

CITY OF OVERLAND PARK

HOME IMPROVEMENT

PARTNERSHIP PROGRAM

PURPOSE: Valley View State Bank and the City of Overland Park are entering into a partnership to provide a Home Improvement Partnership Program for homeowners of one- and two-unit family dwellings. The purpose of the program is to provide below market rate loans to homeowners for exterior home improvements.

BORROWER: The Home Improvement Partnership Program is open to any resident of Overland Park who own and occupy their home; meet the income eligibility guidelines as established by the City of Overland Park; meet the underwriting standards established by Valley View State Bank; and whose improvements falls within the approved uses of the loans under this program.

LOAN AMOUNT: Loans can range from a minimum of \$1,000.00 to a maximum loan amount no greater than \$15,000.00.

INCOME GUIDELINES: The City shall establish the income guidelines for the program at the beginning of the contract period. These guidelines will remain in effect until the term of the contract has expired.

CREDIT/UNDERWRITING: Valley View State Bank will take all credit risk in each transaction. Standard underwriting guidelines will apply. An unsecured loan product will be available. The secured loan will be determined by Valley View State Bank and will be based on the amount borrowed.

INTEREST BUYDOWN: The City of Overland Park will maintain the city's existing account with Valley View State Bank in an interest bearing money market account. As loans under this program are closed, the Bank will withdraw funds from the account to be used as prepaid interest on the note. The Bank will provide the City of Overland Park with a notice of each withdrawal and a report of all applications received and pending. The Bank will use the interest rate of 5.75% as the basis rate for the interest rate buy down for the city.

NOTE TERM AND RATE TO BORROWERS:

<u>Term</u>	<u>Borrowers Rate</u>
36 months	2.65%
48 months	3.50%
60 months	4.25%

Valley View State Bank may establish for this program loan terms greater than 5 years, however, the city will only subsidize the interest for 5 years of the extended loan term.

COLLATERAL: Loan amounts of less than \$3,000.00 will be underwritten and documented on an unsecured basis. Loan amounts of \$3,000.00 or more will be secured by a lien on the property to be improved, not to exceed 89.9% loan to value based on the Johnson County appraised value of the subject property.

FEES: The City of Overland Park Home Improvement Partnership Program will be subject to no fees. The Bank will waive all third party expenses on behalf of the borrower including but not limited to title work, filing fees, mortgage fees, flood determination and loan processing fees. There will be no points charged to the borrower. According to Kansas law, the bank is entitled to a minimum finance charge of \$7.50, however, Valley View State Bank will waive this fee for program participants. Kansas law concerning consumer installment notes, also, provides if a payment is late 10 days or more the borrower will be charged 5.0% of the regularly scheduled payment up to a maximum of \$25.00; this charge will not be waived.

APPLICATION AND DISCLOSURE STATEMENT: The applicant will apply for the loan at Valley View State Bank. Credit approval will be determined within 24 hours after a completed loan application is received by Valley View State Bank. After the homeowner satisfies the Bank's requirements and establishes a loan amount, the applicant will be advised to contact the City of Overland Park for the City's approval.

PERMIT: The City of Overland Park will determine building permit requirements.

DISBURSEMENTS: Valley View State Bank will notify City that the homeowner's loan has been approved. The City will notify Valley View State Bank with authorization to fund the loan in accordance with the terms and conditions of the Home Improvement Partnership Program. The loan will be funded in a single disbursement payable to the Homeowner and/or contractor unless otherwise agreed upon between Valley View State Bank and the City of Overland Park. Because of the size of each loan, the bank will not be responsible for approving contractors. Mechanics lien coverage will not be provided to the borrower.

MARKETING: Valley View State Bank will spend approximately \$3,000.00 to develop advertising and promotional material for use by the Bank in this program.

TERM OF CONTRACT: July 1, 2003 through June 30, 2004. This term is pending availability of program funds. Either party can cancel this contract by submitting to the other party a 30 day written notification of request to cancel.

APPROVED:

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CITY OF OVERLAND PARK

VALLEY VIEW STATE BANK

BY _____
Ed Eilert, Mayor

BY _____
Larry McLenon, President

Date: _____

Date: _____

APPROVED AS TO FORM

BY _____
J. Bart Budetti, Assistant City Attorney

ATTEST:

BY _____
Marian Cook, City Clerk