

Low-Documentation Loan Program – “Tier 1” Commercial Building Renovation

Program Purpose:	To promote the rejuvenation of existing commercial buildings within the City through exterior renovation and remodeling.
How It Works:	Applicant receives loan application from Owatonna Business Incubator Office. Loan Administrator reviews completed application and makes recommendations to the EDA Commissioners.
Eligible Applicants:	Owners/Renters of commercial buildings within the City of Owatonna.
Minimum Requirements:	All building renovation/remodeling is to comply with City codes & policies. If the proposed property is located in the “Central Business District,” the improvement resulting from this loan must comply with the MainStreet owatonna Design Guidelines. See section IV of this loan fund application for additional details.
Eligible Projects:	Improvements may include removal of false façade, exterior restoration, painting, windows, signage, tuck pointing, & other structure improvements.
Maximum Available:	\$1,000 minimum, up to a maximum of \$5,000.
Other Funds Required:	50% of total project cost must be privately financed through owner equity and other lending sources.
Interest Rate:	0%
Terms:	Level monthly payment schedule, not exceeding three (3) years. Minimum monthly payments of \$100. As part of loan closing, payment will be established by A.C.H. for automatic check withdrawal from the borrowers checking account.
Collateral Requirements:	Personal guarantees.
Fees:	\$25 processing
Applications Accepted:	On a year-round basis through the Economic Development Authority single application process.
Approving Authority:	Owatonna Economic Development Authority
Disbursement of Funds:	Upon receipt of bills or pre-arranged approved schedule. Loan funds must be disbursed in full within 180 days of loan approval.

NOTE: Loan program is subject to the availability of EDA loan funds.

Contact: Owatonna Business Incubator
1065 24th Ave. SW, P.O. Box 505
Owatonna, MN 55060
(507) 451-0517

Owatonna Economic Development Authority

Low-Documentation Loan Program Application – “Tier 1”

1. PURPOSE

It is the purpose of this document to establish a Low-Documentation Loan Program to promote the rejuvenation of existing commercial buildings within the City through exterior renovation and remodeling.

2. POLICY STATEMENT

The Economic Development Authority (EDA) of Owatonna recognizes that improving the appearance of the exterior of a commercial/retail business is an essential part of creating a successful shopping experience. It is the intent of the loan program to provide affordable loans for the remodeling and/or rehabilitation of existing commercial/retail structures.

3. LOAN AMOUNT AND TERMS

The minimum loan amount will be \$500, and the maximum amount will be 50% of the total project cost or \$5,000, whichever is less. The loan interest rate will be at 0%. Financing terms will be based on a level monthly repayment schedule, not to exceed three (3) years. Minimum monthly payments of \$100. As part of loan closing, payment will be established by A.C.H. for automatic check withdrawal from the borrowers checking account. Loans will be based on a cost reimbursement procedure, with funds being remitted after project cost documentation is submitted to the EDA. The EDA reserves the right to approve or deny individual applications.

4. REGULATION FOR IMPROVEMENTS

All building renovation/remodeling is to comply with City codes and policies. Improvements may include but not limited to removal of false façade, exterior restoration, painting, windows, signage, tuck pointing, and other structural improvements which enhance the original architectural lines/style of the building. Any costs incurred prior to the approval of the application are not eligible. No project may commence until the required City permits are secured.

If the proposed property is located in the “Central Business District,” the improvement resulting from this loan must comply with the MainStreet owatonna Design Guidelines. See section IV of this loan fund application for additional details.

5. LOAN SECURITY AND GUARANTEES

The applicant must demonstrate the financial means to repay the loan and provide a personal guarantee.

6. PROCEDURAL GUIDELINES FOR APPLICATION AND APPROVAL

A. Application and Review

An interested loan applicant will meet with the Owatonna Business Incubator (OBI) Director to obtain information about the Low-Documentation Loan Program, discuss the proposed project and obtain application forms.

A completed application form, together with a processing fee of \$25, must be submitted to the Owatonna Business Incubator (OBI) prior to review and consideration. The OBI Director reviews the application and makes recommendations to the Owatonna Economic Development Commissioners.

The application is reviewed by the OBI Director on the following compliance's:

1. Ratio of private funds to Low-Doc is 1:1 or greater
2. Sufficient cash flow to cover proposed debt service as demonstrated by financial information.
3. Business to be assisted must show a positive net worth.
4. All other information as required in the application and/or additional information as may be requested by the EDA.
5. Project Design – does it rejuvenate the existing commercial building exterior.

B. Disbursement of Loan Funds:

Loans will be based on a cost reimbursement procedure, with loan funds being paid out to the applicant after the applicant has submitted cost documentation (invoices) for work completed.

APPLICATION
Low Documentation Loan Fund

I. BASIC INFORMATION

Name of Business _____ Loan Number _____

Address _____

City _____ Zip Code _____

Contact Person _____ Telephone _____

Social Security # _____ (if Sole Proprietorship)

Type of Business: _____ Sole Proprietorship _____ Corporation _____ Partnership

A. Brief description of the business the applicant is engaged in:

B. Are you or your business currently involved or have any history of being involved in litigation:

_____ Yes _____ No

II. NATURE OF THE LOAN REQUEST:

Amount of Low-Doc Loan Requested: \$ _____

Brief description of project for which applicant is seeking funding:

III. PERSONAL FINANCIAL DETAIL

A. Detailed Personal Financial Statement

B. Most Recent Personal Tax Return

C. Bank Letter of Reference

The foregoing statement/application, submitted for the purpose of obtaining EDA funding, is true and correct in every detail and fairly shows my/our financial condition at the time indicated. I/we will give the EDA prompt written notice of any subsequent substantial change in such financial condition occurring before discharge of my/our obligations to the EDA. I/we understand that the EDA will retain this personal financial statement whether or not the EDA approves the credit in connection with which it is submitted. The EDA is authorized to check my/our credit history and/or any other information contained herein.

Signature: _____ Date: _____

Co-Applicant Signature: _____ Date: _____

IV. MainStreet Design Guidelines EDA Loan Compliance for Tier 1 Loans

Businesses that are located in the “Central Business District” must comply with the MainStreet Owatonna Design Guidelines to be eligible for Owatonna Economic Development Authority loans.

The guidelines are available by calling or by stopping at:

OACCT/MainStreet
320 Hoffman Drive
Owatonna, MN 55060
Phone: 507-451-7970

To insure compliance, you will need to meet with the Director of the MainStreet Owatonna Program and have your plans reviewed. Once your plans are approved, have the Director sign and date this form and submit this form along with the loan application and other required documents as listed in the application.

_____ (name of applicant) has met the design review guidelines and is eligible to apply for an Owatonna Economic Development Authority loan.

MainStreet Director: _____

Date: _____

Applicant's Signature: _____

Date: _____

