

History and Purpose

In 2012, the Mantorville EDA was awarded \$29,000 from the United States Department of Agriculture (USDA) Rural Business Enterprise Grant (RBEG) to add to the EDA’s \$31,000 RLF contribution. Maintained by the EDA and City of Mantorville, MN, this account is low-interest and provides gap financing (pays part of the cost which the buyer *cannot* provide in cash at the time of purchase) for eligible investors ready to start, maintain, improve, or expand a small or emerging business within City of Mantorville. The ultimate purpose of the fund is to create and retain jobs, tax base, and services in the City.

Eligible Uses of Funds	Ineligible Uses of Funds
Acquisition and development of land, easements, and rights-of-way; Tangible investments, such as construction, conversion, enlargement, repairs or modernization of buildings (such as façade repairs and site improvements), machinery, equipment, safety and access, streets and roads, parking, utilities and/or public infrastructure, and pollution control and abatement facilities; Project must comply with all City codes and ordinances.	Comprehensive, area-wide planning. A project that has not received firm commitment from the other funding source(s) on which it is dependent. To pay off or refinance any previous debt, with exception to construction financing. Taxes (except for Sales & Use Tax when paid in connection with the purchase of eligible items); Speculative product development; Organization expenses; Residential construction/renovation Any uses not compatible with eligible uses of funds.

Any project that meets an eligible use of funds and benefits the City of Mantorville may apply for this EDA loan if the applicant meets the eligibility requirements below. Loan approvals are at the discretion of the EDA members and their majority vote attesting that the applicant and project fulfill all requirements.

Borrower Requirements

- Applicant owns a new or expanding business whose primary location is physically located in or locating to the City of Mantorville; in some cases, an exception may be made if a business outside of City lines will have a positive impact on the community;
- Applicant has determined the need for a loan for a portion of his or her business project purchase; recipient does not have the resources to complete the project without this gap financing request from the RLF.
- Recipient is credit-worthy.
- Private business employs 50 or fewer individuals and has less than \$1m in projected gross revenue (“small and emerging private business enterprise”);
- The RLF loan will be for a tangible investment (something physical: See Eligible Uses of Funds) that generates business in Mantorville.
- Recipient will create or retain at least one full-time job for each \$10,000 borrowed.

Checklist of Materials Needed by Applicant

- Formal request for loan (completed application)
- A non-refundable, \$250 fee as a check made out to City of Mantorville to cover the costs associated with application processing

Loan Details

Annual interest rate: 2% lower than the prime interest rate as published in the Wall Street Journal the day of application. In five years, the interest rate will be re-adjusted to ½% lower than prime.

Term: Loans, unless excepted and approved by the EDA, will be a seven-year balloon loans: Recipient will be required to pay any remaining balance at the end of the seven, annual installments, or

Equity: A minimum of 10% owner investment in the project is required.

Should a recipient apply for a second loan within 12 months, the recipient/borrower will be responsible for all fees associated with Deed and Mortgage Registration/Tax for the second loan or refinance.

To encourage rapid turnaround of the RLF, loans will have a prepayment benefit of a rebate of some or all of the interest paid, depending on how quickly the loan is paid off.

The prepayment tiers are as follows:

-Full payment within one year of the closing date of the EDA loan (check is in borrower's hands) will result in a refund of 100% of the interest paid on the loan.

-Full payment within two years of the closing date of the EDA loan will result in a refund of 2/3 of the interest paid on the loan.

-Full payment within three years of the closing date of the EDA loan will result in a refund of 1/3 of the interest paid on the loan.

Security will consist of the best lien available on real estate, equipment, inventory, etc.

The discounted value of the security (using typical lender discount rates) shall equal or exceed the value of the loan. The EDA may require personal guarantees and/or co-signers.

If the business relocates outside of the City of Mantorville, Minnesota, the EDA may require immediate payoff of the loan.

Assets securing EDA Loans must be insured for no less than the amount of the total outstanding balance. Borrower must submit proof of insurance and proof of paid property taxes with application.

Applicants for Mantorville, MN EDA Revolving Loan Fund financing must satisfy all Borrower Requirements, agree to the loan terms, and the business project must satisfy one or more eligible fund uses above.

- Bank assessment/letter of commitment demonstrating that the bank would be willing to loan for part of the project and that the proposed borrower's private capital for the project is limited. Letter comes from applicant's Mantorville's local bank, Citizens State Bank; the letter states the bank's conditions for approving the loan to the borrower, and/or the bank recommends the applicant for the RLF loan.

