

**GUIDELINES FOR MARCELL TOWNSHIP
BUSINESS LOAN PROGRAM
JANUARY 2024**

INTRODUCTION:

Marcell Township has monies available to be utilized to promote development and job creation within the township and surrounding area. As these loans are being paid back to the township, there will be additional monies available for other business development projects. The guidelines will address program administration, business eligibility, use of program proceeds and other terms and conditions related to the use of program funds. Legal costs incurred in obtaining a loan will be shared between the applicant and the township.

AREA OF EMPHASIS:

In utilizing the monies available from this revolving loan fund, special emphasis will be given to business development projects which create and/or retain employment opportunities for community residents, particularly for low- and moderate-income persons and those projects which are closely tied to the area's natural resources and existing businesses.

GEOGRAPHIC AREA OF PROGRAM:

To be eligible for this program, a business must be in Marcell Township/surrounding area or serve the Township by providing a significant portion of their business to the Township and/ or its residents. Employment opportunities for Township residents are also a critical factor.

ELIGIBLE BUSINESSES:

The following general categories of businesses are eligible for assistance under this program- these are some examples:

- A. Resorts/ tourism related businesses which attract tourism expenditures from outside the area
- B. Wood products/ forestry related businesses
- C. Manufacturing/ industrial operations
- D. Wholesale and retail operations
- E. Other businesses and projects which are consistent with the local economy or create employment opportunities within the community

The following types of business opportunities are generally not eligible for assistance under this program.

- A. Agriculture
- B. Speculative real estate
- C. Clubs and charities
- D. Business buyouts where no expansion or improvements are made

TYPE OF FINANCING:

The following types of financial assistance may be extended under this program:

- A. Direct loans and bank participation loans

ELIGIBLE USE OF PROCEEDS:

Loans provided through this program can be made for the following purposes:

- A. Land and building acquisitions, renovation, or improvements
- B. Building construction
- C. Purchase/repair machinery and equipment
- D. Purchase of furniture/fixtures
- E. Inventory

MINIMUM AMOUNT OF LOANS/GUARANTEES:

Generally, not less than \$10,000.00

OTHER PARTICIPATION IN PROJECT:

- A. Down Payments: Will not be required if the business can demonstrate it has an acceptable level of equity in the business.
- B. Owner Equity: Acceptable level of owner equity will be required in all loans made through this program. The level of equity which is acceptable to the Township is to be determined on an individual basis.
- C. Bank Financing: Relative priority will be given to applications which maximize private bank leveraging in the overall project financing.

TERMS:

- A. Maximum of 10 years' interest rate determined at the time of closing. Interest rate set at 4.0%.
- B. Agreements for any loan shall be subject to a promissory note, a loan agreement and a security agreement as determined appropriate by the Township Board and Township Attorney.
- C. The borrower shall be accountable to use the proceeds of the loan as stated on the business loan application.
- D. Each loan shall have a due date on sale provision requiring repayment of all principal and accrued interest in the event the mortgagor sells the property.
- E. The failure to operate the business and provide the employment stated in the application provided by the prospective mortgagor to the Township may constitute a default in the terms of any mortgage granted under this program, and may be grounds for termination, requiring immediate payment to the Township of all outstanding principal and accrued interest in accord with the terms of default contained in the Mortgage and Promissory Note.

- F. In the event the operation of the business is moved outside the geographic boundaries of Marcell Township/surrounding area, it may constitute a default in the terms of any mortgage granted under this program and may be grounds for termination of the mortgage, requiring immediate repayment to the Township of all outstanding principal and accrued interest in accord with the terms of default contained in the Mortgage and Promissory Note.

COLLATERAL COVERAGE:

Personal guarantees of all owners and stockholders shall be required, when the financing is provided, to a business entity. Relative priority will be given to project applications which maximize collateral coverage. The mortgage granted to the Township by the Mortgagor may also include all other real property in which the applicant has an interest, should the Township determine that additional collateral is necessary to secure the loan.

JOBS:

All financing must support efforts to create and maintain employment opportunities within the Marcell Township and surrounding area. Failure to create those jobs contemplated in the application upon which the loan was based may constitute a default in the terms of the mortgage as previously indicated in **TERMS**.

PROGRAM ADMINISTRATION:

Administration of this program and disbursement of all funds shall be the responsibility of the Township Board of Supervisors. To assist the Town Board with the program, a four-member area resident Business Loan Committee shall be appointed/removed by the Township Board. This committee consists of Marcell Township residents or property owners at-large and one ex-officio non-voting member representing the Township Board.

APPLICATION PROCESS:

- A. Obtain an application from the Marcell Township Clerk. The clerk will contact the Business Loan Committee (BLC) Chair to let know an application is in process. The BLC Chair will reach out to the applicant and offer assistance if necessary. Once the application is completed, it will be returned to the clerk to make copies for the BLC members. The BLC Committee will then review the application to determine eligibility. This must be completed within a two-week period.
- B. After this process, a recommendation on the approval or disapproval of the loan will be made to the Town Board, who will make a determination whether or not to approve the loan at a regular board meeting or special meeting called for the purpose of reviewing the application and recommendation of the Business Loan Committee. Written notice, in the form of board minutes, will be given to the Township Board and the applicant.
- C. Loans that are 90 days past due shall be subject to review by the Business Loan Committee for compliance with the terms of the program. The Business Loan Committee Chair will then address the Town Board Supervisors of the BLC's recommendations. The failure of the loan recipient/ mortgagor to cooperate with such review may constitute a default in the terms of

any mortgage granted under this program, and shall be grounds for termination of the mortgage, requiring immediate repayment to the Township of all outstanding principal and accrued interest in accord with the terms of default contained in the Mortgage and Promissory Note. The Town Board will be responsible for all discussions with the applicant regarding the past due payments and/or termination of the loan.

