



## A plan to fill your community

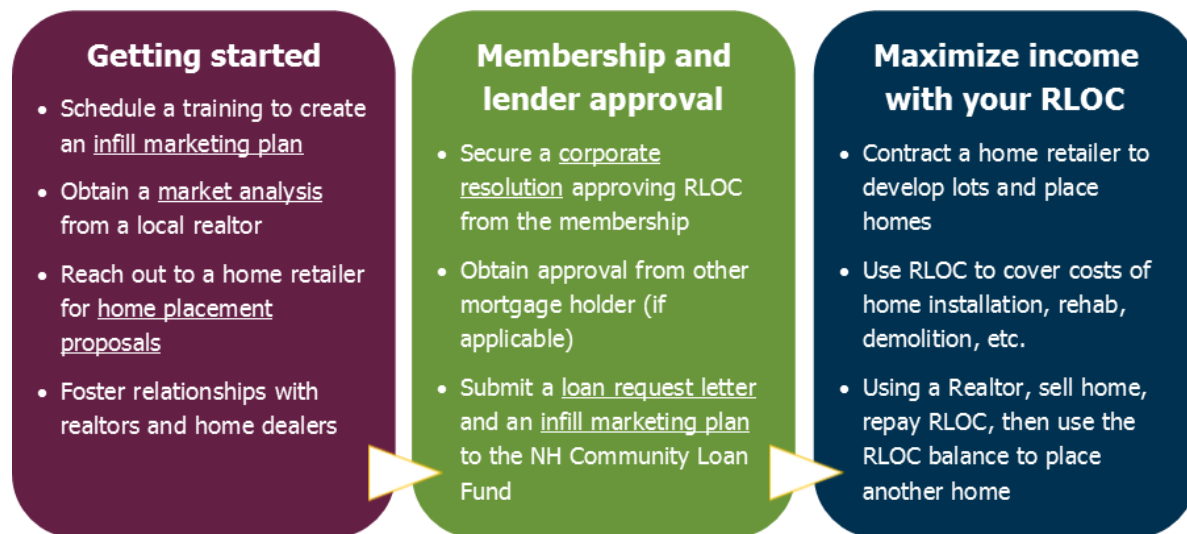
### Revolving line of credit for infill

Vacant lots, and the lack of rent they represent, strain the budgets of New Hampshire’s resident-owned communities (ROCs)—small and large. “Infill” is the term we use for filling vacant lots with homes, and finding buyers for existing homes, to produce more rent income for co-ops.

To help ROCs cope with this issue, the New Hampshire Community Loan Fund and ROC-NH have designed a Revolving Line of Credit (RLOC).

The RLOC can be used to cover the costs of installation or rehabilitation of new or existing manufactured homes, home demolition or removal, transportation of homes, and site preparation, including pad installation and utility connections.

### Planning, project approval, home placement and sale



### Using a revolving line of credit

Access to “revolving” credit allows ROCs to draw on funds for infill, repay this debt periodically, and borrow the funds again. This credit line is available to ROCs for the purpose of increasing revenue through home placement and improvement. RLOC is designed to enable communities to draw on a line of credit of up to \$100,000 for a period of up to three years.

# RLOC scenarios

Please note: Costs in the two scenarios below are estimates and subject to change depending on location, dealer, and scope of work.

## Scenario 1 – Place a home on a vacant site

**1. Co-op borrows \$65,400 from RLOC to place a home**

**2. Sample installation cost of a single-wide manufactured home**

3 bathroom, 2 bath, 16'-by-76' base price	\$49,900
Finished drywall	\$2,450
Site prep estimate	\$13,060
Loan origination fee	\$654.10
<b>Total cost of placement</b>	<b>\$66,064.10</b>

**3. The co-op then sells the home**

Sale price	\$66,000
Subtract 5% Realtor commission	\$3,300
<b>Co-op's total proceeds from sale</b>	<b>\$62,700</b>

**4. The co-op uses the proceeds to pay down the RLOC**

Original amount borrowed from RLOC	\$65,400
Co-op pays back proceeds from sale	\$62,700
<b>Balance owed on RLOC</b>	<b>\$2,710</b>

**5. Co-op uses a portion of the monthly lot rent from the newly filled home to pay off the RLOC balance.**

## Scenario 2 – Prepare a site for a single-wide home

**1. Co-op borrows \$15,000 from RLOC to prepare the site**

**2. Average costs of developing a site**

Site prep with slab	\$7-9,000
(remove existing slab, excavate lot, install gravel base, lay new water and septic lines, lay conduit for electrical wires, install state-approved cement slab)	
Skirting and tie-downs	\$2-2,500
Utility connections	\$1-1,500
(water, sewer and electrical connections, including permits)	
Entryways	\$1-1,500(stairs with railings built to code)
<b>Total cost</b>	<b>\$11-14,500</b>

**3. Home is placed on the site.**

**4. Co-op uses a portion of the monthly lot rent from the new home to pay off the RLOC balance.**

## RLOC rate, fee and term

Interest rate: 10% fixed per annum.

Initial origination fee: 1% or \$500, whichever is greater, payable at closing.

The loan shall have a draw period for a maximum term of three years, and thereafter a repayment period of monthly principal and interest payments for a maximum term of up to 10 years.

Using the additional monthly revenue generated through lot rent, the cooperative can pay the balance owed in a number of months.

## Maximizing the effectiveness of a RLOC



By working closely with a local realtor and manufactured-home retailer, a community can plan to place multiple homes using RLOC.

Proceeds from the sale of homes will be used to pay off the RLOC balance, and excess revenue is placed in the community's capital reserves. Upon sale of these homes, the cooperative will once again generate rent from vacant lots.

This increased revenue in a ROC's budget unlocks the potential to tackle community projects, such as building a playground, rehabbing a mail house or installing a message kiosk.

