

Storefront Loan Program

Purpose: The primary purpose of the Storefront Loan Program is to encourage the reinvestment in designated Duluth neighborhood centers. Reinvestment is defined in this loan program as the restoration of historic atmosphere, overall visual improvement of building facades to strengthen neighborhoods, and enhancement of community viability within Spirit Valley and Downtown Duluth.

This program is in collaboration with the Duluth Economic Development Authority (DEDA) and the City of Duluth's long-term planning efforts. These identified areas contain eligible funding boundaries (refer to Exhibit A for eligible map boundaries). Storefronts within each identified area are eligible for a 4% interest rate, for loans up to \$100,000.00.

Applications are reviewed by the Duluth 1200 Fund staff and consultants who then make a recommendation to the Duluth 1200 Fund Board. Well-developed, ready to implement proposals are required for Board approval.

Projects eligible for financial assistance include hard costs that improve the general appearance of a public facing building exterior. Exterior renovations may include signage, awnings, window and door replacement, lighting, foundation repairs, tuckpointing, exterior painting, restoration of architectural elements, brick reconstruction, concrete work (outside of the city right of way), artistic murals and landscaping. The loan is not to be used for tenant improvements. Loans will be collateralized by a mortgage on the building that is being improved with the loan.

The maximum loan amount is \$100,000 for exterior improvements, with a 17-year loan term. Applicants are required to provide a match of 10% of the requested loan amount. Soft costs, such as the cost of project planning and consultant deliverables, will be considered part of the applicant's match towards the requested funding.

Eligible Geographical Boundaries for the below areas are designated in Exhibit A:

Spirit Valley

Downtown Duluth

Due to the limited availability of funds, special attention will be given to applicants that prioritize pedestrian engagement when possible. Please note that a project meeting one, some, or all qualifications creates no contractual obligations on the part of Duluth 1200 Fund to approve a project.

Special Considerations for Applicants:

At the sale of a commercial building, the loan must be repaid in full. Franchisees or national chains may be eligible for funding, subject to specific requirements in the Duluth 1200 Fund Bylaws. Commercial buildings must be currently occupied by a business or must be occupied by a business within 30 days of project completion; a valid lease agreement must be provided with the application.

All exterior improvements must conform to the Unified Development Chapter standards and be tentatively approved by the City of Duluth Planning and Economic Development Department based on architect plans of 25%-50% completion. All building permits need to be approved by the City Construction Services and Inspections division prior to loan closing. The Duluth 1200 Fund Board will offer contingent approval of the application request prior to engaging in Construction Services processes. Renovations must be completed within 180 days of loan closing; images of complete restoration improvements are required. If the borrower needs additional time to complete the project, a 180-day extension can be requested and pending the approval by the Duluth 1200 Fund Board President.

Structure:

The Duluth 1200 Fund staff will provide the initial screening of applicants via review of a pre-application form to determine compliance with the 1200 Fund Loan Criteria. Applicants may work with other local development agencies to prepare their applications. All businesses that are considered must meet each of the minimum qualifications listed in the summary below. Priority will be given to buildings within the Spirit Valley Core Investment Area or located within Downtown Duluth.

Each **applicant must include** a comprehensive business plan (including a three-year projection of both the balance sheet and income statement), sources and uses of funds, and an assessment of the potential of the business. Financial statements for the immediate past three years, including a balance sheet, a profit and loss statement, and a sources and uses of funds statement current to the most recent quarter must also be provided.

Loan Rates and Fees:

All loans will be subject to a 4% fixed interest rate for fixed assets that will be applied monthly over the life of the loan. A closing fee of 2% of the loan value being requested is due at the time the loan is closed to cover administrative costs. Borrower will also be responsible for paying any closing costs related to the financing.

Payments:

Payment of the loan will begin one month after loan closing. Automatic payments to the Duluth 1200 Fund are required to participate in the loan program.

Summary:

- Eligible properties must be located within eligible areas shown in Exhibit A.

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- Eligible applicants must demonstrate a need for capital funding.
 - Eligible businesses must provide certificate of ownership of the building such as valid title.
 - Eligible applicants must provide images of exterior deterioration at the time of application submission.
 - Eligible applicants must complete a W-9.
 - Eligible applicants must have a Federal Employer Identification Number (EIN) or Tax Identification Number linked to your business or Social Security Number.
 - All businesses occupying the building considered for a Storefront Loan must be registered with the Minnesota Secretary of State.
 - If funded, the loan must be repaid in full at time of sale of the commercial building.
 - Commercial buildings must be currently occupied by a business or will be occupied by a business within 30 days of project completion. A valid lease agreement must be provided with the application.
 - All exterior improvements must follow the Unified Development Chapter standards and be contingently approved by the City of Duluth Planning and Economic Development Director prior to board approval.
 - All construction permits must be approved by the City's Construction Services division prior to loan closing.
 - All applicants must have a loan closing within six months of receipt of a loan contingent approval letter.
 - Improvements must be completed within 180 days of loan closing. Images of completed improvements must also be provided at this time.

