

# THE ORTONVILLE ECONOMIC DEVELOPMENT AUTHORITY COMMERCIAL REHAB REVOLVING LOAN FUND (RLF)

It is the mission of the Economic Development Authority (EDA) to assist in stimulating the economy of Ortonville and improving the overall quality of life in the community. One means of accomplishing this is by providing financial assistance from the Commercial Rehab Revolving Loan Fund (RLF).

The Commercial Rehab RLF was created by a grant from the Minnesota Department of Employment and Economic Development along with funds from the City of Ortonville / Ortonville EDA.

## **The projects must meet one of three objectives:**

1. Benefit people of low and moderate incomes
  2. Eliminate slum and blight conditions
  3. Eliminate an urgent threat to public health or safety
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## **PROGRAM OBJECTIVES:**

1. Providing financial assistance for local businesses to rehabilitate their property, their neighborhoods, and the community as a whole.
2. Making a visible and substantial impact upon building conditions, community appearance, and overall quality of life in the area.

## **ELIGIBLE APPLICANTS**

- Property must be located within the City limits of Ortonville.
- Applicant must own the property
- Applicant must be current on all taxes, loans and utility payments.
- Applicant must use a portion of the building for commercial purposes

## **EXAMPLES OF ELIGIBLE PROJECTS**

- Exterior enhancements (i.e. tuckpointing, brickwork, siding)
- Windows and Entry doors
- Awnings and Signage
- Roof Repair
- Foundation Repair

## EXAMPLES OF ELIGIBLE SAFETY, ACCESSIBILITY, HABITABILITY & ENERGY EFFICIENCY

### IMPROVEMENTS:

- Heating
- Electrical
- Plumbing
- Insulation
- Handicap Accessibility
- Asbestos Abatement

### EXAMPLES OF INELIGIBLE PROJECTS

- Interior Painting
- Interior Remodeling
- Shelving and Interior Displays
- Inventory
- Equipment

All projects must go through the review process and eligibility will be determined on a case by case basis.

### CONFLICT OF INTEREST

- Any Board member that may indirectly or directly gain financially from loan transactions shall immediately inform the Board of any potential conflict of interest.
- If a potential conflict of interest exists, all necessary steps will be taken to ensure that the loan application is processed in full accordance with local and State regulations.

### CONTRACTOR/PERMITS /OTHER CONSIDERATIONS

- A minimum of one bid must be obtained from contractors.
- All permits required by the city must be obtained (City Office 839-3428)
- Proposed improvements must comply with the Minnesota State Building Code for rehabilitation work (City Office at 839-3428)
- Compliance with City Ordinances
- Historic Sensitivity

### LOAN CONDITIONS

- Each loan application will be judged on its individual merit
- Minimum 25% owner match on all projects
- Minimum loan amount is \$5,000
- Maximum loan amount is normally \$40,000
- Loan applicant will pay hard cost (or funds withheld from loan proceeds) at the time of closing. These costs include, but are not limited to: Ownership & encumbrance report, recording fees, mortgage registry tax, preparation of mortgage, note and personal guarantee

- Repayment terms for loans will be determined on an individual basis.
- Upon default of loan, or close or sale of business, note becomes due and payable in full immediately
- Loans are not transferrable unless approved by the EDA Board

#### COLLATERAL

- A mortgage, a note and a personal guarantee from all owners who have 20% or more ownership in the building will secure all loans.
- Total debt (including this loan) secured by the property cannot surpass 100% of the assessor's estimated market value, or the appraised value (as verified by an appraisal approved by the EDA) of the property, whichever is greater.
- Assignment of life insurance policy on principal owners may be required

#### APPLICATION MATERIALS

- Applicant must provide 2 years of Federal Income Tax returns on the business.
- Applicant must provide a minimum of one bid.
- Applicant must provide proof of availability / ownership (a copy of the Abstract of Torrens Certificate, Warranty Deed, Contract for Deed, etc.)

