

Eden Valley Revolving Loan Program

INTRODUCTION

The purpose of the City of Eden Valley's Revolving Loan Program is to initiate, facilitate and promote the economic and industrial development interest of the City of Eden Valley, thereby creating additional Low and Moderate Income (LMI) jobs in the community.

POLICY STATEMENT

The Eden Valley Revolving Loan Program has been established as one way of locally addressing economic and industrial development in the city. Loans under this program are intended to benefit all citizens of the City of Eden Valley by meeting one or more of the following requirements: promoting the creation or retention of jobs; creating or retaining a stable economic base; or increasing the tax base.

PROGRAM GOAL

The Eden Valley Revolving Loan Program is intended to be a permanent revolving fund where money is available for new loans on a continuing basis as loans are repaid. Loans will serve as funds to assist existing business or industry or help in the development of new business ventures.

LOAN GUIDELINES

1. The Eden Valley Economic Development Authority will review and study all revolving loan application requests submitted to the city. The EDA will then report their recommendations to the Eden Valley City Council. The Eden Valley City Council shall make the final determination on all loan requests.
2. Loans shall range from a minimum of \$5,000 to a maximum of \$50,000. The normal terms of a negotiated loan are for a period of five (5) to ten (10) years.
3. The interest rate shall be determined on an individual loan basis and computed as simple interest. The loan repayment schedule shall also be determined on an individual loan basis.
4. The enterprise receiving an Eden Valley Revolving Loan shall create a minimum of one permanent full-time equivalent job for each \$10,000 of loan funds or create \$20,000 in tax assessments (during the period of the loan) for each \$10,000 of loan funds and provide quarterly job statements to EDA.

5. Private funds in the project should include the developer's equity equal to at least ten percent (10%) of the entire project cost.
6. The City of Eden Valley shall take a security interest position in all equipment, accounts receivable, real estate or inventory financed by the Revolving Loan Program. The City shall also require personal guarantees of the applicant.
7. The City of Eden Valley may contract with a bank or private consultant for the administration and servicing of the Revolving Loan Program.
8. Cost of legal fees and filing fees will be covered by applicant.
9. Business must be in operation within six (6) months of loan closing date, or loan can be called.

ELIGIBILITY

1. Any existing or new business or industry located or locating within the corporate city limits of the City of Eden Valley shall be eligible for the Eden Valley Revolving Loan Program.
2. Activities eligible for loan program funds include:
 - a. Fixed machinery and equipment
 - b. Building purchase, construction and renovation
 - c. Leasehold improvements
 - d. Land acquisition
 - e. Plant modernization
 - f. Inventory
3. Ineligible activities include:
 - a. Agricultural production
 - b. Past completed projects
 - c. Refinancing of other privately held loans or mortgages
 - d. Any illegal activity

LOAN APPLICATIONS

There is a set of special forms for applying for a loan. These forms are available from and shall be returned to:

Eden Valley City Clerk Office
PO Box 25
Eden Valley MN 55329