

## **Low-Documentation Loan Program – “Tier 2” Commercial Building Renovation**

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- Program Purpose:** In conjunction with the Low Documentation Loan Program applicants may be eligible for additional funds for exterior commercial building renovation and remodeling within the City of Owatonna.
- How It Works:** Applicant receives loan application from Owatonna Business Incubator Office. EDA Loan Committee 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. Proposed improvements must enhance or restore the original architectural lines/style of building. If the proposed property is located in the “Central Business District,” the improvement resulting from this loan must comply with the Main Street 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, tuck pointing, & other improvements to the structure which preserve and/or enhance the original architectural lines/styles of the building.
- Maximum Available:** \$20,000 maximum (in addition to \$5,000 Low Doc funds)
- Other Funds Required:** 50% of total project cost must be privately financed through owner equity and other lending sources.
- Interest Rate:** One half of prime interest rate the day the application is submitted.
- Terms:** Repayment period not to exceed 7 years. Minimum monthly payment of \$100. As part of loan closing, payment will be established by A.C.H. for automatic check withdrawal from the borrower’s checking account.

**Collateral Requirements:** Personal guarantees, junior mortgage on building and/or assets.

**Fees:** \$150 processing fee.

**Applications Accepted:** On a year-round basis.

**Approving Authority:** Owatonna Economic Development Authority upon recommendation of its loan committee. In addition to the financial aspects of the proposed loan, the loan committee will review the proposed renovation / remodeling plans to determine if changes are in keeping with the original architectural lines/styles of the building. Approval of the loan is based on decisions made by the Loan Committee and EDA. The Owatonna Economic Development Authority reserves the right to approve or deny individual applications.

**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 24<sup>th</sup> Ave. SW, P.O. Box 505  
Owatonna, MN 55060  
(507) 451-0517

# **Owatonna Economic Development Authority**

## **Low-Documentation Loan Program Application – “Tier 2”**

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### **1. PURPOSE**

It is the purpose of this document to establish a Low-Documentation Loan Program-“Tier 2” 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 maximum amount will be 50% of the total project cost or \$20,000, whichever is less. The loan interest rate will be at one half the prime interest rate the day the application is submitted. Financing terms will be based on a per month repayment schedule, not to exceed seven (7) years. The minimum monthly payment is \$100. As part of loan closing, payment will be established by A.C.H. for automatic check withdrawal from the borrower’s checking account. Loans will be based on a cost reimbursement procedure, with funds being remitted after project cost documentation is submitted to the EDA.

### **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 preserve and/or 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.

### **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 Programs, discuss the proposed project and obtain application forms.

A completed application form, together with a processing fee of \$150, must be submitted to the Owatonna Business Incubator (OBI) Director prior to review and consideration. The fee is used to cover EDA expenses for processing the application.

### **B. Project Review**

The Loan Committee will review each application in terms of its consistency with the goals of the loan program.

The Loan Committee will also evaluate the project application in terms of the following:

1. Project Design – Evaluation of project design will include review of the plans to determine if the proposed changes are in keeping with the original architectural lines/styles of the building.
2. Financial Feasibility – Availability of funds, private involvement, financial packaging and cost effectiveness.
  - a. Ratio of private funds to Low-Doc funds is 1:1 or greater.
  - b. Sufficient cash flow to cover proposed debt service as demonstrated by financial information.
  - c. Business to be assisted must show a positive net worth.
  - d. Sufficient collateral.
3. All other information as required in the application and/or additional information as may be request by the EDA.
4. The Loan Committee will recommend to the EDA to approve or disapprove the application.
5. The loan recipient shall agree to provide the EDA with information as needed to monitor project compliance relative to the loan guidelines.
6. Loans will be made on a “one time” basis for each building. Businesses occupying more than one building will be considered as one building, and a building containing more than one business will be considered as one building for loan purposes.

**APPLICATION**  
**Low Documentation Loan Fund – Tier 2**

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**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: \$ \_\_\_\_\_

Provide a description of the project for which you are seeking funding; including cost estimates. Due to the purpose of this loan program, it is important that you provide the review committee with detailed plans for your project.

### **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 & Review EDA Loan Compliance for Tier 2 Loans

Businesses that are located in the “Central Business District” must comply with the MainStreet Owatonna Design Guidelines and Design Review 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 you 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: \_\_\_\_\_

