

Southwest Minnesota Housing Partnership (SWMHP)
2401 Broadway Ave, Suite 4
Slayton, MN 56172
1-888-468-8010 ext. 1617 (Michele Clarke)

Sleepy Eye Commercial Rehabilitation
Commercial Repair Loans
FACT SHEET

The City of Sleepy Eye has received \$216,000 to provide commercial rehabilitation loans to 6 commercial property owners within the target area of the City of Sleepy Eye (see map attached). The goal is to prevent deterioration of downtown commercial buildings. The funds are to be used by target area business owners to make repairs to their buildings. Applications will be processed through the Southwest Minnesota Housing Partnership (SWMHP).

All properties will be served on a first come, first served basis.

Building Renovation

70% - Up to \$40,000 7 year term
(55% is a 0% deferred loan* for 7 years /15% is a 1% low interest loan for 7 years)

30% - owner financed

* A deferred loan is a loan with no monthly payments and no interest will accrue. The loan will revert to a grant seven (7) years from the date of the signed repayment agreement.

Loan Amounts: The average loan amount will be \$36,000 per commercial building for renovation.

Who can receive the loan:

- Only the owner of the property can apply for a commercial rehabilitation loan. Tenants are not eligible to apply for the funds. The owner of the property would include all persons with a legal interest in the property and all owners are required to execute the loan.
- There are no income restrictions for either the owner or the tenant.
- The building must be located in the target area.
- The property must be occupied by a business during the rehabilitation or have an executed lease indicating that the property will be occupied prior to the end of the grant period.
- The property can be occupied by a business that is owned by the applicant or a commercial tenant.
- The property must be insured while the loan is in place.
- No property will be eligible for funds if the current mortgage, contract for deed or other real estate loan is in default or if the applicant is filing bankruptcy. An owner may apply if the default has been resolved or the bankruptcy has been discharged.

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Eligible/Ineligible Improvements

- Interior repairs are limited to ADA and specifically designated code violations, but do count toward mandatory matching requirements.
- Work is governed by the Davis Bacon Act unless the project totals are less than \$2,000.

Commercial loan funds must be used for:

- Fire Code and National Electrical Code violations affecting health and safety.
- Uniform Plumbing Code and Mechanical Code violations affecting health and safety.
- Elimination of lead based paint and asbestos.
- Modifications to make the building accessible to handicapped persons (ADA) if possible.
- Historic Renovation if the Minnesota Historical Society has determined structure historically significant, the Minnesota Historical Society must review plans for exterior improvements to the structure. MHS mandated repairs are a priority.

Commercial SCDP loan funds can be used for the following specific improvements:

- Exterior Renovations.
- Structural Repairs.
- Mechanical Repairs/Replacements.
- Electrical System Repairs.
- Windows/Doors.
- Accessibility Modifications (a priority).
- Signage and Awnings.
- Energy Improvements.

Commercial SCDP loan funds cannot be used for: *(may be used toward match)*

- Interior repairs that are not related to an eligible repair.
- Interior electrical fixtures and receptacles.
- Plumbing fixtures not related to accessibility modifications.
- Structure modifications/additions.
- Air conditioning.
- Interior shelving.
- Floor covering.

SCDP ineligible improvements must be Owner financed and do count towards the 30% match requirements.

The Commercial Rehabilitation Process

The Commercial Rehabilitation Process – Funds are now available. Interested persons can begin the process by calling Michele Clarke at SWMHP 1-888-468-8010 ext. 1617 to set up an appointment.

All commercial owners will be served on a first come first served basis. The staff at Southwest Minnesota Housing Partnership (SWMHP) will assist persons applying for the program. The program will follow the guidelines as laid below:

Application – The applicant will need to complete a full application for the program that requires proof of property ownership, verification of property insurance, verification of current property taxes and verification of match funds. To pick up an application, you may go to the City of Sleepy Eye City Hall, 200 Main Street East Sleepy Eye, MN 56085 or you can call SWMHP at 1-888-468-8010 ext. 1617.

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Application Ranking – All full applications submitted that are complete, signed, accurate, and with the requested supporting documents will be ranked as per the date/time they arrive. The SWMHP will review applicants for verification of eligibility based on the ranking system. All commercial units will be served on a first come, first serve basis.

Property Inspection – The property will be inspected by SWMHP, who will identify any building deficiencies and will work with the applicant to determine what repairs should be done.

Work Write-Up - The SWMHP will develop specifications on what work is to be done and how the work should be done. The owner will select contractors to bid on the project and distribute copies of the specifications.

Bid Awards – The owner accepts or rejects bids.

Repayment Agreement – The owner enters into an agreement with the City to accept the conditions of the loan. At this time, the owner would be responsible to escrow the match funds for the project.

Proceed to Work & Pre-Construction Meeting – The inspector sends a letter notifying the contractor that the work may begin at the owner's property. Prior to work beginning, a pre-construction meeting must be held with all parties to discuss federal requirements.

Payments – Payments can be made on a partial basis or when all work has been completed. In order to receive payment, the contractor must submit a lien waiver, a billing statement, and a signed completion certificate (all furnished) as well as weekly payroll reports. In order to make payment, SWMHP must inspect the property. The property owner must give signed permission to pay the contractor.

Project Completion – Upon completion, a final inspection is completed to close out the project.