

# VILLAGE OF PALMYRA

## FAÇADE RENOVATION PROGRAM/REVOLVING LOAN FUND

- I. **PURPOSE.** The Village's intent in providing the revolving loan fund is to address the aging and deteriorating conditions of the exteriors of business buildings in downtown Palmyra and adjacent commercial and industrial areas.
- II. **OBJECTIVES.** The façade renovation loan fund program has the following objectives:
  - a. To renovate or rehabilitate the exterior of older commercial and industrial buildings in order to prevent or eliminate blight.
  - b. To protect and preserve those buildings which express the early history of Palmyra.
  - c. To retain and attract business to Palmyra in order to retain or create jobs and to bring retail, service and manufacturing enterprise to the community.
  - d. To continue to make good use of the 1993 Farmers Home Administration grant which established the revolving loan fund for façade renovations.
  - e. To achieve long-term return on the funds in order to undertake similar improvement projects for the overall good of the Village
- III. **ELIGIBLE PROJECTS OR ACTIVITIES.** Loans may be made to eligible owners of business structures consistent with criteria established within this policy, and only for the following purposes.
  - a. Necessary operating equipment on a case by case review. (Facade 0%) Making improvements to the front, side, and rear exteriors of buildings consistent with the original architecture, including but not limited to: painting, tuck pointing, repair/replacement of roofing, windows, and doors, removal of inappropriate materials and obsolete signs, replacement of awning and similar visual or structural enhancements. Interior renovations (4%): Ex: flooring, painting, lighting/fixtures, and air conditioner.
  - b. Providing aesthetically pleasing, functional signage or other business identification features.
  - c. Installing landscaping and pedestrian improvements directly related to the project.
  - d. Internal building improvements as determined by Village Board
- IV. **INELIGIBLE PROJECTS OR ACTIVITIES.** The following shall be ineligible for any loan under this program:
  - a. Specialized Equipment
  - b. Providing working capital.
  - c. Any expense, whether eligible or not, incurred prior to loan approval.
  - d. Improvements to buildings or businesses owned by not-for-profit organizations.
  - e. Loan applications by persons, firms or corporations where a conflict of interest would occur as result of such loan being made.

- V. **ELIGIBLE PROPERTIES.** Properties which will be eligible for funding under this program must meet all the following criteria:
- a. The building must be showing some deterioration or be a blighting influence on the community; or it must have the potential for original architectural features to be revealed if "modernization" treatments previously made to the building were to be removed and the building restored to its original appearance
  - b. The building must be primarily a business use and located in a district zoned B-1 (Central Business), B-2 (General Business), or I-1 (General Industrial) on the Village of Palmyra Zoning Map (see map on page 4). It is the intent of this section that all businesses located in downtown Palmyra, and adjacent commercial and industrial districts, because of location and high visibility may be eligible to participate in this program.
- VI. **FINANCING MECHANISM.** This program shall be financed by direct loans to the applicants from the Village of Palmyra using a revolving loan fund created in 1993 with a grant from the Farmers Home Administration. Each loan shall be secured by a mortgage or security which affords protection to the Village.
- VII. **LOAN TERMS AND CONDITIONS.** All loans granted under this program shall be subject to the following terms and conditions.
- a. Subject to the availability of funds, the minimum loan shall be \$2,000 and the maximum loan shall be \$15,000. If a building contains more than one primary business or store front, each such business or storefront may be eligible for a loan to the maximum allowable.
  - b. No loan shall be made under this program to any applicant who does not meet the borrowing standards of the Palmyra State Bank, the financial institution designated to administer the loans.
  - c. All loans shall be secured to the total amount of the loan by a mortgage on the real estate or by a security agreement as deemed appropriate by the Palmyra State Bank. Sufficient equity must exist in the property to cover loans or outstanding items and the amount of the façade renovation loan.
  - d. Loans made to tenants shall be secured by collateral acceptable to the Village and as recommended by bank officials. The tenant shall have an acceptable long-term lease of the property as determined by the bank.
  - e. A loan origination fee of 2% of the amount of the loan shall be deductible from the loan proceeds, with 1% being paid to the Village to defray building survey and inspection costs and 1% being paid to the Palmyra State Bank for processing the loan application and executing all necessary loan documents. The applicant shall also be responsible for additional fees covering the cost of a letter report and document recording as required.
  - f. The term of each loan shall be as determined by bank officials in consultation with the Village, but shall not exceed five years without approval of the Village Board.
  - g. The interest rate for loans for façade renovation projects approved by the Planning Commission and/or Village Board shall be 0%. The interest rate for all other loan (interior) projects approved shall be 4%.

