

Minnesota Reservist and Veteran Business Loan Program

- Types & Purposes:**
- 1. Business Loans.** To provide relief, via interest-free loans, for small businesses which suffer substantial economic injury as a result an essential employee being called to military service for 180 days or more.
 - 2. Start Up Business Loans.** To provide financial support, via interest-free loans, for recently separated veterans to start veteran-owned small businesses.
- Loan Overview:** Both types of loans are one-time loans of \$5,000 to \$20,000 for eligible businesses and veterans. The loan term is 4 ½ years, with no repayment for the first 1 ½ years and equal monthly payments over the remaining 3 years. The loans are interest-free. The revolving loan fund totals \$400,000; applications are accepted and loans made until all funds are committed.
- Eligible Businesses:** Both types of loans are for small businesses, as defined by Minn. Stat. 645.445, which specifies the following:
- A for profit business entity which is not an affiliate or subsidiary of a business dominant in its field of operations, and
 - has either 20 or fewer full-time employees, or
 - had less than \$1 million in annual gross revenue in the preceding fiscal year, or
 - if the business is a technical or professional service, has less than \$2.5 million in annual gross revenue in the preceding fiscal year
- 1. Business Loans** A business must be operating in Minnesota on the date that one or more essential employees received orders for active service of 180 days or more and be sustaining or likely to sustain suffering substantial economic injury. Active service includes state active service, federally funded state active service, and federal active service.
- An essential employee must be:
- a military reservist, and
 - an owner or employee of an eligible business, and
 - have managerial or technical expertise critical to the day-to-day operations of the business
- The eligible business must be sustaining or likely to sustain an economic harm, meaning it cannot or anticipates not be able to meet its obligations as they mature, or pay its ordinary and necessary operating expenses, or manufacture, produce, market, or provide a product or service as it has ordinarily done.
- DEED uses the following criteria to determine whether an applicant is eligible for a business loan:
- Is the applicant an eligible business?
 - Is the employee essential?
 - Is the business sustaining or likely to sustain an economic harm?
 - How likely is the applicant to repay the loan?
 - How likely will the loan help the business prevent, remedy, or ameliorate the substantial economic injury shown by the applicant?
- 2. Start Up Business Loans:** An eligible business must be majority owned and operated by a recently separated veteran (separated from active service after September 11, 2001).

Veterans that qualify under this program must:

- Have been on active duty on or after September 11, 2001, and
- Have been separated from service under honorable conditions after having been on active duty for at least 181 consecutive days or for the full period for which called to active duty (or after reason of disability incurred while on active duty)

DEED will use the following criteria to determine whether an applicant is eligible for a start-up business loan:

- Is the small business owned and operated by an eligible veteran?
- How likely is the applicant to repay the loan?
- How likely will the loan help the applicant execute the business plan to make it a successful business?

- Upon Loan Approval:**
- DEED and applicant execute a loan agreement
 - DEED and applicant execute a promissory note
 - Applicant/owner provides personal guaranty of repayment
 - Applicant/owner provides other security that may be required by DEED

- Statutory References:**
- Minn. Stat. 116J.996
 - Minn. Admin. Rules 4305.0010 to 4305.0080
 - Laws 2008, Chap. 363, Art. 10, Sec. 3, Subd. 3, part (b)
 - Laws 2010, Chap. 347, Art. 1, Sec 6

Application: The Minnesota Reservist and Veteran Business Loan Program applications are available on the DEED website at <http://mn.gov/deed/business/financing-business/deed-programs/reservists/>.

For assistance with completing an application, contact your local Small Business Development Center. For more information and where to find the centers, visit www.mnsbdc.com

Questions: *Minnesota Reservist and Veteran Business Loan Program questions?*

Contact Chinwe Ngwu, Loan Officer
chinwe.ngwu@state.mn.us; 651-259-7427

Veterans Employment Services questions?

Contact Jim Finley, Veterans Program Director
Jim.Finley@state.mn.us; 651-259-7557

or your local Veterans Employment Representative: <http://mn.gov/deed/job-seekers/veteran-services/employment-services/vets-reps.jsp>