



Jim Shultz HOUSE to HOME Loan Program



The Jim Shultz House to Home Loan Program is a product within LHOP's Local Housing Investment Fund & Trust (LHIFT) of South Central PA. It is named after one LHOP's founders, Jim Shultz, who served on the initial study commission and board of directors, eventually serving on staff until his retirement in 2018. Jim had a passion for community development, affordable housing and neighborhood revitalization. This program touches upon all three of these passions which aligns well with LHOP's vision and mission.

The intent of this loan program is to assist investors (i.e. individuals, partners, contractors, businesses and non-profits) in the acquisition, rehab and resale of **houses** for quality, affordable **home** ownership opportunities. Many communities in south central PA have a good stock of decent housing options, but there are neighborhoods which have pockets of houses that are vacant and have fallen into disrepair or worse, blighted. Such housing is an opportunity for neighborhood stabilization and revitalization, healthy family growth and equity building...and still a profit for an investor. However, left unchecked or rehabbed with only maximizing profit in mind, not only is it an opportunity missed, it can further erode family and neighborhood stability.

HOW IT WORKS

The program is meant to be rather simple and nimble, things you need in order to be successful in this work.

1. If you are an Applicant that has not been approved by LHOP previously for this program, that will be the first step. Attached is an Investor Application that you will need to complete and below is additional information on what to submit. The Applicant Information section needs only completed once. You don't need to have a project in mind just yet, but if you do, you will also complete the Project Information section as well. The idea is to vet / underwrite the investor as soon as possible in order to expedite project approvals and get you the financing you need to acquire properties quickly to be competitive.
2. After being approved as a borrower in the program, you may submit a project application for review and approval. We will review and do our best to make a decision within 72 hours. The total amount provided per property will not exceed 85% of the estimated total project costs up to a maximum of 90% of the completed rehabilitated value of the property as determined by an appraisal by a certified appraiser or Comparative Market Analysis (CMA) by a licensed real estate agent. Maximum loan amount for any one project shall be \$100,000. All projects shall comply with the following Program Guidelines:
 - a. Borrower and LHOP will enter into a Loan Agreement and borrower will sign a Promissory Note. A mortgage providing LHOP a first lien position will be placed on each property. No other liens are to be placed on property during the term of the LHOP loan.
 - b. Borrower shall provide Title Insurance and have property / liability insurance on the property and provide LHOP with a certificate as an "additional insured."
 - c. LHOP will charge a fee of \$250 per property, which must be paid at time of loan approval and prior to any loan fund disbursement or made a part of the first draw. Interest will be charged on the outstanding balance of loan at the rate of 3.50% (subject to change). No accrued interest or principal is due until time of sale of a property or upon 26 weeks (6 months) after settlement on purchase of property, whichever occurs first. Extensions of this period may be requested due to unforeseen circumstances.
 - d. Funds may be made in 3 draws, the first for acquisition and up to two for rehab costs (based on progress inspections, work completion, and anticipated future costs). The first draw may be up to 85% of total acquisition costs.

- e. Borrower will be expected to complete projects in accordance with the LHOP Housing Rehabilitation Standards. LHOP may perform, and borrower shall permit, progress inspections during the project.
 - f. The completed home shall be sold to a low to moderate income household earning up to 100% of the Area Median Income (AMI) as determined on an annual basis by HUD.
 - g. The home shall be sold at market rate as determined by an appraisal by a certified appraiser or CMA by a licensed real estate agent.
 - h. A deed restriction (in favor of and to be monitored by LHOP) will be placed on the property, which provides that the home will be kept in homeownership for at least 10 years. If the home is resold by the homeowner during that time period, it must be sold to another household earning no more than 115% of area median income.
 - i. Acknowledgement of financing provided by LHOP on any project signs or publication regarding the project.
3. LHOP will market homes in this program to students in its homebuyer classes and on our website.

INFORMATION TO SUBMIT: Please provide as much of the information listed below as available and applicable with a completed and signed application.

Borrower Information

1. **Application (pages 3 & 4):** Application must be completed by individuals with 25% or more ownership interest, spouses (if joint application), and loan guarantor(s).
2. **Application Fee:** A \$100 non-refundable fee is due with Application. This is a one-time Application fee for borrowers who desire to be approved for this program. Please make the non-refundable check or money order payable to LHOP.
3. **Personal and/or Business Tax Returns:** Last three (3) years tax returns with all schedules and W2(s).
4. **Personal Financial Statement:** Include all current outstanding liabilities and asset values.
5. **Employment and Earnings:** Submit one month of consecutive paystubs and/or all other income received.
6. **Business Documentation:** Include copy of business structure such as Articles of Incorporation, or Organization and Corporate Bylaws or LLC Operating Agreement. For Partnership include copy of Partnership Agreement.
7. **Experience:** Provide a brief description of relevant experience and expertise for all key personnel. Investors will be rated on the following: Experience and Management (timeliness, cost and quality of work), and Financial Capacity (evaluating all financial information provided). Information that demonstrates history, experience, knowledge, references, etc. will be helpful for LHOP to make a determination.
8. **Proof of Identification:** Provide a copy of a valid form of ID, such as driver's license or other form.

Project Information

9. **Contracts:** Include copies of sales agreement, lease(s), and any documents related to the project.
10. **Projected Cash Flow Statement:** Provide month-to-month projections which includes details on carrying cost, item of expenses for the next 12 months, provide complete descriptions of key assumptions including all sources of funding other than LHOP financing.



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LOAN APPLICATION

APPLICANT INFORMATION

_____	_____
Name of Investor / Organization / Business	Contact Name

Organization / Contact Address	

Contact Phone / Fax Numbers	Contact E-mail Address

BUSINESS OWNERS / INVESTORS & MANAGEMENT

Name	Social Sec. #	Address	% Owner
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

PERSONAL/BUSINESS BUDGET STATEMENT:

MONTHLY INCOME

MONTHLY DEBT EXPENSE

Borrower \$ _____

Spouse \$ _____

Support \$ _____

Other:

_____ \$ _____

_____ \$ _____

Mortgage \$ _____

Rent \$ _____

HE Loan \$ _____

Auto \$ _____

Credit Cards \$ _____

Support \$ _____

Other \$ _____

Total: _____

Total: \$ _____

PROJECT INFORMATION (as applicable)

Project Street Address

Project Location County / Municipality

Requested Loan Amount

Total Number of Housing Units

ESTIMATE WHEN FUNDS WILL BE NEEDED: _____

TOTAL PROJECT COSTS (summarize below, please provide detailed budget separately)

Building Acquisition	\$ _____	Estimated Current Value of Property
Building Improvements	\$ _____	\$ _____
Working Capital	\$ _____	
Other	\$ _____	
Total:	\$ _____	

PROJECT NARRATIVE

CERTIFICATION AND AUTHORIZATION

I hereby certify on behalf of the Applicant that the information submitted in this application and the attachments are a true and accurate representation of the information requested by Lancaster Housing Opportunity Partnership (LHOP). No relevant information has been deleted, modified in any way or withheld and acknowledge that I have a continuing obligation to amend and/or supplement the information provided in this Application if any material facts represented change after submission and prior to closing. I also acknowledge that I have read and agree to abide by the policies and procedures with regard to the program, including the Property Rehab Standards.

I authorize LHOP to obtain information related to this loan request, including but not limited to, relevant financial, credit reports or historical information about the project, Applicant or affiliates related to the project.

Authorized Signature

Date

Printed Name