

SMALL BUSINESS FORGIVABLE LOAN PROGRAM



Purpose:

Promote and incentivize in-fill and redevelopment in targeted areas throughout Muscatine with NEW Small Businesses.

Process:

Allow 30 days for review, approval and agreement from when the application deadline.

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

Program Description:

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



Evaluation Criteria:

Historic preservation compliance, ADA access, fire safety improvements, building code requirements, additional investment, new business creation, business plan, personal financial statement credit report review, and small business determination. Where there are competing applications, additional priority may be given to business development in the Downtown District.

Objectives:

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

Additional Details:

- Loan agreement and documents must be finalized before project and any work can begin. Work done prior to award may not be eligible for funding.
- Applicant must meet 1:1 (applicant investment v. grant funding) (may be waived in whole or in part by the City Administrator upon recommendation of the committee). Rent (first twelve months) and Inventory costs are not an eligible grant funded expense but it may count toward match.
- The forgivable loan funds must be expended within one year from the loan origination date.
- Applicant will need to complete credit report release form and personal financial statement.
- Applicant must have good credit
- City will file a UCC-1 Form to secure a position as a creditor for its loan until expiration.
- Applicant will submit application fee of \$35.00 to cover credit report and USS filing
- If renting the business location: The applicant must submit and verify they have a lease agreement in place to secure their business location for no less than 5 years from the date of the application.



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Exclusions:

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

Additional Effective SBA Exclusions

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



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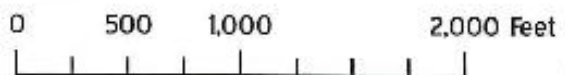
District Maps:

