

4308.0090 PROCEDURE FOR TOURISM LOAN EVALUATION AND APPROVAL.

Subpart 1. **Evaluation of eligibility.** Upon receipt of the first part of the community development application, the Community Development Division shall make a determination whether the borrower, project, and costs are eligible for consideration. If it is determined that the borrower, project, or costs are ineligible, the Community Development Division shall notify the borrower and, if applicable, the financial institution and suggest any modifications that would make the application eligible for consideration. If it is determined that the borrower, project, and costs are eligible, the Community Development Division shall notify the borrower and, if applicable, the financial institution and advise the borrower and, if applicable, the financial institution of the additional information required to complete the second part of the community development application.

Subp. 2. **Evaluation of the completed application.** Upon receipt of the completed community development application, the Community Development Division shall evaluate the application based on the following criteria:

- A. the ability of the borrower to reasonably repay the loan;
- B. the extent to which the proposed project would contribute to upgrading, expanding, and improving Minnesota's tourism industry;
- C. the degree to which the proposed project would contribute to the economic viability of the tourism-related facility operated by the borrower;
- D. the degree to which the proposed project would contribute to protection or enhancement of the local tax base;
- E. demonstration of an overall positive economic impact on the surrounding community; and
- F. the degree to which the proposed project would help retain lakeshore and other outdoor recreation and tourism amenities for general use.

Subp. 3. **Approval.** The Community Development Division may reject or disapprove an application for a loan that does not provide sufficient documentation or otherwise comply with parts 4308.0010 to 4308.0110. If the Community Development Division approves an application for a loan, it shall address a commitment letter to the financial institution and the borrower. It shall also notify the financial institution and the borrower of the amount of the loan and the amount of interest charged on the department's portion of the loan.

Subp. 4. **Documentation required.** The state shall require an executed promissory note or notes, an executed participation agreement, recorded mortgage, security agreements, personal guarantees, assignments, title opinion or title insurance, fire insurance, recorded UCC documents, and other documentation needed to close the loan.

The Community Development Division shall prepare a loan agreement to be signed by the financial institution, the borrower, and the state. The financial institution shall also certify in the participation agreement that the interest rate approved by the Community Development Division will be passed on to the borrower.

Statutory Authority: *MS s 116J.035; 116J.617; 116J.980*

History: *14 SR 1419; 19 SR 887*

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