

## Carroll Speculative Home Construction Loan Assistance Program

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The need for additional home construction in Carroll has never been greater than now. Risk related to the construction of speculative homes is one factor that may be holding some home builders back. To help mitigate the risk in speculative home construction the Carroll Community Banks (Availa Bank, Commercial Savings Bank, Iowa Savings Bank, United Bank of Iowa, and Westside State Bank) have joined forces to create a housing fund to help reduce the risk of speculative home construction in Carroll.

The premise of the program is simple, build a speculative home in the City of Carroll and if the home does not sell within the first six months the housing fund developed by the Carroll Community Banks will make interest payments on the loan for the next six months. This simple program has been developed in other Iowa communities and has resulted in a boom of speculative home construction in those communities.

There are a few limits to the program including the following:

- The maximum home size that will be guaranteed through the speculative program is 1,800 square feet. This is the average home size constructed in Carroll between January of 2012 through June 30, 2022.
- The program will pay up to 6 months of interest only payments on a construction loan for a home that remains unsold 6 months after the issuance of the certificate of occupancy by the City of Carroll and continual listing on the Mid-Iowa Regional MLS. If the home remains unsold after the initial 4 months, the value of the home must be priced following a market appraisal established by a licensed Realtor.
- The program will pay interest on only the first \$550,000 of a construction loan value guaranteed through this program.
- The 6 months of interest only payments will be made only on construction loan through one of the participating Carroll Community Banks (Availa Bank, Commercial Savings Bank, Iowa Savings Bank, United Bank of Iowa, and Westside State Bank).
- Guarantees will be on a first come first served basis based on the date a building permit is issued by the City of Carroll. Application needs to be made within 30 days of the issuance of a building permit.
- The program is being funded with \$10,000 from each of the five Carroll Community Banks for a total of \$50,000. While each construction loan may vary, a \$550,000 construction loan with an interest rate of 5% could receive up to \$13,750 in interest payments.
- Homes must be built in the City of Carroll.

Questions on this program, contact of the participating Carroll Community Banks (Availa Bank, Commercial Savings Bank, Iowa Savings Bank, United Bank of Iowa, and Westside State Bank) or Mike Pogge-Weaver with the City of Carroll at 712-775-7505.

**Application for Carroll Speculative Home Construction Loan Assistance Program**

*Please type or print*

**Property address:** \_\_\_\_\_

**Legal Description or Parcel Number:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Applicant:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**City:** \_\_\_\_\_ **State:** \_\_\_\_\_

**Phone:** \_\_\_\_\_

**Current Property Value** (from assessor's records)

**Land:** \$ \_\_\_\_\_ **Building(s):** \$ \_\_\_\_\_

**Brief Description of Project:** \_\_\_\_\_

**Estimated Cost of Actual Land Cost and Building Improvements:** \$ \_\_\_\_\_

**Start Date:** \_\_\_\_\_

**Estimated or Actual Completion Date:** \_\_\_\_\_

**Acknowledgments:**

A copy of the building permit is attached.

The applicant certifies that all information in this application and all information provided in the support of this application is given for the purpose of obtaining a Speculative Home Construction Loan Guarantee and is true and complete to the best of the applicant's knowledge. The applicant acknowledges that no guarantee will be received until approved by \_\_\_\_\_. The applicant understands and acknowledges the rules of the Program and acknowledges that Guarantee is subject to the Program rules. Guarantees are on a first come first served basis and as funds are exhausted the program will end with no obligation to cover additional interest costs.

**Applicant's Signature:** \_\_\_\_\_ **Date Signed:** \_\_\_\_\_

**Approval:** \_\_\_\_\_ **Date Signed:** \_\_\_\_\_