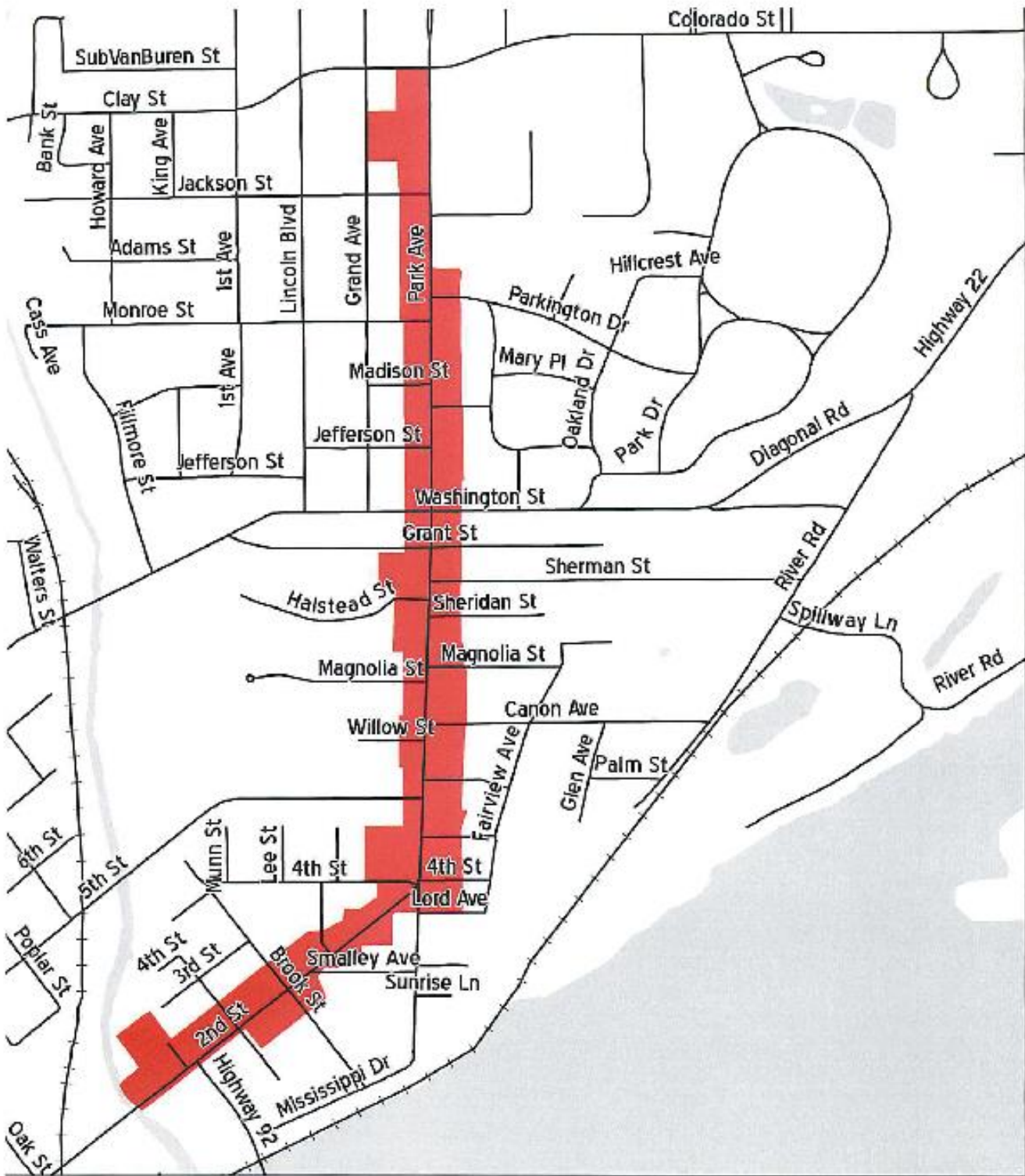


Downtown Small Business TIF District

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

 Downtown Small Business TIF

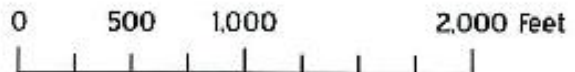




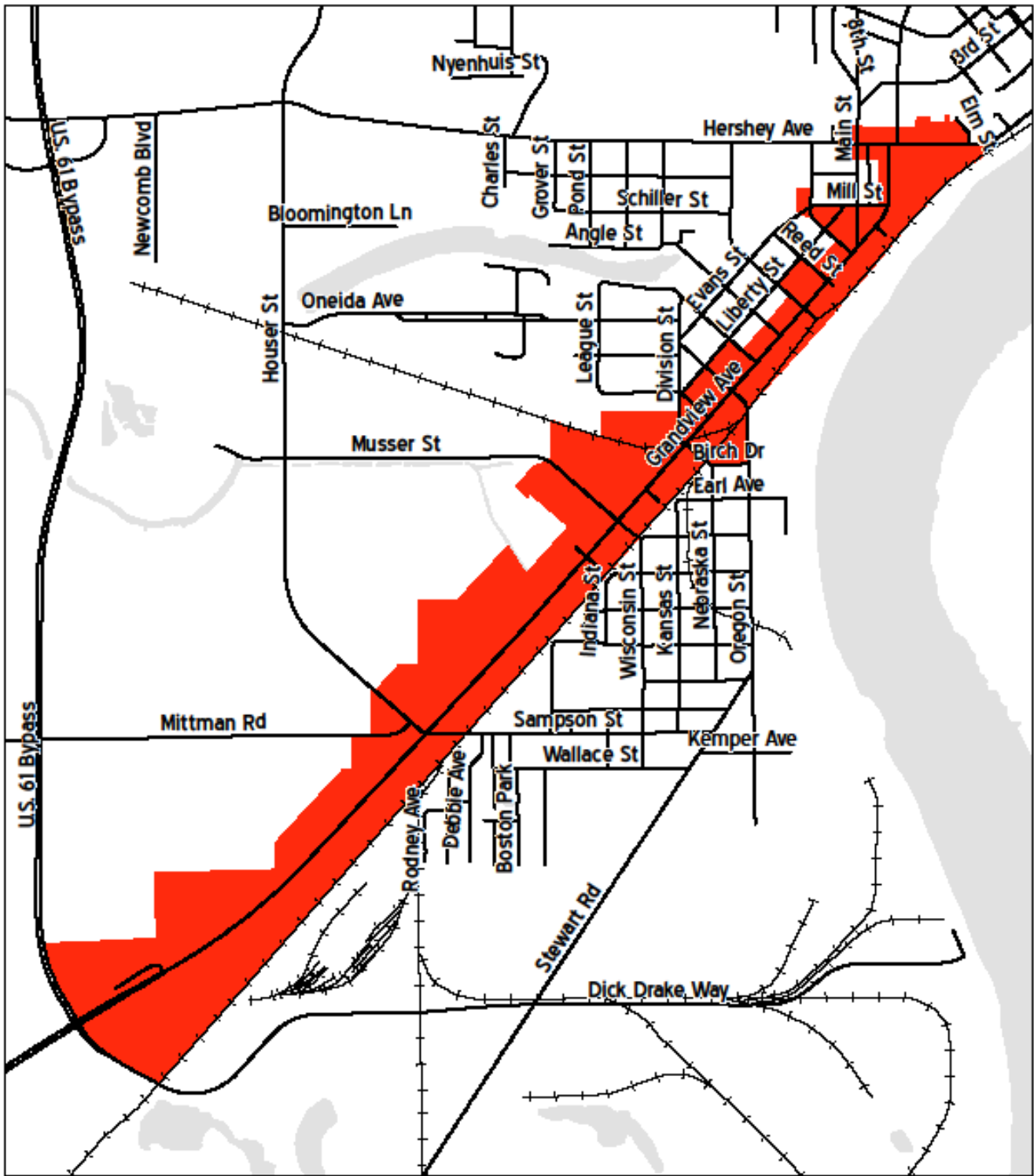
Park Avenue Small Business TIF District



Park Avenue Small Business TIF District




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



Grandview Avenue Small Business TIF District

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 Grandview Avenue Small Business TIF

