

SPECIAL CONDITIONS ADDENDUM - CONVERSION

GH, CAO 221746, 11-6-15 Version

THIS SPECIAL CONDITIONS ADDENDUM (“Addendum”) is dated as of _____, 2015 (the “**Effective Date**”), and is made part of the “City of Milwaukee – Offer to Purchase” form (“Offer”) that _____ (“**Buyer**”) submitted to the City of Milwaukee (“**City**”) for the property at _____ (“**Property**”). All capitalized terms not specifically defined in this Addendum shall have the meanings ascribed to them in the Offer.

1. **City Sale Requires Conversion.** City advertised the Property for sale on the condition that Buyer, at Buyer’s expense, convert the Property as follows (the “**Conversion**”):

TYPE OF CONVERSION	
Duplex or three-unit to single family	
Four-family to duplex	
Other (describe)	

Buyer is willing to do the Conversion, and if City sells the Property to Buyer, Buyer shall do the Conversion.

2. **Buyer Compliance with Conversion Requirements.** In doing the conversion, Buyer agrees to comply with the following “**Conversion Requirements.**”

A. Buyer shall submit plans and specifications (“**Plans**”) for the Conversion to the City Development Center, and adhere to the requirements on the Addendum Supplement **attached** hereto.

B. Buyer shall obtain City Development Center review and approval of the Plans, and necessary permits to convert in accordance with the Plans.

C. Buyer shall convert per the City-approved Plans and permits.

D. Buyer shall have licensed contractors perform work where such is required by applicable law.

E. After Conversion, Buyer shall apply for an Occupancy Certificate from the City Development Center.

F. Buyer shall inform City Department of City Development (“DCD”), in writing, by email (attention Karen Taylor, ktaylor@milwaukee.gov) when an Occupancy Certificate has been issued.

G. Conversion and issuance of the Occupancy Certificate must take place by the **6-month anniversary of the date of the deed** from City to Buyer of the Property (the “**Conversion Deadline**”). Notwithstanding the foregoing, if Buyer has made substantial progress regarding the Conversion and is delayed by matters beyond Buyer’s reasonable control, Buyer may, upon payment to the City of a \$200 extension-application fee, apply to the City DCD for an extension of the Conversion Deadline for an extension period of up to 3 more months. Any such Buyer application shall be in writing and be directed to DCD (attention Deborah McCollum-Gathing, Deborah.McCollum-Gathing@milwaukee.gov, and describe progress made, reason for needing an extension, and work still to be completed. DCD in its discretion may approve or deny any extension application. If the extension is allowed, Buyer and DCD shall sign an amendment to the Offer specifying the new Conversion Deadline.

3. **Offer Sections 8 and 13.**

A. Offer Section 8 requires Buyer to bring the Property into compliance with City building codes within 90 days of Closing (or such other time as the City Department of Neighborhood Services [“**DNS**”] allows, up to 6 months from the date of Closing), and indicates that the Deed shall contain a reversionary clause if Buyer fails to timely achieve code compliance.

B. Offer Section 13 states that the Deed shall contain a restriction requiring Buyer to obtain a Certificate of Code Compliance per Section 8, and that the Deed shall contain a reversionary clause if Buyer fails to timely achieve code compliance.

C. In that Buyer is buying the Property to do the Conversion, Buyer does not have to achieve the code compliance by the dates set forth in Offer Sections 8 and 13, and there will not be a Deed restriction or reversionary clause in the Deed regarding code compliance. Instead, there will be a Deed restriction requiring Buyer to meet the Conversion Requirements by the Conversion Deadline (as per Section 2 above) which Deed restriction is set forth in the Section below.

4. **Deed Restriction Regarding Conversion Deadline.** At Closing the Deed from City to Buyer shall contain the following Deed restriction, in addition to any applicable Deed restriction set forth in Offer Section 13 item (a) or (b).

Occupancy Certificate Requirement (“Performance Restriction”).

(a) On or before the Conversion Deadline specified in the Offer to Purchase for this Property between Grantee and the City of Milwaukee (“City”), Grantee shall complete the Conversion Requirements (as defined in the Offer) and obtain an Occupancy Certificate from the City for the Property as converted.

(b) 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).

(c) If Grantee does not complete the Conversion Requirements by the Conversion Deadline, and City records with the ROD a “Notice of Breach” regarding this Performance Restriction, then Grantee and any successor to Grantee (including successor owners of the Property) shall be jointly and severally liable to City for **\$10,000**. That amount reflects agreed-upon liquidated damages and shall be paid within 10 days of City’s written demand therefore sent to the Property address and to the respective last-known addresses of Grantee. In the event of nonpayment (in full or in part), the amount owed City shall accrue interest until paid at the same rate provided for in Wis. Stat. 74.47 and Milwaukee Code of Ordinances 304-38. Payment of amounts owed City shall be secured by a lien in and to the Property which Grantee hereby conveys to City, and notice of which is hereby given by virtue of recording this Deed. City shall have all rights at law and in equity to enforce payment and realize and foreclose on its lien rights, including, but not limited to, pursuing in personam liability against Grantee and/or successor owners and pursuing in rem and foreclosure rights against the Property.

(d) City hereby subordinates its lien rights above to the purchase-money lender who lends to Grantee to acquire the Property from City and which lender records its mortgage lien against the Property as a purchase-money mortgage. This subordination does not affect City’s rights to pursue in personam liability against Grantee or any successor owner.

ADDENDUM SUPPLEMENT

The conversion of a multi-family dwelling to a one- or two-family dwelling requires the building to be brought into compliance with the current Uniform Dwelling Code (UDC).

1. Have a design professional develop your floor plans, including energy, light and ventilation information requirement per the current UDC, <http://city.milwaukee.gov/DNS/planning/designprof.pdf>.
2. For more information please visit the Milwaukee Development Center web site at <http://city.milwaukee.gov/DNSsections/Development-Center-/All-customer-information-topic.htm#.VeYhnfJOM70>. Review one of the development center information sheets such as <http://city.milwaukee.gov/DNS/planning/remodel.pdf>.
3. Once your plans are prepared, they must be submitted to the Development Center with the plan review fees for review at:

Milwaukee Development Center 1st floor permit desk
809 N. Broadway
First Floor
Milwaukee, WI 53202
(414) 286-8211 or (414) 286-8210

4. During the plan review, the Plan Examiner will complete the permit application and produce a plan review letter indicating significant code issues that must be addressed during construction.
5. After completion of the review of the proposed conversion plans, you or your contractor will be notified the permit is ready and informed of the permit cost.
6. No permit will be issued until you have provided the name of a contractor who is licensed by the City of Milwaukee and the State of Wisconsin.
7. After all work has been completed and prior to occupying the building, you will be required to apply for a valid occupancy permit.