

WHITE BEAR LAKE
HOUSING AND REDEVELOPMENT AUTHORITY

COUNTY ROAD E
REVOLVING LOAN AND GRANT
PROGRAM (RLGP)
GUIDELINES AND REGULATIONS
HANDBOOK

SEPTEMBER 2017

**REVOLVING LOAN/GRANT PROGRAM DOCUMENTS
CITY OF WHITE BEAR LAKE HRA**

1. Title Page/Guidelines and Regulations Handbook (13 pages) Pages 1-12

2. Eligible Properties Map (1 page) Page 13

3. Application Form (2 pages) Pages 14-15

4. Scope of Work (1 page) Page 16

5. Owner Agreement (2 pages) Pages 17-18

6. 2% Revolving Loan Fund Agreement (3 pages) Pages 19-21

7. Certificate of Participation (4 pages) Pages 22-25

8. Grant Authorization (1 page) Page 26

WHITE BEAR LAKE HOUSING AND REDEVELOPMENT AUTHORITY

REVOLVING LOAN AND GRANT PROGRAM (RLGP)

I. BACKGROUND

In the fall of 1989, the EDC and City designed a Revolving Loan and Grant Program (RLGP). The RLGP was originally aimed at improving the utility and appearance of downtown businesses while encouraging the leveraging of private investment which would otherwise not occur. The County Road E RLGP encourages the same goals while opening up funding to the County Road E corridor located businesses. The program provides front-end financing for small loans at below market interest rates for up to a 10-year term. The RLGP County Road E addition allows the same financing structure available to County Road E businesses who qualify.

The White Bear Lake RLGP established a public/private partnership where an initial \$150,000 public loan/grant pool was made available by the White Bear Lake Housing and Redevelopment Authority (the "HRA") to assist eligible businesses to make eligible physical improvements. The program is designed to address redevelopment needs in the City's redevelopment project areas. The White Bear Lake RLGP second project area is targeted toward County Road E businesses, and all existing businesses within the City's project area #2 (see attached boundary map) are eligible to participate in the loan program.

The program provides loans up to \$40,000 for a term of up to 10 years at two percent interest. Revolving loan program participation requires a 100 percent match by an authorized participating financial institution. To be eligible, a financial institution must be located within the corporate limits of the City of White Bear Lake. Financial institutions have agreed to service the loans and to provide their match at a competitive market interest rate.

The White Bear Lake RLGP is operated with the following program goals:

- The program provides affordable financing to small businesses and eligible shopping centers for program eligible real estate improvements.
- The program will be targeted to County Road E located businesses. (see attached boundary map)
- The program will serve as a catalyst to leverage private resources.
- The program will require that improvements be consistent with design and eligibility guidelines approved and administered by the City.
- The program will be operated as a revolving fund.

The program is administered by the HRA under the guidance of policies set by the WBLEDC, City Council and HRA.

The City of White Bear Lake HRA is responsible for:

Determining individual applicant's eligibility based on:

- Location of property to be improved;
- Eligibility of improvements;
- Consistency with design guidelines;
- Compliance with City Codes and Ordinances;
- Distribution of program information to area businesses;
- Referral of applicants to local banks;
- Participation agreements with local banks;

Financial institutions are responsible for:

- Receipt and processing of applications.
- Provision of matching loan funds at least equal to funds to be provided from the City's RLGP.
- Determining applicant's credit risk and required collateral.
- Determining loan amortization period.
- Approval or disapproval of loan subject to City certification as to program eligibility.
- Collection of lien waivers and other documents deemed necessary for loan disbursements.
- Distribution of loan funds subject to final approval by the City of White Bear Lake.
- Distribution of principal and interest payments to the City of White Bear Lake RLGP. On default, the claims of the City of White Bear Lake are subordinate to the financial institution.

II. PROGRAM OBJECTIVE

The purpose of the RLGP is to provide businesses with an incentive to increase their investment in the community by making structural and beautification improvements to existing buildings consistent with "Design Guidelines" (see section XVII).

The RLGP will not provide working capital loans nor fund operating expenses.

III. PHYSICAL BOUNDARIES OF PROGRAM AREA

To be eligible for the RLGP, the property must be located within the City's Redevelopment Project Area No. 2 (see attached boundary map).

