



Economic Development Authority Revolving Loan Fund Guidelines

The Fairmont Economic Development Authority's Revolving Loan Fund is available within the City Limits of Fairmont, Minnesota. The program works in partnership with local lending institutions to help 'fill a financing gap' between available and necessary financial tools.

Investment Amount

Up to \$75,000

Eligibility Criteria

- Financial participation by a lender is required
- Demonstrated management skills, industry experience and financial aptitude
- Sound business plan with financial projections
- Adequate cash flow to service debt
- Ability to secure loan with collateral
- Creation or retention of living-wage jobs
- Contribution to the region's economic competitiveness

Use of Funds

- Building acquisition
- Expansion
- Machinery and Equipment
- Inventory
- Real Property Acquisition

Loan Terms

- Loans will be considered up to \$75,000; cannot exceed 33% of the total project
- Interest rate is determined case by case
- Loans can be amortized for 20 years, balloon in 10; or amortized over 10 years, balloon in 7
- It is desirable for loans to be fully secured; may be subordinate to the primary lender
- Personal guarantees equal to the amount of the loan are required
- Loan recipients will be charged a 1.5% origination fee

Required Application Attachments

- Receipt of Completed Loan Application
- Current Business Plan – Startups only
- Two years of business financial statements for existing businesses
- Two years of business income tax returns for existing businesses
- Cash flow projections
- Personal Financial Statements of all stakeholders of more than 20%
- Two years personal income tax returns for all stakeholders of more than 20%

Once a completed loan application is received, a meeting will be held with the applicant, City staff and the primary lender. The application will then be reviewed by a Loan Committee and their recommendation will be made at a subsequent Fairmont Economic Development Authority meeting. It is typical to take 4-6 weeks from the time we receive a complete application to the time a decision is made. Your application may be approved as is, approved with changes, or denied. Loan processing takes an additional 1-2 weeks after FEDA makes a decision.