



Small Cities Development Program Application *Commercial Rehabilitation Program* Fact Sheet

The City of Granite Falls has received a grant for rehabilitation to 8 commercial properties within the target area of the City of Granite Falls. 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.

Target Area

The target area for the commercial SCDP deferred loans is the designated slum and blight district:

- Bounded on the North by 6th Ave.
- Bounded on the East by the Minnesota River
- Bounded on the South by 9th Ave.
- Bounded on the West by 2nd St.

Timeline

The program will take applications until July 3rd, 2025, or when funds run out, whichever comes first. The timeline to complete projects can take 12 – 30 months, depending on the project size and scope, so start early! **All properties will be served on a first come, first serve basis. Those who filled out the interest survey will receive priority in the first round of applications.**



Grant loan package:

1. Seventy percent (70%) of the total project cost will be loaned as **0% deferred loan** and will be forgiven 1/5th per year. If the property is sold or transferred within the first five (5) years of the term, the remaining principal will be due and payable.
2. Ten percent (10%) of the total project cost is a **1% loan** over 5 years.
3. Twenty percent (20%) of the total project cost will be through owner savings or leveraged money.

Deferred 0% loan over 5 years:

A deferred loan is a loan with no monthly payments, which will be forgiven 1/5th per year or will revert into a grant if the property does not change ownership within 5 full years. If the property is sold before the 5-year deferment period, the outstanding balance of the loan is paid to the city.

1% loan over 5 years:

A 1% interest loan over 5 years will be paid to the City.



If you have an eligible property in the target area, what would you need to do to receive these funds?

1. Submit a complete application with supporting documents.
2. Work with the building inspector, decide what improvements to make and find a contractor.
3. Adhere to all rules and regulations (Davis Bacon, State Historical Preservation Office (SHPO)).
4. Sign contracts and enable the contractor to work on your property.
5. Pay any matching funds that you would be responsible for. These would include:
 - 20% of the total project
 - Any project cost above \$40,000 grant max
 - Filing fees (\$46) and mortgage registry tax (.23%)

Who can receive the funds:

- **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. **A Unique Entity Identifier (UEI) must be submitted.** The UEI recently replaced the DUNS number.
- The property can be occupied by a business that is owned by the applicant or a commercial tenant.
- No property will be eligible for funds if the current mortgage or other real estate loan is in default or if the applicant is filing for bankruptcy. An owner may apply if the default has been resolved or the bankruptcy has been discharged.
- **Real Estate Taxes** – The owner must be current with property taxes.
- **Insurance** – The owner must have property insurance for the loan's full term, and must insure at least the amount of the rehabilitation.
- **Lien on Property** - The property cannot have an existing SCDP loan that has not yet expired or paid off.

Eligible Improvements

Eligible Improvements include but are not limited to exterior repairs and improvements to the building, code violation corrections, handicapped accessibility, radon, and abatement of asbestos hazards with the goal to eliminate slum/blight conditions.

Examples are roofing, façade, tuckpointing/siding, windows, doors, foundation, address structural and health and safety issues and ADA modifications to make building accessible. Minnesota Historical Society/SHPO may require certain methods of rehabilitation for historically significant buildings.

Some additional repairs are eligible if there is a documented code violation, safety issue or ADA needs.

The inspection will outline eligible and ineligible expenses. SCDP ineligible improvements must be Owner financed



and may count towards the 20% match requirements.

COMMERCIAL REHABILITATION PROCESS

The program will follow the guidelines below:

Application Procedure – The Applicant will need to complete a full application and provide proof of property ownership and other eligibility requirements. All commercial properties will be served on a first come first serve basis.

