

Village of Perry

Summary of Building Improvement Loan Programs

Adopted: April 4, 2016



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Village of Perry Building Improvement Loan Programs

Overview

Introduction

The Village of Perry will offer a Matching Loan Program to assist property owners in the Village of Perry to improve their property under different programs. For each program, the Village of Perry will match the dollar amount the property owner is contributing to the project. The funds which the owner is contributing may come from their personal cash, gifted cash or a loan from a secondary lender.

Overview of Programs

1. A summary of the Village of Perry Matching Loan Programs are attached (see Attachment 1-A).
 - A. Façade Renovation
 - i. Low loan limit of only \$500 with a maximum of \$5,000
 - ii. This will be an interest free loan program
 - iii. Underwriting will be based primarily on the personal credit report and either verification of employment, another source of income or assets to illustrate ability to repay the obligation.
 - iv. The loan will be unsecured except for a personal guarantee. If the borrower defaults, the likelihood of recovery will be minimal.
 - v. Available to all business within the Village of Perry
 - B. Adaptive Reuse
 - i. Similar structure as today but with defined loan limits of \$2,500 to \$25,000.
 - ii. Interest Rate will be The Wall Street Journal prime rate plus a loan application fee of \$100.
 - iii. The borrower will also be required to pay any filing fees to record a lien.
 - iv. Only property owner which provides the ability to take a lien on the property will be granted loans.
 - v. Underwriting will go beyond a basic personal credit report and will include a review of tax returns and personal financial statement to help evaluate likelihood of repayment. Additionally, a written project plan will be required. In some cases a forecast of future earnings may be requested depending on loan amount and review of the personal credit.
 - vi. Depending on the borrower's credit quality and the amount of the request, a lien may be placed against the property.

- C. Code Compliance - a new program to help bring property into code compliance or correct cited violations.
 - i. Minimum loan of \$500 with a maximum of \$2,500
 - ii. Pricing will be The Wall Street Journal prime rate for owner occupied property and The Wall Street Journal prime rate +1% for non-owner occupied property.
 - iii. The borrower will also be required to pay any filing fees to record a lien.
 - iv. The borrower will be required to provide two estimates from licensed and insured contractors for the work to be completed. The estimates should be consistent with the issues outlined in the Code Violation Letter.
 - v. The loan will be unsecured except for a personal guarantee. If the borrower defaults, the likelihood of recovery will be minimal.
 - vi. Underwriting will be based primarily on the personal credit report and either verification of employment, another source of income or assets to illustrate ability to repay the obligation.
 - vii. Estimates of the work to be performed will be reviewed by the Code Compliance Officer.

Matching Loan Program - Borrower and Individual Program Concentration Limits

In order to afford availability of the various loan programs to the maximum number of applicants and reduce loss exposure in the Matching Loan Program, it is recommended that concentration limits are to be established for both each loan program and for each borrower.

Today, the Matching Loan Program has about \$100,000 available. As loans are granted and payments are received this amount will increase / decrease on a regular basis. However, for the initial few years of the program, it is highly unlikely that more than the initial amount of \$100,000 will be available to lend. Therefore, for simplicity, it is recommended that concentration limits be established on this initial starting amount of \$100,000 as follows:

1. An individual may borrow under multiple Village of Perry loan programs, but no one borrower may have total borrowings greater than \$25,000 outstanding with the Village of Perry.
2. If an individual is a shareholder in a corporation, LLC, etc. that has borrowed under this program, borrowings to that entity will be excluded provided they own less than 10% of the shares of that entity.

For the first year, each of the four loan programs are limited to lending no more than \$50,000 per each program. After the first year, the limits for each loan program will be reviewed and adjusted if appropriate.

Village of Perry - Summary of Matching Loan Programs											
Program	Minimum	Maximum	Rate	Application Fee	Max Term	Type of Property	Who Can Apply	Purpose	Funding Limit	Application Requirements	Security
Façade Renovation	\$500	\$5,000	Interest Free	\$50	24 months - minimum payment of \$50	Commercial and mixed use	Owners and tenants	Façade improvements to commercial and mixed use property in the Village of Perry	50% of the total project	Simple application, description of project, personal credit report	Personal guarantee
Adaptive Reuse	\$2,500	\$25,000	Prime + filing fees	\$100	180 months - minimum payment of \$50	Commercial and mixed use	Owners	Improve existing commercial or mixed use property of a historical significance or obsolete functionality with a focus on retention of existing or promotion of new commerce.	50% of the total project	Project Plan, tax returns, personal financial statement, description of the project, personal credit report	Lien on property if owned by applicant; if non-owner occupied, evaluated on an individual basis
Code Compliance - Owner Occupied	\$500	\$2,500	Prime + filing fees	\$50	48 months - minimum payment of \$50	Commercial, mixed use and Residential	Owners	Assist property owners who have been identified as out of compliance with the property maintenance laws of the Village of Perry or are uncited, but desire to bring property into code	50% of the total project	Estimates for correction of code violations, personal credit report	Lien on property, personal guarantee
Code Compliance - Non-Owner Occupied	\$500	\$2,500	Prime +1 and filing fees	\$50	48 months - minimum payment of \$50	Commercial, mixed use and Residential	Owners	Assist property owners who have been identified as out of compliance with the property maintenance laws of the Village of Perry or are uncited, but desire to bring property into code	50% of the total project	Estimates for correction of code violations, personal credit report	Lien on property, personal guarantee

