgage. Unless Borrower and Lender agree to other terms of payment, such amounts shall be immediately due and payable and shall bear interest from the date of disbursement at the rate stated in the Note, unless such rate of interest exceeds applicable law, in which event such amounts shall bear interest at the highest rate which may be collected from Borrower under applicable law. Borrower hereby covenants and agrees that Lender shall be subrogated to the lien of any mortgage or other lien discharged, in whole or in part, by the indebtedness secured hereby. Nothing contained in this Section 4.11 shall require Lender to incur any expense or take any action hereunder.

4.12 Payment of Taxes and Assessments. Borrower shall pay before the same become delinquent, all personal property taxes, assessments (whether general or special), water and sewer charges, business, sales, use and occupation taxes, all permit and inspection fees, all license and occupation fees, and such other charges now or hereafter levied or assessed against the Property or any part thereof and, upon request, shall exhibit to Lender receipts for the payment of such items.

4.13 Valid and Binding Agreement. Borrower covenants and warrants that this Mortgage is a valid and enforceable obligation of Borrower in accordance with its respective terms and that the performance by Borrower of the terms hereof does not contravene any covenant in any agreement, indenture or other document affecting Borrower.

ARTICLE V DEFAULT; ACCELERATION

Upon the occurrence of an Event of Default, as such term is described in the Loan Agreement and subject to applicable notice and cure periods, Borrower shall be deemed to have materially breached this Mortgage and Lender may, at its option and without notice, notice being hereby waived by Borrower, declare all the Obligations, including without limitation all amounts required to be paid by Borrower to Lender under the Note during the terms thereof, to be forthwith due and payable, and upon such declaration all such amounts, together with interest accrued thereon, if any, shall become and be due and payable forthwith; and Lender may thereupon proceed to protect and enforce its rights hereunder and under the Note and under the other Loan Documents by foreclosure proceedings or by other suit in equity, action at law, or other appropriate proceedings.

ARTICLE VI REMEDIES

Upon the happening and continuance of an Event of Default past applicable notice and cure periods, then and in every such case:

6.1 Action or Suit. Lender may proceed to protect and enforce its rights by an action or actions at law or by a suit or suits in equity, either for the specific performance of any covenant or agreement contained herein, or for the foreclosure of this Mortgage, or for monetary damages, or for the enforcement of any other appropriate legal or equitable remedy.

6.2 Receiver. Lender shall be entitled as a matter of right, without notice and without giving bond to Borrower, or anyone claiming under it, to have a receiver appointed for Lender's benefit of all of the Property and of the earnings, income, rents, issues and profits thereof, pending such proceedings, with the powers (without limitation) to collect such earnings, income, rents, issues and profits; to rent and remodel the rentable areas; to perform and pay any obligations of Borrower under the Loan Documents; together with such other powers as the court making such appointment shall confer; and Borrower hereby irrevocably consents to such appointment. In the event of an election by Borrower to proceed under Section 846.103(2), Wis. Stats., such a receiver shall be deemed equivalent to Borrower remaining in possession for purposes of such statutory section.

6.3 Entry Upon the Property. Lender, either itself or by its agents or attorneys, may, in its discretion, enter upon and take complete and peaceful possession of the Property, or any part or parts thereof, and may exclude Borrower and its agents and servants wholly therefrom, in which case Borrower covenants peacefully and quietly to yield up possession, and having and holding the Property or portion thereof, Lender may use, operate, manage and control the Property, or any part thereof, and conduct the business thereof (either itself or by its attorneys and agents), and may

collect any and all rents, issues and profits due or to become due without prejudice to its rights to foreclosure, to appointment of a receiver and other rights and from time to time, either by purchase, repair or construction may maintain, restore and insure and keep insured, the buildings, structures, improvements, fixtures, machinery, equipment and other property constituting a part of or used in connection with the Property; and after paying all of the expenses of operating the Property, Lender shall apply the monies arising therefrom to the payment of the amount then due under the Note for interest and principal, with interest on overdue interest and principal at the rate provided for under the Note from the date the same became payable, whether by lapse of time, acceleration or otherwise.

6.4 Foreclosure. Lender may cause the Property to be sold at one or more foreclosure sales, all in such manner and upon such notice as provided by Chapter 846, Wis. Stats., as the same may be amended from time to time. All proceeds of any such sale or sales, remaining after payment of: (a) the costs and expenses of such sale or sales (including attorney's fees of Lender); (b) all principal and interest due on the Note, including interest on overdue principal and interest at the rate provided for under the Note; and (c) all other indebtedness arising under the provisions of this Mortgage, or any of the other Loan Documents, shall be paid to Borrower, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same. Notwithstanding anything contained herein to the contrary, it is understood and agreed that Lender may foreclose this Mortgage without declaring the whole indebtedness evidenced by the Note and intended to be secured hereby due; and, if any foreclosure sale is made because of an Event of Default for less than the full amount which may become due under the Note, such sale may be made subject to the unmatured portion of the indebtedness secured by this Mortgage and such sale, if so made, shall not in any manner affect the unmatured portion of the indebtedness intended to be secured by this Mortgage but as to such unmatured portion of the debt to be secured, several sales may be made for any other portion of the indebtedness to be secured, whether matured at the time or subsequently occurring.