- 1. Application** - An Applicant completes the rehabilitation application and provides proof of ownership of their property, current insurance policy, proof that the real estate taxes have been paid and verification of match funds. This information is submitted to the UMVRDC.
- 2. Application Approval** – The UMVRDC verifies that the Applicant meets property requirements.
- 3. 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.
- 4. Walk-away Policy** – The SWMHP Inspector will determine the suitability for rehabilitation of the property. If the property is determined unsuitable for rehabilitation, the walk away policy will go into effect. The applicant will be informed of the issues and have a timeframe to address them. If the applicant drops out of the application process after the inspections have been done, the applicant will be charged for those inspections.
- 5. Scope of Work** - The SWMHP Inspector will develop a scope of work and prepare bid packets. The owner will select contractors to bid on the project and distribute copies of the specifications. Please note, only licensed general contractors are able to provide a bid.
- 6. Bid Awards** – The owner accepts or rejects bids.
- 7. Repayment Agreement** - The Applicant enters into a repayment agreement with the City to accept the conditions of the deferred loan and the 1% interest loan. This is when any matching funds will need to be paid. The repayment agreement is filed at the County Recorder's office.
- 8. Proceed to Work** - 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. Davis Bacon labor standards apply.
- 9. 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.
- 10. Project Completion** - Upon completion, a final inspection is done and the project is closed.



What to expect and not to expect from this SCDP Commercial Rehabilitation Program

Things that Property Owners Do in the Commercial Rehabilitation Program

Program Staff will help business owners during the rehabilitation process, but Property Owners are responsible for making the choices and doing the work listed below.

1. Property Owners provide the program staff with necessary information promptly.
2. Property Owners, **not the program staff**, choose contractors to put together bids.
3. Property Owners, **not the program staff**, select the contractor to do the work on the property.
4. Property Owners sign improvement contracts with the selected contractor.
5. Property Owners request and approve payments to their contractors.
6. Property Owners are part of inspecting and approving work performed by their contractors.
7. Property Owners work with contractors to settle disagreements during the job.
8. Property Owners contact their contractors to ask them to correct problems covered by contractor warranties during the first two years after the job has been completed.

Things You Should Think About Before Taking out a Rehabilitation Loan

1. Not all the work that applicants want to be done can always be done with program funds. SCDP funds can only be used for exterior and code violation corrections.
2. Don't expect the property to be completely new after the work is done.
3. It can be stressful working in a property while a contractor is performing the work.
4. Very few times in life is anyone completely satisfied with things they buy or have repaired. Having a property repaired is no different.
5. Finally, the **program staff** is not the contractor and cannot guarantee that Property Owners will be satisfied with the work done by the contractors.



Eligible and Ineligible Improvements

The Granite Falls Commercial Rehabilitation Program is designed to eliminate slum and blight conditions and to prevent further deterioration of commercial buildings and eliminate conditions that are detrimental to the health, safety and welfare of the residents and users of the downtown area.

Below is an outline of eligible and ineligible expenses, but the inspection will outline what is specifically eligible on your building. Some repairs may be required depending on your building's history or if structural integrity issues are found.

Eligible Improvements include, but are not limited to the following:

- Roofing
- Façade
- Tuckpointing/siding
- Windows
- Doors
- Foundation
- Signage attached to the building.
- Code violations
 - Fire Code
 - National Electrical Code
 - Uniform Plumbing Code
 - Mechanical Code
 - Local/city Building Code
- Elimination of lead-based paint and asbestos.
- Address structural and health and safety issues.
- Minnesota Historical Society/SHPO mandated repairs for historically significant buildings.
- ADA modifications to make building accessible.

