

**GUIDELINES FOR THE
CITY OF SILVER BAY STOREFRONT RENOVATION LOAN PROGRAM**

PURPOSE:

The City Council of the City of Silver Bay in cooperation with Iron Range Resources and Rehabilitation Board (IRRRB), Norwest Bank, and the Economic Development Authority have developed a revolving loan fund for the purpose of providing financing for eligible businesses in the Silver Bay area. Capitalization of this program came from 3:1 match basis, whereas the Iron Range Resources will provide \$3 for every \$1 of local match.

The principal objective of the program is to offer the businesses an incentive to improve the appearance of their storefront, thereby attracting additional customers and hopefully creating additional demand for their products and the need for other compatible businesses. Secondary objectives are to stimulate private investment, expand the tax base, and provide job opportunities particularly for low income persons through the establishment of new businesses or the expansion of existing businesses.

A STOREFRONT shall be defined as any exterior building facing which is regularly viewed by the public due to the usage of this store or an adjacent store.

LOAN AMOUNTS:

The minimum loan amount is \$1,000 and the maximum loan exposure from this loan fund shall be approved by the City of Silver Bay.

GEOGRAPHIC AREA OF PROGRAM:

The Storefront Renovation Loan Program exists for businesses located in the City of Silver Bay or any business that the Silver Bay Economic Development Authority deems as having an economic impact on the City of Silver Bay.

ELIGIBLE BUSINESSES:

Storefront renovation financed using the Storefront Renovation Loan Program must be for a business located in an existing building. Eligible applicants include, but are not limited to, those businesses which are engaged in:

- Retail Sales
- Lodging Facility
- Auto Repair
- Information Industries
- Restaurants
- Service Sector Businesses
- Financial Institutions
- Tourism

FINANCING POLICIES:

A. ALLOWABLE USE OF PROCEEDS

Storefront Renovation Loan Program shall include windows, doors, exterior siding and painting, lighting, roof facings, and signage that is attached to the building. These pieces may be replaced, removed, or rearranged at the discretion of the business and approved for financing by the City.

The renovations are designed to meet the letter of the law to be in accordance with the American's with Disabilities Act (A.D.A.) Federal regulations. The following areas are eligible uses of the loan funds as described in the law: Grading, walks, parking spaces, ramps, and entrances.

Items that are a part of the storefront concept without being physically attached to the storefront shall be eligible for loan funds for the following areas: Landscaping improvements, sidewalks leading to the building, driveways, plantings, signage, and others as approved by the City.

B. TERM OF LOANS

The length of any loan made by the Storefront Renovation Loan Program will be based upon the amount of the loan. The term of any loan shall not exceed the following and will be repaid on a monthly basis:

Loans between \$1,000 and \$5,000 will be a three (3) year term;

Loans between \$5,001 and \$9,999 will be a five (5) year term;

Loans over \$10,000 will be a seven (7) year term

C. INTEREST RATE OF LOANS

Interest Rates on all loans will be at 3% interest and fixed throughout the term of the loan.

D. FEES AND CHARGES

At the option of the Economic Development Authority, all or part of the legal costs incurred by the Storefront Renovation Loan Program in the closing of the Borrower's Loan may be passed on to the Borrower.

Any Authorized lending institution shall receive, for originating and servicing such loan, a fee not to exceed \$100, said fee to be paid by applicant.

E. OTHER FINANCING POLICIES

1. Any loan made by the City of Silver Bay shall be adequately secured to the satisfaction of the City of Silver Bay.
2. Any loan made by the City of Silver Bay shall be personally guaranteed by the principal owners of the borrower to the satisfaction of the City of Silver Bay.
3. All loans shall be subject to whatever agreements and documents are reasonably necessary to protect the interests of the City and to insure that the purpose and intent of this program are met.
4. No loan or other financial assistance may be made to refinance existing debt or to be used for operating expenses.
5. The recipient of such loan or other financial assistance is credit worthy and has the ability to perform its obligations under any agreements to be entered into with the City.
6. Benefits will be realized by the citizens of the City in the form of a more attractive storefront, jobs, and/or tax base.
7. Any loan agreement between the City of Silver Bay and the Borrower shall require:
 - a. That the Borrower submits to the City of Silver Bay upon completion of the renovations a list of receipts for the materials and labor for the project. These receipts shall total within 10% of the borrowed amount. Any amount beyond the 10% shall be immediately returned to the City of Silver Bay.
 - b. The business shall comply with the local zoning ordinances prior to any renovations taking place and have obtained all proper permits.
 - c. The business shall have 180 days to complete the renovations.
 - d. The business shall supply before and after photographs of the renovations.

THE CITY NEED NOT MAKE A LOAN OR PROVIDE OTHER FINANCIAL ASSISTANCE TO A BUSINESS THAT MEETS ALL OF THE REQUIREMENTS OF THESE GUIDELINES UNLESS THE CITY IN ITS SOLE DISCRETION DETERMINES THAT IT IS IN THE BEST INTERESTS OF THE CITY TO MAKE SUCH LOAN OR PROVIDE SUCH OTHER FINANCIAL ASSISTANCE.

APPLICATION PROCESS:

A. PRE-APPLICATION

The City of Silver Bay Economic Development Authority shall distribute, receive, and review all applications as to the applicant's credit worthiness, ability to repay, and the conformity to the purpose of this program. Once the Silver Bay Economic Development Authority deems the pre-application to be viable, a full application will be sent to the Business for completion.

B. FULL-APPLICATION

The City of Silver Bay Economic Development Authority will discuss full details of application preparation and guidelines with the applicant. The applicant will fully complete all of the required documentation. The City of Silver Bay Economic Development Authority will review

the full application and makes a decision on the application. Should the EDA decide to approve the application; the application will be forwarded for City Council Approval.

C. LOAN CLOSING PROCESS

The City of Silver Bay will prepare all the proper closing documents, which shall include the Promissory Note, the Security Agreement, UCC-1 Financing Statement, a Loan Amortization Schedule, and any other documents required for closing. The closing documents will be executed by all parties. Copies of executed closing documents will be filed with the City of Silver Bay. Funds will be disbursed to the business.

NOTE: AT ANY POINT IN THE REVIEW PROCESS, THE APPLICATION MAY BE DENIED OR SENT BACK FOR FURTHER INFORMATION.