

Revolving Loan Fund

General Loan Policies

ELIGIBLE BORROWERS: Any legitimate business whose primary place of business is in the City of Hayfield area. Loans will be targeted to general service and retail business and manufacturing businesses.

ELIGIBLE USE OF PROCEEDS: Proceeds may be used for building rehabilitation, working capital, machinery, equipment and real estate.

INELIGIBLE USE OF PROCEEDS:

- Refinance debt
- Pay delinquent taxes
- Cover product development costs
- Pay the organizational costs of a start-up
- Invest into residential real estate

LOAN AMOUNTS: The Hayfield EDA will make loans with the following size parameters:

Minimum EDA Loan: \$1,000

Maximum EDA Loan: \$25,000

JOB CREATION AND/OR RETENTION: The business must provide for the retention or creation of new jobs in participation of the RLF program as per State of Minnesota Guidelines. An annual report of jobs retained or created demonstrating 51% are made available to low to moderate income employees.

TERMS OF LOANS: The Hayfield EDA will make loans with terms up to five years. The typical loan will bear a five-year term on a self-amortizing repayment schedule.

**COLLATERAL &
PERSONAL
GUARANTEES:**

Each loan will be secured by collateral adequate to safeguard the lender. If the EDA is the sole lender, it will take a first security interest in the assets financed. If the EDA is in partnership with another lending source, the EDA will take a subordinate interest in the assets being financed.

Personal guarantees will be required in all projects. Personal guarantees may be collateralized with personal assets where appropriate.

While the EDA will endeavor to secure each loan with adequate collateral, lack of hard collateral, by itself, will not be a reason to decline a loan.

**OWNER
PARTICIPATION:**

At least 20% of the project cost shall be funded privately either through a private lender or in the form of equity.

OTHER:

Following funding of a project, periodic financial reporting and participation in a record-keeping program or technical management assistance will be required.