Eligible Improvements only if there is a documented code violation/safety issue/ADA improvement:

- Interior repairs
- Electrical System Repairs
- Mechanical repairs
- Heating/HVAC systems (must be documented to be at the end of its useful life)
- Insulation (case by case basis)
- Air Conditioners
- Ventilation
- Floors
- Ceilings
- Lighting
- Energy improvements



Ineligible Improvements include, but are not limited to the following:

- Interior repairs unless eligible with a code violation/safety/ADA
- Remodeling for any purpose outside of those improvements listed as eligible.
 - Remodeling is viewed as altering the structure of the building. Changing a flat roof to a pitch roof is an example of ineligible remodeling as it changes the original structure of the building. If you feel your project cannot meet local or building code standards without remodeling consult your SCDP representative. Changes that are allowable include ADA accessibility and historic restoration activities.
- Structural modifications/additions.
- Metal roof. If existing roof is not metal (i.e., asphalt shingle) material, SCDP funds can pay up to the cost of a shingle roof with the owner paying the cost difference to install a steel roof.
- Business equipment or signage not affixed to the building.
- Fireplaces, wood stoves, or central air conditioning unless there is a documented code violation.
- Parking lots.
- Exterior landscaping.
- Sidewalks, except when addressing documented safety or accessibility issues on private property only.
- 200-amp electric services, unless need is justified under special circumstances approved by DEED.
- New infill buildings.
- Inventory, property assessments or property debt.
- SCDP funds cannot be used to finance inventory, equipment, accounts receivable, refinancing, or any other business costs other than those for rehabilitation.
- SCDP funds shall not be used in whole or in part to finance or to satisfy an existing debt.
- SCDP funds shall not be used for the payment, in whole or partly for the satisfaction of assessments for public improvements.

NOTE: SCDP ineligible improvements must be Owner financed and may count towards the 20% match requirements.



Small Cities Development Program Application *Commercial Rehabilitation Program*

Checklist

Commercial Application

Supplemental Packet which includes:

Important Privacy Notice
 Photo Release
 Lien verification
 Non-Discrimination Notice

SCDP Acknowledge Forms
 Conflict of Interest Screening Form
 Walk Away Policy
 What to Expect

Additional Documents Supplied by Applicant:

Recorded Warranty Deed (NOT the abstract- obtain from county Recorder).
If contract for Deed or Life Estate, please contact our office for additional forms

Property Liability insurance - Declarations Page
(Lists owners' name & address, policy number & policy period)

Most Recent Real Estate Tax Statement

Please provide all of the above required documents (copies) along with your application or you may be denied eligibility for insufficient information. This grant is processed on a first-come, first-served basis. Your application will be completed as we receive all required documents, you are deemed eligible, we have open slots, and there are remaining funds.

Please return the completed application and all documents to:

Drop off: Granite Falls City Hall
641 Prentice Street
Granite Falls, MN 56241

Mail or Drop off: UMVRDC
323 W. Schlieman Ave,
Appleton, MN 56208

Email: bernice@umvrdc.org



SMALL CITIES DEVELOPMENT PROGRAM

COMMERCIAL APPLICATION

APPLICANT: Full Name (Last, First, M.I.)		CO-APPLICANT: Full Name (Last, First, M.I.) <i>(all names listed on the deed must sign all application documents)</i>	
Social Security Numbers or Federal ID #			
Mailing Address	City	State	Zip
Email Address			
Primary Phone Number:	Type (cell, home)	Secondary Phone Number:	Type (cell, home)
Preferred contact method (cell, phone, text, email)		Best contact time: AM / PM	

The information solicited on this application is requested by the grantee in order to assure the Federal Government, acting through the Small Cities Development Program, the Federal law prohibiting discrimination against applicants on the basis of race, color, national origin, religion, sex, familial status, age, and handicap are being complied with. You are not required to furnish this information, but are encouraged to do so. This information will not be used in evaluating your application or to discriminate against you in any way. However, if you choose not to furnish it, the grantee is required to note the race/national origin and sex of the individual on the basis of visual observation or surname. **The following information is requested solely for the purpose of determining compliance with Federal Civil Rights Law. Your response will not affect consideration of your application.**

Applicant

Ethnicity: (Select One)

- Hispanic or Latino
 Not Hispanic or Latino

Race: (Select one or more)

