

Commercial Code Correction Loan Program

1. **Loan Amount:** Loan amounts from \$1,000 to \$25,000.
 - a. The City can consider loans larger than \$25,000 on a case by case basis with approval from the Brooklyn Park Development Corporation
2. **Amortization Type:** Monthly payment is required.
3. **Loan Term:** Up to 15 years.
4. **Interest Rate:** 2% fixed interest rate
5. **Match Amount:** any commercial business or property with a correction order must match at least 10% of the loan amount. Match can include equity or other, non-City financing sources
6. **Loan Security:** No loan security for loans with a personal guarantor. If the borrower is a nonprofit and the owner of the property the loan will be secured with a mortgage.
7. **Personal Guarantor:** Loans will be personally guaranteed by at least 50% ownership of the business. If the borrower is a nonprofit there is no personal guarantor required, but must be the owner of the property.
8. **Credit / Underwriting Requirements:** All personal guarantors must have a minimum credit score of 620
9. **Eligible Borrowers:** All borrowers may be legal residents of the United States or a registered business in the State of Minnesota. Borrower must have an active property maintenance corrective order issued by the city or work with City staff to be sure they are properly correcting any code related issues on the property. Borrowers may be the property owner or tenant of the property where the corrective action is discussed or ordered by City staff.
10. **Ineligible Borrowers:** Businesses not located in Brooklyn Park, residential properties including rental properties (if you have a residential property with funding needs see Rental Rehab loan program or reach out to City staff), businesses owned by entities or individuals not permitted to operate in MN.
11. **Eligible Properties:** Commercial properties located in Brooklyn Park.
12. **Ineligible Properties:** Businesses not located in Brooklyn Park and properties used for residential purposes
13. **Eligible Improvements:** Improvements must address corrective actions required by the City. Repairs must improve the safety and structural integrity on the property including but not limited to:
 - a. Exterior painting
 - b. Screening elements (i.e. fencing, visible mechanical equipment screening, visible trash enclosures)
 - c. Window and door repair or replacement
 - d. Signage connected to the building
 - e. Exterior lighting
 - f. Building and health code related items
 - g. Parking lot improvements
 - h. Improving exterior architectural barriers that restrict the mobility and accessibility of elderly or disable persons to public facilities
 - i. Installation of exterior security devices
 - j. landscaping improvements
 - k. Improvements not on this list but required for correction per City staff can be considered eligible for this program on a case by case basis
14. **Ineligible Improvements:** Any improvement not meeting the definition of an eligible

improvement.

15. **Sweat Equity:** Work may be performed by property owners on a "sweat equity" basis. Loan funds may be used only for the purchase of materials. Loan funds cannot be used to compensate for labor, only for materials. Materials must be purchased and installed prior to the disbursement of the loan proceeds. When applicable, a signed city permit must be obtained.
16. **Bids/Contractors:** 1 contract bid required. All contractors must be properly licensed or registered with the Minnesota Department of Labor (if applicable). Permits must be obtained where required by the City of Brooklyn Park.
17. **Multiple Loans:** More than one loan per property is permitted based upon the availability of funds and the borrower's ability to qualify. The cumulative outstanding balance of all Brooklyn Park loans cannot exceed \$50,000.
18. **Post Install Inspection:** Prior to the release of loan proceeds, the property is subject to inspection by a CEE representative or, where a permit is required, work must be approved by a City inspector.
19. **Work Schedule:** All work must be completed within 120 days of the loan closing. However, when warranted, CEE may authorize extensions on a case by case basis.
20. **Disbursement of Funds:** Funds are held by CEE and payment is made to the contractor upon completion of work. An inspection will be performed by CEE (if a permit is not required) to verify completion of the work. The following items (and any additional as determined by CEE) must be received prior to disbursement of funds:
 - a. Final invoice from contractor (or materials list from supplier)
 - b. Final inspection verification by CEE (if necessary)
 - c. Completion certificate(s) signed by borrower and contractor
 - d. Lien waiver for entire cost of work and
 - e. Evidence of required city permit pulled and inspected, where applicable
21. **Borrower Fees:** 1% Origination Fee and a Document Preparation Fee, mortgage filing fees, title work (if applicable), credit report, flood certification and any other applicable closing costs. All fees may be financed.

Last Updated: 12/23/21