

City of Sherburn

P.O. Box 667, Sherburn, MN 56171 (507) 764-4491 Fax (507) 764-3882

REVOLVING LOAN PROGRAM

PRE-APPLICATION

NAME: _____

PHONE NUMBER: _____

ADDRESS: _____

CITY/STATE/ZIP: _____

TOTAL PROJECT COST: _____

PROJECT DESCRIPTION: _____

NOTE: PLEASE READ THE REVOLVING LOAN PROGRAM CRITERIA TO MAKE SURE YOUR PROJECT QUALIFIES FOR THE PROGRAM. ONLY THE PRE-APPLICATION IS DUE AT THIS TIME.

City of Sherburn

**REVOLVING LOAN FUND PROGRAM
Sherburn Economic Development Authority**

**PROJECT LOAN GUIDELINES
Loans \$5,000 to \$10,000**

1. PURPOSE

The Revolving Loan Fund was established by the Sherburn Economic Development Authority (EDA) to assist businesses and residents with completing exterior and interior improvements to their buildings, including building additions. This public fund provides a source of financing at a low interest rate that can be used in conjunction with other private lender financing and/ or owner(s) contributions. The loan program can be used to pay 80-percent of the project cost up to \$10,000.

The Revolving Loan Fund Program is aimed at providing a financial incentive to property owners to improve the overall condition of existing property structures. The loan program is structured to recognize the financing needs for improvements. Each application will be reviewed, and decisions to fund individual loan requests will be based on the financial feasibility of the project and repayment capacity of the applicant.

2. FEES

Building permit fees and fees to file a mortgage associated with the project will be paid directly by the applicant.

3. LOAN AMOUNT

The Revolving Loan can be used to pay up to 80-percent of the project costs up to \$10,000.

4. LOAN TERMS; REQUIREMENTS

The terms for the loan are as follows:

- | | |
|----------------|---|
| (1) Amount | \$5,000-\$10,000 – as approved at the discretion of the EDA |
| (2) Term | 5 Years fully amortized |
| (3) Interest | Loan interest rates will be established (and fixed) at 2% percent below the prevailing Prime Interest Rate as published in the Wall Street Journal on the date that the loan is approved by the Sherburn EDA for loans under this program, with a minimum of 3.25%. |
| (4) Collateral | The City will file a mortgage on your behalf at your cost. |
| (5) Guarantee | If borrower is not a person (ex. Corporation or partnership), then personal guarantee(s) are required. |

5. ELIGIBLE PROJECT COSTS/ AREA / FUNDING CRITERIA

Eligible project costs include actual construction costs (material and labor) and architectural/engineering fees. The program is open to property owners within the city limits on a first come, first serve basis if program criteria are met by the applicant and funds are available.

Applications will be reviewed according to the following criteria. These criteria are intended only to provide a general outline of City priorities rather than a minimum threshold. If necessary, applications competing for limited funds may be selected based upon these criteria and in addition to the project type (Residential or Commercial):

- (1) The project corrects health and safety violations or addresses other building code requirements.
- (2) The project is within the City limits of Sherburn.
- (3) Property taxes and utilities are currently paid for the property.
- (4) Abide by all current building codes and complete a building application.
- (5) The project will significantly restore/enhance the outside appearance of the building.
- (6) The project will significantly change/improve the interior of the building.
- (7) The project corrects building deterioration or improves energy efficiency.
- (8) No property shall receive assistance if:
 - The owner is in default of a mortgage
 - The owner is currently engaged in bankruptcy proceedings
 - There are unpaid court judgments filed against the property owner

HOUSING

- Property is the owner's primary residence.
- Allows access to financial records and confirmation.
- Sale of the property triggers complete repayment of the principal and accrued interest to the end of the term.
- Mobile homes are not eligible for rehabilitation due to the fact that mobile homes are not permanent to the community.

COMMERCIAL

- Applicant is the property owner.
- The property will be actively used year round for business purposes.
- Buildings that are not eligible for funds are temporary buildings, moveable structures, out-buildings or buildings used primarily for storage and not principal places of business.
- Sale of the property triggers complete repayment of the principal and accrued interest to the end of the term.

6. INELIGIBLE COSTS

Ineligible project costs include building permit fees, financing fees, furniture, equipment, removable fixtures, and building acquisition costs. Improvements completed prior to the date of application are not eligible for this program unless prior written approval for expenditures has been obtained from City Administrator or designee.