- American Indian or Alaska Native
 Asian
 Black or African American
 Native Hawaiian or Other Pacific Islander
 White

Co-Applicant

Ethnicity: (Select One)

- Hispanic or Latino
 Not Hispanic or Latino

Race: (Select one or more)

- American Indian or Alaska Native
 Asian
 Black or African American
 Native Hawaiian or Other Pacific Islander
 White

PROPERTY INFORMATION			
Business Name of Building to be rehabilitated			
Address of Building to be rehabilitated			
Contact person	Primary Phone Number: Type (cell, home)		
Email Address	Are there any rental units in this property? Y/N If yes, how many?		
Year Property Built:	Date of Purchase:	Number of stories:	
Business UEI Number: <i>(replaces DUNS number)</i>	Is the property located within a Floodplain or Floodway? Y/N or Unknown		
Is this building on the National Historic Register? Y/N	Is this building in a Historic District? Y/N or Unknown		
Current Estimated Market Value:	Real Estate Taxes are current? Y/N		
Current Business Insurance carrier:	Expiration Date:		

OWNERSHIP INFORMATION			
Do you have an outstanding mortgage on the property? Y/N If yes, fill out below			
	Name of Mortgage Company	Approx Outstanding Balance	Mortgage Status (current/ delinquent)
First Mortgage			
Second Mortgage			
Other Debts secured by home			
Is property being purchased on a Contract for Deed? Y/N (NOTE: Contract for Deeds have <u>no</u> descending forgiveness) If yes, is there a balloon payment? Y/N When? _____ Amount _____ If yes, list the names and addresses of contract for deed seller:			
<i>Additional paperwork will be needed for all cases of Contract for Deed.</i>			
Do you have a lessee? Y/N If yes, specify terms of lease:			
CREDIT INFORMATION			
Are there any outstanding judgments or liens against the property or you?			Yes or No
Have any of you been declared or are declaring bankruptcy in the last 36 months			Yes or No
Have any of you had any property foreclosed upon or given title or deed in lieu therefore?			Yes or No
Has the property previously received funds from a Small Cities Development Program? Yes or No If yes, when? _____			
Do you understand that you will need to finance this project (matching funds) at 20% plus anything over \$40,000? Yes or No			
Do you have your matching funds secured? Y/N or Unknown Explain:			
EXISTING BUILDING USE:		I understand that my project needs to be close to \$50,000 to utilize the full amount available. Y/N or Unknown	
PROPOSED IMPROVEMENTS/ACCESSIBILITY ISSUES/NEEDED REPAIRS:			

I/we certify that all statements on this application are true and correct to the best of my/our knowledge. I/we understand that any intentional misstatements will be grounds for disqualification. I authorize program representatives the right to access the property to be improved for the purpose of the Small Cities Development Program. I authorize the UMVRDC. to share the information collected in this application with either housing professionals, funders, potential lenders and other reputable organizations related to the project.

Program policy states, we must complete the inspection and bidding process before beginning any rehabilitation. Any rehabilitation done outside these program policies will be the responsibility of the property owner.

I/we also understand my/our participation in this program is subject to approval and requirements of the Small Cities Development program.

Applicant Signature	Date	Co-Applicant Signature	Date
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FOR ADMINISTRATIVE USE ONLY

I hereby certify that the above applicant has met the requirements for the Small Cities Development Program:

Certifying Coordinator Signature
Date



Small Cities Development Program Application

Commercial Rehabilitation Program

Supplemental Documents

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Lien Verification..... 3

Non-discrimination Notice 3

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Important Privacy Notice

**** Read Before Completing the Application Form****

We are asking that you provide the information on the application form to determine if you are eligible to participate in the program.

Your name, address and the amount of assistance you receive are considered public data under the Minnesota Data Practices Act. Other information that you provide to the housing rehabilitation program about you and your household is considered private data.

