EMPLOYMENT AND ECONOMIC DEVELOPMENT

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DEED Announces Small Business Loan Guarantee Program

Will help Minnesota lenders provide capital to small businesses throughout the state affected by COVID-19

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St. Paul –The Minnesota Department of Employment and Economic Development (DEED) is announcing the Minnesota Small Business Loan Guarantee Program, which was approved by the Minnesota Legislature last week. This temporary program, established in response to impacts of COVID-19, provides another option for financing to help small businesses weather this difficult time. DEED estimates that this $10 million will guarantee $20 million to $25 million in loans for Minnesota small businesses.

"DEED's loan guarantee initiative is another example of how Minnesota leaders are working together to ensure we're doing all we can to help businesses impacted by the COVID-19 crisis," said Governor Tim Walz. "These loan guarantees- help Minnesota's small businesses access the capital they need to keep operating during this difficult time."

"We created this loan guarantee program because we know many small businesses across Minnesota need help and that existing emergency loan programs may not meet the needs of every business," said DEED Commissioner Steve Grove. "The Minnesota Small Business Loan Guarantee Program is part of a slate of emergency small business assistance options DEED is implementing with bipartisan support from the state legislature."

DEED is not the lender, but it will work with lenders throughout the state to use the loan guarantees to support small business loans. These loan guarantees will facilitate loans for a variety of purposes and can be subordinate to other financing. Allowable loan uses must be exclusively in Minnesota and include machinery or equipment purchases, maintenance, or repair; expenses related to moving into or within Minnesota; and working capital when the working capital is secured by fixed assets when possible.

The loan guarantees can only leverage funds for Minnesota businesses with fewer than the equivalent of 250 employees, which includes the total of all employees at a parent company and at any additional locations. The program will provide an 80% guarantee up to a maximum of $200,000, therefore the maximum loan amount in the loan guarantee program would be $250,000. The program will be open for up to 12 months from the declaration of the peacetime emergency under Executive Order 20-01 on March 13.

All loans will be made by lenders enrolled in the Minnesota Small Business Loan Guarantee Program. No loans will come directly from DEED. Eligible lenders include banks or other commercial lenders, public entities, or private nonprofit economic development organizations whose headquarters are located in Minnesota. DEED is now accepting applications from lenders who would like to participate in the program at the lender tab on the Small business Loan Guarantee Program page of the DEED website. (https://mn.gov/deed/business/financing-business/deed-programs/loan-guarantee/#1)

If your business is seeking funding, please use the business tab (https://mn.gov/deed/business/financing-business/deed-programs/loan-guarantee/#2) on the same page at the end of the week of March 30 to obtain contact information for enrolled lenders as it becomes available. Each lender will utilize their own established application and underwriting processes for loans. Please discuss the requirements with the lender that you choose.

Visit the COVID-19 Information for Employers and Businesses (https://mn.gov/deed/newscenter/covid/employers/) page on the DEED website for more resources related to business assistance, Unemployment Insurance and FAQs.

DEED is the state's principal economic development agency, promoting business recruitment, expansion and retention, workforce development, international trade and community development. For more information about the agency and its services visit the DEED website (http://mn.gov/deed) or follow DEED on Twitter. (http://twitter.com/mndeed)

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