

SMALL BUSINESS FORGIVABLE LOAN PROGRAM



Purpose:

Promote in-fill and redevelopment in targeted areas throughout Muscatine.

Process:

Allow 30 days for approval and agreement

- Determine if your business property is located within one of the target districts
- Read loan program documents
- Prepare a budget for all improvements to be made
- Submit complete application and application fee to the City Administrator's Office
- Application is reviewed by loan program review committee. The review committee is appointed by the City Administrator (For example, City Administrator, Community Development Director, City Staff, Chamber CEO or other designees)
- Once the application is reviewed by the committee, an agreement between the business and the City of Muscatine will be completed. A personal guarantee is required.
- Review committee will make a recommendation to the City Administrator.
- Small Business Forgiveable Loan will be made for up to \$25,000.00 for a term of 5 years with 20% forgiven upon the anniversary of loan origination, business must remain in good standing to receive loan forgiveness.
- An annual summary and verification report will be due on the anniversary of loan origination to the City Administrators Office. The year one report shall verify all project and grant expenses.

Program:

The City of Muscatine is offering Small Business Forgivable Loans for startup and expansion cost. Businesses can obtain a loan for up to \$25,000 for the business at a term of 5 years with 20% of the original loan forgiven annually at the anniversary of the origination of the loan. Funds are allocated up to \$15,000 for startup cost and up to \$10,000 for code compliance. Businesses receiving funding must be new businesses or be significantly expanding business operations to be eligible. The City has allocated \$100,000 in funding annually. Funds will be awarded to qualifying businesses based on availability of funds.

Evaluation Criteria:

Historic preservation compliance, ADA access, fire safety improvements, building code requirements, additional investment, new business creation, significant expansion of current business, business plan, personal financial statement credit report review, and small business determination.



www.Muscatinelowa.gov/SmallBusinessForgivableLoan

Objectives:

- Improve Building Infrastructure
- Assist with Capital Equipment Purchases and Fixtures
- Offset Cost of Historic Building Preservation
- Offset Cost to Address ADA Access Issues
- Offset Cost of Fire Code Compliance, Sprinkler Systems, Egress Issues
- Allow Businesses to Allocate Additional Funds to Grow and Expand Business

Application Deadlines:

- Applications are reviewed quarterly based on financing availability. Deadlines for quarterly review are January 1, April 1, July 1, and October 1.

Additional Details:

- Loan agreement and documents must be finalized before project and any work can begin. Work done prior to award may not be eligible for funding.
- Beginning the third quarter of 2015, July 1 deadline, Applicants can request startup funding to include lease or rental expenses for a storefront or office space in the downtown district, maximum of \$12,000. Priority funding towards infrastructure related costs.
- Applicant must meet 1:1 (applicant investment v. grant funding) (may be waived in whole or in part by the City Administrator upon recommendation of the committee). Inventory is not an eligible grant funded expense but does count toward match.
- Applicant will need to complete credit report release form and personal financial statement.
- Applicant must have good credit
- City will file a UCC-1 Form to secure a position as a creditor for its loan until expiration.
- Applicant will submit application fee of \$35.00 to cover credit report and USS filing



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Exclusions:

- Multi-family residential properties
- Businesses engaged in the business of lending, such as banks, payday lenders, and pawn shops
- Businesses engaged in body art and/or piercings
- Businesses engaged in the sale of automobiles, auto parts, repair of automobiles and tire shops
- Businesses offensive to the senses by sound, vibration, dust, odor, emissions, or excessive lighting
- Or businesses as determined by the review committee

Additional Effective SBA Exclusions

- A business located in a foreign country or owned by undocumented (illegal) aliens.
- A pyramid sale distribution plan.
- Deriving more than one-third of gross annual revenue from legal gambling activities.
- Engaged in any illegal activity.
- Requires membership and limits the number of memberships for reasons other than capacity.
- A government-owned entity (a business owned or controlled by a Native American tribe is eligible if the business is a legal entity separate from the tribe).
- Principally engaged in teaching, instructing, counseling, or indoctrinating religion or religious beliefs, whether in a religious or secular setting.
- A consumer or marketing cooperative.
- A loan packager earning more than 1/3 of its gross annual revenue from packaging SBA loans.
- A business which presents live performances of a prurient sexual nature or derives directly or indirectly more than 5% of its gross revenue from the sale of products or services, or the presentation of any depictions or displays, of a prurient sexual nature.
- A business that is primarily engaged in political or lobbying activities.
- A motel, recreational vehicle park, campground, marina or similar type of business unless the applicant derives 50% or more of its gross annual income from transients who stay for 30 days or less at a time.
- A business that is primarily engaged in subdividing real property into lots and developing it for resale on its own account or in owning or purchasing real estate and leasing it for any purpose.
- A medical facility or residential care facility.
- A mining operation.



