

MINNESOTA RULES 1983

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CHAPTER 5100 INDIAN AFFAIRS COUNCIL RULES GOVERNING BUSINESS LOANS TO INDIANS

NOTE: Under Reorganization Order number 129, approved by the Governor on August 18, 1983, this chapter of Minnesota Rules shall be administered by the Indian Affairs Council. Thus, references to the Department of Energy, Planning, and Development, or to its divisions, should be read as intending the Indian Affairs Council.

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5100.0200 DEFINITIONS.

Subpart 1. **Scope.** As used in parts 5100.0200 to 5100.0900, the following words and terms shall have the meaning given, except where the context clearly indicates otherwise.

Subp. 2. **Administrative costs.** "Administrative costs" means those costs incurred in administering the Tribal Council's portion of the program.

Subp. 3. **Assistant commissioner.** "Commissioner" means the assistant commissioner of the Business and Community Development Division of the Department of Energy, Planning and Development or his/her designated representative.

Subp. 4. **Borrower.** "Borrower" means the person making application to the department for loan funds to start or expand a business.

Subp. 5. **Division.** "Division" means the Division of Economic Development within the Department of Energy, Planning and Development.

Statutory Authority: *MS s 116J.02 subds 3,8; 116J.64 subd 7; 116J.65 subd 5; 116J.79 subd 5*

5100.0300 SCOPE OF PROGRAM.

Scope of program: to provide an opportunity for eligible Indians in Minnesota to improve economic independence by implementing a business loan program that will promote an environment for economic expansion and diversification in the field of business ownership.

Statutory Authority: *MS s 116J.02 subds 3,8; 116J.64 subd 7; 116J.65 subd 5; 116J.79 subd 5*

5100.0400 PURPOSE.

The purpose of parts 5100.0200 to 5100.0900 is to augment Minnesota Statutes 1978, section 362.40 and Laws of Minnesota 1979, chapter 333, sections 100 to 102, by establishing criteria that will enable Indians in Minnesota to utilize the business loan program for the expansion or establishment of Indian-owned businesses in the state.

Statutory Authority: *MS s 116J.02 subds 3,8; 116J.64 subd 7; 116J.65 subd 5; 116J.79 subd 5*

5100.0500 CRITERIA FOR BUSINESS LOANS.

Criteria for the acceptance or rejection of business loan applications will be based on the following requested information that will convey to the department 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.

B. Approval by assistant commissioner of:

(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) credit verifications to ascertain financial responsibility;

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

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

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

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

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

(10) 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

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

C. All documents in item B shall be submitted to the division at one time and, because this program is a participant in the total loan package, the division's evaluation will be only one of other financial institutions' evaluations.

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 116J.02 subds 3,8; 116J.64 subd 7; 116J.65 subd 5; 116J.79 subd 5*

5100.0600 PROCEDURES FOR MAKING BUSINESS LOAN APPLICATIONS.

Complete standard application on forms prescribed by the division.

A time limitation of 60 days shall be imposed for the completion and submission of all documentation, which will allow applicant a reasonable time to obtain supplemental financing for the total project. The assistant commissioner shall extend the time limitation if based on good cause shown in writing.

Statutory Authority: *MS s 116J.02 subds 3,8; 116J.64 subd 7; 116J.65 subd 5; 116J.79 subd 5*

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5100.0700 REPAYMENT.

The division shall establish repayment of the loan on a schedule that will be determined by an assessment of the cash flow and ability to repay.

Statutory Authority: *MS s 116J.02 subds 3,8; 116J.64 subd 7; 116J.65 subd 5; 116J.79 subd 5*

5100.0800 REVIEW.

There will be a monthly review of all loan accounts by the assistant commissioner.

Statutory Authority: *MS s 116J.02 subds 3,8; 116J.64 subd 7; 116J.65 subd 5; 116J.79 subd 5*

5100.0900 MAXIMUM PARTICIPATION.

Maximum participation in any one loan will be 25 percent of the project cost.

Statutory Authority: *MS s 116J.02 subds 3,8; 116J.64 subd 7; 116J.65 subd 5; 116J.79 subd 5*