

**WHITE BEAR LAKE
HOUSING AND REDEVELOPMENT AUTHORITY
REVOLVING LOAN AND GRANT PROGRAM (RLGP)
GUIDELINES AND REGULATIONS HANDBOOK**

May 2012

REVOLVING LOAN/GRANT PROGRAM DOCUMENTS

CITY OF WHITE BEAR LAKE HRA

1. Title Page/Guidelines and Regulations Handbook (13 pages).....Pages 1-13
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WHITE BEAR LAKE HOUSING AND REDEVELOPMENT AUTHORITY REVOLVING LOAN AND GRANT PROGRAM (RLGP)

I. BACKGROUND

In the fall of 1989, the White Bear Lake Area Economic Development Corporation (the “WBLAEDC”) began a program of downtown revitalization. This effort was started to aid in strengthening the downtown’s vitality in terms of market share and physical appearance. A significant finding that came from these efforts was the need to develop financing techniques that encourage existing businesses to begin the process of reinvesting in their commercial properties.

Working with the City, the Corporation has designed a Revolving Loan and Grant Program (RLGP). The RLGP is aimed at improving the utility and appearance of downtown businesses while encouraging the leveraging of private investment which would otherwise not occur. The program provides front-end financing for small loans at below market interest rates for up to a 10-year term.

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 downtown businesses to make eligible physical improvements. The program is designed to address redevelopment needs in the City’s redevelopment project area. Although the White Bear Lake RLGP is targeted toward downtown businesses, all existing businesses within the City’s project area (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 for program eligible real estate improvements.
- The program will be targeted to downtown businesses with other businesses located in the City’s redevelopment project area also eligible.
- The program will serve as a catalyst to leverage private resources.
- The program will require that improvements be consistent with design 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 WBLAEDC, 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 "Downtown Design Guidelines" (see attached).

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. 1 (see attached boundary map). Priority shall be given to those businesses located in the Special Service District as defined on the official city map (see attached Zoning Map).

IV. NATURE OF EXPENDITURES

- All work on front and sides of business buildings facing public streets;
- 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

- A. Small and medium sized commercial buildings are defined as those buildings whose gross square footage does not exceed 30,000 square feet.
- B. Types of businesses receiving RLGP loans shall be legal permitted or legal conditional uses within their respective zoning districts.
- C. 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 1.1:1. NOI = 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 WBLAEDC Beautification Subcommittee (the "Subcommittee"). The Subcommittee shall review proposed plans and the existing exterior condition of the property being improved. The Subcommittee shall base its recommendation upon the projects consistency with the Downtown Design Guidelines. The applicant may appeal any recommendation of the Subcommittee 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 that at least \$20,000 worth of other work is done. The grant works as follows:

Up to \$2,000 in grant money will be awarded to an owner to make façade improvements to downtown buildings provided that at least \$20,000 in other improvements which are eligible under the RLGP are made. An additional grant of \$500 is available for each additional \$10,000 of eligible improvements, up to a total grant of not more than \$3,000 per project. Additional grants are permitted consistent with the above outlined formula, but shall not exceed \$3,000 per project, or a total of \$5,000 per property. The grant component of the program is limited to the City of White Bear Lake Downtown Special Service District (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.

DOWNTOWN DESIGN GUIDELINES

DESIGN PRINCIPLES

New Construction: The basic principle for new construction in downtown White Bear Lake is to maintain the scale and character of present buildings. Generally, new structures should provide height, massing, setback, materials and rhythm compatible to surrounding structures. The reproduction of historic design and details is expensive, artificial and is recommended only in some special cases of infill or small scale construction.

Restoration and Rehabilitation: General principles for restoration and rehabilitation are taken from the Secretary of Interior's Standards for Rehabilitation.