Village of Perry Building Improvement Loan Program

Processing and Procedures

Adopted: April 4, 2016

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Overview of Processing and Procedures

1. Loan programs will be promoted by the Village of Perry
2. Loan applications will be available either at the Village of Perry Clerks Office or available on-line.
3. Along with the application, the applicant will be supplied with an estimate of payment (see page 11), an overview of each program and instructions on how to obtain a current credit report.
4. Borrower will complete application and deliver to the Village of Perry Clerks Office.
5. Village Clerk will contact the contracted third party consultant and either email the application or arrange for the contracted third party consultant to pick up the application.
6. The contracted third party consultant will contact the borrower and arrange for any additional documentation which may be required. This may include some or all of the following depending on the program:
 - a. Copy of current personal credit report
 - b. Tax Returns
 - c. Personal financial statement
 - d. Code violation notice if applicable
 - e. Estimates of work to be performed
 - f. Written project plan
 - g. Copy of current pay receipt for employment verification
7. The contracted third party consultant will evaluate / underwrite the request and prepare a written summary for the Review Committee. (The Review Committee will be appointed by the Mayor and approved by the Village Board at a Village of Perry Board Meeting.) The summary will consist of the following:
 - a. Façade Renovation Program
 - i. One to two paragraphs summarizing the project and may include pictures or renderings
 - ii. Brief summary review of personal credit report (no details but an evaluation of the risk)
 - iii. Recommendation to approve or decline

- b. Adaptive Reuse
 - i. One to two paragraphs summarizing the project and may include pictures for renderings
 - ii. Background on the owner
 - iii. Summary of tax returns, personal financial statement and personal credit report
 - iv. Recommendation to approve or decline
 - c. Code Compliance
 - i. Summary of the code violation
 - ii. Presentation of the estimates for the work to be completed
 - iii. Brief summary review of personal credit report (no details but an evaluation of the risk)
 - iv. Review estimates with Code Compliance Officer
 - v. Recommendation to approve or decline
8. The Review Committee will consist of:
 - a. The consulting firm contracted by the Village of Perry to perform the evaluation services.
 - b. One Village Trustee
 - c. One additional individual preferably from the Zoning Board of Appeals
 9. The Review Committee will make a written recommendation to either approve the request or deny the request to be submitted to the Village Clerk. The Village Clerk will then place the recommendation on the agenda for the next Board Meeting of the Village of Perry Board of Trustees.
 10. The Village of Perry Board of Trustees will review the recommendation to approve or deny the loan application request or table for further clarification..
 - a. If the loan application request is denied, the contracted third party consultant will prepare an "Adverse Action Notice" to the applicant advising them of the reason(s) for denial. The general form for this notice will be reviewed by the Village Attorney prior to implementation.
 - b. If the loan application request is approved, the contracted third party consultant will contact the borrower and make arrangements for funding / closing of the loan and also prepare information for the Village Attorney and Village Clerk.
 - c. For applications approved under one of the Code Compliance Programs, the contracted third party consultant will also advise the appropriate Code Compliance Officer.
 11. The Village of Perry Attorney will prepare the following documents:
 - a. Loan Agreement
 - b. Any required "Truth In Lending" [Regulation Z] Disclosures
 - c. Any required documents to perfect the Village of Perry Security Interest
 - d. Amortization schedule.
 - e. Arrange for the borrower to close on the loan or alternatively contact the contracted third party consultant to perform the loan closing.

12. The Village Clerk will be required to perform the following:
 - a. Disburse funds to the borrower / or contractor in an amount directed by either the Village Attorney or the contracted third party consultant after receiving the signed documentation.
 - b. Maintain an amortization schedule that will be provided by the Village Attorney.
 - c. Accept monthly payments from the borrower and account for the payments in accordance with the amortization schedule
 - d. Prepare delinquency notice for mailing to borrower when 15 days past due
 - i. Concurrently notify the contracted third party consultant of delinquency
 - e. When the loan is fully paid, notify the Village Attorney to release any liens
 - f. Prepare a letter to borrower that the loan obligation is paid in full
13. Code compliance officer to review progress of construction efforts for loans granted under the Code Compliance Program.
14. After closing, all records will be compiled for and then maintained by the Village Attorney.

