



## **Commercial Revolving Loan Fund**

### **Purpose**

The City of River Falls Commercial Revolving Loan fund has been established to financially assist with the creation, expansion and retention of local businesses in the City's commercial district. Funds are generally available for new commercial construction, to acquire commercial property for new construction, or for exterior or interior rehabilitation of existing property. The fund is designed to be used in conjunction with other financing, including bank loans, SBA financing, equity and other sources.

### **Conditions**

The loan amount will be at least \$10,000 and no more than \$50,000, subject to the availability of funds. The term of the loan is variable, but will not exceed 10 years. Collateral will be required to ensure that loan funds are repaid, which could include mortgages, personal or corporate guarantees, or other security. A loan agreement outlining the process for repayment will be required for each loan recommended to the City Council for approval.

Loans will be considered only in the City's commercial district, which is defined as the current Business Improvement District, as well as commercially zoned properties on Main Street between Cemetery Road and Quarry Road (map attached).

### **Ineligible Activities**

The Commercial Revolving Loan fund will not be used to refinance existing debt, expenditures made prior to loan approval, working capital, or properties outside the commercial district.

### **Equity**

At least 20% of the project must be in the form of equity participation by the borrower.

### **Interest Rate**

Interest on the outstanding balance will be at the rate of 4% annually.

**Service Fee**

Approved loans are subject to a 1% service fee.

**Conflicts of Interest/Self Dealing**

No member of the governing body, Loan Committee, or any other official, employee, or agent of the City who exercises decision-making functions or responsibilities in connection with the implementation of this program is eligible for financial assistance under this program.

**Loan Committee**

A Loan Committee (the “Committee”) is hereby created to review and recommend approval of all loans issued in the Loan Fund. The Committee will review all information required from the Loan Application and the payment schedule. The Committee shall be composed of the following:

Three (3) appointed bankers, each representing a local bank in River Falls  
President of Business Improvement District Board  
City Comptroller

The City Finance Director/Treasurer shall act as staff to the Committee.

**Process for Analyzing Loan Applications**

The Committee will review the loan application and make a recommendation to the City Council based on the applicant’s ability to repay the loan, collateral, etc.

## **City of River Falls Commercial Revolving Loan Fund Application**

Applications may be submitted at any time and will be processed in the order received. Applications should include the following items:

Project Description-Complete description and location of the proposed project, including proposed job creation.

Business Plan-Includes company history, industry trends, marketing/sales plans, identification of customers, suppliers and competitors.

Information on Principals-Resumes and personal financial statements for all principal owners.

Financial History-Profit and loss statements, balance sheets, cash flow statements and accounting notes for the preceding three-year period (and interim periods, as necessary).

Financial Projections-Pro formas (balance sheet, income statement and cash flow statement) for the next three years specifying Loan Fund participation.

Commitments from Private Lenders-Commitments of all private and/or public lenders making loans to the project shall be documented. Documentation shall include loan conditions and terms (amount, interest rate, term and security required).

Application materials may be submitted to Commercial Revolving Loan Fund, City of River Falls, 222 Lewis Street, River Falls, WI 54022, or additional information may be obtained by calling Julie Bergstrom at (715) 426-3416.