

CHAPTER 5100

INDIAN AFFAIRS COUNCIL

BUSINESS LOANS TO INDIANS

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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 Indian Business Loan Program through the Indian Affairs Council

Subp 3 [Repealed, 19 SR 974]

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

Subp 4a. **Council.** "Council" means the Indian Affairs Council

Subp 5 **Program.** "Program" means the Indian Business Loan Program.

Statutory Authority: *MS s 14 06, 116J 64*

History: *19 SR 974*

5100.0300 SCOPE OF PROGRAM.

The scope of the program is 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 14 06; 116J 64*

History: *19 SR 974*

5100.0400 PURPOSE.

The purpose of parts 5100 0200 to 5100 0900 is to augment Minnesota Statutes, section 116J 64, 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 14 06, 116J 64*

History: *19 SR 974*

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 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*

History: *19 SR 974*

5100.0600 PROCEDURES FOR MAKING BUSINESS LOAN APPLICATIONS.

Complete standard application on forms prescribed by the council

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 council shall extend the time limitation if based on good cause shown in writing

Statutory Authority: *MS s 14 06, 116J 64*

History: *19 SR 974*

5100.0700 REPAYMENT.

The council 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 14 06, 116J 64*

History: *19 SR 974*

5100.0800 REVIEW.

There will be a monthly review of all loan accounts by the council

Statutory Authority: *MS s 14 06, 116J 64*

History: *19 SR 974*

5100.0900 MAXIMUM PARTICIPATION.

Maximum participation in any one loan shall not exceed 75 percent of the project cost

Statutory Authority: *MS s 14 06, 116J 64*

History: *19 SR 974*