

**CITY OF THIEF RIVER FALLS
COMMUNITY DEVELOPMENT DEPARTMENT**

Revolving Loan Fund Guidelines

Loans Made from the Community Development Revolving Loan Fund

Loans:

- 1). Amount of the loan will be \$50,000 per job created or retained with a maximum of \$250,000 or the lessor of 75% of the cost of the project. Interest rate shall be set by the City of Thief River Falls.
- 2). Loan payments to be made by automatic bank payments to the City of Thief River Falls – Community Development Revolving Loan Fund.
- 3). Collateral for loan will be a mortgage on the building, personal guarantees and security interest in personal property. Life insurance may be required. The City of Thief River Falls is to be listed as a secured party on the property insurance.
- 4). Applicant must demonstrate ability to repay the loan, with the following financial statements required:
 - a. Personal current year financial statement.
 - b. Personal income taxes (three years).
 - c. Business balance sheet or income (cash flow) statement.
 - d. Additional documents as set forth herein or requested by the City.
- 5) Supply a copy of applicant's recent credit report and score.
- 6) Agree to pay all closing costs and fees, including a non-refundable application fee of \$500.00 payable to the City of Thief River Falls.

Eligibility Requirements and Priorities:

- 1). Manufacturing, processing, service, retail, wholesale, or distribution businesses located in the City of Thief River Falls, or industrial businesses located within School District #564 if a distinct benefit to the City of Thief River Falls can be demonstrated.
- 2). Local businesses that are independently owned and operated will receive priority.
- 3). The business must create or retain jobs within the City of Thief River Falls or School District 564.
- 4). The target ratio of the loan amount to the number of jobs created or retained should be in the range of \$50,000 per job. Emphasis is on creating or retaining jobs.

Permissible Uses for Loan Funds:

- 1). Site acquisition, including land and/or building(s).
- 2). Construction costs, including new construction or rehab.
- 3). Purchase of equipment and fixed assets.

Financing of a Project Will:

- 1). Be determined on a case by case basis following a formal interview of the applicant and/or the business plan.
- 2). Give a higher priority to employment-intensive projects as opposed to capital-intensive projects.
- 3). In order to establish terms, consider the viability or demonstrated need of the applicant and may vary from case to case.
- 4). Be limited only by the amount currently available in the fund.
- 5). Be secured with collateral, equity, personal guarantees, and/or life insurance, equivalent to the loan amount.
- 6). Require immediate and full loan repayment should the recipient move from Pennington County, Minnesota.
- 7). Applicant will be required to authorize the City of Thief River Falls to process monthly payments through Electronic Funds Transfer.

Process:

- 1). Applications from eligible businesses for Revolving Loan Funds will be solicited when \$50,000 has accumulated within the fund.
- 2). Applications will be made through the City's Administrative Services Department.
- 3). The City's Administrative Services Department may require additional information from applicants as it deems necessary.
- 4). Applications will be reviewed by the Community Development Advisory Board (CDAB) within ninety (90) days after receipt of complete application.
- 5). Applicants will be required to make a formal presentation to the CDAB.
- 6). The CDAB has the right to recommend approval, denial, or a modification of the amount requested.
- 7). The CDAB will make its recommendation to the City Council for final action.

8). Applicants will be required to pay to the City, prior to disbursement of loan proceeds the legal fees, filing fees and taxes, and other costs and expenses incurred by City in processing and closing the loan(s).

Loan Applicants Shall Provide the Following:

- 1). Business Plan.
- 2). Total financing amount:
 - a) Private sources shall be documented.
 - b) Public sources shall be documented.
- 3). Business financial statements for the last three (3) years and tax returns, unless applicant is a new business.
- 4). Personal financial current year statements and tax returns for last three (3) years.
- 5). Three (3) year growth projections.
- 6). Current and projected employment:
 - a. Current employment.
 - b. Projected employment.
- 7). Building purchase will require a letter of intent to sell from owner.
- 8). Equipment purchase will require a written cost estimate from supplier.
- 9) Project narrative:
 - a. Need for loan.
 - b. Letter of intent to proceed.
 - c. Evidence of business organization.
- 10). Required loan terms:
 - a. Interest and term of loan.
 - b. Security position.
 - c. Collateral description.
 - d. Corporate and/or personal guarantee of loan.
 - e. Certificate of insurance.
 - f. Life insurance for amount and term of loan, naming City of Thief River Falls as beneficiary.
 - g. Authorize the City of Thief River Falls to process monthly payments through Electronic Fund Transfer.

