

Red Wing Housing and Redevelopment Authority Community Development Revolving Loan and Deferred Loan Funds Guidelines

2013

The Community Development Revolving Loan and Deferred Loan Funds are available to provide rehabilitation financing to commercial businesses in the City of Red Wing. Applicants must own the building they want to rehabilitate. Applications will be accepted for new or existing commercial businesses. Davis Bacon Wages requirements are required for the use of the funds.

Applications will be accepted only in the target area as approved by the Red Wing HRA Board of Commissioners on November 13, 2012 and as in the blight study approved on December 11, 2012. The HRA is targeting funds to be used in a defined area of the Downtown and Old West Main area. A map will be made available to the applicant.

Applications will be accepted on a pipeline basis until applications reach 200% of the allocated initial funding amount upon announcement of the availability of the program (\$200,000). Applications will be then be funded as completed and upon approval by the Board of Commissioners. Once funding has been expended, the remaining applicants will be notified that funding is unavailable until further notice.

Completed applications will be reviewed by the HRA Finance Committee. Only applications with a favorable recommendation by the Finance Committee will be forwarded to the Board of Commissioners for approval at the next regularly scheduled meeting. Applications must be considered complete to be presented to the Finance Committee.

The HRA reserves the right to deny any and all loan application requests upon its own discretions. The Board reserves the right to review individual requests that do not exactly match the guidelines as stated in this document.

The Community Development Revolving Loan and Deferred Loan Funds program is designed so that an applicant receives an amortized loan to be paid back to the Red Wing HRA with a zero-percent interest rate coupled with a zero-percent deferred loan that is forgiven after ten years. Each loan will be of an equal amount upon closing.

The maximum combined amount for the loans is \$50,000. The minimum combined amount for the loans is \$25,000.

RWHRA staff or its assigned contractor will be available to assist each borrower in the completion of the application package. Contact the HRA at 651-388-7571 for an application or with questions. The RWHRA retains the right to waive program requirements and to deny loan requests at its discretion.

Directions: Complete pages 1 and 2 and attach the items listed on page 3. Submit completed applications to the Red Wing HRA office.

Red Wing Housing and Redevelopment Authority

Community Development Revolving Loan and Deferred Loan Funds Application

1. Basic Information

Name of Business: _____

Name of Applicant (s): _____

Address of Business: _____

Email Address of Applicant: _____

Contact Person (if different than applicant): _____

Telephone Number: (Day) _____ (Night) _____

Social Security Number of Applicant: _____

Additional Name & Social Security Number _____

Federal I.D. Number _____

2. Description of Project for which Financing is Requested:

(Attach additional pages if necessary)

- New Business
- Expansion
- Rehab/Renovation/Code Work/Accessibility
- Energy Improvements

3. Type of Business:

Sole Proprietorship Corporation Partnership

Brief Description of the Business: _____

4. Loan Request:

Total Cost of Project	\$ _____
Amount from other Sources	\$ _____
Amount Requested from RWHRA	\$ _____

5. Employment:

Existing Jobs Jobs to be created Jobs retained

6. In connection with this application, the RWHRA is authorized to check my/our credit history and employment history or any other information deemed necessary.

Signature(s) _____ Date _____

Signature(s) _____ Date _____

USE OF FUNDS

1. Renovation/Rehabilitation	\$ _____
2. Energy Savings Improvement	\$ _____
3. Lead Paint Remediation	\$ _____
4. Code Work/Accessibility Improvements	\$ _____
5. Materials	\$ _____
6. Consulting Fees or Miscellaneous Expenses	\$ _____
7. _____	\$ _____
8. _____	\$ _____
9. _____	\$ _____
10. _____	\$ _____
11. _____	\$ _____
12. Total Project Cost	\$ _____
13. Amount You or Others Anticipate Investing	\$ _____
Source of Equity/Loan	Amount
_____ (Equity or Loan)	\$ _____
_____ (Equity or Loan)	\$ _____
_____ (Equity or Loan)	\$ _____
_____ (Equity or Loan)	\$ _____
14. Amount of Loan Needed (line 12 minus line 13)	\$ _____

Attachments

Please attach the following details as applicable

- 1) Mortgage or Deed (or copy of lease if applicant is renter of property)
- 2) Owners and Encumbrances Report (from Goodhue County Abstract Company)
- 3) Junior Lien approval from all senior lien holders (if applicable)
- 4) Historical Operating Reports from the past 2 years
- 5) Financial Statement
- 6) Property Insurance Binder
- 7) Environmental Assessment (Required)
- 8) Organizational Documentation –Partnership Agreement, Articles of Incorporation, etc. (these must reflect who has the authority to act on behalf of the organization, if not, that document must be created and submitted)
- 9) Location – include a location map with exact boundaries of projected development as proposed.
- 10) Size – describe the size in terms of square feet (building) and/or acres (parcel).
- 11) Use – describe the proposed uses for the property, by parcel, if known
- 12) Value – list the current estimated market value and the appraised increase
- 13) Current Taxes and Assessments
- 14) Timing – describe the timing of the project including benchmarks. (Example: Starting of Financing, Construction, Completion, etc.)
- 15) Impact –please identify the benefits and assets to the community:
 - a) Direct benefit to low and moderate income households
 - b) Serve low and moderate income area
 - c) Target slum, blighted, deteriorated or a deteriorating area or spot in the community
 - d) Create or retain jobs
- 16) Need- explain why the improvement is not one that would normally be financed by a private lender and why the costs of the improvements cannot be paid by the applicant.
- 17) Proposed Scope of Work items

Community Development Revolving Loan and Deferred Loan Funds

General Loan Policies

General Loan Policies

Eligible Applicants:	The applicant must be a recognized legal entity within the State of Minnesota with the ability to legally enter into a contract. The HRA will require personal guarantees on all loans.
Eligible Use of Proceeds	Loan proceeds may be used for code requirements, rehabilitation of a building, accessibility, and signage. Davis Bacon Wage requirements will apply to all work performed with loan proceeds and as determined by law.
Ineligible Use of Proceeds	Refinance Debt Pay Delinquent taxes Pay organizational start up costs Acquisition or costs to obtain real estate Improve properties for residential purposes
Loan Amounts	The maximum combined amount for the loans is \$50,000. The minimum combined amount for the loans is \$25,000.
Terms of the Loans:	
Amortized Revolving loans:	10 years maximum The HRA may offer a longer amortization with a balloon payment at the end of ten years. The HRA may defer payments for up to three years.
Deferred Loans:	10 years with forgiveness of the full amount at the end of the ten years; 0% interest rate.
Interest Rate	0% interest rate.
Land Use	All projects must meet current zoning and conform to the City's Comprehensive Plan. Applicant is responsible for all necessary permits.
Collateral	Each loan will be secured by a security interest in the project property. The HRA may require an appraisal. The HRA may take a subordinate security interest if another Lender is involved in the project.
Owners Participation	At least 20% of the project valuation "as built" should be in the form of equity.

Competitive Process	The HRA will require that construction or service contracts are secured in a competitive process in accordance with DEED guidelines. This means the applicant secures two or more vendors or contractors to bid to provide the most favorable price, quality and service.
Complete funding of a Project	The applicant must provide evidence that all sources of funding are secured for the proposal before approval.
Application Fee	\$500 per loan.
Attorney Fees	All attorney expenses to be paid by the applicant.
Filing Fees	Filing fees are the responsibility of the applicant.
Initial Funding for program	\$200,000.

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