



DOWNTOWN LOAN PROGRAM DESCRIPTION

DOWNTOWN DEVELOPMENT AUTHORITY

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I. PROGRAM STATEMENT

The intent of the Downtown Development Authority low interest loan program is to strengthen the economic viability of downtown Alpena by providing financial incentives for improving the appearance and structural conditions of its buildings.

Downtown Alpena is unique to the economic health of the Alpena community because its condition, whether perceived or actual, plays such a large part in the impression people have of the greater area. The downtown is the focal point of the community and its deterioration will create an image of a deteriorating economic base and a lack of pride on the part of its citizens. As a result, our citizens and community may develop an undeserved negative image of the community's economic health.

Also, it is estimated that downtown Alpena annually contributes over one half million dollars in tax revenues alone to the greater Alpena area. Deterioration of this substantial financial input would have an additional undesirable impact upon the community.

The Downtown Development Authority is initiating and coordinating downtown activities in the area of organization, promotion, design, competitive management techniques, business recruitment and the effective use of vacant space. However, the ultimate success of downtown Alpena is dependent upon the level of private sector commitment. It is up to the merchants, building owners, residents, professionals and investors to improve the mechanics of their business and the condition of their buildings.

It is important to the aesthetic enhancement of downtown that building design treatments be compatible with each other. The Downtown Development Authority and the State of Michigan feel that the most cost-effective means for enhancement is the preservation of a building's original architectural features. Surely, there is no other locale in the world that duplicates the combination of design features that we have here in downtown Alpena.

Over the years, a number of downtown buildings have been architecturally altered in a manner that does not improve the appearance or the image of downtown. In some cases, alteration is not consistent with the overall design of the structure itself. Such building treatments are in direct conflict with the need for a comprehensive, coordinated approach to improvements.

This program is intended to stimulate improvements to downtown buildings by providing an innovative financing mechanism. It presents an opportunity to preserve our community's heritage and to enhance and promote the unique atmosphere that the downtown can provide. Successful implementation will result in a stronger downtown Alpena and a stronger community for the greater Alpena area.

II. PURPOSE OF LOAN PROGRAM

1. To directly stimulate design improvements to downtown buildings.
2. To stimulate building improvements in a coordinated fashion stressing overall downtown compatibility.
3. To stimulate building improvements according to the Downtown Development Authority's design guidelines that stress historical significance and the uniqueness of many downtown structures.
4. To indirectly stimulate building design improvements by establishing visible examples.
5. By the above, the program will strengthen the downtown in both image and structure, and will set the stage for further development.

III. DESCRIPTION OF PROGRAM – Exterior and/or Interior Improvements

1. Two of our local commercial lenders, Bank of Alpena, First Federal of Northern Michigan have agreed to participate in a low-interest loan program to facilitate improvements to the exteriors of downtown buildings.
2. Each institution has agreed to provide up to a maximum of \$100,000 in total loans with up to \$50,000 per loan customer (minimum loan \$10,000) for implementation of the program. Each institution has agreed to look at projects on an individual basis and may increase the maximum loan amount.
3. Loan pricing will be as follows: a **floating** rate of prime (as listed daily in the Wall Street Journal) minus one hundred basis points (1%); or a **fixed** rate at the five year treasury rate plus 250 basis points (2 ½%) with a five year term. The lowest rate on any loan offerings will be will be 4.25%.
4. As a result, the total Downtown Development Authority program amount will be \$200,000 at an interest rate significantly below that of market rates.
5. The term of each participant loan will be determined by the financial institution handling the particular loan but will not exceed five (5) years. Amortization period for the loan will not exceed 20 years.
6. The Downtown Development Authority will contribute up to \$500 toward the closing costs of an approved loan with any of the participating banks.