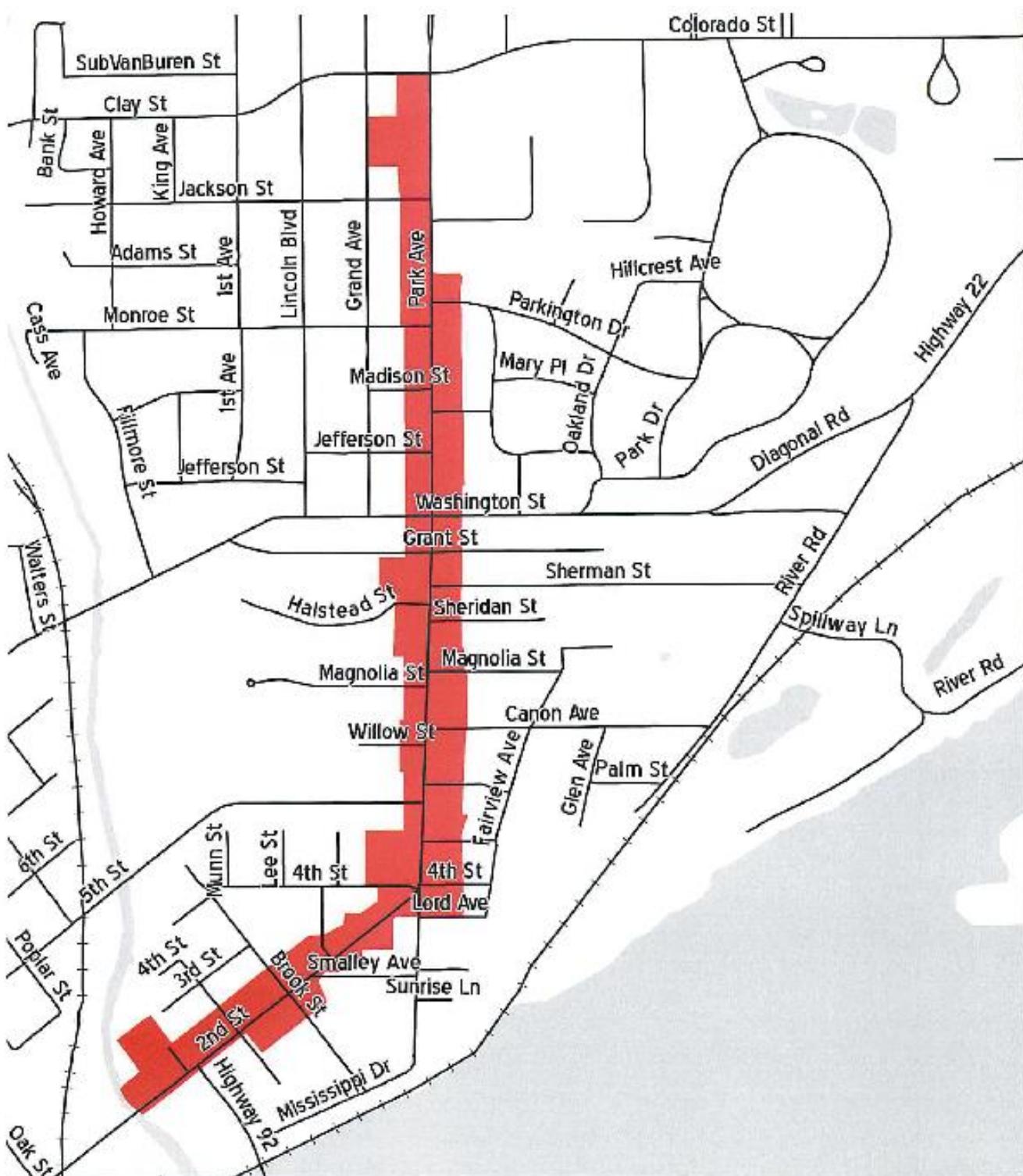
District Maps:



