

CITY OF VIRGINIA/VEDA

BUSINESS RENOVATION LOANS

PURPOSE:

The City of Virginia, through the Virginia Economic Development Authority (VEDA), maintains a revolving loan fund for the specific purpose of providing below market rate financing to stimulate business owners to:

- Physically enhance or improve the exterior or interior appearance of their structure
- Improve energy efficiency
- Conform to all City Codes; including Building Maintenance and Fire Safety/Prevention
- Provide or enhance Handicap accessibility

Loans must be used for physical upgrades to the building, or property. They are not available for operating capital.

All work shall conform to City Code(s) and City Policies for Building Permits and other requirements; including the use of licensed, insured contractors.

LOAN CRITERIA:

The maximum amount for this loan program equals **\$15,000** and is subject to availability of funds within the program.*

TERM OF LOANS: The maximum term is ten (10) years.

INTEREST RATE: Guaranteed for the term of the loan. Rates for future loans may vary; based on economic conditions.

ELIGIBILITY: Owners, tenants, or operators of businesses within the City of Virginia. As the ultimate beneficiary of improvements, the owner of record shall consent to the work and provide a personal guarantee for payment. Recipients may be legally organized in any manner permitted by the laws of the State of Minnesota.

PROCESS: Applicant must submit complete application and required materials to VEDA. VEDA will administer and process all loans and loan applications. Final consent for all loans is subject to approval by the CITY COUNCIL.

FOR MORE INFORMATION:

For further information, including current loan interest rates, guidelines, and applications, contact Kris Johnson, Administrative Assistant at 218-749-3563 or kris@virginiamn.us

CITY OF VIRGINIA/VEDA

BUSINESS RENOVATION LOAN GUIDELINES

The City of Virginia, through the Virginia Economic Development Authority (VEDA), maintains a revolving loan fund for the specific purpose of providing below market rate financing to stimulate business owners. In order for VEDA to accurately review your information, the following items may be requested and/or verified.

FINANCIAL AND UNDERWRITING INFORMATION

- Tax Return Information
 - Two years of Corporate/Partnership Tax Returns OR
 - Individual Tax Returns along with a current Personal Financial Statement on the principal borrower(s).

Please note: Credit bureau(s) reports will be researched on the individual owner(s).
- Financial Projections are required for new businesses *
- All Business/Individual reports will verify sufficient cash flow to repay the storefront loan*
- Verification that Property Taxes are current and paid. Please note: Applicant will not be eligible for loan if past due taxes exist on subject property.
- Applicant must not be in the process of filing for bankruptcy nor have filed bankruptcy in the last 5 years.
- Majority owners having 20% or more of ownership are required to guaranty the debt.
- A Mortgage lien against the property will be filed
- An OWNER'S AND ENCUMBRANCE policy with a plat drawing through a local title company verifying no issues are outstanding is required.
- Current mortgages (if any) must be disclosed and payments must be current. Any institution holding a mortgage on said property will be informed of VEDA's intent to file a lien on the property and be provided with an opportunity to comment.

PROJECT DESCRIPTION AND COSTS CHECKLIST

ALL APPLICANTS WILL PROVIDE:

- ✓ Detailed scope of work that supports the need of the loan
- ✓ Any/all estimates of material and labor at the time of application. A minimum of two bids will be sent out per job. Contracts will be awarded to the contractor selected by the building owner. If only one bid is submitted, it will be compared to the estimate for the project to determine that the bid was reasonable. At any time if there is perceived Conflict of Interest, two (2) quotes or bids will be required.
- ✓ An estimated project completion date
- ✓ Provide a written, notarized, contract for services between the applicant and contractor(s)

*WORK DONE BY AN APPLICANT, WITHOUT THE USE OF A CONTRACTOR, **is** ELIGIBLE FOR A LOAN COVERING MATERIAL COSTS ONLY. APPLICANT SHALL **ALSO** PROVIDE:*

- ✓ Upon completion, provide an original copy of paid invoice(s) from supplier(s) of materials

IF LOAN APPROVED, ALL APPLICANTS REQUIRED TO PROVIDE

- ✓ Documentation that the City Engineer's office has reviewed plans and issued all applicable permits
- ✓ Copy of post work inspection(s) reports, if required
- ✓ Proof of Building/Property Insurance with the City of Virginia listed as mortgagee on the policy

LOAN APPROVAL PROCESS

All financial and project information will be reviewed by the VEDA loan sub-committee which will make a recommendation to approve or deny the loan application. This recommendation will be forwarded to the full VEDA committee at their next VEDA meeting. VEDA meetings are normally scheduled for the first Thursday of each month and are open to the public.

During this review, the sub-committee may ask the applicant(s) to appear before them. If approved by VEDA, the recommendation is forwarded to the City Council for their final approval. City Council Meetings are held on the 2nd and 4th Tuesday of each month at 6:30 p.m. City Council meetings are open to the public.

Normal turnaround time for a complete loan application and required submittals is 30-45 days.

DISBURSEMENT OF LOAN PROCEEDS

All disbursements for approved loans will be made through the Finance Department of the City of Virginia. Funds will be paid to contractors only; in the presence of loan applicant.

Funds will be distributed when:

- Proof of completion of the work is submitted
- A percentage (%) of work completed if requirement is stated in the contract between vendor and applicant
- Applicant may be required to provide a statement signed by both parties detailing the contract completion percentage or that contract has been satisfied

If funds are to be paid to the applicant for work they completed, distribution will occur when copies of paid invoices for materials is presented to and verified by City staff.

LOAN PAYMENTS

Once all loan funds have been disbursed to the applicant:

- Due date for first loan payment will be **thirty (30) days** after proceeds are disbursed.
- Applicant agrees to make monthly payments by providing a means of automatic withdrawal from their preferred bank account or by credit card
- Payments shall be arranged with the City of Virginia Finance Department

PAST DUE LOANS

It is the responsibility of the loan applicant to ensure that funds are available for automatic withdrawal on the Due Date.

- Any loans that are past due, unable to be paid due to insufficient funds at time of automatic withdrawal, or paid after the Due Date shall be subject to a late fee of \$25.00.
- Late Fees will not be added to the loan balance.
- Payment of the past due loan payment and the \$25 penalty must be made at the Finance Department before the next scheduled automatic monthly loan payment.

PROCEDURE FOR PAST DUE LOANS

VEDA will work with borrowers that are having payment problems and are cooperative. We ask borrowers to communicate with us and keep the board informed so that consistent payments can be made.

The City of Virginia Finance Department shall notify any applicant who is past due on their loan payments according to the following protocol:

- Phone call if payment is past due or electronic funds withdrawal not successful notifying the borrower their payment is past due. See information on payments and penalties – above.
- If payment has not been resolved within 30 days of due date, a Certified Letter will be sent notifying borrower in writing that the payment is now 30 days delinquent and to please advise of plan and time frame to bring account up to current. Additionally, The borrower will be asked to attend the next scheduled VEDA meeting. Continued failure to make loan payments may be cause for charging additional penalties and interest.
- If payment has not been resolved within 60 days of due date, a second letter shall be mailed notifying the borrower in writing that the payment is now 60 days delinquent and to please contact the VEDA. The second letter will note the issue will be turned over to the City Attorney at the end of 90 days and a final offer to attend the next scheduled VEDA meeting will be extended.
- If payment has not been received and is 90 days past due, the file shall be turned over to the City Attorney for collection proceedings.
- If loan is in default, borrower shall be responsible for all collection fees related to the debt, in an amount of up to 40% of the loan amount.

FOR MORE INFORMATION:

For further information, including current loan interest rates, guidelines, and applications, contact Kris Johnson, Administrative Assistant at 218-749-3563 or kris@virginiamn.us

CITY OF VIRGINIA/VEDA BUSINESS RENOVATION LOAN APPLICATION

The City of Virginia, through the Virginia Economic Development Authority (VEDA), maintains a revolving loan fund for the specific purpose of providing below market rate financing to stimulate business owners to:

- Physically Enhance or Improve The Exterior or Interior Appearance of Their Structure
- Conform to all City Codes; including Building Maintenance and Fire Safety/Prevention
- Improve Energy Efficiency
- Provide or enhance Handicap Accessibility

The maximum amount for this loan program equals \$15,000 and is subject to availability of funds within the program.*

NAME OF APPLICANT(S): _____

MAILING ADDRESS: _____

PHONE: _____ **EMAIL:** _____

NAME OF BUSINESS: _____

BUSINESS ADDRESS _____

BUSINESS PHONE: _____

OF YEARS IN OPERATION? _____ **TOTAL PROJECT COSTS:** _____

PROPOSED SOURCES AND USES OF LOAN PROCEEDS:

SOURCES

	\$	
	\$	
	\$	
	\$	
	\$	
TOTAL SOURCES OF FUNDS	\$	

USES

	\$	
	\$	
	\$	
	\$	
	\$	
TOTAL USES OF FUNDS	\$	

STATE THE COLLATERAL AVAILABLE FOR USE AS SECURITY, INCLUDING ESTIMATED VALUE:

PLEASE INCLUDE WITH YOUR APPLICATION (Further Documentation will be Required Upon Approval of Loan – See Loan Guidelines for Details)

- Detailed Scope of Work that supports need of loan
- Any and All Estimates for Material/Labor that Applicant has received at time of application
- Tax Return Information
 - Two years of Corporate/Partnership Tax Returns OR
 - Individual Tax Returns along with a current Personal Financial Statement on the principal borrower(s).
 - Financial Projections are required for New Businesses
- Verification that Property Taxes are current and paid. Please note: Applicant will not be eligible for loan if past due taxes exist on subject property.

Applicant Signature

Printed Name

Date

Loan/ Grant Application - Tennessean Warning Notice

Virginia Economic Development Authority (VEDA)

Some data related to your grant application may be classified as private under Minnesota Statute 13.599. In order to collect and use this data, we must tell you why we need the data, how we intend to use it, and any consequences you may experience if you do or do not supply the information.

How we intend to use the data

The information you submit in connection with your grant application will be used to evaluate your grant application and, if you are selected for funding, to announce your award.

A Minnesota law prohibits state agencies from announcing grant awards before grant agreement negotiations are complete. If you are selected for funding, this document will allow VEDA to announce your grant award on a preliminary basis while those negotiations are still pending.

Selected grantees will be notified before any announcements are made. Announcements typically include information such as a project description, the award amount, and the anticipated impact of grant funding. We may also include information from our evaluation process, including scores and ranks (if applicable).

We will never publicize your business plans, customer lists, income tax returns, design / market / feasibility studies, income and expense reports, or any other data classified as private or nonpublic under Minn. Stat. 13.591. Application data submitted by organizations that are not selected for grant funding will only be released upon request and as required by Minn. Stat. Chapter 13 or other applicable state/federal law.

Application or evaluation data may also be shared with any entity that has a legal right to the data under Minnesota or federal law, including under court order.

Consequences to you

You can refuse to supply any or all of the requested information, which you are not legally required to provide.

For more information

- City of Virginia Data Practices Compliance Official-Britt See-Benes, City Administrator (218) 748-7500
- Minnesota Data Practices Act - www.revisor.leg.state.mn.us/stats/13/
- Minnesota Department of Administration, Information Policy Analysis Division (IPAD) - www.ipad.state.mn.us/index.html

Individual's Acknowledgement

I have read and understand this notice.

• Name: _____

• Date: _____