IV. LOAN USE

1. Loans provided by this program are to be used for exterior and interior rehabilitation to existing buildings within an area defined by the Downtown Development Authority.
2. All improvements are to be approved by the Design Committee of the DDA. in accordance with the Downtown Development Authority guidelines. Applicants who deviate from the approved application may be disqualified from the loan program (See Section VI, 3, E).
3. Maximum loan amount is: \$50,000 per building [see III. (2)]
 - a. Waivers of this limit can be requested in writing as an attachment to the preliminary loan application.
 - b. In the case(s) where a particular loan(s) would have an impact on the downtown significantly beyond that expected of program loans, the maximum loan amount may be increased subject to the approval of the Downtown Development Authority.
4. Building owners and tenants within the geographic boundaries stated in Section IV.1, are eligible to apply for participation in this program. Tenant applicants are required to submit written evidence of building owner approval of the application. Property taxes and insurance on the real estate must be current.
5. Examples of eligible and ineligible activities:
 - a. Eligible improvements include, but are not limited to:

Exterior

Lighting
Signs
Paint
Cleaning
Energy Conservation
Awnings
Labor
Material
Entrances
Window Repair
Masonry Work/Sidewalks

Interior

Painting
Plumbing
Electrical Work
Structural Alterations
Wallpaper
Carpet
Stationary Fixtures
such as bathtub or sink

- b. Ineligible improvements include, but are not limited to:

Exterior

Inappropriate Cleaning Methods

Interior

Appliances

Methods

Furniture

Inventory

Display Fixtures (unless
attached to walls)

V. LOAN POLICY

In addition to the Downtown Development Authority Design Guidelines, the Downtown Development Authority Design Committee shall consider the following guidelines when reviewing and acting on program applications.

1. Program Impact:

- a. The loan program boundaries include a substantial number of buildings and it is recognized that improvements to one structure may not have as great an impact on the downtown as improvements to another.

Since the total program dollar amount is limited, it is the intent of the Downtown Development Authority to provide the downtown with the greatest impact possible. Therefore, the Design Committee of the DDA reserves the right to deny or amend an application based upon the reservation of funds for potential projects that would have, in the Committee's evaluation, the greatest impact to downtown Alpena.

- b. The Design Committee reserves the right to reject any application for a building which, in the Committee's evaluation, is in such a state of deterioration that the proposed loan could not be recovered during its term, or the proposed investment is at best a stop-gap measure against imminent demolition.

2. In no event shall the Downtown Development Authority Committee, or any financial institution involved in this program use race, sex, age, or religion as grounds for refusing a loan to an eligible applicant.

VI. PROGRAM IMPLEMENTATION

1. Marketing: The Downtown Development Authority will conduct a comprehensive effort to alert and educate building owners, tenants and the community as to the availability and benefits of the program.
2. Application process:
 - a. Applications for the program are available from the Downtown Development Authority Director.
 - b. The application form will contain all items necessary for the Design Committee consideration.
 - c. The Design Committee will meet, as necessary, to review applications unless determined otherwise by the Committee.
 - d. The Design Committee will review the application and either approve or reject it.
 - e. If approved, the Design Committee will forward the application to the Kenneth Kolasa for review. Mr. Kolasa will counsel the applicant to determine if applicant has a bank-ready application. If it is determined that the applicant needs more planning or financial support to improve the probability of bank approval, Mr. Kolasa will refer the applicant to the appropriate agency.
 - f. If rejected, the Design Committee will explain, by letter to the applicant, the reasons for rejection and what, if any, steps can be taken to receive approval.
 - g. The reviewing bank will approve or reject the application according to its established credit practices.
 - h. If the application is rejected by the reviewing bank, the applicant has the option of applying to the remaining participating financial institution. Applicants must only submit to one lending institution at a time.
 - i. Each applicant will have 30 days from the date of the Design Committee approval to receive approval by a participating bank. This time limit may be extended by the Design Committee upon the request of an applicant experiencing, according to the Committee's evaluation, special circumstances.
 - j. Loan monies will be distributed to the applicant on an as needed basis. Such need will be determined by the participating bank.