We will use your private data only when it is required for administration and management of the program. Persons or agencies with whom this information may be shared include:

- Staff and other persons involved in program administration.
- Local loan committee members who approve applications.
- Auditors who perform required audits of this program.
- Authorized personnel from the Minnesota Dept. of Employment and Economic Development, the U.S. Dept of Housing and Urban Development or other local, state and federal agencies providing funding assistance for your loan.
- Members of the local governing board for the purpose of addressing/resolving applicant complaints (as addressed in the project’s policy and procedural manual).
- Those persons who you authorize to see it.
- Law enforcement personnel in the case of suspected fraud or other enforcement authorities as required.

We cannot release private data to anyone else or use private data in any other way unless you give us permission by completing a consent form that we will provide. Please keep in mind, however, that data must be released if required by court order, and in addition, your private data may be released if Congress or the Minnesota Legislature passes a new law that authorizes or requires such release of data.

Minnesota law gives you important rights in regard to information maintained about you. These include:

- The right to see and obtain copies of the data maintained on you,
- Be told the contents and meaning of the data, and
- Challenge the accuracy and completeness of the data.

Applicant Signature

Date

Co-Applicant Signature

Date

Photo Release

I give authorization for digital pictures or photos of my property to be taken by the UMVRDC/SWMHP. These may be used in publications or displays. I authorize pictures of my property to be used in the Annual Report.

Applicant	Date	Co-applicant	Date
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Lien Verification

I certify that there are no past due assessments, public debts, or tax liens on my property. I also certify that, if applicable, I am current with any mortgage payments and that my property is not the subject of a pending mortgage foreclosure. Finally, I certify that I have property insurance that would be an adequate amount to provide collateral for this SCDP Rehabilitation Loan program.

Applicant	Date	Co-applicant	Date
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Non-discrimination Notice

All services, facilities, and benefits of the programs provided by the UMVRDC are for the use of all persons regardless of race, color, sex, religion, disability, or national origin in accordance with Federal law and U.S. Department of Agriculture policy.

To file a complaint of discrimination you may contact the Office of Civil Rights at: U.S. Department of State Office of Civil Rights (S/OCR), 2201 C Street, NW Washington, DC 20520 Email: socrdirect@state.gov Tel: (202) 647-9295 or (202) 647-9294, Fax: (202) 647-4969. This institution is an equal opportunity provider and employer.

Applicant	Date	Co-applicant	Date
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Upper Minnesota Valley Regional
 Development Commission (UMVRDC)
 323 W Schlieman Ave. Appleton, MN 56208
 Bernice Robinson
 320-289-1981 x 103 | bernice@umvrdc.org

SCDP Acknowledgement Forms

Applicant(s): _____

Property Address: _____

Davis Bacon Wage Rates

I understand that the rehabilitation must be coordinated through the inspector for the project. Competitive bidding, Davis Bacon wage rates and terms will apply to the project.

Historic Properties

I understand that all properties will be reviewed by the Minnesota State Historical Preservation Office (SHPO). If the property is at least 45 years old, a photograph of the property, year the property was built, any known history of the building (example: did a famous architect design the home?) or any other information pertinent to your area, and the rehabilitation activities proposed for the property will need to be provided.

I understand that work cannot begin on properties until there is clearance from SHPO. If the property is not in a historic district and/or is not historically significant, SHPO has a turn-around time of about 30 days after property photographs and relevant information have been sent in. If the property is in a historic district or has historic significance, SHPO review may take longer.

I (we) have read and understood all of the statements initialed above:

 Applicant Date

 Co-applicant Date

Conflict of Interest Screening Form

The Small Cities Development Program (SCDP) requires verification to see if a conflict of interest exists.

Please answer Questions 1 & 2:

- Are you or any member of your household (during the last 12 months) an employee, consultant, officer, elected official, or appointed Official of this City, State of Minnesota, or the UMVRDC/SWMHP?

