

## Residential Revolving Loan Fund

### **Purpose:**

The Franklin Development Corporation's ("FDC") Residential Revolving Loan Fund ("RRLF") is a cooperative community project developed to encourage and aid the rehabilitation/renovation of historic and/or underutilized homes and buildings located within the Integrated Economic Development Area of historic Franklin.

### **Plan:**

The Residential Revolving Loan Fund program is limited to residential structures located within the Integrated Economic Development Area. Loan proceeds may be used for exterior property renovation. 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:**

Approved applications will receive a loan of a maximum sum of **\$15,000**, provided the loan makes up no more than 50% of the total market value of the improved property. The minimum loan amount is \$5,000, and the amount of the loan that is forgivable for **owner occupied** households will be directly proportional to the attached income limit documentation system (Exhibit A). Property owners that apply for rental properties are eligible for 25% of the loan to be forgiven, and the **tenant** must be at or below the area median income.

Income shall be based on the occupant of the property. Income will be verified using the adjusted gross income reported through the most recent year's tax return. A copy of the current lease will also be required if the property is not owner occupied. In the case of a multi-unit property, a minimum of 50% of the occupants must meet the income limits.

Underwriting Criteria: Maximum Debt/Income limit will be 50% (gross) provided credit score is 640 or above; 40% for borrowers with a credit score between 550-639. For applicants with credit scores below 550, an alternative program will be considered.

The loan will have an interest rate of 4.0% . A loan period will not exceed ten (10) years. There will be no penalty for early repayment.

Projects should be complete within 9 months of closing. Loan payments will begin once the project is complete and all draws have been made. No monthly loan payments are due **and no interest will be accrued** until after the completion of the project.

The borrower will provide security as deemed necessary by the Loan Committee. Loans will not be made to lessees, only to the owners of properties. Property owners are only eligible for one residential loan at a time. Property owners only receive the grant percentage on their first residential loan. Subsequent loans will not have any portion forgiven, regardless of income.

In exchange for financing, the borrower agrees to choose from a list of contractors approved by the FDC. Borrower also agrees to comply with architectural design guidelines adopted by the Franklin Development Corporation. Borrowers will submit project plans for approval by the FDC and Discover Downtown Franklin's Design Committee to ensure compliance with architectural design guidelines prior to loan approval if necessary.

### **Eligibility Requirements:**

- Only work begun *after* approval by the FDC board will be eligible for a grant.
- All work must comply with the Architectural Design Guidelines as adopted by the Franklin Development Corporation.
- The project cost must exceed \$1,000 to be considered for a facade grant.
- The property must be used primarily for commercial purposes. Mixed use properties and 3+ residential units will be considered.
- The property must be located within or immediately adjacent to the eligible area, as defined by the FDC board.
- Routine maintenance such as painting, masonry, fencing, and lighting has to be part of a larger renovation project.
- If a property is vacant or contributing to a blighting effect on the area or neighborhood, it will take priority over other projects.
- If a property is on a major thoroughfare it will take priority over other projects.
- Applications that demonstrate major historical restoration will take precedence over smaller projects.
- Applicants should demonstrate the ability to increase the quality of materials used in the project through the assistance of this program.
- Projects with a larger total private investment being made in the entire property will be given higher consideration.
- Applications shall demonstrate how this program will deliver a higher quality project than otherwise possible.
- Projects will be funded in order of priority as compared to other applications received and based on current program funding available. Projects that meet all eligibility requirements will not automatically receive funding.