7. REVIEW PROCEDURE

- (1) An application may be obtained at Sherburn City Hall or City Website.
- (2) The application shall be reviewed by the staff of City Hall to determine that the application is complete and that the application meets the funding criteria established as part of the Revolving Loan Fund Program. A recommendation regarding the application will be made to the Sherburn City Council for final decision on the loan request.
- (3) The application shall be reviewed by the Sherburn City Council with resulting decision to approve, deny, or approve with changes. The Sherburn City Council's approval will be based on staff review of the applicant's financial condition, including credit and repayment ability. The approval of each loan will be done by resolution.
- (4) Completed applications will be reviewed once every month on a basis of available funds.
- (5) The Sherburn City Council's financing approval will become null and void if the project has not begun within ninety (90) days of application approval; however the applicant may apply for one extension, if necessary. The length of the extension will be determined on a case-by-case basis.

9. FUND DISBURSEMENT

Loan proceeds for projects will be disbursed according to the following program guidelines.

- (1) It will take the City approximately two weeks after the City receives complete disbursement approval and the proper documents that state that the project has been completed to produce a check for disbursement. The check will include the lender and the contractor names when issued and when applicable.
- (2) Loan is disbursed entirely in one payment, once the project is finished:
 - a. Borrower must submit a Loan Disbursement Request with attached construction invoice(s) equal to or greater than the total loan amount.
 - b. Work described in the invoice(s) must be completed.
 - c. Borrower must complete Promissory Note.
 - d. Borrower must complete Personal Guarantee (if Borrower is not a person)

10. MONITORING

The loan recipient shall agree to provide to the Sherburn EDA reasonable access to information and reasonable access to construction project site to allow the Sherburn EDA to monitor project implementation for compliance with program objectives and loan guidelines.

City of Sherburn
SHERBURN ECONOMIC DEVELOPMENT AUTHORITY (EDA)

REVOLVING LOAN FUND APPLICATION

PLEASE COMPLETE THIS APPLICATION FULLY. ALL THE INFORMATION BELOW IS REQUIRED TO PROCESS YOUR APPLICATION.

PLEASE SELECT ONE:

New Application

Re-Application

I. APPLICATION INFORMATION

NAME OF APPLICANT(S): _____

PROPOSED GUARANTOR (IF APPLICABLE): _____

FEDERAL ID # _____ SSN: _____

HOME ADDRESS OF CONTACT PERSON:

STREET CITY STATE ZIP

TELEPHONE #: _____
HOME WORK

II. PROPERTY INFORMATION

ADDRESS OF APPLICANT (S) PROPERTY: _____

BUILDING ID/ BUSINESS NAME: _____

ESTIMATED DATE OF CONSTRUCTION: _____

ESTIMATED CURRENT TAX MARKET VALUE: \$ _____

OWNER'S VALUE ESTIMATE: \$ _____

NUMBER OF STORIES: _____ NUMBER OF BUSINESSES: _____
 NUMBER OF BUILDINGS: _____ NUMBER OF APARTMENTS: _____

IS THE PROPERTY ON THE NATIONAL HISTORIC REGISTER? YES NO

III. PROPERTY OWNERSHIP INFORMATION

OWNERSHIP INTEREST IN THE PROPERTY:

CONTRACT FOR DEED _____
 MORTGAGE PRINCIPAL \$ _____
 LESSEE _____
 TERMS OF LEASE _____

OWNERSHIP INTEREST OF ALL PARTIES NAMED ON THE PROPERTY TITLE:

<u>NAME</u>	<u>INTEREST</u>
_____	_____
_____	_____
_____	_____

IV. INTENDED USES OF REQUESTED FUNDING

EXTERIOR:	_____	EST. COST	\$ _____
	_____	EST. COST	\$ _____
SIGNAGE:	_____	EST. COST	\$ _____
HEAT/AC:	_____	EST. COST	\$ _____
ELECTRIC:	_____	EST. COST	\$ _____
PLUMBING:	_____	EST. COST	\$ _____
INTERIOR:	_____	EST. COST	\$ _____
	_____	EST. COST	\$ _____
ESTIMATED TOTAL PROJECT COST			\$ _____

(APPLICANT MUST ATTACH CONTRACTOR'S CONSTRUCTION ESTIMATES TO THIS APPLICATION)

V. PROJECT FUNDING (SOURCES)

TOTAL PROJECT COSTS	\$ _____	_____ 100%
REQUESTED EDA LOAN AMOUNT	\$ _____	_____ %
	Can be up to 80-percent of the total project cost	
APPLICANT FUNDS	\$ _____	_____ %

VI. OTHER REQUIRED ATTACHMENTS (If Required by EDA Staff)

- A. PERSONAL FINANCIAL STATEMENTS AND PERSONAL GUARANTEE OF ALL PRINCIPALS
- B. CORPORATE RESOLUTION (IF APPLICABLE)
- C. MOST CURRENT PROPERTY TAX STATEMENT
- D. LETTER OF GOOD STANDING FROM FINANCIAL INSTITUTION

VII. CERTIFICATION

HAVE YOU EVER GONE THROUGH BANKRUPTCY? YES NO
IF YES, WHEN?