MANTORVILLE, MINNESOTA
ECONOMIC DEVELOPMENT AUTHORITY (EDA)
REVOLVING LOAN FUND (RLF) PROGRAM OVERVIEW

- Proof of insurance on property for which borrower will use RLF funds
- Proof of paid property taxes on property for which borrower will use RLF funds
- Project Description: written overview or presentation to the EDA of the project location, projected benefits, and all aspects. The project may demonstrate that investment of public dollars induces private funds beyond the means of the affected community and private participants in the project. The proposed business project must be presented to the EDA by the prospective business owner or her/his representative. If you would like assistance developing the plan, please contact Mantorville EDA Coordinator, Laura Qualey, CEDA, at 651-329-5116.
- Form 1940-20: USDA required
- 1940-20 Exhibit 1: environmental and community impact description
- Form 400-04: Civil Rights Assurance Agreement

RBEG Certification Statement: agree to use money within guidelines

Loan Review Process and Other Considerations

When all loan application materials are received, EDA staff will conduct a thorough review process of the following criteria as follows:

1. City staff and the EDA Coordinator will prepare and present the materials and project to the EDA. Applications with the greatest anticipated economic impact for the community shall receive greatest priority. Criteria to be considered in determining economic impact include number of jobs created or retained, wage scale of employees, benefits paid to employees, value added to the workforce, increase in tax base.
2. Applicants of equal economic impact will be funded in date order of application.
3. Project must comply with all City ordinances and policies.
4. Project design is sound, financially feasible, and cost-effective.
5. Available and applicable loans from other sources, ratio of private funds to loan funds, repayment ability, demonstrated need for financing, and collateral and lien position will be taken into account. Equity investment and collateral will be determined on a case-by-case basis.
6. The EDA will review preliminary/final application materials and determine fit and priorities of the application to be funded. The EDA may meet with applicant(s) when necessary to resolve any questions or issues. The EDA may require written feasibility studies, business plans, market studies, etc. as appropriate for the business type.
7. Eligibility of the applicants will typically be determined within 30 days of receipt of a complete application. An application will be considered complete when all information necessary for the EDA to make a decision has been received.
8. EDA makes recommendations to the City Council for final determination of loan award.
9. Staff informs the applicant in writing of the Council decision and directs legal counsel to prepare loan/security documents.
10. The EDA will oversee compliance, repayment, and collection of loans.
11. Due to the fluctuating nature of businesses and communities, this policy must remain able to accommodate the changing needs of the City and is thus adaptable by the

MANTORVILLE, MINNESOTA
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EDA on its discretion. This granting body also retains the right to grant loans to projects that are deemed in the public interest yet may deviate from one or more criteria in this and supporting documents.

Anti-Discrimination Policy

In accordance with Federal law and the U.S. Department of Agriculture's policy, this institution is prohibited from discriminating on the basis of race, color, national origin, sex, age, religion, disability, or marital or family status.

To file a complaint of discrimination, write to: USDA, Director, Office of Civil Rights, 1400 Independence Ave. SW Washington D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

Privacy Disclosure

Information contained in the application for assistance will become a matter of public record with the exception of those items protected under the Minnesota Government Data Practices Act, MS § 13. The City of Mantorville and EDA will ensure personally identifiable information is only shared on a need-to-know basis for the purpose of processing and reporting in regards to this application.

1951.210 USDA Environmental Requirements

Servicing activities such as transfers, assumptions, subordinations, sale or exchange of security property, and leasing of security will be reviewed for compliance with Subpart G of Part 1940 of this chapter. The appropriate environmental review will be completed prior to approval of the servicing action. When National Office approval is required, the completed environmental review will be included with other information submitted

**CITY OF MANTORVILLE
ECONOMIC DEVELOPMENT AUTHORITY
REVOLVING LOAN FUND (RLF) APPLICATION**

PERSONAL INFORMATION

Applicant First and Last Name: _____

Home Address: _____

Telephone Number: _____

E-mail Address: _____

PROJECT IDENTIFICATION

DUNS/EIN/TIN #: _____

Project Name _____

PROJECT DESCRIPTION

Project Type (check all that apply)

- | | |
|---|--|
| <input type="checkbox"/> New Business Start Up | <input type="checkbox"/> New Construction |
| <input type="checkbox"/> Business Expansion | <input type="checkbox"/> Rehab of Existing Structure |
| <input type="checkbox"/> Equipment/Machinery/Fixtures | <input type="checkbox"/> Other _____ |