Downtown Small Business TIF District

Date Source: Muscatine Area Geographic Information Consortium, City of Muscatine
Prepared by: Andrew Fangman, City Planner
Date: August 13, 2014

Downtown Small Business TIF

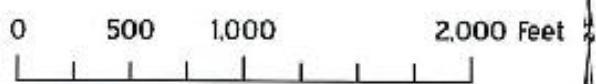


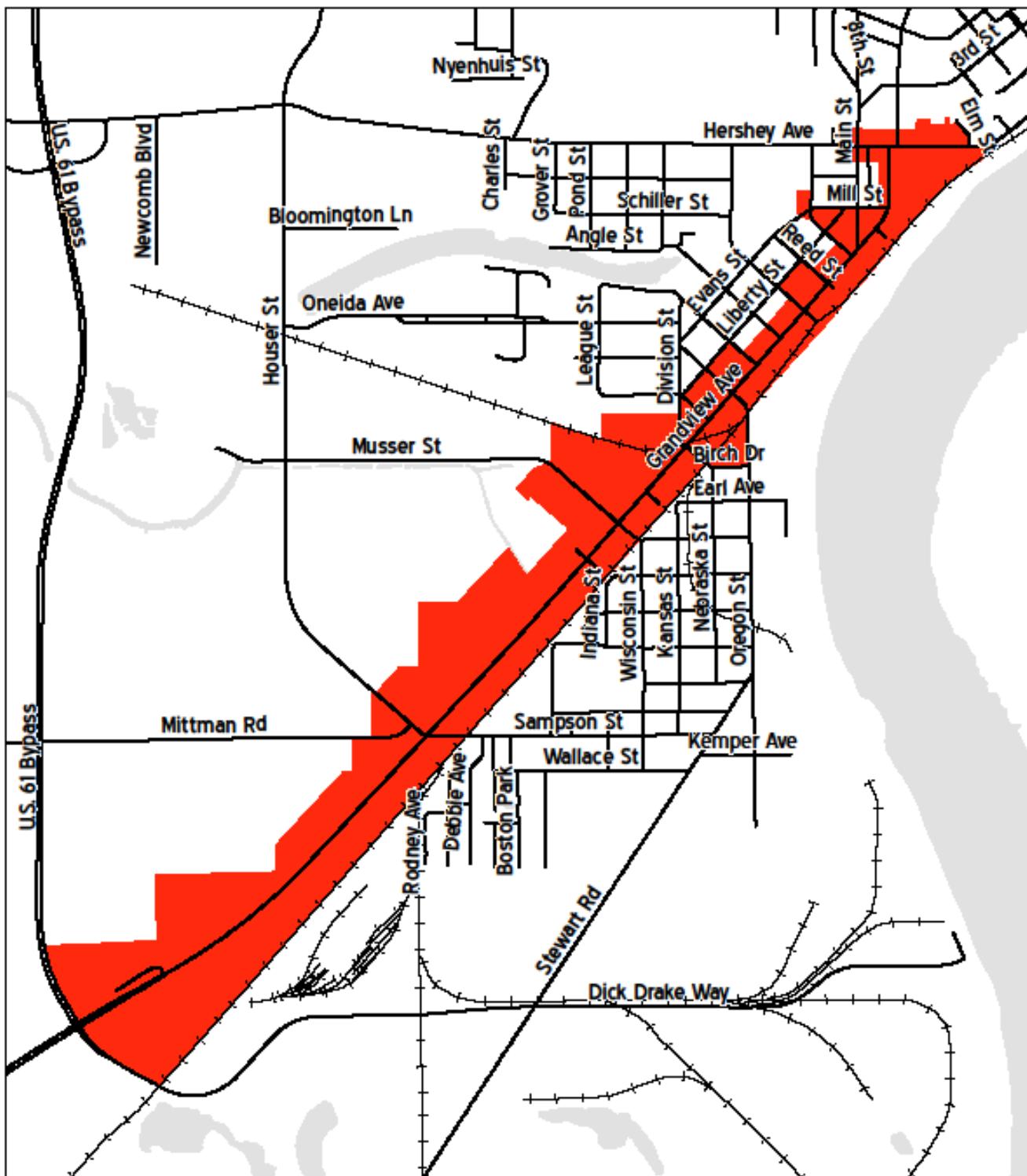


Park Avenue Small Business TIF District

Date Source: Muscatine Area Geographic Information Consortium, City of Muscatine
Prepared by: Andrew Fangman, City Planner
Date: August 13, 2014

