

1654.0040 COLLATERAL REQUIREMENTS AND ADDITIONAL INFORMATION OR CERTIFICATIONS.

Subpart 1. **Collateral requirements.** When providing financial assistance, the authority may require collateral as it considers necessary in accordance with generally accepted commercial lending practices to protect the interests of the authority. The collateral may take one or more of the following forms:

- A. mortgage on real property;
- B. security interest in personal property;
- C. guarantees or other assurances of repayment of applicant, affiliates of the applicant, shareholders or partners who have 20 percent or more ownership in the applicant, or other interested parties with respect thereto;
- D. bond insurance or other credit enhancements;
- E. assignments of leases or rents on property of equipment, or of contracts and other assets of the applicant;
- F. letters of credit;
- G. escrow account; and
- H. any other form of collateral that the authority deems necessary and appropriate.

Subp. 2. **Additional information or certifications.** The following additional information, as applicable, is required by the authority before providing financial assistance, as well as any other information or item that the authority in its sole discretion considers advisable for prudent financial management of the authority's financial assistance:

- A. a lease agreement on property or equipment;
 - B. a listing of property, including serial numbers for machinery and equipment, that will serve as collateral for the financial assistance;
 - C. certification of insurance for workers' compensation and employer's liability;
 - D. a statement provided by the Internal Revenue Service of tax clearance;
 - E. an appraisal of collateral offered to the authority for the financial assistance;
- and
- F. a certificate of the insurers of collateral that insurance is in force and effect. Prior to expiration of any insurance policy, the applicant shall furnish the authority with evidence that the policy has been renewed, replaced, or is no longer required.

Statutory Authority: *MS s 41B.07*

History: *18 SR 774*

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