- All work should be of a character and quality that maintains the distinguishing features of the building and environment. The removal of architectural features is not permitted.
- Deteriorated architectural features should be repaired rather than replaced whenever possible. In the event of replacement, new materials should match the original in composition, design, color, texture and appearance. Duplication of original design based on physical or pictorial evidence is preferable to using conjectural or "period" designs or using parts of other buildings.
- Distinctive stylistic features or examples of skilled craftsmanship characteristic of structures of a period should be treated sensitively. Furthermore, if changes in use of a building are contemplated, they should be accomplished with minimum alteration to the structure and fabric.
- In general, it is expected that buildings will be restored to their original appearance. However, alterations to buildings are sometimes significant because they reflect the history of the building and the district. This significance should be respected and restoration to an "original" appearance may not always be desirable. Materials which mask the original features or character of the building may be recommended for removal. All buildings should be recognized as products of their own time. (Example: A building that was constructed in 1890 should resemble a building from 1890).

DESIGN REVIEW PROCESS

New development or remodels in the downtown planning area require a design review permit prior to commencement. A subcommittee of the Beautification Committee shall review the project site, architecture and landscape plans with these design guidelines to ensure consistency. The subcommittee 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 in the building in direct contact with the people on the street.
- Trademark Building Design – Trademark buildings are prohibited.
- Setback – Infill buildings shall be built to the downtown street front property line, flush to adjacent buildings. Exceptions may be granted if the setback is pedestrian oriented and contributes to the quality and character of main street.

Arcades adjacent to downtown street sidewalks are encouraged to increase the effective width of the narrow sidewalks and provide a sheltered pedestrian path along store display windows.

No side setbacks are allowed unless next to a public pedestrian way.

- Proportion – The proportion of infill buildings should be sympathetic to the proportion of their neighbors.
- Height – The height of new buildings shall conform to the average height of buildings on the block street face.

The height of new buildings shall not exceed two stories and 35 feet maximum. Two story buildings are preferred if adjacent to existing two story buildings.

Infill building roofs shall be flat or gently pitched and hidden behind flat parapet walls. Roof edges should be related in size and proportion to adjacent buildings.

- Parking – Parking lots should be screened from the street and sidewalk either by walls or plantings or both. If walls are used, their material should be compatible with the walls of existing adjacent buildings. Walls should be at least 18 inches high.

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, façade opening, detailing and materials. The structure should compliment the streetscape through accent landscaping or other pedestrian amenities.

Parking structures shall be designed to minimize the use of blank concrete facades.

- Rear Entrances – Rear entrances should be provided for buildings in order to develop double street frontages. The rear façade entrance should be lean and well maintained and present a

welcome appearance. A small sign, awnings, display windows and planter boxes can improve the appearance.

- Awnings – Awnings add color and shade to a building façade as well as provide an area for signage. Awnings should complement the building, shape and color.
- 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.

Use architectural elements to screen mechanical equipment.

- Detailing – Infill architecture should reflect some of the detailing of surrounding buildings in window shape, cornice lines and brick work.

Building alterations should restore architectural details of cornices, lintels, area arches, chimneys and iron work of the original building as appropriate and feasible.

- Façade Openings – The size and proportion of windows and door openings of an infill building should be similar to those on the adjacent facades.

Accentuate entry areas through the use of trim paint and installation of address numerals.

Storefront restoration should return the façade to its original character as appropriate.

- Windows – As a general goal, 60 percent of store fronts and 30 percent of façade sides on corners should be glassed.

Reflective glass is prohibited.

For an infill building, window and door frames should be wood, appropriately colored or bronze-tone aluminum or vinyl clad.

Mirrored or heavily tinted glass on the first floor or street level 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 – An infill façade should be composed of materials similar to original adjacent facades. New buildings should not stand out against the others, but be compatible with the general area.
- 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 add special character to the night time appearance of the downtown. It 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 concealed or integrated into the overall design of the project. Colored lighting should be added to achieve harmony with street lighting in the downtown area.
- **Signage** – Relate all signs to their surroundings 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.

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.