Park Avenue Small Business TIF District





Grandview Avenue Small Business TIF District

Date Source: Muscatine Area Geographic Information Consortium, City of Muscatine
Prepared by: Andrew Fongman, City Planner
Date: August 13, 2014



Grandview Avenue Small Business TIF

0 875 1,750 3,500 Feet

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City of Muscatine, Iowa
Small Business Forgivable Loan Program
Forgivable Loan Application

*Application Deadlines: The first day of January, April, July, and October
Loan agreement and documents must be finalized before project and any work can begin.
Work done prior to award may not be eligible for funding.*

BUSINESS NAME: _____ DATE: _____

Contact Name: _____

Business Address: _____ Business Phone: _____

Contact Address: _____ Contact Phone: _____

Email: _____

(If different than above)

Please describe in detail the NewBusiness and its operations (such as target market, market size, industry, market competitors, projected sales and revenue, business financing, and other relevant business operational information): **Please attach to application with submittal**

Please describe the Project and the way it will benefit the Business: **Please attach to application with submittal**

- If the Project involves construction on or improvements to real property, please indicate in your description of the Project whether the Business owns the real property, or attach written consent of the property owner to the improvements.
- If the Project includes the purchase and installation of equipment or internal attachments, please indicate in your description of the Project whether the hardware is permanently attached or removable.
- Please identify any improvements being undertaken as part of the Project that are intended to bring a building into compliance with the City's historical code requirements.
- Please identify any improvements being undertaken as part of the Project that are intended to bring a building into compliance with the City's fire code requirements including sprinkler and exiting improvements.
- Please identify any improvements being undertaken as part of the Project that are intended to bring a building into compliance with the accessibility requirements of the Americans with Disabilities Act.

Attach any drawings, plans, consents, etc.

Estimated total cost of Project: _____

Please attach a detailed list of Project costs to application with submittal:

- A. Code Improvement (up to \$10,000)
- B. Startup Cost (up to \$15,000)

Timeline: Please attach to application with submittal

Please note that project must be completed within one year of approval.

Estimated Start Date: _____

Estimated Project Length: _____

Estimated Completion Date: _____

Any special needs/requests: _____

Feel free to attach any and all additional information/pages needed to fulfill information required for the application.

Return this application, all documents, and application fee of \$35.00 (checks payable to City of Muscatine) to the City Administrator at 215 Sycamore, Muscatine, IA 52761 or email to gmandsager@muscataineiowa.gov.

Thank you!

Personal Financial Statement:

PERSONAL FINANCIAL STATEMENT

IMPORTANT: Read these directions before completing this statement.

INSTRUCTIONS: Read these directions before completing this statement.

- If you are applying for individual credit in your own name and are relying on your own income or assets and not the income or assets of another person as the basis for repayment of the credit requested, complete only Sections 1 and 3.
- If you are applying for joint credit with another person, complete all Sections providing information in Section 2 about the joint applicant.
- If you are applying for individual credit, but are relying on income from alimony, child support, or separate maintenance or on the income or assets of another person as a basis for repayment of the credit requested, complete all Sections, providing information in Section 2 about the person on whose alimony, child support or maintenance payments or income or assets you are relying.
- If this statement relates to your guaranty of the indebtedness of other person(s), firm(s) or corporation(s), complete Sections 1 and 3.

TO:

(COMPLETE SCHEDULE AND SIGN ON REVERSE SIDE)

Credit Report Release Form:

Credit Bureau of Muscatine, Inc.

PO Box 388 / 312 Sycamore St
Muscatine, IA 52761

Phone: 563-263-1131 / Fax: 563-263-1944

APPLICATION FOR EXTENSION OF CREDIT
AND/OR TENANT SCREENING

First Name

M.I.

Last Name

Address

City & State

ZIP

Social Security #

/ /

Current Employment

() - - Home Phone #

() - - Work Phone #

I certify that the information contained above is accurate and belongs to me. I also grant CB Muscatine the right to pull and verify any of the information on my personal national credit report (s).

Applicants Signature

/ /

Today's Date

Form is property of The Credit Bureau of Muscatine, Inc.