### **Eligible and Ineligible Activities:**

**Project funds shall only be used for permanent improvements that will add value to the property.**

Types of activities that can be financed through the Residential Revolving Loan Program include the following:

- Exterior and Façade improvements (Design Review approval is required)
- Sidewalk and driveway repairs/replacement
- Landscape Design
- Foundation repairs/replacement

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

- Interior renovations/repairs (foundation repairs are acceptable)
- Property acquisition
- Furniture and fixtures
- Refinancing of any current debt
- Property tax payments

**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.

**Guidelines:**

- Borrower must be located in the Integrated Economic Development Area, with special emphasis being placed on East and West Jefferson Street, King Street, Monroe Street, Madison Street, East and West Court Streets, and North and South Main Street.
- Borrower can apply for up to **\$15,000**.
- 25%-100% of the loan amount will be forgiven as a matching grant, based on income qualification.
- Loan can be amortized for up to 10 years. There is no prepayment penalty.
- The interest rate is fixed at 4%.
- Borrower is responsible for following all codes and standards held for the buildings in the district, and shall provide proof of compliance when necessary.

**Application Process:**

- Applicant meets with the Design Review Committee on-site to discuss the specifics of the project.
- Completed application with all required financial information is received. The following items must be submitted with your application in order to be considered complete: (1) borrowers most recent year's personal tax return; (2) occupants most recent year's personal tax return (if applicable); (3) most recent pay stub; (4) proof of homeowner's insurance; (5) project description and cost estimates from contractors and/or suppliers.
- Application receives Design Review Committee approval **prior** to start of construction.

- After approval of the project design, the FDC Loan and Grant Committee approves or denies the loan. There will be three competitive rounds of funding per year. Please consult FDC staff for application deadlines.
- After loan approval, a commitment letter is issued to the borrower outlining the terms and condition of the loan.
- Signed commitment letter is returned to the FDC.
- Once all necessary documentation is received, the borrower is contacted and the loan is closed. There is a \$150 closing fee made payable to the Franklin Development Corporation at the time of closing.
- The first draw will not be issued until proof of all necessary permits have been obtained. Draw requests are made as the project progresses. Checks will be made directly to the contractor and/or supplier with written approval from the borrower. Checks will be made out for the exact amount of each invoice and/or receipt. If the applicant chooses to pay the contractor and/or supplier and request reimbursement from the FDC, proof of payment and a copy of the invoice must be submitted with each draw request.
- 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.
- Borrower agrees to maintain the property in its improved condition.

# Residential 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: \_\_\_\_\_

## BUILDING/SITE INFORMATION

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

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

## PROJECT DESCRIPTION

Please provide a brief written overview of the project:

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

## TOTAL 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: \$ \_\_\_\_\_  
Less Matching Grant: Grant is 25%-100% of the loan amount \$ \_\_\_\_\_

Total Loan to be Repaid: \$ \_\_\_\_\_  
Total Private Investment Amount: \$ \_\_\_\_\_

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 Residential Revolving Loan Fund:

- Most Recent Year's Personal Tax Return
- Most Recent Year's Personal Tax Return for Occupant (If Applicable)
- Most Recent Pay Stub (If Employed)
- Proof of Homeowner's 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  
www.FranklinDevelopmentCorporation.org

**EXHIBIT A**  
**Income Limits Documentation System**  
**Income Limits Summary**

Income Limit Category	Percentage Forgiven	1 person household	2 person household	3 person household	4 person household	5 person household	6 person household	7 person household	8 person household
Area Median Income (100%)	50%	\$45,780	\$52,320	\$58,860	\$65,400	\$70,680	\$75,900	\$81,120	\$86,340
Area Low Median Income (80%)	70%	\$38,150	\$43,600	\$49,050	\$54,500	\$58,900	\$63,250	\$67,600	\$71,950
Area Very Low Income (50%)	90%	\$23,850	\$27,250	\$30,650	\$34,050	\$36,800	\$39,500	\$42,250	\$44,950
Area Extremely Low Income (30%)	100%	\$14,350	\$16,400	\$20,090	\$24,250	\$28,410	\$32,570	\$36,730	\$40,890

Owners of rental properties may qualify based on tenant's income. Twenty-five percent of loans awarded for rental properties will be forgiven.





**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**