6.5 Accelerated Redemption. BORROWER AGREES TO THE PROVISIONS OF SECTION 846.103, WIS. STATS., OR ANY SUCCESSOR PROVISION, PROVIDING FOR A REDUCED PERIOD OF REDEMPTION BETWEEN FORECLOSURE JUDGMENT AND SALE IF LENDER IN AN ACTION TO FORECLOSE THIS MORTGAGE WAIVES ALL RIGHT TO A JUDGMENT FOR DEFICIENCY AND CONSENTS TO BORROWER'S REMAINING IN POSSESSION OF THE PROPERTY.

6.6 Costs of Foreclosure. In addition to Borrower's obligations set forth in Section 4.5, in case it becomes necessary for Lender to commence proceedings to foreclose this Mortgage or to commence any other suit in equity, action at law or other appropriate proceedings, to enforce its rights under this Mortgage, the Note or any of the other Loan Documents, Borrower agrees to pay to Lender all costs of such suit, action or proceeding as well as all expenses incurred in procuring title insurance and the reasonable fees of Lender's attorneys in connection therewith, which costs and fees shall be included in the judgment in any such suit, action or proceeding.

6.7 Remedies Cumulative. No remedy herein conferred upon or otherwise available to Lender is intended to be or shall be construed to be exclusive of any other remedy or remedies; but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute. No delay or omission

to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence therein.

ARTICLE VII GENERAL

7.1 Notices. Any notice required or permitted to be delivered hereunder by either party to the other shall be governed by, and delivered in accordance with the notice provisions of the Loan Agreement.

7.2 Governing Law; Venue. This Mortgage shall be construed and enforced according to the laws of the State of Wisconsin.

7.3 Successors and Assigns; Partial Invalidity. All covenants and agreements in this Mortgage contained by or on behalf of either of the parties hereto shall be binding upon and shall inure to the benefit of the respective successors and assigns of Borrower and Lender. Invalidation of part or all of any one of the covenants herein contained by judgment or court order shall not affect any of the other provisions, which shall remain in full force and effect.

7.4 Borrower and Lien not Released. From time to time, Lender may, at its option, without liability on Lender's part and notwithstanding Borrower's breach of any covenant or agreement of Borrower in this Mortgage, extend the time for payment of the indebtedness evidenced by the Note or any part thereof, reduce the payments thereon, release anyone liable on any of said indebtedness, modify the terms and time of payment of said indebtedness, release from the lien of this Mortgage any part of the Property, take or release other or additional security, reconvey any part of the Property, consent to any plat or plan of the Property, consent to the granting of any easement, join in any extension or subordination agreement and agree in writing with Borrower to modify the terms or conditions of the Note or change the amount of the installments payable thereunder. Any actions taken by Lender pursuant to the terms of this Section 7.4 shall not affect the obligation of Borrower or Borrower's successors or assigns to pay the sums secured by this Mortgage and to observe the covenants of Borrower contained herein, shall not affect the guaranty of any person, corporation, partnership or other entity for payment of the indebtedness secured hereby and shall not affect the lien or priority of lien hereof on the Property. Borrower shall pay Lender a reasonable service charge, together with such title insurance premiums and attorney's fees as may be incurred at Lender's option, for any such action if taken at Borrower's request.

7.5 Forbearance by Lender not a Waiver. Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any right or remedy. The acceptance by Lender of payment of any sum secured by this Mortgage after the due date of such payment shall not be a waiver of Lender's rights to either require prompt payment when due or all other sums so secured or to declare a default for failure to make prompt payment. The procurement of insurance or the payment of taxes or other liens or charges by Lender shall not be a waiver of Lender's right to accelerate the maturity of the indebtedness secured by this Mortgage, nor shall Lender's receipt of any awards, proceeds or damages under Section 4.2 or Section 4.4 hereof operate to cure or waive Borrower's default in payment of sums secured by this Mortgage.

7.6 Hold Harmless. Borrower shall hold Lender harmless from and indemnify Lender against all loss, liability, damages, costs and expenses, including reasonable attorney's fees, incurred by reason of any action, suit, proceeding, hearing, motion or application before any court or administrative body in and to which Lender may be or become a party by reason hereof, including but not limited to condemnation, bankruptcy, probate and administrative proceedings, as well as any other of the foregoing wherein proof of claim is by law required to be filed or in which it becomes necessary to defend or uphold the terms of the lien created by this Mortgage, unless caused by the malicious act or omission or gross negligence of the party seeking indemnification pursuant to this Section, and all money paid or expended by Lender in that regard, together with interest thereon from the date of such payment at the default rate set forth in the Note shall be so much additional indebtedness secured hereby and shall be immediately and without notice due and payable to Lender.

