

## Commercial Revolving Loan Fund

### **Purpose:**

The Commercial Revolving Loan Fund (CRLF) program is similar to the Residential Revolving Loan Fund program, but focuses on commercial properties rather than residential. This low-interest loan fund is designed to encourage business owners and commercial property owners to invest in commercial properties in Franklin's historic downtown and within the Integrated Economic Development Area. As property owners improve their buildings, it is hoped that additional businesses will choose to relocate to the downtown area, that residents will choose to purchase homes in the downtown area to be nearer to these businesses, and that additional investment from property owners and potential property owners will begin to take place. The Commercial Revolving Loan Fund is intended to encourage investment in commercial properties. Many of these property owners may not be able to get a loan approval from traditional lending sources. Therefore, this program is designed to fill in the gap. The FDC will not provide financing to borrowers who have no reasonable ability to repay the loan. It is not the FDC's intent to cause a borrower to lose his/her property due to an improvement project. So a prudent, but generous approach will be taken with respect to underwriting guidelines. Property owners are only eligible for one commercial loan at a time.

### **Plan:**

The Commercial Revolving Loan Fund was originally funded with \$500,000 from the Franklin Redevelopment Commission. This program is limited to commercial structures located within the Integrated Economic Development Area (the "Green Zone"). Loan proceeds may be used for property acquisition (secondary financing only), facade renovation, and interior build-out. The Corporation proposes to partner with local sources as much as possible to complete each project. Projects must adhere to the Corporation's architectural design guidelines.

### **Parameters:**

*Loan Limits:* Loans will be limited to 50% of the Total Improved Market Value of the property with a cap of **\$50,000**. Fair Market Value of a property prior to improvement, for lending purposes, will be considered to be 100% of the prior year's Assessed Value. If the property has been appraised and/or purchased within 12 months of the application the purchase price or appraisal amount can be used for the fair market value instead of the prior year's assessed value.

Projects financed by the FDC will have a **term of seven years**. Early payoff of loans are encouraged and will not be penalized. To encourage early repayment, the interest rate during the **first three years** of the repayment period is **2.5%** and the **remaining four years is 4%**.

Borrowers must submit copies of their most recent year's personal and business tax returns. Business loans will be secured by personal guarantee(s). Loan repayment does not commence until the project is complete and all draws have been made. Monthly loan payments will be made to Horizon Bank. Interest paid on the loan may be tax deductible to the borrower. Borrowers should consult with their tax advisor.

*Underwriting Criteria:* Maximum Debt/Income limit will be 60% (gross) provided credit score is 680 or above. Debt/Income limit will be 50% for borrowers with a credit score between 600 and 679.

Debt/Income limit will be 40% for borrowers with a credit score between 550 and 599. For applicants with credit scores below 550, an alternative program will be considered.

*Compliance:* The Corporation will comply with all applicable Federal, State and local lending laws. The Borrower is responsible for following all codes and standards held for buildings in the district, and shall provide proof of compliance when requested.

**Eligible and Ineligible Activities:**

Types of activities that **can** be financed through the Commercial Revolving Loan Fund Program include the following:

- Exterior and Façade improvements
- Sidewalk and driveway repairs/replacement
- Landscape Design
- Architectural Design
- Foundation repairs/replacement
- Interior Renovations/Repairs
- Property Acquisition (secondary financing)

The types of activities that **cannot** be financed through the Commercial Revolving Loan Fund Program include, but are not limited to, the following:

- The construction of a new building
- Furniture and fixtures
- Refinancing of any current debt
- Property tax payments
- Decks

**Partners:**

The Franklin Development Corporation (FDC) will maintain an approved list of partners that borrowers may choose from to complete the project. Approved partners will know and understand the architectural design guidelines and will be able to assist borrowers in preparing plans to be submitted to FDC for approval. All contractors, historic preservation groups, and developers are welcome to submit qualifications to FDC for consideration as an approved partner. Local partners will be given greater consideration. A list of qualification criteria with point values will be supplied by the FDC. An applicant for the Approved Contractor List must score 95 out of a possible 120 points to be accepted. Program participants who want to use a contractor not listed on the Approved Contractor List may ask the FDC to consider that contractor for acceptance to the Approved Contractor List. Applicants who can demonstrate ability may complete their project on their own.