- D. All personal and financial information on this application, which is reviewed and discussed by the Business Loan Committee, is confidential to the greatest extent permitted by Minnesota law.

I/We, the applicant(s), have read and do understand the guidelines for the Marcell Township Business Loan Program.

The undersigned agrees to abide by all provisions of the same.

Applicant _____ Date _____

Applicant _____ Date _____

MARCELL BUSINESS LOAN REQUIREMENTS

HISTORY/DESCRIPTION OF BUSINESS:

The history and description of the business should describe the company, operation/product line, history, principals, marking/competition, affiliates, legal structure, and employment. Keep it simple and to the basics.

MARKETING PLAN:

Provide a detailed marketing strategy including such items as: target market, distribution, advertising, sales promotion, competition.

DETAIL USE OF PROCEEDS:

Describe how the total project amount will be used. All funds requested or provided must be shown. Written cost estimates must accompany this exhibit.

IMPACT ON COMMUNITY/AREA:

Describe how the proposed financing will benefit the community/area where the business is located. Estimates of annual payroll, local purchases and other economic impacts should be included. List of jobs created and /or retained.

COMMITMENT LETTERS:

A firm commitment from the participating bank stating the terms and conditions of its participation. Commitment letters from all other funding sources must be included.

LIST OF COLLATERAL:

A list of all collateral offered, its value and security position by funding sources.

RESUMES' AND PERSONAL FINANCIAL STATEMENTS:

Resumes' of all principals and key management personnel as well as current dated and signed personal financial statements on all principals with significant financial interest in this business.

FINANCIAL STATEMENTS AND TAX RETURNS:

Applicant must provide balance sheets and income statements for the past three fiscal years. If business has been in existence less than 3 years as many as possible. Tax returns, both business and personal, are also required for the same time periods. If an applicant has had a previous loan with the township, modification of financial requirements may be warranted.

INTERIM FINANCIAL STATEMENTS:

Applicants must provide a balance sheet and income statements less than 90 days old, as well as a separate detailed list which contains current obligations. This list will include each loan/debt your business currently has. Indicate whether the loan is current or delinquent. All obligations must be consistent with the interim balance sheet.

PROJECTIONS:

All projections will cover a minimum of two complete fiscal years. Two years' performance balance sheets, two years projected income statements and two years projected cash flow (monthly or annually).

AFFILIATES:

Description of any affiliates or subsidiaries of business or principal(s) requesting assistance, as well as balance sheets and income statements for past two fiscal years on such affiliates/subsidiaries.

APPRAISALS/PROPOSED LEASE/PURCHASE OPTIONS OR AGREEMENTS:

An independent appraisal will be required for any real estate which is subject of the proposed financing, or which is offered as a major source of collateral to secure the loan. Include copies of existing or proposed lease, purchase options or agreements or other financial arrangements.

NOTE:

Any additional information you feel would be pertinent to this application should be included. The Marcell Loan Committee reserves the right to request additional information it deems appropriate to waive any of information requirements contained herein.

APPLICATION FOR MARCELL TOWNSHIP BUSINESS DEVELOPMENT LOAN

BUSINESS NAME: _____

BUSINESS ADDRESS: _____

CITY & STATE: _____

PHONE NUMBER: _____

NAME OF PRINCIPLE # 1: _____

ADDRESS: _____ **CITY, STATE, & ZIP** _____

HOME TELEPHONE: _____

NAME OF PRINCIPLE # 2 _____

ADDRESS: _____ **CITY, STATE, & ZIP** _____

HOME TELEPHONE: _____

TYPE OF BUSINESS: Sole Proprietor _____ Corporation _____ Partnership _____

DATE ESTABLISHED _____ **New Business** _____ **Existing Business** _____

NAME OF BANK HOLDING BUSINESS ACCOUNT: _____

BANK ADDRESS: _____

BANK TELEPHONE NUMBER: _____ **BANK CONTACT:** _____

SIGNATURES

I declare that any statement in this application or information provided herein is true and complete to the best of my knowledge and hereby acknowledge that I have read and understand the following statement.

Marcell Township and its agents have the right to verify information provided in this application. False information will disqualify the applicant from any further consideration for financial assistance.

NAME OF BUSINESS: _____

Signed by: _____ **Title** _____ **Date** _____

Attest _____ **Title** _____ **Date** _____

JOBS GENERATED (Approved January 2024)

Jobs _____ plus, Jobs Created _____ equals, **Total Jobs** _____

SOURCES AND USES OF FUNDS

*Under each source of fund, write in dollar amount to be used for each purpose.

Purpose for Funds	Marcell	Bank(s)	Equity	Other	Other	Other	Other	Total
Property Acquisition								
Site Improvement								
Building Renovation								
New Construction								
Purchasing Equipment								
Operating Capital								
Inventory								
Debt Refinancing								
Total Project Costs								

PROJECT COST and REQUEST SUMMARY

Under each source of fund, write in totals from above and give a brief description of the type of collateral and guarantee.

	Marcell	Bank(s)	Equity	Other	Other	Other	Other	Total
Amount \$								
% of Project Cost								
Term (years)								
Interest Rate 4.0 %								
Debt Service (\$/yr.)								
Lien Position								

Collateral

Guarantee
