



## PROGRAM DESCRIPTIONS

The Fullerton Redevelopment Agency offers two types of loans for rehabilitation and improvement of commercial property located in redevelopment project areas. One program serves as an incentive to property owners in the Downtown and Orangefair project areas to restore or rehabilitate older buildings. The other program serves as an incentive for tenants to upgrade, expand, or move into any of the project areas.

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## PROGRAM TYPES

### *Property Owner*

Since this program is primarily for the purpose of restoring exteriors of older buildings to their original appearance, appropriate architectural treatments must be included. The program is not to be used for maintenance activities or for work on new or modern buildings. The property owner program requires that the Agency funds be spent on the exterior of the building, while the property owner's required investment can be spent on either the interior or exterior.

### *Tenant*

The tenant program can include both exterior and interior work, including immovable fixtures and equipment and can apply to any age commercial building. The tenant must be a restaurant use, a retail use which will generate substantial sales taxes, or a use which is determined by the Agency to be of benefit to the community. The tenant may be an existing or a new business, and must be able to provide secure collateral for the Agency loan. Movable furniture, fixtures, and equipment are not eligible for Agency funding, but may be funded by the applicant's required match. Evidence must be provided that the improvements to be funded by the Agency would not occur without Agency participation.



## **LOAN LIMITS AND REQUIRED OWNER INVESTMENT**

### *Property Owner*

The amount of the Agency loan depends on the total project cost. Projects costing \$50,000 or less are eligible for up to \$7,500 and projects costing between \$50,000 and \$100,000 are eligible for up to \$15,000. A dollar of dollar match is required up to the loan limit. As an example, in order to receive the full \$7,500 loan, a project would have to cost at least \$15,000. Projects costing over \$100,000 are eligible for a loan of 25% of the actual costs with a \$100,000 cap.

### *Tenant*

The tenant loans are 50% of the project costs with a limit of \$50,000.

## **LOAN TERMS**

### *Property Owner*

The Agency loan will be interest free. Repayment of the loan will be deferred until sale or transfer of the property. Inheritance or transfer to family members will not trigger repayment.

### *Tenant*

The Agency loan must be repaid in ten (10) equal annual installments beginning on the earlier of eighteen (18) months after the date of the loan agreement or twelve (12) months from completion of the project evidenced by recording of a Notice of Completion. No interest will be charged on the Agency loan. In the event the tenant goes out of business during the repayment period, the remaining balance of the loan shall be immediately due and payable.

## **COLLATERAL FOR LOAN**

### *Property Owner*

The collateral will be the property receiving the improvements. The Redevelopment Agency has adopted a policy that requires a maximum loan to value ratio for all debt on the property, including the Agency loan, of 70%. If this ratio will exceed 70%, the applicant must provide satisfactory equivalent



additional security or the Agency loan will be reduced. The Agency may secure an appraisal at owner's expense for projects which appear marginal or exceed the 70% ratio.

### *Tenant*

The collateral can be the property receiving the improvements if the property owner consents, subject to the 70% limitation, or other real or personal property which offers similar security for the Agency loan. Examples would be personal residences, pledge of securities covering 100% of the loan amount, or investment property. Other similar security will be considered. The Agency may secure an appraisal at the tenant's expense for project's that appear marginal, exceed the 70% ratio, or include security of questionable value.

### **PREVAILING WAGE**

Loan participants will acknowledge and agree that they shall be required to cause all of its contractors and their contractors to pay prevailing wages in compliance with California Health and Safety Code Sections 33423 through 33426 and California Labor Code Section 1770 *et. seq.*

### **ARCHITECTURAL REVIEW**

Projects which involve historic buildings or significant exterior alterations to any building will require review by the Redevelopment Design Review Committee. The applicant will be required to provide the appropriate plans and material and color samples to facilitate this review.

### **PROCESSING**

In order to process the loan application, cost information for all aspects of the project will be needed. Plans must be prepared and processed through normal City review and plan check. At least three responsible bids must be received and submitted. While the applicant does not necessarily need to select the lowest responsible bidder, there must be a valid and compelling reason to choose a higher bid. When the costs are fully determined, the loan agreement will be prepared and scheduled for consideration by the Redevelopment Agency Board. Should the Agency Board approve the loan request, the loan

**COMMERCIAL REHABILITATION LOAN PROGRAM**



agreement must be signed by all parties and recorded. Work on the project must not begin prior to recordation.

The applicant is responsible for paying all bills. Copies of bills, cancelled checks, and labor and material releases must be submitted to the Redevelopment Office for reimbursement. A 10% retention will be held until thirty (30) days after recordation of a Notice of Completion for the project.