7.2019

**City of Thief River Falls – Community Development Department
Revolving Loan Fund Program
Application**

Applicant Business _____

Address of Business _____

Contact Person _____

Telephone Number: _____
Home Other (Cell/Work)

Date Application Prepared _____

Prepared By _____

Telephone Number: _____
Home Other (Cell/Work)

Return Application To:

City Administrator's Office
City of Thief River Falls
PO Box 528
405 Third Street East
Thief River Falls MN 56701
Phone (218) 681-2943

(FOR CITY USE ONLY)

Project Number _____

Date Received _____

Amount of Loan _____

Term of Loan _____

Rate of Loan _____

Project Location

Type of Project _____ Construction/New Business

_____ Expansion/Existing Business

_____ Equipment/Machinery

_____ Working Capital

Principal Products or Services:

1. Business Status:

A. Date Established _____

B. Subsidiaries and Affiliates (attached names/addresses of any)

C. Dual Interests: Have the principals of the applicant business any financial interest in:

a. Vendors or projects _____ Yes _____ No

b. Are they prospective customers of Applicants products? (if yes, provide details) _____ Yes _____ No

D. Receivership – Bankruptcy: Has any officer of the Company or affiliates ever been in receivership or bankruptcy? If yes, give details on separate sheet. _____ Yes _____ No

2. Cost of Project: (use separate sheet if necessary)

A. Land and land improvements (if improvements, include cost breakdown).	\$
B. Buildings (attached plan and cost estimate)	\$
C. Machinery and equipment (attach itemized separate schedule, include automotive/office equipment and cost estimates)	\$
D. Other project costs	\$
E. Total Project Cost	\$

3. Proposed Financing:

Proposed Financing	Name & address	% of Cost	Terms Years/Interest	Dollar Amount
A. City				\$
B. Federal				\$
C. Banks/Savings/Loans				\$

D. Other Private				\$
E. Local Development Organization (LDC)				\$
F. Other				\$
G. Total Financing Equal Item 2E above				\$

4. Collateral to be Assigned (Describe and show lien position).

City: _____

Banks/Others _____

5. Current and Projected Employment (A realistic projection is necessary).

A. Existing jobs (if any)

Employment as of (date) _____

Number Male _____ Number Female _____ Payroll \$ _____

B. At start of operations:

Number Male _____ Number Female _____ Payroll \$ _____

C. When fully operating:

Number Male _____ Number Female _____ Payroll \$ _____

D. Will operation of this facility result in a reduction of employment in other facilities now operated by the applicant or its facilities? (If yes, give details on separate sheet).

Yes _____ No _____

E. Employer's Federal Identification Number _____

F. Employer's State Identification Number _____

6. Applicant's Attorney and Accountants:

Attach names, names of firms, addresses and telephone numbers of attorney(s) and accountant(s) handling affairs of business.

7. Collateral Description:

A. Land and land improvements: (does not include buildings, see "C" below)

Cost: (land and improvements)

\$ _____

\$ _____

\$ _____

B. Legal Description:

C. Building(s) Description:

General Building Description	Building Cost
_____	\$ _____
_____	\$ _____
_____	\$ _____
Total Cost	\$ _____

Provide property appraisal if available:

- 1. Present real estate taxes: \$ _____
- 2. Present assessed value: \$ _____
- 3. Income from any rents \$ _____

D. The following information applies to machinery and equipment, office furniture, automotive equipment and other types of equipment to be pledged as security.

Description of equipment: (make, model, serial number, etc.)

How used?

Total cost?

Net book value?

Please use separate sheet and indicate the following regarding the above:

1. Presently Owned
2. To be Acquired
3. Install Cost/Freight
4. Provide appraisal on equipment if available

There shall not be any discrimination against any person performing any services required by this contract or against any applicant for employment because of sex, race, creed, color, religion, national origin, age, marital status, handicap or reliance on public assistance.

The applicant further certifies that the applicant shall be in compliance with Minnesota Statute 363.03 as amended, all relevant federal laws regarding affirmative action and equal employment opportunity, and all succeeding laws regarding discrimination in employment.

(Signature of Company Official)

(Position)