

Guidelines ~ Commercial Construction Loans

Schuyler, NE

(City Council approved 04/07/15)

- Eligible commercial loans (LB 840 funded): new construction / remodeling of commercial buildings, commercial property infrastructure, R3 properties – all must be within city limits.
- Minimum Loan = \$10,000 Maximum Loan = \$100,000
- Loan \$50,000 or less not to exceed **50%** of Loan Value (see **Loan Value Determination**).
- Loan greater than \$50,000 not to exceed **30%** of Loan Value.
- Combined Loan-To-Value (**CLTV**) of loans (first & second) not to exceed **75%** of Loan Value.
- Second position LB 840 loan amount **not** to exceed primary (first position) loan amount.
- Loan secured with commercial property (second position acceptable).
- 0% interest rate for up to 60 months of loan repayment (see **Repayment Schedule**).
- Fixed interest rate for 61 - 120 months loan repayment. Interest rate set @ **3.0%** above Wall Street Journal (WSJ) prime rate and to be calculated on the first working day of the 59th month of loan - but no less than a fixed rate of **6.5%** per month for balance of loan beginning on the 61st month of repayment.
- **Repayment Schedule:** \$10,000 - \$29,999 (36 months @ 0% interest)
\$30,000 - \$39,999 (48 months @ 0% interest)
\$40,000 - \$50,000 (60 months @ 0% interest)
\$50,001 - \$59,999 (60 months 0% + 12 months fixed interest rate)
\$60,000 - \$69,999 (60 months 0% + 24 months fixed interest rate)
\$70,000 - \$79,999 (60 months 0% + 36 months fixed interest rate)
\$80,000 - \$89,999 (60 months 0% + 48 months fixed interest rate)
\$90,000 - \$100,000 (60 months 0% + 60 months fixed interest rate)
- Maximum five (5) year term for commercial loan repayment if Approved Borrower is also receiving **Grow Schuyler Incentive**.
Annual Repayment: YR 1 = 10% YR 2 = 15% YR 3 = 20% YR 4 = 25% YR 5 = 30%
- Repayment (monthly/annual) begins six (**6**) months from date of loan approval by City Council.
- **Loan Value Determination:** a) total cost of construction, or,
b) Colfax County assessed valuation, or,
c) assessed valuation plus planned construction costs, or,
d) commercial appraisal within past six months
- Loan Processing Costs (title search, Promissory Note, Deed of Trust, legal review, Construction Permit) incurred by Borrower. Loan Processing Costs are separate expense to Borrower and not included with commercial construction loan.
- Speculative residential construction (R1 & R2) **not** eligible for commercial construction loans (see Contractors & Developers Business Loan Program for R1 & R2 construction).

Guidelines ~ Commercial Construction Loans (continued from Page 1):

- Favorable review of loan application by the Loan Review Board (LRB) required prior to forwarding recommendation to City Council for final approval and authorizing issuance of Loan Agreement Letter and release of LB 840 funds.

Disclaimer: *Based on community needs and the availability of LB 840 funds, not all eligible Applicants will receive funding authorization by the Schuyler City Council for loans recommended for approval by the Loan Review Board (LRB).*

Loan Terms:

- Minimum Loan = \$10,000 Maximum Loan = \$100,000
- Loan \$50,000 or less not to exceed **50%** of Loan Value (see **Loan Value Determination**).
- Loan greater than \$50,000 not to exceed **30%** of Loan Value.
- 0% interest rate for up to 60 months. Fixed interest rate for 61 -120 months repayment.
- Combined Loan-To-Value (**CLTV**) of loans (first & second) not to exceed **75%** of Loan Value.
- Second position LB 840 loan amount **not** to exceed primary (first position) loan amount.

Loan \$50,000 or less:

Example A Loan Value = \$ 30,000
 CLTV (**75%**) = \$ 22,500
 Max. LB 840 Loan = \$ 15,000 (*first position - 50% of Loan Value*)
 Max. LB 840 Loan = \$ 11,250 (*second position not to exceed first position
& CLTV not to exceed 75% of Loan Value*)

Example B Loan Value = \$ 80,000
 CLTV (**75%**) = \$ 60,000
 Max. LB 840 Loan = \$ 40,000 (*first position - 50% of Loan Value*)
 Max. LB 840 Loan = \$ 30,000 (*second position not to exceed first position
& CLTV not to exceed 75% of Loan Value*)

Loan \$50,001 and greater:

Example C Loan Value = \$ 200,000
 CLTV (**75%**) = \$ 150,000
 Max. LB 840 Loan = \$ 60,000 (*first position - 30% of Loan Value*)
 Max. LB 840 Loan = \$ 60,000 (*second position not to exceed first position
& CLTV not to exceed 75% of Loan Value*)

Example D Loan Value = \$ 400,000
 CLTV (**75%**) = \$ 300,000
 Max. LB 840 Loan = \$ 100,000 (*first position - 30% of Loan Value up to
\$100,000 maximum loan*)
 Max. LB 840 Loan = \$ 100,000 (*second position not to exceed first position
& CLTV not to exceed 75% of Loan Value*)

Commercial Construction Loan Preliminary Application

City of Schuyler, Nebraska

Economic Development Investment Funds (LB 840)

Type / Print Legibly

Business Name: _____

Business Address: _____

Business Telephone: _____ Business Email: _____

Owner/President/General Mgr: _____
(Last Name) (First Name) (Middle Initial)

Individual submitting Application: _____
(Last Name) (First Name) (Job Title)

Legal Address of Building: _____

Business Applicant owner of property site: Yes / No

Describe Construction Planned: _____

Total Construction Costs: \$ _____

Start Date: _____ Completion Date: _____

Documents required with Loan Application (but not limited to):

- Repairs / Restoration Plan
- Itemized construction costs / Floor Plan
- Credit Bureau Report (CBR)
- Federal Tax Return (past two years)
- Credit Application

Minimum Loan = \$10,000 Maximum Loan = \$100,000

Loan \$50,000 or less not to exceed **50%** of total Loan Value - loan secured.

Loan greater than \$50,000 not to exceed **30%** of Loan Value - loan secured.

Combined Loan-To-Value (**CLTV**) of loans cannot exceed **75%** of building's loan value.

Second position LB 840 loan amount not to exceed primary (first position) loan amount.

Repayment begins six (**6**) months from date loan is approved by City Council.

Applicant's Signature _____ Date _____

Note: *Based on community needs and the availability of LB 840 funds, not all eligible applicants will receive loan approval by City Council.*