ARTICLE VIII COMMUNITY SECONDS REQUIRED PROVISIONS

8.1 Community Seconds Lender. As a non-profit, and as employer of Borrower, Lender is an eligible Community Seconds funding source under Fannie Mae requirements.

8.2 Principal Residence. Borrower agrees to utilize the Property as their principal residence.

8.3 Subordinate in Priority to First Mortgage. This Loan is subordinate in priority to the first mortgage used to purchase the Property ("Superior Lien").

8.4 Proceeds. The Loan is being made solely for the permitted purposes of down payment, closing costs, or renovations (including energy-related improvements).

8.5 Funding Source. The funding source of the loan is not funded in any way through the first mortgage, such as through higher interest rates on the first mortgage.

8.6 Deferred. The Loan does not require amortized payments, and instead principal is due upon sale, transfer, cash-out refinance, or non-occupancy of Property as a principal resident. No interest is charged on this loan.

8.7 Interest Rate Cap. No interest is charged on this loan, consequently, the interest rate on this loan will not exceed the interest rate of the first-lien mortgage by more than 2 percentage points.

8.8 No Negative Amortization. Negative Amortization is when a borrower's payments are not sufficient to cover the interest payments and consequently the principal balance goes up. Because there is no interest charged on this loan, there is no Negative Amortization.

8.9 No Resale Restrictions. There are no Resale Restrictions on this loan as that term is defined in Fannie Mae's Regulations B5-5.2-01.

[Signature Page Follows]

IN WITNESS WHEREOF, Borrower has executed this Mortgage on the date first above written.

BORROWER:

Signature: _____

Print Name:

ACKNOWLEDGMENT

STATE OF WISCONSIN)
) SS.
COUNTY OF MILWAUKEE)

Personally came before me on _____, 20_____, _____, an individual residing in Wisconsin, who acknowledged that he executed the foregoing instrument.

Name: _____
Notary Public, State of Wisconsin
My Commission: _____

This instrument was drafted by:
Teig Whaley-Smith
Community Development Alliance, Inc.
3800 W. Lisbon Ave.
Milwaukee, WI 53208

[Signature page to Mortgage]

EXHIBIT A
LEGAL DESCRIPTION

LOAN AGREEMENT

THIS LOAN AGREEMENT, made as of _____, 20_____, is by and between **COMMUNITY DEVELOPMENT ALLIANCE, INC.**, a Wisconsin nonstock corporation ("Lender"), and [Employee Name], a Wisconsin resident ("Borrower").

RECITALS

WHEREAS, Borrower is an employee of Lender and Lender recognizes the benefits of homeownership for individuals, families and communities;

WHEREAS Borrower is purchasing their first home located in Milwaukee, Wisconsin, as further described on Exhibit A ("Property").

WHEREAS, Lender desires to support Borrower's homeownership journey by providing a \$10,000 zero percent loan for eligible expenses related to first time homeownership.

WHEREAS, Borrower has executed or will execute a promissory note of even date herewith in favor of the Lender which evidences loan from Lender to Borrower in the maximum aggregate principal amount of Ten Thousand and 00/100 Dollars (\$10,000.00) (the "Loan").

WHEREAS, the parties hereto wish to commit their agreement in writing with respect to the Loan and other matters related thereto.

NOW, THEREFORE, Borrower and Lender do hereby agree as follows:

ARTICLE I DEFINITIONS

1.1 Definitions. As used in this Agreement:

Borrower's Address: means _____ Milwaukee, WI _____.

Business Day: means any day that Lender is open for business for normal business hours at its offices in Milwaukee, Wisconsin, excluding all Saturdays, Sundays and federally designated Lender holidays.

Collateral: means any and all real and personal property described in any of the Loan Documents as security for the Borrower's obligations under the Loan, including, without limitation, the Project.

Environmental Laws: means any federal, state and local laws including statutes, regulations, rulings, orders, administrative interpretations, guidance documents or memoranda and other governmental restrictions and requirements relating to the creation or discharge of solid waste, air pollutants, hazardous substances, water pollutants or process wastewater or otherwise relating to the environment or Hazardous Substances (as defined below) including, but not limited to, Chapters 144, 160 and 162 of the Wisconsin Statutes, the Federal Toxic Substances Control Act, the Federal Solid Waste Disposal Act, the Federal Clean Air Act, the Federal Clean Water Act, the Federal Resource Conservation and Recovery Act of 1976, the Federal Comprehensive

Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendment and Reauthorization Act of 1986, regulations of the Federal Environmental Protection Agency or regulatory resources or state environmental protection agency now or at any time hereafter in effect.

