

**CITY OF LAPEER
DOWNTOWN DEVELOPMENT AUTHORITY
BUILDING IMPROVEMENT LOAN FUND
LOAN PROCEDURES**

Loan Terms and Interest Rate

Businesses located within the Downtown Development District may borrow up to \$25,000 for 5 years at 3%. These rates are subject to change.

The Building Improvement Loan Fund is intended to leverage additional funds from private sources; therefore, it may be used in conjunction with other loans.

Marketing

Lapeer Main Street, Inc., through the City of Lapeer's Downtown Development Authority Office, located at 410 W. Nepessing St. #106 Lapeer, MI 48446, will be responsible for the marketing of the Loan Fund Program within the Downtown Development District.

Loan Pool Management

The Lapeer Development Corporation, located at 449 McCormick Drive, Lapeer, MI 48446, will administer the loan fund and service the individual loans.

The loan fund is managed cooperatively by the following organizations:

1. The Lapeer Main Street, Inc. was formed by the Lapeer Downtown Development Authority Board Members to facilitate rehabilitation of the downtown district. The Lapeer Main Street, Inc. board is the primary organization involved in the Building Improvement Fund Program.
2. The Lapeer Downtown Development Authority was established in 1982. Since its inception, the DDA board has financed and implemented a wide range of activities to build and promote the downtown district.
3. The Lapeer Development Corporation is a community based, non-profit, economic development corporation covering Lapeer County. The Lapeer Development Corporation, certified by the Small Business Administration, has and currently manages a loan portfolio of over \$2,000,000. The Lapeer Development Corporation has demonstrated the ability to screen loans to determine repayment ability, assist small businesses develop business plans, structure loans and service loans.

Building Improvement Fund Committee

Lapeer Main Street, Inc.'s Loan Committee, in conjunction with the Lapeer Development Corporation, will review each loan on an ability to pay basis and have the authority to approve or disapprove a loan request. The Committee will consist of the Chairperson, Treasurer and one at large member of the Lapeer Main Street Board. The Lapeer Development Corporation's Financial Analyst will present a financial analysis for each loan request to the Building Improvement Committee for their review. The DDA Executive Director shall serve as Secretary of the Committee.

Approval Criteria

- A. The financial information submitted by the applicant and the financial analysis prepared by the Lapeer Development Corporation adequately demonstrates an ability to repay the loan.
- B. If necessary, the Executive Director of the Downtown Development Authority will make a determination that the building for which the loan is requested is in adequate condition to be rehabilitated and put to commercial use for the term of the loan.
- C. All work done to the building meets the conditions set forth by the Lapeer Main Street, Inc.'s Design Committee.
- E. The applicant shall provide the following financial information to the Lapeer Development Corporation for the screening of the loan:
 - 1. Most recent personal tax return (Federal Form 1040) available, dated within 12 months of the date of application
 - 2. Personal financial statement, dated within 12 months of the date of application.
 - 3. Projected Cash Flow (by month for 12 months)
 - 4. Projected Employment (total persons expected to employ during term of loan)
 - 5. Verification of paid property taxes

If the applicant's request is approved, verification of adequate property insurance listing Lapeer Main Street as the mortgagee will be required.

Loan Approval/Disapproval

The loan committee shall make a formal recommendation for each approved design project to the Lapeer Main Street Board for their consideration.

The Closing Process

1. Upon approval of the project loan by the Lapeer Main Street, Inc. Board, the Lapeer Development Corporation will coordinate the closing process. The closing fee will be paid at the time of closing.
2. At the closing, the applicant may be asked to sign the following:
 - A. Affidavit As To Use of Loan Proceeds for Business Purposes
 - B. Note
 - C. Participating Business Loan Agreement
 - D. A Mortgage

Repayment

1. The Lapeer Development Corporation will provide the applicant with an amortization schedule and coupon book for the loan.

Repayments shall begin 30 days after the date of closing. Payments are made to the Lapeer Main Street, Inc. and are mailed to the Lapeer Development Corporation, 449 McCormick Drive, Lapeer, MI 48446.
2. In the event of delinquency, the Lapeer Development Corporation will:
 - A. Make a telephone call to the loan recipient informing them of the delinquency.
 - B. Follow-up the telephone call with a letter.
 - C. If payment is not received at this point, the Loan Committee of Lapeer Main Street, Inc. will be notified. The Committee will review the loan and action to collect the loan may take place, pursuant to the loan agreements.
3. In the event it is the decision of Lapeer Main Street, Inc. to take necessary legal action to recover losses of non-performing loans, the stated terms of the building improvement loan agreement shall become effective.