IV. NATURE OF EXPENDITURES

- All exterior work on front and sides of business buildings;
- Cleaning, painting and staining of exterior surfaces;
- Façade masonry repairs;
- Repairing, replacing and installing of cornices, entrances, exterior doors and windows, decorative details, awnings and exterior lighting;
- Sign removal, repairing and replacement;
- Building identification;
- Streetscape costs on private property;
- Internal fixed improvements including the repair and/or construction of walls, ceilings, floors, lighting, windows, doors and entrances
- Wall and floor finishes and tenant business fixtures may be funded with the private sector (matching) loan portion only;
- Handicapped accessibility improvements;
- Health and safety improvements;
- Roof repairs and replacement;
- Heating, ventilating and air conditioning improvements

V. INELIGIBLE COSTS

The following costs are ineligible:

Refinancing of existing debts;

- Non-fixed improvements;
- Working capital;
- Inventory;
- Sweat equity (payment for the applicant's own labor and performance for construction of improvements).

VI. PROGRAM ADMINISTRATION AND STRUCTURE

Administration will be shared by the HRA and participating financial institutions.

The HRA, as the program's administrator, will maintain and update program guidelines and monitor their compliance.

Administration of the HRA's responsibility will be under the direction of the City of White Bear Lake's Community Development and Finance Directors.

Servicing of RLGP loans shall be administered by local banks and savings and loans which make application to the HRA. All such institutions must be within the corporate limits of the City.

VII. PARTICIPATION AND FUNDING

The RLGP will continue to operate as a public/private sector partnership.

The financial base of the public share of RLGP funds will be interest and principal repayments resulting from the initial \$150,000 of loans.

The fund will continue to provide one-half of each small business loan up to a maximum of \$40,000 at an interest rate of two percent, provided that funds are available. Multiple loans may be made to businesses, provided that the principal balance does not exceed \$40,000 at any time, and also provided that all payments of principal and interest are current.

Local banks will execute participation agreements with the HRA to carry out their participation in accord with these guidelines.

VIII. LOAN STRUCTURE

- A. The RLGP shall provide a 100% match to private loans up to a maximum amount of \$40,000 RLGP participation.
- B. The interest rate of the RLGP loan shall be two percent per annum.
- C. The RLGP loan shall be amortized over a 10-year term but shall, at the option of either the lending institution or the business, be renegotiable at the end of each three-year period, but no loan including extensions shall exceed 10 years. In no event shall the interest rate on the RLGP loan change from two percent per annum.
- D. RLGP loans in the amount of \$8,000 or greater must be fully secured with a perfected security interest as determined by the lender.
- E. The City subordinates its position on the RLGP loan to that of the lending institution.

IX. UNDERWRITING STANDARDS

The Revolving Loan and Grant Program (RLGP) is designed to target small to medium sized businesses with limited capital for improvements to their building. The following standards must be met to qualify for the County Road E RLGP. If a business but does not fully meet underwriting standards (i.e. building size is 30,000 square feet, but still a locally owned small business with limited capital), a business may still apply for this program. A letter of

explanation for each component of this section that are not met will need to be submitted with the application for the County Road E RLGP. The letter submitted will be reviewed with the application.

- A. Local non-profit, educational or daycare facilities qualify for the RLGP and would be considered a Commercial Use.
- B. Commercial buildings may not exceed 25,000 square feet.
Retail and individual business buildings may not exceed 15,000 square feet.
- C. An eligible building owner, individual or it's affiliates shall have no more than 2 commercial income producing properties contained in their portfolio.
- D. Entities applying for this RLGP must not exceed current ownership of 5 identical businesses/locations.
- E. Commercial entities applying for this RLGP must not have exceeded a gross revenue of \$2 million per year in previous year. Retail entities applying for this RLGP must not have exceeded a gross revenue of \$1 million per year in previous years. Types of businesses receiving RLGP loans shall be legal permitted or legal conditional uses within their respective zoning districts.
- F. Entities applying for this RLGP may not have more than 25 full time equivalent (FTE) employees at the location where funds will be used.
- G. RLGP loans shall be made to fee owners or recorded contract for deed vendees.

X. FINANCIAL GUIDELINES

- A. Applicants shall demonstrate a ratio of net operating income (NOI) to debt service of 1.2:1 $NOI = \text{Gross property income less operating expenses and real estate taxes, but not including mortgage payments, income tax depreciation or non-operating expenses.}$
- B. Participating financial institutions shall use customary lending practices in determining eligibility for RLGP loans so as to ensure repayment of principal.
- C. The property shall not be delinquent in the payment of property taxes and special assessments, and shall not become delinquent during the term of the loan.
- D. The structure shall be fully insured during the term of the loan with the lending institution and City named as mortgagor or covered under a loss payee clause endorsement.
- E. No loan shall exceed 80 percent of the estimated market value of the property to be rehabilitated upon completion of the rehabilitation, less the principal balance of any prior mortgage existing on the property at the time the loan is made; as required by MSA 469.184, Subd. 4(3).
- F. All out-of-pocket loan application expenses shall be the responsibility of the applicant. No other fees shall be charged.