Hazardous Substances: means any hazardous waste or substance, asbestos or asbestos-containing material pollutant, solid, liquid, gaseous, or thermal irritant or contaminant (such as smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste, including materials to be recycled in the future, reconditioned or reclaimed), polychlorinated biphenyl (in the form of electrical transformers, fluorescent light fixtures with ballasts, cooling oils or any other device or form) or urea-formaldehyde foamed-in-place insulation, all as defined or included under Environmental Laws.

Loan: shall mean that term loan made by Lender to Borrower in the maximum aggregate principal amount of Ten Thousand and 00/100 Dollars (\$10,000.00) described in the Recitals.

Loan Documents: means the Note, the Mortgage, the Subordination Agreements, this Agreement and all other agreements and documents evidencing or securing the Loan or a Note.

Mortgage: means that mortgage of even date herewith given by Borrower to Lender, encumbering the Property and securing the Note and the Loan.

Note: means the Ten Thousand and 00/100 Dollars (\$10,000.00) promissory note of even date herewith.

Permitted Exceptions: shall mean those exceptions set forth on the title insurance commitment described in Section 3.1(e) hereof which have been accepted by Lender.

Subordination Agreements: shall mean those certain subordination agreements and/or subordination and intercreditor agreements dated as of an even date herewith among Lender, Borrower and the holder of the Superior Lien, which provide for the subordination of the Loan Documents to the Superior Lien, and holders of any other liens that are subordinate to the Loan Documents.

Superior Liens: shall mean the first mortgage used by Borrower to purchase the Property.

1.2 Other Terms. All other terms herein capitalized, defined in the other Loan Documents and not otherwise defined herein shall have the same meanings as set forth in the definitions contained in such documents.

ARTICLE II BORROWER'S REPRESENTATIONS, COVENANTS AND WARRANTIES

2.1 General. Borrower represents, covenants and warrants:

(a) Borrower (i) is a Wisconsin resident and (ii) has the power, authority and legal right to own the Property. The Loan Documents to which Borrower is a party have been duly executed and delivered by Borrower. The Loan Documents to which Borrower is a party constitute the valid and legally binding obligations of Borrower and are fully enforceable against

Borrower in accordance with their respective terms, except to the extent that such enforceability may be limited by laws generally affecting the enforcement of creditors' rights. The Borrower will occupy the property as its primary residence.

(b) The execution and delivery by Borrower of the aforesaid documents and Borrower's performance of all acts therein provided will not result in the breach of, or constitute a default under, or require any consent under, any indenture, bank loan or credit agreement, mortgage or other agreement or instrument to which Borrower is a party or by which the Project may be bound or affected. There is no litigation or proceeding pending or, to the actual knowledge of the Borrower, threatened against the Borrower or the Project before any court or administrative agency which, if determined adversely to the Borrower, will materially adversely affect the Borrower or the Project, or the authority of the Borrower to enter into or perform under the Loan Documents.

(c) Upon recordation of the Mortgage, the liens against the Property created thereby shall be subject only to the Permitted Exceptions and Superior Lien.

(d) Borrower shall pay all reasonable fees and reasonable expenses incurred with respect to any and all transactions contemplated herein and the preparation of any document reasonably required hereunder and the prosecution or defense of any action or proceeding or other litigation affecting Borrower's obligations with respect to the Loan Documents, the Project or the construction of the Project.

(e) Borrower shall indemnify and hold harmless Lender from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs and expenses, and reasonable attorney's fees which may be incurred by Lender in any way relating to or arising in connection with the Project, the construction of the Project, the issuance of any lease and/or the use, occupation or operation of any portion of the Project, except damages to Lender resulting from or arising out of Lender's negligence or intentional misconduct.

(f) The Project and Borrower's intended use thereof shall be in compliance with all applicable federal, state and local statutes, laws, regulations and ordinances, and shall comply with all recorded building and use restrictions, and will not interfere with any easements affecting the Property.

(g) Borrower at all times shall provide for the competent and responsible management and operation of the Project.

(h) To the Borrower's actual knowledge, no violation of any governmental requirement exists with respect to the Project, the Borrower, or any other asset of the Borrower, the Project conforms in all material respects with all applicable zoning, planning, building and environmental laws, ordinances and regulations of governmental authorities having jurisdiction over the Project, all necessary utilities are or will be available to the Project, and the Borrower has obtained or will obtain all requisite zoning approvals necessary with respect to the Project.

(i) No condemnation, eminent domain or similar proceeding is pending, or to the actual knowledge of the Borrower, threatened, with respect to the Project or any portion thereof.

(i) The Borrower has obtained, or will obtain and has maintained as currently

in full force and effect, or will be in full force and effect, all consents, and permits, licenses, accreditations, certifications and other approvals (governmental or otherwise) that: (i) would constitute a condition precedent to, or the absence of which would materially adversely affect, the enforceability of and the performance by the Borrower of its obligations hereunder; and (ii) are necessary for the acquisition, construction, financing and operation of the Project.

2.2 Survival of Representations and Warranties. The aforesaid representations, warranties and covenants shall survive the closing of the Loan.

