

Montevideo Community Development Corporation

Emergency Loan Program

The Montevideo Community Development Corporation (MCDC) manages funds the city has in place for gap financing in the form of revolving loans focused on business development. On March 13, 2020 Minnesota Gov. Tim Walz issued Executive Order 20-01 Declaring a Peacetime Emergency. This order was followed by Executive Order 20-04 Providing for Temporary Closure of Bars, Restaurants, and Other Places of Public Accommodation. Executive Order 20-20 extending the Stay At Home Order. As a result of these orders, there has been a significant burden placed on businesses. The MCDC seeks to make funds available to qualifying businesses to provide relief during the Peacetime Emergency and the months that follow.

1. Eligibility:
 - a. Eligible businesses must be existing businesses as of 3/13/2020
 - b. Businesses must be able to show that they tried to get alternative funding and were unsuccessful.
 - c. Businesses must be located within the corporate city limits of Montevideo.
 - d. The business has suffered financially due to the Peacetime Emergency.
 - e. This program will be available for 6 months.
 - f. All applications will be reviewed by a committee appointed by the MCDC board.

2. Loan interest and terms:
 - a. Interest for \$5,000 of the loan will be at 0%. Anything from \$5,00.01 to the maximum will be at 4%.
 - b. Maximum loan size is \$10,000
 - c. A business is still eligible even if it has a loan already in place with the city.

3. Eligible use of Funds:
 - a. Any cost necessary to assist the business through this emergency time.

4. Collateral:
 - a. All loans will be collateralized by a personal guarantee.
 - b. Credit life insurance, which would pay off or be applied to the loan in the event of the death of the borrower(s) may be required.
 - c. The MCDC will be named as a loss payee and/or mortgagee on the hazard insurance coverage of the business and/ or any other collateral.
 - d. Mortgage on owned real-estate of security interest in personal property.

5. Application Package:

- a. All applicants will complete the standard MCDC loan application.
- b. Other documents to support the loan request will be required, which may include any or all of the following: Business Financial Statements, Business Income Tax Return, Financial projections, Personal Financial Statements, Personal Income Tax Returns, and a Personal Credit Report. Additional items as deemed necessary by the MCDC may be required.

6. Fees & Charges:

- a. Borrowers are responsible for all legal, title, security instrument perfection, recording, and associated legal costs incurred in closing the loan

7. Other

- a. All borrowers must sign a Supplemental Loan Agreement (if one is requested).
- b. No applicant may be denied a loan on the basis of race, color, national origin, religion, age, disability, marital status or sex.
- c. Compliance with local floodplain management and zoning ordinances, as well as all state and local building codes, is required.
- d. Businesses must sign a Business Subsidy Agreement (if required by State Law.)
- e. Must be a US citizen, or have documentation showing legal status to work and operate business in the US
- f. Borrower must be currently licensed to do business if applicable, and current on all real estate taxes, special assessments, or other amounts due to the City of Montevideo.