**Process:**

1. Interested borrowers first meet with the Franklin Development Corporation and the Discover Downtown Franklin Design Committee to review the project scope (unless the loan is being used for property acquisition).
2. The applicant will complete a loan application and submit it to the FDC along with required supplemental financial information.
3. Upon preliminary underwriting approval, borrowers will select a partner ("Approved Contractor") and will meet with that partner to develop a project plan which includes the project scope and the project timeline. Projects must comply with the Corporation's Architectural Design Guidelines. Approval from the Discover Downtown Franklin Design Committee must be received before the loan is closed.
4. The Loan and Grant Committee will again review the application once all written estimates for work have been received. If the project is approved, the loan will be closed and the project will begin. If the project is not approved, a letter will be sent to the applicant with the reasons for turning down the loan/project. There is a \$150 closing fee due at closing.
5. Draw requests are made as the project progresses. Draw checks will be made directly to the contractor and/or supplier with written approval by the borrower, for projects utilizing a contractor. Checks will be made out for the exact amount of each invoice. If the applicant chooses to pay the contractor and request reimbursement, proof of payment and the invoice must be submitted with each draw request.
6. Projects should be complete within 9 months of closing. Partner and/or borrower will confirm project timelines are being met and project is successfully adhering to approved scope and guidelines.
7. Once the project is complete and all draw requests have been made, the final exact total project amount is sent to Horizon bank to begin repayment. No monthly loan payments are due until after the completion of the project. Projects that are not complete within 9 months require further approval by the Board.
8. Borrower agrees to maintain the property in its improved condition.

# Commercial Revolving Loan Fund Application

(Please print clearly or type)

## APPLICANT INFORMATION

Name of individual(s) applying for loan: \_\_\_\_\_

Property Address: \_\_\_\_\_  
\_\_\_\_\_

Home Address (if different): \_\_\_\_\_  
\_\_\_\_\_

Business Phone: \_\_\_\_\_ Home Phone: \_\_\_\_\_

Cell Phone: \_\_\_\_\_ Fax Number: \_\_\_\_\_

Email: \_\_\_\_\_ Business Tax ID#: \_\_\_\_\_

## BUILDING/SITE INFORMATION

Building/Site Owners Name: \_\_\_\_\_

Building Address: \_\_\_\_\_  
\_\_\_\_\_

## PROJECT DESCRIPTION

Please provide a brief written overview of the project:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## PROJECT BUDGET

Indicate what funds will be used for. Specify amounts for each line item. Also, written estimates from suppliers, contractors, etc., must be attached. Attach additional pages as necessary.

1.	\$
2.	\$
3.	\$
4.	\$
5.	\$

Total Estimated Cost of Improvements: \$ \_\_\_\_\_

Amount Requested from the Loan Program: \$ \_\_\_\_\_

Loan Amount to be Repaid: \$ \_\_\_\_\_

Planned date to begin construction or installation: \_\_\_\_\_

Estimated length of construction: \_\_\_\_\_

Contractor Name(s): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**PLEASE ATTACH RENDERINGS/WORKING DRAWINGS TO THIS APPLICATION.**

**PLEASE COMPLETE THE PERSONAL FINANCIAL STATEMENT AS PART OF THIS APPLICATION.**

**REQUIRED DOCUMENTATION:**

The following items must be completed and submitted with your application in order to be considered for a loan approval for the Revolving Loan Fund:

- Most Recent Year's Personal Tax Return
- Most Recent Year's Business Tax Return
- Most Recent Pay Stub(s)
- Articles of Incorporation and Organization Plan/Bylaws (If more than one owner)
- Proof of Property Insurance
- Project Description and Cost Estimates from Contractors/Suppliers