XI. ANNUAL REPORTING

Within 90 days of filing federal tax statements, businesses receiving loans shall annually submit to the lending institution the following three items:

- A. Proof of non-delinquency of property tax payments;
- B. Profit/loss statement from Schedule C of federal tax statements; and
- C. Personal financial statement satisfactory to the lender.

Participating lending institutions shall annually report to the HRA by March 1 of each year the status of the RLGP loan. The annual report shall include the status and balance of each loan as of December 31 of the previous year.

XII. IMPROVEMENT REVIEW PROCESS

Prior to being granted loan approval, the applicant shall receive a positive recommendation from the Committee comprised of the HRA Chair, Executive Director, and Community Development Director. The Committee shall review proposed plans and the existing exterior condition of the property being improved. The applicant may appeal any recommendation of the Committee to the HRA. In the event of limited funds, priority will be given to exterior façade improvements.

XIII. CONTRACTING AND CONSTRUCTION

The applicant shall prepare and have prepared a detailed Scope of Work, which will also be the project's bidding document. The Scope of Work will be submitted to the City and the participating financial institution.

The Scope of Work shall include:

- A detailed description of the work to be undertaken;
- Estimates of the quantity and materials to be used in the project;
- Qualified licensed contractor(s)

The cost of having the Scope of Work prepared shall be reimbursable to the applicant from the loan proceeds. No RLGP loan will be approved until an adequate Scope of Work/Bidding Document is submitted and approved by designated HRA staff. The applicant must receive and submit at least two itemized competitive bids for all work to be completed and materials to be purchased with the loan funds. The bids will be reviewed and filed by the financial institution to establish that they are competitive and address the work identified in the Scope of Work.

The HRA, through the City Building Inspector, shall monitor the quality and progress of all work funded through the Program. Request for payment (partial or final) by the applicant for completed work and supplied materials shall be in writing to the financial institution. Partial payments shall not exceed 90 percent of the total loan amount. The final payment shall be held until a certificate of completion is obtained from the City and submitted to the financial institution.

Upon submission and approval of a written request for the release of loan funds, designated HRA staff will, in writing, authorize the financial institution to release the requested funds.

All work must be inspected by the City Building Inspector to ensure conformance with code and must be verified for proper completion by City staff to ensure compliance with specifications prior to final payment. The final inspection cannot be scheduled until all permits taken out have been signed off by field inspectors. Upon satisfactory completion, a certificate of completion will be granted.

All work must be completed within 12 months of issuance of a building permit unless written permission of an extension is granted by designated HRA staff and financial institution.

All eligible improvement work performed pursuant to an approved RLGP loan must provide a 12-month warranty from the date of accepted completion by the loan recipient and the HRA. This warranty must cover the quality of materials used and workmanship in performing the work. This warranty is the responsibility of the recipient.

XIV. LOAN DISBURSEMENTS

Loan funds shall be released by the financial institution, but not before written approval from the HRA is provided, and an RLGP check is issued. A minimum of 10 percent of the total loan will be withheld until all work is completed, inspected, and approved, as evidenced by current certificate of completion.

XV. IMPROVEMENTS COMPLETED PRIOR TO LOAN CLOSING

Such improvements are not eligible unless the applicant's structure requires immediate attention (hazardous code deficiencies, etc.) and the following steps are taken:

- Applicant must fill out a loan application with the financial institution.
- Applicant must submit a written request to the financial institution describing the need.
- Applicant must receive written permission from both the HRA and the financial institution.
- If the above conditions have been met, the applicant may proceed using his own funds or interim financing from a financial institution. However, this is done at the applicant's and/or financial institution's own risk until the total Scope of Work has been approved by the HRA and the loan has been closed.

XVI. BUILDING FAÇADE GRANTS

In order to encourage building façade improvements that are more aesthetic in nature, a grant is available provided the applicant is receiving a loan concurrently. The grant works as follows:

Up to \$2,000 in grant money will be awarded to an owner to make façade improvements to County Road E buildings provided that at least \$20,000 in other improvements which are eligible under the RLGP are made through local program financing. An additional grant of \$500 is available for each additional \$10,000 financed through the program of eligible improvements, up to a total grant of not more than \$3,000 per business.

Additional grants are permitted on properties with multiple businesses consistent with the above outlined formula, but shall not exceed \$3,000 per project, or a total of \$5,000 per property. Properties with more than one business applying for the program must follow this formula for grants to be awarded.

The grant component of the program is limited to businesses directly located along County Road E (see attached map). Eligible grant expenditures include repairing, replacing and installing of siding, brickwork, mansards, cornices, entrances, exterior doors and windows, decorative details, awnings and exterior lighting; sign removal or repair or replacement; and building identification.