DESIGN PROCEDURES

The following is a list of the procedural steps necessary to be completed for Building Improvement funds. If it is necessary for your project to deviate from these procedures, the Design Committee or the Executive Director of the Downtown Development Authority must be notified at (810) 728-6598.

1. Call the Downtown Development Authority to inquire about your possible project. At the initial call, the Downtown Development Authority office will be able to advise you as to whether your property is within the Downtown Development District.
2. The potential applicant should then receive a copy of the design guidelines along with the cover letter indicating that the guidelines should be passed onto the applicant's architect if he has one.
3. If the applicant does not have an architect of his own, and wishes to take advantage of the Downtown Development Authority's free design assistance program, the Downtown Development Authority office can recommend a participating architect. Free architectural design services are available up to \$2,500.00. Costs exceeding the \$2,500 would be the responsibility of the applicant. In the instance when the applicant does not pursue an approved design, a fee of \$500.00 will be due to the Building Improvement Loan Program.
4. The applicant, their architect, the Executive Director of the Downtown Development Authority and the Design Committee meet to discuss preliminary design considerations. At this time, questions regarding procedure can be clarified and the design guidelines are reviewed.
5. The drawing and written recommendations of the architect for a rehabilitation or new construction project are submitted to the Executive Director of the Downtown Development Authority. At this time, the project can be evaluated for adherence to the guidelines.
6. The Executive Director of the Downtown Development Authority will then send a letter with a recommendation to the Design Committee. At this time, the Executive Director of the Downtown Development Authority (1) will recommend that the Design Committee approve the design project, (2) will recommend that the design be submitted to another architectural firm for review, or (3) will recommend that the applicant and architect reconsider their choice of design as it is not in conformance with the guidelines.
7. The Downtown Development Authority Design Committee will formally review the project design that has been recommended for approval and will make a recommendation to the Lapeer Main Street Board for their action.
8. Additional meetings of the Design Committee may be scheduled at the request of the Chairman of the Design Committee, the Downtown Development Authority Executive Director, or at the request of the applicant or architect. The Downtown Development Authority Design Committee shall meet as necessary to review

design work in progress or to consider design issues that may arise.

9. Upon approval of the Design Committee of the architectural plans and the project cost estimates, the applicant should contact the Lapeer Development Corporation at (810) 6670080 to request an application packet for Facade Loan funds.
10. The Downtown Development Authority will issue its letter of recommendation on the project to be attached to the applicant's facade loan fund application.

**CITY OF LAPEER
DOWNTOWN DEVELOPMENT AUTHORITY
BUILDING IMPROVEMENT LOAN PROGRAM DESIGN GUIDELINES
FOR NEW CONSTRUCTION**

RECOMMENDED

Buildings shall possess architectural variety, but enhance the overall cohesive community character. All commercial and office buildings should provide architectural features, details, and ornaments such as archways, colonnades, recesses, projections, wall insets, arcades, window display areas, peaked roof lines, decorative cornices or

towers. These elements should enhance and maintain the historic feel, charm and character of the downtown area.

Applicant should take advantage of design services available to businesses located within the Lapeer Main Street District through the Michigan Main Street program. These services include a consultation and conceptual sketch. Limited available exists through the Main Street program for a full architectural rendering.

Maintain compatibility with district through proper scale, color, design patterns, roofing, windows and other elements distinctive to the district.

NOT RECOMMENDED

Single story buildings should be discouraged when located between multi-story buildings or where the low scale will detract from the district's cohesive appearance.

Use of materials incompatible with the original architecture

Natural (silver colored) aluminum is not recommended.

CITY OF LAPEER DOWNTOWN DEVELOPMENT AUTHORITY BUILDING IMPROVEMENT LOAN PROGRAM DESIGN GUIDELINES FOR REHABILITATION OF EXISTING BUILDINGS

RECOMMENDED

Buildings shall possess architectural variety, but enhance the overall cohesive community character. All commercial and office buildings should provide architectural features, details, and ornaments such as archways, colonnades, recesses, projections, wall insets, arcades, window display areas, peaked roof lines, decorative cornices or towers. These elements should enhance and maintain the historic feel, charm and

character of the downtown area.

