



## Springfield Economic Development Authority

### EDA Loan Program Guidelines for Roof/Structural Building Repairs in the C-1 Commercial District

#### Program Overview

The Economic Development Authority (EDA) Loan Program aims to support commercial property owners in the C-1 Commercial District of Springfield, MN, by offering financial assistance for roof or other structural repair projects that enhance the longevity and safety of commercial buildings in this district.

#### Loan Details

**Maximum Loan/Grant Amount:** Up to \$40,000 total with \$30,000 loan and \$10,000 grant. Loan fees will be deducted from the loan proceeds.

**Maximum Fund Limit: \$200,000**

- **Grant Portion:** 25% of the project costs will be considered a grant towards the building improvements up to a maximum of \$10,000.
- **Primary or Secondary Lender:**
  - The EDA may act as the primary lender for loan/grants up to \$40,000.
  - If the cost of the project exceeds \$40,000, the EDA will take a second position behind the primary lender.
- **Interest Rate:** A low interest rate of 2% per annum on the loan balance beginning upon distribution of funds.
- **Loan Term:** Up to 10 years, subject to project scope. If the building is sold, the loan shall be repaid at the time of closing. If the closing should occur before the construction project is completed, any funds given to the applicant will be returned to the city including grant funds.
- **Collateral:** Applicant shall provide collateral equaling the loan amount in the form of a mortgage on the property and additional collateral if necessary.
- **Insurance:** Property insurance covering the loan amount is required for the term of the loan. The Springfield EDA must be listed as an additional insured/mortgage holder.
- **Loan Repayments:** The loan amount will be amortized over 10 years with equal monthly payments due on the first of each month after the loan is advanced. No loan payment will be less than \$100 per month. Payments shall be set up as an automatic bank draft from the loan recipient's bank account. There will be no penalties for early repayment.

- **Eligible Costs:** Funds must be used exclusively for roof repair or replacement, or other structural building issues amounting to charges over \$10,000 including materials, labor, and associated costs necessary for project completion.
- **Inspection Requirements:** A final inspection will be required, before final payment is made, to ensure project completion and compliance with program guidelines.

**Eligibility Requirements:**

1. **Location:** Property must be commercial property located within the C-1 Commercial Zoning District of Springfield, MN.
2. **Ownership:** Applicant must be the property owner.
3. **Taxes:** Property taxes and city utilities must be current for all properties and accounts in the applicant's name with the City of Springfield or Springfield Public Utilities.
4. **Compliance:** Projects must be completed by a contractor licensed by the state of Minnesota and comply with local zoning and building regulations.

**Application Process:**

1. **Application Form:** Applicants must complete the Springfield EDA Loan Program Application and include the following information:
  - Proof of property ownership.
  - Provide proof of insurance.
  - Detailed project proposal, including licensed contractor estimates.
  - Applications may include pictures of the current building issues or damages.
  - Financial documentation as required by the EDA.
2. **Review:** The Community Development Director will review the application for completeness and compliance before adding it to the next available EDA meeting.
  - **Priority for Community Impact:** Projects that contribute to the district's economic vitality may be given priority at the EDA's discretion.
3. **Approval:** Upon approval by the EDA, loan terms will be finalized. Loan fees will be paid out of the loan proceeds (i.e. mortgage recording and mortgage tax and documentation fee, UCC filing, etc.). Checks will be made payable to the property owner and contractor jointly. 50% of the remaining funds will be disbursed at the time of the loan closing and final payment including the grant portion will be disbursed after a final inspection of the completed work.

**Contact Information:** For more information or to discuss your application, please contact Heidi Wersal, Community Development Director, at 507-723-3517 or [Heidi.wersal@springfieldmn.org](mailto:Heidi.wersal@springfieldmn.org).

**Springfield Economic Development Authority**  
**Scoring/Project Review for Roof/Structural Building Repairs**  
**in the C-1 Commercial District**

**Applicant Name:** \_\_\_\_\_

**Project Description:** \_\_\_\_\_

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**Applications which do not meet eligibility requirements, or do not provide required documentation requested in the Loan Program Guidelines will not be scored.**

**Project meets minimum requirements and has provided necessary documentation:**

\_\_\_\_ **Yes (Proceed with scoring)**

\_\_\_\_ **No (Application returned to applicant with explanation of missing requirements or eligibility status)**

**Scoring Categories**

**1. Project Impact (30 points)**

- **Economic Impact (15 points):** \_\_\_\_\_
  - **High (15 points):** The project directly contributes to increasing property values, attracting new tenants, or revitalizing the neighborhood.
  - **Moderate (10 points):** The project has some positive economic effects but does not directly attract or retain tenants.
  - **Low (5 points):** The project has minimal economic impact on the district.
- **Public Safety & Blight (15 points):** \_\_\_\_\_
  - **High (15 points):** The building is in a highly visible location, and repairs will significantly enhance public safety and aesthetic appeal in the district.
  - **Moderate (10 points):** The building is visible but the repairs have a moderate impact on safety or visual appeal.
  - **Low (5 points):** The building is not highly visible, and the repairs have limited impact on the district.

**2. Building Condition (25 points)** \_\_\_\_\_

- **High (25 points):** The building is in poor, but salvageable condition, requiring significant repairs to roof or structural components that are critical to the building's safety and long-term usability.
- **Moderate (15 points):** The building is in fair condition, with some areas needing repair but not posing an immediate threat to safety or structural integrity.
- **Low (0 points):** The building is in good or excellent condition with minimal repair needs. The project may be less urgent or necessary. OR the building is in an irreparable or unsalvageable state.

### 3. Financial Risk (15 points)

- **Loan Repayment Ability (10 points):** \_\_\_\_\_
  - **High (10 points):** Strong financial documentation showing the ability to repay the loan with minimal risk.
  - **Moderate (5 points):** Some financial concerns, but there is a reasonable expectation that the loan can be repaid.
  - **Low (0 points):** Weak or missing financial documentation, or a high risk of default.
- **Insurance and Collateral (5 points):** \_\_\_\_\_
  - **High (5 points):** Adequate property insurance in place, and clear collateral sufficient to cover the loan.
  - **Moderate (3 points):** Insurance is in place, but collateral may need adjustment.
  - **Low (0 points):** No insurance or insufficient collateral.

### 4. Project Readiness (10 points)

- **Zoning and Code Compliance (5 points):** \_\_\_\_\_
  - **High (5 points):** All aspects of the project comply with local zoning and building regulations.
  - **Moderate (3 points):** The project is mostly compliant, but some minor adjustments are needed.
  - **Low (0 points):** Project is not compliant with local regulations and would require significant adjustments.
- **Project Readiness (5 points):** \_\_\_\_\_
  - **High (5 points):** The applicant is ready to start the project immediately, with all necessary permits, contractors, and plans in place.
  - **Moderate (3 points):** The applicant has some preparations in place but needs more time or adjustments to proceed.
  - **Low (0 points):** The project is not yet ready to begin, and major steps are missing.

**Total Score:** \_\_\_\_\_

- **Rating Scale:**
  - 65–80 Points: Strong candidate, highly recommended for approval.
  - 50-64 Points: Qualified applicant, can proceed with approval after correction of any flagged issues.
  - 40–49 Points: Needs additional review or application improvements to meet program requirements.
  - Below 40: Not recommended for approval.

This system ensures that applications are assessed fairly based on their potential impact on the district, feasibility, compliance with the program, and financial viability.