

### **Loan Fund Purpose**

The City of Tacoma Community & Economic Development Department's Business Façade Improvement Loan Program (BFILP) is designed to remove blight, beautify storefronts and improve older neighborhood business districts. This program provides gap financing, which is used in combination with the borrower's other financial resources. In all cases, borrowers must demonstrate the ability to repay the loan and provide sufficient security.

### **Administration and Loan Terms**

The BFILP is administered by the Tacoma Community Redevelopment Authority (TCRA) and staffed by the City Community and Economic Development Department (CEDD).

Loans are available on a reimbursement basis up to 50% of approved façade project costs. The minimum loan is \$5,000 and the maximum loan is \$50,000. Loans carry a fixed 3% interest rate with principal and interest payments due monthly for a maximum term of 10 years.

### **Eligible Applications**

- Owner of an existing Tacoma business and/or commercial building.
- Façade improvements, such as windows, doors, paint, awnings, security alarms, light fixtures, signage and other exterior enhancements.
- Business tenants must have building owner consent and signed lease/intent to lease for the improved area.
- Tenant borrowers must have a lease term equal to the proposed loan term.

### **Ineligible Applications**

- Exclusively residential properties.
- Common areas of a mixed use project that benefit residential units.
- High rise buildings not eligible, but individual commercial condo units may qualify.
- Routine inspection and maintenance costs are not eligible.

### **Loan Collateral**

Loans will be secured by a lien on the real property and/or FF&E. The loan to value ratio (LTV) cannot exceed 90%. If the borrower is not the building owner, TCRA may need to secure additional assets to meet the LTV requirement. All BFILP loans shall have the unlimited guarantee of the principal owners of the business entity.

### **How the Process Works**

- Borrower initially meets with CEDD staff and submits a detailed project cost estimate.

- Upon initial staff screening borrower submits a loan application along with business financial statements, tax returns, leases and other documents to determine ability to repay the loan. Documents necessary to consider the loan application are listed on the Façade Improvement Loan Program Checklist.
- The loan is underwritten and packaged for consideration to the TCRA Board. Underwriting review will focus on the credit score of the principal(s) of the business, debt service capacity through a review of the business financial statements and confirmation that sufficient equity exists to meet the 90% LTV requirement. For loan requests under \$25,000 a credit score of 725 and sufficient collateral would be the primary factors in the underwriting process. Personal financial statements may be required for loan amounts above \$25,000.
- Upon approval from the TCRA Board and the City's Planning and Development Services Department, the TCRA lien is placed on the property securing the proposed loan and any other liens required to perfect the collateral. The borrower then completes the project using funds currently available.
- Borrower submits the 50% reimbursement request accompanied by documentation of the costs incurred for the project. The reimbursement request and supporting documentation are reviewed by CEDD staff to confirm that all proposed work covered by the BFILP has been completed to standards set forth by the City of Tacoma's permitting process and the Planning and Development Services Department and all contractors have been paid for their services or have billed the borrower for their services. CEDD staff will arrange with the borrower to visit the site to confirm and photograph façade improvements. The TCRA will then issue reimbursement to the borrower for costs incurred as part of the façade improvement project.
- Loan is then fully executed.
- Borrower begins making monthly principal and interest payments on the loan.

#### **Other Information**

- Loan-related work must be performed by bonded and licensed contractors.
- Soft costs (e.g. drawings, engineering, recording fees, title reports) may be part of project cost.
- Determination of the value of real property can be verified through a recent (within last 6 months) appraisal, broker's price opinion and/or market analysis, at the discretion of the TCRA.
- Loan fee of 1% plus closing costs applies and is due upon loan signing. This fee can be included in the amount financed.

#### **Contact**

For more information or an application, contact:

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