

Redevelop Elkhart Loan Fund

Summary: The Redevelop Elkhart Loan Pool will be used to finance the rehabilitation and construction of commercial real estate in downtown Elkhart. The objective of the loan pool will be to stimulate physical improvements to small businesses in downtown Elkhart. The Redevelop Elkhart loan pool will be financed using funds from the former Aurora Capital Loan Fund.

Loan Terms & Requirements:

Loan Amount:	\$100,000 maximum for Redevelopment Projects \$ 50,000 maximum for Relocation Assistance
Interest Rate:	One- half of the US Government Securities 20 Year Rate. The rate will be set on the day of the loan closing.
Term:	Ten year balloon with a 20-year amortization schedule.
Eligible Uses:	The funds must be used for downtown development projects or business relocation assistance.

For downtown development projects, the project must

- Be located within the area shown on the attached map.
- Be compatible with the Redevelopment Plan.
- Have a substantial positive impact on downtown area.
- Funds can be used for construction or rehabilitation.
- Projects must involve at least partial office or commercial uses. Redevelop Elkhart Loan Funds can be used for market rate housing but not for affordable housing.

For projects involving relocation assistance:

- Applicants must be an established business entity and be completely dislocated by a City of Elkhart Public Works Project.
- Businesses must relocate to a site within the Elkhart city limits.
- Businesses must demonstrate a financial need as a result of the relocation.
- Eligible uses include the purchase, construction or the rehabilitation of a commercial building.

Security:

- Redevelopment Commission Mortgage and Note on the real estate. In addition, the owner must assign all leases and rents to the Redevelopment Commission. The Redevelopment Commission mortgage can be subordinated to other mortgages.
- These funds can be combined with the loans from the Façade Program or the Downtown Redevelopment Fund.
- Total loan-to-value ratio for all loans not to exceed 90%.

Marketing and Application Procedures

The Redevelopment staff is responsible for marketing the loan funds. At least once year, the availability of the loan funds must be disclosed to the public at a Redevelopment Commission meeting. Staff must keep records of inquiries received about the loan fund and the reasons that any applicants were discouraged from applying. Written records must be kept of all loan applications received and which applications were approved and disapproved.

The applicant must fill out the designated application form. In addition, applicants must provide the following information to the Redevelopment staff:

1. Legal description of the real estate
2. Survey (if available)
2. Description of all liens and encumbrances on the real estate.
3. Signed Personal Financial Statement
4. Pictures of the building
5. Appraisal (less than 3 years old) of the building as-is and after rehab/completion of construction.
6. Phase One Environmental (if required by staff)
7. Project Budget with Sources and Uses of Funds
8. Detailed Description of the Rehabilitation/New Construction Plans with Contractor Bids
9. Statement Describing the Impact of the Project on Downtown.
10. List of current tenants and a rent schedule. Copies of existing leases.
11. Copies of existing mortgages on the property.

The staff will obtain the following information:

- A. Credit reports on the applicant both personal and for any businesses involved.
- B. Title policy on the real estate.

The Redevelopment staff will review the information on the application and make a written recommendation to the Redevelopment Commission about whether to approve or reject all loan applications.

Loan Closing:

Redevelopment staff will be responsible for preparing all loan documentation, as described on the attached checklist. All documents must be reviewed by the City Attorney or an outside attorney prior to closing. The loans should be closed at the title company and a lenders title insurance policy must be obtained in the amount of the Redevelopment Commission loan.

All Redevelop Elkhart loans are subject to the following federal requirements:

- Section 106 and Environmental Review procedures.
- Davis Bacon and Federal Labor Standards.
- The Uniform Relocation Act

Redevelopment Commission staff are responsible for informing borrowers of these requirements and obtaining required compliance documentation.

Loan Administration and Collections

The borrower will sign the Request for Payment form and attach contractor invoices to the payment request. Redevelopment staff will inspect the work prior to the disbursement of funds. Checks will be made out jointly to the borrower and the contractor.

