



Department of Community Planning and Economic Development
City of Minneapolis
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News Release

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City Offers New Finance Tool for Minneapolis Business Owners

November 17, 2008 (Minneapolis MN) -- The City of Minneapolis offers a new finance tool, the Working Capital Guaranty Program, designed to help assist Minneapolis businesses secure financing through private banking institutions. The City provides extra assurance and support for Minneapolis business owners by providing a guaranty on financing.

As the changing and challenging economic situation continues, the new loan program is being rolled out as the holiday season begins, a time when companies, for example, are in need of cash on hand for payroll or holiday inventory. It is also common for small business owners to use home equity lines of credit to finance some, or all, of their business operations. With the drop in housing values and lenders freezing equity lines this program is another option for companies.

How the program works

A private lender funds the loan, and the City of Minneapolis guarantees a portion of the financing, up to 80% of the first \$50,000 and up to 50% of the remainder. Although there is no limit to the amount of financing provided by the bank, the City's maximum guarantee is \$75,000.

A business must be in operation for 12 months; technical assistance is available through the Metropolitan Consortium of Community Developers (MCCD) and may be required; the borrower must demonstrate the ability to repay the loan and be an acceptable credit risk; be in compliance with all city code/licensing and have no building or health code violations.

Loans can be used for general business operations, working capital, production contracts, inventory or receivables.

Guaranty terms and conditions also apply.

Contact Information

The program is administered by the City's Department of Community Planning and Economic Development, finance division. For more information, contact Jessica Green at 612 673 5232 or Becky Shaw at 612 673 5066. Information can also be found on the Web at http://www.ci.minneapolis.mn.us/cped/working_cap_fact.asp.

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