

## Commercial Revolving Loan Fund

Loans shall be limited to 50% of the total improved market value of the property with a cap of **\$25,000**. Loans will have a term of **seven years** at a **4% interest rate**. Early payoff of loans is encouraged and will not be penalized. Borrowers have 9 months to make all draws and then loan repayment begins.

### **Eligibility Requirements**

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

- Exterior improvements
- Sidewalk and driveway repairs/replacement
- Landscaping
- Architectural design
- Foundation repairs/replacement
- Interior renovations/repairs
- Property acquisition (secondary financing)
- Roof repairs
  
- 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 \$5,000 to be considered for a revolving loan.
  
- The property must be used primarily for commercial purposes. Mixed use properties and 3+ residential units are eligible.
  
- The property must be located within or immediately adjacent to the eligible area, as defined by the FDC board. See Exhibit A.
  
- 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.
  
- The first draw will not be issued until all necessary permits have been obtained.

**Purpose:**

The Commercial Revolving Loan Fund (CRLF) program is a low-interest loan fund 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, additional businesses will choose to relocate to the downtown area, and residents will choose to purchase homes in the downtown area to be nearer to these businesses. Together, the Commercial Revolving Loan Fund and Commercial Façade Matching Grant programs have generated additional investment from property owners and potential property owners. Some property owners may not be able to get a loan approval from traditional lending sources. Therefore, this program is designed to fill in this 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.

The Commercial Revolving Loan Fund is funded by the Franklin Redevelopment Commission. This program is limited to commercial structures located within the Integrated Economic Development Area (See Exhibit A). Loan proceeds may be used for property acquisition (secondary financing only), facade renovation, and interior build-out which adds value to the property. The Corporation encourages applicants 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 **\$25,000**. 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 at a 4% interest rate**. Early payoff of loans is encouraged and will not be penalized. 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.

**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.

### **Required Materials for Application:**

Application packages must include enough documentation to illustrate the visual impact of the project and its costs. ***Failure to provide required documentation will delay the review process.*** The items submitted should include:

- A completed application form
- Written permission from the property owner to conduct facade improvements
- Color photographs of existing conditions
- Samples of materials and colors to be used
- Any other documentation necessary to illustrate the visual impact of the proposed project completion schedule
- Detailed proposal from contractor showing the work to be done, the costs, and the project completion schedule. Any contractor from the Approved Contractor List may be used.
- Owners who can demonstrate ability may perform work on their own building; however, they will not be reimbursed for time while acting as contractor and/or installing material. *Material costs and labor of employees are reimbursable; however, documentation must be produced for the number of hours worked on the project by the employees, the rate of pay and the employees' social security numbers, etc.*
- Applications received after the date and time prescribed by the FDC for each round of funding will not be considered until the next eligible round of funding.

### **Process:**

1. The applicant will complete a loan application and submit it to the FDC along with required supplemental financial information. Staff will determine if the application package that is submitted is sufficiently complete to review, and will forward the application to the Loan and Grant Committee. There will be three competitive rounds of funding per year.
2. Upon preliminary underwriting approval by staff, 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.
3. Interested borrowers meet with the Franklin Development Corporation Loan and Grant Committee and the Discover Downtown Franklin Design Committee to review the project scope (unless the loan is being used for property acquisition). 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. Applications will be scored and ranked by Loan and Grant Committee Members. The Loan and Grant Committee will make recommendations to the Franklin Development Corporation Board for which applications to approve. 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 \$300 closing fee due to the Franklin Development Corporation 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. The first draw will not be issued until all necessary permits have been obtained. Applicants will be provided with an updated draw form after each disbursement has been made. The FDC reserves the right to refuse payment or reimbursement in whole or part for work that does not conform to the architectural design guidelines, is not in conformance with work indicated on submitted proposals from contractors at the time of application, or for work that is not commensurate with the workmanship and cost customary to the industry. FDC staff will inspect work to ensure that it complies with approved plans. Any changes will require a written request from the applicant and will need to be approved by the Loan and Grant Committee.
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 and no interest will be accrued 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.

#### **2021 Programming Timeline:**

##### **Round One: \$75,000.00**

1. Completed applications **due no later than Friday February 26, 2021 at 4:00 p.m.**
2. Staff reviews applications for completion and loan eligibility is determined by loan and grant committee: March 1<sup>st</sup> – March 17<sup>th</sup>
3. Site visits are conducted on March 9, 2021
4. Loan and Grant Committee meets Wednesday, March 17<sup>th</sup> to determine loan and grant awards.
5. Loan and grant awards announced at the FDC board meeting on Thursday March 25, 2021 at 8:00 a.m.

##### **Round Two: \$TBD**

1. Completed applications **due no later than Friday, May 28<sup>st</sup> at 4:00 p.m.**
2. Staff reviews applications for completion and loan eligibility is determined by loan and grant committee: June 1<sup>st</sup> – June 16<sup>th</sup>
3. Site visits are conducted on June 8, 2021
4. Loan and Grant Committee meets Wednesday June 16, 2021 to determine loan and grant awards.
5. Loan and grant awards are announced at the FDC board meeting on Thursday, June 24<sup>th</sup>.

