

# Doing Business in Northfield: A Guide to Available Financial Support



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## Clement F. Shearer Micro-Grant Program

### Grant Amount: Up to \$5000

### Grant Purpose:

- Leasehold Improvements
- Gap Financing
- Working Capital (no more than 25% of loan )

### Grant Criteria:

- The business has to be located in Northfield
- Been operational for 12 months
- Have a completed business plan
- Demonstrate the need for the grant
- Written estimates for products and services outlined in the application

## Clement F. Shearer Micro-Grant Program

### Required Documents:

- **Completed Application**
- **Current Business Plan**
- **Financial Projections for 12+ Months**
- **Profit and Loss Balance Sheet for Previous 12**

### Ineligible Businesses and Projects:

- **Nonprofits**
- **Gambling Organizations**
- **Lending or Investment**
- **Land and Property Held Primarily for Sale or Investment**
- **Business Operating for Ten or More Years**
  
- **Management Fees**
- **Financing Costs and Fees**
- **Franchise Fees**
- **Debt Consolidation**
- **Moving Costs**

## E-Commerce Assistance for Northfield Businesses

**Grant Amount: Up to \$1500**

**Grant Purpose:**

- **E-Commerce Platform Development for Businesses**

**Grant Criteria:**

- **Eateries, Restaurants, Retailers located in Northfield**
- **Operational Since January 1<sup>st</sup>, 2020**
- **Businesses Should Be Able to Cover the Costs Upfront (This is A Reimbursement Program)**



## Northfield Revolving Loan Fund Program

**Loan Amount: \$5000 to \$50,000**

**Loan Purpose:**

- **Land and Building Purchases**
- **Building Construction**
- **Building Renovation/Expansion**
- **Machinery and Equipment**
- **Inventory**
- **Working Capital (no more than 25% of loan)**

**Loan Criteria:**

- **The Business Must Be Located in Northfield**
- **Have a Completed Business Plan**
- **Financial Projections Should Show Reasonable Revenue, Expenses and Growth Potential**
- **Demonstrate Adequate Projected Cash Flow That Shows Repayment Capabilities**

# Northfield Revolving Loan Fund Program

## Equity and Collateral Requirements/ Fees

- **1% of loan amount, with a minimum of \$250**
- **The borrower must provide a minimum of 20% of total project costs as equity;**
- **Personal guarantees for the RLF are required of all persons with ownership in the business;**
- **The EDA Loan Subcommittee and EDA Board will review and take into consideration loan collateral coverage;**
- **The EDA prefers to be in first collateral position, but may take a subordinate collateral position to other lenders;**
- **The RLF can be no more than 25% of total project cost. The percent of EDA funding compared to the entire project may affect the loan amount.**

# Northfield Revolving Loan Fund Program

## Loan Application

- **Current/Updated Business Plan**
- **Current Financial Statements- Income Statement, Balance Sheet, Cash Flow**
- **Three Year Projected Financials- (Monthly and Annual basis)**
- **Personal Financial Statement**
- **Commitment Letters From Other Funding Sources**
- **Previous Two Years of Business and Personal Income Tax Filing**
- **Independent Appraisal for Real Estate**
- **Existing or Proposed Lease(s).**

# Minnesota Center for Energy and Environment Loan

**Loan Amount: Up to \$100,000**

**Loan Purpose:**

- **Provide Financing to Businesses Making Energy Efficiency Improvements**

**Loan Criteria:**

- **Located within the State of Minnesota**
- **All Commercial Properties**

## Minnesota Center for Energy and Environment Loan

### Loan Application:

- **Articles of Organization, Bylaws, Certificate of Incorporation, Borrowing Resolution**
- **Two Year's Financials and/or Tax Returns for Business**
- **Written Consent from Property Owner for Tenant to Do Work on the Property (If the Owner is Not the Applicant)**
- **Estimates for the Proposed Work to Be Done**
- **Copy of ID for Authorized Signor**

## Minnesota Center for Energy and Environment Loan

### Loan Terms:

- Rates Starting at 5% (5.48% APR) for Loan Terms Up to 5 Years
- Rates Starting at 6.5% (6.76% APR) for Loan Terms Up to 10 Years
- Closing Costs Apply for All Loans
- All Loans Must be Personally Guaranteed and/or Secured with a Mortgage

# U.S. Small Business Administration

## 7(a) Loans

**Loan Amount: Up to \$5 Million**

**Loan Purpose:**

- **Short- and Long-Term Working Capital**
- **Refinance Current Business Debt**
- **Purchase Real Estate Furniture, Fixtures, and Supplies**

**Loan Criteria:**

- **Operate for profit**
- **Be considered a small business, as defined by the SBA**
- **Be engaged in, or propose to do business in, the United States or its possessions**
- **Have reasonable invested equity**
- **Use alternative financial resources, including personal assets, before seeking financial assistance**
- **Be able to demonstrate a need for a loan**
- **Use the funds for a sound business purpose**
- **Not be delinquent on any existing debt obligations to the U.S. government**