Prior to incurring expenses for which a grant is sought, applicants must have the proposed work approved in writing by the City HRA staff. Grant monies are not available for “sweat equity”. Grants will be distributed upon final inspection by the City and submittal of a paid invoice.

XVII. COUNTY ROAD E DESIGN GUIDELINES

DESIGN PRINCIPLES

New Construction: The basic principle for new construction along County Road E is to follow zoning guidelines for the property. Generally, new structures should provide height, massing, setback, materials and rhythm compatible to surrounding structures.

Restoration and Rehabilitation: All work should be of a character and quality that maintains the distinguishing features of the building and environment.

DESIGN REVIEW PROCESS

New development or remodel projects along County Road E corridor require a design review permit prior to commencement. The Design Review Committee shall review the project site, architecture and landscape plans with these design guidelines to ensure consistency. The Design Review Committee shall then recommend approval, denial or approval with certain conditions to the City Housing and Redevelopment Authority staff.

DESIGN CRITERIA

Design Guidelines: The following guidelines, for the most part, deal with general rather than specific design elements in order to provide direction, yet stimulate and encourage architectural innovation.

Pedestrian-Oriented Design – The design of the building should help make the street enjoyable, visually interesting, and comfortable. Individual buildings should be integrated with the streetscape to bring activity to the building.

Trademark Building Design – Trademark buildings are prohibited.

Setback – Infill buildings should be built to zoning setbacks. Property shall enhance the commercial experience by providing elements of the building facing County Road E to be visually appealing.

Height – The height of new buildings shall not exceed the number of stories per zoning requirements. Roof edges should be related in size and proportion to adjacent buildings.

Parking – Parking lots should be screened from the street and sidewalk with landscaping.

Parking structures should take advantage of the topography of the site to conceal the structure to the extent possible from public view. The same care should be taken in the design of the parking as with any other building regarding setbacks, height, proportions, detailing and materials. The structure should complement the streetscape through accent landscaping or other pedestrian amenities. Parking structures shall be designed to minimize the use of blank concrete facades.

Entrances – Entrances facing County Road E should provide a welcome appearance. Neutral appearances are recommended including landscape, mix of complimenting exterior finishes, pedestrian enhancing entrances, and streetscapes.

Utility Area and Mechanical Equipment – Screen exterior trash and storage areas, service yards, loading areas, transformers and air conditioning units from view of nearby streets and adjacent structures in a manner that is compatible with the building and site design. All roof equipment shall be screened from public view along all public right-of-way and from residents. Use architectural elements to screen mechanical equipment.

Mirrored or heavily tinted glass should not be used because it conveys a conflicting modern design feeling. It also creates a blank wall effect, which may be offensive to the pedestrian.

Blank Walls – Blank walls shall be limited to prevent the disruption of existing patterns and to avoid an uninviting street environment. Street facades can be enhanced with detailing, art work, landscaping or other visually interesting features.

Materials – All exterior wall finishes shall be of consistent quality limited to one or a combination of the following per Zoning Code:

- A. Face or modular brick, natural stone
- B. Decorative concrete block which is colored by pigment impregnated throughout the entire block
- C. Cast in place concrete or pre-cast concrete panels which are colored by pigment impregnated throughout the entire panel per approval of an architectural treatment by the Zoning Administrator. The gross building wall area of this type shall be limited to no more than fifty (80) percent of the aggregate of wall area excluding window and door areas
- D. Stucco or EFIS
- E. Wood, provided the surfaces are finished for exterior use
- F. Curtain wall panels of steel, fiberglass and aluminum, provided such panels are factory fabricated and finished with a durable non-fade surface and their fasteners are corrosion resistant. The gross building wall area of this type shall be limited to no more than fifty (50) percent of the aggregate of wall area excluding window and door areas
- G. Glass
- H. Decorative painted concrete block shall be permitted on any building wall not visible from a public right-of-way.

- I. King-size, queen size or jumbo brick. The gross building wall area of this type shall be limited to no more than fifty (20) percent of the aggregate of wall area excluding window and door areas

Color – The color of buildings should relate to the adjacent buildings’ colors to create a harmonious effect. The color of brick or other natural building materials should dictate the color family choice. Painting new infill buildings is prohibited.

Lighting – lighting can illuminate building entrances, pedestrian walkways, advertising or floodlight special buildings. A coordinated lighting plan should be submitted for review with building plans. Lighting fixtures should be downcast and concealed or integrated into the overall design of the project.