SMALL BUSINESS FORGIVABLE LOAN AGREEMENT

This Agreement is entered into as of the ____ day of _____, 20__ among the City of Muscatine, Iowa (the "City"), _____ [Name of Business] (the "Company") and _____ [Name of individual guarantor] (the "Individual(s)" and together with the Company, the "Borrower").

WHEREAS, the City, pursuant to and in strict compliance with all laws applicable to the City, and in particular the provisions of Chapter 15A and Chapter 403 of the Code of Iowa, has established its Small Business Forgivable Loan Program (the "Program") in order to make available public funds for the support of economic development initiatives and business development in the community; and

WHEREAS, the Program includes the funding of forgivable economic development loans to private entities for the funding of improvements to local businesses and business facilities; and

WHEREAS, this Small Business Forgivable Loan Agreement (the "Agreement") between the City and the Borrower has been prepared to facilitate the funding of a forgivable economic development loan in the maximum amount of \$_____ (the "Forgivable Loan") from the City to the Borrower in connection with certain improvements to be undertaken by the Borrower (the "Improvements"), which Improvements are described on Exhibit A hereto; and

WHEREAS, the Improvements are for the benefit of the Borrower's business (the "Business"), which Business and the regular operations thereof are described on Exhibit B hereto; and

WHEREAS, Chapter 15A of the Code of Iowa authorizes cities to provide grants, loans, guarantees, tax incentives and other financial assistance to or for the benefit of private persons;

NOW THEREFORE, the parties hereto agree as follows:

A. Borrower's Covenants

1. The Borrower agrees to undertake and complete the Improvements by _____ (the "Completion Date"), subject to any extensions granted to the Borrower by the City, and to use the proceeds of the Forgivable Loan solely in connection therewith. All improvements must be completed by the first anniversary of the origination of the loan.

2. The Borrower agrees that it will own and operate the Business as described on Exhibit B throughout the term of the Forgivable Loan, aside from any interruptions in regular operations resulting from construction of the Improvements and with any exceptions from such regular operations as are agreed to in writing by the City.

3. The Borrower agrees to repay all un-forgiven principal of the Forgivable Loan in five (5) equal annual installments due on the first, second, third, fourth and fifth anniversary of the Completion Date (_____, _____, _____, _____, and _____) (each, an “Anniversary Date”), unless the loan is otherwise forgiven in accordance with the conditions hereinafter set forth in Section B.2. The Borrower hereby acknowledges and agrees to the loan repayment forgiveness conditions set forth in Section B.2 of this Agreement. The Borrower reserves the right to prepay such principal in any amount at any time without penalty. Payment of principal on the Forgivable Loan shall be made to the City of Muscatine at 215 Sycamore, Muscatine, Iowa 52761-3840 (the “City Administrator’s Office”) by 4:00 p.m. on each Anniversary Date, as set forth herein. The Borrower shall execute a promissory note in favor of the City to evidence its obligations with respect to the Forgivable Loan. The promissory note shall be in substantially the form as set forth on Exhibit C hereto.

4. The Borrower agrees to submit an annual report to the City not more than 45 days not less than 30 days before each Anniversary Date demonstrating to the satisfaction of the City that the Borrower continues to maintain ownership of the Business and is operating the Business in accordance with its regular operations, as described on Exhibit B hereto. The Annual Report shall include such information, documentation and/or records as the City may require, which information, documents and/or records are listed on Exhibit B hereto.

5. The Borrower understands the city will file UCC-1 form.

6. The Borrower shall allow the City of Muscatine permission to use photographs, logos, published and printed information, and additional materials the borrower may supply in press releases and publications.

B. City’s Obligations

1. The City hereby agrees to deliver to the Borrower proceeds of the Forgivable Loan in its entirety in the amount of _____ (\$) _____ on the date hereof.

2. The City will file UCC-1 Form to secure a position as a creditor for its loan until expiration.

3. Subject to the adequate demonstration (as set forth in Section A.4 above) by the Borrower, the City agrees to forgive one-fifth (1/5th) of the principal amount of the Forgivable Loan on each Anniversary Date such that if the Borrower continues to own and operate the Business as covenanted in Section A.2 above until the fifth Anniversary Date (_____), the Forgivable Loan would be entirely forgiven.

