



MAIN STREET ELKADER

EVOLVING LOAN FUND



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Main Street Elkader – Economic Vitality Committee

About

Revolving loan funds are community-based tools that provide accessible, low-interest financing for small businesses and entrepreneurs. Instead of depleting resources, repayments replenish the fund so it can be loaned out again and again. Over time, this creates a cycle of growth: one loan gets paid back, those funds are lent again, and the impact compounds across decades. The Evolving Loan Fund (ELF) builds on this model by offering straightforward terms and active Main Street support to help Elkader businesses start, grow, and thrive.

Purpose

The Evolving Loan Fund is more than a pool of money—it's a structured plan to build Elkader's economic future. By recycling capital through monthly repayments, the fund grows while it works, compounding its impact far beyond the original contributions. Every loan creates an immediate benefit for a local entrepreneur, while each repayment fuels the next opportunity. Over decades, this structure provides a reliable, sustainable engine for community vitality, ensuring Elkader businesses have the resources to not just survive, but expand, innovate, and build long-term prosperity.

Application Guidelines

Applicable Uses

This loan program is designed to help businesses start new ventures or expand existing revenue streams, whether that means launching a storefront, updating a property, or investing in critical tools and inventory.

Loans may be used for:

- Property and/or business acquisition
- Property and/or business improvements
- Business-related equipment purchases
- Business-related inventory purchases



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Qualifications

Applicants must:

- Be located within the City of Elkader
- Submit a fully completed application form
- Provide a written business plan
- Provide collateral (required if loan exceeds \$6,500)

Provide additional information if requested

Terms

- Term: 5 years
- Max Principal: \$10,000
- Repayment Schedule: Monthly
- Collateral: Required if loan exceeds \$6,500
- Interest Rate: 3%

Approval

All loan applications will be subject to a review process to ensure both the strength of the applicant's business plan and the long-term sustainability of the fund. After an application is received, the applicant will meet with two members of the Main Street Elkader Small Business Committee. During this meeting, the committee members will review the submitted business plan, ask clarifying questions, and evaluate the project's potential impact on Elkader's economy.

Following the review, the committee members will prepare a recommendation based on their findings. This recommendation will then be relayed to the Main Street Elkader Board, which holds the final authority to approve or deny the loan application. This process ensures accountability, fairness, and community oversight, while also giving applicants the chance to receive valuable feedback and guidance from experienced local business leaders.



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Remedial Policies

While ELF is designed to give businesses room to succeed, repayment is essential to ensure the fund remains strong for future entrepreneurs. To that end, the program follows a structured, three-stage process if a loan falls into delinquency:

Reaching Out (10 Days Past Due)

If a payment is missed and becomes 10 days overdue, the Main Street Director will personally reach out to the borrower. The goal at this stage is not punitive but supportive—opening communication, identifying any short-term challenges, and working with the borrower to quickly get the loan back on schedule.

Remediation (30 Days Past Due)

If the loan reaches 30 days past due, the case moves into remediation. At this point, the borrower and the Economic Vitality Committee will meet to review the situation and negotiate a plan to resolve the delinquency. Adjustments may be considered, such as revised payment arrangements, to both safeguard the business and protect the fund.

Right to Cure (60 Days Past Due)

At 60 days overdue, the loan enters the formal “right to cure” stage. This initiates a legal and financial process that provides the borrower one last opportunity to bring the loan current before default proceedings begin. While this is a serious step, the emphasis remains on resolution, giving the borrower a structured path to correct the delinquency and preserve their standing.