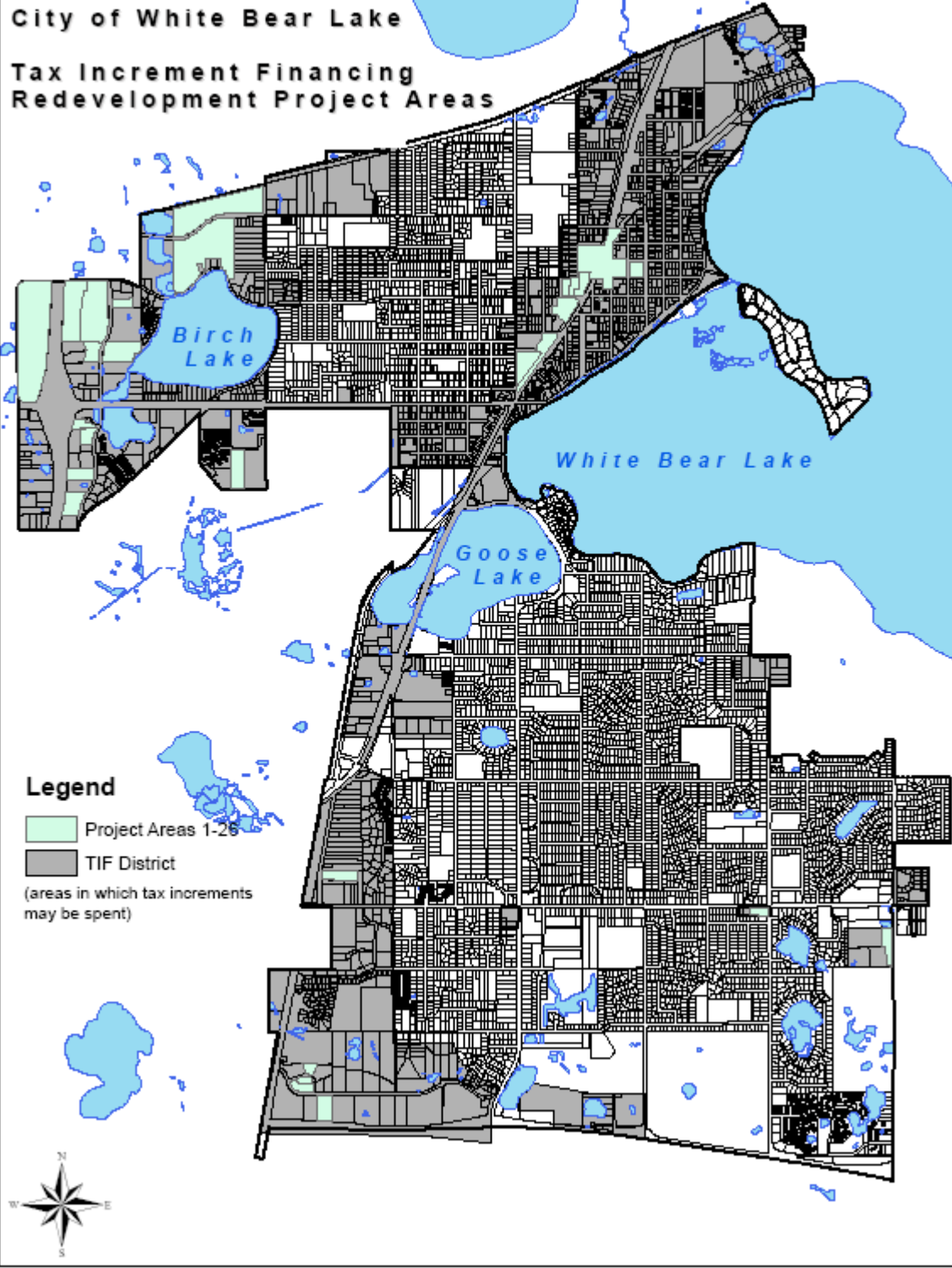
Avoid projecting signs which are disproportionate to the overall façade.