- h. Each loan shall be payable in monthly installments, due on the first of each month, to the Village Loan Fund account at the Palmyra State Bank. No loan shall be subject to prepayment penalty.
- i. All façade renovation projects undertaken through this revolving loan program shall be completed within nine months of the loan closing date.
- j. The proceeds of each loan shall be paid in the name of the borrower by the Palmyra State Bank, working in conjunction with the Village, and shall constitute loan advance in the borrower's name. The bank shall not disburse any of the loan proceeds to any contractors, subcontractor or material supplier until it has written evidence that all work has been completed satisfactorily, that all federal regulations have been complied with; that all material suppliers laborers and subcontractors have been paid, or have delivered releases of their right to assert mechanics or any other liens upon the property.

VIII. **SERVICING AGENCY.** The servicing agency that shall assist the Village in processing and administering loans made hereunder shall be the Palmyra State Bank. The bank shall process and administer each such loan in a manner which is usual and customary with regard to other loans which it makes under similar circumstances.

IX. **APPLICATION PROCEDURE.** The following are the procedures for applying for a façade renovation loan:

- a. The prospective loan applicant shall first meet with the Village Clerk to determine if the proposed renovation project will conform to the purpose of this program and the applicant is able to comply with Village requirements with respect to building, zoning and other applicable codes, laws ordinances, rules and regulations. If it appears that the proposed project is eligible to participate in this loan program, an application form will be provided by the Village Clerk.
- b. The Building Inspector will then complete an initial inspection of the property and make a recommendation on the loan application form in accordance with eligible work activities, recommending any work required to comply with Village or State codes. This report shall be submitted to the Village Clerk who shall forward a copy to the applicant.
  - 1. Completed loan application form, including narrative explanation of the intent and scope of project, and anticipated time schedules for project work and completion;
  - 2. Two copies of design drawings (if applicable) of the proposed renovation.
- c. The Village Clerk will complete initial verification of program eligibility.
- d. The applicant shall prepare an initial cost estimate of the required and proposed work to be done. This will serve as the basis for determining the amount of the loan, and also for determining the reasonableness of the bid or bids received to perform the work. If the total estimated cost of the project exceeds the amount of the loan for which the applicant qualifies, or exceeds the applicant's financial capability to repay the loan, the project may be scaled back. However, the portion of the project required to bring the property to minimum code standards as identified by the Building Inspector will not be eliminated.
- e. Following receipt of a complete and full application in compliance with all requirements, the Village Clerk shall evaluate the proposal and make a

recommendation to the Village Board. The Village Board shall act to approve or disapprove all loan applications.

- f. Once an application has been approved by the Village Board, the Village Clerk shall notify the Palmyra State Bank of this fact and the applicant shall meet with bank officials to complete all additional requirements to consummate the loan.
- g. Applications that are approved by the Village Board must be acted on within 60 days of the date of approval or the applicant will need to re-apply with the Village Clerk's office.

X. **PROJECT LOAN PRIORITY.** Façade rehabilitation projects involving buildings of historic significance or character are encouraged; however, loan applications will be considered on a first come, first eligible, first served basis.

XI **APPLICATION DISAPPROVAL.** The following shall be grounds for disapproval of a loan application:

- a. The project or activity does not meet the eligibility requirements of Sec V.
- b. The property is not located within the designated project area.
- c. The applicant does not have sufficient financial security or property equity.
- d. The proposed renovation is not consistent with the architectural integrity of the building or the neighborhood.