

Office of the Revisor of Statutes

Administrative Rules



TITLE: Adopted Permanent Rules Relating to Business Loans to Indians

AGENCY: Indian Affairs Council

MINNESOTA RULES: Chapter 5100

APPROVED AS TO FORM AND LEGALITY
10-5 19 94
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The attached rules are approved for
filing with the Secretary of State

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1 Indian Affairs Council

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3 Adopted Permanent Rules Relating to Business Loans to Indians

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5 Rules as Adopted

6 5100.0200 DEFINITIONS.

7 Subpart 1. **Scope.** As used in parts 5100.0200 to
8 5100.0900, the following words and terms shall have the meaning
9 given, except where the context clearly indicates otherwise.

10 Subp. 2. **Administrative costs.** "Administrative costs"
11 means those costs incurred in administering the Indian Business
12 Loan Program through the Indian Affairs Council.

13 Subp. 3. [See repealer.]

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

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

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

21 5100.0300 SCOPE OF PROGRAM.

22 The scope of the program is to provide an opportunity for
23 eligible Indians in Minnesota to improve economic independence
24 by implementing a business loan program that will promote an
25 environment for economic expansion and diversification in the
26 field of business ownership.

27 5100.0400 PURPOSE.

28 The purpose of parts 5100.0200 to 5100.0900 is to augment
29 Minnesota Statutes, section 116J.64, by establishing criteria
30 that will enable Indians in Minnesota to utilize the business
31 loan program for the expansion or establishment of Indian-owned
32 businesses in the state.

33 5100.0500 CRITERIA FOR BUSINESS LOANS.

34 Criteria for the acceptance or rejection of business loan

1 applications will be based on the following requested
2 information that will convey to the council a complete basis of
3 information on which to evaluate the loan request, ability to
4 repay, and management of the business, so that comparisons may
5 be made with known industry standards as indicators of a
6 company's ability to succeed:

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

9 B. The council must approve:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 5100.0600 PROCEDURES FOR MAKING BUSINESS LOAN APPLICATIONS.

17 Complete standard application on forms prescribed by the
18 council.

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

24 5100.0700 REPAYMENT.

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

28 5100.0800 REVIEW.

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

31 5100.0900 MAXIMUM PARTICIPATION.

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

05/31/94

[REVISOR] CMR/DE AR2395

- 1 REPEALER. Minnesota Rules, part 5100.0200, subpart 3, is
- 2 repealed.