REDEVELOPMENT AGENCY
OF SALT LAKE CITY

NEW CONSTRUCTION LOAN CRITERIA

The Redevelopment Agency will act as a lender-of-last-resort, providing low interest loans for a portion or all of eligible development costs not covered by private financing. Developers can use the funds to finance the construction of new residential, mixed-use or commercial buildings. Loans will be made to the extent funding is available and will be considered on a first-come-first-served basis.

Eligible Properties:

1. Commercial, residential, or mixed-use properties located within a designated Redevelopment Agency (RDA) Project Area.
2. Proposed construction contributes to the RDA goals for the Project Area. RDA goals are available upon request.

Persons Eligible to Apply:

1. The applicant for a loan must be the title owner to the property.
2. Property taxes and special assessments must be current.
3. No judgments or liens are outstanding against the applicant.
4. Applicant's credit history shall demonstrate prompt payment of past obligations. Applicant shall have income adequate to repay the funds loaned.
5. The Agency shall not discriminate against any applicant for a loan because of race, handicap, age, color, religion, sex, or national origin.

Use of Loan Funds:

1. Fund up to 100% of the eligible hard costs for the construction of new commercial, residential or mixed-use buildings as evidenced by design drawings. Loan funds may also be used for site improvements and landscaping associated with the project.
2. The funds are not intended to be used for acquisition of land or soft costs including architectural and engineering fees, building permits, impact fees, surveys, appraisals, legal fees, insurance or bonds. Use of funds for environmental remediation or demolition will be considered on a case-by-case basis.

Terms of Loans:

1. The maximum amount of a loan from the Agency for one project shall be the lesser of one hundred percent (100%) of eligible hard costs or an amount, when combined with prior debt secured by the property, which is 90% or less of the post-construction appraised value of the property.
2. Loans shall be based on fixed price construction bids.
3. Payments shall amortize the loan over a 20-year term. The initial term of the loan shall be five years. The loan can be extended for a secondary term of an additional five years at the option of the Agency.
4. Interest shall accrue at a fixed rate of 5% for the initial term and 7% for any additional term. The default rate shall be 14%. Interest shall begin to accrue with the first draw of funds.
5. Loans shall have safeguards satisfactory to the RDA to assure repayment and meet the RDA's underwriting criteria.

Terms of Loans (continued):

6. Repayment:
    - Investment - The first payment shall be due at the beginning of the fourth (4th) month after receiving a Certificate of Occupancy.
    - Condominium – The Agency shall be paid an amount equal to ninety-five percent (95%) of the net sales proceeds for each unit.
7. The Borrower shall provide a personal guaranty to the Agency guarantying full and unconditional completion of the proposed improvements and repayment of loan.
8. Loans may be prepaid in whole or in part at any time without penalty.
9. Loans made under this program shall be non-assumable and due in full on sale.
10. Borrower is responsible for obtaining required City approvals and Building Permits.
11. Loan amount shall include a fee in an amount to cover legal and other expenses related to the Agency's origination, underwriting and loan documentation.
12. Borrower will be required to obtain a Performance and Payment Bond prior to the issuance of an Order to Proceed.
13. Closing costs associated with a loan shall be borne by the Borrower including but not limited to the cost of title search and insurance, credit reports, and attorney fees.
14. Once construction is complete, Borrower is responsible for maintenance and upkeep of the property as well as insurance.

Collateral:

All loans will be secured by the property under construction with a standard form RDA Trust Deed in either first or second position. Appraisals must be conducted in conformance with the adopted policy of the Agency. Other acceptable forms of collateral include:

- Standby Letter of Credit. Borrower provides a letter of credit from an approved financial institution. Prior written notice is required for any cancellation or non-renewal.
- Other Real Estate. Borrower provides the Agency with a first or second trust deed priority on property located in Salt Lake County.
- Pledge Account. Borrower enters into an agreement with the Agency to pledge an approved account for the term of the loan. The Agency would require written consent for all fund withdrawals. Approved types of pledge accounts include certificates of deposit, savings accounts, and bonds.

Requirement of Shower and Locker Facilities:

In an effort to provide the Salt Lake City workforce more opportunities to walk, run or bike to and from work, as well as exercise during the workday, the Agency is requiring the installation of shower and locker facilities in all RDA-funded construction projects that do or will house 25 or more employees. The design of such shower and locker facilities shall be considered by the Agency's Loan Committee for approval. For projects that will house between 25-50 employees, Applicants who believe they cannot provide such a facility as part of the project may request a waiver of this requirement for review by the Agency's Loan Committee. Those requesting a waiver of this requirement must submit to the Agency's Loan Committee documentation to demonstrate why the shower and locker facilities are infeasible or unreasonable for this particular project. Projects that will house more than 50 employees are not eligible for a waiver. The Agency's Loan Committee shall approve or deny all such waivers. If the Agency's Loan Committee does not approve the Applicant's waiver request, the Applicant may appeal to the Board of Directors, who shall render a final decision.

Exceptions to Loan Criteria:

The Board of Directors, by a majority vote of those present, provided that a quorum is present, may waive requirements or make exceptions to the foregoing criteria and procedures with a finding that the goals of this program will be furthered by such waiver or exception. Agency staff will prepare a written statement regarding the waiver or exception and shall place the original statement and a copy of the minutes of the Board of Directors in the loan file.

Loan Document Confidentiality:

While private information will be protected to the greatest extent possible under the law. Any documents or records submitted to the Agency may be subject to disclosure pursuant to the Governmental Records Access and Management Act, U.C.A. § 63-2-101. If the Applicant believes the information provided to Agency constitutes trade secrets or confidential commercial information, please provide a written claim of business confidentiality and a concise statement of the reasons supporting the claim of business confidentiality in letter form.

SAMPLE LETTER

Redevelopment Agency of Salt Lake City
451 South State Street, Suite 418
Salt Lake City, Utah 84111

Re: Business Confidentiality Claim

Ladies and Gentlemen:

The undersigned intends to enter into negotiations with the Redevelopment Agency of Salt Lake City (the "RDA") regarding a possible business transaction (the "Transaction"). The undersigned may be required to disclose certain confidential business information to the RDA as part of the Transaction, including without limitation, tax returns, financial statements, business or project plans and similar materials. Because the RDA is a governmental agency which may be subject to the provisions of the Utah Government Records Access and Management Act, Utah Code Ann. §63-2-101, et seq. ("GRAMA"), information received by the RDA may be subject to public disclosure.

This letter is sent pursuant to Utah Code Ann. §63-2-305 and notifies the RDA that the undersigned considers the information accompanying this cover letter to be protected records pursuant to Utah Code Ann. §63-2-304 (1) and (2). The undersigned considers this information to be confidential to the undersigned's business operations and a trade secret and the undersigned would consider disclosure of this information to potentially result in unfair competitive injury to the undersigned. Therefore, the undersigned would request that the RDA maintain such information in a confidential nature and that the RDA not disclose such information pursuant to GRAMA or otherwise.