

4355.0500 BUSINESS LOAN CRITERIA.**Subpart 1. Terms and conditions.**

A. The interest rate on a loan shall be established by the corporation, but may be no less than two percent per annum, nor more than ten percent per annum or one percent per annum above the prime rate, as published in the Wall Street Journal at the time the loan is closed, whichever is greater.

B. The corporation may only charge the business all out-of-pocket administrative expenses connected with originating the loan at the time of closing.

C. The loan funds may be used for normal business expenses including, but not limited to, site acquisition, new construction, renovation, machinery and equipment, and working capital. Loans may not be used to refinance a business or personal existing debt.

Subp. 2. **Loan repayment.** For loans made by the board, all loan repayments must be deposited in the urban revolving loan fund for further distribution to businesses or nonprofit corporations pursuant to Minnesota Statutes, section 116M.18.

For loans made by a nonprofit corporation, amounts equal to one-half of the principal and interest must be deposited in the urban revolving loan fund. The principal payments shall be made available to the corporation originating the loan in order to make additional loans, as long as the corporation remains certified and the grant agreement with the board is in effect. The board may return interest payments to the corporation in order to pay for the corporation's administrative expenses.

The remaining amount of the loan repayment may be deposited in the nonprofit revolving loan fund created by the corporation which originated the loan for further distribution by the nonprofit corporation, or for other uses as may be determined by the corporation.

Statutory Authority: *MS s 116M.18*

History: *19 SR 284; 25 SR 1609*

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