

THE MISSION OF THE DULUTH 1200 FUND IS TO FOSTER THE LONG-TERM VITALITY AND DIVERSITY OF DULUTH'S ECONOMY BY PROVIDING SUSTAINABLE AND RESPONSIVE GAP FINANCING AND FUNDING OPTIONS THAT EMPOWER LOCAL BUSINESSES TO START, GROW, AND THRIVE.

## Duluth 1200 Fund Historic Fund Guidelines

**Creation:** The Duluth 1200 Fund, Inc. hereby continues the Duluth 1200 Fund Historic Fund under the following guidelines:

**Purpose:**

The primary purpose of the Historic Fund is to support and encourage the vitality of and reinvestment in the [Duluth Commercial Historic District](#) through preservation, improvement, restoration, and rehabilitation. Projects eligible for financial assistance include hard costs that improve the general appearance of a building's exterior and interior commercial upgrades.

Applications for proposals are reviewed by the Duluth 1200 staff, consultants, and board liaisons. Recommendations are then made to the Duluth 1200 Fund Board. Well-developed, ready-to implement proposals are required for Duluth 1200 Fund Board approval.

All exterior improvements must conform to the Unified Development Chapter standards and be listed as "contributing" in the National Register of Historic Places Registration Form for the nationally designated Duluth Commercial Historic District, having a National Historic Places Register Reference Number of 06000455 (the "District") 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 Construction Services divisions prior to loan closing. The Duluth 1200 Fund Board may offer contingent approval of the application request prior to engaging with Construction Services processes. Renovations must be completed within 18 months following the loan closing; images of completed restoration improvements must be required at time of completion. In the event that 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. If funded, the loan must be repaid in full at the time the building is sold.

***"Preservation"*** means the act or process of applying measures to sustain the existing form, integrity, and material of a historic property.

***"Improvement"*** means the act of upgrading the basic physical condition of a property in a manner consistent with the *Standards for the Treatment of Historic Properties* (Revised 1995) adopted by the

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Secretary of the United States Department of the Interior now in effect and as may subsequently be modified, changed or amended. This type of activity includes upgrading mechanical systems, providing appropriate barrier-free access for handicapped persons, and bringing a property into conformance with building codes.

***“Restoration”*** is defined as the act or process of accurately depicting the form, features, and character of a property as it appeared at a particular period of time by means of the removal of features from other periods in its history and reconstruction of missing features from the restoration period.

***“Rehabilitation”*** is defined as the act or process of making possible an efficient compatible use for a property through repair, alterations, and additions while preserving those portions of features which convey its historical, cultural, or architectural values.

## Project Eligibility

- Applicants must demonstrate ownership of all buildings/real estate considered part of the proposed project.
- The building must be listed as “contributing” in the National Register of Historic Places Registration Form for the nationally designated Duluth Commercial Historic District, having a National Historic Places Register Reference Number of 06000455 (the “District”). See Exhibit A.
- Minimum building maintenance includes:
  - Keep the building in a neat and orderly condition
  - Perform all repairs and maintenance
  - Keep up with licenses and permits

Failure to maintain within that 5-year period could trigger interest or impact forgiveness.

- No loan may be made to refinance existing debt or be used to pay for the buildings tax debts
- The recipient of such loan is creditworthy and has the ability to perform its obligations under any agreements to be entered into with the 1200 Fund.

## Priorities for Use

### Tier 1 Priority:

- Buildings located on East First Street with an East First Street Address.

### Tier 2 Priority:

- Investment addressing public and building safety concerns
- Project plans created in consultation with historic preservation consultants and/or Duluth's Heritage Preservation Commission.

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### Tier 3 Priority:

- Pedestrian engagement
  - Landscaping
  - Lighting
  - Unobstructed windows
- Buildings containing active and engaged businesses (retail, restaurant, etc.)

### Criteria for Funding

- Project readiness: Applicant has submitted a complete application and is able to identify funding sources for the estimated total project cost.
- Urgency: Properties that are considered a public safety concern.
- Likelihood of future redevelopment: Properties that need short-term stabilization solutions but for which a redevelopment/renovation plan exists or there is interest from the owner applicant in future redevelopment or marketing the building as a “preservation ready site” for a new owner.
- Impact: Properties that are vacant/significantly underutilized and/or in locations where stabilization of the building will improve the vitality and character of the Duluth Commercial Historic District.
- All applicants will need to provide a personal match for at least 10% of the amount requested. Soft costs, such the cost of project planning and consultant deliverables, will be considered part of the applicant's match towards the requested funding.
- Financial assistance is not to be used for tenant improvements.
- Applicants must demonstrate ownership of all buildings/real estate considered part of the proposed project.

### Eligible Expenses

Financial assistance is available for investments in repairs to, or rehabilitation of contributing buildings. Eligible expenses include hard costs that improve the general appearance of the building's exterior and interior commercial upgrades as shown below.