#### APPLICATION PROCESS

Complete the Commercial Rehab Application and attach the narrative which addresses the following:

- Owners must submit a letter of interest that indicates the following – Please use the subject headings noted in the narrative.
  - **Rehabilitation Project:** Detailed description of the entire rehabilitation project with cost estimates
  - **Funds Requested:** Indication of the amount of Commercial Rehab funds that are being requested, and the eligible improvements that the dollars will be used for.
  - **Matching Funds:** Indication that matching funds have been acquired or made available to the project through letter of credit from bank or letter that funds are available in an applicant's account.
  - **Jobs:** If this project is instrumental for job creation or retention, describe job creation and/or retention including the number of jobs created or retained, whether the jobs will be full-time, part-time, or seasonal.
- Complete application will be reviewed by EDA staff to ensure eligibility of the proposed project. If eligibility requirements are met, the application will be submitted for review by the RLF Committee.
- The RLF Committee will review the application to determine that the project meets the eligibility criteria and goals of the Commercial Rehab program. If the project is approved for recommendation, it will be placed on the agenda for the next regularly scheduled EDA meeting for review.

- The EDA will review the project and hear the recommendation from the RLF Committee then make a determination and take action on the request.

## PROCESS UPON APPROVAL

- Weather permitting, contractors must complete work within 180 days of the date the promissory note is executed by borrowers.
- Payments will be made directly to the vendor performing the work.
- Fund Release: Owner supplies their match upfront or they pay the first invoices that are due. Owner is responsible for any rehabilitation that would be above the original approved program.
- Owner supplies their match upfront or they pay the first invoices that are due; and also adding note that the owner is responsible for any rehabilitation that would be above the original approved program (in the case that there change orders, etc.)
- The items listed below must be received before funds can be released for payment:
  - Final, original invoice from contractor (or material list from supplier)
  - Completion certificates signed by the borrower and the contractor
  - Copies of all required city permits (also indicating final inspection by the City when necessary)
  - Final inspection by the Ortonville EDA (if necessary)
  - Lien wavers
- The borrower can perform the work. However, the borrower can only use the loan proceeds for materials. The Ortonville EDA will not disburse loan proceeds until the borrower purchases and installs the materials. Under unusual circumstances, the Ortonville EDA will provide a partial advance to the borrower of which the Ortonville EDA will issue a two-party check payable to both the borrower and the materials provider. The borrower must obtain all permits and have the work inspected by the City's designated personnel when required by City Ordinance.

Applications can be dropped off at the Ortonville EDA or mailed to:

Ortonville EDA  
987 US Hwy 12  
Ortonville, MN 56278

Please call the Ortonville EDA at 320-839-3284 if you have any questions or need additional information.

# AUTHORIZATION FOR RELEASE OF INFORMATION

I (We) hereby supplement the Loan Application of \_\_\_\_\_, 20 \_\_\_\_, and agree as follows:

1. The Ortonville Economic Development Authority (Lender) is authorized to make credit checks or inquiries concerning my (our) creditworthiness, credit standing, credit capacity, character, general reputation, personal characteristics, any matters relating to assets, liabilities, and references on said application and support information, any subsequent application and support information; or any loan servicing request or action on any loan resulting from said applications;
2. Creditors, including but not limited to credit reporting agencies, state and national banks, Federal Land Banks, Production Credit Associations, the Farmers Home Administration and others, are hereby authorized to disclose to Lender any information relative to any of my (our) loans, accounts, purchases, other financial transactions, production or marketing information or other pertinent information, whether past, present, or future, with said creditors;
3. Lender is authorized to share with credit reporting agencies and creditors doing business, or who may do business with me (us), information regarding this extension of credit, any subsequent transactions or loan servicing actions resulting from any extension of credit, and my (our) general credit history;
4. Photocopies of this authorization may be presented to and relied upon by my (our) creditors and others as evidence of my (our) authorization to release information to the Lender.

\_\_\_\_\_  
Applicant

\_\_\_\_\_  
Date

\_\_\_\_\_  
Applicant

\_\_\_\_\_  
Date

# Commercial Rehab RLF Application Form

NAME OF BUSINESS		
IF INCORPORATED, STATE AND DATE OF INCORPORATION:		
PRINCIPALS (ENTER NAME AND OWNERSHIP PERCENT)	%	
	%	
	%	
PROPERTY ADDRESS		
CITY	STATE	ZIP
CONTACT PERSON	PHONE	
CONTACT E-MAIL ADDRESS	FAX	
NATURE OF BUSINESS		

- ✓ **Attach the Application Materials**
- ✓ **Attach the Narrative**
- ✓ **Attach the signed Authorization for Release of Information**