Applicant's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Co-Applicant Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Contact Krista Linke with any questions you may have regarding this application. Return the completed application and financial information directly to:

Krista Linke  
Franklin Development Corporation  
70 E. Monroe Street, 3<sup>rd</sup> Floor  
Franklin, IN 46131  
(317) 736-3631  
klinke@franklin.in.gov

**Commercial Revolving Loan Fund  
Personal Financial Statement & Credit Application**

**LOAN/LINE:** Amount Requested \$ \_\_\_\_\_

Indicate Lien Status:  1<sup>st</sup>       2<sup>nd</sup>       3<sup>rd</sup> lien.

**APPLICANT(S) DIRECTIONS - Check one box.**

You may apply for separate/individual credit or joint credit.

- a.  Separate/Individual Credit. Complete Column I and sign.
- b.  Joint Credit With Spouse. Complete Columns I and II. Both Spouses sign.
- c.  Joint Credit With \_\_\_\_\_ who is not your spouse. Each of you must complete a separate application as if applying for separate/individual and submit them together.

**COLUMN I - Applicant**

**COLUMN II - Co-Applicant**

Information Provided For:  Spouse (is a co-applicant)

Full Name \_\_\_\_\_

Marital Status

Married       Single       Separated

Social Security Number      Birthdate      Home Phone

Home Address \_\_\_\_\_

City, State      Zip

Employer      Occupation

Business Phone      Yrs Employed      \$  
Gross Monthly  
Income

Previous      Yrs Employed      \$  
Employer (if <2      Gross Monthly  
yrs at present)      Income

Other income: Alimony, separate maintenance or child support need not be revealed if you do not wish to have it considered as a basis for repayment.

Source      \$  
Other Monthly  
Income

Is any listed income likely to be reduced before the credit requested is paid off?  No  Yes (Explain in detail on separate sheet)

Full Name \_\_\_\_\_

Marital Status

Married       Single       Separated

Social Security Number      Birthdate      Home Phone

Home Address \_\_\_\_\_

City, State      Zip

Employer      Occupation

Business Phone      Yrs Employed      \$  
Gross Monthly  
Income

Previous      Yrs Employed      \$  
Employer (if <2      Gross Monthly  
yrs at present)      Income

Other income: Alimony, separate maintenance or child support need not be revealed if you do not wish to have it considered as a basis for repayment.

Source      \$  
Other Monthly  
Income

Is any listed income likely to be reduced before the credit requested is paid off?  No  Yes (Explain in detail on separate sheet)

**PERSONAL INFORMATION**

If a "yes" answer is given to a question in this section, explain on an attached sheet.

Have you had any outstanding judgments in the last 7 years, or have you ever been bankrupt?

**Applicant**      **Co-Applicant**  
 Yes  No       Yes  No

Are you a co-maker, endorser, or guarantor on any notes?

Yes  No       Yes  No

Are you a defendant in any legal actions or any lawsuits?

Yes  No       Yes  No

Are you obligated to pay alimony, child support or separate maintenance?

Yes  No       Yes  No

<b>Assets</b> (Do not include assets of doubtful value)	<b>In dollars</b> (omit cents) <b>[Individual]</b>	<b>[Joint]</b>	<b>If Joint,</b> <b>with whom,</b>	<b>Liabilities</b>	<b>In dollars</b> (omit cents) <b>[Individual]</b>	<b>[Joint]</b>	<b>If Joint,</b> <b>with whom,</b>
Cash, Checking & Savings, CD's - see Schedule A				Notes payable to banks & others - see Schedule H			
U.S. Gov't & marketable securities - see Schedule B				Due to brokers			
Non-marketable securities - see Schedule C				Amounts payable to others-secured			
Securities held by broker in margin accounts				Amounts payable to others-unsecured			
Restricted, control or margin account stocks				Accounts & bills due			
Real estate owned - see Schedule D				Unpaid income tax			
Accounts, loans & notes receivable				Other unpaid taxes & interest			
Automobiles				Real estate mortgages payable - see Schedules D & H			
Cash surrender value-life insurance - see Schedule E							
Vested interest in deferred compensation/ profit-sharing plans - see Schedule F							
Business ventures - see Schedule G							
Other assets/personal property itemize - see Schedule G if applicable							
				<b>Total Liabilities</b>			
				<b>Net Worth</b>			
<b>Total Assets</b>				<b>Total Liabilities and Net Worth</b>			