### Exterior renovations may include:

- Signage
- Awnings
- Window and door replacement/repair
- Lighting
- Foundation repairs

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- Tuckpointing
- Exterior painting
- Restoration of architectural elements
- Brick reconstruction
- Concrete work (outside of the city right of way)
- Roof Repair

Interior renovations may include:

- Stairway improvements
- Doorway improvements
- Fire Alarms
- Sprinkler systems
- HVAC improvements
- Electrical improvements
- Plumbing
- Windows

Permit Notes for Applicant:

- No building permit needed for: tuckpointing, exterior painting,
- May need a building permit based on the size/scope of the project for: window and door replacement, signage, awnings, restoration of architectural elements, concrete work outside of the right of way
- Project may need zoning review and a state electrical permit for exterior lighting
- Will need a building permit: brick reconstruction, foundation repair

Application Procedure

The Duluth 1200 Fund staff and financial consultants 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 applications must meet each of the minimum qualifications listed in the summary below. The Applicant must submit an online application form outlining the basic project and including the following:

- Sources and uses of project funds
- Contact information & permission to contact other funders/lenders involved in project financing
- Construction estimates/quotes for the project
- Completed application
- Tax Returns from the last three (3) years

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- Personal financial statements from owners of for-profit applicants
- Current balance sheet and profit and loss statements
- Projections on future income with for-profit applicants
- Proof of Ownership – Submit a copy of the certificate of title, deed, contract for deed, or acquisition contract
- Projections on future revenue streams for non-profit applicants
- Project Description – The applicant must provide a narrative description of the project, including specific building rehabilitation activities to be funded by the Historic Fund and any historical information related to the property
- If applicant is a for-profit applicant, Lease Agreement, Letter of Intent or Memorandum of Understanding (MOU) from future tenants occupying a commercial space within one year after project completion.
- Itemized list of project's construction costs with overview and estimates.
- Complete a W-9 for the entity owning the building(borrower)
- Provide images of exterior deterioration at the time of application submission

## Loan Terms

- Projects located on East First Street:
  - 0% interest
  - Up to \$100,000
  - Up to 17-year loan term
  - Eligible for 50% loan forgiveness if the following criteria are met:
    - One or more tenant(s) of a for-profit applicant to occupy commercial space(s) with lease agreement(s) for five (5) years after the loan closing or the space is continually available and advertised to be occupied for the five (5) years after the loan closing. This requirement is not applicable for a non-profit applicant.
    - Owners must maintain properties after loan closing for at least 5 years following project completion.
- All other projects:
  - 0% interest for the first two years; 3% interest for the remainder of the loan term
  - Up to \$75,000
  - Up to 17-year loan term
  - Eligible for 25% loan forgiveness if the following criteria are met:
    - One or more tenant(s) of a for-profit applicant to occupy commercial space(s) with lease agreement(s) for five (5) years after the loan closing or the space is continually available

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and advertised to be occupied for the five (5) years after the loan closing. This requirement is not applicable for a non-profit applicant.

- Owners must maintain properties after loan closing for at least 5 years following project completion.
- Subordination. In certain instances, the 1200 Fund may agree to subordinate security interests or subordinate mortgages under terms and provisions acceptable to the 1200 Fund.
- Due on Sale Provisions. The 1200 Fund typically requires that its loans be repaid upon a sale or conveyance. In certain instances, the 1200 Fund may agree to allow a subsequent owner to assume a 1200 Fund loan with terms and provisions acceptable to the 1200 Fund.

#### Loan Rates and Fees:

All loans payments will be applied monthly over the life of the loan. Fees for the Historic Fund are as set forth in the then current version of the Duluth 1200 Fund Fee Schedule.

#### 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:

- Applicant and the building must be listed as "contributing" in the National Register of Historic Places Registration Form for the nationally designated Duluth Commercial Historic District, having a National Historic Places Register Reference Number of 06000455 (the "District"). See Exhibit A.
- Applicants must demonstrate ownership of all buildings/real estate considered part of the proposed project.
- Applicants must demonstrate the need for capital funding.
- Applicants must submit all required documents to be considered.
- Owners must maintain properties after reinvestment for at least five (5) years following project completion. Minimum building maintenance includes:
  - Keep the building in a neat and orderly condition
  - Perform all repairs and maintenance
  - Keep up with licenses and permits
- Failure to maintain within that 5-year period will trigger interest and impact forgiveness.
- Soft costs, such the cost of project planning and consultant deliverables will be considered part of the applicant's personal 10% match towards the requested funding
- Commercial buildings owned by a for-profit applicant must be occupied by one or more tenants or will be occupied by one or more tenants within 365 days of project completion and continue to be occupied

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for five (5) years after the loan closing or be continually available and advertised to be occupied for the five (5) years after the loan closing. A valid Lease Agreement, Letter in Interest, Memorandum of Understanding (MOU) must be provided within one (1) year after project completion.

- Applicants will certify they will follow any requirements or processes set forth by local, state, and federal governments related to building renovations and repairs for their property. The applicant is responsible for compliance with these requirements and processes.
- Renovations must be completed within 18 months of the loan closing. Images of completed restoration improvements must also be provided at this time.

NOTHING HEREIN SHALL REQUIRE THE 1200 FUND TO MAKE A LOAN TO A BUSINESS THAT MEETS THE REQUIREMENTS OF THIS POLICY. THE 1200 FUND NEED NOT MAKE A LOAN TO A BUSINESS THAT MEETS ALL OF THE REQUIREMENTS OF THIS POLICY UNLESS THE BOARD OF DIRECTORS IN ITS SOLE DISCRETION DETERMINES THAT IT IS IN THE BEST INTERESTS OF THE 1200 FUND TO MAKE SUCH LOAN.

Questions on eligibility or the program guidelines can be directed to:  
[Planning@duluthmn.gov](mailto:Planning@duluthmn.gov) or by phone at 218-730-5580

THIS POLICY WAS APPROVED BY THE DULUTH 1200 FUND BOARD  
ON 11th DAY OF FEBRUARY, 2026

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## Exhibit A

### Duluth Commercial Historic District

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

<https://gis.stlouiscountymn.gov/landexplorer/>