ARTICLE III CONDITIONS PRECEDENT TO CLOSING AND FUNDING OF THE LOAN

Lender shall not be obligated to authorize the advance of any Loan proceeds until the conditions as set forth in this Article have been complied with to Lender's reasonable satisfaction:

3.1 Conditions to Closing. Lender shall have received prior to or at closing:

(a) All of the Loan Documents, which shall be prepared in form and substance reasonably acceptable to Lender and its counsel, subject to Lender's review and approval;

If Lender disburses Loan funds without requiring each of the foregoing, the foregoing shall not be deemed waived and Lender may require compliance with each of the foregoing conditions before authorizing any further disbursement of Loan funds.

3.2 Loan Proceeds. At closing, Lender shall disburse the Loan proceeds into an interest bearing account with Borrower's closing company, or if the transaction has already closed, directly to Borrower.

ARTICLE IV COMPLIANCE WITH ENVIRONMENTAL LAWS

During the term of the Loan, Borrower shall:

(a) timely comply with all applicable Environmental Laws;

(b) provide Lender, immediately upon receipt thereof, with copies of any correspondence, notice, pleading, citation, indictment, complaint, order, decree or other document from any source asserting or alleging violation upon the Property of any Environmental Laws, or asserting or alleging a circumstance or condition upon the Property which may require a financial

contribution or a cleanup, remedial action or other response, including investigation by or on the part of Borrower, under any Environmental Laws; and

(c) at its expense, remove or contain any Hazardous Substances on the Property or perform other corrective action as required by Lender in its sole discretion, if at any time it is determined that such Hazardous Substances present a health hazard on the Property or are required to be investigated, removed, contained or remediated or if other corrective action is required by any Environmental Laws.

ARTICLE V EVENTS OF DEFAULT

5.1 Events of Default. Subject to any applicable notice and cure period, as used herein, the term "Event of Default" shall mean any one or more of the following:

(a) Payment Default. Borrower shall default in the payment of principal or interest due under any Note or any other payments due pursuant to the Loan Documents and such failure shall continue for five (5) days following the date of written notice to Borrower specifying such failure.

(b) Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant, or condition contained in this Agreement or in any of the Loan Documents, or to comply with or to perform any term, obligation, covenant, or condition contained in any other agreement between Lender and Borrower, and such default continues for thirty (30) days after written notice to Borrower specifying such default; provided, however, it shall not be an Event of Default so long as Borrower commences to cure such default within said thirty (30) day period and diligently and continuously prosecutes said cure to completion.

(c) False Statements. Any warranty, representation, or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or any related document is false or misleading in any material respect, either now or at the time made or furnished or becomes materially false or misleading at any time thereafter.

(d) Insolvency. The insolvency of Borrower, including without limitation, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws (whether voluntary or involuntary).

(e) Defective Collateralization. This Agreement or any related document ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

(t) Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Loan. This includes a garnishment or levy of any of Borrower's accounts, including

deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or the forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for such proceeding in the amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

5.2 Remedies. Upon the occurrence of an Event of Default and the continuance thereof beyond any applicable cure period, unless such Event of Default is subsequently waived in writing by Lender, Lender shall be entitled, at the option of Lender, to exercise any or all of the following rights and remedies:

(a) Lender's obligation to authorize advances hereunder shall terminate and Lender shall have all rights available to it at law or in equity.

(b) Lender may declare the entire unpaid principal balance due pursuant to any Note to be immediately due and payable, together with accrued and unpaid interest, without further notice to or demand on Borrower, and foreclose all liens securing payment thereof. Notwithstanding the foregoing, if Borrower becomes insolvent, makes an assignment for the benefit of its creditors, becomes the subject of an "order for relief" within the meaning of the U.S. Bankruptcy Code, files a petition in bankruptcy, or for reorganization, is adjudged bankrupt, has filed against them an involuntary petition pursuant to the U.S. Bankruptcy Code or has a receiver, trustee, custodian or a liquidator appointed to take control of any of their real or personal property, then the entire unpaid principal balance due pursuant to each Note and all accrued and unpaid interest thereon shall automatically and without the option of Lender become immediately due and payable.

(c) Lender may, at its option and without any obligation to do so, enter upon and take possession of the Project, secure the Project, and perform all managerial duties which Lender in its sole discretion deems necessary to operate the Project, all without any liability by Lender to Borrower. All reasonable amounts expended and incurred by Lender shall be deemed advances loaned to Borrower and secured by the Mortgage. Upon demand Borrower will repay to Lender in addition to the Loan any amounts expended and incurred by Lender in excess of the unadvanced portion of the Loan. For purposes of this Agreement, Borrower hereby constitutes and appoints Lender its true and lawful attorney in fact, with full power of substitution in the Project, and which appointment shall be deemed irrevocable and coupled with an interest, to complete and manage the Project in the name of Borrower. Lender agrees that it shall not exercise its powers under this power of attorney unless and until an Event of Default has occurred. No suit at law or in equity shall be brought by Borrower for any alleged breach of the terms of this Agreement regarding disbursements and advances hereunder unless notice in writing, particularly describing said alleged breach, shall have been given to the Lender within ten (10) days of the date when it is claimed said alleged breach occurred; provided, however, that the receipt of an advance hereunder by Borrower, within ten (10) days after such alleged breach of terms of this Agreement, shall constitute a waiver of any claim for damage at law or in equity for such alleged breach and provided further that in no event shall the liability of the Lender to Borrower for any breach hereof by the Lender exceed an amount equal to the amount that should have been advanced plus interest at the rate of interest required of Borrower in the Note for funds advanced to it or on its behalf, to