Applicant should take advantage of design services available to businesses located within the Lapeer Main Street District through the Michigan Main Street program. These services include a consultation and conceptual sketch. Limited available exists through the Main Street program for a full architectural rendering.

Maintain compatibility with district through proper scale, color, design patterns, roofing, windows and other elements distinctive to the district.

Reconstruct window brows were missing.

Reconstruct cornices where missing.

Removing existing non-conforming materials such as wood or metal siding, aggregate faced panels, porcelain enamel panels, etc.

Remove non-conforming signs, large plastic letters, back-lit plastic signs, etc.

NOT RECOMMENDED

Reduce the size of upper windows or display windows.

Natural (silver) aluminum replacement windows.

Covering over original architecture with wood siding, metal, aggregate faced panels, plaster, porcelain enamel or other contemporary siding.

Removal of cornices, window brows, other original detailing.

The use of back-lit plastic signs, plastic letters or large signs.

CITY OF LAPEER DOWNTOWN DEVELOPMENT AUTHORITY BUILDING IMPROVEMENT LOAN FUND DESIGN PROCEDURES

INTERIOR IMPROVEMENT REQUIREMENTS AND EXPECTATIONS

1. Meet with the Downtown Development Authority Executive Director to discuss project concept.
2. New or expanding businesses may identify project activities for interior building renovations, permanent equipment, and/or code compliance.
3. Business must provide detailed sources and uses for planned activities. Quotes from contractors, builders, and equipment must be included.
4. All work must be in compliance with the Michigan Building Code for New

Businesses and/or the Michigan Rehabilitation Building Code for Existing Buildings.

TYPES OF ACTIVITIES ALLOWED

1. Building renovations including floor, wall, or ceiling rehab.
2. Electrical Improvements
3. Permanent lighting installation, upgrades, and improvements
4. Bathrooms
5. Kitchen or other permanent equipment
6. Fire Suppression or other code compliance items

TYPES OF ACTIVITIES NOT COVERED

1. Fixtures and Furniture
2. Point of Sales Systems
3. Marketing expenses
4. Inventory of retail goods
5. Rent or mortgage payments
6. Utilities
7. Machine or equipment purchases or leases that are not permanent installations.
8. Taxes and insurance, professional fees, credit card processing fees and other soft costs.
9. Improvements or upgrades or any work that is deemed non-permanent.

OTHER DETAILS AND RECOMMENDATIONS

1. It is recommended that the business owner work with the Lapeer Development Corporation or the Small Business Development Center to help develop and/or refine the business plan and financial projections.
2. The business owner is strongly encouraged to maintain a relationship with the Lapeer Downtown Development Authority Director, LDC, and SBDC.

**AGREEMENT FOR BUILDING IMPROVEMENT LOAN FUND ARCHITECTURAL ASSISTANCE
FROM THE CITY OF LAPEER MAIN STREET PROGRAM
AND DOWNTOWN DEVELOPMENT AUTHORITY**

The City of Lapeer Main Street Building Improvement Loan Program provides up to \$2,500 in architectural assistance from a registered architect for business owners and building owners located within the DDA district of downtown Lapeer (see accompanying map of DDA district).

The purpose of the Building Improvement Loan Program is to encourage building and business owners to upgrade downtown buildings in a manner appropriate to the era of the building. The mission, design guidelines and procedures for the Building Improvement Program are provided in the accompanying Building Improvement Loan Program Design Procedures/Loan Procedures.

THIS AGREEMENT is made and entered into on the _____ day of _____ by and between the Downtown Development Authority of the City of Lapeer (the DDA) and _____.

RECITALS

- A. The DDA is authorized by the Downtown Development Authority Act to improve land and construct, reconstruct, rehabilitate, equip and improve any building within the downtown district for the use in whole or in part of any public or private person or corporation.
- B. The DDA has adopted a Development Plan authorizing the DDA to provide architectural assistance to building owners and business owners located within the DDA Development District.
- C. The DDA has adopted Program Guidelines for a Building Improvement Program to encourage high quality and historically sensitive building improvements within the Authority District Boundaries for the DDA.
- D. _____

_____ has requested Architectural Assistance from the DDA and agrees to abide by the program procedures and requirements.

NOW, THEREFORE, the parties hereby agree as follows:

