

Cambridge Downtown Revolving Loan Fund Guidelines

Purpose

To assist downtown business owners undertaking small projects which will immediately enhance the appearance of their building through small, low interest loans.

Eligible Properties

Commercial buildings in the B1 and B1-A downtown business and fringe districts. The downtown business district is defined by the attached map.

Project Funding

Loans from \$1,500 to \$30,000 with terms of up to nine (9) years are available. Interest rates are 2% below prime but no interest rate will be lower than 3%. Loans are secured with a Mortgage and Promissory Note. Loan will need to be paid off if property is transferred in any form.

Mortgage amount by length of term are as follows:

- Loans from \$1,500 to \$10,000 3% interest for 3-year term
- Loans from \$10,001 to \$20,000 3% interest for 6-year term
- Loans from \$20,001 to \$30,000 3% interest for 9-year term

Loan to Value will be determined as followed:

- Loans from \$1500.00 to \$5,000.00 would be a 100% loan to value
- Loans from \$5,001.00 to \$30,000.00 would be 80% loan to value

Program Fees and Loan Approval Process

A \$200 non-refundable application fee is due when the application is submitted. Applications will not be accepted without the application fee. Businesses applying for a loan are subject to a financial background check done by a bank of the City's choosing to indicate credit worthiness for loans up to \$5,000.00.

Businesses applying for loans over \$5,000 must provide three years of business and personal tax returns and financial statements. A financial background check will be conducted by the City's financial advisor. The applicant will bear the cost of the financial review.

For all loans approved, Applicant will also be responsible for paying the recording fee and mortgage registration tax. Fees are due at time of closing and payable to the City of Cambridge.

Eligible Improvements

To be eligible for loan funds, the loan must be for building improvements. A high priority will be placed on loans for visual enhancements (exterior facade improvements) of a permanent nature or to remedy building code related issues.

Examples of improvements include painting (where appropriate), tuck pointing, replacement of broken or boarded up windows, doors, signage, permanent interior

building improvements related to sprinkler systems, HVAC Systems, awnings, and roof repair or replacement. Window signs are eligible if the City approves of the design and it adds visual value to the building.

Project must be performed by a licensed contractor able to perform the improvements as indicated in their application and the owner may need to provide a detail of planned improvements. Any improvements that have been started or completed prior to loan approval are ineligible.

Eligible Recipients

Applicant must own the property to be improved; be current with mortgage, property tax, and insurance payments; be in compliance with all applicable City of Cambridge ordinances and zoning requirements or proposed improvements will bring property into compliance; have the ability to make monthly loan payments; and not have defaulted on any publicly funded loan or any other loan or delinquent on any loan payments within the last three years.

If an applicant has defaulted on a publicly funded loan program or any other loan program, he/she is indefinitely suspended from eligibility for participation in another publicly funded program. The applicant may appeal the suspension to the City Council after five years.

Ineligible Loan Activities

Loan funds may not be use for the following:

1. Gambling organizations
2. Residential properties
3. Non-profit institutions
4. Government agencies
5. Refinancing existing debt
6. Illegal activities
7. Loans unrelated to the business
8. To lend or invest in other organizations
9. Projects with alternative sources of funds at reasonable interest rates
10. Management fees
11. Financing closing costs
12. Franchise fees
13. Moving costs

City Council/EDA members are not eligible, nor City employees or their family members.

Application Process

Applications will be processed on a first-come, first-served basis. Applicant must use a licensed contractor. Two written bids are recommended. If Owner is a licensed contractor they can perform the work but cannot request to be paid for their labor; only the cost for material are eligible.

Applications will be submitted to the Community Development Department and City Council has the discretion to approve or deny the funding. All loans are to be processed within sixty days (60) working days. The applicant will be notified of funding award and the loan closing will be scheduled. Work cannot begin until loan documents have been executed. Contractor is responsible for obtaining necessary permits. Inspections will be conducted as required by the permit and upon request for payment.

Payment will be issued to the contractors upon completion of their specific project.

Completed applications and other required documents can be returned to:

Alex Smith

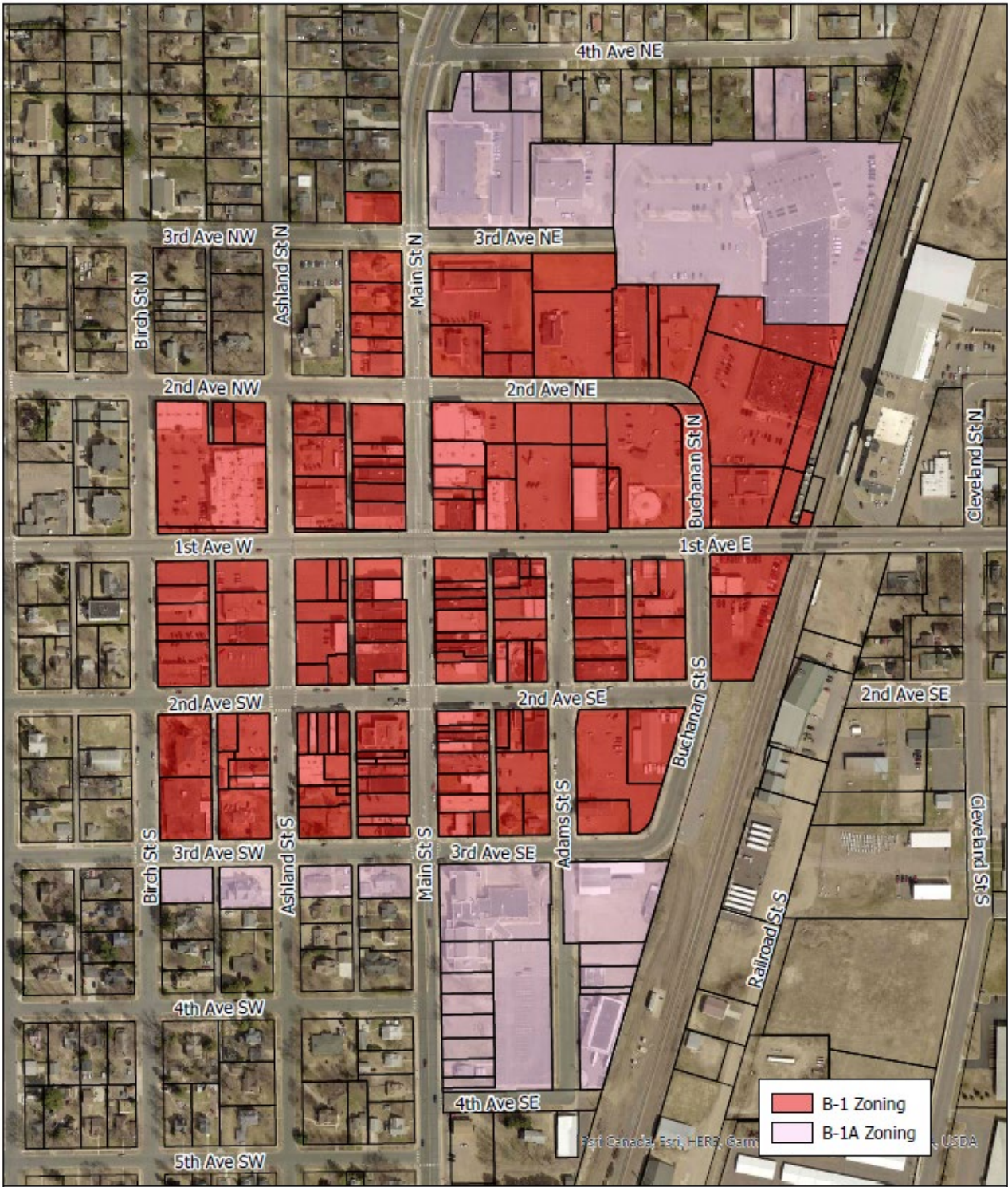
Deputy City Administrator

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763-689-3211



CAMBRIDGE
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B-1 & B-1A Zoning in the City of Cambridge
Cambridge, MN
Isanti County

0 0.03 0.05 0.1 Miles

This map is neither a legally recorded nor a survey map and is not intended to be used as one. It may be a compilation of records, information, and data gathered from an on-line source and is to be used for reference purposes only. The City of Cambridge does not warrant that the data used to produce this map are correct, and the City of Cambridge does not warrant that the data can be used for navigation, tracking, or any other purpose requiring accurate measurement of distance or direction or precision to the depiction of geographic features. The user of this map acknowledges that the City of Cambridge shall not be liable for any damages which arise out of the user's reliance on use of data provided.