# U.S. Small Business Administration

## 7(a) Loans

### Loan Application:

- **Borrower Information Form**
- **Personal Background and Financial Statement**
- **Business Financial Statement**
- **Business Certificate/License**
- **Loan Application History**
- **Income Tax Returns**
- **Resumes**
- **Business Overview and History**
- **Business Lease**
- **\*Additional Documents May Apply in Special Cases (Please Check the Website)**

# U.S. Small Business Administration

## 7(a) Loans

### Loan Terms:

- **Most 7(a) term loans are repaid with monthly payments of principal and interest.**
- **Payments stay the same for fixed-rate loans because the interest rate is constant**
- **For variable rate loans, the lender can require a different payment amount when the interest rate changes**
- **3 Acceptable Base Interest Rates:**
  - Prime rate published in a daily national newspaper
  - London Interbank One Month Prime Plus 3%
  - SBA Peg Rate
- **Maximum Allowable Spread:**
  - Maturity < 7 years = 2.25%
  - Maturity > 7 years = 2.75%
- **SBA can guarantee up to:**
  - 85% of a loan up to \$150,000
  - 75% of a loan greater than \$150,000

# U.S. Small Business Administration

## 504 Loans

**Loan Amount: Up to \$5 Million**

**Loan Purpose:**

- **Purchase of Existing Buildings or Land, New Facilities, Long-Term Machinery and Equipment**
- **Improvement or Modernization of Land, Streets, Utilities, Parking Lots and Landscaping, Existing Facilities**

**Loan Criteria:**

- **Operate as a for-profit company in the United States or its possessions**
- **Have a tangible net worth of less than \$15 million**
- **Have an average net income of less than \$5 million after federal income taxes for the two years preceding your application**

# U.S. Small Business Administration

## 504 Loans

### Loan Application:

- The Application Form Can be Found on SBA's Website

### Loan Terms:

- **Maturity terms available:**
  - 10-year
  - 20-year
  - 25-year
- **Interest Rates:**
  - Pegged to an increment above the current market rate for 5- year and 10-year U.S. Treasury issues
  - Totals approximately 3 % of the debt, rate may be financed with the loan

# U.S. Small Business Administration Microloans

**Loan Amount: Up to \$50000**

**Loan Purpose:**

- **Working capital**
- **Inventory**
- **Supplies**
- **Furniture**
- **Fixtures**
- **Machinery**
- **Equipment**
- **Any Other Improvement to Your Small Business**

**Loan Criteria:**

- **The Loan is Administered by Intermediary Lenders Which Have Their Own Separate Lending and Credit Requirements**

# U.S. Small Business Administration Microloans

## Loan Application:

- Find an SBA Approved Intermediary in Your Area to Find Out Application Requirements for the Particular Microlender

## Loan Terms:

- Loan repayment terms vary according to several factors:
  - Amount, planned use, lender requirements, needs of the small business owner
  - Maximum repayment term allowed for an SBA microloan is six years
- Interest Rates:
  - Interest rates vary depending on the intermediary lender
  - Generally, between 8 and 13 percent

# U.S.D.A Business Programs

## Programs' Purpose:

**Business Programs Provide Technical and Financial Assistance to Rural Businesses. For Detailed Information on Each of the Programs Please Follow the Hyperlinks Bellow.**

- [Business and Industry Loan Guarantees \(B&I\)](#)
- [Energy Programs](#)
- [Higher Blends Infrastructure Incentive Program](#)
- [Intermediary Relending Program \(IRP\)](#)
- [Rural Business Development Grants \(RBDG\)](#)
- [Rural Business Investment Program \(RBIP\)](#)
- [Rural Cooperative Development Grants \(RCDG\)](#)
- [Rural Economic Development Loan and Grant \(REDLG\)](#)
- [Rural Innovation Stronger Economy \(RISE\) Grants](#)
- [Rural Microentrepreneur Assistance Program \(RMAP\)](#)
- [Socially-Disadvantaged Group Grants \(SDGG\)](#)
- [Value Added Producer Grants \(VAPG\)](#)

# Southern Minnesota Initiative Foundation Business Loans

**Loan Amount: Up to \$200,000**

**For More Information Contact :**

**Loan Purpose:**

**Diane Lewis**

**[dianel@smifoundation.org](mailto:dianel@smifoundation.org)**

**507-214-7014**

- **Manufacturing**
- **Technology, Local Foods**
- **Agriculture**
- **Health Care**

# Rice County Housing & Redevelopment Authority Revolving Loan Fund Program

**Loan Amount: Up to \$50,000**

## **Loan Purpose:**

- **Land Acquisition**
- **Building Construction**
- **Machinery and Equipment**
- **Expansion of Existing Facilities**
- **Renovation and Modernization of Buildings, or Public Infrastructure Needed for Economic Development Expansions**

