

5100.0500 CRITERIA FOR BUSINESS LOANS.

Criteria for the acceptance or rejection of business loan applications will be based on the following requested information in items A to F that will convey to the council a complete basis of information on which to evaluate the loan request, ability to repay, and management of the business, so that comparisons may be made with known industry standards as indicators of a company's ability to succeed.

A. Application must only be made for a profit oriented business geographically located in Minnesota.

B. The council must approve:

(1) personal financial statements and resumes of management personnel that will indicate that an applicant is not in an excessive debt position and serve to demonstrate the expertise of management;

(2) operating statements of existing business for which expansion, technical, or management assistance loans are requested that will demonstrate the need for and feasibility of the application;

(3) financial statements for past three years for existing businesses, if applicable;

(4) employment verification to ascertain steadiness and extent of past work experience;

(5) documentation supporting cost of real estate, buildings, machinery, and/or equipment that will be used to ascertain reasonableness of cost and present conditions;

(6) detailed project description, which will demonstrate dollar scope of the project, estimated revenue anticipated, and indicate ability to repay the loan;

(7) equity or collateral available, which must be at least five percent, to demonstrate applicant's insertion of risk capital;

(8) income and expense projections, which will indicate cash flow anticipated;

(9) applicants who will establish a business on a reservation must have or obtain approval of tribal licenses, if applicable, and/or leases when tribal lands are to be leased by the proposed business enterprise; and

(10) last two filed tax returns, if applicable.

C. All documents in item B shall be submitted to the council at one time.

D. Loans for the purchase of land will require the construction of a physical facility and establishment of a business on that land within one year of receiving the loan approval. Construction of a physical facility is to begin within six months of receiving loan approval.

E. Business loans shall not be made to repay or consolidate existing liabilities.

F. Any loan made hereunder will become due and payable if the ownership of the business for which it was made is transferred in whole or in part to any individual, partnership, or corporation that would have been ineligible to have received the loan in the first instance.

Statutory Authority: *MS s 14.06; 116J.64; 116J.79*

History: *19 SR 974*

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