Signage – Relate all signs to their surroundings of the building in terms of size, shape, color, texture and lighting so that they are complimentary to the overall design of the building and are not in visual competition with other conforming signs in the area. Signs should be an integral part of the building and site design and comply with the city sign codes. Signage should have the capability of being lit for evening visibility.

Any external spot of floodlighting of signs should be done so that the light source is screened from direct view and so that the light is directed against the sign and does not shine into adjacent property or distract motorists or pedestrians. Internally illuminated sign cabinets are prohibited.

Comprehensive sign programs are required for buildings which house more than one business. Signs need not match, but should be compatible with the building design and each other.

If banners and flags are placed on a building, they must be included and reviewed as part of the building sign plan. Avoid projecting signs which are disproportionate to the overall façade.

Landscaping – landscaping treatment shall be provided to enhance architectural features, screen utility and parking areas and enhance streetscape treatment.

Exterior Surfaces – The use of surface treatments for walkways, entrances and patios should be a design feature of the building.

The following exterior building materials may be prohibited dependent upon zoning requirements:

- A. Face materials which rapidly deteriorate or become unsightly such as galvanized metal;
- B. Unfinished structural clay tile and metal panels not factory finished with a permanent surface;
- C. Buildings comprised exclusively of metal, pole buildings, sheet metal, plastic or fiberglass siding unless such siding is a component of a factory fabricated and finished panel.
- D. Unadorned and/or painted concrete block.
- E. Reflective glass is prohibited.
- F. Concrete masonry units (CMU)
- G. Aluminum, vinyl, or steel siding or panel systems
- H. Exposed aggregate (rough finish) concrete wall panels

- I. Glass curtain wall systems
- J. Plastic
- K. T-111 Composite plywood siding
- L. Clear finished wood



XVIII. GENERAL MAINTENANCE REQUIREMENTS

- All maintenance should consist with original proposed design plan.
- Painting of trim may be required if peeling, fading, and/or flaking conditions exist.
- Staining of wood surfaces may be required if fading exists.
- Tuck pointing may be required if loose mortar or brick exists.
- Stucco repair may be required if cracked, falling or discolored conditions exist.
- Awning replacement may be required if faded, torn or otherwise in disrepair.
- Windows should be in good repair, caulked and sealed as necessary

CITY OF WHITE BEAR LAKE
REVOLVING LOAN AND GRANT PROGRAM
COUNTY ROAD E ELIGIBLE PROPERTIES



Legend

-  Parcels
-  County Road E Eligible Properties



**WHITE BEAR LAKE REVOLVING LOAN PROGRAM
APPLICATION FORM**

I. APPLICANT INFORMATION

Business Owner's Name(s): _____

Home Address: _____

Phone: _____ E-Mail Address: _____

Name of Business: _____

Business Address: _____

Phone: _____

Business Structure: _____ Sole Proprietorship
 _____ Partnership (all partners must sign this application)
 _____ Corporation (list officers on separate sheet)

Type of Business (describe):

II. PROPERTY INFORMATION

Property Owner: _____

Address: _____

Phone: _____ E-Mail Address: _____

Does the **applicant business** occupy the total building? Yes _____ No _____

If NO, what percentage does the applicant business occupy and what occupies the balance of space?

III. REHABILITATION PROPOSED

Briefly describe the proposed work and purpose.

Exterior: _____

Interior: _____

*Note: A detailed Scope of Work document is required prior to approval.

IV. BUILDING INSPECTION

Building owner grants permission for the city inspector to inspect all work to be performed as outlined in Scope of Work.

Signature of Owner Date

V. FINANCIAL INSTITUTION INFORMATION

Name: _____

Address: _____

Loan Officer: _____ Phone: _____

Business Owners Signature Date

Business Owners Signature Date

**2% REVOLVING LOAN PROGRAM
SCOPE OF WORK**

See pages 3 and 4 of the Guidelines and Regulations Handbook for information on eligible expenses.

PROGRAM ELIGIBLE EXPENSES

Item	Amount
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
9. _____	_____
10. _____	_____
TOTAL \$	_____
AMOUNT REQUESTED FROM HRA \$	_____
AMOUNT REQUESTED FROM BANK \$	_____

Note: Wall and floor finishes and tenant business fixtures may be funded with the private sector (matching) loan portion only.