PROPERTY IDENTIFICATION AND DATA

Please provide information on the property where the project will occur:

Company Name _____

Site Address _____

Current Owner(s) _____

Legal Description _____

Property ID Number _____

For construction projects only:

Property Area (sq. ft) _____

Building Size (sq. ft) _____

Building Use _____

Zoning District _____

Special Restrictions/Regulations _____

Covenants & Restrictions Compliance _____

REQUESTED TERMS

Total Project Amount _____

Loan Amount _____

Interest Rate _____ Term _____

Description of Collateral and Market Value _____

Special Payment Terms or Conditions _____

SOURCES AND USES OF FUNDS

Include all project costs (whether eligible for EDA RLF or not) and all sources of revenue for the project.

Purpose	EDA Loan	Equity	Bank	Other	Other	Total Cost
Land Acquisition						
Demolition						
Architect & Engineering						
Site Improvements						
New Construction						
Financial & Legal Work						
Equipment/ Machinery/ Equipment						
Working Capital						
Inventory						
Other						
Total % of Project						

EMPLOYMENT IMPACT

One of the goals of the Economic Development Authority is job creation and retention. Please indicate below the information requested resulting from this project. (For purposes below: 1 full-time equivalent job or FTE = 2,080 hours per year).

New Jobs

How many new, full-time equivalent jobs will be created within two years if this project proceeds?

Number _____ Starting Hourly Wage/Salary _____

Paid Benefits _____

Retained Jobs

How many full-time equivalent jobs will be **lost** if this project does **not** proceed?

Number _____ Current Hourly Wage/Salary _____

Paid Benefits _____

SCHEDULE OF BUSINESS DEBT

Please list all current debt

Lender	Original Amount	Interest Rate	Current Amount	Monthly Payment

STATEMENT OF COLLATERAL

Please describe the proposed security for this RLF loan _____

Collateral	Cost	Current Value	Existing Liens
Land			
Buildings			
Machinery/Equipment & Fixtures			
Other			
Other			

“BUT FOR” STATEMENT

The RLF loan program is only used to assist projects that would not be able to proceed otherwise. Please indicate why your project cannot proceed without RLF loan assistance.

But for the assistance of the Mantorville Revolving Loan Fund program, I would not be able to proceed with my project because _____

See Checklist of Materials Needed by Applicant to ensure you have completed the application package.

I/we certify that all information provided in this application and accompanying materials is true and accurate to the best of our knowledge. I/we authorize the Mantorville Economic Development Authority and its agents to verify the background information provided and to obtain credit reports and/or consult with other lenders assisting with this project to determine our credit worthiness. I/we agree to provide any additional information and complete any follow-up reporting as may be requested or required by the Harmony Economic Development Authority, the State of Minnesota, or any other entity in regards to this assistance.

Signature of applicant(s):

Date

Date

Date

**CITY OF MANTORVILLE
ECONOMIC DEVELOPMENT AUTHORITY
REVOLVING LOAN FUND (RLF) CHECKLIST**

Action:	To Be Completed By:	Date Completed:
___ Meet with EDA Staff <i>Review project/ preliminary eligibility</i>	Applicant	_____
___ Create Business Plan <i>EDA staff can assist with business plan</i>	Applicant	_____
___ Read through RLF Guidelines <i>Applicant is responsible to understand guidelines</i>	Applicant	_____
___ Complete RLF Application <i>EDA staff can assist with application</i>	Applicant	_____
___ Submit Application & \$250 Fee <i>Application fee covers legal costs, payable to the City of Mantorville</i>	Applicant	_____
___ Review of Application <i>EDA staff reviews completed application</i>	EDA	_____
___ Loan Committee Approval <i>Reviews application, makes recommendation to full EDA board</i>	EDA	_____
___ EDA Approval <i>Reviews project for eligibility & feasibility. Makes recommendation to City Council</i>	EDA	_____
___ City Council Approval <i>Reviews EDA recommendation & approves or denies the loan</i>	City	_____
___ Loan Closing <i>Handled through the City Attorney's office, in conjunction with EDA staff</i>	EDA	_____

____ Submittal of Vendor Invoices Applicant _____
Payments will be sent directly to vendors

____ Disbursement of Funds EDA _____
EDA pays vendors based on invoices submitted by Applicant

____ Repayment Begins Applicant _____
Repayment schedule is set at time of closing; please ask EDA staff if you have any questions
Applicant is responsible to set up ACH payments with City

The Mantorville EDA is here to help you! Should you have any questions about this process, please call the EDA at 507-635-5170.