

CITY OF HALLANDALE BEACH
ADMINISTRATIVE POLICY

DATE OF ISSUE: June 27, 2005

NO: 2027.003/R1

EFFECTIVE DATE: June 27, 2005

SUBJECT: Commercial Loan Program

REVISION DATE: March 22, 2006

APPROVED:

Nydia M. Rabin for
D. Mike Good, City Manager
5/19/06

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Policies Cross Referenced: 2027.001 "Procedures for Exemptions of Special Districts;
2027.002/R-2 "Neighborhood Improvement Program
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I. **PURPOSE/INTENT**

The purpose of this Administrative Policy is to establish the terms of the Commercial Loan Program (consisting of the Commercial Code Compliance Program, Foster Road Code Compliance Program, and the Commercial Façade Program).

II. **DEFINITIONS**

Commercial/Foster Road Code Compliance Loan Program

Loan program to assist owners of commercial properties to address code deficiencies.

Commercial Façade Loan Program

Loan program to assist owners of commercial properties in upgrading the exterior aesthetics as well as address code deficiencies on their properties.

Subordination Fee

The assignment of the City's Commercial mortgage to a position of secondary importance, status, or rank.

Community Redevelopment Area (CRA)

The area bound to the north by Pembroke Road, to the south by the Dade-Broward County line, to the west by Interstate 95 and to the east by NE 14th Avenue and the 14th Avenue Canal.

Transfer

Any change in ownership which is different from the name(s) on the original mortgage and promissory note.

III. POLICY/PROCEDURES

A. Participation Eligibility

1. **Business within the Community Redevelopment Area (CRA) that have Code deficiencies or want to improve the exterior façade of their building may qualify for one of these programs to help improve their property and correct code deficiencies (interior and exterior).**

Types of code deficiencies may include, but not be limited to the following:

**Parking/Drainage
Structural Improvements
General Property Maintenance
(Lighting, Windows, Doors, Painting)**

2. **Financial assistance is limited to the amounts needed to correct the code deficiencies. Commercial Loan amounts may be approved up to a maximum amount of \$100,000 based on the type and extent of the code deficiencies and the capacity of the business to repay the loan and Commercial Façade Loan amounts may be approved up to a maximum amount of \$50,000.**
3. **Owners will be responsible for obtaining written estimates and required permits.**
4. **Applicants must submit an application along with a non-refundable application fee of \$750.00.**
5. **Development Services and Finance staff will review all applications and the business' current financial situation to determine its ability to pay back the loan.**
6. **The first fifteen percent (15%) of the loan amount will be waived for payback. Monies beyond the waived amount will be paid back at four percent (4%) interest over a period of ten (10) years.**
7. **A ten year lien is placed on the property. All code corrections must be maintained for the ten year period. If the property is sold within the ten year period, the owner is subject to penalties as outlined in the Mortgage document. The City's lien will be maintained in the position of no lower than second place.**
8. **Subordination requests will be accommodated with proof of appraisal and loan to value not to exceed 80% and payments are current. A subordination fee of \$250.00 will be charged per subordination.**

B. Default of the loan is defined below:

1. **If payments are not made for a three month period, the full loan amount granted by the City, plus penalties are due. Foreclosure may be pursued legally.**

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2. Failure to maintain current loan payments, payments for City services, current property taxes and insurance and/or properly maintaining the completed improvements may result in a request for accelerate payment in full.
3. If property is sold or transferred within two (2) years of loan closing, the full amount loaned plus an accelerated seven (7%) interest must be paid to the City.
4. If other non payment related terms, as specified within the Mortgage and Promissory Note, are not met.

C. Subordinations:

1. The City will not subordinate the NIP loan balance after five years from the date of the mortgage. The loan balance must be paid in full to the City.
2. The new mortgage amount together with the City's lien, plus the total of any outstanding encumbrances against the property must not exceed 80% of the appraised value.
3. The City of Hallandale Beach will only subordinate to second position.
4. The City of Hallandale Beach will not agree to subordinate to any future advances and / or cash out financing.
5. All loan terms may be subject to City Manger's review for approval under special circumstances to ensure the protection of the homebuyer, the City and the objectives of the City's loan programs.

IV. BUDGET

Annually, staff will evaluate the number of potential applicants and propose an appropriate budget to be presented to the City Manager, CRA Board of Directors, and the City Commission.

- A. Applicants that apply for one of the Commercial Loan Programs, may not utilize additional funds available through any other commercial loan program.
- B. A business may only utilize a loan program once per property.

V. ADDITIONAL INFORMATION, REQUIREMENTS, AND RESPONSIBILITIES

The Development Services Department will be responsible for updating this Policy.