



Business Finance Update

January 9, 2012

Updates from the Minneapolis Department of Community Planning and Economic Development (CPED)

Bank Qualified Bank Direct Loan Program

The New Year brings a new \$10 million annual allocation for the City's Bank Qualified Bank Direct Loan Program. If you are currently working with a 501(c)(3) non-profit organization that would like to take advantage of tax-exempt interest rates, please contact us to see if revenue bond is the right fit. Find out more at http://www.minneapolismn.gov/cped/ba/cped_bank_qualified.

Small Business Loan Programs

Given the state of our slowly recovering economy, many businesses are still finding it difficult to meet the financial demands associated with running a successful business. Small business owners in particular are finding it difficult to secure financing and obtain capital necessary to operate their businesses. We'd like to remind you that the City of Minneapolis offers several business assistance programs that may be helpful – here's just a few of them:

- **2% Loan** – Loans for building improvements and production equipment. The City (in partnership w/ banks) funds half of the loan, with a City maximum of \$50,000, at a 2-percent interest rate, and up to \$75,000 on projects located in designated commercial corridors and nodes.
- **Working Capital Guaranty Program** – The City guarantees working capital term loans or lines of credit of up to \$50,000.

More information regarding these and all other programs offered through the City's Business Finance Department, please visit: <http://www.minneapolismn.gov/cped/ba/businesssupport>.

State Small Business Credit Initiative

The State Small Business Credit Initiative (SSBCI) uses federal funding to stimulate private-sector lending and improve access to capital for small businesses and manufacturers that are creditworthy but not getting loans they need to expand and create jobs.

The initiative allocates up to \$15.4 million into four state programs:

- **The Capital Access Program** – encourages banks, credit unions, and community development finance institutions operating in Minnesota to make loans that fall just outside the lenders' normal underwriting standards.
- **Emerging Entrepreneurs Fund** - supports micro-enterprises and small businesses with fewer than 50 employees, targeting minority- and women-owned businesses and those located in economically distressed areas.
- **Small Business Loan Guarantees** - Two programs – the Small Business Loan Guarantee (SBLG) Program and the Qualified Economic Development Loan Guarantee (QED) Program – guarantee up to 70 percent of a loan made by non-traditional lenders like CDC's, CDFI's, and other nonprofit lenders. Banks and credit unions will benefit by a reduction in overall financing risk.
- **Early Stage Fund** – this program is expected to channel \$1 million to stimulate investment in innovative businesses by extending capital to community-based equity funds. This program will be launched in early 2012.

Find more information by visiting www.positivelyminnesota.com/ssbci

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