TWO HARBORS STOREFRONT RENOVATION PROGRAM

GUIDELINES

PURPOSE: The City of Two Harbors, in cooperation with the Iron Range Resources and Rehabilitation Board (IRRRB), Two Harbors Development Fund (THDF), Lake Bank of Two Harbors have established a revolving loan fund for the specific purpose of providing below market rate financing for eligible businesses within and about, the City of Two Harbors.

The principal objective of this program is to stimulate business/property owners to physically enhance the appearance and structure of their buildings.

LOAN AMOUNT: The maximum amount of any such loan shall be $30,000.

GEOGRAPHIC AREA OF PROGRAM:

The program will cover the geographic areas properly zoned to permit the operation of a business, including an area on both sides of Hwy #61 at the City’s North & South entrance, for a distance of approximately one mile beyond the City limits.

ELIGIBLE BUSINESS:

Any owner of tenant of a building, or operator of business located within the City of Two Harbors’ “Program area”, or the owner of the underlying fee interest land upon which such a building or business is located in combination with said owner or operator, wishing to make improvements in property or to the business located within the “Program area”. Eligible borrowers include new business start-ups, as well as existing businesses. The recipient of such a loan may be organized in any manner permitted by the laws of the State of Minnesota.

FINANCING POLICIES:

a) Use of Proceeds- The proceeds of any such loan shall be used only for façade, landscaping, energy saving windows and doors, remodeling or structural, improvements and/or to provide for handicapped accessibility.

b) Term of Loan- The maximum term for any such loan shall be 5 years.

c) Interest Rate- The maximum rate of interest for any such loan shall not exceed 3% apr.

d) Fee/Charges- 1) The Authorized lending institutions (named above) shall receive for the originating and servicing of such loan, a fee not to exceed $100, said fee to be paid by the applicant.

2) Any and all legal fees and costs subject to the making and/or collection of said loan shall be borne by the borrower.
e) Eligibility- The initial application under this program shall be made to an authorized lending institution. The lending institution shall perform an initial analysis of the credit worthiness, appropriateness of the use of funds and the borrower’s capacity to perform according to the terms of the proposed project loan. The lending institution shall submit such analysis and a recommendation to THDC for a final determination and approval, or disapproval, of the loan application.

1) No loan or combination of loans, under this program, shall exceed a total outstanding principal balance of $30,000 per applicant.

f) Security- Any such loan made under this program shall be adequately secured to the satisfaction of THDF. At a minimum, a personal guaranty by the owner(s) of the property to be improved will be required.

g) Documents- Loans shall be subject to whatever agreements and documents as are reasonably necessary to insure that the purpose and intent of this program are met.

FUNDING PROCESS:

a) The THDF shall upon approval authorize the City Treasurer to release funds for all loans so approved. The lending institution shall receive funds from the City and then disburse funds upon receipt of construction invoices.