be computed on the amount which the Lender may have failed to advance in breach of this Agreement, computed from the due date for the payment of such amount to the date of actual payment, or the date of final judicial determination of such liability, whichever shall first occur.

ARTICLE VI GENERAL CONDITIONS

The following conditions shall be applicable throughout the term of this Agreement:

6.1 No Waiver. No advance of Loan proceeds (or authorization of disbursements of Loan funds) hereunder shall constitute a waiver by Lender of any of the conditions of Lender's obligation to authorize further advances. The Lender may extend in writing the time of payment of the sums owing under the Loan and any such extension shall be deemed to be in pursuance of this Agreement and not in modification thereof, and although not obligated to do so, the Lender may make advances after maturity of the Note without derogating from the rights under this Agreement, any Note, Mortgage or any other document evidencing, securing or referring to the Loan. If Borrower shall part with or be in any manner whatever deprived of its title to the Project, the Lender may, at its option, continue to make advances under this Agreement, subject to all its terms and conditions, to such person or persons as may succeed Borrower's title and interest, and all sums so advanced shall be deemed advances under this Agreement and part of the Loan.

6.2 Approval of Documents and Proceedings. All documents and proceedings required in connection with the Loan shall be reasonably satisfactory to Lender.

6.3 Conditions for Benefit of Lender. All conditions of the obligation of Lender to authorize advances hereunder are imposed solely and exclusively for the benefit of Lender, and its assigns.

6.4 Notices. Any notice required or permitted to be delivered hereunder by either party to the other shall be given via personal delivery or registered or certified mail, return receipt requested, to the Borrower at Borrower's Address, and to the Lender at: Community Development Alliance, Inc., 3800 W. Lisbon Avenue, Milwaukee, WI 53208, Attn: Chief Alliance Executive. Any notice under this Agreement shall be deemed to have been given upon personal delivery (in the case of personal delivery) or upon the third (3rd) Business Day following its deposit into the United States mail, properly addressed, with sufficient postage affixed thereto (in the case of delivery via certified or registered mail).

6.5 Amendments. This Agreement and any provision hereof may be changed, waived, discharged or terminated only in writing signed by both parties.

6.6 No Joint Venture. Lender shall not be deemed to be a partner or joint venturer with Borrower and Borrower shall indemnify and hold Lender harmless from any and all damages resulting from such a construction or alleged construction of the relationship of the parties.

6.7 Attorneys' Fees; Expenses. Borrower agrees to pay upon demand all of Lender's reasonable costs and expenses, including without limitation, Lender's reasonable attorneys' fees and Lender's reasonable legal expenses, incurred with connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post judgment collection services. Borrower shall also pay all court costs and such additional fees as may be directed by the court.

6.8 Lender's Expenditures. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Borrower fails to comply with any provision of this Agreement or any related documents, including without limitation, Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any related documents, Lender on Borrower's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including without limitation, discharging or paying all taxes, liens, security interests, encumbrances, and any other claims, at the time levied or placed on any Collateral and paying all costs for insuring; maintaining and preserving any Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate being charged under the Note from the date incurred or paid by Lender to the date such expenditure is repaid to Lender. All such expenses will become a part of the indebtedness and, at Lender's option, shall be (a) payable upon demand; (b) added to the principal balance of the indebtedness and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (c) treated as a balloon payment which will be due and payable at the Note's maturity.

6.9 Recovery of Additional Costs. If the imposition of or any change in any law, rule, regulation or guideline, or the interpretation or application thereof by any court or administrative or governmental authority shall impose, modify or make applicable any taxes (except federal, state or local income taxes imposed on Lender) reserve requirements, capital adequacy requirements or other obligations which would (a) increase the cost to Lender for extending or maintaining the credit facilities to which this Agreement relates, (b) reduce the amounts payable to Lender under this Agreement or any related documents, or (c) reduce the rate of return on Lender's capital as a consequence of Lender's obligations with respect the credit facilities to which this Agreement relates, then Borrower agrees to pay Lender such additional amounts as will compensate Lender therefore, within thirty (30) days after Lender written demand for such payment, which demand shall be accompanied by an explanation of such imposition or charge and a calculation in reasonable detail of the additional amounts payable by Borrower, which explanation and calculations shall be conclusive in the absence of manifest error.

