



Guidelines ~ Commercial Construction Loan

Schuyler, NE (City Council approved 02/04/14, Amended 6/15/2021)

1. Eligible commercial loans (LB 840 funded) must be located within city limits or 2-mile jurisdiction and includes new construction / remodeling of commercial buildings, commercial property infrastructure, and R3 properties.

Terms:

2. Minimum Loan = \$10,000 Maximum Loan = \$100,000
3. Loan \$50,000 or less not to exceed **50%** of Loan Value. (*See **Loan Value Determination**)
4. Loan greater than \$50,000 not to exceed **30%** of Loan Value. (*See **Loan Value Determination**).
5. Combined Loan-To-Value (**CLTV**) of loans (first & second) not to exceed **75%** of Loan Value.
6. Second position LB 840 loan amount **not** to exceed primary (first position) loan amount.
7. Loan secured with commercial property (second position acceptable).
8. 0% interest rate for up to 60 months of loan repayment (see **Repayment Schedule**).
9. Fixed interest rate for 61 - 120 months loan repayment. Interest rate set @ **3.0%** above Wall Street Journal (WSJ) prime rate and to be calculated on the first working day of the 59th month of loan - but no less than a fixed rate of **6.5%** per month for balance of loan beginning on the 61st month of repayment.

Repayment Schedule:

- \$10,000 - \$29,999 (36 months @ 0% interest)
- \$30,000 - \$39,999 (48 months @ 0% interest)
- \$40,000 - \$50,000 (60 months @ 0% interest)
- \$50,001 - \$59,999 (60 months 0% + 12 months fixed interest rate)
- \$60,000 - \$69,999 (60 months 0% + 24 months fixed interest rate)
- \$70,000 - \$79,999 (60 months 0% + 36 months fixed interest rate)
- \$80,000 - \$89,999 (60 months 0% + 48 months fixed interest rate)
- \$90,000 - \$100,000 (60 months 0% + 60 months fixed interest rate)

10. Maximum five (5) year term for commercial loan repayment if Approved Borrower is also receiving **Grow Schuyler Incentive**.

Annual Repayment: YR 1 = 10% YR 2 = 15% YR 3 = 20% YR 4 = 25% YR 5 = 30%

11. Repayment (monthly/annual) begins six (6) months from date of loan approval by City Council.

Loan Value Determination:

Commercial Construction Loan Guidelines Addendum for NON-PROFIT ASSOCIATIONS

6/1/2021

Schuyler Nebraska

As we continue to work to maintain and improve our downtown, we need to approve eligible commercial loans for remodeling of commercial buildings and commercial property infrastructure for non-profit businesses. This funding would only be available if there is adequate LB840 funds.

- Nonprofit associations can apply for commercial construction Loans.
- Loans would be for remodeling of commercial buildings, commercial property infrastructure – all to be within city limits.
- The minimum Loan = \$10,000 Maximum Loan = \$50,000
- This is a 0% interest rate for up to 60 months (see Repayment schedule noted on page 1 of 5 of guidelines).
- If we are the primary lender a first lien will be required not to exceed 75% of the loan value of the building. A second position is acceptable.
- These loans will be no longer than 60 months. There will be an annual repayment of 20% per year. The repayment (monthly/annual) begins six months from the date of loan approval by City Council.
- The Loan Value Determination:
 - Total cost of remodeling/construction estimates
 - Former Colfax County Assessed valuation
 - Insurance valuation
 - Commercial appraisal (if needed to be paid for by the borrower)
- Loan Processing Costs (title search, promissory Note, Deed of Trust, legal review, Construction Permit) incurred by Borrower, Loan Processing Costs are separate expense to Borrower and not included with commercial construction loan.
- Documentation will include:
 - Itemized construction cost of repairs and restoration
 - Federal Tax Return
 - Income Statements of Nonprofit for 3 years
 - Cash Flow Sheet
 - Business Plan
- Favorable review of loan application by the Loan Review Board (LRB) required prior to forwarding recommendation to The City of Schuyler City Council for final approval and authorizing issuance of Loan Agreement Letter and release of LB840 funds.

Disclaimer: Based on community needs and the availability of LB840 funds, not all eligible Applicants will receive funding authorization by the Schuyler City Council for loans recommended for approval by the Loan Review Board.



**Commercial Construction Loan Preliminary Application
City of Schuyler, Nebraska
Economic Development Investment Funds (LB 840)**

Type / Print Legibly

Business Name: _____

Business Address: _____

Business Telephone: _____ Business Email: _____

Owner/President/General Mgr: _____
(Last Name) (First Name) (Middle Initial)

Individual submitting Application: _____
(Last Name) (First Name) (Job Title)

Legal Address of Building/New Construction: _____

Business Applicant owner of property site: Yes / No

Describe Construction Planned: _____

Start Date: _____ Completion Date: _____

Total Construction Costs: \$ _____

Loan Amount Requested: _____

Commercial Construction Loan Position: 1st _____ 2nd _____

Documents required with Loan Application (but not limited to):

Repairs/Restoration Plan

Itemized Construction Costs/Floor Plan

Short Business Plan

Federal Tax Return (2 years- personal and if applicable business

Flow Sheet

Credit Bureau Report (CBR) Applicant provides or pays for SCD to run Balance/Cash Flow Sheet

I understand that the minimum loan is \$10,000 and maximum loan is \$100,000. Maximum loan amount will in part be determined by availability of LB 840 funds at the time of application. Loan \$50,000 or less is not to exceed **50%** of total Loan Value - loan secured. Loan greater than \$50,000 is not to exceed **30%** of Loan Value - loan secured. Combined Loan-To-Value (**CLTV**) of loans cannot exceed **75%** of building's loan value. Second position LB 840 loan amount not to exceed primary (first position) loan amount. Repayment begins six (**6**) months from date loan is approved by City Council. All payments are due at the first of each month. I certify that all information provided is true and correct to the best of my knowledge.

Applicant's Signature _____ Date _____

Please submit loan application and applicable documents listed on page 3 to:

Schuyler Community Development
Economic Development Coordinator
1119 B Street
Schuyler, NE 68661

Note: *Based on community needs and the availability of LB 840 funds, not all eligible applicants will receive loan approval by City Council.*