Remaining Issues

1. Meet with Village Attorney to finalize the following:
 - a. Preparation of note
 - b. Required documentation for perfection of lien
 - c. Implication of Regulations B and Z as they pertain to the Village of Perry
 - d. Late charge calculation and timing in compliance with NYS Banking Regulations
2. Produce a graphically acceptable loan application based on the sample on pages 9-10
3. Finalize the production of any marketing materials
 - a. The contracted third party consultant to prepare content for production

Village of Perry – Building Improvement Loan Program Application

Check which program you are applying for:

- _____ Façade Renovation
 - _____ Adaptive Reuse
 - _____ Code Compliance – Owner Occupied
 - _____ Code Compliance – Non Owner Occupied
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Section One: Applicant Information

Applicant One

- Last name, first name, middle initial _____
- Residence Address _____
- Own / Rent residence? _____
- If own, list your mortgage holder _____
- Date of Birth _____
- Current Employer _____
- Employer Address _____
- Monthly Gross Income _____
- Prior Employer (if current is less than 3 years) _____

- Home Phone _____
- Cell Phone _____
- Email address _____

Applicant Two

- Last name, first name, middle initial _____
- Residence Address _____
- Own / Rent residence? _____
- If own, list your mortgage holder _____
- Date of Birth _____
- Current Employer _____
- Employer Address _____
- Monthly Gross Income _____
- Prior Employer (if current is less than 3 years) _____

- Home Phone _____
- Cell Phone _____
- Email address _____

Section Two: Project Information

Address of the property to be improved: _____

Please provide a description of your property improvement project: _____

Section Three – Credit History

Village of Perry will need a copy of a personal credit report for all applicants.

If you have a credit report that is less than 90 days old, you may provide a copy of that report. If you subscribe to a credit monitoring service, a report from that service is also acceptable. If you do not have access to your credit report, you may go to www.annualcreditreport.com which is a free service provided by the three major credit bureaus to comply with Federal Regulations.

Please provide answers to the following questions:

- 1. Are either of the applicants past due on either their Village of Perry property taxes? Yes No
- 2. Is either of the applicants currently delinquent on any mortgage payments? Yes No
- 3. Has either of the applicants filed for bankruptcy in the last seven years? Yes No
- 4. Do either of the applicants have any outstanding judgements which are not listed on the credit report? Yes No

If you answered yes to any of the above, please explain:

Part Four: Additional information which may be required

Depending on the loan program which you are applying through in addition to the loan amount, you **may** be requested to provide one or more of the following at a later date:

- 1. Personal financial statement
- 2. Up to three years of Federal Income Tax Returns
- 3. Contractor / supplier estimates for the work to be performed
- 4. Correspondence from the Village of Perry on any zoning code violations
- 5. Verification of employment

Section Five: Legal Declarations – to be drafted with Village of Perry Attorney

Signature and date of Applicant One _____

Signature and date of Applicant Two _____

Village of Perry - Matching Loan Program Payment Estimator												
Payment Estimate - Façade Renovation												
Interest Rate=	0.00%											
	Loan Amount											
Term	\$500	\$750	\$1,000	\$1,500	\$2,000	\$2,500	\$3,000	\$3,500	\$4,000	\$4,500	\$5,000	
6	-\$83.33	-\$125.00	-\$166.67	-\$250.00	-\$333.33	-\$416.67	-\$500.00	-\$583.33	-\$666.67	-\$750.00	-\$833.33	
9	-\$55.56	-\$83.33	-\$111.11	-\$166.67	-\$222.22	-\$277.78	-\$333.33	-\$388.89	-\$444.44	-\$500.00	-\$555.56	
12		-\$62.50	-\$83.33	-\$125.00	-\$166.67	-\$208.33	-\$250.00	-\$291.67	-\$333.33	-\$375.00	-\$416.67	
15		-\$50.00	-\$66.67	-\$100.00	-\$133.33	-\$166.67	-\$200.00	-\$233.33	-\$266.67	-\$300.00	-\$333.33	
18			-\$55.56	-\$83.33	-\$111.11	-\$138.89	-\$166.67	-\$194.44	-\$222.22	-\$250.00	-\$277.78	
24				-\$62.50	-\$83.33	-\$104.17	-\$125.00	-\$145.83	-\$166.67	-\$187.50	-\$208.33	
Payment Estimate - Adaptive Reuse												
Interest Rate=	3.50%											
	Loan Amount											
Term	\$2,500	\$3,000	\$4,000	\$5,000	\$7,500	\$10,000	\$12,500	\$15,000	\$17,500	\$20,000	\$25,000	
12	-\$212.30	-\$254.76	-\$339.69	-\$424.61	-\$636.91	-\$849.22	-\$1,061.52	-\$1,273.82	-\$1,486.13	-\$1,698.43	-\$2,123.04	
24	-\$108.01	-\$129.61	-\$172.81	-\$216.01	-\$324.02	-\$432.03	-\$540.03	-\$648.04	-\$756.05	-\$864.05	-\$1,080.07	
36	-\$73.26	-\$87.91	-\$117.21	-\$146.51	-\$219.77	-\$293.02	-\$366.28	-\$439.53	-\$512.79	-\$586.04	-\$732.55	
48	-\$55.89	-\$67.07	-\$89.42	-\$111.78	-\$167.67	-\$223.56	-\$279.45	-\$335.34	-\$391.23	-\$447.12	-\$558.90	
60		-\$54.58	-\$72.77	-\$90.96	-\$136.44	-\$181.92	-\$227.40	-\$272.88	-\$318.36	-\$363.83	-\$454.79	
72			-\$61.67	-\$77.09	-\$115.64	-\$154.18	-\$192.73	-\$231.28	-\$269.82	-\$308.37	-\$385.46	
84			-\$53.76	-\$67.20	-\$100.80	-\$134.40	-\$168.00	-\$201.60	-\$235.20	-\$268.80	-\$336.00	
96				-\$59.79	-\$89.69	-\$119.58	-\$149.48	-\$179.37	-\$209.27	-\$239.16	-\$298.95	
108				-\$54.04	-\$81.06	-\$108.07	-\$135.09	-\$162.11	-\$189.13	-\$216.15	-\$270.19	
120					-\$74.16	-\$98.89	-\$123.61	-\$148.33	-\$173.05	-\$197.77	-\$247.21	
132					-\$68.54	-\$91.38	-\$114.23	-\$137.08	-\$159.92	-\$182.77	-\$228.46	
144					-\$63.86	-\$85.15	-\$106.43	-\$127.72	-\$149.00	-\$170.29	-\$212.86	
180					-\$53.62	-\$71.49	-\$89.36	-\$107.23	-\$125.10	-\$142.98	-\$178.72	
All payments assume current prime rate of 3.50 APR as of 2/8/2016												
Payment Estimate - Code Compliance Owner Occupied												
Interest Rate=	3.50%											
	Loan Amount											
Term	\$500	\$750	\$1,000	\$1,250	\$1,500	\$1,750	\$2,000	\$2,250	\$2,500			
6	-\$84.19	-\$126.28	-\$168.37	-\$210.47	-\$252.56	-\$294.65	-\$336.74	-\$378.84	-\$420.93			
12		-\$63.69	-\$84.92	-\$106.15	-\$127.38	-\$148.61	-\$169.84	-\$191.07	-\$212.30			
18			-\$57.11	-\$71.38	-\$85.66	-\$99.94	-\$114.22	-\$128.49	-\$142.77			
24				-\$54.00	-\$64.80	-\$75.60	-\$86.41	-\$97.21	-\$108.01			
30					-\$52.29	-\$61.01	-\$69.72	-\$78.44	-\$87.15			
36						-\$51.28	-\$58.60	-\$65.93	-\$73.26			
42							-\$50.66	-\$57.00	-\$63.33			
All payments assume current prime rate of 3.50 APR as of 2/8/2016												
Payment Estimate - Code Compliance Non-Owner Occupied												
Interest Rate=	4.50%											
	Loan Amount											
Term	\$500	\$750	\$1,000	\$1,250	\$1,500	\$1,750	\$2,000	\$2,250	\$2,500			
6	-\$84.43	-\$126.65	-\$168.86	-\$211.08	-\$253.29	-\$295.51	-\$337.72	-\$379.94	-\$422.15			
12		-\$64.03	-\$85.38	-\$106.72	-\$128.07	-\$149.41	-\$170.76	-\$192.10	-\$213.45			
18			-\$57.56	-\$71.94	-\$86.33	-\$100.72	-\$115.11	-\$129.50	-\$143.89			
24				-\$54.56	-\$65.47	-\$76.38	-\$87.30	-\$98.21	-\$109.12			
30					-\$52.96	-\$61.79	-\$70.61	-\$79.44	-\$88.26			
36						-\$52.06	-\$59.49	-\$66.93	-\$74.37			
42							-\$51.56	-\$58.00	-\$64.45			
All payments assume current prime rate of 3.50 APR plus 1.00% as of 2/8/2016												