HAVE YOU EVER HAD A JUDGMENT AGAINST YOU? YES NO

ARE ANY ASSETS PLEDGED OR DEBTS SECURED EXCEPT AS SHOWN ON THIS APPLICATION? YES NO
IF YES, WHAT? _____

ARE THERE ANY PAST DUE REAL ESTATE TAXES AGAINST THIS PROPERTY? YES NO

IF THE ANSWER TO ANY OF THE PREVIOUS QUESTION WAS "YES", PLEASE EXPLAIN:

TENNESSEN WARNING: DATA PRIVACY STATEMENT

IN ACCORDANCE WITH THE MINNESOTA GOVERNMENT DATA PRACTICES ACT, THE ECONOMIC DEVELOPMENT AGENCY OF THE CITY OF SHERBURN (EDA) IS REQUIRED TO INFORM YOU OF YOUR RIGHTS AS THEY PERTAIN TO PRIVATE INFORMATION COLLECTED FROM YOU. PRIVATE DATA IS THAT INFORMATION WHICH IS AVAILABLE TO YOU FROM THE EDA BUT IS NOT AVAILABLE TO THE PUBLIC. THE PERSONAL INFORMATION THE EDA COLLECTS ABOUT YOU IS GENERALLY CONSIDERED PRIVATE.

THE INFORMATION COLLECTED FROM YOU, AS PART OF THE ATTACHED APPLICATION WILL BE USED TO DETERMINE YOUR ELIGIBILITY FOR THE REVOLVING LOAN PROGRAM. YOU ARE NOT REQUIRED TO GIVE THE INFORMATION, BUT IF YOU DO NOT, THE EDA WILL NOT BE ABLE TO DETERMINE YOUR ELIGIBILITY FOR A LOAN.

THE PRIVATE DATA WE COLLECT WILL BE DISSEMINATED AND USED ONLY WHEN IT IS REQUIRED FOR ADMINISTRATION AND MANAGEMENT OF THE LOAN PROGRAM. PERSONS OR AGENCIES WITH WHOM THIS INFORMATION MAY BE SHARED INCLUDE:

1. EDA/CITY STAFF PERSONS INVOLVED IN ADMINISTRATION OF THE LOAN PROGRAM.
2. AUDITORS WHO PERFORM REQUIRED AUDITS OF THE EDA/CITY PROGRAMS.
3. AUTHORIZED PERSONNEL FROM THE MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT AND THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT OR OTHER STATE AND FEDERAL AGENCIES PROVIDING FUNDING ASSISTANCE TO YOU.
4. THOSE PERSONS WHOM YOU AUTHORIZE TO SEE THE DATA.
5. LAW ENFORCEMENT PERSONNEL IN THE CASE OF SUSPECTED FRAUD.

UNLESS OTHERWISE AUTHORIZED BY STATE STATUTE OR FEDERAL LAW, OTHER GOVERNMENT AGENCIES USING THE PRIVATE DATA MUST ALSO TREAT IT AS PRIVATE.

1. THE RIGHT TO SEE AND OBTAIN COPIES OF THE DATA MAINTAINED ON YOU.
2. THE RIGHT TO BE TOLD THE CONTENTS AND MEANING OF THE DATA, AND
3. THE RIGHT TO CONTEST THE ACCURACY AND COMPLETENESS OF THE DATA.

TO EXERCISE THESE RIGHTS, CONTACT SACK THONGVANH, CITY ADMINISTRATOR, CITY OF SHERBURN, 21 E. FIRST STREET, SHERBURN, MINNESOTA, 56171. 1-507-764-4491.

APPLICANT (S):

_____ DATE: _____
_____ DATE: _____
_____ DATE: _____

I/WE CERTIFY THAT ALL STATEMENTS ON THIS APPLICATION ARE TRUE AND CORRECT TO THE BEST OF MY/OUR KNOWLEDGE. I/WE UNDERSTAND THAT ANY INTENTIONAL MISSTATEMENTS WILL BE GROUNDS FOR DISQUALIFICATION. I/WE AUTHORIZE AND AGREE TO PROVIDE TO THE EDA REASONABLE ACCESS TO INFORMATION AND REASONABLE ACCESS TO CONSTRUCTION PROJECT SITE TO ALLOW THE EDA TO MONITOR PROJECT IMPLEMENTATION FOR COMPLIANCE WITH PROGRAM OBJECTIVES AND LOAN GUIDELINES.

APPLICANT (S):

_____ DATE: _____

_____ DATE: _____

_____ DATE: _____