### **Round Three: \$TBD**

1. Completed applications **due no later than Friday, August 27<sup>th</sup> at 4:00 p.m.**
2. Staff reviews applications for completion and loan eligibility is determined by loan and grant committee: August 30<sup>th</sup> –September 22<sup>nd</sup>.
3. Site visits are conducted on September 14<sup>th</sup>
4. Loan and Grant Committee meets Wednesday September 22, 2021 to determine loan and grant awards.
5. Loan and grant awards are announced at the FDC board meeting on Thursday, September 23<sup>rd</sup> .

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

**Please Note:** The FDC Board reserves the right to fund all or part of an application.

# 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 (Attach additional pages as necessary):

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

## 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: \$ \_\_\_\_\_

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

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 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  
www.FranklinDevelopmentCorporation.org

**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 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

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)

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.

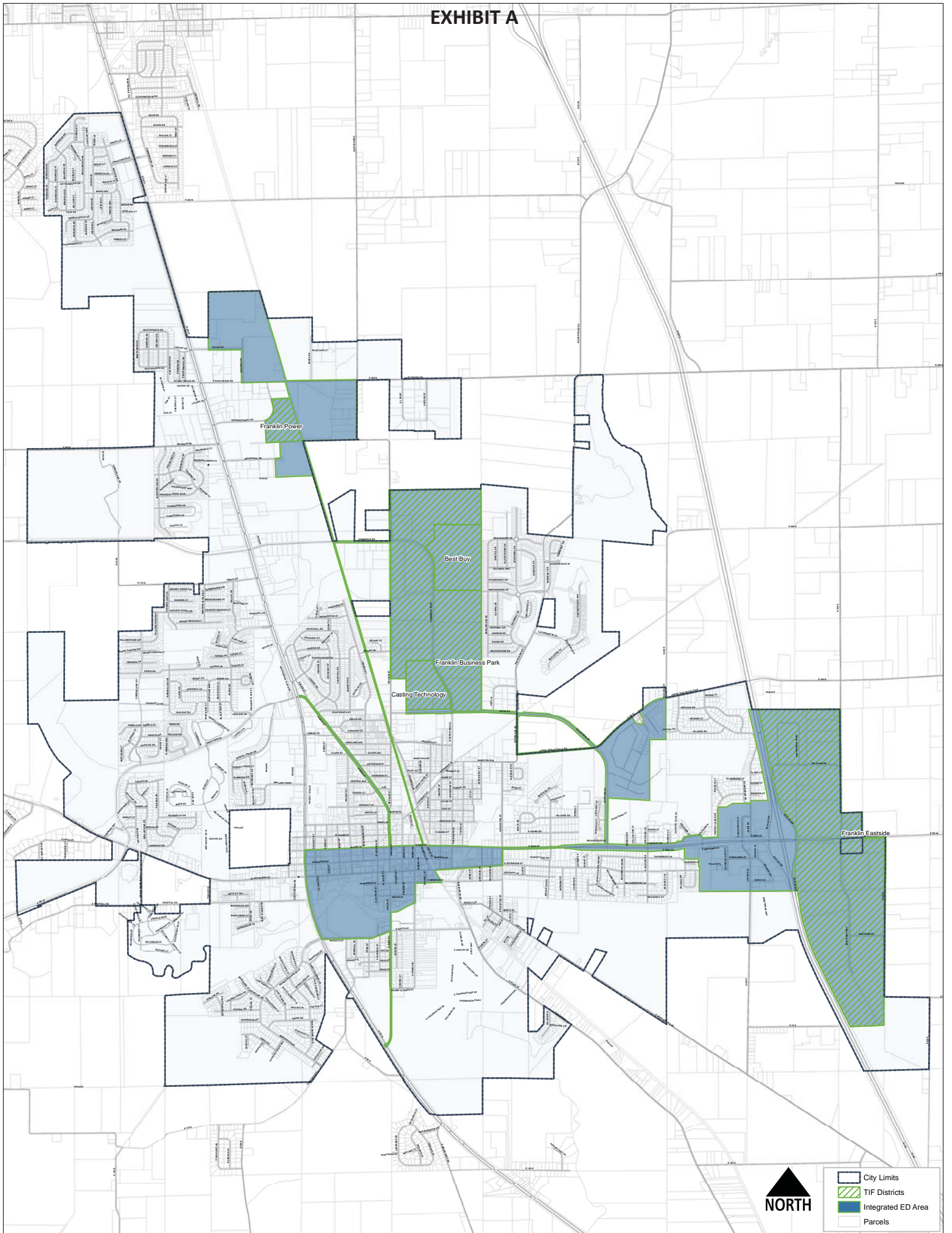
\_\_\_\_\_  
Applicant's Signature

\_\_\_\_\_  
Date

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

\_\_\_\_\_  
Date

# EXHIBIT A



**TIF Districts and Integrated Economic Development Areas**