6.10 USA Patriot Act. Lender hereby notifies Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26,

2001)) (the "Act"), it is required to obtain, verify and record information that identifies Borrower, which information includes the name and address of Borrower and other information that will allow Lender to identify Borrower in accordance with the Act. Borrower and its respective affiliates and agents shall not (i) conduct any business or engage in any transaction or dealing with any transaction relating to, any property blocked pursuant to Executive Order No. 13224; or (ii) engage in or conspire to engage in any transaction that evades or avoids, or attempts to violate, any of the prohibitions set forth in Executive Order No. 13224, the USA Patriot Act or any other Anti-Terrorism Law. Borrower shall deliver to Lender any certification or other evidence requested by Lender, confirming Borrower's compliance with this Section.

6.11 Governing Law; Jurisdiction, Venue. Except as expressly provided to the contrary therein, the Loan Documents shall be governed by and construed in accordance with the substantive laws (other than conflict laws) of the State of Wisconsin. This Agreement shall be governed by and construed in accordance with the substantive laws (other than conflict laws) of the State of Wisconsin. The parties hereto hereby (i) consent to the personal jurisdiction of the state and federal courts located in the State of Wisconsin in connection with any controversy related to this Agreement; (ii) waive any argument that venue in any such forum is not convenient, and (iii) agree that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

6.12 Errors and Omissions. If any Loan Document is lost, misplaced, inaccurate, or missing signatures, Borrower agrees to execute, acknowledge and deliver to Lender any item necessary to replace and/or correct such error or omission within ten (10) days after request therefor by Lender.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement the date and year first above written.

BORROWER:

Signature: _____

Print Name: _____

LENDER:

COMMUNITY DEVELOPMENT ALLIANCE, INC.

By: _____

Print Name: _____

Title: _____

PROMISSORY NOTE

\$10,000.00

[DATE]

1. PROMISE TO PAY. For value received, **[EMPLOYEE NAME]**, a Wisconsin resident ("Borrower"), promises to pay to **COMMUNITY DEVELOPMENT ALLIANCE, INC.**, a Wisconsin nonstock corporation ("Lender"), or order, in lawful money of the United States of America, the sum of Ten Thousand and 00/100 Dollars (\$10,000.00), together with interest on the unpaid outstanding principal balance from the date advanced until paid in full. This promissory note (the "Note") is secured by the Mortgage and certain other Loan Documents, as such terms are defined in that certain Loan Agreement dated of even date herewith between Borrower and Lender (the "Loan Agreement"). Definitional terms used, but not defined, herein shall have the same meanings as are given to such terms in the Loan Agreement.

2. PAYMENT.

(a) This Note does not require monthly, nor annual, payments. Instead the full amount is due upon any of the following events: (i) sale or transfer of the Property to anyone other than Borrower, (ii) a refinance of the Property where Borrower receives cash from the refinance, (iii) the Borrower no longer uses the Property as their principal place of residence, or (iv) Borrower is in default of the Loan Agreement (together "Maturity Date").

(b) Borrower will pay Lender at the address designated by Lender from time to time in writing. If any payment of principal or interest on this Note shall become due on a Saturday, Sunday or a holiday, the obligation will continue to incur interest until the payment is applied, and the payment will be applied (first to interest) on the next Business Day (as such term is defined in the Loan Agreement). Unless otherwise agreed to, in writing, or otherwise required by applicable law, payments will be applied first to accrued, unpaid interest, then to principal, then to escrow charges (if any), and the remaining amount to any unpaid collection costs, late charges and other charges (if any); provided, however, upon delinquency or other default, Lender reserves the right to apply payments among principal, interest, escrow charges, late charges, collection costs and other charges at its discretion. The books and records of Lender shall be prima facie evidence of all outstanding principal of and accrued but unpaid interest on this Note.

3. INTEREST RATE.

(a) Interest shall be charged on the principal balance due at an annual rate equal to zero percent (0%).

(b) Interest on this Note is computed on a 365/365 basis; that is, by applying the ratio of the interest rate over a year of 365 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

(c) In the event after the date of initial funding any governmental authority subjects Lender to any new or additional charge, fee, withholding or tax or any kind with respect to any loans hereunder or changes the method of taxation of such loans or changes the reserve or deposit

requirements applicable to such loans, the Borrower shall pay to Lender such additional amounts as will compensate Lender for such costs or lost income resulting therefrom as reasonably determined by Lender.

(d) Under no circumstances will the interest rate on this Note be more than the maximum rate allowed by applicable law.

