

East Range Joint Powers Board Loan Fund

Participation Loan Program Guidelines

As the Disaster Relief Loan Fund proceeds revolve, the purpose of this fund is to offer economic development financing for businesses to enhance the economic base and vitality of East Range communities.

Business Eligibility Criteria:

The Participation Loan Program will consider all applicants regardless of size or business type. Eligible projects include:

- Job creation and/or job retention
- Economic growth and/or redevelopment of the area
- Project financing gap needs
- Working capital
- Applicant must be current on all financial obligations & taxes
- Collateral and personal guarantees required based on lender participation agreement
- An equity contribution is required
- Participation of a financial institution in the financing of the project

The following businesses are not eligible:

- A non-profit organization;
- A business manufacturing, distributing, selling or conducting related activities of sexually explicit materials;
- A business that derives income from passive investments without operational ties to operating businesses;
- A business whose activities are primarily focused on speculative activities that develop profits from fluctuations in price rather than through the normal course of trade;
 - Example: investment properties
- A business that earns more than half of its annual net revenue from lending activities;
 - Examples: banks, investors, financial advisors, etc.
- A business engaged in multilevel marketing, where a participant's primary incentive is based on the sales made by an ever-increasing number of participants;
 - Examples: cosmetic, activewear, candles/oils, nutritional products, etc.
- A business engaged in activities that are prohibited by federal law or applicable law in the jurisdiction where the business is located or conducted; and
- A business engaged in gambling enterprises, unless the business earns less than 50% of its annual net revenue from lottery sales.

Other business benefits when engaged in utilizing the business participation loan program include enhanced understanding and knowledge of available local resources, a streamlined approach to securing financial resources at a local level, and favorable and flexible terms and conditions. Bank participation is required.

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These funds aim to support business vitality on the East Range. ERJPB consultants will review applications and recommend approval of loans to the East Range Joint Powers Board, which will award the loans.

Timeline:

Applications will be considered on a rolling basis as funds become available.

Loan Amounts:

The minimum loan amount is \$5,000 and the maximum loan amount is \$20,000, unless otherwise approved by the ERJPB.

Geographic Area of Loan Program: The program exists for businesses located within the ERJPB communities of Aurora, Biwabik, Hoyt Lakes, and the Town of White.

Financing Policies:

A. Term of Loans:

The length of any loan made by the ERJPB Loan Fund will be 10 years unless established otherwise by the lender participation agreement.

The Participation Loans shall be repaid on a monthly basis beginning immediately following the loan closing.

B. Interest Rate of Loans:

Interest Rates on all loans will be at 4% interest and fixed throughout the term of the loan.

C. Other Financing Policies:

1. Any loan made by the ERJPB shall be adequately secured to the satisfaction of the ERJPB.
2. Any loan made by the ERJPB shall be personally guaranteed by the principal owners of the borrower to the satisfaction of the ERJPB.
3. All loans shall be subject to whatever agreements and documents are reasonably necessary to protect the interests of the ERJPB and to insure that the purpose and intent of this program are met.
4. The recipient of such loan or other financial assistance is credit worthy and has the ability to perform its obligations under any agreements to be entered into with the ERJPB.
5. Benefits will be realized by the residents of the ERJPB communities in the form of a more attractive storefronts, jobs, investment, and/or tax base, etc.

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Participation Loan Program Required Documents

Online Loan Fund Application and the following:

1. Tax Returns
 - a. Two years of business tax returns
 - b. Two years of personal tax returns
2. Personal Financial Statement(s)
3. Business Financial Statements
4. Sources & Uses + Project Cost, template provided
5. Schedule of Business Debts, template provided
6. Tennessean Warning
7. Commitment letters, if applicable

The loan fund application process has 2 steps:

1. Submit your loan fund application online here:
<https://forms.office.com/pages/responsepage.aspx?id=pcVcMF3y2UWscd3FkE5wlgB2xn4Duz5AgK9wBKpCzlhUME1KQ1A3SFVGNjkySzcXmJlTS1RSQVFLTCQlQCN0PWcu&route=shorturl>
2. And, once your application has been reviewed for eligibility, you will receive a communication requesting submission of all your required documents digitally via a weblink provided.