3. Post application procedure:
 - a. Prior to disbursement of bank loan funds, the Downtown Development Authority Director and Design Committee shall be responsible for assuring that any work done on an approved project is consistent with the application and design, as approved.
 - b. Any changes in work verification must be approved by the Downtown Development Authority office. The Design Committee shall have the authority to approve or reject such changes.
 - c. All approved changes in work verifications shall be attached to the original application in the form of an addendum, dated and signed by the Downtown Development Authority Director.
 - d. The Downtown Development Authority office will conduct periodic inspections to ensure compliance with technical specifications.
 - e. Deviations from an approved plan may disqualify the applicant from this loan program. Such deviations may cause one or both of the following:
 1. The total loan being subject to market interest rates;
 2. Remaining disbursements to be ceased.

VII. PROGRAM AMENDMENTS

The details of the Downtown Development Authority Loan Program may be amended subject to the formal approval of the Downtown Development Authority and each of the participating banks.

SUMMARY SHEET: DOWNTOWN DEVELOPMENT AUTHORITY LOAN PROGRAM

The Downtown Development Authority and four downtown commercial lenders: Bank of Alpena, Citizens Bank, First Federal of Northern Michigan and National City Bank are participating in this facade and interior improvement loan program which is intended to stimulate improvements of downtown commercial buildings.

Who is Eligible?

Owners and/or tenants of existing buildings within the Downtown Development Authority target area. One exception follows: All participants receiving s through the program shall not be in arrears with the City of Alpena or Alpena County for real or personal property taxes for the building or business for which the has been applied.

Total Program Amount:

\$200,000

Maximum Loan Amounts:

Exterior improvements - \$50,000 per building (waivers of this maximum amount can be requested at time of application).

Interior improvements - to be determined.

Loan Interest Rates:

The rate is either floating or fixed (see the program description). The Downtown Development Authority will contribute \$500 toward the closing costs for each borrower on an approved loan.

Loan Term:

The term for each loan will be determined by the financial institution handling the particular loan, but will not exceed five (5) years.

Procedures:

- Applications are available from the Downtown Development Authority office.
- The Downtown Development Authority Design Committee will review the application to be sure the project is in accordance with the Downtown Development Authority Alpena Design guidelines and the intent of the loan.
- Following its approval, the Downtown Development Authority committee will forward the application to the participating financial institution of the applicant's choosing for financial approval.



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LOAN PROGRAM APPLICATION FORM

1. Name of Applicant:

2. Mailing Address:

3. Telephone No.:

4. Project Address:

5. Does the applicant own the building? ____ Yes ____ No
6. If the answer to No. 5 is no, please attach a letter from the owner expressing approval of the project proposed.
7. Estimate project cost:

8. Provide cost breakdowns by major categories such as signs, awning, painting, repair, carpentry, electrical, etc., as an attachment to this application.
9. Proposed project start date:

10. Proposed project completion date:

11. Please check program you are applying for:
____ Loan program ____ Exterior Improvement ____ Roof
____ Interior ____ Upper Story Restoration/Replacement ____ Fire Alarm
12. Financial institution to which you will be applying for funds:

13. Existing use(s) of building:

14. Will project proposal correspond with a change in building use?

- If so, to what?

15. Project will involve building's: ____ Façade ____ Exterior Side walls ____ Roof
____ Exterior ____ Rear Wall ____ Interior ____ Fire Protection
____ Upper story Renovation
16. Please attach a copy of the project design or a detailed written description of the proposed project.

The undersigned applicant affirms that:

- A. The information submitted is true and accurate to the best of my (our) knowledge.
- B. I (We) have read and understand the conditions of the Façade & Loan Program and agree to abide by its conditions and guidelines.

SIGNATURE OF APPLICANT(S):

_____ Date: _____
 _____ Date: _____

<p>Office Use Only</p> <p>Committee Action: _____</p> <p>Financial Institution Action: _____</p> <p>Approved Loan Amount: _____ Loan Terms: _____</p> <p>Project Manager Notes: _____</p> <p>Application Amendments: _____</p> <p>Other Comments: _____</p> <p>_____</p> <p>_____</p>