**CITY OF WHITE BEAR LAKE HRA REVOLVING LOAN PROGRAM OWNER
AGREEMENT**

Owner Certification

DATE: _____

OWNER: _____

ADDRESS: _____

PROPERTY ADDRESS TO BE REHABILITATED:

BUSINESS NAME(S): _____

As owner of the above property, I hereby agree that I will adhere to the following conditions of the City of White Bear Lake HRA Revolving Loan Program (the "Program"):

1. Only one loan from the Program will be requested on each property and will not exceed one-half the cost of the eligible building improvement or \$40,000, which is less.
2. It is understood that the loan from the Program is for contract construction and is only for eligible rehabilitation of building systems, eligible interior work and/or façade improvement. No refinancing and no acquisition will be done utilizing the City of White Bear HRA Lake loan.
3. Hazard insurance will be maintained on the property at all times in an amount sufficient to cover the full amount of the loan and will be paid by myself and will not be paid out of the loan proceeds.
4. At least two detailed and legible competitive bids based upon a work specification prepared by the owner and approved by a participating financial institution prior to approval will be submitted.
5. Change orders will be issued only with the written approval of the City of White Bear Lake HRA staff. No change order will be issued decreasing the private loans such that the private loan is less than the loan from the City of White Bear Lake Revolving Loan Fund.

6. I agree to abide by the regulations as listed, and the City of White Bear Lake HRA Revolving Loan Program Handbook. Upon failure to comply with any or part of the above, the City of White Bear Lake HRA may enforce the Revolving Loan Program and note/lien through any lawful suit or action as permitted under the laws of the State of Minnesota.
7. I understand that any inspection made by the City of White Bear Lake under this program is for purposes of determining the applicant's eligibility under this program, and it is not intended to represent or warrant the condition of the premises.
8. I further understand that making application in no way insures approval of loans or guarantees funding.
9. I understand that "approval" means specific, written approval from both the City and my financial institution.
10. I understand any work performed prior to specific written approval from both the financial institution and the City will be considered ineligible unless otherwise waived in writing by the City HRA and the financial institution according to the guidelines.

Fee Owner/Contract Purchaser:

Signature

Print Name

Witness

Date

**TWO PERCENT REVOLVING LOAN FUND AGREEMENT
BETWEEN THE HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF WHITE BEAR LAKE
AND PARTICIPATING BANKS**

THIS AGREEMENT, entered into this _____ day of _____, 20____
by and between

THE HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF WHITE BEAR LAKE

(hereinafter referred to as the "Authority")

And

(hereinafter referred to as the "Bank")

WHEREAS, the Authority has established a Two Percent Revolving Loan Fund (2% RLF) for the purpose of making loans to neighborhood small business firms; and

WHEREAS, the establishment of the 2% RLF requires that loan monies advanced from the 2% RLF be matched by an equal amount from a local bank;

NOW THEREFORE, in consideration of the above premises, the parties hereto agree as follows:

1. That the document dated May 2012, entitled "Revolving Loan and Grant Program Guidelines and Regulations Handbook," which has been given to the bank as part of the revolving loan/grant program document, governs this Agreement.
2. That the Bank in conjunction with the Authority will make eligible loans for rehabilitation at a ratio of 1:1, not to exceed a program maximum limit of \$80,000. Any additional loan monies exceeding the program maximum limit shall not be the responsibility of the Authority.
3. That, for each loan made, half the funds will come out of the 2% RLF, up to a maximum of \$40,000, and at least half the funds will be made available by the Bank.
4. That interest will be computed in the following manner: At the annual rate of two percent on the Authority's portion and no more than three percent above prime rate for the monies loaned from the Bank.
5. That the term of the loan shall not exceed 10 years. The Bank shall make the determination of the appropriate term.
6. That prior to approving or rejecting a loan request, the Bank shall process the request in the same manner as any other commercial improvement loan request.

7. That the Bank shall then approve or reject the loan based on the program requirements, provided that no application can be rejected for any unlawful reason; provided further that the Authority shall not have the authority to approve or reject a loan on behalf of the Bank.
8. That if the Bank approves the loan, the Authority shall tender its check drawn on the 2% RLF for half of the principal amount of the loan, up to a maximum of \$40,000, at the time of the loan closing.
9. That for each loan, the Bank shall have the loan recipient execute a mortgage or promissory note, or both, to the Bank. The Authority's interest in the mortgage or promissory note or both shall be subordinate to that of the Bank. The mortgage or promissory note, or both shall, along with other documents, state the interest rate and schedule for payment.
10. That for each loan entered into under the Agreement, the loan recipient shall be required to file a "Loan Application Form" and to sign an "Owner Agreement" which has been given to the bank as part of the revolving loan/grant program document.
11. That, in conjunction with the Authority's tendering of its check for half the loan, the Bank shall execute a "Certificate of Participation" for each loan whereby the Bank sells one-half of the loan to the Authority 2% RLF at the rate of two percent per annum. A blank copy of said "Certificate of Participation" has been given to the bank as part of the revolving loan/grant program document.
12. That the schedule for loan payments by the recipients shall be determined by the Bank and said payments shall be made to the Bank on a monthly basis in accordance with the mortgage or promissory note or both.
13. That the Bank shall provide to the loan recipient a truth-in-lending disclosure when applicable.
14. That the Bank shall remit loan payments to the Authority on a monthly basis. On a monthly basis, the Bank shall pay to the Authority that portion of the loan recipient's payments for the prior month, which represents a two percent payment of interest on the outstanding principal balance with the Authority's share of the loan, and that portion of the monthly payment which represents a repayment of the principal amount of the loan.
15. That this Agreement shall expire when the 2% RLF monies available to the Authority are exhausted provided, however, either party may terminate this Agreement at any time for any reason by written notice to the other of its intention to do so. Such termination shall be effective upon the effective date set forth in such notice, or, if no date is set forth, upon giving of the notice. If this Agreement is terminated in accordance with the procedures set forth above, said termination shall not affect the rights and obligations of the Bank and the Authority with respect to loans outstanding on the effective date of such termination.

