

MEMORANDUM



TO: City Council President and Members

FROM: City of Vineland Revolving Loan Fund
Second Generation Loan Committee

SUBJECT: **Applicant:** Elizabeth Vasquez or assignee/designee
Loan Amount: \$75,000.00.

DATE: January 26, 2016

Dear Council President Fanucci, Councilmen Procopio, Spinelli, and Councilwomen Calakos and Gonzales:

On behalf of the City of Vineland Revolving Loan Fund Second Generation Loan Committee, please accept this letter recommending a commitment be given to the above applicant for a second generation loan in the amount as stated herein above.

Please note that the committee finds that the purpose of the loan meets the criteria set forth in the Statute made and provided governing Urban Enterprise Zone Loans. The committee further finds that the loan will promote economic development, creation/retention of jobs, and/or tax ratables that will benefit the City of Vineland.

Further, please note that based on the information provided, the applicant has the present ability to repay said loan and the loan would be properly protected in that the pledged collateral has a net value which equals or exceeds the amount of the requested funding.

Respectfully submitted,



Sandra Forosisky
Director of Economic Development

SF/fd

cc: Frank DiGiorgio
file



**VINELAND UEZ LOAN COMMITTEE
LOAN PROPOSAL**

Date: January 7, 2016

Borrower Name and Address (s): Elizabeth Vasquez or LLC company to be formed
1170 Sharp Road
Vineland, New Jersey 08360

Request: \$75,000 commercial term loan for improvements to a commercial building to operate a neighborhood grocery and prepared foods store.

Interest Rate: 5.00%

Term of Loan: 15 Years

1. BACKGROUND: Elizabeth Vasquez and her father, Manolo Vasquez, have been operating a popular neighborhood grocery and retail store known as La Unica Grocery in Vineland, NJ at 315 S. Seventh Street for many years. Mr. Vasquez currently is the 100% owner of the business operating company known as Two Brothers Grocery (a sole proprietorship). They have been leasing this location for approximately 25 years. Elizabeth Vasquez has over 15 years retail business experience (10 years with La Unica) while Mr. Vasquez has over 25 years in the business. Mr. Vasquez previously owned and operated the business with his brother whom is no longer involved. Recently, Mr. Vasquez decided to transfer the day-to-day operations to Elizabeth Vasquez. Elizabeth Vasquez is responsible for the day-to-day operations and will be assuming some ownership interest (at a later date) of the Two Brothers Grocery.

Recently, Elizabeth Vasquez expressed interested in pursuing the purchase of the real estate (current location was for sale) from the current owner of the property from which La Unica operates and leases. Unable to come to terms with the current owner, Ms. Vasquez entered into a contract to purchase the location directly across the street, 703 E. Almond Street, Vineland, NJ, a former restaurant and once known as the former New York Inn restaurant site (location is in the UEZ territory). Ms. Vasquez settled the purchase and ownership of this location in December 2015 for \$167,000. This property is located in the Urban Enterprise Zone ("UEZ"). Ms. Vasquez intends to move the current business operation into this facility and will also offer prepared foods in the future in addition to grocery/retail items. To achieve the move, she has approached the Vineland UEZ for funding assistance to complete several improvements and to transition into the new location.

1b. PROJECT: \$75,000 (permanent financing) for the completion of improvements to a commercial building. A three month interest only - draw (three draws) schedule converting to a permanent will be the initial loan structure converting to permanent.

<u>Uses</u>		<u>Sources</u>	
Renovations	\$75,000	Vineland UEZ	\$75,000
Soft Costs	<u>4,000</u>	Borrower	<u>4,000</u>
Total Project	\$79,000	Total Sources	\$79,000

2. COLLATERAL:

- a.) First position mortgage on the real estate located at 703 E. Almond Street, Vineland, Cumberland County, New Jersey a/k/a Block 4106, Lot 1,
- b.) Assignment of rents and leases,
- c.) UCC-1 filing Statement and Security Agreement Manolo Vasquez t/a Two Brothers Grocery and La Unica,
- d.) Hypothecation Agreement signed by Mr. Manolo Vasquez, owner and sole proprietor of Two Brothers Grocery t/a La Unica.

3. GUARANTORS:

- a.) Elizabeth Vasquez
- b.) Manolo Vasquez personally, and t/a Two Brothers Grocery and Luz Vasquez

4. LIEN POSITION: First.

5. DOLLAR AMOUNT AND HOLDER OF PRIOR LIENS: N/A.

6. SIZE OF PARCEL: +/- 66.5' x 100''

7. IMPROVEMENTS THEREON: A two-story commercial building comprising a total gross building square footage of 4,111 sq. ft. The commercial component is +-2,600 sq. ft. and attached residential apartment is +-1,500 sq. ft. of space (1st and 2nd floor space). Ms. Vasquez plans on leasing the apartment unit in the near future.

8. LOCATION OF PROPERTY: 703 E. Almond Street, Vineland, Cumberland County, New Jersey a/k/a Block 4106, Lot 1.

9. APPRAISAL INFORMATION: The City of Vineland has the property assessed for \$167,000. Estimated annual taxes will be +-\$4,150. Please see below for breakdown of assessed value.

Land	\$ 16,300
Building	<u>150,700</u>
Total	\$167,000

Based on the assessed valuation (which is equivalent to purchase price) by the City of Vineland, the loan-to-value will be 45%. Request approval to waive appraisal and utilize assessed value. LTV = 45%.

10. FINANCIAL:

11. SUBSTANTIATION: DSCR = 3.10x , LTV = 45%

- Assist small business owner with renovations of property to be utilized in business.
- Ownership of building and investment in improvements/upgrades a Center City property.
- Woman and minority owned business.

12. RECOMMENDATION: