

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 **\$20,000**, 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). **Households must be income qualified based on household size.** Household income cannot be above the 100% Area Median Income category. Property owners that apply for rental properties are eligible for 25% of the loan to be forgiven, and the **tenant's household income** 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 (if applicable) 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 project approval if necessary.

Eligibility Requirements:

- Only work begun *after* approval by the FDC board will be eligible for a grant/loan.
- 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 grant/loan.
- The property must be used for residential purposes. Mixed use properties and 3+ residential units will be considered for the Commercial Façade Matching Grant and Commercial Revolving Loan Programs.
- 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.

Please Note: The FDC Board reserves the right to fund all or part of an application based on eligibility requirements.

Eligible and Ineligible Activities:

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

Design Committee Review approval is required. Types of activities that can be financed through the Residential Revolving Grant and Loan Program include the following:

- Preference will be given to exterior renovation applications
- 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.
- Applicants can apply for up to **\$20,000**.
- 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 obtaining necessary permits and 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. Applications will be accepted on a monthly basis. 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.

The following types of properties are **not eligible** for the Commercial Revolving Loan Program:

- Tax-delinquent properties
- Property whose owner has any other tax-delinquent property
- Property in litigation
- Properties not located within the Integrated Economic Development Area
- Property whose intended use does not comply with the City of Franklin's zoning ordinances
- Properties known to have environmentally contaminated soil
- Properties whose owner has ANY unresolved municipal code violations within the City of Franklin

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:

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 loan amount	\$ _____
Total Loan 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 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, 3rd Floor
 Franklin, IN 46131
 (317) 736-3631
klinke@franklin.in.gov
www.FranklinDevelopmentCorporation.org

Residential Revolving Loan Fund Personal Financial Statement & Credit Application

LOAN/LINE: Amount Requested \$ _____

Indicate Lien Status: 1st 2nd 3rd 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

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

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

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

OCCUPANT INCOME VERIFICATION

For the purposes of the percentage of the loan that will be forgiven as a matching grant, income must be verified for the occupant of the property in addition to the property owner/borrower. The percentage of the loan that will be forgiven will be directly proportional to the income limit documentation system (Exhibit A), and will vary between 15-30%. The applicant hereby certifies that the personal tax return submitted is for the current occupant at the time the application is made. The number of persons in the household will be verified through personal tax returns as necessary.

Applicant's Signature	Date	Applicant's Signature	Date
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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. 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
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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%	\$57,680	\$65,920	\$74,160	\$82,297	\$88,889	\$95,481	\$102,073	\$108,665
Area Low Median Income (80%)	70%	\$45,950	\$52,500	\$59,050	\$65,600	\$70,850	\$76,100	\$81,350	\$86,600
Area Very Low Income (50%)	90%	\$28,700	\$32,800	\$36,900	\$41,000	\$44,300	\$47,600	\$50,850	\$54,150
Area Extremely Low Income (30%)	100%	\$17,250	\$19,700	\$22,150	\$24,600	\$26,600	\$28,550	\$30,550	\$32,500

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