16. That the Bank will withhold 10 percent of the loan until it has received a certificate of completion from the City of White Bear Lake for the improvements financed by the loan.

IN WITNESS WHEREOF, the parties hereto have set their hands as of the day and year first above written.

THE HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY
OF WHITE BEAR LAKE

By _____
It's Executive Director

PARTICIPATING BANK

By _____
It's _____

By _____
It's _____

**NEIGHBORHOOD SMALL BUSINESS REVOLVING LOAN FUND
CERTIFICATE OF PARTICIPATION**

WHEREAS, ON _____, 20_____, _____
_____ (the "Financial Institution") has loaned
the sum of _____ Dollars (\$_____))
for financing improvements to an existing business located at _____
(the "Project") in the City Of White Bear Lake (the "City"); and

WHEREAS, on even date herewith the Housing and Redevelopment Authority in and for
the City of White Bear Lake (the "Authority") has acquired a participation in the Loan for the sum
of _____ Dollars (\$_____), bearing
interest at the rate of two percent (2%) per annum, evidenced by Note, dated
_____, due _____, until paid (the Financial Institution and the
Authority being hereafter referred to as the "Participants"); and

WHEREAS, the Financial Institution agrees, during the term of this Participation
Agreement (the "Agreement"), to act as servicer on behalf of itself and the Authority in the receipt
and disbursement of all payments to and from the Borrower and in exercising any remedies
available against the Borrower with respect to security for the payment of all amounts due under
the Loan.

NOW THEREFORE, in consideration of the premises and the mutual benefits to be derived
therefrom, it is hereby agreed as follows:

1. The Financial Institution shall have a _____ percent (_____%) interest in the
Loan and the Authority shall have a _____ percent (_____%) interest in the Loan,
provided that the Authority's interest in the Loan shall be, as provided herein, subordinate
to the Financial Institution's interest in the Loan.
2. The right of the Authority to any and all security for the repayment of the Loan shall be
subordinate to the right of the Financial Institution to receive any amounts due to it from
any security for the repayment of the Loan to the extent of the Financial Institution's
interest in the Loan.
3. The right of the Authority to receive any repayments from the monthly payments made by
the Borrower shall be subordinate to the right of the Financial Institution to receive all such
monthly payments made by the Borrower.
4. So long as the Borrower shall not be in default of its obligation to repay the loan, or of any
of its obligations under any documents or instruments incidental thereto (any such default
referred to herein as an "Event of Default"), the Financial Institution, upon receipt of any
monthly payment or any prepayment by the Borrower, shall remit to the Authority that
portion of said monthly payment or prepayment which represents the Authority's pro rata

share of the principal amount loaned by the Financial Institution. In no event shall the Financial Institution withhold from the Authority any amount less than the Authority's pro rata share of monthly payments or prepayments received by the Financial Institution, except as provided in the Event of Default as described herein. In receipt and disbursement of any sums covered by this section, the Financial Institution will exercise the same care as would be exercised in the handling of loans for its own account. After an Event of Default shall have occurred and after the required notice of period of said default and Borrower's failure to cure said default, then, upon receipt of any monthly payments from the Borrower, or upon receipt of any other payment from any source by or on behalf of the Borrower, the Financial Institution shall apply the entire amount of such payment first to pay all costs and expenses incurred by the Financial Institution in connection with the enforcement or foreclosure of any note, mortgage or other document securing the repayment of the Loan, second to pay interest then due on the Financial Institution's interest in the Loan, and then shall apply the remaining amount of such payment as a payment or prepayment of the outstanding principal amount of the Financial Institution's interest in the Loan, until all interest due to the Financial Institution and the entire principal amount of the Financial Institution's interest in the Loan have been paid in full, and shall thereafter remit to the Authority the remainder of such amounts as a payment or prepayment of the principal amount of and interest on the Authority's interest in the Loan.