**SCHEDULE A – CASH, CHECKING AND SAVINGS ACCOUNTS, CERTIFICATES OF DEPOSIT, MONEY MARKET FUNDS, ETC**

Name of Financial Institution	Type of Account	Owner	(J)	If Pledged, to Whom?	Balance

**SCHEDULE B – U.S. GOVERNMENT & MARKETABLE SECURITIES** (Use additional sheet if necessary)

Number of Shares or Face Value of Bonds	Description	In Name of	Are these Registered, Pledged, or Held by Others?	Market Value	Exchanges Where Traded

**SCHEDULE C – NON-MARKETABLE SECURITIES** (Use additional sheet if necessary)

Number of Shares	Description	In Name of	Are these Registered, Pledged, or Held by Others?	Value	Method of Valuation

**SCHEDULE D – INVESTMENTS IN REAL ESTATE** (Use additional sheet if necessary)

Description/Location of Real Estate Investment	(J)	Date of Original Investment/Amount	% Owned By You	Market Value of Your % of Investment	Present Balance	Monthly Payment	Mortgage Maturity Date	Mortgage Owed To

**SCHEDULE E – LIFE INSURANCE CARRIED, INCLUDING GROUP INSURANCE**

Name of Insurance Company	Owner of Policy	Beneficiary and Relationship	Face Amount	Policy Loans	Cash Surrender Value

**SCHEDULE F – VESTED INTEREST IN DEFERRED COMPENSATION/PROFIT-SHARING PLANS**

% Vested	Company Name	Account Number	Manner of Payout (Annuity, Lump Sum, etc.)	Distribution Date	Beneficiary	Amount

**SCHEDULE G – BUSINESS VENTURES** (Use additional sheet if necessary)

List Name and Address of Any Business Venture In Which You Are a Principal or Partner	Your Position/ Title in the Business	Line of Business	Years in Business	Total Assets Listed in Section 3	Your % of Ownership	Net Worth of Business	Present Net Value of Your Investment

**SCHEDULE H – LOANS OWING BANKS, BROKERS, FINANCE COMPANIES, AND OTHERS (MASTERCARD, VISA, ETC.)**

Creditor Name	Original Borrowing/Amount	Present Balance	Monthly Payment

**SIGNATURE AND ADDITIONAL DISCLOSURE INFORMATION**

For the purpose of obtaining the credit requested, and any future credit, I represent that the information provided above and on the additional pages is true and complete. I authorize the FRANKLIN DEVELOPMENT CORPORATION or its agents to verify this information and obtain additional information, concerning my credit, employment history or any other information, including without limitations, consumer credit reports, to furnish such information and any other credit experience with me to others, and to answer any questions about my credit experience and other financial relationships with FRANKLIN DEVELOPMENT CORPORATION, and agree to the provisions of any rules, regulations, or agreements of the Corporation governing such credit. I further authorize you to provide this Application as well as other information you have about me to your affiliate(s) for the purpose of responding to this request for credit. I acknowledge receipt of the disclosures on the next page. This application is the Corporation's property. I understand it may be a federal crime punishable by fine or imprisonment or both to knowingly make false statements concerning any of the above facts, under Title 18, United States Code, Section 1014.

\_\_\_\_\_  
Applicant's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Applicant's Signature

\_\_\_\_\_  
Date