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## What is the Mondovi Business Development Fund?

The Mondovi Business Development Fund (MBDF) is a revolving loan fund (RLF) designed to address a gap in private capital markets for long term-fixed rate, low down payment, and low interest rate financing. The Fund is available to manufacturers, tourism-related businesses, commercial, and selected service industries, which create or retain jobs within the City of Mondovi.

The Fund is not designed to take the place of traditional commercial lending but rather to work with other sources of funding.

## Why is the fund needed?

The Mondovi Business Development Fund is needed to assist many small businesses in the community get the financing they need to maintain or grow. Most of the jobs in Mondovi are created by small businesses and small businesses sometimes have a difficult time securing financing.

The fund was developed to assist businesses in Mondovi secure the financing they need to retain a presence and ensure continued growth in the community. Successful companies will employ more area residents and account for a prosperous community.

## How is an application submitted?

A loan application form for the Mondovi Business Development Fund can be obtained from any participating lender. The application includes a brief form to submit to the Board of Directors and will be followed by a presentation to the MBDF Board of Directors.

The presentation to the MBDF will be done in cooperation with the lead financial institution and will cover the company business plan and financial projections.

Businesses must agree not to discriminate in hiring practices and meet employment commitments contained within the application.

## Participating Lenders

- Alliance Bank
- City of Mondovi
- United Bank—Mondovi Branch
- Xcel Energy

## What standards and loan criteria will the fund use?

**Loan Sizes** in the \$5,000-\$15,000 range are preferred and are intended to provide the business with the down payment needed for commercial loans. The maximum loan amount is \$15,000.

**Job Creation/Retention** requirements include a minimum of one (1) job created or retained per \$5,000 of MBDF financing. To be considered for the maximum loan amount a business must retain or create at least three jobs.

**Loan Ratio** of \$2 of private financing to every \$1 of MBDF financing (2:1) is required. MBDF loan cannot exceed 33 percent of total financing.

**Equity Required** by the borrower shall be a minimum of 10 percent of total project cost.

**Terms** are 3-year amortized up to 15 years on land and buildings or expected useful life of equipment and machinery and/or up to five years for working capital.

**Interest Rates** are 2 percent below the current money center prime rate as quoted in the Wall Street Journal, not less than 4%.

**Other** requirements include a demonstration of need and collateral to consist of security interest where funds are utilized. Security interest maybe subordinated.

## What are the goals of the fund?

The overall goal of the fund is to improve the area economy by providing “Gap” financing for business expansion or acquisition that creates or retains jobs. The MBDF will be self-perpetuating through loan repayments by borrowers.

The designation of the MBDF as a revolving loan fund is derived from this lend and repayment action. This revolving characteristic will allow it to serve as a long-term loan source for existing, expanding, or relocating businesses well into the future.

## How will the fund achieve its goal?

The Mondovi Business Development Fund will meet its goal by providing reasonable loan terms, low down payment requirements, and below market rate financing. These favorable terms from the Mondovi Business Development Fund will allow a participating lending institution to take a business loan risk they normally would not take. In so doing a business expansion or acquisition results and jobs are created or retained that under ordinary circumstances would not have occurred. In all instances the MBDF loan will work in conjunction with a larger private loan.

## How was the fund created?

Initially the Mondovi Business Development Fund was capitalized at \$60,000. Contributions have been raised from local units of government – City of Mondovi, financial institutions –Associated Bank, Bank of Mondovi, Citizens Community Federal Credit Union, and United Bank, and utilities – Northern States Power.

## For more information

For additional information on the Mondovi Business Development Fund please contact one of the partners:

City of Mondovi  
156 S. Franklin St.  
Mondovi WI 54755  
715-926-3866

Alliance Bank  
245 S. Eau Claire St.  
Mondovi WI 54755  
715-926-4234

United Bank  
203 East Main St.  
Mondovi WI 54755  
715-926-3882

Xcel Energy  
P.O. Box 8  
Eau Claire, WI 54702-0008  
715-836-1106

# MONDOVI WISCONSIN



## Business Development Fund

Providing low-interest financing for  
Mondovi businesses.