

1587.1100 COLLATERAL REQUIREMENTS AND ADDITIONAL INFORMATION OR CERTIFICATIONS.

Subpart 1. **Collateral requirements.** The board shall require collateral as it considers necessary in accordance with generally accepted commercial lending practices to protect the interests of the board in the financial assistance. At a minimum, the collateral will take one or more of the following forms:

- A. mortgage on real property;
- B. security position on personal property;
- C. security of its financial assistance with assets being financed by the financial assistance and other assets of the company to protect the interests of the state's financial participation;
- D. letter of credit or equivalent instrument;
- E. guarantees or other assurances of repayment of affiliates of the applicant or other interested parties with respect thereto;
- F. guarantees or other assurances of repayment of shareholders or partners who have 20 percent or more ownership in the applicant;
- G. bond insurance or other credit enhancements; and
- H. assignments of leases or rents on property or equipment.

Subp. 2. **Additional information or certifications.** The following additional information, as applicable, is required by the board prior to disbursing financial assistance, as well as any other information that the board in its sole discretion considers advisable for prudent financial management of board 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 to 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 board for the financial assistance; and
 - F. a certificate of the insurers of all collateral that insurance is in force and effect.
- Prior to expiration of any insurance policy, the applicant shall furnish the commissioner with evidence that the policy has been renewed, replaced, or is no longer required.

Statutory Authority: *MS s 41A.04*

History: *10 SR 475; L 1987 c 386 art 2 s 22,23*

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