Yes No

If yes, please fill out the following:

	Check as applicable					Name of agency/department	Position
	Employee	Consultant	Officer	Elected official	Appointed official		
City							
State of Minnesota							
Administrating/managing/ consultation agency (UMVRDC or SWMNHP)							

Comments:

- Do you or have you had immediate family ties or a business relationship with any of the aforementioned list?

Yes No

If yes, describe:

Note: If a conflict exists, it may be possible for the grantee and its agents to request an exception of the conflict from the funding agency.

 Applicant Date

 Co-applicant Date



Upper Minnesota Valley Regional
 Development Commission (UMVRDC)
 323 W Schlieman Ave. Appleton, MN 56208
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Walk-Away Policy

This walk-away policy will be instituted by UMVRDC staff for one or more of the following reasons.

1. When it is determined that the unit is not suitable for rehabilitation.
2. If a property is offered for bid on two separate occasions and no financially acceptable bid is received, or if the inspector confirms that the property cannot feasibly be rehabilitated to HQS and lead based paint standards, within the maximum allowable funding level, the UMVRDC may elect to “walk-away” from that property and take no further action regarding its renovation. The property owner will be notified in writing within two weeks of the determination to “walk-away.”
3. If the property to be inspected or rehabilitated is in an “unkempt” state which could present health or safety hazards to UMVRDC Staff, SWMHP Staff or a Rehabilitation Contractor who would be performing the work, the property owner will be notified in writing and given thirty days to bring the property up to an acceptable standard of cleanliness as determined by the inspector. If, within that thirty-day period, the property is not brought up to an acceptable standard, the UMVRDC reserves the right to “walk away” from that property and take no further action regarding its inspection or rehabilitation. The property owner will be notified in writing within two weeks of this decision. “Unkempt” may include, but would not be limited to, unsanitary conditions, the presence of general clutter or undisposed household garbage, either inside or outside of the property to be rehabilitated.
4. If it becomes apparent that the property owner, or tenants in the case of rental rehabilitation, at any phase of the project are not willing to comply or accept standard practices of the rehabilitation program that are outlined in the “Owners Responsibilities and Expectations” and the “What Can a Property Owner Expect” information sheets provided.
5. If the UMVRDC Staff, SWMHP Staff or the Rehabilitation Contractor decides that continued presence on the job site may constitute a liability to their company due to the owner, or tenants, personal behavior or threatening manner.

If any of the above listed problems persist, the UMVRDC reserves the right to "walk-away" from that property and take no further action regarding its renovation. The property owner will be notified in writing within two weeks of the determination to "walk-away."

If the project is cancelled due to items number 3, 4 or 5, or if you choose to withdraw from the program after either the initial inspection or lead risk assessment/inspection has been conducted, a fee of \$1,000.00 will be charged to the owner of the property if inspections have occurred. If you continue with the home repairs the costs of the initial inspection will be charged to the program and the cost of the lead testing will be part of the program costs or loan, depending on the program.

Payments shall be made to the UMVRDC no later than thirty (30) days following the action that requires the repayment. If such payment is not made within 30 days, collection proceedings will begin to recapture these funds.

Applicant	Date	Co-applicant	Date
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What to expect and not to expect from this SCDP Commercial Rehabilitation Program

Things that Property Owners Do in the Commercial Rehabilitation Program

Program Staff will help property owners during the improvement process, but Property Owners are responsible for making the choices and doing the work listed below.

1. Property Owners provide the program staff with necessary information promptly.
2. Property Owners, **not the program staff**, choose contractors to put together bids.
3. Property Owners, **not the program staff**, select the contractor to do the work on the property.
4. Property Owners sign improvement contracts with the selected contractor.
5. Property Owners request and approve payments to their contractors.
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5. Finally, the **program staff** is not the contractor and cannot guarantee that Property Owners will be satisfied with the work done by the contractors.

I've read and understand this:

Applicant

Date

Co-applicant

Date