

Contractors & Developers Business Loan Program

Speculative Housing (R1 & R2)

(City Council approved 03/17/15, revised 09/06/16)

LOAN PROGRAM DESCRIPTION:

- a) 0% interest business loan to contractors, developers, and speculative builders for the acquisition and site development of unimproved residential lots, or lots with unoccupied dwellings, to construct speculative housing (R1 & R2) within the city limits of Schuyler.
- b) Business loan eligible for property acquisition, site development and / or related construction costs of speculative housing (R1 & R2).
- c) Business loan secured with purchased lot (second position acceptable - subordinate only to 1st lien position for the construction loan of speculative housing on purchased lot).
- d) Business Loan cannot exceed **75%** of total costs (lot acquisition, site development, construction).
- e) Maximum loan amount: **\$125,000** per speculative residential lot.
- f) Combined Loan-To-Value (CLTV) cannot exceed **75%** (first & second position) of total costs (lot acquisition, site development, construction).
- g) Speculative residential construction is to be completed within eight (**8**) months from the date of loan approval. The date of issuance of a Certificate of Occupancy shall be the date of completion. Failure to complete construction within eight (**8**) months from the date of loan approval by City Council shall result in the immediate repayment of the entire business loan. Otherwise, the loan is repayable by the Approved Borrower immediately upon the sale / rent of the newly constructed housing unit. Term of the loan is up to thirty (**30**) months from the date of loan approval, at which point the loan will be payable in-full.
- h) Loan repayment shall be a one-time lump sum amount.
- i) Property taxes must be made current upon acquisition of residential lot prior to the release of business loan funds.
- j) Eligible Contractors, Developers, and Speculative Builders required to:
 - conduct a pre-construction meeting with City Building Inspector prior to issuing Building Permit.
 - be in compliance with Municipal licensing requirements.
 - have all business and personal property taxes paid and current in the County of Colfax.

Note: Based on the availability of funds, some loan requests may not be approved.

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Speculative Housing (R1 & R2)

(03/17/15, 09/06/16)

Loan Pool:

- \$100,000 E. D. Investment Funds (LB 840), \$25,000 SCS, \$100,000 private funding.
- Priority financing for housing partnership with Schuyler Community Schools Construction Class.

Application Process:

- 1) Applicant completes Preliminary Loan Application (see *Page 3*) and submits to Schuyler's Community Housing Specialist (CHS).
- 2) Applicant's eligibility for business loan confirmed by Community Housing Specialist.
- 3) Additional administrative requirements submitted by Eligible Applicant upon request from Community Housing Specialist:
 - Credit Application, Credit Bureau Report, Federal Tax Return
 - other relevant information / documentation may be required of Applicant by CHS
- 4) Loan Review Board (LRB) advises City Council on loan request. City Council approves / declines business loan and authorizes loan disbursement at closing / transfer of property ownership to Approved Borrower.
- 5) Approved Borrower shall pay all closing fees and reimburse City of Schuyler from the loan proceeds for expenses incurred in preparing loan documents and recording fees for loan documents. Loan secured with purchased property.
- 6) Approved Borrower shall submit a copy of Land Purchase Agreement or existing deed.
- 7) **Loan Agreement Letter** prepared by CHS and signed by Mayor and Approved Borrower.

Loan Distribution:

- Closed-ended multiple advance loan administered by Community Housing Specialist (*functions similar to Line of Credit for incurred costs of completed work*).
- Proof of Builders Risk insurance coverage and Workman's Comprehensive insurance coverage required and to be in force / continuous until loan is repaid.

Repayment:

- Loan repayable by Approved Borrower immediately upon sale / rent of newly constructed housing unit; or, loan repayable immediately upon failure to complete residential construction within eight (8) months from the date of loan approval. Date of issuance of a Certificate of Occupancy shall be the date of completion. Maximum term of loan is thirty (30) months from date of loan approval by City Council. Loan repayable immediately on sale or rent of speculative residential property.
- Loan repayment shall be a one-time lump sum amount.

Note: Based on the availability of funds, some loan requests may not be approved.

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Preliminary Loan Application

0% interest loan for the acquisition and site development of unimproved residential lots, or lots with unoccupied dwellings, to construct speculative housing (R1 & R2) within Schuyler's city limits.

\$125,000 maximum loan amount per speculative residential lot. Loan cannot exceed **75%** of total costs (lot acquisition, site development, construction).

Combined Loan-To-Value (CLTV) cannot exceed **75%** (first & second position) of total costs (lot acquisition, site development, construction). Loan secured with purchased property.

Borrower shall reimburse the City of Schuyler from the loan proceeds for expenses incurred in closing fees, preparing loan documents and recording fees for loan documents.

Maximum term of loan thirty (**30**) months; loan repayable immediately upon sale / rent of property. Failure to complete residential construction within eight (**8**) months from the date of loan approval by the City Council shall require immediate loan repayment. Date of issuance of a Certificate of Occupancy shall be the date of completion.

Loan repayment shall be a one-time lump sum amount.

Prior to loan consideration, administrative requirements submitted to CHS:

- **Credit Application, Credit Bureau Report (CBR), Federal Tax Return**
- other relevant information / documentation may be required of Applicant
- floor plan and timeline for completing speculative construction

Note: Based on the availability of funds, some loan requests may not be approved.

Type / Print Legibly

Name of Applicant: _____
Last Name First Name Middle Name

Social Security Number (SSN): ____ - ____ - ____ Date of Birth: _____

Business Name: _____ Email: _____

Home Address: _____

Business Address: _____

Business Telephone: _____ Cell Phone: _____

Legal description of residential lot: _____

Property Taxes Current: yes / no (property ineligible if property taxes delinquent)

Name of Owner/Seller of residential lot: _____

Purchase Price of Lot: \$_____ Estimated Construction Cost: \$_____

Projected Site Development Cost: \$_____

Applicant's Signature _____ Date _____