4. PREPAYMENT. This Note may be prepaid in full or in part without penalty.

5. LATE CHARGE AND DEFAULT RATE. If a payment due hereunder is not received on or before the 10th day after its due date, Borrower will be charged five percent (5.0%) of the unpaid portion of the regularly scheduled payment or Fifty Dollars (\$50.00), whichever is greater, but in any event not to exceed the amount permitted by applicable law. Upon an Event of Default, including failure to pay all sums due under this Note upon the Maturity Date, Lender, at its option, may, as permitted under applicable law, add any unpaid accrued interest to the principal balance of the Note. Also, upon any Event of Default, including failure to pay all sums due under this Note upon the Maturity Date, Lender, at its option, may, as permitted under applicable law, increase the interest rate on the Note to two percent (2.0%) (the "Default Rate Margin") above the then effective interest rate of the Note. The Default Rate Margin may also apply, at Lender's option, to each succeeding interest rate change that would have applied had there been no Event of Default. This increased rate shall never exceed the maximum rate permitted by applicable law.

6. DEFAULT. Borrower will be in default hereunder upon the occurrence of an Event of Default, as described in the Loan Agreement, in which case Lender shall be entitled to exercise all remedies permitted under the Loan Agreement. Lender may hire an attorney to help collect this Note if Borrower does not pay and Borrower will pay Lender's reasonable attorney's fees and all other costs of collection, unless prohibited by applicable law. Upon an Event of Default, Lender may at its option, without further notice or demand (a) declare the entire unpaid principal balance on this Note, all accrued unpaid interest and all other costs and expenses for which Borrower is responsible for under this Note and any other Loan Document immediately due, (b) refuse to advance any additional amounts under this Note, (c) foreclose all liens securing payment hereof, (d) pursue any other rights, remedies and recourses available to Lender, including without limitation, any such rights, remedies or recourses under the Loan Documents, at law or in equity, or (e) pursue any combination of the foregoing.

7. NON-REOURSE OBLIGATION. Payment and performance of the obligations set forth in the Loan Documents shall be non-recourse to Borrower and the Lender's sole recourse with respect to the Loan shall be the right to foreclose under the Mortgage and other collateral forming part of the Loan Documents; provided that this provision shall not restrict any exceptions to non-recourse liability set forth in the Loan Documents, respecting such matters as fraud, waste and similar matters respecting actions of the Managing Member of Borrower.

8. PURPOSE. Borrower agrees that advances under this note shall only be used for the permitted purposes of down payment, closing costs, or renovations (including energy-related improvements).

9. JURY WAIVER. THE BORROWER HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED UPON

CONTRACT, TORT OR OTHERWISE) BETWEEN OR AMONG THE BORROWER AND LENDER ARISING OUT OF OR IN ANY WAY RELATED TO THIS NOTE, ANY OTHER RELATED DOCUMENT, OR ANY RELATIONSHIP BETWEEN LENDER AND BORROWER. THIS PROVISION IS A MATERIAL INDUCEMENT TO LENDER TO PROVIDE THE FINANCING EVIDENCED BY THIS NOTE. BORROWER OR LENDER MAY FILE A COPY OF THIS NOTE WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF BORROWER AND LENDER TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

10. **DISHONORED ITEM FEE.** Borrower will pay a fee to Lender of Twenty Dollars (\$20.00) if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

11. **WAIVERS.** Except as herein provided, Borrower and all others who may become liable for all or part of the principal balance hereof or for any obligations of Borrower to Lender or the holder hereof (a) jointly and severally, forever waive presentment, protest and demand, notice of protest, demand and dishonor and non-payment of this Note, and all other notices in connection with the delivery, acceptance, performance, default or enforcement of the payment of this Note; (b) agree that the time of payment of the debt or any part thereof may be extended from time to time without modifying or releasing the lien of the Mortgage or the liability of Borrower or any other such parties, the right of recourse against Borrower and such parties being hereby reserved by Lender; and (c) agree that time is of the essence. Borrower agrees to pay all costs of collection when incurred, whether suit be brought or not, including reasonable attorney's fees and costs of suit and preparation therefor, and to perform and comply with each of the covenants, conditions, provisions and agreements of the Borrower contained in this Note, **Mortgage** and the Loan Documents. It is expressly agreed by Borrower that no extensions of time for the payment of this Note, nor the failure on the part of Lender to exercise any of its rights hereunder, shall operate to release, discharge, modify, change or affect the original liability under this Note, Mortgage or any of the Loan Documents, either in whole or in part.

12. **GENERAL PROVISIONS.** This Note benefits the Lender and its successors and assigns, and binds Borrower and Borrower's heirs, successors, assigns, and representatives. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. All such parties also agree that Lender may modify this Note without the consent of or notice to anyone other than the party with whom the modification is made. This Note has been delivered to Lender and is accepted by Lender in the State of Wisconsin. This Note shall be

governed by and construed in accordance with the laws of the State of Wisconsin without regard to any conflict of laws or provisions thereof.

13. The obligations evidenced hereby are subordinated to obligations to Borrower's lender who provided the first mortgage to purchase the Property.

14. PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE AND ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THE NOTE.

The Borrower has executed this Note as of the day and year first above written.

BORROWER:

Signature: _____

Print Name: _____