Questions on eligibility or the program guidelines can be directed to:

1200fund@duluthmn.gov or by phone at 218-730-5580

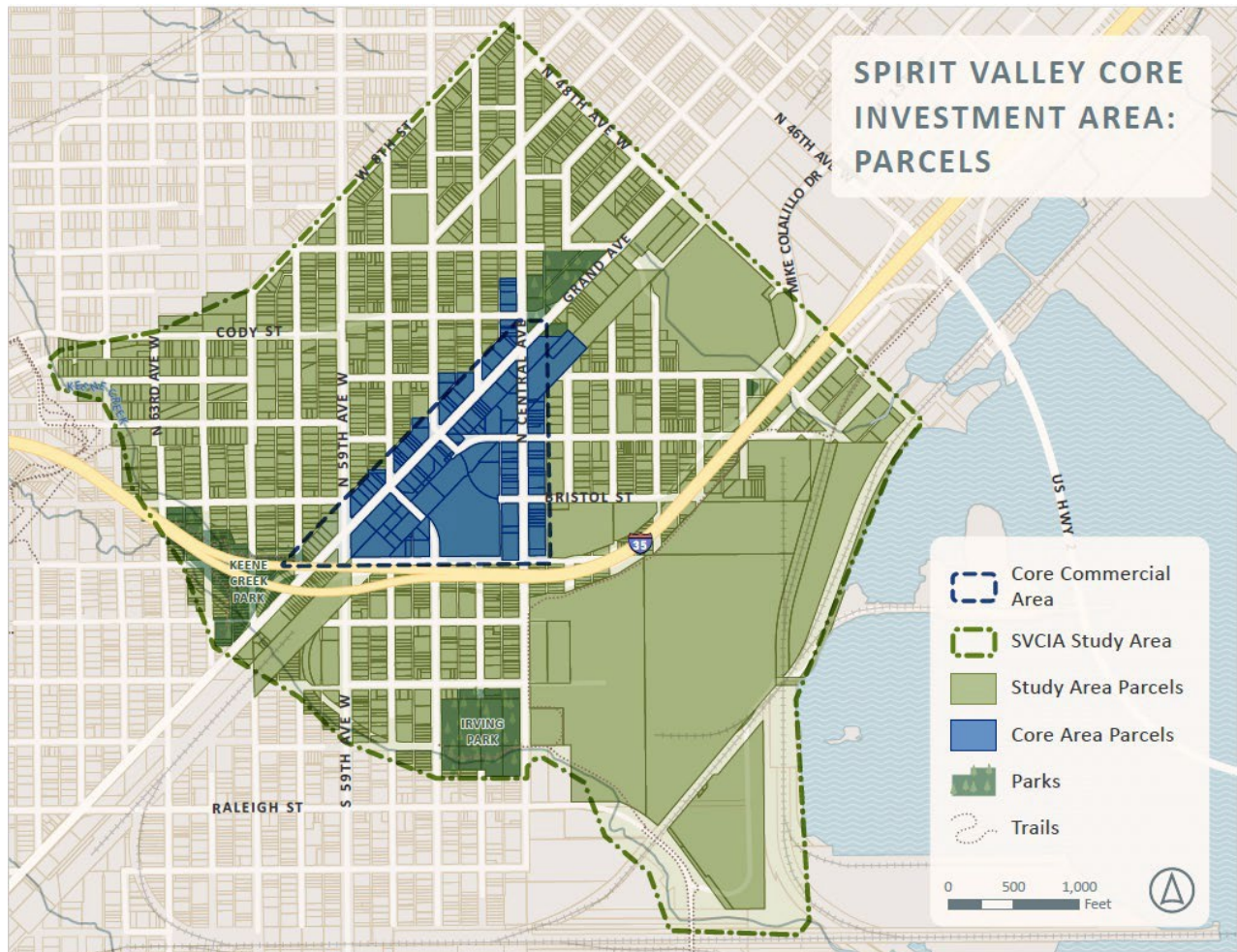
THIS PROGRAM WAS APPROVED BY THE DULUTH 1200 FUND BOARD ON 10th DAY OF OCTOBER, 2024

Exhibit A

Spirit Valley- Core Investment Area Boundaries

To find a parcel click on the County Land Explorer link below

[St. Louis County Land Explorer](#)