5. Any Loan repayment received directly from the Borrower by the Authority shall be remitted to the Financial Institution.
6. The Financial Institution shall promptly advise the Authority, in writing, of any default by the Borrower in repaying any amounts due under the terms of the Loan or under any mortgage, agreement, instrument or document securing repayment of the Loan.
7. Any mortgage, agreement, instrument or other document securing repayment of the Loan shall be foreclosed or enforced only upon the written consent of both the Authority and the Financial Institution, such consent not to be unreasonably withheld. In no case shall such consent from the Authority be withheld for more than two consecutive months after default. In foreclosing any mortgage or enforcing any remedy under any other agreement, instrument or document securing repayment of the Loan, the Financial Institution shall be entitled to receive all amounts derived from such foreclosure or enforcement until the Financial Institution has recovered all amounts due to it with respect to its interest in the Loan and its costs incurred in such foreclosure or enforcement. Thereafter, the Financial Institution shall remit to the Authority all remaining amounts derived from such foreclosure or enforcement.
8. So long as this Participation Agreement is in force and effect, the Financial Institution shall, within 30 days of the annual anniversary date of this Participation Agreement, furnish the Authority with an annual report summarizing the monthly payments or other payments with

9. respect to the Loan received by the Financial Institution, the amounts paid as interest on the Loan, the payments and prepayments of the principal amount of the Loan, any foreclosure actions or enforcement proceedings with respect to any security for the repayment of the Loan and any amounts derived therefrom, together with an accounting of the applications of such amounts.
10. This Participation Agreement incorporates the terms of all mortgages, agreements, instruments or documents securing the repayment of the Loan, if any, which are attached hereto as exhibits, and are incorporated by reference herein.
11. This Participation Agreement shall continue in full force and effect until all amounts payable under the Loan have been paid in full.
12. The Financial Institution shall not execute a satisfaction of any mortgage, agreement or document securing the repayment of the Loan without the prior written consent of the Authority.
13. The Financial Institution is hereby granted, subject to paragraphs 7 and 11, the power and authority to administer, manage and service the Loan; to waive the performance of obligations of the Borrower; to excuse the non-occurrence of conditions; to exercise collection rights with respect to any collateral; to foreclose against any collateral or to accept a transfer in lieu of foreclosure; to collect and receive any and all payments, collections and proceeds of collateral made or delivered by or for the account of the Borrower and at its sole discretion to release such payments, collections and proceeds to the Borrower or apply the same to the payment of indebtedness; to enforce rights against third parties; to manage and control proceedings in the Borrower's bankruptcy; and otherwise to do and refrain from doing any and all acts and things which the Financial Institution would be required or permitted to do or refrain from doing in connection with the Loan if it had retained its entire interest as lender in the loan, but acting on behalf of the Authority and all other participants, if any.
14. Neither the Financial Institution nor any of its directors, officers, employees or agents shall be liable for any action taken or omitted by the Financial Institution or any of them except in the case of gross negligence or willful misconduct.
15. Neither the Financial Institution nor the Authority (i) shall be liable or responsible for any representations or warranties made by, or for obligations binding upon or assumed by, the Borrower or anyone else; or (ii) make any representation or warranty as to the genuineness, legality, validity, perfection, priority, enforceability or sufficiency of the Loan; or of any securing interests, mortgage liens, guaranties, or other collateral rights and remedies securing the Loan; or of any of the documents evidencing the Loan or any other agreement made or instrument, document or writing issued thereunder, in connection therewith, or as a result thereof; or (iii) make any representation or warranty as to the Borrower, as to any financial statements or collateral reports submitted by or for the Borrower, as to any risk of loss with respect to the Loan, or as to any matter whatsoever; or (iv) shall have any right or recourse against the other party hereto.

FINANCIAL INSTITUTION

By _____
An Authorized Official

THE HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF WHITE BEAR LAKE

By: _____
Its Executive Director

**CITY OF WHITE BEAR LAKE
REVOLVING LOAN PROGRAM
GRANT APPLICATION**

Business Owner(s): _____

Business Name: _____

Business Address: _____

Phone: _____

Qualifying Rehabilitation: _____

Cost of Rehabilitation: _____

Facade Improvement(s): _____

Facade Improvement Cost: _____

Documentation on File: _____

Grant Amount: _____

I hereby acknowledge that the facade work and/or materials referenced above have been completed and paid for at the above address.

Signature of Owner

Date

Signature of Executive Director HRA Authorizing Grant

Date