

CODE COMPLIANCE (CC) LOAN PROGRAM

FULLERTON REDEVELOPMENT AGENCY

DESCRIPTION

The Code Compliance (CC) Loan Program is intended to encourage business owners to reinvest in existing buildings and help finance alterations and improvements necessary for compliance with building and fire codes. Providing sprinklers and satisfying current building and fire codes, increases the safety of buildings and occupants. This program is funded by the Redevelopment Agency.

Loan applications will be reviewed on a first come, first served basis and completed applications will be presented to the Agency for approval.

ELIGIBLE BORROWERS

Businesses in the Downtown (within the designated redevelopment area) found not to be in compliance with City Codes as a result of the recently adopted Alcohol Consumption and Administrative Restaurant Use Permit ordinances would be eligible to apply for a CC loan to assist with installation of code compliance improvements.

The loan application requires a personal and business credit history authorization from the borrower for review. The cost of the credit reports may be deducted from the loan amount.

The Agency also requires a title report at the borrower's expense to confirm property ownership and/or existing liens. The cost of the title report may be deducted from the loan amount.

A loan application fee will not be charged. However, borrowers need City plan approval prior to starting improvements, and would need to procure three (3) Bids for the Code Compliance work.

Typical code compliance issues covered under this loan program include the following:

- Fire sprinkler systems
- Restroom facilities
- Exterior and interior lighting

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Not included in this program are costs arising from:

- Signs
- Parking lots
- Roofing alterations not required by code compliance improvements
- Business equipment
- Interior and exterior decorating and other normal maintenance activities
- Interior wall alterations not required by code compliance improvements

Improvements will need to be consistent with the architectural and historic character of the building (if applicable) and may be subject to review and approval by the Redevelopment Design Review Committee (RDRC).

MAXIMUM LOAN AMOUNT

Financial assistance is limited to amounts needed to correct code deficiencies (including ancillary processing costs such as property appraisals, title and credit history reports). Loans could be approved in the maximum amount of \$50,000, based on the type and extent of code deficiencies and the capacity of the borrower to repay the loan. Borrowers will be responsible for any additional costs over \$50,000 to achieve full code compliance.

A CC loan is to 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. (Note: there is no matching requirement.)

COLLATERAL

Loans are to be secured by a Deed of Trust, recorded as a lien against the Borrower's real property and/or other approved security. If a mortgage already exists on the property, the loan shall be limited to the building's appraised value at completion less the existing mortgage(s). The Redevelopment Agency has adopted a policy that sets the maximum loan to value (LTV) ratio for all debt on the property, including the potential Agency loan, at 70% or as otherwise determined by the Agency Board on a case-by-case basis.



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In the event a tenant is the loan applicant, the tenant must provide an acceptable alternate security. The collateral can be the property receiving the improvements if the property owner consents, subject to the 70% LTV limitation, or other real or personal property which offers similar security for the Agency loan. Examples would be personal residences, pledge of securities investment property, or other cash value of life insurance policies. Other security alternatives would require Agency approval.

PROCESSING

In addition to the loan application, a Scope of Work describing the proposed improvements will be required. The Building Division of the Community Development Department will also review the Scope of Work and certify that the proposed Scope of Work will bring the building into full code compliance.

LOAN APPROVAL

When the application package is complete, the loan request will be scheduled for consideration by the Agency.

LOAN DISBURSEMENTS

The borrower is responsible for paying all bills. Disbursement of the loan proceeds will only be made after the borrower has submitted proof of payment for expenses incurred (such as but not limited to, receipts, copies of cancelled checks, and credit card statements) to the Agency for review and approval as eligible expenses.

A 10% retention (of the total loan amount) will be held until thirty (30) days after recordation of a Notice of Completion for the project. Improvements must be completed within eighteen (18) months from the date of the loan closing or as otherwise determined by the Agency Executive Director.

LOAN APPLICATION

To apply for a CC loan, please fill out the Commercial Loan Application dated 01/29/09. Questions and applications should be directed to Nicole Coats, Redevelopment and Economic Development Project Manager at NicoleC@Cl.Fullerton.CA.US or (714) 738-4102.