Owners can be reimbursed for construction materials and supplies by providing the Redevelopment staff with paid receipts.

Loan payments will start at the end of construction or rehabilitation. The construction or rehabilitation period should not exceed six months, except in extraordinary cases involving large projects.

Redevelopment staff is responsible for loan collections. Procedures for overdue loans are:

- 30 days past due – letter from staff requesting payment.
- 60 days past due – attorney letter requesting payment
- 90 days loan turned over to the attorney to begin foreclosure proceedings.

Funds from loan repayments are to be deposited into the Redevelop Elkhart Loan Pool and are to be used for future loans.

**Redevelop Elkhart Loan Fund
Application Form**

COMPANY NAME

Identity of the Borrower _____ Date Established _____
Street Address _____ City _____ Zip Code _____
Nature of Business _____
Form of Business _____ State of Incorporation _____ County _____
Employer's Tax ID # _____ Number of Employees _____
Other Operating Names (if any) _____

MANAGEMENT INFORMATION

(Please identify all owners, officers, directors and stockholders owning 20% or more of the outstanding stock)

NAME _____ Title _____ % Owned _____
Home Address _____ Phone _____ DOB _____
City _____ State _____ Zip _____
SSN: _____ Driver's License & State: _____
Do you have an interest in any other business? _____ Yes ___ No
IF yes, please explain _____

NAME _____ Title _____ % Owned _____
Home Address _____ Phone _____ DOB _____
City _____ State _____ Zip _____
SSN: _____ Driver's License & State: _____
Do you have an interest in any other business? _____ Yes ___ No
IF yes, please explain _____

NAME _____ Title _____ % Owned _____
Home Address _____ Phone _____ DOB _____
City _____ State _____ Zip _____
SSN: _____ Driver's License & State: _____
Do you have an interest in any other business? _____ Yes ___ No
IF yes, please explain _____

FINANCING REQUESTED

Amount: \$ _____ Purpose of the Loan: _____

COLLATERAL INFORMATION

Address of Collateral _____
Present Mortgage Holder _____
Outstanding Balance \$ _____ Interest Rate _____ Length of Mortgage _____
All Taxes current _____ If not, amount owing and to whom: _____

Any tax liens, judgments or suits pending against the company or any of its officers/stockholders: _____
 If yes, please explain: _____
 Any debts on the subject collateral past due or in default? _____
 If yes, please explain: _____
 Has the business or any of the principal stockholders ever declared bankruptcy? _____
 If yes, please explain: _____

THE FOLLOWING INFORMATION MUST BE PROVIDED IN ORDER TO ADEQUATELY CONSIDER YOUR LOAN APPLICATION.

FAILURE TO PROVIDE THE NECESSARY INFORMATION LISTED BELOW WILL DELAY YOUR APPLICATION PROCESS.

1. Legal description of the real estate
2. Survey (if available)
2. Description of all liens and encumbrances on the real estate.
3. Signed Personal Financial Statement
4. Pictures of the building
5. Appraisal (less than 3 years old) of the building as-is and after rehab/completion of construction.
6. Phase One Environmental (if required by staff)
7. Project Budget with Sources and Uses of Funds
8. Detailed Description of the Rehabilitation/New Construction Plans with Contractor Bids
9. Statement Describing the Impact of the Project on Downtown.
10. List of current tenants and a rent schedule. Copies of existing leases.
11. Copies of existing mortgages on the property.

I hereby certify that the above information is correct to the best of my knowledge. I hereby authorize the City of Elkhart Redevelopment staff, its designated agents or assigns to conduct any investigation it sees fit as to the applicants creditworthiness, by utilizing any credit reporting agency. I understand that the contents of said investigation and ensuing reports shall be, and remain, confidential.

Signature	Print Name	Date
-----------	------------	------

Signature	Print Name	Date
-----------	------------	------

Signature	Print Name	Date
-----------	------------	------

*** ALL CORPORATE OFFICERS/PARTNERS **MUST SIGN*****