

Small Business Development Loan Program



**City of Norwood Young America
Economic Development Authority**

CITY OF NORWOOD YOUNG AMERICA SMALL BUSINESS DEVELOPMENT LOAN PROGRAM

Eligibility Criteria

1. Property must be located within the city limits of Norwood Young America.
2. Applicant must have ownership interest in the property.
3. Applicant must use a portion of the building for commercial purposes.
4. The total outstanding obligation (including loans under this program) secured by the property must be less than 100% of the assessor's estimated market value, or the appraised value, whichever is greater.
5. Applicant must not have started or completed work on the proposed project.
6. Proposed improvements must comply with the Minnesota State Building Code for rehabilitation work.
7. Eligible improvements include exterior improvements to buildings, as well as interior improvements such as general remodeling and improvements related to safety, accessibility, habitability and energy consumption. Specific eligible improvements include the following:

Eligible exterior improvements:

- Windows & doors
- Painting, sandblasting or other façade improvements
- Roofs
- Foundations
- Exterior lighting
- Handicap accessibility (Ramps)
- Cement work such as private steps and sidewalks
- Private parking lots

Eligible safety, accessibility, habitability and energy efficiency improvements:

- Heating
- Electrical
- Plumbing
- Insulation
- Handicap accessibility
- Asbestos abatement

Eligible interior improvements include only general remodeling of areas that are accessible to the public, to include:

- Lighting improvements
- Built-in cabinetry
- Painting or other wall coverings
- Flooring

8. Ineligible improvements include refinancing prior rehab debt, working capital, inventory and improvements that are removable, such as the following:

- Security systems
- Equipment
- Furniture

* Loans are not available to remodel apartments above the business or areas not generally accessible by the public.

Terms

1. The Small Business Development Loan Program can provide funds up to \$5,000.
2. The term of the loan is not to exceed 5 years.
3. The interest rate is the current prime as noted in the current Wall Street Journal. As of 6/22/11 this was 3.25%.

Conditions

1. If the applicant has received a loan(s) from the City of Norwood Young America in the past, he or she is only eligible for the difference between the maximum loan amount and the amount remaining to be paid on the previous loan(s). For example, if the previous loan(s) total \$2,500 with a balance due and payable of \$1,000 – the property owner would be eligible for up to \$4,000 in new money.
2. Loans are due and payable upon sale or transfer of the property except contract for deed sales. Loans on property sold by contract-for-deed are due when the title transfers.
3. All owners must join in the application including contract holders. (In case of Life Estate, at least one-third of the owners must join in the application).

Application Materials

1. Applicant must provide a copy of the most recent business financial statements.
2. Applicant must provide a copy of personal financial statements from all partners / guarantors who have 50% or more ownership in the business.
3. Applicant must provide a copy of most recent Federal tax return on all partners / guarantors who have 50% or more ownership in the business.
4. Applicant must provide one bid for each project.
5. Applicant must provide a copy of the Carver County Assessor's most recent estimated market value for the property.
6. If the project involves exterior beautification, the applicant must provide a sketch of the proposed work.
7. Applicant must provide a copy of the Abstract or Torrens Certificate to certify availability.

Loan Application Review Process

1. The Norwood Young America Economic Development Coordinator will evaluate the loan application to determine eligibility. The Economic Development Coordinator will forward applications that meet the eligibility criteria to Norwood Young America Economic Development Commission's Loan Review Committee.
2. The Loan Review Committee makes a recommendation to the City Council. The City Council makes the final determination on approval or denial of the loan application.

Upon Approval

1. If the loan is approved, a loan agreement is entered into between the Economic Development Commission and the borrower.
2. The borrower then chooses a local lending institution to administer the loan funds.
3. Weather permitting, contractors must complete work within 120 days of the date the promissory note is executed by borrowers.
4. If the final project(s) cost exceeds the amount the borrower qualified for, the borrower must obtain the additional funds from another source.
5. The borrower can perform the work. However, the borrower can only use the loan proceeds for materials. The borrower must obtain all permits and have the work inspected by the City of Norwood Young America and / or other appropriate personnel when required by city ordinance.

Applications can be dropped off at Norwood Young America City or mailed to:

Economic Development Coordinator
City of Norwood Young America
P.O. Box 59
Norwood Young America, MN 55368

Please call the Norwood Young America Economic Development Coordinator at **(952) 467-1993** if you have any questions or need additional information.

**City of Norwood Young America
Small Business Rehabilitation Loan Program**

Application

Name: _____

Date: _____

Property owner(s) address:

Address to be improved: _____

Day Phone: _____ Evening Phone: _____

Fill out the following information and attach copies of your bids. If you are doing the work yourself, please attach a copy of the material costs on letterhead from the material supplier. Please obtain one bid per project.

REMEMBER to include copies of:

- Business and personal financial statements
- Most recent Federal tax return
- Carver County Assessor's most recent estimated market value for your property
- Abstract or Torrens certificate for your property

Contractor Name	Address	Phone number	Projects	Bid Amount
1.	_____	_____	_____	_____
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____

<p>Total Improvement Cost:</p> <p>\$ _____</p> <p>Amount of Loan Request: \$ _____</p> <p style="text-align: center;"><i>The amount of the loan request should not exceed \$5,000.00</i></p>
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IF THIS IS AN EXTERIOR BEAUTIFICATION PROJECT, PLEASE INCLUDE A SKETCH OF YOUR PROPOSED PROJECT WITH THIS APPLICATION.

I have read and am within the guidelines for the Small Business Development Loan Program. I understand that if any information is incorrect or incomplete, my chances of receiving funding will be delayed and/or hindered.

SIGNATURE: _____

DATE: _____

Applications will be reviewed in the order they are received.

Applications can be dropped off at Norwood Young America City Hall, or mailed to:

Economic Development Coordinator
City of Norwood Young America
P.O. Box 59
Norwood Young America, MN 55368

You must contact the City Planner at 952-467-1806 to see if your project requires a permit BEFORE you begin work.