

PORTSMOUTH REDEVELOPMENT AND HOUSING AUTHORITY  
COMMERCIAL FAÇADE IMPROVEMENT LOAN PROGRAM GUIDELINES

GENERAL INFORMATION

**PURPOSE:** The purpose of the PRHA Commercial Façade Improvement Loan Program is to offer attractive low-interest rehabilitation loans to property owners of commercial structures in the Downtown and Midtown Districts. Loan funds will be eligible for making improvements to real property through the rehabilitation of facades of existing structures.

**ELIGIBLE PARTICIPANTS:** Owners of existing commercial and/or mixed-use structures within the program area.

**ELIGIBLE STRUCTURES:** Existing commercial and/or mixed use structures located within the Downtown/Midtown Enterprise Zone. New construction activities are not eligible under this program. Structures that are solely residential reuse are exempt from this program.

**TIME FRAME:** Applicants must be prepared to initiate and complete rehabilitation in a timely manner.

**RATE:** Prime minus 2.0%, with a floor of 3.0%.

**TERM:** 10 years

**ORIGINATION FEE:** 1% (eligible for inclusion as part of the loan)

**Loan Amounts:** Minimum: \$5,000  
Maximum: \$50,000 (not to exceed \$50 per sq. ft. of façade area)

Required City of Portsmouth approvals must be obtained prior to closing on the loan.

All City of Portsmouth taxes must be current.

All rehabilitation work shall be in conformance with all applicable City of Portsmouth Building Code and Zoning Ordinances.

Landscaping and other ancillary improvements may be deemed an eligible expenditure under the program.

No part of the loan made shall be earmarked for or loaned to purchase furniture, trade fixtures, equipment, inventory, stock in trade, or for working capital.

## APPLICATION AND APPROVAL PROCEDURES

1. All loans must be approved by PRHA prior to the disbursement of any loan funds.
2. For a proposed loan, a Commercial Façade Improvement Loan Application should be obtained from and returned to PRHA.
3. Prior to final approval of a loan application, PRHA will review the loan application package and ascertain that all necessary documentation is present and in the correct form. Following loan approval by PRHA, the closing attorney selected by PRHA will prepare the loan closing documents which conform to the commitment letter and present final resolution to the Commissioners.

## SETTLEMENT AND PROJECT COMMENCEMENT

1. After approval of the final resolution by the Board of Commissioners, a loan settlement may be arranged.
2. PRHA shall be responsible for reviewing and approving all loan applications made.
3. Repayment of the loan will be made on a monthly basis directly to PRHA or its servicing agent.
4. No loan shall be extended, modified or refinanced without the prior written consent of PRHA.
5. No loan shall be assumed or transferred and no conveyance or transfer of the security shall be permitted without the prior written consent of PRHA.
6. The Construction Phase shall be initiated within 30 days of loan closing. The Construction Phase is considered to be initiated with the issuance of a Notice to Proceed to the contractor, a copy of which is to be provided to PRHA.
7. The Construction Phase will terminate when final payment to the contractor is due, or in the absence of a final Certificate for Payment or of such due date, 60 days after the date of Substantial Completion of the work, whichever occurs first.
8. During the rehabilitation period, frequent periodic inspections of construction progress and performance in accordance with the written explanation of the work to be accomplished may be required by PRHA. Approval of draw requests shall be dependent upon satisfactory inspections.
9. Applications for disbursement of funds (draws) will be made by the borrower directly to PRHA and will be governed by the requirements of PRHA.

## GROUND FOR REJECTION

**CREDIT INVESTIGATIONS:** A written credit report shall be obtained for each applicant from a recognized credit reporting agency. If the credit report does not provide sufficient information, such as credit experiences, the PRHA will obtain its independent verification of payments history. In addition, verification (either written or verbal) of the applicant's banking experiences shall be obtained.

**FILES AND RECORDS:** The applicant's loan documents will be kept in a confidential file and will be maintained for a period of seven years after the date that the loan is paid in full.

No application for a façade improvement loan shall be approved if the Authority's credit investigation indicates that any one of the following conditions would exist:

- The applicant has a deficit net worth.
- The applicant has debts exceeding worth by a factor of 5.
- The applicant has a pending bankruptcy petition.
- The applicant has a record of back overdrafts.
- The applicant has an unsatisfactory loan payment record.
- The applicant has a credit payment record 60 days slow.
- The applicant has judgments, garnishments, or tax liens.
- The applicant has been convicted of a felony.

The items above are not intended to be all-inclusive. It is recognized that prudent lending practice requires that an applicant's character is also a vital element in the approval process. Should the Authority's credit investigation reveal information that indicates an applicant's reputation for creditworthiness is impaired, such information shall be documented and shall be grounds for disapproval of the application. No application shall be denied on the basis of the race, creed, sex, religion, or national origin of the applicant.

## BAD DEBTS

If a borrower makes a payment later than 10 days from its due date, a late charge of 10% shall be assessed. If a borrower is more than 60 days delinquent in making the required payments, legal action shall be taken in order to collect on the loan. Should the borrower default under the terms and conditions of the loan, PRHA shall foreclose under the lien of its deed of trust. If proceeds from foreclosure are insufficient to retire the debt to PRHA, a deficiency judgment shall be obtained against the borrower under the provisions of the promissory note and/or personal guaranty.

## PROGRAM CHANGES

This program is subject to change or cancellation at any time by the Board of Commissioners of PRHA. In addition, any condition of a loan or of these policies and procedures may be waived by official action of the Commissioners.