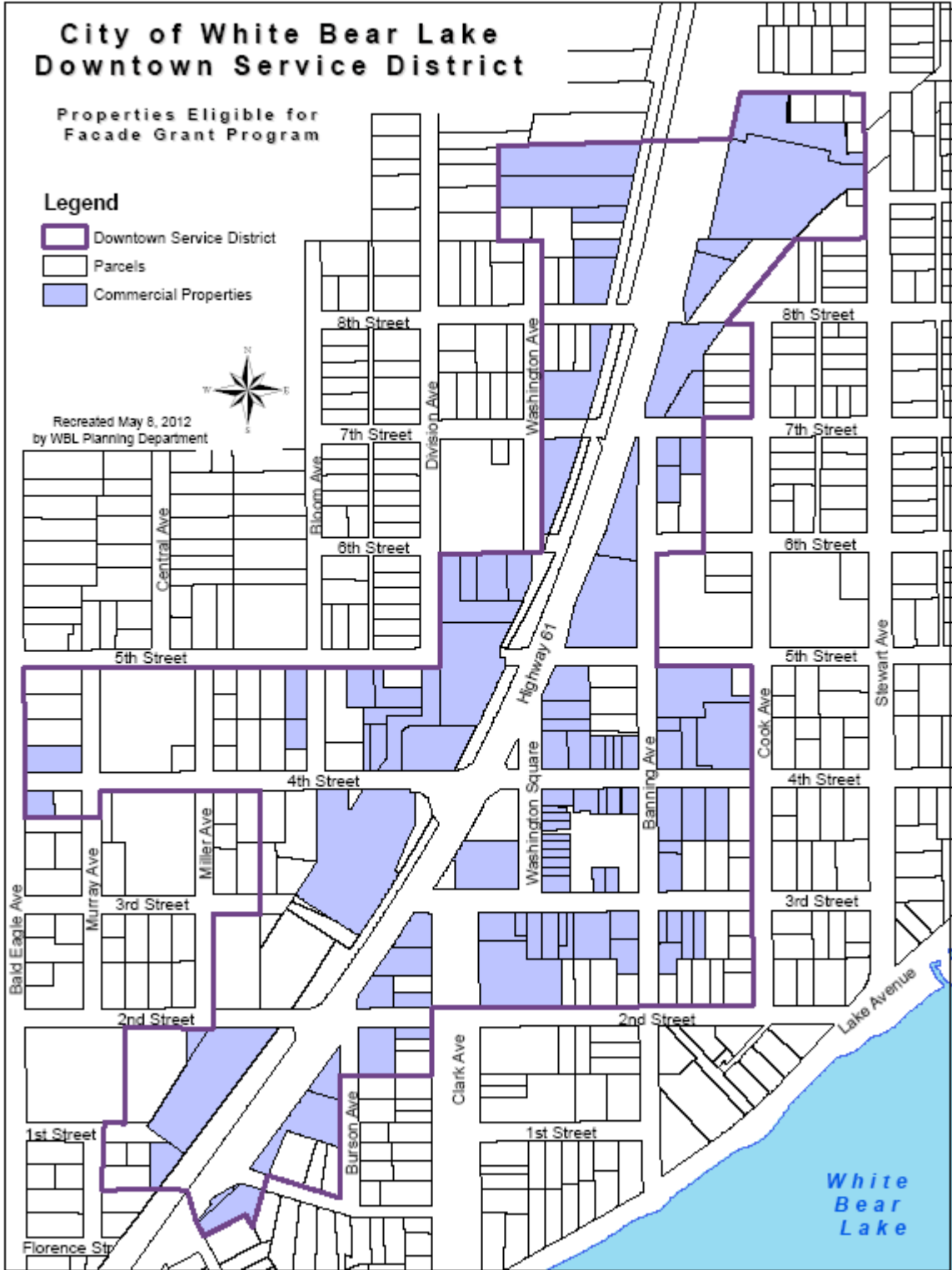
- **Landscaping** – landscaping treatment shall be provided to enhance architectural features, strengthen vistas, screen utility areas and enhance streetscape treatment.
- **Exterior Surfaces** – The use of surface treatments for walkways, entrances and patios should be a design feature of the building.

GENERAL MAINTENANCE REQUIREMENTS

- 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
Tax Increment Financing
Redevelopment Project Areas





**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 _____

**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

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.

9. 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.
10. This Participation Agreement shall continue in full force and effect until all amounts payable under the Loan have been paid in full.
11. 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.
12. 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.
13. 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.
14. 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