

RESOLUTION NO. 2024-101

A RESOLUTION APPROVING VINELAND REVOLVING
LOAN FUNDS FOR SALEM2 REAL ESTATE LLC (OR
ASSIGNS).

WHEREAS, the Vineland Revolving Loan Fund, LLC Committee has submitted a proposal dated February 27, 2024, for use of Vineland Revolving Loan funds for Salem2 Real Estate LLC (or assigns); and

WHEREAS, it is considered to be in the best interest of the City of Vineland and the community in particular that Vineland Revolving Loan Funds be utilized for the above-mentioned project; now, therefore,

BE IT RESOLVED by the City Council of the City of Vineland that said Council does hereby approve the use of Vineland Revolving Loan Funds for the following project, in accordance with the proposal submitted by the Vineland Revolving Loan Fund, LLC Committee:

To: Salem2 Real Estate LLC (or assigns) \$129,000.00

BE IT FURTHER RESOLVED that the Mayor is hereby authorized to execute all documents associated with this loan.

Adopted:

President of Council

ATTEST:

City Clerk



ECONOMIC DEVELOPMENT
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MEMORANDUM



TO: City Council President and Membe
FROM: Vineland Revolving Loan Fund, LLC
SUBJECT: **Applicant:** Salem2 Real Estate LLC
Loan Amount: \$129,000.00
DATE February 27, 2024

Dear Council President Arthur, Councilmen Acosta, Franceschini, Spinelli, and Vargas:

On behalf of the Vineland Revolving Loan Fund Committee, please accept this letter recommending a commitment be given to the above applicant for a Vineland Revolving Loan Fund, LLC 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 Zones. The Committee further finds that the loan will promote economic development, creation/retention of jobs, and/or tax ratable(s) that will benefit the City of Vineland.

Further, please note that 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.

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Respectfully submitted,

Sandra Forosisky
Director of Economic Development

SF/fd

cc: Frank DiGiorgio
file



**VINELAND REVOLVING LOAN FUND, LLC
LOAN PROPOSAL**

Date: January 29, 2024

Borrower Name and Address (s): Salem2 Real Estate LLC
4 Hayslope Ct.
Glassboro, NJ 08028

Request: \$129,000 commercial real estate loan for the acquisition of a mixed use property, with a facility on the property to be utilized as an affiliated retail cabinet and flooring store.

Interest Rate: 6.50% **Term of Loan:** 20 Years.

1. BACKGROUND: Sonia C. Aleman formed Salem2 Real Estate LLC in New Jersey on January 24, 2024 for the purpose of acquiring real estate located at 75 W. Landis Avenue, Vineland, Cumberland County, NJ. Ms. Aleman is the 100% owner of Salem2. Ms. Aleman is currently employed by Wells Fargo Bank as a teller for 10 years and also assists her husband, Alexander Santillan, with operating Salem Home Improvements LLC (“SHI”), a home improvements general contractor specializing in kitchens, bathrooms, cabinets etc. Ms. Aleman will continue with her employment with Wells Fargo. Ms. Aleman and Mr. Santillan have been active with SHI since September 2016. Ms. Aleman is 65% owner of SHI and Mr. Santillan is 35% owner, respectively.

Ms. Aleman and Mr. Santillan are desirous of having a retail showroom including design, and office location for SHI and have recently gone under contract to purchase 75 W. Landis Avenue, Vineland, NJ. They plan on renovating a building at this address currently leased to a barber shop into a retail location for a showroom and office for their business once the lease expires. The subject property is a mixed use property currently improved with several structures inclusive of the storefront building (currently leased as a barber shop), a two-story residential structure (currently occupied by the seller, however, Ms. Aleman and Mr. Santillan plan on leasing in the future), and two smaller detached storage garage / warehouse type buildings which SHI will utilize. SHI has operated since September 2016 from a home office currently located in Glassboro, NJ.

1a. PROJECT: The project involves the acquisition of real estate. Below is the breakdown of sources and uses:

<u>Uses</u>		<u>Sources</u>	
Acquisition of real estate	\$430,000	Borrower	\$ 53,000
<u>Closing Costs (estimate)</u>	<u>10,000</u>	Apex Comm. Mtg.	258,000 (residential)
Total	\$440,000	<u>VRLF</u>	<u>129,000</u> (commercial)
		Total	\$440,000

2. COLLATERAL:

- a.) Second Position Mortgage Lien on the real estate located at 75 W. Landis Avenue, Vineland, Cumberland County, New Jersey a/k/a Block 3602, Lot 12,
- b.) Assignment of Rents and Leases,
- c.) UCC-1 and Security Agreement (County Filing) on Salem2 Real Estate LLC, all assets,
- d.) UCC-1 and Security Agreement (State Filing) on Salem Home Improvement LLC, all assets,
- e.) Receipt and satisfactory review of an Appraisal demonstrating an LTV of 90% or less (global),
- f.) Evidence that no UST’s or environmental issues exist with collateral property.

3. GUARANTORS:

- a.) Salem Home Improvement LLC,
- b.) Sonia C. Aleman,
- c.) Alexander Santillan.

4. LIEN POSITION: 2nd.

5. DOLLAR AMOUNT AND HOLDER OF PRIOR LIENS: Apex Commercial Mortgage (division of First Trust Bank), \$258,000.00.

6. SIZE OF PARCEL: 0.379 acres.

7. IMPROVEMENTS THEREON: The property is improved with the following structures:

- a.) 1,476 sq. ft. masonry/block building currently leased to a barber shop,
- b.) 2 story, single family residence, +- 2,184 sq. ft.,
- c.) 1,120 sq. ft. detached storage/warehouse garage structure,
- d.) 1,152 sq. ft. detached storage/warehouse garage structure.

8. LOCATION OF PROPERTY: 75 W. Landis Avenue, Vineland, Cumberland County, New Jersey a/k/a Block 3602, Lot 12.

9. APPRAISAL INFORMATION: The City of Vineland has the property assessed as follows:

Land	\$ 80,100
Improvements	<u>114,900</u>
Total Assessment	\$195,000

An implied assessed market value can be calculated when considering the COV's ratio 74.35% (2024 average ratio as of October 1, 2023) translates into a \$263,514 valuation. This calculated value does not provide an acceptable loan-to-value. Therefore, an appraisal will be required which demonstrates a minimum value of \$430,000 or 90% LTV on a global approach.

10. FINANCIAL:

11. SUBSTANTIATION: DSCR = 1.08x, LTV = 90%,

- Assist small business with acquiring and establishing location in Vineland.

12. RECOMMENDATION: