



## Economic Development Authority Revolving Loan Fund Guidelines

The Fairmont Economic Development Authority's Revolving Loan Fund is available within the City Limits of Fairmont, Minnesota. The program works in partnership with local lending institutions to help 'fill a financing gap' between available and necessary financial tools.

### Investment Amount

Up to \$75,000

### Eligibility Criteria

- Financial participation by a lender is required
- Demonstrated management skills, industry experience and financial aptitude
- Sound business plan with financial projections
- Adequate cash flow to service debt
- Ability to secure loan with collateral
- Creation or retention of living-wage jobs
- Contribution to the region's economic competitiveness

### Use of Funds

- Building acquisition
- Expansion
- Machinery and Equipment
- Inventory
- Real Property Acquisition

### Loan Terms

- Loans will be considered up to \$75,000; cannot exceed 33% of the total project
- Interest rate is determined case by case
- Loans can be amortized for 20 years, balloon in 10; or amortized over 10 years, balloon in 7
- It is desirable for loans to be fully secured; may be subordinate to the primary lender
- Personal guarantees equal to the amount of the loan are required
- Loan recipients will be charged a 1.5% origination fee

### Required Application Attachments

- Receipt of Completed Loan Application
- Current Business Plan – Startups only
- Two years of business financial statements for existing businesses
- Two years of business income tax returns for existing businesses
- Cash flow projections
- Personal Financial Statements of all stakeholders of more than 20%
- Two years personal income tax returns for all stakeholders of more than 20%

Once a completed loan application is received, a meeting will be held with the applicant, City staff and the primary lender. The application will then be reviewed by a Loan Committee and their recommendation will be made at a subsequent Fairmont Economic Development Authority meeting. It is typical to take 4-6 weeks from the time we receive a complete application to the time a decision is made. Your application may be approved as is, approved with changes, or denied. Loan processing takes an additional 1-2 weeks after FEDA makes a decision.



**Economic Development Authority  
Revolving Loan Fund Application (Revised 6-16)**

**Name and Address of Business**

**Phone Number**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
**Fax Number**  
\_\_\_\_\_

**EIN Number**

**Email Address** \_\_\_\_\_

**Business Organization:** Corporation \_\_\_\_\_  
Partnership \_\_\_\_\_

Sole Proprietorship \_\_\_\_\_  
Other \_\_\_\_\_

**Business Owners Names and Addresses**

1. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Title \_\_\_\_\_  
Percent of Ownership \_\_\_\_\_  
Social Security Number \_\_\_\_\_

2. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Title \_\_\_\_\_  
Percent of Ownership \_\_\_\_\_  
Social Security Number \_\_\_\_\_

**Type of Business**

New Business \_\_\_\_\_ Existing \_\_\_\_\_ Number of Years Existing \_\_\_\_\_

**Describe the company's business:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



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**Describe the Proposed Project:**

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**Source of Funds:**

<b>Sources of Funds:</b>	<b>Amount Needed</b>	<b>Amount Committed</b>
Bank (Conventional financing)	\$ _____	_____
Equity (funds the business will be applying)	\$ _____	_____
FEDA (funds requested)		
Fixed Assets:		
Acquisition of Land	\$ _____	_____
Acquisition of Building	\$ _____	_____
Building Rehabilitation	\$ _____	_____
Machinery and Equipment	\$ _____	_____
<b>Fixed Asset Total:</b>	\$ _____	
Working Capital		
Inventory	\$ _____	_____
Operating Capital	\$ _____	_____
<b>Working Capital Total:</b>	\$ _____	
<b>TOTAL PROJECT COSTS</b>	\$ _____	



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**Describe the Details of the Loan you are Requesting:**

Loan Amount \$ \_\_\_\_\_

Term \_\_\_\_\_

Special Payment Terms or Conditions Requested \_\_\_\_\_

Conventional Business Lender Name and Contact Person:

\_\_\_\_\_

\_\_\_\_\_

**Job Impact:**

	Current	Additional Created within 2 years
Full Time Positions		
Part Time Positions		
Average Full Time Wages	\$ _____/hr	\$ _____/hr
Average Part Time Wages	\$ _____/hr	\$ _____/hr

**Application Attachments Required (if applicable as determined by the EDA)**



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**All Businesses:**

- Articles of Incorporation (if applicable)
- Certificate of Good Standing (Secretary of State)
- Personal Financials on individuals owning 20% or more of the company
- Written commitment letters from all other sources of funding
- Purchase Agreement (if applicable)
- Building Cost Estimates/Plans and Specifications
- Appraisal

**New Business Start-Ups Only:**

- Business Plan
- Pro-forma balance sheet and projected operating statement for two years
- Monthly forecasted cash flow analysis for 3 years

**Existing Businesses:**

- The last two fiscal year end and current financial statements
- Balance Sheet and Profit and Loss Statement for the previous 3 years
- Current balance sheet and current operating statement, no older than 90 days
  - Aging accounts payable/receivable
  - List current obligations



**Economic Development Authority  
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**Information Release Authorization**

I authorize the Fairmont Economic Development Authority to obtain background information needed in connection with my loan application such as:

- Credit report.
- Employment history, dates of employment, title, income, hours worked, stability, etc.
- Banking and savings accounts, deposits and balance verifications.
- All loan ratings, opening date, high credit, payment amount, loan balances, payment records, and pay off information.
- Any other information requested in connection with a determination of credit worthiness.

This information is for the use of this lender in connection with my/our loan application and the conduct of "Post Closing" Quality Control Audits as required by various government and quasi-government agencies.

A photocopy of this authorization, bearing the photocopied signatures of the undersigned, may be deemed to be the equivalent of the original and may be treated and used as a duplicate original.

**Applicant Name and Address**

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**Social Security Number:**

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**Date of Birth:**

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**Co-Applicant Name and Address**

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**Social Security Number:**

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**Date of Birth:**

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**Applicant Signature**

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**Co-Applicant Signature**



**Economic Development Authority  
Revolving Loan Fund Application (Revised 6-16)**

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**Tennessee Warning: Data Privacy Statement**

The information provided in the application materials or to be obtained separately as a part of the application process will be used by the lender to determine whether you qualify as a prospective borrower for the Fairmont Economic Development Authority (EDA) Revolving Loan Fund. The information provided in the application and information authorized above for assistance will become a matter of public record with the exception of those items protected under Minnesota Statutes Chapter 13 *Government Data Practices*.

The private data whom this information may be shared include:

1. The EDA Loan Review Committee and EDA Board; and
2. Staff who are involved in program administration; and
3. Auditors who perform required audits of the program; and
4. Authorized personnel from other County, State, Federal or Regional Agencies providing funding assistance to you; and
5. Those other persons who you authorize to see the information; and
6. Law enforcement personnel in the case of suspected fraud.

Unless otherwise authorized by MN Statutes or Federal Law, other government agencies using the private data must also handle the data as private. You may wish to exercise your rights as contained in the Minnesota Government Data Practices Act. Those rights include:

1. The right to see and obtain copies of the data maintained on you; and
2. Be told the contents and meaning of the data; and
3. Challenge the accuracy and completeness of the data.

\_\_\_\_\_  
Applicant Signature

\_\_\_\_\_  
Applicant Signature

\_\_\_\_\_  
Applicant Full Name

\_\_\_\_\_  
Applicant Full Name