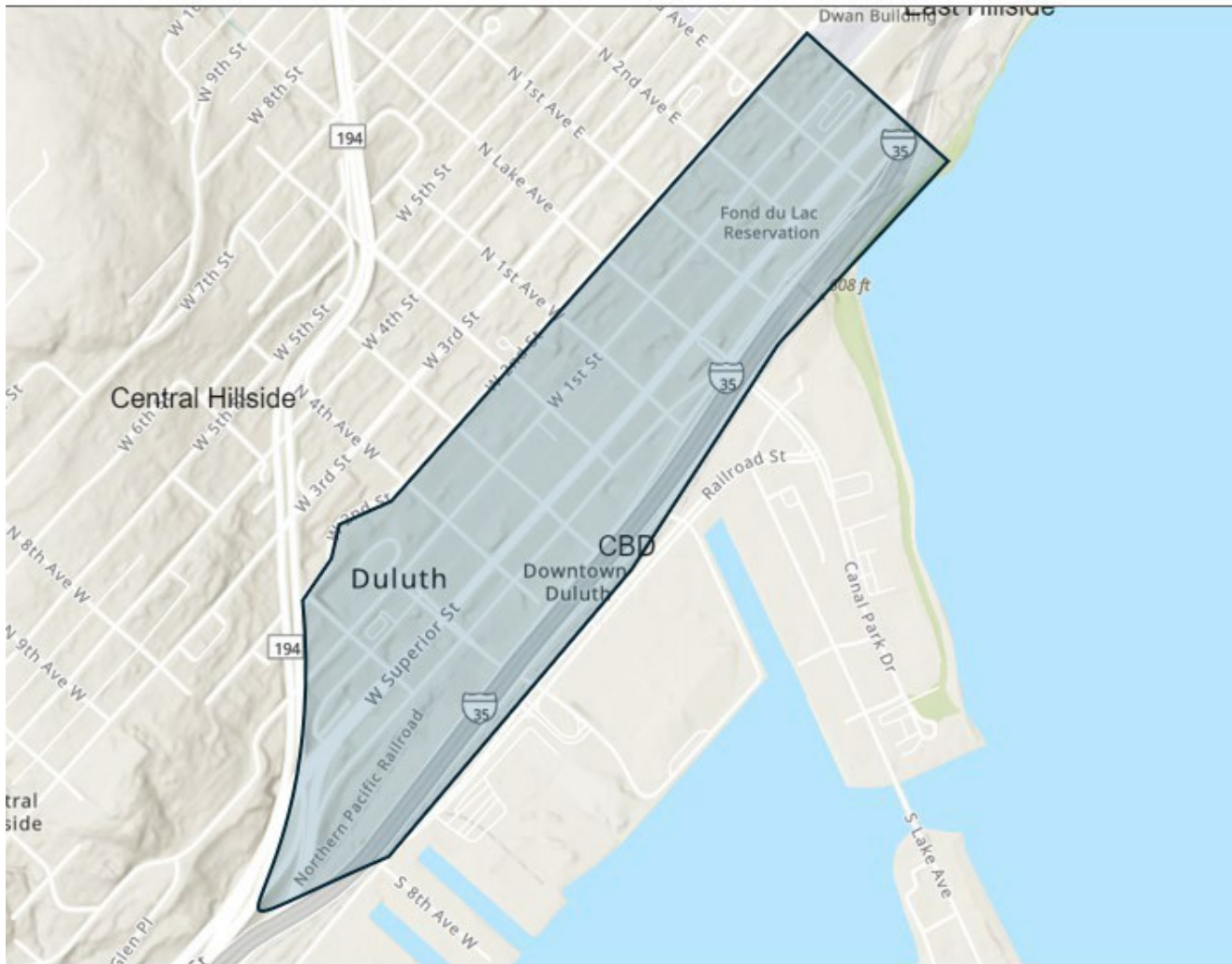
The Spirit Valley Core Investment Area in Duluth is generally defined as the commercial corridor along Grand Avenue from approximately 56th Avenue West to 60th Avenue West, extending north along North Central Avenue to Interstate 35 and including the surrounding blocks between Ramsey Street and Bristol Street within the Spirit Valley business district. *Questions on eligibility or the program guidelines can be directed to: Planning@duluthmn.gov or by phone at 218-730-5580.*

Central Business District Boundary

Includes Downtown Duluth

To find a parcel click on the County Land Explorer link below

[St. Louis County Land Explorer](#)



The Downtown Core Investment Area in Duluth is generally defined as the area bounded by Mesaba Avenue to the west, 4th Street to the north, 10th Avenue East to the east, and Lake Superior to the south, encompassing the central business district of downtown Duluth. *Questions on eligibility or the program guidelines can be directed to: Planning@duluthmn.gov or by phone at 218-730-5580.*