4. Promptly following discharge of the Borrower’s obligations under the Forgivable Loan, whether by repayment as set forth in Section A.3. above, forgiveness as set forth in Section B.2. above, or a combination of repayment and forgiveness, the City agrees to cooperate with Borrower to file a release of the Mortgage or the Financing Statement at Borrower’s expense.

C. Events of Default, Remedies & Offset.

1. The occurrence of any of the following shall constitute an Event of Default:
 - a. The Borrower shall fail to complete the Improvements by the Completion Date.
 - b. The Borrower shall cease to own or operate the Business as covenanted in Section A.2 above.
 - c. The Borrower shall fail to make when due, whether by acceleration or otherwise, any payment of principal of the Forgivable Loan.

2. If any Event of Default described in Section C.1 shall occur and be continuing for a period of five (5) days after notice of such Event of Default has been given to the Borrower, then the City may declare the outstanding unpaid principal balance of the Forgivable Loan to be forthwith due and payable, whereupon the Forgivable Loan shall immediately become due and payable, in each case without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything in this Agreement to the contrary notwithstanding.

D. Administrative Provisions

1. This Agreement may not be amended or assigned by either party without the written consent of the other party.
2. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties.
3. This Agreement shall be deemed to be a contract made under the laws of the State of Iowa and for all purposes shall be governed by and construed in accordance with laws of the State of Iowa.
4. This Agreement shall remain in full force and effect during the time period (the "Term") commencing with the date first written above and terminating on _____ (the fifth Anniversary Date).

The City, the Company and the Individuals have caused this Agreement to be signed, in their names and on their behalf by their duly authorized officers, all as of the day and date written above.

CITY OF MUSCATINE, IOWA

By _____
Mayor

Date: _____

Attest:

City Administrator

COMPANY

By _____
Title: _____
Date: _____

INDIVIDUAL

By _____
Title: _____
Date: _____

Notary Public:

State of _____
County of _____
Signed and sworn to (or affirmed) before me on
Date: _____,
By: _____

Signature: _____

EXHIBIT A – IMPROVEMENTS

(Describe the improvements to be undertaken with the Forgivable Loan.)

EXHIBIT B – BUSINESS AND OPERATIONS

(Describe the Borrower's business and the regular operations of that business.)

(List any and all information, documents and/or records Borrower will be required to present pursuant to Section A.4. of the Loan Agreement.)

EXHIBIT C – FORM OF PROMISSORY NOTE

MAXIMUM PRINCIPAL AMOUNT: \$_____

Interest Rate: 0%

Dated: _____, 20____

_____ (the "Company") and _____ (the "Individual(s)" and together with the Company, the "Borrower") for value received, promises to pay, to the City of Muscatine, Iowa (the "City"), its successors or assigns, the principal sum of _____ (\$_____), in lawful money of the United States of America, in five equal annual installments on _____ in each of the years 20__ to 20__, inclusive.

The City has made a forgivable loan to the Borrower the principal amount of \$_____ (the "Forgivable Loan") under this Promissory Note (the "Note") and under a certain Small Business Forgivable Loan Agreement (the "Agreement") between the City and the Borrower dated _____, 20__, and reference is hereby made to the Agreement for a more complete description of the rights and obligations of the parties.

The Forgivable Loan shall be forgiven by the City in accordance with the terms and schedule set forth in the Agreement.

Payment of principal of the Forgivable Loan shall be made to the City of Muscatine at 215 Sycamore, Muscatine, Iowa 52761-3840 at 4:00 p.m. on _____ in each of the years 20__ to 20__, unless sooner forgiven in accordance with the Agreement.

The Borrower reserves the right to prepay principal of this Note, in whole or in part, without penalty, at any time prior to maturity.

In the event of a default under the Agreement which has not been cured in accordance with the terms of the Agreement, including the failure to make payments of principal as they come due under the terms of the Agreement, the Borrower agrees to pay all costs and expenses of collection, including reasonable attorney's fees. The Borrower waives demand, presentment, notice of non-payment, protest, notice of protest and notice of dishonor.

This Note is secured, and its maturity is subject to acceleration in each case upon the terms provided in the Agreement.

The validity, construction and enforceability of this Note shall be governed by the internal laws of the State of Iowa without giving effect to the conflict of laws principles thereof.

Company

By: _____
Title: _____

INDIVIDUAL

By: _____
Title: _____