

CITY OF OVERLAND PARK

HOME IMPROVEMENT

PARTNERSHIP PROGRAM

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

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

LOAN AMOUNT: Loans can range from a minimum loan of \$1,000.00 to a maximum loan of \$15,000.00.

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

CREDIT/UNDERWRITING: The 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 the Bank and will be based on the amount borrowed.

INTEREST BUYDOWN: The City will maintain the City’s existing account with the 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 with a notice of each withdrawal and a report of all applications received and pending. The Bank will use the interest rate of 6.75% 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	3.40%
48 months	4.25%
60 months	5.00%

The 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 subject 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 Home Improvement Partnership Program will be subject to no fees. The Bank will waive all third party expenses on behalf of the program applicants 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 applicants. According to Kansas law, the Bank is entitled to a minimum finance charge of \$7.50; however, the Bank will waive this fee for program applicants. Kansas law concerning consumer installment notes provides if a payment is late 10 days or more a borrower will be charged 5.000% of the regularly scheduled payment up to a maximum of \$25.00; this charge will not be waived.

POLICIES AND PROCEDURES: The attached Policies and Procedures (including attachments) are incorporated herein by reference.

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

PERMIT: The City will determine any building permit requirements.

DISBURSEMENTS: The Bank will notify the City that the applicant's loan has been approved. The City will provide the Bank with written 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 made payable to both the applicant and the applicant's contractor, unless otherwise agreed upon by both the Bank and the City. 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 applicant.

MARKETING: The Bank will spend approximately \$500.00 to develop advertising and promotional material for use by the Bank in this program.

TERM OF THE PROGRAM: The term of the program will be July 1, 2011 through December 31, 2011, with the provision that the City and the Bank may renegotiate annually the terms and conditions of the program. This term is pending availability of program funds. Either party can cancel this program by submitting to the other party a 30 day written notification of request to cancel.

APPROVED:

CITY OF OVERLAND PARK

BY _____
Carl Gerlach, Mayor

Date: _____

ATTEST:

BY _____
Marian Cook, City Clerk

APPROVED AS TO FORM

BY _____
Stephen B. Horner, Sr. Assistant City Attorney

APPROVED:

VALLEY VIEW BANK

BY _____
Timothy J. Kelley, President

Date _____