## **Loan Criteria:**

- **Located within Boundaries of Rice County**
- **A Minimum of One Job Should Be Created (With a Median Wage for Rice County)**
- **Projects Incorporating a Significant Equity Component are Favored**
- **For Projects Located Within City Limits, a Commitment of Participation From the Local Unit of Government is Required (Waived at Discretion of HRA)**

# Rice County Housing & Redevelopment Authority Revolving Loan Fund Program

## Loan Application:

- **Any Interested Loan Applicant Should Meet with Rice County Staff to obtain Information About the Revolving Loan Fund Program and to Discuss the Proposed Project and Obtain Application Forms**
- **A Completed Application Form, Together With a Processing Fee Equal to 1% of the Amount Requested (Minimum of \$250.00), Must be Submitted to the HRA Prior to Review and Consideration. The Fee is Non-Refundable**

# Rice County Housing & Redevelopment Authority Revolving Loan Fund Program

## Loan Terms:

- **Loans Cannot Exceed 75% of the Funds on Deposit in the Revolving Loan Fund, Net of Committed Funds.**
- **The Aggregate of an HRA Loan and Private Financing May Not Exceed 125% of the County Assessor's Estimated Market Value or 100% of a Certified Appraiser's Value of the Property as Valued at the Completion of the Project.**
- **Interest Rates on a Loan May be Fixed at an Interest Rate Established by the HRA for the**
- **Duration of the Loan. An Interest Rate Shall be Negotiated Based Upon Relevant Loan Factors**

# Rice County Housing & Redevelopment Authority Revolving Loan Fund Program

## Loan Terms:

Depending on the purpose of the loan funds, the repayment schedule shall have the following General maximum limitations:

Loan Purpose	Term	Amortization	Balloon	Extension
Land Purchase and/or Construction, Purchase or Renovation of Building	15 Years	30 Years	10 Years	5 Years
Purchase of Machinery and/or Equipment	10 Years	10 Years	5 Years	5 Years

# Property-Assessed Clean Energy Financing

**Energy-Saving Projects Done by the Property Owners Receive PACE Financing and Are Repaid as a Separate Item on Their Property Tax Assessment for a Set Period**

## **Project Purpose:**

- **Finance Energy Efficiency and Renewable Energy Projects for New or Existing Buildings of Commercial, Industrial, Nonprofit, and Multihousing Property Owners**

## **Project Criteria:**

- **Owners Current on Mortgage and Property Taxes**
- **No Federal or State Liens Against the Property**
- **Must Not Be in Bankruptcy Proceeding**
- **Consent From Current Mortgage Lender**
- **Term Can't Exceed Useful Life of Equipment**
- **Project Can't Exceed 20% of Appraised Property Value**

# Property-Assessed Clean Energy Financing

**Tax Credit Amount: Up to \$1 million**

## **Tax Credit Application:**

1. Complete the online [Business Certification Application](#) and pay the \$150 nonrefundable filing fee online
2. Initiate a [Credit Allocation Application Online](#)
3. Submit a [Proof of Investment Online](#)
4. Businesses need to file a [Business Annual Report](#) and pay a \$100 filing fee by February 1

## **Excluded Businesses and Professional Services:**

- Real Estate Development
- Insurance
- Banking and Lending
- Lobbying and Political Consulting
- Information Technology Consulting
- Wholesale and Retail Trade
- Leisure and Hospitality
- Transportation
- Construction
- Ethanol from corn
- Attorneys
- Accountants
- Business consultants
- Physicians
- Health care consultants

# Property-Assessed Clean Energy Financing

## Tax Credit Criteria:

- **Be Headquartered in Minnesota**
- **Have a Minimum of 51 Percent of Employees, 51 Percent of Payroll, and 51 Percent of the Value of Current Service Contracts Performed in Minnesota**
- **Have Fewer than 25 Employees. No Minimum Number of Employees is Required**
- **Pay Employees Annual Wages of at Least 175 Percent of Poverty Level for a Family of Four, Which for 2021 is \$46,375 Per year or \$22.30 Per Hour. Does Not Apply to Business' Executives, Officers, Board Members, 20 Percent-Plus Owners**
- **Pay Interns 175 Percent of Federal Minimum Wage (\$12.69 per hour)**
- **Not Have Been in Operation For More Than 10 Years (20 Years if Related to Medical Devices or Pharmaceuticals Requiring FDA Approval)**
- **Not Have Issued Securities that are Traded on a Public Exchanges, or Begin Trading (or Have a Liquidation Event) Within 180 Days After a Qualified Investment**
- **Not Previously Have Received Private Equity Investments of More than \$4 Million**
- **Not Have Generated More than \$4 Million in Investments that Have Received an Angel Tax Credit. Be Certified by DEED Before Investment is Made. The Non-Refundable Certification Filing Fee is \$150**
- **Qualifying Businesses Need to be Engaged in -- or be Committed to Engage in -- Technological Innovation in Minnesota**

## Contact Information

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[Northfield Economic Development Authority Website](#)